IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached prospectus (the "**Prospectus**") following this page, whether received via e-mail, accessed from an internet page or otherwise received as a result of electronic communication, and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the attached Prospectus. The Prospectus has been prepared for the purposes of (i) a public offering in the Netherlands to institutional and retail investors, and (ii) a private placement to certain institutional and other investors that qualify under available offering exemptions in various other jurisdictions. In reading, accessing or making any other use of the Prospectus, you agree to be bound by the following terms and conditions and each of the restrictions set out in the Prospectus, including any modifications made to them from time to time, any time you receive any information from the Company, the Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers (as each term is defined in the Prospectus) as a result of such access.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriately authorised independent financial adviser.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE US FOR OFFER OR SALE AS PART OF THEIR DISTRIBUTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE US UNLESS THE SECURITIES ARE REGISTERED UNDER THE US SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT IS AVAILABLE.

THE ATTACHED PROSPECTUS WILL BE ACCESSIBLE IN ELECTRONIC FORMAT AND YOU ACKNOWLEDGE THAT YOU RECEIVED THE ATTACHED PROSPECTUS IN A FORMAT THAT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of Your Representation: In order to be eligible to view the attached Prospectus or make an investment decision with respect to the securities described therein, you must be: (i) located outside the United States for the purposes of Regulation S under the US Securities Act, *provided that* investors resident in a Relevant Member State of the European Economic Area other than the Netherlands must be a qualified investor (within the meaning of the Prospectus Directive) or an investor qualifying under available offering exemptions, or (ii) a qualified institutional buyer (as defined in Rule 144A under the US Securities Act). You have accessed the attached Prospectus on the basis that you have confirmed to each of the Joint Global Coordinators, the Joint Bookrunners or the Co-Lead Managers, being the sender or senders of the attached, that either: (A) you and any customers you represent are located outside the United States, its territories and possessions, any state of the United States or the District of Columbia; "possessions" include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, and if you are resident in a Relevant Member State of the European Economic Area other than the Netherlands, you are a qualified investor or an investor qualifying under available offering exemptions, or (B) you and any customers you represent are qualified institutional buyers (as defined in Rule 144A under the US Securities Act) and, in either case, that you consent to delivery of the attached Prospectus by electronic transmission.

The attached Prospectus has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers, any person who controls any of the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers, the Company, the Selling Shareholder or any of their respective subsidiaries or affiliates, nor any director, officer, employer, employee or agent of theirs, or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic form and the hard copy version available to you on request from the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers.

You are reminded that the attached Prospectus has been delivered to you on the basis that you are a person into whose possession the attached Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Prospectus to any other person. You will not transmit the attached Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers or any affiliate of any of the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers or such affiliate on behalf of the Company and the Selling Shareholder in such jurisdiction.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession the attached Prospectus comes are required by us to inform themselves about, and to observe, any such restrictions.

You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the reply function on your e-mail software, will be ignored and rejected.

ABN AMRO GROUP N.V.

(a public company with limited liability (naamloze vennootschap) incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands)

Admission to listing and trading on Euronext in Amsterdam and public offering of 188,000,000 depositary receipts representing 188,000,000 Ordinary Shares

Stichting administratiekantoor beheer financiële instellingen (*NL Financial Investments*, "**NLFI**" or the "**Selling Shareholder**"), on behalf of the Dutch State, is offering 188,000,000 depositary receipts (the "**Offer DRs**") issued by Stichting Administratiekantoor Continuïteit ABN AMRO Group (the "**Foundation**") representing 188,000,000 ordinary shares with a nominal value of €1.00 each (the "**Offer Shares**") in the share capital of ABN AMRO Group N.V. (the "**Company**"). The Offer DRs will be issued by the Foundation in exchange for the Offer Shares and represent interests in a corresponding number of Offer Shares, transferred by NLFI to the Foundation. The Offer DRs and the Over-Allotment DRs (as defined below) will constitute approximately 23.0% of the issued and outstanding ordinary shares with a nominal value of €1.00 each in the share capital of the Company (the "**Ordinary Shares**").

The offering of the Offer DRs (the "**Offering**") consists of a public offering in the Netherlands to institutional and retail investors and a private placement to certain institutional and other investors that qualify under available offering exemptions in various other jurisdictions. The Offer DRs are being offered: (i) by private placement within the United States of America (the "**US**"), to persons reasonably believed to be "qualified institutional buyers" ("**QIBs**") as defined in, and in reliance on, Rule 144A under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and applicable state and other securities laws, and (ii) outside the US, where all offers and sales of the Offer DRs will be made in compliance with Regulation S under the US Securities Act ("**Regulation S**").

The Company will not receive any proceeds from the sale of the Offer DRs and the Over-Allotment DRs (as defined below), if any, the net amount of which will be received by NLFI.

The price of the Offer DRs (the "Offer Price") is expected to be in the range of €16.00 to €20.00 (inclusive) per Offer DR (the "Offer Price Range")

The Offering will take place from 9:00 Central European Time ("**CET**") on 10 November 2015 until 14.00 CET on 19 November 2015 for prospective institutional investors and from 9:00 CET on 10 November 2015 until 17.30 CET on 18 November 2015 for prospective retail investors (the "**Offering Period**"), subject to acceleration or extension of the timetable for the Offering and subject as set out below to the Preferential Retail Allocation (as defined below). The Offer Price Range is indicative. The Offer Price and the exact number of Offer DRs offered in the Offering will be determined by the Selling Shareholder (subject to the approval from the Dutch Minister of Finance) after the end of the Offering Period on the basis of a bookbuilding process and taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer DRs and other factors deemed appropriate. The Offer Price and the exact number of Offer DRs will be stated in a pricing statement (the "**Pricing Statement**") which will be published through a press release and filed with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**"). Prior to allocation of the Offer DRs ("**Allocation**"), the number of Offer DRs can be increased or decreased and the Offer Price Range can be changed. Any change of the Offer Price Range on the last day of the Offering Period will result in the Offering Period being extended by at least two business days; any change of the Offer Price Range on the day prior to the last day of the Offering Period will result in the Offering Period being extended by at least one business day. In this case, if the Offering Period for Dutch Retail Investors (as defined below) would already have closed, this Offering Period for Dutch Retail Investors would be reopened. Accordingly, all investors, including Dutch Retail Investors, will have at least two business days to reconsider their subscriptions. Any such change in the number of Offer DRs and/or the Offer Price Range will be announced in a press release.

There will be a preferential allocation of Offer DRs to eligible retail investors in the Netherlands (the "**Preferential Retail Allocation**"). Each eligible retail investor in the Netherlands (each a "**Dutch Retail Investor**") will in principle be allocated the first 250 Offer DRs (or fewer) for which such investor applies, provided that if the total number of Offer DRs subscribed for by Dutch Retail Investors under the Preferential Retail Allocation would exceed 10% of the total number of Offer DRs, assuming no exercise of the Over-Allotment Option (as defined below), the preferential allocation to each Dutch Retail Investor may be reduced pro rata to the first 250 of Offer DRs (or fewer) for which such investor applies. As a result, Dutch Retail Investors may not be allocated all of the 250 Offer DRs (or fewer) that they apply for. The exact number of Offer DRs allocated to Dutch Retail Investors will be determined after the Offering Period has ended. To be eligible for the Preferential Retail Allocation, Dutch Retail Investors must place their subscriptions during the period commencing on 10 November 2015 at 9.00 CET and ending on 18 November 2015 at 17.30 CET through financial intermediaries.

Prior to the Offering, there has been no public market for the depositary receipts representing Ordinary Shares (the "**DRs**"). Application has been made to list the Offer DRs and Over-Allotment DRs (as defined below) under the symbol "ABN" on Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). Subject to acceleration or extension of the timetable for the Offering, trading in the Offer DRs is expected to commence on an "as-if-and-when-delivered" basis on Euronext Amsterdam on or about 20 November 2015 (the "**First Trading Date**"). Payment (in euro) for, and delivery of, the Offer DRs ("**Settlement**") is expected to take place, on or about 24 November 2015 (the "**Settlement Date**"). If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer DRs will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in Offer DRs prior to Settlement are at the sole risk of the parties concerned. The Company, the Foundation, the Selling Shareholder, ABN AMRO Bank N.V. as listing and paying agent (the "**Listing and Paying Agent**"), the Underwriters (as defined below), the Financial Advisers (as defined below) and Euronext Amsterdam N.V. do not accept any responsibility or liability towards any person as a result of the withdrawal of the Offering or the (related) annulment of any transactions in Offer DRs.

With respect to future listings and offerings by NLFI of additional DRs representing Ordinary Shares, to the extent possible, NLFI intends to avail itself of the exceptions of Section 5:4 paragraph 1(g) and Section 5:3 paragraph 1 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*; the "**FMSA**") and the exemption of article 54 paragraph 1(b) and (c) of the Exemption Regulation pursuant to the FMSA (*Vrijstellingsregeling Wft*) as a result of which a prospectus may not be made available on the occasion of such a listing and offering. NLFI will in such case issue a press release with information on the listing and offering, including details on any other information relevant for investors. The AFM may disallow the application of the exception provided in Section 5:4 paragraph 1(g) of the FMSA under the circumstances set out in Section 5:4 paragraph 2 of the FMSA. In addition, the exception provided in Section 5:4 paragraph 1(g) of the FMSA does not apply to depositary receipts representing ordinary shares, if these ordinary shares are issued after the Offering.

INVESTING IN THE OFFER DRS INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 73 OF THIS PROSPECTUS FOR A DESCRIPTION OF CERTAIN RISKS THAT SHOULD BE CAREFULLY CONSIDERED BEFORE INVESTING IN THE OFFER DRS.

ABN AMRO Bank N.V. ("**ABN AMRO Bank**"), Deutsche Bank AG, London Branch and Morgan Stanley & Co. International plc are acting as joint global coordinators (in such and any other capacity, the "**Joint Global Coordinators**") and, together with Barclays Bank PLC, Citigroup Global Markets Limited, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("**Rabobank**"), ING Bank N.V., J.P. Morgan Securities plc, and Merrill Lynch International, as joint bookrunners for the Offering (the "**Joint Bookrunners**"). RBC Europe Limited (trading as RBC Capital Markets) and Stifel Nicolaus Europe Limited (trading as Keefe, Bruyette & Woods) are acting as co-lead managers for the Offering (the "**Co-Lead Managers**" and, together with the Joint Global Coordinators and the Joint Bookrunners, the "**Underwriters**"). N M Rothschild & Sons Limited ("**Rothschild**") is acting as the financial adviser to the Selling Shareholder for the Offering and Lazard & Co., Limited is acting as the financial adviser to the Company for the Offering (Rothschild and Lazard & Co., Limited together, the "**Financial Advisers**").

The Offer DRs will be delivered in book-entry form through the facilities of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Nederland**").

The Selling Shareholder has granted the Joint Global Coordinators, on behalf of the Underwriters, an option (the "**Over-Allotment Option**"), exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require the Selling Shareholder to offer at the Offer Price up to 28,200,000 additional Ordinary Shares in the form of DRs, comprising up to 15% of the total number of Offer DRs sold in the Offering (the additional Ordinary Shares the "**Over-Allotment Shares**"; and the additional DRs representing the Over-Allotment Shares the "**Over-Allotment DRs**"), to cover short positions resulting from any over-allotments made in connection with the Offering or stabilisation transactions, if any.

The Offering is only made in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made. Potential investors in the DRs should carefully read "Selling and Transfer Restrictions". The Company is not taking any action to permit a public offering of the Offer DRs in any jurisdiction outside the Netherlands.

The Offer DRs have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the US, and may not be offered or sold within the US unless the Offer DRs are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

This document constitutes a prospectus (the "**Prospectus**") for the purposes of article 3 of Directive 2003/71/EC of the European Parliament and of the Council, and amendments thereto (including those resulting from Directive 2010/73/EU) (the "**Prospectus Directive**") and has been prepared in accordance with Section 5:9 of the FMSA and the rules promulgated thereunder. This Prospectus has been approved by and filed with the AFM.

Joint Global Coordinators and Joint Bookrunners

ABN AMRO **Deutsche Bank** **Morgan Stanley**

Joint Bookrunners

BofA Merrill Lynch **Barclays** **Citigroup** **ING** **J.P. Morgan** **Rabobank**

Co-Lead Managers

Keefe, Bruyette & Woods, a Stifel Company **RBC Capital Markets**

Financial Adviser to the Selling Shareholder

Rothschild

Financial Adviser to the Company

Lazard & Co., Limited

Prospectus dated 10 November 2015

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SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary together with an indication that such Element is 'not applicable'.

Section A—Introduction and Warnings		
A.1	Introduction and warnings	This summary should be read as an introduction to the prospectus (the "**Prospectus**") relating to (i) the offering (the "**Offering**") by stichting administratiekantoor beheer financiële instellingen (*NL Financial Investments*, "**NLFI**" or the "**Selling Shareholder**"), on behalf of the Dutch State, of 188,000,000 depositary receipts (the "**Offer DRs**") issued by Stichting Administratiekantoor Continuïteit ABN AMRO Group (the "**Foundation**") representing 188,000,000 ordinary shares with a nominal value of EUR 1.00 each (the "**Offer Shares**") in the share capital of ABN AMRO Group N.V. (the "**Company**"), which include, unless the context indicates otherwise, the Over-Allotment Shares (as defined below), and (ii) the admission to listing and trading of the Offer DRs and Over-Allotment DRs (as defined below) on Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). The Offer DRs and the Over-Allotment DRs (as defined below) will constitute approximately 23.0% of the issued and outstanding ordinary shares with a nominal value of EUR 1.00 each in the share capital of the Company (the "**Ordinary Shares**"). Any decision to invest in the depositary receipts representing Ordinary Shares (the "**DRs**") should be based on a consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States and other jurisdictions, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the DRs.
A.2	Consent, indication, conditions and notice	Not applicable. The Company does not consent to the use of the Prospectus for subsequent resale or final placement of Offer DRs by financial intermediaries.
Section B—The Issuer		
B.31-B.1	Legal and commercial name of the Company	ABN AMRO Group N.V. (the "**Company**")
B.31-B.2	Domicile, legal form, legislation and country of incorporation	The Company is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of and is domiciled in the Netherlands. The Company has its statutory seat in Amsterdam, the Netherlands.

B.31-B.3	Key factors relating to the nature of the Group's operations and its principal activities	The Company was incorporated on 18 December 2009 to hold the operations, assets and liabilities of parts of the former ABN AMRO Holding N.V. (the "**former ABN AMRO group**") and the part of the Fortis group acquired by the Dutch State. Following the incorporation of the Company, two subsidiaries that originated from the former ABN AMRO group, New HBU II N.V. and IFN Finance B.V., were sold to comply with conditions imposed by the European Commission in relation to the combination of the parts of the businesses in the Netherlands and certain international activities of the former ABN AMRO group and the part of the Fortis group acquired by the Dutch State. Other measures included the imposition of certain competitive restrictions following nationalisation of the operations, assets and liabilities of parts of the former ABN AMRO group and the part of the Fortis group acquired by the Dutch State, the disposal of certain business operations and subsequent other disposals, acquisitions and internal restructurings. On 6 February 2010, the new ABN AMRO Bank demerged from the former ABN AMRO Bank N.V., which is currently Royal Bank of Scotland N.V. On 1 July 2010, the new ABN AMRO Bank and Fortis Bank (Nederland) N.V. merged pursuant to a legal merger (*juridische fusie*), following which ABN AMRO Bank was the surviving entity (*verkrijgende vennootschap*) and Fortis Bank (Nederland) N.V. was the disappearing entity (*verdwijnende vernnootschap*). As a result, the business operations and risk profile of the Group cannot be compared with the operations and risk profile of the financial institution that was listed under the ABN AMRO name until October 2007. The Company together with its subsidiaries within the meaning of Section 2:24b of the Dutch Civil Code (each a "**Group Company**, and together with the Company, the "**Group**"; for purposes of the Company's financial reporting "Group" shall be determined in accordance with International Financial Reporting Standard 10 as adopted by the European Union) is a leading Dutch full service bank with a transparent and client-driven business model, a moderate risk profile, a clean balance sheet with predominantly traditional banking products, and a strong capital position and funding profile. The Group services retail, private and corporate banking clients with a primary focus on the Netherlands and with selective operations internationally. The Group holds a strong position in the Netherlands across all three market segments: Retail Banking, Private Banking and Corporate Banking. The Group believes it has a stable client base that generates recurring and resilient operating income. In the first nine months of 2015, net interest income and net fee and commission income made up 93% of total operating income (full year 2014: 96%; full year 2013: 96%; full year 2012: 90%). In the home market of the Group, the Netherlands, clients are offered a comprehensive and full range of products and services through omni-channel distribution including advanced mobile application and internet banking. The Group offers in-depth financial expertise and extensive knowledge of numerous industry sectors. The Group operates an omni-channel distribution network in the Netherlands to serve its Dutch retail, private and corporate clients, including through a mix of branches (approximately 279 retail banking branches as of 30 September 2015, 21 private banking branches, 22 corporate banking branches and one dealing room), and 24/7 online and mobile banking, telephone and remote advice. Internationally, the Group's operations are based on specific expertise and established market positions. In the first nine months of 2015, 81% (full year 2014: 81%) of total operating income was generated in the Netherlands, while 19% was generated by international operations. The Group aims to increase the international contribution to operating income to 20-25% by 2017.

		The Group's combination of businesses, Retail Banking, Private Banking and Corporate Banking, complement each other in terms of geography, income, profitability, capital and funding. In addition, the businesses cooperate to endeavour to ensure that clients are serviced in the appropriate business segment and resources are used efficiently. Feeder channels arrange for the transfer of clients to the appropriate segment. This cooperative environment allows for the optimal and efficient servicing of clients and provision of suitable products as well as the leveraging of technology and solutions. Retail Banking has a strong and established market position in the Netherlands as the primary bank for approximately 21% of the Dutch population since 2012 and a market share of 22% in the small business segment. Retail Banking provides services to approximately 5 million retail clients with investible assets up to EUR 1 million and to approximately 300,000 small businesses with an annual turnover up to EUR 1 million. For the Group, businesses with an annual turnover of more than EUR 1 million are included in Corporate Banking. Retail Banking provides a full range of transparent retail banking products and high-quality services under the ABN AMRO brand, as well as certain specific products and services under different labels. It offers its products and services via omni-channel distribution with broad physical and digital coverage. Retail Banking aims to be at the forefront of technological developments and strives to use the latest technology to improve client experience and convenience (for example through the internet and through mobile applications). Private Banking is a leading private bank in terms of client assets with a number three position in the Eurozone with dedicated professionals who have an in-depth knowledge of their clients. Private Banking targets high net worth individuals with more than EUR 1 million in investible assets and ultra-high net worth individuals with more than EUR 25 million in investible assets. The EUR 1 million in investible assets threshold is expected to be lowered to EUR 500,000 in the Netherlands. This is expected to occur in 2016. Private Banking offers a broad array of products and services designed to address clients' individual needs. Private Banking operates under the brand name ABN AMRO MeesPierson in the Netherlands and internationally under ABN AMRO Private Banking and local brands such as Banque Neuflize OBC S.A. in France and Bethmann Bank AG in Germany. Private Banking is the market leader in the Netherlands and holds a number four position in France and a number three position in Germany based on published assets under management. Corporate Banking is an established business partner of the Dutch corporate sector with a strong domestic franchise and a focused international strategy. Corporate Banking is strongly focused on the Netherlands, where it offers its clients a broad range of standard and tailor-made products and services based on in-depth client and sector knowledge. Its clients are corporates in all sectors of the Dutch economy with an annual turnover exceeding EUR 1 million. Internationally, Corporate Banking services its domestic client base in selected markets abroad where most of these clients' international activities take place. To extend the Group's international cash management offering to countries where it has no or a limited presence, Corporate Banking cooperates with partner banks. Corporate Banking has a client and capability-led international strategy with a focus on three specialities which it operates in selective markets: (i) servicing clients that are internationally active in the sectors energy, commodities and transportation (ECT Clients), (ii) clearing activities (an important activity during the settlement of transactions) on more than 150 liquidity centres worldwide and (iii) asset based financing (consisting of commercial finance and lease). Group Functions consists of various departments that provide essential support and control to the business segments. Its departments include Finance, Risk Management & Strategy (RM&S), People, Regulations

		& Identity (PR&I), Technology, Operations & Property Services (TOPS), Group Audit and the Corporate Office. More than 90% of the costs of Group Functions are allocated to the business segments. In the first nine months of 2015, the Group generated an underlying net profit of EUR 1,652 million (full year 2014: EUR 1,551 million; full year 2013: EUR 752 million; full year 2012: EUR 1,112 million), had an underlying cost/income ratio of 58% (full year 2014: 60%; full year 2013: 64%; full year 2012: 59%), and an underlying return on equity of 14.0% (full year 2014: 10.9%; full year 2013: 5.5%; full year 2012: 8.2%). As at 30 September 2015, the Group had customer loans and receivables of EUR 261.7 billion (31 December 2014: EUR 261.9 billion; 31 December 2013: EUR 257.0 billion; 31 December 2012: EUR 262.5 billion), amounts due to customers of EUR 228.5 billion (31 December 2014: EUR 216.0 billion; 31 December 2013: EUR 207.6 billion; 31 December 2012: EUR 201.6 billion), client assets of EUR 306 billion (31 December 2014: EUR 302 billion; 31 December 2013: EUR 277 billion; 31 December 2012: EUR 266 billion), risk weighted assets of EUR 110.6 billion (31 December 2014: EUR 109.6 billion; 31 December 2013: EUR 109.0 billion; 31 December 2012: EUR 121.5 billion) and a fully-loaded Common Equity Tier 1 ("**CET1**") ratio (on the basis of full applicability of the relevant capital requirements) of 14.8% (31 December 2014: 14.1%; 31 December 2013: 12.2%; 31 December 2012: 10.0%).
B.31-B.4	Significant recent trends affecting the Group and industries in which it operates	The Group believes that the following trends may significantly affect the Group's strategy and business model going forward: • Changing client behaviour and expectations • The speed of technological change • Increasing regulation and supervision • Macroeconomic trends, economic and monetary environment • Changing role for banks in society • Ban on payment of inducements and distribution fees • Alternatives to bank loans
B.31- B.5	Description of the Group and the Company's position within the Group	The Company is a holding company without direct business operations. The principal assets of the Company are the equity interests it directly or indirectly holds in its operating subsidiaries and participations.
B.31-B.6	Persons who, directly and indirectly, have a notifiable interest in the Company's capital or voting rights	The Selling Shareholder is the only holder of Ordinary Shares that holds a (direct or indirect) substantial interest (*substantiële deelneming*, *i.e.*, a holding of at least 3% of the share capital or voting rights as defined in the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) in the Company as of the date of the Prospectus. As of the date of the Prospectus, all Ordinary Shares in the share capital of the Company are held by the Selling Shareholder.
	Different voting rights	As sole Shareholder of Shares (as defined below) ("**Shareholder**"), the Selling Shareholder does not have special voting rights. Each Ordinary Share and each ordinary share B in the Company's share capital with a nominal value of EUR 1.00 (each an "**Ordinary Share B**" or the "**Ordinary Shares B**") (Ordinary Shares and Ordinary Shares B together, the "**Shares**") confers the right to cast one vote in the general meeting of the Company (the "**General Meeting**"). As the terms and conditions governing the DRs as adopted by the board of the Foundation and which will be laid down in a notarial deed to be executed on Settlement (the "**DR Terms**"), do not allow the Foundation to take Ordinary Shares B into administration, the Ordinary Shares B, if and when issued, will be issued directly to investors, including for instance to recapitalise the Group in situations

		of financial stress with severe impact on the solvency of the Group. The Ordinary Shares B may also be issued by the Group to raise proceeds for the purpose of making coupon payments under the alternative coupon settlement mechanism under its EUR 1 billion Perpetual Bermudan Callable Tier 1 instrument.
	Direct and indirect ownership of or control over the Company and nature of such control	The Selling Shareholder has issued exchangeable depository receipts for Ordinary Shares it holds (without the cooperation of the Company) to the Dutch State. As of the date of the Prospectus, the Dutch State is the sole owner of all issued exchangeable depository receipts and therefore the Dutch State has an indirect economic interest of 100% in the Company. The Company is not aware of any arrangement that may, at a subsequent date, result in a change of control over it, except in the case of a Hostile Situation (as defined below) or as the result of pre-resolution and resolution measures that could be taken by the single resolution authority in close cooperation with the national resolution authority for the Company should the Company reach the point of non-viability.
B.31-B.7	Selected historical key financial information	

EU IFRS Consolidated Financial Information

The selected audited consolidated financial information as of and for the years ended 31 December 2014, 2013 and 2012 and the selected reviewed interim consolidated financial information as of 30 September 2015 and for the nine months ended 30 September 2015 and 2014 presented below have been extracted from the reviewed consolidated financial information of the Group as of and for the nine months ended 30 September 2015 and 2014 (the "**Historical Financial Information**") included or incorporated by reference elsewhere in the Prospectus.

The Historical Financial Information should be read in conjunction with the accompanying notes thereto and the auditor's report thereon. The independent auditor's report on financial statements, included on pages F-321 to F-327 of the Prospectus, has been derived from the Annual Report 2014 of the Group and has been reproduced fully. As the statutory financial statements, Managing Board report and other information have not been fully included in the Prospectus, the part of the opinion on the statutory financial statements as well as the section "Report on the Managing Board report and the other information" are not applicable for the purposes of the Prospectus. The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**EU IFRS**") as adopted in the European Union and with Part 9 of Book 2 of the Dutch Civil Code *(Burgerlijk Wetboek)* (the "**DCC**").

Non-IFRS Information

The Prospectus presents certain financial measures that are not measures defined under EU IFRS, including regulatory capital, risk weighted assets and underlying results. These non-IFRS financial measures are not measures of financial performance under EU IFRS and should not be considered as an alternative to any EU IFRS financial measure. In addition, such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies, because the above-mentioned non-IFRS financial measures are not uniformly defined and other companies may calculate them in a different manner than the Group does, limiting their usefulness as comparative measures. The Group believes that these non-IFRS measures are important to understand the Group's performance and capital position.

Consolidated income statement

	For the nine months ended 30 September		For the year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	(in millions of euros)				
Income:					
Interest income	10,029	10,015	13,376	13,383	13,979
Interest expense	5,449	5,611	7,353	8,003	8,951
Net interest income	*4,580*	*4,403*	*6,023*	*5,380*	*5,028*
Fee and commission income	2,290	1,981	2,693	2,639	2,552
Fee and commission expense	915	720	1,002	996	996
Net fee and commission income	*1,375*	*1,260*	*1,691*	*1,643*	*1,556*
Net trading income	103	142	174	106	263
Share of result in equity accounted investments	14	47	51	46	74
Other income	332	57	117	149	417
Operating income	***6,403***	***5,910***	***8,055***	***7,324***	***7,338***
Expenses:					
Personnel expenses	1,852	2,035	2,684	2,357	2,151
General and administrative expenses	1,719	1,784	2,450	2,171	2,269
Depreciation and amortisation of tangible and intangible assets	128	122	204	242	266
Operating expenses	3,700	3,941	5,338	4,770	4,686
Impairment charges on loans and other receivables	381	990	1,171	983	1,228
Total expenses	***4,081***	***4,931***	***6,509***	***5,753***	***5,914***
Profit/(loss) before taxation	***2,322***	***978***	***1,546***	***1,571***	***1,424***
Income tax expense	**670**	245	412	411	271
Profit/(loss) for the period	**1,652**	**734**	**1,134**	**1,160**	**1,153**
Attributable to owners of the company	1,652	734	1,134	1,162	1,153
Attributable to non-controlling interests	1	(1)	—	(2)	—

Consolidated statement of financial position

	As at 30 September	As at 31 December		
	2015	**2014**	**2013**	**2012**
	(unaudited)	**(audited)**	**(audited)**	**(audited)**
		(in millions of euros)		
Assets:				
Cash and balances at central banks	20,738	706	9,523	9,796
Financial assets held for trading	8,592	9,017	12,019	7,089
Derivatives	20,695	25,285	14,271	21,349
Financial investments	40,412	41,466	28,111	21,730
Securities financing	35,475	18,511	18,362	28,793
Loans and receivables—banks	17,794	21,680	23,967	32,183
Residential mortgages	151,670	151,998	153,439	158,666
Consumer loans	14,790	15,398	15,629	16,200
Commercial loans	88,028	87,866	85,268	86,391
Other loans and receivables—customers	7,254	6,648	2,692	1,195
Equity accounted investments	768	1,136	1,082	1,011
Property and equipment	1,356	1,412	1,426	1,519
Goodwill and other intangible assets	259	255	195	223
Tax assets	410	504	910	1,519
Other assets	5,047	4,986	5,128	6,094
Total assets	**413,287**	**386,867**	**372,022**	**393,758**
Liabilities:				
Financial liabilities held for trading	2,940	3,759	4,399	3,722
Derivatives	24,624	30,449	17,227	27,508
Securities financing	25,901	13,918	12,266	19,521
Due to banks	18,487	15,744	11,626	16,935
Demand deposits	115,956	109,753	100,151	93,682
Saving deposits	94,233	88,655	87,448	81,384
Time deposits	18,183	17,459	19,638	26,196
Other due to customers	156	144	347	343
Issued debt	79,126	77,131	88,682	95,048
Subordinated liabilities	9,660	8,328	7,917	9,736
Provisions	1,148	1,003	1,550	1,915
Tax liabilities	583	175	90	146
Other liabilities	5,196	5,473	7,113	4,739
Total liabilities	*396,193*	*371,990*	*358,454*	*380,875*
Equity:				
Share capital	940	940	940	1,015
Share premium	12,970	12,970	12,970	13,105
Other reserves (incl. retained earnings/profit for the period)	2,792	1,769	4,554	3,811
Other components of equity	(613)	(814)	(4,909)	(5,067)
Equity attributable to owners of the parent company	*16,089*	*14,865*	*13,555*	*12,864*
Capital Securities	993			
Equity attributable to non-controlling interests	12	12	13	19
Total equity	***17,094***	***14,877***	***13,568***	***12,883***
Total liabilities and equity	**413,287**	**386,867**	**372,022**	**393,758**

Consolidated Statement of Cash flows

	Nine months ended 30 September		Year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	(in millions of euros)				
Profit/(loss) for the period	*1,652*	*734*	*1,134*	*1,160*	*1,153*
Adjustments on non-cash items included in profit:					
(Un)realised gains (losses)	26	204	152	(591)	1,144
Share of profits in associates and joint ventures	(20)	(57)	(73)	(55)	(82)
Depreciation, amortisation and accretion	233	395	357	372	412
Provisions and impairments	455	1,035	1,334	1,128	1,340
Income tax expense	670	245	412	411	271
Changes in operating assets and liabilities:					
Assets held for trading	517	(280)	3,150	(4,995)	8,212
Derivatives—assets	4,557	(8,817)	(10,994)	7,072	(2,878)
Securities financing—assets	(15,914)	(18,239)	1,258	9,940	15,248
Loans and receivables—banks	6,054	4,138	(1)	9,715	2,241
Residential mortgages	370	275	1,310	4,833	(83)
Consumer loans	675	87	326	158	(673)
Commercial loans	328	(1,680)	(1,361)	(118)	(6,776)
Other loans and receivables—customers	(272)	(2,267)	(3,721)	(1,596)	40
Other assets	(113)	(85)	(17)	872	(799)
Liabilities held for trading	(1,000)	357	(872)	747	(5,605)
Derivatives—liabilities	(5,834)	9,334	13,209	(10,276)	1,244
Securities financing—liabilities	11,362	15,729	818	(6,963)	(18,367)
Due to banks	2,652	4,333	4,018	(5,007)	(1,928)
Demand deposits	5,514	4,933	7,844	6,864	3,747
Saving deposits	5,536	2,468	1,147	6,085	6,648
Time deposits	502	(916)	(2,575)	(6,394)	2,444
Other due to customers	13	(213)	(210)	21	(96)
Liabilities arising from insurance and investment contracts	(148)	(119)	(140)	(263)	(243)
Net changes in all other operational assets and liabilities	187	(1,184)	(1,428)	1,795	150
Dividend received from associates	44	35	104	58	66
Income tax paid	(214)	(62)	(56)	73	(581)
Cash flow from operating activities	*17,832*	*10,382*	*15,121*	*15,046*	*6,249*
Investing activities:					
Purchases of financial investments	(12,200)	(18,350)	(22,986)	(14,308)	(4,952)
Proceeds from sales and redemptions of financial investments	13,466	7,867	12,206	7,150	3,547
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures	(23)	(98)	241	(95)	(73)
Divestments of subsidiaries (net of cash sold), associates and joint ventures	132	74	82	(187)	67
Purchases of property and equipment	(191)	(177)	(258)	(238)	(268)
Proceeds from sales of property and equipment	117	75	73	110	64
Purchases of intangible assets	(30)	(107)	(120)	(21)	(24)
Other changes		—	—	—	(5)
Cash flow from investing activities	*1,271*	*(10,714)*	*(10,762)*	*(7,589)*	*(1,644)*
Financing activities:					
Proceeds from the issuance of debt	30,012	22,040	23,890	43,881	79,014
Repayment of issued debt	(28,535)	(32,239)	(39,108)	(47,919)	(83,232)
Proceeds from subordinated liabilities issued	2,839	—	—	—	2,794
Repayment of subordinated liabilities issued	(1,653)	(51)	(51)	(1,497)	(23)
Ageas settlement	—	—	—	—	(400)
Preference shares settlement	—	—	—	(210)	—
Proceeds from capital securities	993				
Dividends paid to the owners of the parent company	(625)	(200)	(325)	(412)	(63)
Repayment of capital (including minority interests)		—	—	(3)	—
Cash flow from financing activities	*3,030*	*(10,450)*	*(15,595)*	*(6,160)*	*(1,910)*
Net increase/(decrease) of cash and cash equivalents	***22,133***	***(10,782)***	***(11,236)***	***1,297***	***2,695***
Cash and cash equivalents as at 1 January	4,212	15,319	15,319	14,091	11,404
Effect of exchange rate differences on cash and cash equivalents	72	117	128	(69)	(8)
Cash and cash equivalents as at period end	**26,417**	**4,654**	**4,212**	**15,319**	**14,091**
Supplementary disclosure of operating cash flow information:					
Interest paid	5,513	5,892	7,519	7,697	8,057
Interest received	10,768	9,880	13,259	12,466	13,099
Dividends received from investments	51	63	71	38	59

Reconciliation of Reported to Underlying Results

Unless otherwise stated, results of operations are presented based on underlying results, which are derived by adjusting the results reported above in accordance with EU IFRS for defined Special Items, which are discussed below. Management believes these non-IFRS underlying results provide a better understanding of the underlying trends in historical financial performance. The tables below show a reconciliation of the Group's reported results to underlying results of operations for the nine months ended 30 September 2015 and 2014 and for the years ended 31 December 2014, 2013 and 2012.

Reconciliation of Reported to Underlying Results

	Nine months ended 30 September 2015		
	Reported	**Special Items**	**Underlying**
	(unaudited)	**(unaudited)**	**(unaudited)**
		(in millions of euros)	
Net interest income	4,580	—	4,580
Net fee and commission income	1,375	—	1,375
Other operating income[1]	449	—	449
Operating income	*6,403*	—	*6,403*
Personnel expenses	1,852	—	1,852
Other expenses[2]	1,847	—	1,847
Operating expenses	3,700	—	3,700
Operating result	***2,703***	**—**	***2,703***
Impairment charges on loans and other receivables	381	—	381
Profit/(loss) before tax	***2,322***	**—**	***2,322***
Income tax expense	670	—	670
Profit/(loss) for the year	**1,652**	**—**	**1,652**

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

Reconciliation of Reported to Underlying Results

	Nine months ended 30 September 2014		
	Reported	**Special Items**	**Underlying**
	(unaudited)	**(unaudited)**	**(unaudited)**
		(in millions of euros)	
Net interest income	4,403	—	4,403
Net fee and commission income	1,260	—	1,260
Other operating income[1]	246	—	246
Operating income	*5,910*	—	*5,910*
Personnel expenses	2,035	288	1,747
Other expenses[2]	1,906	201	1,705
Operating expenses	3,941	489	3,452
Operating result	***1,969***	***(489)***	***2,457***
Impairment charges on loans and other receivables	990	—	990
Profit/(loss) before tax	***978***	***(489)***	***1,467***
Income tax expense	245	(72)	317
Profit/(loss) for the year	**734**	**(417)**	**1,151**

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

Reconciliation of Reported to Underlying Results

	Year ended 31 December 2014		
	Reported	Special Items	Underlying
	(audited)	(unaudited)	(unaudited)
	(in millions of euros)		
Net interest income	6,023	—	6,023
Net fee and commission income	1,691	—	1,691
Other operating income(1)	341	—	341
Operating income	*8,055*	—	*8,055*
Personnel expenses	2,684	288	2,396
Other expenses(2)	2,654	201	2,453
Operating expenses	5,338	489	4,849
Operating result	***2,717***	***(489)***	***3,206***
Impairment charges on loans and other receivables	1,171	—	1,171
Profit/(loss) before tax	***1,546***	***(489)***	***2,035***
Income tax expense	412	(72)	484
Profit/(loss) for the year	***1,134***	***(417)***	***1,551***

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

Reconciliation of Reported to Underlying Results

	Year ended 31 December 2013		
	Reported	Special Items	Underlying
	(audited)	(unaudited)	(unaudited)
	(in millions of euros)		
Net interest income	5,380	—	5,380
Net fee and commission income	1,643	—	1,643
Other operating income(1)	301	(122)	423
Operating income	*7,324*	*(122)*	*7,446*
Personnel expenses	2,357	37	2,320
Other expenses(2)	2,413	—	2,413
Operating expenses	4,770	37	4,733
Operating result	***2,554***	***(159)***	***2,713***
Impairment charges on loans and other receivables	983	(684)	1,667
Profit/(loss) before tax	***1,571***	***525***	***1,046***
Income tax expense	411	117	294
Profit/(loss) for the year	***1,160***	***408***	***752***

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

Reconciliation of Reported to Underlying Results

	Year ended 31 December 2012		
	Reported	Special Items	Underlying
	(audited)	(unaudited)	(unaudited)
	(in millions of euros)		
Net interest income	5,028	—	5,028
Net fee and commission income	1,556	—	1,556
Other operating income(1)	754	215	539
Operating income	*7,338*	*215*	*7,123*
Personnel expenses	2,151	178	1,973
Other expenses(2)	2,534	272	2,263
Operating expenses	4,686	450	4,236
Operating result	***2,653***	***(235)***	***2,887***
Impairment charges on loans and other receivables	1,228	(203)	1,431
Profit/(loss) before tax	***1,424***	***(32)***	***1,456***
Income tax expense	271	(73)	344
Profit/(loss) for the year	**1,153**	**41**	**1,112**

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

Special Items

As described above, the Group adjusts its EU IFRS reported results to exclude the impact of certain special items (the "**Special Items**") in order to derive its underlying results. Management believes these non-IFRS underlying results provide a better understanding of the underlying trends in the Group's historical financial performance. The statutory results reported in accordance with Group accounting policies have been adjusted for defined Special Items. Special Items are material and non-recurring items which are not related to normal business activities. Balance sheet, risk and capital information have not been adjusted for Special Items.

The below tables set forth an explanation of the Special Items for the nine months ended 30 September 2015 and 2014 and for the years ended 31 December 2014, 2013 and 2012 and their impact on the Group's reported results of operations, as illustrated in the reconciliation tables above.

Impact of Special Items (unaudited)

	Nine months ended 30 September		Year ended 31 December		
	2015	2014	2014	2013	2012
	(in millions of euros)				
Operating income					
Positive revaluations EC Remedy related provisions(1)	—	—	—	—	215
Reassessment of discontinued securities financing activities(2)	—	—	—	(70)	—
Costs of wind down non-client-related equity derivatives activities(3)	—	—	—	(52)	—
Total impact on operating income	—	—	—	*(122)*	*215*
Operating expenses					
Separation and integration costs(4)	—	—	—	—	450
Restructuring provision(5)	—	—	—	37	—
Pension settlement charge(6)	—	288	288	—	—
SNS levy(7)	—	201	201	—	—
Total impact on operating expenses	—	*489*	*489*	*37*	*450*
Loan impairments					
Greek releases(8)	—	—	—	(432)	(125)
Madoff releases(9)	—	—	—	(252)	(78)
Total impact on loan impairments	—	—	—	*(684)*	*(203)*
Total impact on income tax expenses	—	(72)	(72)	117	(73)
Total impact on profit/(loss) for the period	—	**(417)**	**(417)**	**408**	**41**

(1) In connection with the EC Remedy, the Group provided a financial guarantee covering part of the potential credit losses on the portfolio that existed at the time of closing the sale under the EC Remedy (the "**Credit Umbrella**"). The value of the guarantee was assessed on a quarterly basis with revaluation effects recorded in the income statement under Other income (part of Other operating income). The Credit Umbrella was settled at the end of 2012, and the remaining net value was released to the income statement. Following the settlement of the Credit Umbrella, some other EC Remedy related provisions were also released.

(2) Reassessment of receivables from part of the securities financing activities conducted outside the Netherlands which were discontinued as from 2009.

(3) In the first quarter of 2013, the Group decided to wind down its remaining non-client related equity derivative activities.

(4) The formation of the Group was a result of various legal and operational separation and integration activities, a merger and a legal demerger. Costs related to these separation and integration activities are indicated as separation and integration costs. These costs related primarily to the integration restructuring provision, IT and IT-related consultants (totalling EUR 262 million excluding personnel expenses) and the merger of the two Dutch pension funds (EUR 162 million).

(5) The addition to the restructuring provision recorded in Group Functions concerned a reorganisation of Corporate Banking in order to further improve efficiency.

(6) As part of the collective labour agreement in the first half of 2014, the Group changed the pension plan for its employees from a defined benefit plan to a collective defined contribution plan. As a result, the liability recorded in the balance sheet relating to the defined benefit plan was released to the income statement leading to a negative impact on personnel expenses.

(7) In 2013, the Dutch government decided to nationalise SNS Reaal. The total amount to be contributed by the sector was approximately EUR 1 billion, of which EUR 201 million was to be contributed by the Group spread over the first 3 quarters of 2014.

(8) In the legal demerger of ABN AMRO Bank N.V., a portfolio of Greek government-guaranteed corporate exposures was allocated to the Group. As a result of the private sector initiative in early 2012, the Group had to take a significant impairment loss on these exposures in 2011. In the course of 2012 and 2013, the Group was able to gradually divest the exposures, while recovering part of the impairment charges. The last tranche was sold in October 2013.

(9) Through its Prime Fund Solutions activities, which were divested in 2011, the Group provided loans to client funds collateralised by securities. Some of these client funds were invested in Bernard L. Madoff Investment Securities, which was posted as collateral for the loans. Following the discovery of the fraud related to these securities, the securities, and therefore the collateral, became worthless and the clients went bankrupt. As a result, the Company fully impaired these exposures, as the expected recovery was zero. In 2011, 2012 and 2013, the Group released part of these impairment allowances as the Group sold collateral related to these Madoff files.

Key indicators and other ratios (unaudited)

	Nine months ended 30 September		Year ended 31 December		
	2015	**2014**	**2014**	**2013**	**2012**
Underlying cost/income ratio (in %)	58%	58%	60%	64%	59%
Underlying return on average Equity(1) (EU IFRS, in %)	14.0%	11.0%	10.9%	5.5%	8.2%
Underlying cost of risk(2) (in bps)	19	51	45	63	54
Underlying profit (in millions)	1,652	1,151	1,551	752	1,112
Reported cost/income ratio (in %)	58%	67%	66%	65%	64%
Reported return on average Equity(1) (EU IFRS, in %)	14.0%	7.0%	8.0%	8.5%	8.5%
Reported cost of risk(2) (in bps)	19	51	45	37	46
Reported profit (in millions)	1,652	734	1,134	1,160	1,153

	As at 30 September	As at 31 December		
	2015	**2014**	**2013**	**2012**
Fully-loaded CT1/CET1 ratio(3) (in %)	14.8%	14.1%	12.2%	10.0%
Total risk weighted assets(4) (in billions)	110.6	109.6	109.0	121.5
Loan-to-Deposit ratio (in %)	110%	117%	121%	125%
Client Assets(5) (in billions)	305.5	302.5	276.9	265.8
FTEs	22,101	22,215	22,289	23,059

(1) Underlying profit divided by monthly average shareholders' equity.

(2) Impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(3) 30 September 2015 and 31 December 2014 figures in accordance with the Basel III/CRD IV framework. 31 December 2013 and 2012 according to pro forma Basel III.

(4) 30 September 2015 and 31 December 2014 figures in accordance with the Basel III/CRD IV framework. 31 December 2013 and 2012 under Basel II.

(5) Clients Assets consists of the total liquidity volume and the total securities volume of the Group's clients, including restricted and custody shares.

B.31-B.8	Selected key pro forma financial information	Not applicable. No pro forma financial information has been included in the Prospectus.
B.31-B.9	Profit forecast	Not applicable; the Company has not issued a profit forecast.
B.31-B.10	Historical audit report qualifications	Not applicable; there are no qualifications.

B.31-D.4	*See D4 below*	
B.32	Name and registered office of the issuer of the DRs	Stichting Administratiekantoor Continuïteit ABN AMRO Group has its corporate and registered office at 1097 JB Amsterdam, Prins Bernhardplein 200, the Netherlands.
	Legislation and legal form of the issuer of the DRs	The Foundation was incorporated on 20 July 2015 under the laws of the Netherlands and has its statutory seat in Amsterdam, the Netherlands. The Foundation is a Dutch foundation (*stichting*).
	Section C—Securities	
C.13-C.1	Type and class, security identification number of the Offer Shares	The offer securities are DRs representing Ordinary Shares in the share capital of the Company.
C.13-C.2	Currency of the Offer Shares	The Offer Shares are denominated in euro.
C.13-C.3	Number of Shares and nominal value	On the date of the Prospectus, a total of 940,000,001 Ordinary Shares are issued and outstanding with a nominal value of EUR 1.00 per Ordinary Share.
C.13-C.4	Rights attached to the Shares	The Shares carry dividend rights. Each Share confers the right to cast one vote in the General Meeting. Upon issue of Shares, each Shareholder shall have a pre-emptive right in proportion to the aggregate nominal amount of his Shares. Shareholders do not have pre-emptive rights in respect of Shares issued against contribution in kind or in respect of Shares issued to employees of the Company or a Group Company. The pre-emptive rights described above also apply in case of granting of rights to subscribe for Shares. Pre-emptive rights may be limited or excluded by a resolution of the General Meeting, upon a proposal of the managing board of the Company ("**Managing Board**") which has been approved by the supervisory board of the Company (the "**Supervisory Board"**), which resolution by the General Meeting requires a majority of at least two-thirds of the votes cast, if less than one half of the issued share capital is present or represented at the meeting, and otherwise it requires an absolute majority vote. The General Meeting may delegate this authority to the Managing Board, which resolution also requires a majority of at least two-thirds of the votes cast, if less than one half of the issued share capital is present or represented at the meeting, and otherwise it requires an absolute majority vote. A designation as referred to above will only be valid for a specific period of no more than five years and may from time to time be extended for a period of no more than five years. A resolution by the Managing Board (if so designated by the General Meeting) to limit or exclude pre-emptive rights requires the approval of the Supervisory Board. As set out below, the Managing Board is currently authorised by the General Meeting to restrict or exclude pre-emptive rights accruing to Shareholders in relation to the issue of Ordinary Shares, subject to the approval of the Supervisory Board, until 6 May 2017. Shares can be issued either (a) if and to the extent the Managing Board has been designated by the General Meeting as the authorised corporate body to resolve to issue shares, pursuant to a resolution by the Managing Board, which (proposed) resolution has been approved by the Supervisory Board or (b) if and to the extent the Managing Board has not been designated as the authorised corporate body to resolve to issue shares, pursuant to a resolution by the General Meeting (adopted with a simple majority) on a proposal to that effect by the Managing Board, which proposal has been approved by the Supervisory Board. This also applies to the granting of rights to subscribe for Shares, such as options, but is not required for an issue of Shares pursuant to the exercise of a previously granted right to

		subscribe for Shares. A designation as referred to above will only be valid for a specific period of no more than five years and may from time to time be extended for a period of no more than five years. A valid resolution of the General Meeting to issue Shares or to designate the Managing Board to do so, shall require, in addition to the approval of the Supervisory Board, a prior or simultaneous resolution or approval by each group of Shareholders of the same class whose rights are prejudiced by the issue. Pursuant to the relationship agreement dated 10 November 2015 between the Company and NLFI (the "**Relationship Agreement**"), for as long as NLFI holds more than one-third of the Company's issued share capital, any issuance of (or granting of rights to acquire) Shares by the corporate body authorised by the General Meeting requires the prior approval of NLFI. The same applies to any issuance of (or granting of rights to acquire) shares in ABN AMRO Bank by the corporate body authorised by the general meeting of ABN AMRO Bank. On 6 November 2015, the General Meeting designated the Managing Board as the body authorised, subject to the approval of the Supervisory Board, to issue Ordinary Shares, to grant rights to subscribe for Ordinary Shares and to exclude statutory pre-emptive rights in relation to such issuances of Ordinary Shares or granting of rights to subscribe for Ordinary Shares. Aforementioned authorisation of the Managing Board is limited to 10% of the total nominal issued share capital of the Company as of the Settlement Date, may not be used to distribute dividends in the form of Shares and not for issuances in connection with management or employee incentive plans and is valid for a period of 18 months after the date of grant of the authorisation. **Dividends and Other Distributions** The payment of dividends may be limited, restricted or prohibited, including by the competent supervisory authority, if this measure is required or deemed required to strengthen the Group's capital in view of prudential requirements such as amongst other things the combined buffer requirements, additional capital requirements as a result of the Supervisory Review and Evaluation Process, the leverage ratio, the minimum requirement for own funds and eligible liabilities (MREL) and Total Loss Absorbency Capacity (TLAC) requirements. In addition, any payment of dividends can only be paid out of distributable items as defined in Capital Requirements Regulation (EU) No 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.
C.13-C.5	Restrictions on transferability of the Shares	There are no special restrictions in the Company's articles of association as they will read following their amendment on the Settlement Date and any further amendments from time to time (the "**Articles of Association**") or Dutch law that limit the right of Shareholders who are not citizens or residents of the Netherlands to hold or vote Shares.
C.13-C.6	Listing and admission to trading of the Shares	Not applicable; the Shares are not listed or admitted to trading.
C.13-C.7	Dividend policy	The Company has formulated its reservation and dividend policy with due regard to its strategy. The Company intends to pay an annual dividend that creates sustainable long-term value for its Shareholders. The reservation and dividend policy will be determined by the Managing Board, subject to the approval of the Supervisory Board. The reservation and dividend policy will be put on the agenda of each year's annual General Meeting as a discussion item. The Company's dividend policy and the intended payment of dividend are without prejudice to the absolute discretion of the Managing Board

		to elect not to make dividend payments or to make higher or lower dividend payments than previously indicated, and may be limited, restricted or prohibited, including by the competent supervisory authority, if this measure is required or deemed required to strengthen the Group's capital position. Any dividend proposal will take into account considerations including capital and liquidity requirements and other regulatory requirements or constraints, future income, profits, resources available for distribution, financial conditions, growth opportunities, the outlook of the Company's business, its short-term and long-term viability, general economic conditions, and any circumstance the Managing Board may deem relevant or appropriate. Considering the foregoing, and without prejudice to the fact that the Company is under no circumstances obliged to make distributions, the envisaged annual dividend pay-out ratio is 50% of the annual reported net profit as from and to be achieved over the full year 2017, after deduction of coupon payments on capital instruments that are treated as equity instruments for accounting purposes, if a decision is made to make such payments. The Company also intends to distribute interim dividends after the publication of second quarter results, if the results so allow. While the Company's dividend policy anticipates a cash dividend, the Managing Board or the General Meeting upon a proposal by the Managing Board may elect, in both cases, subject to the approval of the Supervisory Board, to offer distributions in the form of a stock dividend (in the form of Shares) or to offer a choice between or a combination of a cash and stock dividend (in the form of Shares), when and if deemed appropriate. Following periodic capital management reviews, the Managing Board, in its absolute discretion, and after having obtained the necessary regulatory and corporate approvals, may also consider implementing a share repurchase programme.
C.14-C.1	Type and class, security identification number of the DRs	The DRs are depositary receipts which each represent a financial interest in one Ordinary Share held by the Foundation. ISIN: NL 0011540547; symbol: "ABN"; Common code: 131708033
C.14-C.2	Currency of the DRs	The nominal value of the DRs is equal to the nominal value of the Ordinary Shares.
C.14-C.4	Rights attached to the DRs	As the legal holder, the Foundation will collect dividends and other distributions on the underlying Shares representing the DRs issued by the Foundation (the "**Underlying Shares**") from the Company. In such case, under the DR Terms, the Foundation has the obligation to make a corresponding distribution on the DRs, without charging costs. If the Company makes a distribution in kind on the Underlying Shares in the form of Ordinary Shares, the Foundation will make, to the extent possible, a corresponding distribution to the Holders of DRs (the "**DR Holders**") in the form of DRs. If the Company declares a distribution which is in cash or in kind, at the option of the Shareholder, the Foundation will enable each DR Holder as much as possible to make the same choice. The Rule Book of Euronext Amsterdam requires the Foundation to enable each DR Holder as much as possible to express their choice. If the Foundation, as the legal holder of the Underlying Shares has a pre-emptive right on newly issued Ordinary Shares in the share capital of the Company, it will enable the DR Holders to exercise a corresponding pre-emptive right on DRs representing such newly issued Ordinary Shares. As the Foundation is the legal holder of the Underlying Shares, the voting rights attached to the Underlying Shares legally vest in the Foundation. However, pursuant to the articles of association of the Foundation (the "**Foundation Articles**") and the DR Terms, the Foundation each time has the obligation to (without request) grant a power of attorney to DR Holders to enable them to vote on the Underlying Shares at their own discretion (except in case of a Hostile Situation (as described below)).

		DR Holders have the right to attend the General Meeting and to speak at the meeting. The DR Holders also have the right to propose agenda items under the same conditions that apply for Shareholders. A DR Holder may use this power of attorney to vote on the Underlying Shares himself or may decide to grant the power of attorney (with or without voting instructions) to a third party. A DR Holder may also decide to request the Foundation to vote on the Underlying Shares on his behalf (with or without an instruction with regard to the relevant matter), and in case of such an instruction this shall be binding for the Foundation. If a DR Holder requests the Foundation to vote on the Underlying Shares on his behalf, but does not provide a specific instruction as to the manner in which the voting rights should be exercised (a blank instruction), the Foundation will have freedom to decide how it will exercise its voting rights, thereby always taking into account that, pursuant to the Foundation Articles and the DR Terms, the Foundation should ensure that the interests of the DR Holders and the interests of the Company and of the enterprises maintained by the Company and by the companies affiliated to the Company in a group are optimally safeguarded. If a DR Holder decides not to make use of the power of attorney granted to him and not to give a voting instruction to the Foundation, the Foundation itself may not vote on the Underlying Shares held by it. This can be different in case of a Hostile Situation (as defined and described below). As long as NLFI holds one third (1/3) of the number of issued Shares, the Foundation may, subject to the permission of NLFI, limit or exclude the granting of powers of attorney or revoke powers of attorney and not comply with a voting instruction. After such permission of NLFI, the Foundation will have the freedom on how to utilise its shareholder rights. Pursuant to section 2:118a Dutch Civil Code and the DR Terms, the powers of attorney (to be) granted by the Foundation to the DR Holders may only be limited, excluded or revoked by the Foundation (and the Foundation may only decide not to observe voting instructions received from DR Holders) if: (i) a public offer has been announced or is made in respect of Shares (or in respect of DRs) or when there is a justified expectation that such an offer or announcement will be made without agreement first having been reached between the bidder and the Company; (ii) a DR Holder or several DR Holders and Shareholders acting in concert together with subsidiaries or otherwise hold(s) Shares or DRs representing 25% or more of the issued share capital of the Company; or (iii) in the opinion of the Foundation, the exercise of the voting rights by a DR Holder be fundamentally contrary to the interest of the Company and its business, (each of these situations, a "**Hostile Situation**"). If a Hostile Situation occurs and the Foundation resolves to limit, exclude or revoke powers of attorney to DR Holders or to not observe voting instructions received from DR Holders, the Foundation can exercise the voting rights attached to the Underlying Shares. In such case, pursuant to the DR Terms, the Foundation should, when exercising the voting rights in accordance with the objectives clause of the Foundation as laid down in the Foundation Articles, exercise the rights attached to the Shares in such a way to ensure that the interests of the DR Holders, of the Company and of the enterprises maintained by the Company and the companies affiliated to it in a group are optimally safeguarded. The Foundation shall deter any influence that

		could affect the independence, continuity or identity of the Company and the enterprises maintained by the Company and the companies affiliated to it in a group in conflict with the interests of the Company and those enterprises to the maximum of its abilities. In doing so, the foundation will always take into account the legitimate interests of the customers, the savers and deposit holders, the Shareholders, the DR Holders, the employees, and the society in which the Company carries out its activities. A limitation, exclusion or revocation by the Foundation of powers of attorney to the DR Holders may not exceed a time period of two years. Pursuant to the DR Terms, the Foundation may only resolve to limit, exclude or revoke powers of attorney to the DR Holders and to not observe voting instructions with the consent of NLFI as long as NLFI holds one-third or more of the Company's issued share capital. Pursuant to the Trust Office Foundation for the Management of Financial Institutions Act (*Wet stichting administratiekantoor beheer financiële instellingen*, the "**NLFI Act**"), NLFI, in turn, requires the approval of the Dutch Minister of Finance to give this consent. Once the holding of NLFI has dropped below abovementioned threshold, the Foundation may limit, exclude or revoke the powers of attorney and resolve not to observe voting instructions without any prior approval being required.
C.14-C.5	Restrictions on transferability of the DRs	There are no special restrictions in the Articles of Association, the DR Terms or Dutch law that limit the right of DR Holders who are not citizens or residents of the Netherlands to hold DRs.
	Listing and admission to trading of the DRs	Prior to the Offering, there has been no public market for the DRs. Application has been made to list the Offer DRs and Over-Allotment DRs (as defined below) under the symbol "ABN" on Euronext Amsterdam. Subject to acceleration or extension of the timetable for the Offering, trading in the Offer DRs is expected to commence on an "as-if-and-when-delivered" basis on Euronext Amsterdam on or about 20 November 2015. With respect to future listings and offerings by NLFI of additional DRs representing Ordinary Shares, to the extent possible, NLFI intends to avail itself of the exceptions of Section 5:4 paragraph 1(g) and Section 5:3 paragraph 1 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*; the "**FMSA**") and the exemption of article 54 paragraph 1(b) and (c) of the Exemption Regulation pursuant to the FMSA (*Vrijstellingsregeling Wft*) as a result of which a prospectus may not be made available on the occasion of such a listing and offering. NLFI will in such case issue a press release with information on the listing and offering, including details on any other information relevant for investors. The AFM may disallow the application of the exception provided in Section 5:4 paragraph 1(g) of the FMSA under the circumstances set out in Section 5:4 paragraph 2 of the FMSA. In addition, the exception provided in Section 5:4 paragraph 1(g) of the FMSA does not apply to depositary receipts representing ordinary shares, if these ordinary shares are issued after the Offering.
C.14	Underwriting of the Offering	The Offering has been underwritten by the Underwriters (as defined below).
		Section D—Risks
	Selection of key risks	The following is a selection of key risks that relate to the Group, the Group's Structure/Shareholder Structure, the (DRs representing) Ordinary Shares and the Offering. In making the selection, the Group has considered circumstances such as the probability of the risk materialising on the basis of the current state of affairs, the potential impact which the materialisation of the risk could have on the Group's financial condition, results of operations, capital and liquidity needs, possible dividend payments and reputation, and the attention that management of the Group would on the basis of current expectations have to devote to these risks if they were to materialise. Investors should read, understand and consider all risk factors, which risk

		factors are material and should be read in their entirety, in "Risk Factors" beginning on page 73 of the Prospectus before making an investment decision to invest in the Offer DRs. • Conditions in the Dutch, European and global economies and future economic prospects for these regions may materially and adversely affect the Group's business, financial condition, results of operations and prospects • Disruptions, dislocations, structural challenges and market volatility in financial markets could materially and adversely affect the Group's banking and funding activities and could materially and adversely affect the Group's business, financial condition, results of operations and prospects • The Group is subject to significant credit and concentration risk exposure in the Netherlands, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects • The business model of full service banks such as the Group may in the mid to longer-term become untenable • The Group relies on client deposits and wholesale markets for structural funding. Inability to maintain or to grow client deposits or access wholesale funding can materially and adversely affect the Group's liquidity and funding position, financial condition and results of operations • The Group is subject to a large number of operational risks that could have a material adverse effect on the Group's ability to raise funding and capital, its business, operations, reputation, financial condition, profitability and results of operations • The Group uses internal risk management methods and models which incorporate assumptions, judgements and estimates that may change over time or that may ultimately turn out not to be accurate, which may have a material adverse effect on the Group's results of operations, profitability and financial condition • The Group's business operations require precise documentation, recordkeeping and archiving. Any failure to do so could cause the Group to violate regulatory requirements, could prevent it from adequately monitoring transactions and claims or litigation, and could preclude it from enforcing agreements in accordance with their intended terms, all with a potential material adverse effect on the Group's business, reputation, results of operations and financial condition • Failure of the Group's information technology systems could lead to a breach of regulations and (contractual) obligations and have a material adverse effect on the Group's reputation, results of operations, financial condition and prospects • The Group's clearing business may incur losses or may be subject to regulatory actions and fines that could materially and adversely affect the Group's financial condition and results of operations, prospects and financial condition as well as materially and adversely affect the Group's reputation • The Group's IT and operations landscape, which is complex, is in the process of being re-engineered and simplified. Failure to re-engineer and simplify the Group's IT and operations landscape could have a material adverse effect on the Group's results of operations, financial condition and prospects • The Group has outsourced and offshored key services and any failure of counterparties to deliver the contracted services, to deliver the services at an adequate and acceptable level, in a timely manner, or to comply with privacy rules, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition

		• The Group and its management depend on the accuracy and completeness of information about the Group itself, clients and counterparties. If this information is unavailable, turns out to be materially inaccurate, incomplete, not up-to-date or evaluated wrongly this could materially and adversely affect the Group's business, financial condition, reputation or results of operations • The Group is subject to the risk of internal and external fraud, crime, cybercrime, or other types of misconduct by employees or third parties which could have a material adverse effect on the Group's business, reputation, results of operations, financial condition and prospects • The Group is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties, including in relation to the sale of interest rate derivatives. A negative outcome of proceedings, settlements, action taken by supervisory or other authorities, legislation, sector-wide measures, and other arrangements for the benefit of clients and third parties could substantially adversely affect the Group's business, reputation, results of operations, financial condition and prospects • The regulatory environment to which the Group is subject gives rise to significant legal and compliance costs and management time, and non-compliance could result in monetary and reputational damages, all of which could have a material adverse effect on the Group's business, financial condition and results of operations • As a result of capital and liquidity requirements, the Group may not be able to manage its capital and liquidity effectively, which could have a material adverse effect on the Group's financial condition, regulatory capital position and liquidity position and the Group may be forced to raise additional capital or restrict dividend payments • Failure to comply with anti-money laundering, anti-bribery and corruption laws or international sanctions could lead to fines or harm the Group's reputation and could disrupt the Group's business and result in a material adverse effect on the Group's business, financial condition and results of operations • The interests of NLFI and the Dutch State may be inconsistent with the interests of the DR Holders • The payment of future dividends will depend on the Group's financial condition and results of operations, the Group's operating subsidiaries' distributions to the Company as well as the Company's dividend policy, and is subject to legal and regulatory restrictions on the Group • The DRs may trade below the Offer Price and investors could lose all or part of their investment
D.4-D.2	Key risks that are specific to the Group	The following is a summary of all key risks that relate to the Group, the Group's Structure/Shareholder Structure, the (DRs representing) Ordinary Shares and the Offering. Investors should read, understand and consider all risk factors, which risk factors are material and should be read in their entirety, in "Risk Factors" beginning on page 73 of the Prospectus before making an investment decision to invest in the Offer DRs. **Risks Relating to the Group's Business** • Conditions in the Dutch, European and global economies and future economic prospects for these regions may materially and adversely affect the Group's business, financial condition, results of operations and prospects

		• Disruptions, dislocations, structural challenges and market volatility in financial markets could materially and adversely affect the Group's banking and funding activities and could materially and adversely affect the Group's business, financial condition, results of operations and prospects • The Group has been and could in the future again be materially and adversely affected by the weakness or the perceived weakness of other financial institutions. Such weakness or perceived weakness could result in systemic liquidity problems, losses or defaults by other financial institutions and counterparties, and which could materially and adversely affect the Group's liquidity, results of operations, financial condition and prospects • The Group is subject to significant credit and concentration risk exposure in the Netherlands, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects • The Group's counterparties are subject to various factors and risks that could potentially affect their credit quality and in turn the Group's credit risk exposure • If the Group is unable to successfully implement its strategy, or if its strategy does not yield the anticipated benefits, or if the Group is unable to successfully pursue targeted business opportunities, this could have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects • Changed legislation applicable to mortgages in the Netherlands may have a significant impact on the Group's mortgage business. This could materially and adversely affect the Group's businesses, financial condition, results of operations and prospects • The Group operates in markets that are highly competitive. Competitive pressures could result in lower margins or in a loss of market share and may thus have a material adverse effect on the Group's business, financial condition and profitability • The Group is exposed to a variety of political, legal, social, reputational, economic and other risks due to its international growth strategy and existing international presence • The business model of full service banks such as the Group may in the mid to longer-term become untenable • The Group can be forced, upon a change of control over the Group or Delta Lloyd N.V., to buy shares it does not yet own in Dutch insurance business ABN AMRO Verzekeringen. If this risk were to materialise, the Group could be forced to pay a currently unknown purchase price that would likely be material, the Group would be required to consolidate ABN AMRO Verzekeringen into its financial statements, which may have material adverse consequences for the Group's capital and liquidity ratios, and any potential losses incurred by ABN AMRO Verzekeringen would from then on be entirely for the account of the Group • Lack of liquidity is a risk to the Group's business and may have a material adverse effect on the Group's funding ability, business, financial condition and profitability • The Group relies on client deposits and wholesale markets for structural funding. Inability to maintain or to grow client deposits or access wholesale funding can materially and adversely affect the Group's liquidity and funding position, financial condition and results of operations

		• Reductions or potential reductions in ABN AMRO Bank's credit or instrument ratings could have a significant impact on its access to capital, funding and liquidity through reduced funding capacity, the trigger of collateral requirements or higher funding costs. Accordingly, any downgrade or potential downgrade could materially and adversely affect the Group's business, results of operations, prospects, financial condition, competitive position and reputation • Changes in interest rates and foreign exchange rates may materially and adversely affect the Group's business, financial condition, results of operations and cash flows • The Group is subject to a large number of operational risks that could have a material adverse effect on the Group's ability to raise funding and capital, its business, operations, reputation, financial condition, profitability and results of operations • The Group has implemented a process to approve new and periodically review its existing products and services. Failures or incorrect application of these processes or inadequate monitoring thereof may result in non-compliance, lower profitability, losses, claims, fines, regulatory action, legal proceedings or reputational damage • The Group uses internal risk management methods and models which incorporate assumptions, judgements and estimates that may change over time or that may ultimately turn out not to be accurate, which may have a material adverse effect on the Group's results of operations, profitability and financial condition • The Group relies on third party service providers and third party (financial) products. Non-performance by third party service providers or deficient third party (financial) products could have a material adverse effect on the Group's reputation, business, results of operations, financial condition and prospects • If the Group's use of derivatives to protect itself against certain risks is inadequate or ineffective in limiting the Group's exposure, the Group's business, results of operations and financial condition may be materially and adversely affected • The Group's financial statements in conformity with EU IFRS require the exercise of judgements and use of assumptions and estimates which, if incorrect, could have a material impact on the Group's results of operations, financial condition and capital ratios • The Group's business operations require precise documentation, recordkeeping and archiving. Any failure to do so could cause the Group to violate regulatory requirements, could prevent it from adequately monitoring transactions and claims or litigation, and could preclude it from enforcing agreements in accordance with their intended terms, all with a potential material adverse effect on the Group's business, reputation, results of operations and financial condition • The Group and its management depend on the accuracy and completeness of information about the Group itself, clients and counterparties. If this information is unavailable, turns out to be materially inaccurate, incomplete, not up-to-date or evaluated wrongly this could materially and adversely affect the Group's business, financial condition, reputation or results of operations • Failure of the Group's information technology systems could lead to a breach of regulations and (contractual) obligations and have a material adverse effect on the Group's reputation, results of operations, financial condition and prospects

		• The Group's clearing business may incur losses or may be subject to regulatory actions and fines that could materially and adversely affect the Group's financial condition and results of operations, prospects and financial condition as well as materially and adversely affect the Group's reputation • Failure to properly manage change, such as change driven by new or changed products, activities, processes, systems, organisation or additional legal or regulatory requirements, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects • The Group's IT and operations landscape, which is complex, is in the process of being re-engineered and simplified. Failure to re-engineer and simplify the Group's IT and operations landscape could have a material adverse effect on the Group's results of operations, financial condition and prospects • The Group has outsourced and offshored key services and any failure of counterparties to deliver the contracted services, to deliver the services at an adequate and acceptable level, in a timely manner, or to comply with privacy rules, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition • The Group is subject to the risk of internal and external fraud, crime, cybercrime, or other types of misconduct by employees or third parties which could have a material adverse effect on the Group's business, reputation, results of operations, financial condition and prospects • The Group is subject to the risk that information proprietary to the Group, its clients, its business partners, vendors or other third parties is made public unintentionally or unlawfully which could result in reputational damage, claims, losses and damages and could have material adverse effect on the Group's business, results of operations and financial condition • The business operations of the Group, its third party service providers and its clients are vulnerable to epidemics, pandemics, floods, storms, earthquakes, other forms of natural disasters, other events that could impede public safety, the occurrence of terrorist acts, acts of war or other hostility, or other disasters caused by people. This could have a material adverse effect on the Group's business, financial condition and results of operations • The Group's ability to retain members of its Managing Board and management group and key employees at any level in the Group as well as its ability to retain and attract other qualified employees are critical to the success of its business and the failure to do so could have a material adverse effect on the Group's performance. Dutch and European limitations on remuneration may create a competitive disadvantage for the Group for retaining and recruiting management and other key employees • The Group is subject to conduct and reputational risk, which could materially and adversely affect the Group's results of operations, prospects and financial condition • Further reductions of the Dutch State's interest in the Company may result in a perception of increased risk by investors and clients, including depositors • Reduced liquidity in the diamond and jewellery industry may result in a lower quality of the Group's credit portfolio in this industry and thus adversely affect the Group's financial condition and results of operations. If the Group does not provide the liquidity expected by the industry, this may damage the Group's reputation in the diamond and jewellery industry

		Regulatory/Legal and Compliance Risks • The Group is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties, including in relation to the sale of interest rate derivatives. A negative outcome of proceedings, settlements, action taken by supervisory or other authorities, legislation, sector-wide measures, and other arrangements for the benefit of clients and third parties could substantially adversely affect the Group's business, reputation, results of operations, financial condition and prospects • A number of events and factors related to the pricing of the Group's products, some such as sustained low and even negative interest rates applying to the industry as a whole and some specific to the Group, may materially and adversely affect its profitability and financial condition • The regulatory environment to which the Group is subject gives rise to significant legal and compliance costs and management time, and non-compliance could result in monetary and reputational damages, all of which could have a material adverse effect on the Group's business, financial condition and results of operations • Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects • As a result of capital and liquidity requirements, the Group may not be able to manage its capital and liquidity effectively, which could have a material adverse effect on the Group's financial condition, regulatory capital position and liquidity position and the Group may be forced to raise additional capital or restrict dividend payments • Resolution regimes may affect the rights and remedies of holders of Ordinary Shares or DRs—who risk losing their entire investment—as well as the Group's market value and may lead to lower credit ratings and possibly higher cost of funding, capital and other costs and could thereby have a material adverse effect on the Group's funding ability, financial condition and results of operations • The Group is required to provide large amounts of detailed information about its operations and financial condition to supervisory and other authorities, which is made more difficult by the complexity of the Group's reporting chain. The increasing demands from supervisory and other authorities both as far as detail and frequency of reporting is concerned are a significant burden on the Group with the accompanying risk that errors are made, information is reported past deadlines and that fines and other penalties are incurred. This could have a material adverse effect on the Group's business, reputation, results of operations and financial condition • Improving technological developments may lead to new and more detailed reporting and monitoring obligations of the financial industry. This could force the Group to make significant investments and increase its compliance burden with a material adverse effect on the Group's business, results of operations and financial condition • The Group is subject to legal risk, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects and reputation. It has become increasingly difficult to provide for sufficient levels of legal and regulatory provisions due to the inherent uncertain outcome of

		settlement and litigation which means that the Group is at risk of incurring losses that have insufficiently or not been provided for and that thus may have an adverse effect on the Group's business, financial condition, results of operations and prospects • The Group may become involved in litigation regarding Imtech N.V. as a consequence of the Group's participation as an underwriter in the October 2014 Imtech N.V. rights offering • Failure to comply with anti-money laundering, anti-bribery and corruption laws or international sanctions could lead to fines or harm the Group's reputation and could disrupt the Group's business and result in a material adverse effect on the Group's business, financial condition and results of operations • Restrictions on the payment of inducements and distribution fees may reduce fee and commission income and could materially and adversely affect the Group's businesses and results of operations • The Group is subject to stress tests and other regulatory enquiries. The outcome of such a test can destabilise the banking or financial services sector, lead to a loss of trust with regard to individual companies or the banking or financial services sector as a whole, and could materially and adversely affect the Group's reputation, financing costs and trigger enforcement action by supervisory authorities. Stress tests could also bring to the surface information which may result in regulatory requirements or measures being imposed or taken which could have a material adverse effect on the Group's business, results of operations, profitability or reputation • The Group is subject to changes in financial reporting standards, such as IFRS 9, or policies, including as a result of choices made by the Group, which could materially and adversely affect the Group's reported results of operations and financial condition and may have a corresponding material adverse impact on capital ratios • If the Group were to require state aid in the future, this may result in dilution for Shareholders or DR Holders or in loss of (the entire) value of (DRs representing) Ordinary Shares • The Group may incur unforeseen liabilities from former and future acquisitions and divestments which could have a material adverse effect on the Group's business, financial condition and results of operations • The Group conducts business in multiple jurisdictions and is exposed to the tax laws of such jurisdictions, including the risks in connection with challenges to its tax position • Tax evasion or tax avoidance by a client could be attributed to the Group, which could lead to reputational damage and financial penalties • Due to public pressure and perceived infringements of privacy law, the Group may be precluded as a practical matter from implementing business models based on analysis and use of client generated data **Risks Relating to the Group's Structure/Shareholder Structure** • The Group is subject to risks as a consequence of the various transactions, events and restructurings leading up to its formation, which may have an impact on the execution of the Group's strategy and materially and adversely affect the Group's results of operations, prospects and financial condition • The European Commission has imposed certain conditions on the Group that limit its ability to acquire businesses or activities and could materially and adversely affect the Group's competitive

		position, market share, results of operations, prospects and financial condition • The interests of NLFI and the Dutch State may be inconsistent with the interests of the DR Holders • The Group, its operations and its management may continue to come under the public spotlight from time to time for as long as the Dutch State has an indirect economic interest in the Company • The Company is a holding company with no operations and relies on its operating subsidiaries to provide itself with funds necessary to meet its financial obligations and to pay dividends
D.5-D.3	Key risks relating to the DRs and the Offering	**Risks Relating to the (DRs representing) Ordinary Shares** • The payment of future dividends will depend on the Group's financial condition and results of operations, the Group's operating subsidiaries' distributions to the Company as well as the Company's dividend policy, and is subject to legal and regulatory restrictions on the Group • The Company may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholdings or DR holdings in the Company • Future sales or the possibility of future sales of a substantial number of DRs by NLFI or their delay for regulatory reasons, may materially and adversely affect the market price of the DRs • The market price of the DRs may be volatile and may be materially and adversely affected by market conditions and other factors beyond the Group's control • Holders of (DRs representing) Ordinary Shares outside the Netherlands may not be able to exercise pre-emptive rights in future offerings • Influence of the Shareholders (DR Holders) on the composition of the Supervisory Board and the Managing Board may, among other factors as a result of the Dutch structure regime or the Relationship Agreement, differ from other Dutch companies, and from companies in other jurisdictions • The structure with the Foundation and the DRs and provisions in the Articles of Association may delay, deter or prevent takeover attempts or strategy changes that may be favourable to the Shareholders (DR Holders) • The required voting majority for resolutions of the General Meeting to amend the Articles of Association, insofar this relates to a change of name, corporate seat and/or objective of the Company, and to approve significant transactions, is high, as a result of which certain proposals that are in the best interest of the Company and its stakeholders but which do not enjoy sufficiently broad support may not be implemented • Dealings in the Shares and/or DRs may become subject to a Financial Transactions Tax • Payments on the Offer DRs could be subject to FATCA withholding tax after 2018 **Risks Relating to the Offering** • The DRs have not been publicly traded, and there is no guarantee that an active and liquid market for the DRs will develop • The DRs may trade below the Offer Price and investors could lose all or part of their investment

		• If closing of the Offering does not take place on the Settlement Date or at all, purchases of the Offer DRs will be disregarded and Euronext Amsterdam N.V. may annul transactions that have occurred • Investors with a reference currency other than the euro will become subject to foreign exchange risks when investing in the DRs
		Section E—Offer
E.1	Net proceeds and estimated expenses	The Company will not receive any proceeds from the Offering, the net proceeds of which will be received by the Selling Shareholder. The expenses related to the Offering incurred in 2014 and 2015 that are payable by the Company are estimated at approximately EUR 8.8 million (excluding VAT) and include, among other items, the fees due to the AFM and Euronext Amsterdam, regulatory approval expenses, the fees due to the Company's accountants and legal, communications and independent financial advisors, administrative and regulatory expenses, as well as publication costs. In consideration of the agreement by the Underwriters to purchase the Offer DRs at the Offer Price and subject to the Offer DRs being sold as provided for in the Underwriting Agreement, the Selling Shareholder may in its sole and absolute discretion decide to award to some or all of the Joint Global Coordinators, Joint Bookrunners and other Underwriters a discretionary commission in aggregate at a level to be determined by the Selling Shareholder of up to EUR 4,500,000. Neither the Selling Shareholder nor the Company shall pay any other commission to the Underwriters in respect of the Offering. The Selling Shareholder has also agreed to reimburse the Underwriters for documented costs and expenses relating to pre-deal investor education incurred by them in relation to the Offering, subject to a cap.
E.2a	Reasons for the Offering and use of proceeds	**Background and Reasons for the Offering** In October 2008, the Dutch State nationalised the Dutch operations and certain international activities of the former ABN AMRO group and the former Fortis Bank Nederland (Holding) N.V. in order to safeguard financial stability. Since the nationalisation, the Dutch Minister of Finance has indicated the temporary nature of the investment and that the Company was to be returned to the market as soon as reasonably possible, provided three conditions are met: (i) the financial sector is sufficiently stable, (ii) there is sufficient interest in the market and (iii) the Company is ready. The objective is to recover as much as possible of the total capital expenditure of the Dutch State. The conditions were also specified in the coalition agreement in October 2012. In the state aid procedure of the European Commission, the Dutch State has stated that it does not have the intention of investing in the Company over the long term. As was stated in the exit advice of NLFI and in the letter of the Dutch Minister of Finance to the House of Representatives in May 2015, all these conditions were met in order to start the process of selling the Company. Several options for exiting the Company were analysed and discussed in the exit advice of NLFI, dated 23 August 2013. The Dutch Minister of Finance also gave his views on the exit options in his letter to the House of Representatives of the same date. The exit of the Company was subsequently discussed in a parliamentary session in November 2013 and after this parliamentary debate the Dutch Minister of Finance asked NLFI and the Company to prepare internally for an exit, with an initial public offering as the most likely option, whilst the option of a strategic sale would be kept open.

		As requested by the Dutch Minister of Finance in the first quarter of 2015, NLFI has carefully explored and assessed the expected value to be obtained from the previously recommended 'dual track' approach. NLFI stated in the exit advice dated May 2015 that no serious interest of strategic partners and the potential of these parties to pay a reasonable price for an acquisition and at the same time add strategic value to the Company was found at that point in time. NLFI recommended that an initial public offering was still the preferred exit option, as was concluded by the Dutch Minister of Finance in his letter to the Dutch House of Representatives of 22 May 2015 as well. In the following parliamentary debate in June 2015, also the Dutch House of Representative agreed to the exit strategy proposed by NLFI. Based on these conclusions the Dutch Minister of Finance has formally asked NLFI and the Company to start the selling process through an initial public offering. **Use of Proceeds** NLFI will receive the net proceeds from the Offering and, if the Over-Allotment Option (as defined below) is exercised, the net proceeds from the sale of the Over-Allotment DRs. NLFI will distribute the net proceeds it receives from the Offering to the Dutch State. The proceeds received by the Dutch State will be entirely at its disposal. The Company will not receive any proceeds from the Offering.
E.3	Terms and conditions of the Offering	**Offer DRs** NLFI, on behalf of the Dutch State, is offering 188,000,000 Offer DRs representing 188,000,000 Offer Shares in the share capital of the Company. The Offer DRs will be issued by the Foundation in exchange for the Offer Shares and represent interests in a corresponding number of Offer Shares, transferred by NLFI to the Foundation. The Offering consists of a public offering in the Netherlands to institutional and retail investors and a private placement to certain institutional and other investors that qualify under available offering exemptions in various other jurisdictions. The Offer DRs are being offered: (i) by private placement within the US, to persons reasonably believed to be QIBS as defined in, and in reliance on, Rule 144A under the US Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements under the US Securities Act, and applicable state and other securities laws, and (ii) outside the US, where all offers and sales of the Offer DRs will be made in compliance with Regulation S. The Offering is made only in those jurisdictions where, and only to those persons to whom, offers and sales of the Offer DRs may be lawfully made. **Over-Allotment Option** The Selling Shareholder has granted the Joint Global Coordinators (as defined below), on behalf of the Underwriters (as defined below), an option (the "**Over-Allotment Option**"), exercisable within 30 calendar days after the first trading date, which is expected to be 20 November 2015 (the "**First Trading Date**"), pursuant to which the Joint Global Coordinators may require the Selling Shareholder to offer at the Offer Price (as defined below) up to 28,200,000 additional Ordinary Shares in the form of DRs, comprising up to 15% of the total number of Offer DRs sold in the Offering (the additional Ordinary Shares the "**Over-Allotment Shares**"; and the additional DRs representing the Over-Allotment Shares the "**Over-Allotment DRs**"), to cover short positions resulting from any over-allotments made in connection with the Offering or stabilisation transactions, if any. **Offering Period** Subject to acceleration or extension of the timetable for the Offering, prospective institutional investors may subscribe for Offer DRs during the period commencing at 9:00 CET on 10 November 2015 and

		ending at 14:00 CET on 19 November 2015 and prospective retail investors may subscribe for Offer DRs during the period commencing at 9:00 CET on 10 November 2015 and ending at 17:30 CET on 18 November 2015 (the "**Offering Period**"). In the event of an acceleration or extension of the Offering Period, pricing, allotment, admission and first trading of the Offer DRs, as well as payment (in euro) for and delivery of the Offer DRs in the Offering may be advanced or extended accordingly. If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer DRs arises or is noted before the settlement date, which is expected to be 24 November 2015 (the "**Settlement Date**"), a supplement to this Prospectus will be published, the Offering Period may be extended and investors who have already agreed to purchase Offer DRs may withdraw their subscriptions within two business days following the publication of the supplement. **Offer Price and Number of Offer DRs** At the date of this Prospectus, the price of the Offer DRs (the "**Offer Price**") is expected to be in the range of EUR 16.00 to EUR 20.00 (inclusive) per Offer DR (the "**Offer Price Range**"). The Offer Price Range is indicative. The Offer Price, which may be higher or lower than the Offer Price Range, and the exact number of Offer DRs offered will be determined by the Selling Shareholder (subject to the approval from the Dutch Minister of Finance), after the end of the Offering Period, including any acceleration or extension, on the basis of the results of a bookbuilding process and taking into account economic market conditions, a qualitative and quantitative assessment of demand for the Offer DRs and other factors deemed appropriate. The Offer Price, the exact number of Offer DRs and the maximum number of Over-Allotment DRs will be stated in the pricing statement which will be published through a press release that will also be posted on the Company's website and filed with the Dutch Authority for Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**"). Prior to allocation of the Offer DRs ("**Allocation**"), the number of Offer DRs can be increased or decreased, and the Offer Price Range can be changed. Any change of the Offer Price Range on the last day of the Offering Period will result in the Offering Period being extended by at least two business days; any change of the Offer Price Range on the day prior to the last day of the Offering Period will result in the Offering Period being extended by at least one business day. In this case, if the Offering Period for Dutch Retail Investors (as defined below) would already have closed, this Offering Period for Dutch Retail Investors would be reopened. Accordingly, all investors, including Dutch Retail Investors, will have at least two business days to reconsider their subscriptions. Any such change in the number of Offer DRs and/or the Offer Price Range will be announced in a press release that will also be posted on the Company's website. Upon a change of the number of Offer DRs, references to Offer DRs in the Prospectus should be read as referring to the amended number of Offer DRs and references to Over-Allotment Shares and Over-Allotment DRs should be read as referring respectively to the amended number of Over-Allotment Shares and the amended number of Over-Allotment DRs. **Allocation** The Allocation is expected to take place after the end of the Offering Period on or about 19 November 2015, subject to acceleration or extension of the timetable for the Offering. The Allocation will be determined by the Selling Shareholder after consultation with the Company and following recommendations from the Joint Global Coordinators. The Selling Shareholder, in turn, requires the approval of the Dutch Minister of Finance for the Allocation, which approval right the Dutch Minister of Finance can renounce. Subject to the

		overall objectives of achieving an institutional investor base with an appropriate mix of institutional investors (including type, style and geographical location) and an orderly secondary market in the DRs, orders from institutional investors with the following characteristics, among other things, will be given key consideration in the Allocation process: timeliness of submission of orders, price leadership, consistency of order size during the process and interest in the Company, and detail and quality of feedback including granular views on the valuation of the Company. Allotment to investors who applied to subscribe for Offer DRs will be made on a systematic basis using both quantitative and qualitative measures of the above criteria. Nevertheless, the Selling Shareholder (subject to the approval from the Dutch Minister of Finance) reserves the right to exercise full discretion as to whether or not and how to allot the Offer DRs. There is no maximum or minimum number of Offer DRs for which prospective investors may subscribe and multiple (applications for) subscriptions are permitted. In the event that the Offering is over-subscribed, investors may receive fewer Offer DRs than they applied for. The Selling Shareholder, the Company and the Joint Global Coordinators may, at their own discretion and without stating the grounds therefor, reject any subscriptions wholly or partly, even if any or all of the abovementioned criteria are met. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investors' risk. The Joint Global Coordinators will notify investors of any allotment of Offer DRs to them. **Preferential Retail Allocation** There will be a preferential allocation of Offer DRs to eligible retail investors in the Netherlands (each a "**Dutch Retail Investor**") in accordance with applicable law and regulations (the "**Preferential Retail Allocation**"). Each Dutch Retail Investor will, in principle, be allocated the first 250 Offer DRs (or fewer) for which such investor applies. However, if the total number of Offer DRs subscribed for by Dutch Retail Investors under the Preferential Retail Allocation would exceed 10% of the total number of the Offer DRs, assuming no exercise of the Over-Allotment Option, the preferential allocation to each Dutch Retail Investor may be reduced pro rata to the first 250 Offer DRs (or fewer) for which such investor applies. As a result, Dutch Retail Investors may not be allocated all of the first 250 Offer DRs (or fewer) for which they apply. The exact number of Offer DRs allocated to Dutch Retail Investors will be determined after the Offering Period has ended. The Preferential Retail Allocation will only be made in relation to Offer DRs comprising up to 10% of the total number of Offer DRs, not including the Over-Allotment DRs. The Selling Shareholder, after consultation with the Company and following recommendations of the Joint Global Coordinators, has full discretion as to whether or not and how to allocate the remainder of the Offer DRs applied for (*i.e.*, the number of Offer DRs subscribed for exceeding 250 Offer DRs), including in aggregate allocating Offer DRs to Dutch Retail Investors in excess of 10% of the total number of the Offer DRs, assuming no exercise of the Over-Allotment Option. Dutch Retail Investors can only subscribe on a market order (*bestens*) basis. This means that Dutch Retail Investors will be bound to purchase and pay for the Offer DRs indicated in their application, to the extent allocated to them, at the Offer Price, even if the Offer Price Range has been changed. Dutch Retail Investors are entitled to cancel or amend their application, at the financial intermediary where their original application was submitted, at any time prior to the end of the Offering Period for Dutch Retail Investors (if applicable, as amended or extended), for any reason, including an upward amendment of the Offer Price Range. Dutch Retail Investors can submit their subscriptions through their own financial intermediary. The financial intermediary will be responsible for collecting subscriptions from

		Dutch Retail Investors and for submitting their subscriptions to ABN AMRO Bank as the retail coordinator (the "**Retail Coordinator**"). The Retail Coordinator will consolidate all subscriptions by Dutch Retail Investors submitted on an aggregate basis by financial intermediaries and inform the Joint Global Coordinators, the Company and the Selling Shareholder. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the purchase of Offer DRs will be determined by the financial intermediaries in accordance with their usual procedures or as otherwise notified to the Dutch Retail Investors. The Company, the Foundation and the Selling Shareholder are not liable for any action or failure to act by a financial intermediary in connection with any subscription, purchase, or purported purchase, of Offer DRs. To be eligible for the Preferential Retail Allocation, Dutch Retail Investors must place their subscriptions during the period commencing on 10 November 2015 at 9:00 CET and ending on 18 November 2015 at 17:30 CET through financial intermediaries. Different financial intermediaries may apply deadlines before the closing time of the Offering Period. **Payment** Payment (in euros) for the Offer DRs, and payment (in euros) for the Over-Allotment DRs pursuant to the Over-Allotment Option, if such option has been exercised prior to the Settlement Date, is expected to take place on the Settlement Date. Taxes and expenses, if any, must be borne by the investor. Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date (or earlier in the case of an early closing of the Offering Period and consequent acceleration of pricing, Allocation, commencement of trading and Settlement). **Delivery of DRs** The Offer DRs will be delivered in book-entry form through the facilities of Euroclear Nederland. Application has been made for the Offer DRs to be accepted for clearance through the book-entry facilities of Euroclear Nederland. If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer DRs will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in DRs prior to Settlement are at the sole risk of the parties concerned. Neither the Company, the Foundation, the Selling Shareholder, the Underwriters, the Listing and Paying Agent (as defined below), N M Rothschild & Sons Limited (acting as the financial adviser to the Selling Shareholder for the Offering) and Lazard & Co., Limited (acting as the financial adviser to the Company for the Offering) (Rothschild and Lazard & Co., Limited together, the "**Financial Advisers**") nor Euronext Amsterdam N.V. accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transactions in Offer DRs on Euronext Amsterdam. **Underwriting Agreement** The Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of themselves and the other Underwriters (as defined below)) have entered into an underwriting agreement on 10 November 2015 with respect to the offer and sale of the Offer DRs (the "**Underwriting Agreement**"). On the terms of and subject to the conditions set forth in the Underwriting Agreement, the Selling Shareholder has agreed to transfer the Offer Shares for which the Offer DRs will be issued, to the Foundation, which will issue the Offer DRs to the Selling Shareholder. Each of the Underwriters has

		severally (and not jointly or jointly and severally) agreed to purchase or cause one of its affiliates to purchase at the Offer Price the proportion of Offer DRs set forth below. In the Underwriting Agreement, the Company and the Selling Shareholder make certain representations and warranties. In addition, the Company will indemnify the Underwriters against certain liabilities in connection with the Offering. The obligations of the Underwriters under the Underwriting Agreement are subject to the fulfilment, or discretionary waiver by the Underwriters of a number of conditions for the benefit of the Underwriters, including but not limited to (i) the absence of any material adverse change in the Group's business, (ii) receipt of opinions on certain legal matters from legal counsels of the Company and the Underwriters, (iii) the execution of documents relating to the Offering and such documents being in full force and effect, (iv) the entering into the pricing agreement between the Company, the Foundation and the Joint Global Coordinators (on behalf of the Underwriters) expected to be entered into on or about 19 November 2015, (v) the admission of the Offer DRs and Over-Allotment DRs to listing and trading on Euronext Amsterdam, and (vi) certain other customary closing conditions. The Underwriters have the right to waive the satisfaction of any such conditions or part thereof. Upon the occurrence of certain events, such as any of the conditions precedent not being satisfied or waived, the Underwriters have the right to terminate the Underwriting Agreement. **Joint Global Coordinators and Joint Bookrunners** ABN AMRO Bank N.V. ("**ABN AMRO Bank**"), Deutsche Bank AG, London Branch and Morgan Stanley & Co. International plc are acting as joint global coordinators (in such and any other capacity, the "**Joint Global Coordinators**") and, together with Barclays Bank PLC, Citigroup Global Markets Limited, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., ING Bank N.V., J.P. Morgan Securities plc and Merrill Lynch International, as joint bookrunners for the Offering (the "**Joint Bookrunners**"). **Co-Lead Managers** RBC Europe Limited (trading as RBC Capital Markets) and Stifel Nicolaus Europe Limited (trading as Keefe, Bruyette & Woods) are acting as co-lead managers for the Offering (the "**Co-Lead Managers**"). **Underwriters** The Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers are acting as underwriters (the "**Underwriters**"). **Listing and Paying Agent** ABN AMRO Bank N.V. is the listing and paying agent with respect to the admission to listing and trading of the Offer DRs and Over-Allotment DRs on Euronext Amsterdam. **Retail Coordinator** ABN AMRO Bank N.V. is the Retail Coordinator with respect to the Preferential Retail Allocation. **Stabilisation Agent** Morgan Stanley & Co International plc is the stabilisation agent (the "**Stabilisation Agent**") with respect to the Offer DRs and Over-Allotment DRs on Euronext Amsterdam. **Governing Law and Competent Courts** This Prospectus and the Offering are governed by Dutch law. All disputes arising in connection with this Prospectus and the Offering shall be subject to the non-exclusive jurisdiction of the courts in Amsterdam, the Netherlands.

E.4	Interests material to the Offering (including conflicts of interests)	The Underwriters and the Financial Advisers (and/or their respective affiliates) have from time to time been engaged, and may in the future engage, in commercial banking, investment banking and financial advisory and ancillary transactions in the ordinary course of their business with the Group (or any parties related to the Group) for which they have received or may receive customary compensation, fees and/or commission. The Underwriters and their respective affiliates may provide such services for the Group and its Group Companies in the future. These services may include, without limitation, issuing or creating and trading in the Group's securities and financial products, acting with Group Companies in debt or equity syndicates, providing investment banking, corporate banking or lending services with and to the Group, credit and rate flows with Group Companies, securities financing set-ups, acting as domestic payments provider for Group Companies, holding cash management accounts for Group Companies, providing treasury services, such as repo, securities finance and portfolio management for liquidity management purposes and providing trading services such as credits, rates and foreign exchange, commercial paper and certificate of deposit services and fixed income and treasury sales. Additionally, Underwriters and the Group may get involved in the same actual or threatened litigation. Additionally, the Underwriters and the Financial Advisers and/or their affiliates, in the ordinary course of their business, hold, have held and/or may in the future hold a broad array of investments and actively trade the Group's debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, including securities in relation to which Underwriters may be exercising voting power over the Group's securities on behalf of third parties. The Underwriters and the Financial Advisers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of securities and/or financial instruments of the Company, its affiliates and/or affiliates of the Selling Shareholder and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In respect of the above, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by applicable rules and regulations (including those issued by the AFM). As a result of these transactions, these parties may have interests that may not be aligned, or could potentially conflict, with the interests of holders of DRs, or with the interests of the Group. In addition, ABN AMRO Bank, a subsidiary of the Company, as a Joint Global Coordinator in this Offering will act as an underwriter and purchase Offer DRs for initial distribution to investors and may have interests that may not be aligned, or could potentially conflict with the interests of the rest of the Group. In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer DRs in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer DRs or related investments and may offer or sell such Offer DRs or other investments otherwise than in connection with the Offering. Accordingly, references in the Prospectus to Offer DRs being offered or placed should be read as including any offering or placement of Offer DRs to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Joint Global Coordinators (or their affiliates) may from time to time acquire, hold or dispose of DRs. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

		As a result of acting in the capacities described above, the Underwriters may have interests that may not be aligned, or could potentially conflict, with investors' and the Group's interests.
E.5	Person or entity offering to sell the Offer DRs and lock-up arrangements	**Company lock-up** In connection with the Offering, the Company has agreed that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, except as set forth below, without the prior consent of the Joint Global Coordinators (acting on behalf of the Underwriters), which prior consent shall not be unreasonably withheld, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares (including DRs) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of DRs or Shares, whether any such transaction described in paragraph (i) or (ii) above is to be settled by delivery of DRs, Shares or such other securities, in cash or otherwise. The foregoing sentence shall not apply: (i) in the context of any employee remuneration, incentive or saving plans as applicable to the Company or any of its subsidiaries; (ii) to any issuance for the purpose of acquiring any company or undertaking; (iii) in respect of executions of collateral made in the ordinary course of business in respect of client positions should such postions include DRs; (iv) if the Company is required by a Competent Authority to recapitalise on the basis of inter alia Directive 2013/36/EU, Regulation (EU) No 575/2013, Directive 2014/59/EU, or Regulation (EU) 806/2014, if applicable as implemented in Dutch law, or is required to take necessary measures to address breaches of requirements of Directive 2013/36/EU or Regulation (EU) No 575/2013 or to address evidence that the Company is likely to breach any requirements of Directive 2013/36/EU or Regulation (EU) No 575/2013; and (v) if the Company is required to take capital raising measures in order for state aid to be declared compatible on the basis of Article 107 (3) of the Treaty on the Functioning of the European Union. **Selling Shareholder lock-up** In connection with the Offering, the Selling Shareholder has agreed that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, except as set forth below, without the prior consent of the Joint Global Coordinators (acting on behalf of the Underwriters), which prior consent shall not be unreasonably withheld, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares (including DRs) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of DRs or Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of DRs or Shares or such other securities, in cash or otherwise. The foregoing sentence shall not apply to: (i) the sale of Offer DRs under the Underwriting Agreement; (ii) the lending of DRs under the DR lending agreement expected to be dated on or about 19 November 2015; (iii) the transfer of DRs by the Selling Shareholder to an affiliate or the Dutch State, provided the transferee provides undertakings to the Joint Global Coordinators equivalent to those described above; (iv) the sale, transfer or other disposal of DRs or Shares in the capital of the Company by way of acceptance of a public takeover offer, merger

		or similar business combination with a third party in respect of all of the issued DRs or Shares or by way of acceptance of a partial public takeover as permitted by Dutch law; and (v) the sale or disposal of DRs or Shares where required by law or competent authority.
E.6	Dilution	None.
E.7	Estimated expenses charged to the investors by the Company	Not applicable. No expenses have been or will be charged to investors by the Company or the Selling Shareholder in relation to the Offering.

SAMENVATTING

*Dit hoofdstuk bevat een Nederlandse vertaling van de Engelstalige samenvatting van het prospectus gedateerd 10 November 2015 (het "**Prospectus**"). In geval van een mogelijke discrepantie in uitleg van begrippen prevaleert de Engelstalige samenvatting van het Prospectus.*

Samenvattingen van prospectussen zijn opgebouwd uit verschillende informatievereisten die 'Elementen' worden genoemd. Deze Elementen zijn genummerd als Afdelingen A – E (A.1 – E.7). Deze samenvatting bevat alle Elementen die in een samenvatting van een prospectus voor dit type effecten en uitgevende instelling dienen te worden opgenomen. Omdat sommige Elementen niet verplicht zijn, is het mogelijk dat de nummering van de Elementen niet volledig is.

Hoewel een Element verplicht opgenomen dient te worden in een samenvatting voor dit type effecten en voor deze uitgevende instelling, is het mogelijk dat er geen relevante informatie gegeven kan worden voor een bepaald Element. In dat geval is er een korte beschrijving van het Element opgenomen in de samenvatting met vermelding 'niet van toepassing'.

Afdeling A—Inleiding en Waarschuwingen		
A.1	Inleiding en waarschuwingen	Deze samenvatting dient te worden gelezen als inleiding op het Prospectus met betrekking tot (i) de aanbieding (de "**Aanbieding**") door stichting administratiekantoor beheer financiële instellingen (*NL Financial Investments*, "**NLFI**" of de "**Verkopende Aandeelhouder**"), namens de Nederlandse Staat, van 188.000.000 certificaten van aandelen (de "**Aangeboden Certificaten**") uitgegeven door Stichting Administratiekantoor Continuïteit ABN AMRO Group (de "**Stichting**") welke 188.000.000 gewone aandelen met een nominale waarde van EUR 1,00 per aandeel (de "**Aangeboden Aandelen**") vertegenwoordigen in het aandelenkapitaal van ABN AMRO Group N.V. (de "**Vennootschap**"), inclusief—tenzij uit de context anders blijkt—de Overtoewijzingsaandelen (zoals hierna gedefinieerd), en (ii) de toelating tot de notering van en de handel in Aangeboden Certificaten en Overtoewijzing Certificaten (zoals hierna gedefinieerd), aan Euronext in Amsterdam, een gereguleerde markt die deel uitmaakt van Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). De Aangeboden Certificaten en de Overtoewijzing Certificaten (zoals hierna gedefinieerd) vertegenwoordigen circa 23,0% van de uitgegeven en geplaatste gewone aandelen met een nominale waarde van EUR 1,00 per aandeel in het aandelenkapitaal van de Vennootschap (de "**Gewone Aandelen**"). Iedere beslissing om te beleggen in de certificaten die de Gewone Aandelen vertegenwoordigen (de "**Certificaten**") dient pas te worden genomen na beoordeling door de belegger van het gehele Prospectus. Wanneer een vordering met betrekking tot de informatie in het Prospectus bij een rechterlijke instantie aanhangig wordt gemaakt, zou de als eiser optredende investeerder ingevolge de nationale wetgeving van de lidstaten van de Europese Unie en andere jurisdicties kunnen worden verplicht de kosten voor de vertaling van het Prospectus te dragen alvorens de gerechtelijke procedure kan aanvangen. Alleen de personen die deze samenvatting, met inbegrip van een vertaling ervan, hebben ingediend, kunnen wettelijk aansprakelijk worden gesteld indien deze samenvatting, wanneer zij samen met de andere delen van het Prospectus wordt gelezen, misleidend, onjuist of inconsistent is, of indien zij, wanneer zij samen met de andere delen van het Prospectus wordt gelezen, niet de kerngegevens bevat om beleggers te helpen wanneer zij overwegen in de Certificaten te investeren.
A.2	Toestemming, aanduiding, voorwaarden en aankondiging	Niet van toepassing. De Vennootschap verleent geen toestemming voor het gebruik van het Prospectus voor de verdere wederverkoop of definitieve plaatsing van de Aangeboden Certificaten door financiële tussenpersonen.

Afdeling B—De Uitgevende Instelling		
B.31-B.1	Statutaire en handelsnaam van de Vennootschap	ABN AMRO Group N.V. (de “**Vennootschap**”).
B.31-B.2	Vestigingsplaats, rechtsvorm, toepasselijk recht en land van oprichting	De Vennootschap is een naamloze vennootschap naar Nederlands recht en is gevestigd in Nederland. De Vennootschap heeft haar statutaire zetel in Amsterdam, Nederland.
B.31-B.3	Kerngegevens betreffende de aard van de huidige werkzaamheden en belangrijkste bedrijfsactiviteiten van de Groep	De Vennootschap is op 18 december 2009 opgericht als houdstermaatschappij voor de bedrijfsactiviteiten, de activa en passiva van onderdelen van de voormalige ABN AMRO Holding N.V. (de “**voormalige ABN AMRO-groep**”) en het onderdeel van de Fortis-groep die door de Nederlandse Staat verworven waren. Na oprichting van de Vennootschap zijn twee uit de voormalige ABN AMRO-groep afkomstige dochtermaatschappijen, New HBU II N.V. en IFN Finance B.V., verkocht, ter voldoening aan voorwaarden die door de Europese Commissie waren opgelegd in verband met het samengaan van bedrijfsonderdelen in Nederland en bepaalde internationale activiteiten van de voormalige ABN AMRO-groep en het onderdeel van de Fortis-groep dat door de Nederlandse Staat was overgenomen. Andere maatregelen waren, onder meer, het opleggen van bepaalde mededingingsbeperkingen na de nationalisatie van de bedrijfsactiviteiten, de activa en passiva van onderdelen van de voormalige ABN AMRO-groep en het onderdeel van de Fortis-groep die door de Nederlandse Staat verworven waren, het afstoten van bepaalde bedrijfsactiviteiten, en daaropvolgende afstotingen, overnames en interne reorganisaties. Op 6 februari 2010 is de nieuwe ABN AMRO Bank gesplitst van de voormalige ABN AMRO Bank N.V., dat tegenwoordig Royal Bank of Scotland N.V. is. Op 1 juli 2010 zijn de nieuwe ABN AMRO Bank en Fortis Bank (Nederland) N.V. juridisch gefuseerd, waarbij ABN AMRO Bank de verkrijgende vennootschap en Fortis Bank (Nederland) N.V. de verdwijnende vennootschap was. De bedrijfsactiviteiten en het risicoprofiel van de Groep kunnen derhalve niet worden vergeleken met de activiteiten en het risicoprofiel van de financiële instelling die tot oktober 2007 als ABN AMRO aan de beurs genoteerd stond. De Vennootschap en haar dochtermaatschappijen zoals bedoeld in artikel 2:24b Burgerlijk Wetboek (hierna elk afzonderlijk aangeduid als “**Groepsmaatschappij**, en gezamenlijk met de Vennootschap als de “**Groep**”; “Groep” zal voor financiële verslaggevingsdoeleinden van de Vennootschap de betekenis hebben in overeenstemming met International Financial Reporting Standard 10, zoals aangenomen door de Europese Unie) vormen een vooraanstaande Nederlandse *full-service* bank met een transparant en klantgericht businessmodel, een gematigd risicoprofiel, een schone balans met voornamelijk traditionele bankproducten, en een stevige kapitaalpositie en fundingsprofiel. De Groep verleent diensten aan retail banking, private banking en corporate bankingklanten, met de nadruk op de Nederlandse markt en met selectieve activiteiten in het buitenland. De Groep heeft in Nederland een sterke positie in alle drie de marktsegmenten: Retail Banking, Private Banking en Corporate Banking. De Groep heeft naar haar eigen oordeel een stabiel klantenbestand dat een vast en veerkrachtig operationeel resultaat genereert. Over de eerste negen maanden van 2015 vormden de netto rentebaten en de netto provisiebaten tezamen 93% van de totale operationele baten (volledig jaar 2014: 96%; volledig jaar 2013: 96%; volledig jaar 2012: 90%). In Nederland, de thuismarkt van de Groep, wordt klanten een uitgebreid en compleet pakket aan producten en diensten aangeboden via omni-distributiekanalen waaronder geavanceerde mobiele applicaties en internetbankieren. De Groep beschikt over gedegen financiële expertise en uitgebreide kennis van vele bedrijfstakken.

		De Groep exploiteert in Nederland een omni-channel-distributienetwerk om de Nederlandse retail banking-, private banking- en corporate bankingklanten te bedienen; dit netwerk omvat verschillende soorten kantoren (circa 279 bankfilialen voor retail bankingklanten per 30 september 2015, 21 filialen voor private bankingklanten, 22 filialen voor corporate bankingklanten en een dealing room), alsmede 24/7 online en mobiel bankieren, telefonische dienstverlening en advies via de webcam. In een internationale context zijn de activiteiten van de Groep gestoeld op specifieke deskundigheid en gevestigde marktposities. Over de eerste negen maanden van 2015 is 81% (volledig jaar 2014: 81%) van het totale operationeel resultaat in Nederland gegenereerd en 19% via internationale activiteiten. De Groep streeft ernaar de internationale bijdrage aan het operationeel resultaat in 2017 naar 20-25% te hebben verhoogd. De gecombineerde activiteiten van de Groep (Retail Banking, Private Banking en Corporate Banking) vullen elkaar aan voor wat betreft geografische spreiding, inkomen, rentabiliteit, kapitaal en financiering. Daarnaast trachten de bedrijfsonderdelen samen te werken om ervoor te zorgen dat klanten in het juiste bedrijfssegment worden bediend en dat de middelen efficiënt worden ingezet. 'Feeder channels' zorgen ervoor dat klanten naar het juiste segment worden geleid. Deze constructieve samenwerking maakt een optimale en efficiënte dienstverlening en levering van passende producten mogelijk, waarbij technologische ontwikkelingen en oplossingen benut kunnen worden. Retail Banking heeft in Nederland van oudsher een sterke marktpositie: sinds 2012 is de Groep de huisbankier van zo'n 21% van de Nederlandse bevolking, met een marktaandeel van 22% van het kleinbedrijf. Retail Banking verleent diensten aan circa 5 miljoen retail bankingklanten met een belegbaar vermogen tot EUR 1 miljoen, en aan circa 300.000 ondernemingen met een jaaromzet tot EUR 1 miljoen. Voor de Groep vallen ondernemingen met een jaaromzet boven EUR 1 miljoen onder Corporate Banking. Retail Banking biedt onder het merk ABN AMRO een heel scala aan transparante producten voor retail bankingklanten en een dienstverlening van hoog niveau, alsmede bepaalde specifieke producten onder andere namen. Producten en diensten worden via omni-channel distributie aangeboden, waardoor in fysieke en digitale zin een groot gebied wordt bestreken. Retail Banking wil een voortrekkersrol vervullen op het gebied van technologische ontwikkelingen, en streeft ernaar altijd de nieuwste technologie te gebruiken ter verbetering van de ervaring en het gemak van klanten (bijvoorbeeld via internet en mobiele applicaties). Gemeten naar het beheerd vermogen van klanten is Private Banking een toonaangevende private bank; zij staat in de Eurozone op nummer drie en werkt met toegewijde deskundigen die een diepgaande kennis van hun klanten hebben. Private Banking richt zich op vermogenden met meer dan EUR 1 miljoen aan belegbaar vermogen en ultra-vermogenden met meer dan EUR 25 miljoen aan belegbaar vermogen. De drempel van EUR 1 miljoen aan belegbaar vermogen wordt in Nederland waarschijnlijk verlaagd naar EUR 500.000, naar verwachting in 2016. Private Banking biedt een waaier aan producten en diensten, toegesneden op de individuele wensen van klanten. Private Banking opereert in Nederland onder de naam ABN AMRO MeesPierson en internationaal onder de naam ABN AMRO Private Banking en plaatselijke merken zoals Banque Neuflize OBC S.A. in Frankrijk en Bethmann Bank AG in Duitsland. Private Banking is in Nederland marktleider, staat in Frankrijk op nummer vier en in Duitsland op nummer drie op basis van het totaal aan gepubliceerd beheerd vermogen.

		Met haar sterke binnenlandse marktpositie en doelgerichte internationale strategie is Corporate Banking een gerenommeerde zakelijke partner in het Nederlandse bedrijfsleven. Corporate Banking richt zich in hoge mate op de Nederlandse markt en biedt haar klanten een breed scala aan standaard- en maatwerkproducten en -diensten, uitgaand van een grondige kennis van de klant en de bedrijfstak. Haar klanten zijn bedrijven in alle sectoren van de Nederlandse economie met een jaaromzet van meer dan EUR 1 miljoen. Op internationaal niveau bedient Corporate Banking haar binnenlandse clientèle op specifieke buitenlandse markten waar de meeste internationale bedrijfsactiviteiten van die klanten plaatsvinden. Om het beheer van liquide middelen op internationaal niveau te kunnen aanbieden in landen waar de Groep niet of slechts in beperkte mate gevestigd is, werkt Corporate Banking samen met partnerbanken. Corporate Banking heeft een internationale strategie, gericht op klant en vakkundigheid, waarbij de focus ligt op drie gespecialiseerde diensten die zij op bepaalde markten aanbiedt: (i) dienstverlening aan klanten die internationaal actief zijn in de sectoren energie, grondstoffen en transport (ECT (Energy, Commodities, Transportation) -klanten), (ii) clearing-activiteiten (een belangrijke activiteit bij het afwikkelen van transacties) voor meer dan 150 handelsplatformen wereldwijd en (iii) financieringen met activa als onderpand (bestaande uit commercial finance en lease). Het groepsonderdeel Group Functions bestaat uit diverse afdelingen die essentiële ondersteuning bieden aan en controlewerkzaamheden verrichten voor de bedrijfsonderdelen. Deze afdelingen zijn o.a. Finance, Risk Management & Strategy (RM&S), People, Regulations & Identity (PR&I), Technology, Operations & Property Services (TOPS), Group Audit en het Corporate Office. Ruim 90% van de kosten van Group Functions wordt toegerekend aan de bedrijfsonderdelen. Over de eerste negen maanden van 2015 heeft de Groep een onderliggende nettowinst behaald van EUR 1.652 miljoen (volledig jaar 2014: EUR 1.551 miljoen; volledig jaar 2013: EUR 752 miljoen; volledig jaar 2012: EUR 1.112 miljoen), een onderliggende cost/ income ratio van 58% (volledig jaar 2014: 60%; volledig jaar 2013: 64%; volledig jaar 2012: 59%), en een onderliggend rendement op het eigen vermogen van 14,0% (volledig jaar 2014: 10,9%; volledig jaar 2013: 5,5%; volledig jaar 2012: 8,2%). Per 30 september 2015 had de Groep aan kredieten en vorderingen op klanten EUR 261,7 miljard (31 december 2014: EUR 261,9 miljard; 31 december 2013: EUR 257,0 miljard; 31 december 2012: EUR 262,5 miljard), verplichtingen aan klanten EUR 228,5 miljard (31 december 2014: EUR 216,0 miljard; 31 december 2013: EUR 207,6 miljard; 31 december 2012: EUR 201,6 miljard), bedroeg het beheerd vermogen van klanten EUR 306 miljard (31 december 2014: EUR 302 miljard; 31 december 2013: EUR 277 miljard; 31 december 2012: EUR 266 miljard), de totale risicogewogen activa EUR 110,6 miljard (31 december 2014: EUR 109,6 miljard; 31 december 2013: EUR 109,0 miljard; 31 december 2012: EUR 121,5 miljard) en had de Groep een 'fully- loaded' Common Equity Tier 1 ("**CET1**") ratio (op basis van volledige toepasselijkheid van de relevante kapitaalregels) van 14,8% (31 december 2014: 14,1%; 31 december 2013: 12,2%; 31 december 2012: 10,0%).
B.31-B.4	Belangrijke trends die een impact hebben op de Groep en de sectoren waarin zij werkzaam is	De Groep is van mening dat de volgende trends een grote impact kunnen hebben op de ontwikkeling van de strategie en het bedrijfsmodel van de Groep: • Veranderingen in het gedrag en de verwachtingen van klanten • De snelheid waarmee de techniek zich ontwikkelt • Toenemende regelgeving en toezicht

		• Macro-economische trends, economische en monetaire situatie • Veranderende rol van banken in de maatschappij • Provisie- en distributievergoedingenverbod • Alternatieven voor bankleningen
B.31- B.5	Omschrijving van de Groep en de positie van de Vennootschap daarin	De Vennootschap is een houdstermaatschappij zonder een eigen bedrijfsvoering. De belangrijkste activa van de Vennootschap zijn de belangen die zij direct of indirect houdt in haar operationele dochterondernemingen en deelnemingen.
B.31-B.6	Personen die direct of indirect een substantiële deelneming bezitten in het kapitaal of de stemrechten van de Vennootschap	De Verkopende Aandeelhouder is de enige houder van Gewone Aandelen die per de datum van het Prospectus (direct dan wel indirect) een substantiële deelneming bezit in de Vennootschap, dat wil zeggen ten minste 3% van het aandelenkapitaal of de stemrechten in de zin van de Wet op het financieel toezicht. De Verkopende Aandeelhouder houdt per de datum van het Prospectus alle Gewone Aandelen in het aandelenkapitaal van de Vennootschap.
	Verschillende stemrechten	Als enig aandeelhouder van Aandelen (zoals hierna gedefinieerd) ("**Aandeelhouder**") heeft de Verkopende Aandeelhouder geen bijzonder stemrecht. Elk Gewoon Aandeel en elk gewoon aandeel B in het aandelenkapitaal van de Vennootschap met een nominale waarde van EUR 1.00 (elk afzonderlijk te noemen een "**Gewoon Aandeel B**" of de "**Gewone Aandelen B**") (Gewone Aandelen en Gewone Aandelen B gezamenlijk, de "**Aandelen**") geeft recht op het uitbrengen van één stem in de algemene vergadering van de Vennootschap (de "**Algemene Vergadering**"). Aangezien op grond van de door het bestuur van de Stichting vastgestelde voorwaarden die op de Certificaten van toepassing zijn, die neergelegd worden in een notariële akte die bij afwikkeling verleden zal worden (de "**Administratievoorwaarden**"), de Stichting geen Gewone Aandelen B mag administreren, worden Gewone Aandelen B, als en wanneer deze worden uitgegeven, rechtstreeks aan beleggers uitgegeven, inclusief, bijvoorbeeld, om de Groep te herkapitaliseren in gevallen van financiële stress met grote impact op de solventie van de Groep. De Gewone Aandelen B kunnen ook door de Groep worden uitgegeven ter financiering van couponbetalingen onder het alternatieve mechanisme voor het afwikkelen van coupons op grond van het EUR 1 miljard Perpetual Bermudan Callable Tier 1 instrument van de Groep.
	Directe en indirecte eigendom in of zeggenschap over de Vennootschap en de aard van die zeggenschap	De Verkopende Aandeelhouder heeft royeerbare certificaten uitgegeven aan de Nederlandse Staat voor door haar gehouden Gewone Aandelen (zonder medewerking van de Vennootschap). Per de datum van het Prospectus is de Nederlandse Staat enig aandeelhouder van alle uitgegeven, royeerbare certificaten en de Nederlandse Staat heeft derhalve een indirect economisch belang in de Vennootschap van 100%. De Vennootschap zijn geen regelingen of afspraken bekend op grond waarvan op een toekomstige datum de zeggenschap over de Vennootschap kan worden gewijzigd, behoudens in geval van een Vijandige Situatie (zoals hierna omschreven) of als gevolg van mogelijke maatregelen door de centrale afwikkelingsautoriteit in samenwerking met de nationale afwikkelingsautoriteit van de Vennootschap voorafgaand aan of door middel van een besluit ingeval de Vennootschap het punt van niet-levensvatbaarheid bereikt.
B.31-B.7	Geselecteerde belangrijke historische financiële informatie	
EU IFRS Geconsolideerde Financiële Informatie De geselecteerde gecontroleerde financiële informatie vanaf en voor de jaren eindigend op 31 december 2014, 2013 en 2012 en de geselecteerde door de accountant beoordeelde tussentijdse geconsolideerde financiële informatie vanaf 30 september 2015 en voor de negen maanden eindigend op 30 september 2015 en 2014 hieronder zijn afgeleid van de		

door de accountant beoordeelde geconsolideerde financiële informatie van de Groep vanaf en voor de negen maanden eindigend op 30 september 2015 en 2014 (de "**Historische Financiële Informatie**") opgenomen of door middel van verwijzing opgenomen in het Prospectus.

De Historische Financiële Informatie dient te worden gelezen samen met de toelichting hierop en de verklaring van de accountant. De onafhankelijke accountantsverklaring over de jaarrekening is in het geheel opgenomen op pagina F-321 tot en met F-327 van het Prospectus, en is afkomstig uit het jaarverslag 2014 van de Groep. Ten behoeve van het Prospectus zijn de onderdelen in de accountantsverklaring ten aanzien van het oordeel over de statutaire jaarrekening evenals de sectie "Report on the Managing Board report and the other information" niet van toepassing, aangezien de statutaire jaarrekening, het verslag van de Raad van Bestuur (zoals hierna gedefinieerd) en andere informatie niet volledig zijn opgenomen in het Prospectus. De Historische Financiële Informatie is opgemaakt in overeenstemming met International Financial Reporting Standards zoals aangenomen door de Europese Unie ("**EU IFRS**") en Titel 9 van Boek 2 Burgerlijk Wetboek.

Non-IFRS Informatie

In het Prospectus worden bepaalde methodes gepresenteerd die niet zijn gedefinieerd onder EU IFRS, inclusief de vereiste kapitaalpositie, risicogewogen activa en onderliggende resultaten. Deze non- IFRS methodes zijn geen maatstaven van financiële resultaten onder EU IFRS en moeten niet worden beschouwd als een alternatief voor enige financiële EU IFRS methode. Daarnaast zijn dergelijke methodes, zoals vastgesteld door de Groep, mogelijk niet vergelijkbaar met andere gelijknamige methodes die gebruikt worden door andere vennootschappen, omdat de bovengenoemde non-IFRS methodes niet uniform gedefinieerd zijn en andere vennootschappen andere berekeningen dan de Vennootschappen zouden kunnen gebruiken, wat de bruikbaarheid van de methodes voor vergelijkingsdoeleinden beperkt. De Groep is van mening dat deze non-IFRS methodes van belang zijn om de resultaten en kapitaalpositie van de Groep te begrijpen.

Geconsolideerde Winst-en-verliesrekening

	Voor de negen maanden eindigend op 30 september		**Voor jaareinde 31 december**		
	2015	**2014**	**2014**	**2013**	**2012**
	(niet gecontroleerd)	**(niet gecontroleerd)**	**(gecontroleerd)**	**(gecontroleerd)**	**(gecontroleerd)**
Baten:			*(in miljoenen euro)*		
Rentebaten	10.029	10.015	13.376	13.383	13.979
Rentelasten	5.449	5.611	7.353	8.003	8.951
Netto rentebaten	*4.580*	*4.403*	*6.023*	*5.380*	*5.028*
Bruto provisiebaten	2.290	1.981	2.693	2.639	2.552
Provisielasten	915	720	1.002	996	996
Netto provisiebaten	*1.375*	*1.260*	*1.691*	*1.643*	*1.556*
Handelsresultaat	103	142	174	106	263
Aandeel in resultaat deelnemingen	14	47	51	46	74
Overige baten	332	57	117	149	417
Operationele baten	***6.403***	***5.910***	***8.055***	***7.324***	***7.338***
Lasten:					
Personeelslasten	1.852	2.035	2.684	2.357	2.151
Andere beheerskosten	1.719	1.784	2.450	2.171	2.269
Afschrijving van materiële en immateriële activa	128	122	204	242	266
Operationele lasten	3.700	3.941	5.338	4.770	4.686
Voorzieningen voor kredieten en overige vorderingen	381	990	1.171	983	1.228
Totaal uitgaven	***4.081***	***4.931***	***6.509***	***5.753***	***5.914***
Resultaat voor belastingen	***2.322***	***978***	***1.546***	***1.571***	***1.424***
Belastingen	**670**	245	412	411	271
Winst over de periode	**1.652**	**734**	**1.134**	**1.160**	**1.153**
Toe te rekenen aan aandeelhouders	1.652	734	1.134	1.162	1.153
Minderheidsbelang	1	(1)	—	(2)	—

Geconsolideerde balans

	Per 30 september	Per 31 december		
	2015	**2014**	**2013**	**2012**
	(niet gecontroleerd)	*(gecontroleerd)*	*(gecontroleerd)*	*(gecontroleerd)*
		(in miljoenen euro)		
Activa:				
Kasgelden en saldi bij centrale banken	20.738	706	9.523	9.796
Financiële activa aangehouden voor handelsdoeleinden	8.592	9.017	12.019	7.089
Derivaten-activa	20.695	25.285	14.271	21.349
Financiële beleggingen	40.412	41.466	28.111	21.730
Securities financing-activa	35.475	18.511	18.362	28.793
Kredieten en vorderingen - banken	17.794	21.680	23.967	32.183
Hypotheekportefeuille	151.670	151.998	153.439	158.666
Consumentenkredietportefeuille	14.790	15.398	15.629	16.200
Zakelijke kredietportefeuille	88.028	87.866	85.268	86.391
Overige kredieten en vorderingen - klanten	7.254	6.648	2.692	1.195
Investeringen in geassocieerde deelnemingen	768	1.136	1.082	1.011
Onroerende zaken en bedrijfsmiddelen	1.356	1.412	1.426	1.519
Goodwill en overige immateriële activa	259	255	195	223
Belastingvorderingen	410	504	910	1.519
Overige activa	5.047	4.986	5.128	6.094
Totaal activa	**413.287**	**386.867**	**372.022**	**393.758**
Passiva:				
Financiële passiva aangehouden voor handelsdoeleinden	2.940	3.759	4.399	3.722
Derivaten-passiva	24.624	30.449	17.227	27.508
Securities financing-passiva	25.901	13.918	12.266	19.521
Verplichtingen - banken	18.487	15.744	11.626	16.935
Direct opvraagbare tegoeden	115.956	109.753	100.151	93.682
Spaartegoeden	94.233	88.655	87.448	81.384
Termijnspaartegoeden	18.183	17.459	19.638	26.196
Overige nog aan klanten verschuldigde middelen	156	144	347	343
Uitgegeven schuldbewijzen	79.126	77.131	88.682	95.048
Achtergestelde schulden	9.660	8.328	7.917	9.736
Voorzieningen	1.148	1.003	1.550	1.915
Belastingsverplichtingen	583	175	90	146
Overige schulden	5.196	5.473	7.113	4.739
Totaal verplichtingen	*396.193*	*371.990*	*358.454*	*380.875*
Eigen vermogen:				
Aandelenkapitaal	940	940	940	1.015
Agio	12.970	12.970	12.970	13.105
Overige reserves (incl. deze periode niet-uitgekeerde inkomsten/winst)	2.792	1.769	4.554	3.811
Overig afkomstig uit totaalresultaat	(613)	(814)	(4.909)	(5.067)
Vermogen toerekenbaar aan eigenaren van de moedermaatschappij	*16.089*	*14.865*	*13.555*	*12.864*
Securities kapitaal	993			
Vermogen toerekenbaar aan minderheidsbelang	12	12	13	19
Totaal eigen vermogen	***17.094***	***14.877***	***13.568***	***12.883***
Totaal verplichtingen en eigen vermogen	**413.287**	**386.867**	**372.022**	**393.758**

Geconsolideerd Kasstroomoverzicht

	Negen maanden eindigend op 30 september		Jaareinde 31 december		
	2015	**2014**	**2014**	**2013**	**2012**
	(niet gecontroleerd)	*(niet gecontroleerd)*	*(gecontroleerd)*	*(gecontroleerd)*	*(gecontroleerd)*
			(in miljoenen euro)		
Resultaat over de periode	*1.652*	*734*	*1.134*	*1.160*	*1.153*
Posten die geen invloed hebben op ontvangsten en uitgaven:					
(Niet-)gerealiseerde winsten (verliezen)	26	204	152	(591)	1.144
Aandeel winsten in geassocieerde deelnemingen en samenwerkingsverbanden	(20)	(57)	(73)	(55)	(82)
Afschrijvingen en waardevermeerdering	233	395	357	372	412
Voorzieningen en bijzondere waardeverminderingen	455	1.035	1.334	1.128	1.340
Belastingen	670	245	412	411	271
Mutaties in bedrijfsmiddelen:					
Voor handelsdoeleinden aangehouden activa	517	(280)	3.150	(4.995)	8.212
Derivaten - activa	4.557	(8.817)	(10.994)	7.072	(2.878)
Securities financing - activa	(15.914)	(18.239)	1.258	9.940	15.248
Kredieten en vorderingen - banken	6.054	4.138	(1)	9.715	2.241
Woonhypotheekleningen	370	275	1.310	4.833	(83)
Consumentenkredieten	675	87	326	158	(673)
Zakelijke kredieten	328	(1.680)	(1.361)	(118)	(6.776)
Overige kredieten en vorderingen - klanten	(272)	(2.267)	(3.721)	(1.596)	40
Overige activa	(113)	(85)	(17)	872	(799)
Voor handelsdoeleinden aangehouden passiva	(1.000)	357	(872)	747	(5.605)
Derivaten - passiva	(5.834)	9.334	13.209	(10.276)	1.244
Securities financing-activiteiten - passiva	11.362	15.729	818	(6.963)	(18.367)
Verplichtingen aan banken	2.652	4.333	4.018	(5.007)	(1.928)
Direct opvraagbare tegoeden	5.514	4.933	7.844	6.864	3.747
Spaartegoeden	5.536	2.468	1.147	6.085	6.648
Termijnspaartegoeden	502	(916)	(2.575)	(6.394)	2.444
Overige verplichtingen aan klanten	13	(213)	(210)	21	(96)
Verplichtingen uit verzekerings- en beleggingscontracten	(148)	(119)	(140)	(263)	(243)
Netto mutaties in alle overige bedrijfsmiddelen	187	(1.184)	(1.428)	1.795	150
Ontvangen dividend van gelieerde bedrijven	44	35	104	58	66
Betaalde belasting	(214)	(62)	(56)	73	(581)
Kasstroom uit bedrijfsactiviteiten	*17.832*	*10.382*	*15.121*	*15.046*	*6.249*
Beleggingsactiviteiten:					
Aankoop van financiële beleggingen	(12.200)	(18.350)	(22.986)	(14.308)	(4.952)
Opbrengst uit verkoop en terugkoop van financiële beleggingen	13.466	7.867	12.206	7.150	3.547
Verwerving van dochtermaatschappijen (verworven netto liquide middelen). gelieerde bedrijven en samenwerkingsverbanden	(23)	(98)	241	(95)	(73)
Afstoting van dochtermaatschappijen (verkochte netto liquide middelen), gelieerde bedrijven en samenwerkingsverbanden	132	74	82	(187)	67
Aankoop van vastgoed en bedrijfsmiddelen	(191)	(177)	(258)	(238)	(268)
Opbrengst uit verkoop van vastgoed en bedrijfsmiddelen	117	75	73	110	64
Aankoop van immateriële activa	(30)	(107)	(120)	(21)	(24)
Overige mutaties	—	—	—	—	(5)
Liquide middelen uit beleggingsactiviteiten	*1.271*	*(10.714)*	*(10.762)*	*(7.589)*	*(1.644)*

	Negen maanden eindigend op 30 september		Jaareinde 31 december		
	2015	2014	2014	2013	2012
	(niet gecontroleerd)	*(niet gecontroleerd)*	*(gecontroleerd)* *(in miljoenen euro)*	*(gecontroleerd)*	*(gecontroleerd)*
Financieringsactiviteiten:					
Opbrengst uit de uitgifte van schuldbewijzen	30.012	22.040	23.890	43.881	79.014
Terugbetaling van uitgegeven schuldbewijzen	(28.535)	(32.239)	(39.108)	(47.919)	(83.232)
Opbrengst uit uitgegeven achtergestelde schulden	2.839	—	—	—	2.794
Terugbetaling van uitgegeven achtergestelde schulden	(1.653)	(51)	(51)	(1.497)	(23)
Schikking met Ageas	—	—	—	—	(400)
Schikking preferente aandelen	—	—	—	(210)	—
Opbrengsten van kapitaal securities	993				
Aan eigenaren van de moedermaatschappij uitgekeerde dividend	(625)	(200)	(325)	(412)	(63)
Terugbetaling van kapitaal (inclusief minderheidsbelangen)		—	—	(3)	—
Kasstroom uit financieringsactiviteiten	*3.030*	*(10.450)*	*(15.595)*	*(6.160)*	*(1.910)*
Netto toe-/afname liquide middelen	***22.133***	***(10.782)***	***(11.236)***	***1.297***	***2.695***
Liquide middelen per 1 januari	4.212	15.319	15.319	14.091	11.404
Effect van wisselkoersverschillen op liquide middelen	72	117	128	(69)	(8)
Liquide middelen per periode-einde	**26.417**	**4.654**	**4.212**	**15.319**	**14.091**
Aanvullende informatie over kasstroom uit operationele activiteiten:					
Betaalde rente	5.513	5.892	7.519	7.697	8.057
Ontvangen rente	10.768	9.880	13.259	12.466	13.099
Uit beleggingen ontvangen dividend	51	63	71	38	59

Aansluiting van Gepubliceerde Resultaten op Onderliggende Resultaten

Voor zover niet anderszins aangegeven is het bedrijfsresultaat weergegeven op grond van onderliggende resultaten, die verkregen zijn uit het aanpassen van bovenvermelde resultaten in overeenstemming met de International Financial Reporting Standards, zoals aangenomen door de Europese Unie ("**EU IFRS**") voor de hieronder besproken Bijzondere Posten. Management is van mening dat deze onderliggende, niet op de IFRS gebaseerde resultaten een beter begrip geven van de onderliggende trends in de behaalde resultaten vanuit historisch perspectief. In de onderstaande tabellen wordt een aansluiting gemaakt van de gepubliceerde Groepsresultaten op de onderliggende bedrijfsresultaten voor de negen maanden eindigend op 30 september 2015 en 2014 en voor de jaren eindigend op 31 december 2014, 2013 en 2012.

Aansluiting van Gepubliceerde Onderliggende Resultaten

	Negen maanden eindigend op 30 september 2015		
	Gepubliceerd	Bijzondere Posten	Onderliggend
	(niet gecontroleerd)	*(niet gecontroleerd)* *(in miljoenen euro)*	*(niet gecontroleerd)*
Netto rentebaten	4.580	—	4.580
Netto provisiebaten	1.375	—	1.375
Overige bedrijfsopbrengsten(1)	449	—	449
Operationele baten	*6.403*	—	*6.403*
Personeelslasten	1.852	—	1.852
Overige kosten(2)	1.847	—	1.847
Operationele lasten	3.700	—	3.700
Operationeel resultaat	***2.703***	**—**	***2.703***
Voorzieningen voor kredieten en overige vorderingen	381	—	381
Resultaat voor belasting	***2.322***	**—**	***2.322***
Vennootschapsbelasting	670	—	670
Resultaat over het jaar	**1.652**	**—**	**1.652**

(1) Overige bedrijfsopbrengsten omvatten de netto handelsopbrengsten, een aandeel in het resultaat van beleggingen met invloed en overige inkomsten.

(2) Overige kosten omvatten algemene en administratieve kosten en de afschrijvingen op materiële en immateriële activa.

Aansluiting van Gepubliceerde Cijfers op Onderliggende Resultaten

	Negen maanden eindigend op 30 september 2014		
	Gepubliceerd	Bijzondere Posten	Onderliggend
	(niet gecontroleerd)	*(niet gecontroleerd)* *(in miljoenen euro)*	*(niet gecontroleerd)*
Netto rentebaten	4.403	—	4.403
Netto provisiebaten	1.260	—	1.260
Overige bedrijfsopbrengsten(1)	246	—	246
Operationele baten	*5.910*	—	*5.910*
Personeelslasten	2.035	288	1.747
Overige kosten(2)	1.906	201	1.705
Operationele lasten	3.941	489	3.452
Operationeel resultaat	***1.969***	***(489)***	***2.457***
Voorzieningen voor kredieten en overige vorderingen	990	—	990
Resultaat voor belasting	***978***	***(489)***	***1.467***
Vennootschapsbelasting	245	(72)	317
Resultaat over het jaar	**734**	**(417)**	**1.151**

(1) Overige bedrijfsopbrengsten omvatten de netto handelsopbrengsten, een aandeel in het resultaat van beleggingen met invloed en overige inkomsten.

(2) Overige kosten omvatten algemene en administratieve kosten en de afschrijvingen op materiële en immateriële activa.

Aansluiting van Gepubliceerde Cijfers op Onderliggende Resultaten

	Jaareinde 31 december 2014		
	Gepubliceerd	Bijzondere Posten	Onderliggend
	(gecontroleerd)	*(niet gecontroleerd)* *(in miljoenen euro)*	*(niet gecontroleerd)*
Netto rentebaten	6.023	—	6.023
Netto provisiebaten	1.691	—	1.691
Overige bedrijfsopbrengsten(1)	341	—	341
Operationele baten	*8.055*	—	*8.055*
Personeelslasten	2.684	288	2.396
Overige kosten(2)	2.654	201	2.453
Operationele lasten	5.338	489	4.849
Operationeel resultaat	***2.717***	***(489)***	***3.206***
Voorzieningen voor kredieten en overige vorderingen	1.171	—	1.171
Resultaat voor belasting	***1.546***	***(489)***	***2.035***
Vennootschapsbelasting	412	(72)	484
Resultaat over het jaar	**1.134**	**(417)**	**1.551**

(1) Overige bedrijfsopbrengsten omvatten de netto handelsopbrengsten, een aandeel in het resultaat van beleggingen met invloed en overige inkomsten.

(2) Overige kosten omvatten algemene en administratieve kosten en de afschrijvingen op materiële en immateriële activa.

Aansluiting van Gepubliceerde Cijfers op Onderliggende Resultaten

	Jaareinde 31 december 2013		
	Gepubliceerd	Bijzondere Posten	Onderliggend
	(gecontroleerd)	*(niet gecontroleerd)*	*(niet gecontroleerd)*
		(in miljoenen euro)	
Netto rentebaten	5.380	—	5.380
Netto provisiebaten	1.643	—	1.643
Overige bedrijfsopbrengsten(1)	301	(122)	423
Operationele baten	*7.324*	*(122)*	*7.446*
Personeelslasten	2.357	37	2.320
Overige kosten(2)	2.413	—	2.413
Operationele lasten	4.770	37	4.733
Operationeel resultaat	***2.554***	***(159)***	***2.713***
Voorzieningen voor kredieten en overige vorderingen	983	(684)	1.667
Resultaat voor belasting	***1.571***	***525***	***1.046***
Vennootschapsbelasting	411	117	294
Resultaat over het jaar	**1.160**	**408**	**752**

(1) Overige bedrijfsopbrengsten omvatten de netto handelsopbrengsten. een aandeel in het resultaat van beleggingen met invloed en overige inkomsten.

(2) Overige kosten omvatten algemene en administratieve kosten en de afschrijvingen op materiële en immateriële activa.

Aansluiting van Gepubliceerde Cijfers op Onderliggende Resultaten

	Jaareinde 31 december 2012		
	Gepubliceerd	Bijzondere Posten	Onderliggend
	(gecontroleerd)	*(niet gecontroleerd)*	*(niet gecontroleerd)*
		(in miljoenen euro)	
Netto rentebaten	5.028	—	5.028
Netto provisiebaten	1.556	—	1.556
Overige bedrijfsopbrengsten(1)	754	215	539
Operationele baten	*7.338*	*215*	*7.123*
Personeelslasten	2.151	178	1.973
Overige kosten(2)	2.534	272	2.263
Operationele lasten	4.686	450	4.236
Operationeel resultaat	***2.653***	***(235)***	***2.887***
Voorzieningen voor kredieten en overige vorderingen	1.228	(203)	1.431
Resultaat voor belasting	***1.424***	***(32)***	***1.456***
Vennootschapsbelasting	271	(73)	344
Resultaat over het jaar	**1.153**	**41**	**1.112**

(1) Overige bedrijfsopbrengsten omvatten de netto handelsopbrengsten, een aandeel in het resultaat van beleggingen met invloed en overige inkomsten.

(2) Overige kosten omvatten algemene en administratieve kosten en de afschrijvingen op materiële en immateriële activa.

Bijzondere Posten

Zoals hierboven omschreven, past de Groep haar EU IFRS gepubliceerde resultaten zodanig aan, dat het effect van bepaalde bijzondere posten (de "**Bijzondere Posten**") wordt uitgesloten, zodat de onderliggende resultaten worden verkregen. Management is van oordeel dat deze onderliggende, niet op de IFRS gebaseerde resultaten een beter begrip geven van de onderliggende trends in de behaalde resultaten vanuit historisch perspectief. De wettelijk voorgeschreven resultaten die volgens de door de Groep toegepaste grondslagen voor de financiële verslaglegging zijn gepubliceerd, zijn voor bepaalde Bijzondere Posten aangepast. Bijzondere Posten zijn materiële, eenmalige posten die geen verband houden met de gebruikelijke bedrijfsactiviteiten. De balans, het risico en de kapitaalgegevens zijn niet aangepast voor Bijzondere Posten.

De onderstaande tabellen bevatten een toelichting op de Bijzondere Posten voor de negen maanden eindigend op 30 september 2015 en 2014 en voor de jaren eindigend op 31 december 2014, 2013 en 2012, alsmede de invloed daarvan op het gepubliceerde bedrijfsresultaat van de Groep, zoals hierboven geïllustreerd in de aansluitingstabellen.

Effect van Bijzondere Posten (niet-gecontroleerd)

	Negen maanden eindigend op 30 september		Jaareinde 31 december		
	2015	2014	2014	2013	2012
	(in miljoenen euro)				
Bedrijfsopbrengsten					
Positieve herwaarderingen van voorzieningen inzake EC Remedy[(1)]	—	—	—	—	215
Herziening van waardering beëindigde financieringsactiviteiten voor effecten[(2)]	—	—	—	(70)	—
Kosten van afbouwen niet-klantgerelateerde activiteiten in aandelenderivaten[(3)]	—	—	—	(52)	—
Totaal effect op bedrijfsopbrengsten	—	—	—	*(122)*	*215*
Bedrijfskosten					
Separatie- en integratiekosten[(4)]	—	—	—	—	450
Voorziening voor herstructurering[(5)]	—	—	—	37	—
Kosten voor afwikkeling pensioenen[(6)]	—	288	288	—	—
SNS -heffing[(7)]	—	201	201	—	—
Totaal effect op bedrijfskosten	—	*489*	*489*	*37*	*450*
Voorzieningen voor kredieten					
Griekse vrijval[(8)]	—	—	—	(432)	(125)
Vrijval Madoff[(9)]	—	—	—	(252)	(78)
Totaal effect op voorzieningen voor kredieten	—	—	—	*(684)*	*(203)*
Totaal effect op vennootschapsbelasting		(72)	(72)	117	(73)
Totaal effect op winst /(verlies) voor de verslagperiode		**(417)**	**(417)**	**408**	**41**

(1) In verband met de voorwaarde opgelegd door het mededingingsvereiste van de Europese Commissie (de "**EC Remedy**") heeft de Groep een financiële garantie gegeven waarmee een deel van de mogelijke kredietschade op de portefeuille werd gedekt zoals die portefeuille bestond op het moment dat de verkoop ingevolge de EC Remedy (de "**Credit Umbrella**") werd gesloten. De waarde van de garantie werd eenmaal per kwartaal beoordeeld, waarbij de invloed van de herwaarderingen zijn opgenomen in de resultatenrekening onder Overige baten (een deel van de Overige bedrijfsopbrengsten). De Credit Umbrella is eind 2012 afgewikkeld en de resterende netto waarde is vrijgevallen en in de resultatenrekening verantwoord. Na de afwikkeling van de Credit Umbrella zijn nog enkele andere voorzieningen inzake de EC Remedy vrijgevallen.

(2) Herbeoordeling van vorderingen uit een deel van de financieringsactiviteiten voor effecten die buiten Nederland plaatsvonden en met ingang van 2009 zijn beëindigd.

(3) In het eerste kwartaal van 2013 heeft de Groep besloten haar resterende niet-klantgerelateerde activiteiten in aandelenderivaten te beëindigen.

(4) De vorming van de Groep is voortgekomen uit verschillende juridische en operationele activiteiten ter zake van separatie en integratie, een fusie en een juridische afsplitsing. De kosten die met deze afsplitsingen en fusies gemoeid waren, staan vermeld als separatie- en integratiekosten. Deze kosten betroffen voornamelijk de voorziening voor herstructurering, IT en IT-gerelateerde adviseurs (totaal EUR 262 miljoen exclusief personeelslasten) en de fusie van de twee Nederlandse pensioenfondsen (EUR 162 miljoen).

(5) De aanvulling op de herstructureringsvoorziening die bij Group Functions is opgevoerd betrof een reorganisatie van Corporate Banking ter verdere verbetering van de efficiëntie.

(6) Een van de afspraken uit de collectieve arbeidsovereenkomst in de eerste helft van 2014 was dat de Groep het pensioenplan voor haar werknemers zou wijzigen van een plan op basis van beschikbare uitkeringssystemen in een beschikbaar premiesysteem. De in de balans opgevoerde schuld ter zake van het beschikbare uitkeringssysteem is vrijgevallen en in de resultatenrekening opgenomen, waardoor de personeelslasten negatief zijn beïnvloed.

(7) In 2013 heeft de Nederlandse regering besloten SNS Reaal te nationaliseren. De banksector moest daar in totaal circa EUR 1 miljard aan bijdragen, waarvan EUR 201 miljoen door de Groep in gedeelten moest worden bijgedragen in de eerste negen maanden van 2014.

(8) Bij de juridische afsplitsing van ABN AMRO Bank N.V. is aan de Groep een portefeuille toegewezen van Griekse uitzettingen op bedrijven, met staatsgarantie. Ten gevolge van het privésector-initiatief begin 2012 heeft de Groep aanzienlijke bijzondere waardeverminderingen op deze uitzettingen moeten toepassen in 2011. In de loop van 2012 en 2013 heeft de Groep de uitzettingen langzamerhand kunnen afstoten en is daarmee een deel van het verlies aan bijzondere waardeverminderingen goedgemaakt. De laatste tranche is in oktober 2013 verkocht.

(9) Via haar activiteiten in Prime Fund Solutions, die in 2011 zijn afgestoten, gaf de Groep klanten leningen met effecten als onderpand. Een deel van deze leningen is belegd in Bernard L. Madoff Investment Securities, welke als onderpand voor de leningen werden verstrekt. Nadat de fraude met deze effecten was ontdekt, waren de effecten, en dus ook het onderpand, waardeloos geworden en gingen bepaalde klanten failliet. De Vennootschap heeft deze uitzettingen dientengevolge volledig als bijzondere waardeverminderingen geboekt, aangezien er geen enkele kans was dat deze kosten verhaald konden worden. In 2011, 2012 en 2013 heeft de Groep een deel van deze voorzieningen bijzondere waardeverminderingen doen vrijvallen, toen de Groep onderpand verkocht dat verband hield met het dossier Madoff.

Kerngegevens en Overige Ratio's (niet-gecontroleerd)

	Negen maanden eindigend op 30 september		Jaareinde 31 december		
	2015	**2014**	**2014**	**2013**	**2012**
Onderliggende kosten/baten-verhouding (in %)	58%	58%	60%	64%	59%
Onderliggend rendement op gemiddeld eigen vermogen[1] (EU IFRS, in %)	14,0%	11,0%	10,9%	5,5%	8,2%
Onderliggende risicokosten[2] (in BPS)	19	51	45	63	54
Onderliggende winst (in miljoenen)	1.652	1.151	1.551	752	1.112
Gepubliceerde kosten/baten-verhouding (in %)	58%	67%	66%	65%	64%
Gepubliceerd rendement op gemiddeld eigen vermogen[1] (EU IFRS, in %)	14,0%	7,0%	8,0%	8,5%	8,5%
Gepubliceerd risico[2] (in BPS)	19	51	45	37	46
Gepubliceerde winst (in miljoenen)	1.652	734	1.134	1.160	1.153

	Per 30 september	Per 31 december		
	2015	**2014**	**2013**	**2012**
Fully-loaded CT1/CET1 ratio[3] (in %)	14,8%	14,1%	12,2%	10,0%
Totaal risico-gewogen activa[4] (in miljarden)	110,6	109,6	109,0	121,5
Verhouding kredieten/toevertrouwde middelen (in %)	110%	117%	121%	125%
Activa van klanten[5] (in miljarden)	305,5	302,5	276,9	265,8
FTE's	22.101	22.215	22.289	23.059

(1) Onderliggende winst, gedeeld door een maandelijks gemiddelde van het eigen vermogen.
(2) Voorzieningen voor Kredieten en vorderingen—klanten voor de periode gedeeld door de gemiddelde Kredieten en vorderingen—klanten.
(3) Cijfers per 30 september 2015 en 31 december 2014 overeenkomstig Basel III/CRD IV. 31 december 2013 en 2012 volgens pro forma Basel III.
(4) Cijfers per 30 september 2015 en 31 december 2014 overeenkomstig Basel III/CRD IV. 31 december 2013 en 2012 volgens Basel II.
(5) Activa van klanten bestaat uit de som der liquide middelen en het totaal aan effecten van de klanten van de Groep, inclusief geblokkeerde en in bewaring gehouden aandelen.

B.31-B.8	Geselecteerde belangrijke pro forma financiële informatie	Niet van toepassing. Het prospectus bevat geen pro forma financiële informatie.
B.31-B.9	Winstprognose	Niet van toepassing. De Vennootschap heeft geen winstprognose afgegeven.
B.31-B.10	Voorbehouden in de afgifte van verklaring van accountant betreffende de historisch financiële informatie	Niet van toepassing. De accountantsverklaring bevat geen voorbehouden.
B.31-D.4	*Zie D4 onder*	
B.32	Naam en vestigingsplaats van de uitgevende instelling van de Certificaten	Stichting Administratiekantoor Continuïteit ABN AMRO Group is gevestigd en heeft haar kantooradres aan 1097 JB Amsterdam, Prins Bernhardplein 200, Nederland.
	Toepasselijk recht en rechtsvorm van de uitgevende instelling van de Certificaten	De Stichting is op 20 juli 2015 opgericht naar Nederlands recht en heeft haar statutaire zetel in Amsterdam, Nederland. De Stichting is een Nederlandse stichting.
	Afdeling C—Effecten	
C.13-C.1	Soort en klasse, en het security identification number van de Aangeboden Aandelen	De aangeboden effecten zijn Certificaten vertegenwoordigende Gewone Aandelen in het aandelenkapitaal van de Vennootschap
C.13-C.2	Valuta van de Aangeboden Aandelen	De gewone aandelen hebben een nominale waarde in euro's.

C.13-C.3	Aantal Aandelen en nominale waarde per Aandeel	Per de datum van het Prospectus is een totaal van 940.000.001 Gewone Aandelen met een nominale waarde van EUR 1,00 per Gewoon Aandeel geplaatst.
C.13-C.4	Rechten verbonden aan de Aandelen	De Aandelen hebben dividendrechten. Elk Aandeel geeft recht tot het uitbrengen van één stem in de Algemene Vergadering. Bij de uitgifte van Aandelen of het verlenen van rechten tot het nemen van Aandelen, heeft iedere Aandeelhouder een voorkeursrecht naar evenredigheid van het gezamenlijke bedrag van zijn aandelen. Het voorkeursrecht geldt niet ten aanzien van Aandelen die worden uitgegeven tegen inbreng anders dan in geld of Aandelen die worden uitgegeven aan werknemers van de Vennootschap of van een Groepsmaatschappij. De voorkeursrechten zoals hierboven omschreven zijn ook van toepassing op het verlenen van rechten tot het nemen van Aandelen. Het voorkeursrecht kan worden beperkt of uitgesloten bij besluit van de Algemene Vergadering genomen op een door de raad van commissarissen van de Vennootschap (de "**Raad van Commissarissen**") goedgekeurd voorstel van de raad van bestuur van de Vennootschap (de "**Raad van Bestuur**"), voor welk besluit van de Algemene Vergadering een meerderheid van ten minste twee derde van de uitgebrachte stemmen is vereist, indien minder dan de helft van het geplaatste aandelenkapitaal ter vergadering vertegenwoordigd is, en in andere gevallen vereist dit een volstrekte meerderheid van de uitgebrachte stemmen. De Algemene Vergadering kan deze bevoegdheid aan de Raad van Bestuur delegeren, voor welk besluit eveneens een meerderheid van ten minste twee derde van de uitgebrachte stemmen is vereist, indien minder dan de helft van het geplaatste aandelenkapitaal ter vergadering is vertegenwoordigd, en anders is een absolute meerderheid van stemmen vereist. Een aanwijzing als hierboven bedoeld is uitsluitend geldig voor een bepaalde periode van ten hoogste vijf jaren en kan telkens voor niet langer dan vijf jaren worden verlengd. Voor een besluit van de Raad van Bestuur (indien deze door de Algemene Vergadering daartoe is aangewezen) tot het beperken of uitsluiten van de voorkeursrechten is de goedkeuring van de Raad van Commissarissen vereist. Zoals hieronder is aangegeven is de Raad van Bestuur momenteel door de Algemene Vergadering gemachtigd tot het beperken of uitsluiten van voorkeursrechten die aan Aandeelhouders toekomen voor de uitgifte van Gewone Aandelen, behoudens goedkeuring van de Raad van Commissarissen, tot 6 mei 2017. Aandelen kunnen worden uitgegeven (a) indien en voor zover de Raad van Bestuur door de Algemene Vergadering is aangewezen als het bevoegde orgaan om tot uitgifte van aandelen te besluiten krachtens een besluit van de Raad van Bestuur, welk (voorgesteld) besluit door de Raad van Commissarissen is goedgekeurd, of (b) indien en voor zover de Raad van Bestuur niet is aangewezen als het bevoegde orgaan om tot uitgifte van aandelen te besluiten, ingevolge een (met een gewone meerderheid genomen) besluit van de Algemene Vergadering op een door de Raad van Commissarissen goedgekeurd voorstel van de Raad van Bestuur. Deze bepaling is van overeenkomstige toepassing op het verlenen van rechten tot het nemen van aandelen, zoals opties, maar is niet van toepassing op een uitgifte van Aandelen krachtens uitoefening van een eerder verleend recht tot het nemen van Aandelen. Een aanwijzing als hierboven bedoeld is uitsluitend geldig voor een bepaalde periode van ten hoogste vijf jaren en kan telkens voor niet langer dan vijf jaren worden verlengd. Voor een geldig besluit van de Algemene Vergadering tot uitgifte van Aandelen of tot het daartoe aanwijzen van de Raad van Bestuur is, naast de goedkeuring van de Raad van Commissarissen, een voorafgaand of gelijktijdig besluit of een voorafgaande of gelijktijdige goedkeuring vereist van elke groep Aandeelhouders van dezelfde aandelensoort aan wiens rechten door de uitgifte afbreuk wordt gedaan.

		Zolang NLFI meer dan een derde van het geplaatste aandelenkapitaal van de Vennootschap houdt, is krachtens de relatieovereenkomst van 10 november 2015 tussen de Vennootschap en NLFI (de "**Relatieovereenkomst**") voor elke uitgifte (of elke verlening van rechten tot het nemen) van Aandelen door het tot uitgifte bevoegde orgaan de voorafgaande goedkeuring van NLFI vereist. Hetzelfde geldt voor een uitgifte (of het verlenen van rechten tot het nemen) van aandelen in ABN AMRO Bank door het daartoe door de algemene vergadering van ABN AMRO Bank gemachtigde orgaan. Op 6 november 2015 heeft de Algemene Vergadering de Raad van Bestuur aangewezen als het orgaan dat, behoudens goedkeuring van de Raad van Commissarissen, bevoegd is Gewone Aandelen uit te geven, rechten op het nemen van Gewone Aandelen te verlenen en wettelijke voorkeursrechten voor die uitgiftes van Gewone Aandelen of het verlenen van rechten tot het nemen van Gewone Aandelen uit te sluiten. Voormelde bevoegdheid van de Raad van Bestuur is beperkt tot 10% van het totale nominale geplaatste aandelenkapitaal van de Vennootschap vanaf de Afwikkelingsdatum, mag niet worden gebruikt om dividend uit te keren in de vorm van Aandelen en niet voor uitgiftes in verband met optieplannen voor management of werknemers, en geldt voor een duur van 18 maanden na de datum waarop de bevoegdheid is verleend. **Dividend en overige uitkeringen** De uitkering van dividend kan worden beperkt, begrensd of verboden, ook door de bevoegde toezichthoudende autoriteit, indien deze maatregel nodig is of nodig wordt geacht om het kapitaal van de Groep te versterken met het oog op prudentiële vereisten zoals de gecombineerde buffervereisten, aanvullende kapitaalvereisten ten gevolge van de Supervisory Review and Evaluation Process, de leverage ratio, het minimumvereiste voor eigen middelen en in aanmerking komende passiva (MREL) en vereisten met betrekking tot Total Loss Absorbency Capacity (TLAC). Daarnaast kan een dividenduitkering uitsluitend plaatsvinden uit de uitkeerbare middelen zoals omschreven in de Verordening Kapitaalvereisten (EU) nr. 575/2013 van 26 juni 2013 betreffende prudentiële vereisten voor kredietinstellingen en beleggingsondernemingen en tot wijziging van Verordening (EU) nr. 648/2012.
C.13-C.5	Beperkingen op de overdraagbaarheid van de Aandelen	De statuten van de Vennootschap zoals deze luiden na de statutenwijziging ten tijde van afwikkeling en alle overige van tijd tot tijd doorgevoerde wijzigingen (de "**Statuten**") of Nederlands recht bevatten geen beperkingen voor het houden van Aandelen of het uitoefenen van het daaraan verbonden stemrecht door Aandeelhouders die geen Nederlands staatsburger zijn en niet in Nederland gevestigd zijn.
C.13-C.6	Notering en toelating tot de handel van de Aandelen	Niet van toepassing; de Aandelen zijn niet genoteerd of toegelaten tot de handel.
C.13-C.7	Dividendbeleid	De Vennootschap heeft haar reserverings- en dividendbeleid geformuleerd met inachtneming van haar strategie. De Vennootschap wil een jaarlijks dividend uitkeren dat een duurzame waarde voor haar Aandeelhouders vertegenwoordigt op de lange termijn. Het reserverings- en dividendbeleid wordt vastgesteld door de Raad van Bestuur, onder goedkeuring van de Raad van Commissarissen. Het reserverings- en dividendbeleid wordt als discussiepunt op de agenda geplaatst van elke jaarlijkse Algemene Vergadering. Het dividendbeleid van de Vennootschap en de voorgenomen uitkering van dividend zijn onderworpen aan de absolute discretie van de Raad van Bestuur om geen dividend uit te keren, of een hoger of lager dividend uit te keren dan eerder aangekondigd. Daarnaast is de

		uitkering van dividend onderworpen aan mogelijke beperkingen die er ook toe kunnen leiden dat de uitkering van dividend is beperkt of wordt uitgesloten of verboden, inclusief op verzoek of bevel van een bevoegde toezichthoudende autoriteit, als dat noodzakelijk wordt geacht om de kapitaalpositie van de Groep te versterken. Bij elk voorstel tot uitkering van dividend dient rekening te worden gehouden met relevante omstandigheden waaronder kapitaal- en liquiditeitsvereisten en overige vereisten of beperkingen op grond van regelgeving, toekomstige baten, winsten, voor uitkering beschikbare middelen, financiële omstandigheden, groeimogelijkheden, de vooruitzichten voor de bedrijfsactiviteiten van de Vennootschap, levensvatbaarheid op de korte en lange termijn, algemene economische omstandigheden en alle overige omstandigheden die de Raad van Bestuur van belang of passend acht. Met het oog op het voorgaande en met inachtneming van het feit dat de Vennootschap in geen geval verplicht is uitkeringen te doen, is de beoogde jaarlijkse dividenduitkeringsratio vanaf en over het financiële jaar 2017, 50% van de jaarlijks gerapporteerde nettowinst, na aftrek van couponbetalingen op kapitaalinstrumenten die als eigenvermogensinstrumenten worden behandeld voor boekhoudkundige doeleinden, indien wordt besloten dergelijke betalingen te doen. De Vennootschap heeft daarnaast het voornemen tussentijds dividend uit te keren nadat de cijfers van het tweede kwartaal openbaar zijn gemaakt, mits de resultaten daartoe aanleiding geven. In het dividendbeleid van de Vennootschap wordt van een dividenduitkering in geld uitgegaan, maar de Raad van Bestuur of de Algemene Vergadering kunnen op voorstel van de Raad van Bestuur in beide gevallen ervoor kiezen om met goedkeuring van de Raad van Commissarissen dividenduitkeringen aan te bieden in de vorm van Aandelen of Aandeelhouders de keuze te geven tussen of te kiezen voor een combinatie van geld en Aandelen, indien en voor zover dit passend wordt geacht. Na de periodieke toetsingen van het kapitaalbeheer kan de Raad van Bestuur, met absolute discretie, en na verkrijging van de benodigde toezichts- en vennootschapsrechtelijke goedkeuringen tevens overwegen om een aandelenterugkoopprogramma in te voeren.
C.14-C.1	Soort en klasse, en het security identification number van de Certificaten	De Certificaten zijn certificaten van aandelen die elk een financieel belang in één door de Stichting gehouden Gewoon Aandeel vertegenwoordigen. ISIN: NL 0011540547; symbool: "ABN"; Common code: 131708033
C.14-C.2	Valuta van de Certificaten	De nominale waarde van de Certificaten is gelijk aan de nominale waarde van de Gewone Aandelen.
C.14-C.4	Aan de Certificaten verbonden rechten	Als de rechtmatige houder ontvangt de Stichting van de Vennootschap dividend en overige uitkeringen op de onderliggende Aandelen die worden vertegenwoordigd door de Certificaten die door de Stichting worden uitgegeven (de "**Onderliggende Aandelen**"). In een zodanig geval is de Stichting, op grond van de Administratievoorwaarden, verplicht een overeenkomstige uitkering op de Certificaten te doen zonder daarvoor kosten in rekening te brengen. Indien de Vennootschap op de Onderliggende Aandelen een uitkering in natura doet, in de vorm van Gewone Aandelen, doet de Stichting voor zover mogelijk een overeenkomstige uitkering aan de houders van de Certificaten (de "**Certificaathouders**") in de vorm van Certificaten. Indien de Vennootschap een uitkering op Aandelen doet in, naar keuze van de Aandeelhouder, geld of andere waarden, zal de Stichting elke Certificaathouder zoveel mogelijk in de gelegenheid stellen diezelfde keuze te maken. Het Euronext Amsterdam Rulebook vereist dat de Stichting ervoor moet zorgen dat de Certificaathouders zoveel als mogelijk hun keuze tot uidrukking kunnen brengen. Indien de Stichting als de juridische houder van de Onderliggende Aandelen een voorkeursrecht heeft op nieuw uit te geven Gewone Aandelen in het aandelenkapitaal van de Vennootschap, stelt zij de Certificaathouders

		in de gelegenheid een voorkeursrecht op overeenkomstige wijze uit te oefenen op Certificaten die deze nieuw uit te geven Gewone Aandelen vertegenwoordigen. Aangezien de Stichting de juridische houder is van de Onderliggende Aandelen heeft de Stichting volgens de wet ook de aan de Onderliggende Aandelen verbonden stemrechten. Op grond van de statuten van de Stichting (de "**Stichtingsstatuten**") en de Administratievoorwaarden is de Stichting telkens verplicht Certificaathouders (zonder verzoek daartoe) een volmacht te verlenen, zodat zij naar eigen inzicht het stemrecht op de Onderliggende Aandelen kunnen uitoefenen (behoudens in geval van een Vijandige Situatie (zie hieronder)). Certificaathouders hebben het recht de Algemene Vergadering bij te wonen en daarin het woord te voeren. De Certificaathouders hebben eveneens het recht agendapunten aan te dragen, onder dezelfde voorwaarden als voor aandeelhouders gelden. Een Certificaathouder kan deze volmacht gebruiken om zelf een stem uit brengen voor de Onderliggende Aandelen of hij kan besluiten de volmacht (met of zonder steminstructies) aan een derde over te dragen. Een Certificaathouder kan ook besluiten de Stichting te verzoeken het stemrecht op de Onderliggende Aandelen uit te oefenen (met of zonder instructie ten aanzien van het specifieke geval) welke steminstructie bindend is voor de Stichting. Indien een Certificaathouder de Stichting verzoekt het stemrecht op de Onderliggende Aandelen uit te oefenen, maar het verzoek geen specifieke aanwijzingen bevat ten aanzien van de wijze waarop de stemrechten dienen te worden uitgeoefend (een blanco instructie), kan de Stichting naar eigen inzicht het stemrecht uitoefenen, waarbij altijd in aanmerking dient te worden genomen dat de Stichting uit hoofde van de Stichtingsstatuten en de Administratievoorwaarden de belangen van de Certificaathouders en de belangen van de Vennootschap en van de ondernemingen die door de Vennootschap en de met de Vennootschap in een groep verbonden vennootschappen in stand worden gehouden, zo goed mogelijk waarborgt. Indien een Certificaathouder besluit geen gebruik te maken van de aan hem verleende volmacht en geen steminstructie aan de Stichting te geven, kan de Stichting zelf geen stem uitbrengen op de door haar gehouden Onderliggende Aandelen. Dit kan anders zijn in geval van een Vijandige Situatie (zie hieronder). Zolang NLFI ten minste een derde (1/3) van het aantal uitstaande Aandelen houdt, mag de Stichting, onderworpen aan de toestemming van NLFI, het verlenen van een volmacht beperken, uitsluiten of gegeven volmachten herroepen en steminstructies niet opvolgen. Na een dergelijke toestemming van NLFI staat het de Stichting vrij hoe zij haar aandeelhoudersrechten toepast. Op grond van artikel 2:118a Burgerlijk Wetboek en de Administratievoorwaarden kunnen de door de Stichting aan de Certificaathouders (te verlenen of) verleende volmachten uitsluitend door de Stichting worden beperkt, uitgesloten of herroepen (en kan de Stichting uitsluitend besluiten de van Certificaathouders ontvangen steminstructies naast zich neer te leggen) indien: (i) een openbaar bod is aangekondigd of uitgebracht op Aandelen of Certificaten of de gerechtvaardigde verwachting bestaat dat daartoe zal worden overgegaan, zonder dat over het bod overeenstemming is bereikt met de Vennootschap; (ii) een Certificaathouder of meerdere houders van Certificaten en Aandelen volgens een onderlinge regeling tot samenwerking al dan niet samen met dochtermaatschappijen ten minste 25% van het geplaatste kapitaal van de Vennootschap verschaffen of doen verschaffen; of

		(iii) naar het oordeel van de Stichting uitoefening van het stemrecht door een Certificaathouder wezenlijk in strijd is met het belang van de Vennootschap en de daarmee verbonden onderneming, (elk van deze omstandigheden wordt aangeduid als een "**Vijandige Situatie**"). Indien zich een Vijandige Situatie voordoet en de Stichting besluit de volmachten aan Certificaathouders te beperken, uit te sluiten of te herroepen, of de van Certificaathouders ontvangen steminstructies niet op te volgen, is de Stichting gerechtigd om de aan de Onderliggende Aandelen verbonden stemrechten uit te oefenen. In een dergelijk geval dient de Stichting, ingevolge de Administratievoorwaarden bij het uitoefenen van de stemrechten in overeenstemming met de in de Stichtingsstatuten neergelegde doelomschrijving van de Stichting, de aan de Aandelen verbonden rechten op een zodanige wijze uitoefenen dat de belangen van de Certificaathouders, van de Vennootschap en van de ondernemingen die door de Vennootschap en de met de Vennootschap in een groep verbonden vennootschappen in stand worden gehouden zo goed mogelijk worden gewaarborgd. De Stichting zal naar maximaal vermogen invloeden weren die de zelfstandigheid, de continuïteit of de identiteit van de Vennootschap en die ondernemingen in strijd met de belangen van de Vennootschap en van die ondernemingen zouden kunnen aantasten. Daarbij neemt de Stichting steeds in aanmerking de gerechtvaardigde belangen van de klanten, de spaarders en depositohouders, de Aandeelhouders, de Certificaathouders, de werknemers en de samenleving waarin de Vennootschap haar activiteiten uitvoert. Een beperking, uitsluiting of herroeping van volmachten aan de Certificaathouders door de Stichting kan niet geschieden voor een periode langer dan twee jaar. Ingevolge de Administratievoorwaarden kan de Stichting enkel besluiten om volmachten aan de Certificaathouders te beperken, uit te sluiten of te herroepen en de steminstructies niet op te volgen indien zij daarvoor de toestemming van NLFI heeft verkregen, zolang NLFI ten minste een derde van het aantal uitstaande Aandelen van de Vennootschap houdt. Krachtens de Wet stichting administratiekantoor beheer financiële instellingen, de "**Wet STAK**") behoeft NLFI op haar beurt de toestemming van de Nederlandse minister van Financiën. Wanneer het belang van NLFI onder deze drempel is gezakt, kan de Stichting zonder voorafgaande goedkeuring de volmachten beperken, uitsluiten of herroepen en besluiten de steminstructies niet op te volgen.
C.14-C.5	Beperkingen op de overdraagbaarheid van de Certificaten	De Statuten, de Administratievoorwaarden en het Nederlands recht bevatten geen bijzondere beperkingen die de rechten op het houden van Certificaten beperken van Certificaathouders die geen Nederlands staatsburger zijn of niet gevestigd zijn in Nederland.
	Notering en toelating tot de handel van de Certificaten	Er bestaat voorafgaand aan de Aanbieding geen openbare markt voor de Certificaten. Er is een aanvraag ingediend voor notering van de Aangeboden Certificaten en Overtoewijzing Certificaten aan Euronext Amsterdam onder het symbool "ABN". Afhankelijk van eventuele inkorting of verlenging van het tijdschema van de Aanbieding, wordt verwacht dat de handel in de Certificaten aan Euronext Amsterdam zal beginnen, op een *as-if-when-delivered* basis, op of omstreeks 20 november 2015. Ten aanzien van toekomstige noteringen en aanbiedingen van additionele Gewone Aandelen vertegenwoordigd door Certificaten door NLFI, is NLFI, indien mogelijk, van plan om gebruik te maken van de uitzonderingen in artikel 5:4 lid 1(g) en artikel 5:3 lid 1 van de Wet op het financieel toezicht en de uitzondering in artikel 54 lid 1(b) en (c) van de Vrijstellingsregeling Wft, met als gevolg dat er mogelijk geen prospectus algemeen verkrijgbaar zal worden gesteld indien een dergelijke notering en

		aanbieding plaatsvindt. NLFI zal in een dergelijk geval in een persbericht informatie over de notering en aanbieding bekendmaken, inclusief overige informatie die relevant is voor beleggers. De AFM kan bepalen dat de uitzondering in artikel 5:4 lid 1(g) Wft, onder de in artikel 5:4 lid 2 Wft genoemde omstandigheden, niet van toepassing is. Daarnaast is de uitzondering die volgt uit artikel 5:4 lid 1(g) Wft niet van toepassing op certificaten voor gewone aandelen, als deze gewone aandelen zijn uitgegeven na de Aanbieding.
C.14	Plaatsingsgarantie voor de Aanbieding	De Underwriters (zoals hierna gedefinieerd) hebben een plaatsingsgarantie voor de Aanbieding afgegeven.
	Afdeling D—Risico's	
	Selectie belangrijkste risico's	Het volgende is een selectie van de belangrijkste risico's met betrekking tot de Groep, de Groep's structuur/ aandeelhoudersstructuur, de Gewone Aandelen (vertegenwoordigd door Certificaten) en de Aanbieding. Bij het maken van de selectie heeft de Groep onder meer rekening gehouden met de waarschijnlijkheid naar huidige omstandigheden dat het risico zich verwezenlijkt, de mogelijke impact die een verwezenlijking van het risico zou kunnen hebben op de financiële situatie, het operationeel resultaat, de kapitaal- en liquiditeitspositie van de Groep, de mogelijke dividenduitkeringen, en de reputatie van de Groep en de aandacht die deze risico's naar de huidige verwachting bij verwezenlijking behoeven van het management van de Groep. Beleggers dienen alle risico's te lezen, te begrijpen en te overwegen, welke risico's materieel zijn en in hun geheel gelezen dienen te worden in het hoofdstuk "Risk Factors" beginnend op pagina 73 van het Prospectus, voordat zij een beslissing nemen om in de Aangeboden Certificaten te beleggen. • Economische omstandigheden in Nederland, Europa en wereldwijd en het economisch toekomstperspectief voor deze gebieden kunnen een substantieel, nadelig effect hebben op de onderneming, de financiële toestand, het operationeel resultaat en de vooruitzichten van de Groep • Verstoringen, ontwrichtingen, structurele moeilijkheden en marktvolatiliteit in de financiële markten kunnen een substantieel, nadelig effect hebben op de bancaire en financieringsactiviteiten van de Groep en kunnen een substantieel, nadelig effect hebben op de onderneming, de financiële toestand, het operationeel resultaat en de vooruitzichten van de Groep • De Groep staat bloot aan een aanzienlijk krediet- en concentratierisico in Nederland en dit kan een substantieel, nadelig effect hebben op de onderneming, de liquiditeit, de financiële toestand, het operationeel resultaat en de vooruitzichten van de Groep • Het bedrijfsmodel van *full-service* banken zoals de Groep kan op de middellange of langere termijn onhoudbaar blijken • De Groep is voor structurele financiering afhankelijk van deposito's van klanten en de zakelijke markt. Het niet kunnen behouden of doen groeien van deposito's van klanten en een gebrek aan toegang tot financiering op de zakelijke markt kan een substantieel, nadelig effect hebben op de liquiditeit en de financieringspositie, de financiële toestand en het operationeel resultaat van de Groep • De Groep wordt geconfronteerd met een groot aantal operationele risico's die een substantieel, nadelig effect kunnen hebben op de mogelijkheden van de Groep om fondsen en kapitaal te werven en op haar bedrijf, activiteiten, reputatie, de financiële toestand, winstgevendheid en operationeel resultaat

		• De Groep maakt gebruik van methodes en modellen voor intern risicobeheer die aannames, beoordelingen en ramingen bevatten die na verloop van tijd kunnen wijzigen of die uiteindelijk niet nauwkeurig kunnen blijken te zijn; dit kan een substantieel, nadelig effect hebben op het operationeel resultaat, de rentabiliteit en de financiële toestand van de Groep • De bedrijfsactiviteiten van de Groep vereisen een nauwkeurige documentatie, dossierbeheer en archivering. Elke niet-nakoming daarvan kan overtreding van regelgeving door de Groep tot gevolg hebben, kan eraan in de weg staan dat de Groep transacties en vorderingen of gerechtelijke procedures naar behoren controleert en kan tot gevolg hebben dat de Groep overeenkomsten niet in overeenstemming met de beoogde voorwaarden kan handhaven, wat een substantieel, nadelig effect kan hebben op de onderneming, de reputatie, het operationeel resultaat en de financiële toestand van de Groep • Een defect in de informatietechnologiesystemen van de Groep kan leiden tot schending van regelgeving en (contractuele) verplichtingen en kan een substantieel, nadelig effect hebben op de reputatie, het operationeel resultaat, de financiële toestand en de vooruitzichten van de Groep • Het clearing-bedrijf van de Groep kan verlies lijden of sancties van de toezichthouder en boetes opgelegd krijgen die een substantieel, nadelig effect kunnen hebben op de financiële toestand en het operationeel resultaat, de vooruitzichten en de financiële toestand van de Groep en een substantieel, nadelig effect kunnen hebben op de reputatie van de Groep • Het IT- en operationele landschap van de Groep, dat van complexe aard is, wordt op dit moment opnieuw vormgegeven en vereenvoudigd. Het niet slagen van het opnieuw vormgeven en vereenvoudigen van het IT- en operationele landschap van de Groep kan een substantieel, nadelig effect hebben op het operationeel resultaat, de financiële toestand en de vooruitzichten van de Groep • De Groep heeft belangrijke diensten uitbesteed (*outsourcing* en *offshoring*) en elke niet-nakoming van wederpartijen om de overeengekomen diensten tijdig en op een behoorlijk en aanvaardbaar niveau te verlenen, of te voldoen aan regels ter bescherming van persoonsgegevens, kan een substantieel, nadelig effect hebben op de onderneming, de reputatie, het operationeel resultaat en de financiële toestand van de Groep • De Groep en haar bestuur zijn afhankelijk van de juistheid en volledigheid van informatie over de Groep zelf, haar klanten en wederpartijen. Indien deze informatie niet beschikbaar is, substantieel onjuist, onvolledig, niet actueel of daar onjuiste conclusies uit getrokken worden, kan dit een substantieel, nadelig effect hebben op de onderneming, de financiële toestand, de reputatie of het operationeel resultaat van de Groep • De Groep wordt geconfronteerd met het risico van interne en externe fraude, misdrijven, cybercrime en andere vormen van wangedrag door werknemers of derden, wat een substantieel, nadelig effect kan hebben op de onderneming, de reputatie, het operationeel resultaat, de financiële toestand en de vooruitzichten van de Groep • De Groep staat onder scherp toezicht en wordt geconfronteerd met het risico op mogelijk aanzienlijke vorderingen op grond van overtreding van de zorgplicht die zij jegens haar klanten en derden heeft, waaronder met betrekking tot de verkoop van rentederivaten. Negatieve uitkomsten van procedures, schikkingen, door de toezichthouder of andere bevoegde

		instanties ondernomen acties, wetgeving, maatregelen voor de gehele bedrijfstak en overige regelingen ten behoeve van klanten en derden kunnen een substantieel, nadelig effect hebben op de onderneming, de reputatie, het operationeel resultaat, de financiële toestand en de vooruitzichten van de Groep • De regelgeving waaraan de Groep zich dient te houden geeft aanleiding tot aanzienlijke juridische- en nalevingskosten en kost management veel tijd, waarbij niet-naleving financiële schade en een aantasting van de reputatie tot gevolg kan hebben, wat een substantieel, nadelig effect kan hebben op de onderneming, de financiële toestand en het operationeel resultaat van de Groep • Als gevolg van kapitaal- en liquiditeitsvereisten bestaat de mogelijkheid dat de Groep niet in staat is haar kapitaal en liquiditeit effectief te beheren, wat een substantieel, nadelig effect kan hebben op de financiële toestand, de vereiste kapitaalpositie en liquiditeitspositie van de Groep, en de Groep kan zich gedwongen zien aanvullend kapitaal te verwerven of dividenduitkeringen te beperken • Schending van wetgeving die witwassen, omkoping en corruptie tegengaat en internationale sancties kunnen leiden tot het opleggen van boetes en kunnen de reputatie van de Groep aantasten en de onderneming van de Groep verstoren, en resulteren in een substantieel, nadelig effect op de onderneming, de financiële toestand en het operationeel resultaat van de Groep • De belangen van NLFI en de Nederlandse Staat kunnen afwijken van de belangen van de Certificaathouders • De uitkering van toekomstig dividend hangt af van de financiële toestand en het operationeel resultaat van de Groep, de betalingen van de Groepsmaatschappijen aan de Vennootschap, alsmede van het dividendbeleid van de Vennootschap, en valt onder de juridische en wettelijke beperkingen die op de Groep van toepassing zijn • De Certificaten kunnen onder de Aanbiedingsprijs worden verhandeld en beleggers zouden hun belegging of een deel daarvan kunnen kwijtraken
D.4-D.2	Belangrijkste risico's die kenmerkend zijn voor de Groep	Het volgende is een samenvatting van alle belangrijke risico's die verband houden met de Groep, de Groep's structuur/ aandeelhoudersstructuur, de Gewone Aandelen (vertegenwoordigd door Certificaten) en de Aanbieding. Beleggers dienen alle risico's, welke materieel zijn en in hun geheel gelezen dienen te worden, in het hoofdstuk "Risk Factors" beginnend op pagina 73 van het Prospectus te lezen, te begrijpen en te overwegen, voordat zij een beslissing nemen om in de Aangeboden Certificaten te beleggen. **Risico's voor de onderneming van de Groep** • Economische omstandigheden in Nederland, Europa en wereldwijd en het economisch toekomstperspectief voor deze gebieden kunnen een substantieel, nadelig effect hebben op de onderneming, de financiële toestand, het operationeel resultaat en de vooruitzichten van de Groep • Verstoringen, ontwrichtingen, structurele moeilijkheden en marktvolatiliteit in de financiële markten kunnen een substantieel, nadelig effect hebben op de bancaire en financieringsactiviteiten van de Groep en kunnen een substantieel, nadelig effect hebben op de onderneming, de financiële toestand, het operationeel resultaat en de vooruitzichten van de Groep • De Groep heeft in het verleden een substantieel, nadelig effect ondervonden van de zwakte of de vermeende zwakte van andere financiële instellingen, en dat kan in de toekomst weer gebeuren. Een dergelijke zwakte of vermeende zwakte kan systemische

		liquiditeitsproblemen, verlies of verzuim bij andere financiële instellingen en wederpartijen tot gevolg hebben, en dit kan een substantieel, nadelig effect hebben op de liquiditeit, de financiële toestand, het operationeel resultaat en de vooruitzichten van de Groep • De Groep staat bloot aan een aanzienlijk krediet- en concentratierisico in Nederland en dit kan een substantieel, nadelig effect hebben op de onderneming, de liquiditeit, de financiële toestand, het operationeel resultaat en de vooruitzichten van de Groep • De wederpartijen van de Groep worden blootgesteld aan diverse factoren en risico's die van invloed zouden kunnen zijn op hun kredietkwaliteit en dientengevolge op het kredietrisico van de Groep • Indien de Groep niet in staat is haar strategie met succes door te voeren, of als haar strategie niet het verwachte voordeel oplevert, of als de Groep niet in staat is de tot doel gestelde zakelijke mogelijkheden waar te maken, kan dat een substantieel, nadelig effect hebben op de onderneming, de inkomsten, de financiële toestand, het operationeel resultaat en de vooruitzichten van de Groep • De wetswijzigingen die van toepassing zijn op hypotheken in Nederland kunnen van grote invloed zijn op de hypotheekactiviteiten van de Groep. Dit kan een substantieel, nadelig effect hebben op de onderneming, de financiële toestand, het operationeel resultaat en de vooruitzichten van de Groep • De Groep is actief in markten waar de concurrentie groot is. De concurrentiedruk kan lagere marges of een verlies van marktaandeel tot gevolg hebben en kan derhalve een substantieel, nadelig effect hebben op de onderneming, de financiële toestand en de winstgevendheid van de Groep • De Groep wordt blootgesteld aan een scala van politieke, juridische, sociale, economische, reputatie-, en andere risico's vanwege haar internationale groeistrategie en de bestaande activiteiten in het buitenland • Het bedrijfsmodel van *full-service* banken zoals de Groep kan op de middellange of langere termijn onhoudbaar blijken • De Groep kan, bij een wijziging van de zeggenschap over de Groep of van de zeggenschap over Delta Lloyd N.V., gedwongen worden om aandelen te kopen in het Nederlandse verzekeringsbedrijf ABN AMRO Verzekeringen waarvan zij nog geen eigenaar is. Als dit risico zich zou verwezenlijken, kan de Groep gedwongen worden een momenteel onbekende koopprijs te betalen, die waarschijnlijk substantieel zal zijn, zal de Groep verplicht zijn ABN AMRO Verzekeringen te consolideren in haar jaarrekening met mogelijk substantiële, nadelige consequenties voor de Groep's kapitaal- en liquiditeitsratio's, en zullen enige eventuele verliezen die door ABN AMRO Verzekeringen geleden zouden worden vanaf dat moment volledig voor rekening van de Groep zijn • Een tekort aan liquiditeit is een risico voor het bedrijf van de Groep en kan een substantieel, nadelig effect hebben op de financieringsmogelijkheden, de onderneming, de financiële toestand en de winstgevendheid van de Groep • De Groep is voor structurele financiering afhankelijk van deposito's van klanten en de zakelijke markt. Het niet kunnen behouden of doen groeien van deposito's van klanten en een gebrek aan toegang tot financiering op de zakelijke markt kan een substantieel, nadelig effect hebben op de liquiditeit en de financieringspositie, de financiële toestand en het operationeel resultaat van de Groep

		• Een afname of mogelijke afname van de credit rating of instrument rating van ABN AMRO Bank kan van aanzienlijke invloed zijn op haar toegang tot kapitaal, financiering en liquiditeit vanwege een teruglopende financieringscapaciteit, in werking tredende dekkingseisen of hogere financieringskosten. Dienovereenkomstig kan een lagere of mogelijk lagere rating een substantieel, nadelig effect hebben op de onderneming, het operationeel resultaat, de vooruitzichten, de financiële toestand, de concurrentiepositie en de reputatie van de Groep • Wijzigingen in rentetarieven en wisselkoersen kunnen een substantieel, nadelig effect hebben op de onderneming, de financiële toestand, het operationeel resultaat en kasstromen • De Groep wordt geconfronteerd met een groot aantal operationele risico's die een substantieel, nadelig effect kunnen hebben op de mogelijkheden van de Groep om fondsen en kapitaal te werven en op haar bedrijf, activiteiten, reputatie, de financiële toestand, winstgevendheid en operationeel resultaat • De Groep heeft een procedure ingesteld voor de goedkeuring van nieuwe producten en diensten en regelmatige toetsing van reeds bestaande producten en diensten. Het niet of onjuist toepassen van die procedures of een ontoereikende controle daarop kan niet-nakoming, een lagere winstgevendheid, verliezen, schadeclaims, boetes, acties van de toezichthouder, gerechtelijke procedures en beschadiging van de reputatie tot gevolg hebben • De Groep maakt gebruik van methodes en modellen voor intern risicobeheer die aannames, beoordelingen en ramingen bevatten die na verloop van tijd kunnen wijzigen of die uiteindelijk niet nauwkeurig kunnen blijken te zijn; dit kan een substantieel, nadelig effect hebben op het operationeel resultaat, de rentabiliteit en de financiële toestand van de Groep • De Groep is afhankelijk van derden-dienstverleners en (financiële) producten van derden. Niet-nakoming door derden-dienstverleners of gebrekkige (financiële) producten van derden kunnen een substantieel, nadelig effect hebben op de reputatie, de onderneming, het operationeel resultaat, de financiële toestand en de vooruitzichten van de Groep • Indien het gebruik van derivaten door de Groep ter bescherming van zichzelf tegen bepaalde risico's niet toereikend of niet doelmatig is om het risico van de Groep te beperken, kan de onderneming, het operationeel resultaat en de financiële toestand van de Groep daardoor substantieel negatief worden beïnvloed • De financiële verslaglegging van de Groep overeenkomstig EU IFRS vereist het maken van beoordelingen en het gebruik van aannames en ramingen die, indien deze onjuist blijken, een substantieel, nadelig effect kunnen hebben op het operationeel resultaat, de financiële toestand en kapitaalratio's van de Groep • De bedrijfsactiviteiten van de Groep vereisen een nauwkeurige documentatie, dossierbeheer en archivering. Elke niet-nakoming daarvan kan overtreding van regelgeving door de Groep tot gevolg hebben, kan eraan in de weg staan dat de Groep transacties en vorderingen of gerechtelijke procedures naar behoren controleert en kan tot gevolg hebben dat de Groep overeenkomsten niet in overeenstemming met de beoogde voorwaarden kan handhaven, wat een substantieel, nadelig effect kan hebben op de onderneming, de reputatie, het operationeel resultaat en de financiële toestand van de Groep • De Groep en haar bestuur zijn afhankelijk van de juistheid en volledigheid van informatie over de Groep zelf, haar klanten en wederpartijen. Indien deze informatie niet beschikbaar is, substantieel onjuist, onvolledig, niet actueel of daar onjuiste

		conclusies uit getrokken worden, kan dit een substantieel, nadelig effect hebben op de onderneming, de financiële toestand, de reputatie of het operationeel resultaat van de Groep • Een defect in de informatietechnologiesystemen van de Groep kan leiden tot schending van regelgeving en (contractuele) verplichtingen en kan een substantieel, nadelig effect hebben op de reputatie, het operationeel resultaat, de financiële toestand en de vooruitzichten van de Groep • Het clearing-bedrijf van de Groep kan verlies lijden of sancties van de toezichthouder en boetes opgelegd krijgen die een substantieel, nadelig effect kunnen hebben op de financiële toestand en het operationeel resultaat, de vooruitzichten en de financiële toestand van de Groep en een substantieel, nadelig effect kunnen hebben op de reputatie van de Groep • Inadequaat managen van veranderingen, zoals veranderingen gedreven door nieuwe of gewijzigde producten, activiteiten, processen, systemen, organisatie of aanvullende wet- en regelgevende vereisten, kan een substantieel, nadelig effect hebben op de onderneming, het operationeel resultaat, de financiële toestand en de vooruitzichten van de Groep • Het IT- en operationele landschap van de Groep, dat van complexe aard is, wordt op dit moment opnieuw vormgegeven en vereenvoudigd. Het niet slagen van het opnieuw vormgeven en vereenvoudigen van het IT- en operationele landschap van de Groep kan een substantieel, nadelig effect hebben op het operationeel resultaat, de financiële toestand en de vooruitzichten van de Groep • De Groep heeft belangrijke diensten uitbesteed (*outsourcing* en *offshoring*) en elke niet-nakoming van wederpartijen om de overeengekomen diensten tijdig en op een behoorlijk en aanvaardbaar niveau te verlenen, of te voldoen aan regels ter bescherming van persoonsgegevens, kan een substantieel, nadelig effect hebben op de onderneming, de reputatie, het operationeel resultaat en de financiële toestand van de Groep • De Groep wordt geconfronteerd met het risico van interne en externe fraude, misdrijven, cybercrime en andere vormen van wangedrag door werknemers of derden, wat een substantieel, nadelig effect kan hebben op de onderneming, de reputatie, het operationeel resultaat, de financiële toestand en de vooruitzichten van de Groep • De Groep wordt geconfronteerd met het risico dat gegevens die aan de Groep, haar klanten, zakelijke partners, leveranciers of andere derden toebehoren onbedoeld of onrechtmatig openbaar worden gemaakt, wat kan resulteren in reputatieschade, vorderingen, verliezen en schadevergoedingen, en een substantieel, nadelig effect kan hebben op de onderneming, het operationeel resultaat en de financiële toestand van de Groep • De bedrijfsactiviteiten van de Groep, haar derden-dienstverleners en haar klanten zijn kwetsbaar voor epidemieën, pandemieën, overstromingen, stormen, aardbevingen, andere vormen van natuurgeweld, andere gebeurtenissen die de openbare veiligheid in gevaar brengen, terroristische acties, oorlogshandelingen, andere vijandelijkheden, of andere door de mens veroorzaakte rampen. Deze kunnen een substantieel, nadelig effect hebben op de onderneming, de financiële toestand en het operationeel resultaat van de Groep • Het vermogen van de Groep om leden van haar Raad van Bestuur en managementgroep en belangrijke werknemers, op welk niveau in de Groep dan ook, te behouden en andere gekwalificeerde werknemers te behouden en aan te trekken zijn van essentieel

		belang voor het succes van haar bedrijf, en indien de Groep daarin niet slaagt kan dat een substantieel, nadelig effect hebben op de prestaties van de Groep. Nederlandse en Europese beperkingen op de bezoldiging kunnen een concurrentienadeel opleveren voor de Groep bij het behouden en werven van leidinggevenden en andere belangrijke werknemers • De Groep wordt geconfronteerd met risico's op het gebied van gedrag en reputatie, die een substantieel, nadelig effect kan hebben op het operationeel resultaat, de vooruitzichten en de financiële toestand van de Groep • Een verdere afname van het belang van de Nederlandse Staat in de Vennootschap kan tot gevolg hebben dat beleggers en klanten, waaronder depositohouders, dit als een verhoogd risico beschouwen • Een verminderde liquiditeit in de diamant- en sieradenindustrie kan een lagere kwaliteit van de kredietportefeuille van de Groep in deze bedrijfstak tot gevolg hebben en daarmee een negatieve invloed hebben op de financiële toestand en het operationeel resultaat van de Groep. Indien de Groep niet de door de bedrijfstak verwachte liquiditeit verstrekt, kan dit de reputatie van de Groep in de diamant- en sieradenindustrie aantasten **Risico's op het gebied van wet- en regelgeving en compliancerisico's** • De Groep staat onder scherp toezicht en wordt geconfronteerd met het risico op mogelijk aanzienlijke vorderingen op grond van overtreding van de zorgplicht die zij jegens haar klanten en derden heeft, waaronder met betrekking tot de verkoop van rentederivaten. Negatieve uitkomsten van procedures, schikkingen, door de toezichthouder of andere bevoegde instanties ondernomen acties, wetgeving, maatregelen voor de gehele bedrijfstak en overige regelingen ten behoeve van klanten en derden kunnen een substantieel, nadelig effect hebben op de onderneming, de reputatie, het operationeel resultaat, de financiële toestand en de vooruitzichten van de Groep • Een aantal gebeurtenissen en factoren die verband houden met de prijsbepaling van de producten van de Groep, waarvan er sommige, zoals aanhoudend lage of zelfs negatieve rentetarieven, gelden voor de gehele bedrijfstak en andere alleen voor de Groep, kunnen een substantieel, nadelig effect hebben op de winstgevendheid en de financiële toestand van de Groep • De regelgeving waaraan de Groep zich dient te houden geeft aanleiding tot aanzienlijke juridische- en nalevingskosten en kost management veel tijd, waarbij niet-naleving financiële schade en een aantasting van de reputatie tot gevolg kan hebben, wat een substantieel, nadelig effect kan hebben op de onderneming, de financiële toestand en het operationeel resultaat van de Groep • Grootschalige wijzigingen in wet- en regelgeving en in de interpretatie daarvan kunnen een substantieel, nadelig effect hebben op de onderneming, het bedrijfsmodel, de financiële toestand, het operationeel resultaat en de vooruitzichten van de Groep • Als gevolg van kapitaal- en liquiditeitsvereisten bestaat de mogelijkheid dat de Groep niet in staat is haar kapitaal en liquiditeit effectief te beheren, wat een substantieel, nadelig effect kan hebben op de financiële toestand, de vereiste kapitaalpositie en liquiditeitspositie van de Groep, en de Groep kan zich gedwongen zien aanvullend kapitaal te verwerven of dividenduitkeringen te beperken

		• Afwikkelingsregelingen kunnen zowel de rechten en rechtsmiddelen van houders van Gewone Aandelen of Certificaten – die het risico lopen op verlies van hun gehele belegging – als de marktwaarde van de Groep aantasten en kunnen leiden tot lagere credit ratings en mogelijk hogere financieringskosten, kapitaalkosten en overige kosten, en deze kunnen daardoor een substantieel, nadelig effect hebben op het vermogen van de Groep om fondsen te werven, alsmede op de financiële toestand en het operationeel resultaat van de Groep • De Groep is verplicht grote hoeveelheden gedetailleerde informatie over haar bedrijfsactiviteiten en financiële toestand te verstrekken aan toezichthoudende en andere bevoegde instanties, wat nog wordt bemoeilijkt door de complexiteit van de rapporteringsketen van de Groep. De toenemende eisen van toezichthoudende en andere bevoegde instanties, zowel voor wat betreft de gedetailleerdheid als de frequentie van rapporteren, vormen een aanzienlijke belasting voor de Groep en brengen het risico met zich mee dat er fouten worden gemaakt, informatie na de deadline wordt verstrekt en dat boetes en andere straffen worden opgelegd. Dit kan een substantieel, nadelig effect hebben op de onderneming, de reputatie, het operationeel resultaat en de financiële toestand van de Groep • Het verbeteren van technische ontwikkelingen kan leiden tot nieuwe en meer gedetailleerde rapportages en controleverplichtingen van de financiële bedrijfstak. Hierdoor kan de Groep gedwongen worden aanzienlijke investeringen te doen en kan de nalevingsplicht een vergrote belasting opleveren, wat een substantieel, nadelig effect kan hebben op de onderneming, het operationeel resultaat en de financiële toestand van de Groep • De Groep wordt geconfronteerd met juridische risico's, wat een substantieel, nadelig effect kan hebben op de onderneming, de financiële toestand, het operationeel resultaat en de vooruitzichten en reputatie van de Groep. Het is steeds moeilijker geworden om op een afdoend niveau wet- en regelgevende voorzieningen te treffen, vanwege de inherent onzekere uitkomsten van schikkingen en gerechtelijke procedures, wat betekent dat de Groep het risico loopt verlies te lijden waarvoor geen of onvoldoende voorzieningen zijn getroffen en die dus een nadelig effect kunnen hebben op de onderneming, de financiële toestand, het operationeel resultaat en de vooruitzichten van de Groep • De Groep kan betrokken worden bij de gerechtelijke procedures inzake Imtech N.V. als gevolg van de betrokkenheid van de Groep als underwriter in de claimemissie van Imtech N.V. in oktober 2014 • Schending van wetgeving die witwassen, omkoping en corruptie tegengaat en internationale sancties kunnen leiden tot het opleggen van boetes en kunnen de reputatie van de Groep aantasten en de onderneming van de Groep verstoren, en resulteren in een substantieel, nadelig effect op de onderneming, de financiële toestand en het operationeel resultaat van de Groep • Beperkingen aan de betaling van provisies en distributievergoedingen kan een verlaging van de provisiebaten tot gevolg hebben en kan een substantieel, nadelig effect hebben op de ondernemingen en het operationeel resultaat van de Groep • De Groep dient stress tests en andere onderzoeken door de toezichthouder te ondergaan. De uitkomst van dergelijke tests kan de bancaire sector of de financiële dienstverleningssector destabiliseren, tot een verlies aan vertrouwen leiden met

		betrekking tot individuele bedrijven of de bancaire sector of de financiële dienstverleningssector als geheel, een substantieel, nadelige invloed hebben op de reputatie en de financieringskosten, en toezichthoudende instanties ertoe bewegen naleving af te dwingen. Stress tests kunnen ook informatie aan het licht brengen die kan leiden tot het opleggen van regelgeving of het nemen van maatregelen door de toezichthouder wat een substantieel, nadelig effect kan hebben op de onderneming, het operationeel resultaat, de winstgevendheid of de reputatie van de Groep • De Groep wordt geconfronteerd met wijzigingen in de normen en beleidsregels voor de financiële verslaglegging zoals IFRS 9, onder andere als gevolg van door de Groep gemaakte keuzes, die een substantieel, nadelig effect kunnen hebben op het gepubliceerde operationeel resultaat en de financiële toestand van de Groep en een overeenkomstig substantieel nadelig effect kunnen hebben op kapitaalratio's • Mocht de Groep in de toekomst staatssteun behoeven, dan kan dat leiden tot verwatering voor Aandeelhouders of Certificaathouders of tot (gehele) waardevermindering van Gewone Aandelen (vertegenwoordigd door Certificaten) • De Groep kan worden geconfronteerd met onvoorziene verplichtingen uit afgeronde of toekomstige overnames en afstotingen, die een substantieel, nadelig effect kunnen hebben op de onderneming, de financiële toestand en het operationeel resultaat van de Groep • De Groep is actief in verschillende jurisdicties en valt onder de belastingwetgeving van die jurisdicties, met inbegrip van de risico's in verband met betwisting van haar fiscale positie • Belastingontduiking of -ontwijking door een klant kan aan de Groep worden toegerekend, wat kan leiden tot aantasting van de reputatie en geldboetes • Vanwege de publieke druk en vermeende schending van wetgeving inzake de bescherming van persoonlijke gegevens kan de Groep in praktische zin worden verhinderd bedrijfsmodellen in te voeren die gebaseerd zijn op de analyse en gebruik van door klanten aangemaakte gegevens **Risico's met betrekking tot de Groeps- en Aandeelhoudersstructuur** • De Groep wordt geconfronteerd met risico's als gevolg van de diverse transacties, gebeurtenissen en herstructureringen die hebben geleid tot haar nieuwe formatie; deze kunnen van invloed zijn op de uitvoering van de strategie van de Groep en een substantieel, nadelig effect hebben op het operationeel resultaat, de vooruitzichten en de financiële toestand van de Groep • De Europese Commissie heeft de Groep bepaalde voorwaarden opgelegd die een beperking vormen voor haar mogelijkheden om bedrijven of activiteiten te verwerven en een substantieel, nadelig invloed kunnen hebben op de concurrentiepositie, het marktaandeel, het operationeel resultaat, de vooruitzichten en de financiële toestand van de Groep • De belangen van NLFI en de Nederlandse Staat kunnen afwijken van de belangen van de Certificaathouders • De Groep, haar activiteiten en haar management kunnen van tijd tot tijd in de publiciteit blijven komen zolang de Nederlandse Staat een indirect economisch belang in de Vennootschap heeft • De Vennootschap is een houdstermaatschappij zonder activiteiten en is afhankelijk van haar Groepsmaatschappijen voor de financiering van haar financiële verplichtingen en de uitkering van dividenden

D.5-D.3	Belangrijkste aan de Aanbieding en de Certificaten verbonden risico's	**Aan de Gewone Aandelen (vertegenwoordigd door Certificaten) verbonden risico's** • De uitkering van toekomstig dividend hangt af van de financiële toestand en het operationeel resultaat van de Groep, de betalingen van de Groepsmaatschappijen aan de Vennootschap, alsmede van het dividendbeleid van de Vennootschap, en valt onder de juridische en wettelijke beperkingen die op de Groep van toepassing zijn • De Vennootschap kan in de toekomst kapitaal willen verwerven door middel van aandelenemissies, waardoor het aandelenbezit of certificatenbezit van beleggers in de Vennootschap kan verwateren • Toekomstige verkopen of de mogelijkheid van toekomstige verkopen van een aanzienlijk aantal Certificaten door NLFI of een uitstel daarvan om regulatoire redenen, kunnen een substantieel, nadelig effect hebben op de marktprijs van de Certificaten • De marktprijs van de Certificaten kan sterk fluctueren en kan substantieel worden aangetast door marktomstandigheden en andere factoren waarop de Groep geen invloed heeft • Houders van Gewone Aandelen (vertegenwoordigd door Certificaten) in het buitenland kunnen wellicht geen voorkeursrechten uitoefenen bij toekomstige aanbiedingen • De invloed van de Aandeelhouders (Certificaathouders) op de samenstelling van de Raad van Commissarissen en de Raad van Bestuur kan, onder meer als gevolg van het Nederlandse structuurregime of de Relatieovereenkomst, afwijken van andere Nederlandse vennootschappen en ook van vennootschappen in andere jurisdicties • De structuur met de Stichting en de Certificaten en de bepalingen in de Statuten kunnen overnamepogingen of veranderingen in de strategie die voor de Aandeelhouders (Certificaathouders) gunstig zouden kunnen zijn, vertragen, ontmoedigen of voorkomen • De vereiste meerderheid bij stemmingen over besluiten van de Algemene Vergadering tot wijziging van de Statuten, voor zover deze wijziging een wijziging van de statutaire naam, de statutaire zetel of het statutair doel van de Vennootschap betreft, en tot goedkeuring van belangrijke transacties is hoog, met als gevolg dat bepaalde voorstellen die de Vennootschap en haar belanghebbenden ten goede zouden komen maar op onvoldoende breed gedragen steun kunnen rekenen, niet worden aangenomen • Op de handel in de Aandelen en/of Certificaten kan een belasting voor financiële transacties van toepassing zijn • Op stortingen op de Aanbieding van Certificaten kan na 2018 een FATCA-belastinginhouding van toepassing zijn **Aan de Aanbieding verbonden risico's** • De Certificaten zijn niet openbaar verhandeld en er bestaat geen garantie dat zich voor de Certificaten een actieve en liquide markt zal ontwikkelen • De Certificaten kunnen onder de Aanbiedingsprijs worden verhandeld en beleggers zouden hun belegging of een deel daarvan kunnen kwijtraken • Indien de afwikkeling van de Aanbieding niet op de Afwikkelingsdatum of helemaal niet plaatsvindt, worden aankopen van de Aangeboden Certificaten niet in aanmerking genomen en kan Euronext Amsterdam N.V. reeds verwerkte transacties annuleren

		• Beleggers met een andere referentievaluta dan de euro lopen wisselkoersrisico's wanneer zij beleggen in de Certificaten
Afdeling E—Aanbieding		
E.1	Netto-opbrengst en geschatte kosten	De Vennootschap zal geen opbrengsten van de Aanbieding ontvangen; de netto opbrengst is bestemd voor de Verkopende Aandeelhouder. De met de Aanbieding verband houdende kosten gemaakt in 2014 en 2015 die door de Vennootschap dienen te worden betaald worden geraamd op EUR 8,8 miljoen (exclusief BTW) en betreffen onder meer de aan de AFM en Euronext Amsterdam verschuldigde vergoedingen, kosten voor goedkeuring door toezichthouders, de vergoedingen voor de accountants van de Vennootschap en juridisch adviseurs, communicatieadviseurs en onafhankelijke financiële adviseurs, administratieve kosten, kosten verschuldigd aan toezichthouders, alsmede publicatiekosten. In aanmerking nemende dat de Underwriters zijn overeengekomen om de Aangeboden Certificaten voor de Aanbiedingsprijs te kopen en afhankelijk van of de Aangeboden Certificaten worden verkocht zoals bepaald in de Underwriting Overeenkomst, mag de Verkopende Aandeelhouder naar zijn eigen en absolute discretie, beslissen om sommige of alle Joint Global Coordinators, Joint Bookrunners en andere Underwriters een gezamelijke discretionaire commissie toe te kennen van een nog nader door de Verkopende Aandeelhouder te bepalen bedrag van maximaal EUR 4.500.000. Noch de Verkopende Aandeelhouder, noch de Vennootschap zal enige andere commissie aan de Underwriters betalen met betrekking tot de Aanbieding. De Verkopende Aandeelhouder heeft er ook mee ingestemd om de Underwriters te vergoeden voor gedocumenteerde kosten en uitgaven die zij hebben gemaakt met betrekking tot pre-deal beleggerseducatie in het kader van de Aanbieding, tot een maximumbedrag.
E.2a	Redenen voor de Aanbieding en bestemming van de opbrengsten	**Achtergrond en Redenen Aanbieding** In oktober 2008 heeft de Nederlandse Staat de Nederlandse activiteiten en bepaalde andere internationale activiteiten van de voormalige ABN AMRO-groep en de voormalige Fortis Bank Nederland (Holding) N.V. genationaliseerd om de financiële stabiliteit te waarborgen. Sinds de nationalisatie heeft de Nederlandse minister van Financiën aangegeven dat het een tijdelijke investering betrof en dat de Vennootschap zo snel als redelijkerwijs mogelijk was weer terug zou keren op de markt als in ieder geval aan de volgende voorwaarden was voldaan: (i) de financiële sector is voldoende stabiel, (ii) er is voldoende interesse in de markt en (iii) de Vennootschap is er klaar voor. Het doel is om zo veel mogelijk van de totale kapitaaluitgaven van de Nederlandse Staat terug te krijgen. De voorwaarden zijn eveneens uiteengezet in het regeerakkoord in oktober 2012. De Nederlandse Staat heeft in de staatssteunprocedure van de Europese Commissie aangegeven dat hij niet voornemens was op de lange termijn in de Vennootschap te blijven investeren. Zoals bepaald in het NLFI exit-advies en in de brief van de minister van Financiën aan de Tweede Kamer in mei 2015, is aan al deze voorwaarden voldaan om van start te gaan met het verkoopproces van de Vennootschap. In het NLFI exit-advies van 23 augustus 2013 werden meerdere exit-opties voor de Vennootschap geanalyseerd en besproken. De minister van Financiën heeft in zijn brief van dezelfde datum aan de Tweede Kamer eveneens zijn mening gegeven over de exit-opties. De exit van de Vennootschap is vervolgens besproken tijdens een parlementaire vergadering in november 2013 en na dit parlementaire debat verzocht de minister van Financiën NLFI en de Vennootschap om zich intern voor te bereiden op een exit met een beursgang als de meest waarschijnlijke optie, maar ook de optie van een strategische verkoop open te houden.

		Zoals de minister van Financiën reeds in het eerste kwartaal van 2015 had verzocht, heeft NLFI zorgvuldig onderzoek gedaan naar en een oordeel gevormd over de verwachte opbrengst van de aanbevolen tweesporenbenadering. NLFI verklaarde in het exit-advies van mei 2015 dat er op dat moment geen sprake was van serieuze interesse bij strategische partners en het potentieel van deze partijen om een redelijke prijs voor een acquisitie te betalen en tegelijkertijd strategische waarde toe te voegen aan de Vennootschap. NLFI adviseerde dat de voorkeur nog steeds uitging naar een beursgang, zoals tevens geconcludeerd door de minister van Financiën in zijn brief aan de Tweede Kamer op 22 mei 2015. Tijdens het daaropvolgende parlementaire debat in juni 2015 ging de Tweede Kamer ook akkoord met de door NLFI voorgestelde exit-strategie. Deze conclusies dienen als basis voor het formele verzoek van de minister van Financiën aan NLFI en de Vennootschap om het verkoopproces te starten door middel van een beursgang. **Het Gebruik van de Opbrengst** NLFI ontvangt de netto-opbrengst van de Aanbieding en - indien de Overtoewijzingsoptie (zoals hieronder gedefinieerd) wordt uitgeoefend - de netto-opbrengst van de verkoop van de Overtoewijzing Certificaten. NLFI betaalt de netto-opbrengst die het ontvangt uit de Aanbieding aan de Nederlandse Staat. Deze opbrengst staat ter vrije beschikking van de Staat. De Vennootschap zal geen opbrengsten van de Aanbieding ontvangen.
E.3	Voorwaarden van de Aanbieding	**Aangeboden Certificaten** Namens de Nederlandse Staat biedt NLFI 188.000.000 Aangeboden Certificaten aan die 188.000.000 Aangeboden Aandelen in het aandelenkapitaal van de Vennootschap vertegenwoordigen. De Aangeboden Certificaten worden door de Stichting in ruil voor de Aangeboden Aandelen uitgegeven en vertegenwoordigen belangen in een corresponderend aantal Aangeboden Aandelen, die door NLFI aan de Stichting worden overgedragen. De Aanbieding bestaat uit een openbare aanbieding aan institutionele en particuliere beleggers in Nederland en een onderhandse plaatsing bij bepaalde institutionele en andere beleggers die kwalificeren onder beschikbare aanbiedingsvrijstellingen in diverse andere jurisdicties. De Aangeboden Certificaten worden aangeboden: (i) in de Verenigde Staten ("**VS**"): aan personen waarvan in redelijkheid kan worden gemeend dat zij "qualified institutional buyers" zijn, zoals gedefinieerd in en op grond van Rule 144A van de US Securities Act of 1933, zoals gewijzigd, en (ii) buiten de VS, waar alle aanbiedingen en verkopen van Aangeboden Certificaten gedaan zullen worden met inachtneming van Regulation S van de US Securities Act. De Aanbieding vindt uitsluitend plaats in die jurisdicties waarin en uitsluitend aan personen aan wie de Aanbieding rechtsgeldig gedaan mag worden. **Overtoewijzingsoptie** De Verkopende Aandeelhouder heeft de Joint Global Coordinators (zoals hierna gedefinieerd), handelend namens de Underwriters (zoals hierna gedefinieerd), een overtoewijzingsoptie (de "**Overtoewijzingsoptie**") toegekend, die binnen 30 kalenderdagen na de eerste handelsdag, die naar verwachting op 20 november 2015 zal zijn (de "**Eerste Handelsdag**"), kan worden uitgeoefend en op grond waarvan de Joint Global Coordinators van de Verkopende Aandeelhouder kunnen eisen dat hij maximaal 28.200.000 Overtoewijzingsaandelen in de vorm van Certificaten, die maximaal 15% van het totaal aantal Aangeboden Certificaten vertegenwoordigen dat verkocht wordt in de Aanbieding (de "**Overtoewijzingsaandelen**"; en de additionele Certificaten die de Overtoewijzingsaandelen vertegenwoordigen de "**Overtoewijzing Certificaten**"), verkoopt

tegen de Aanbiedingsprijs om eventuele short posities te dekken die ontstaan zijn door overtoewijzing in verband met de Aanbieding, of, indien van toepassing, stabilisatietransacties.

Aanbiedingsperiode

Behoudens inkorting of verlenging van het tijdschema voor de Aanbieding, kunnen toekomstige institutionele beleggers zich inschrijven op Aangeboden Certificaten vanaf 9:00 CET op 10 november 2015 tot 14:00 CET op 19 november 2015 en kunnen toekomstige particuliere beleggers zich inschrijven op de Aangeboden Certificaten vanaf 9:00 CET op 10 november 2015 tot 17:30 CET op 18 november 2015 (de "**Aanbiedingsperiode**"). In geval van een inkorting of verlenging van de Aanbiedingsperiode, mogen de prijs, toewijzing, toelating en eerste verhandeling van de Aangeboden Certificaten, alsook betaling (in euro's) voor en levering van de Aangeboden Certificaten evenredig worden ingekort of verlengd. Indien een belangrijke nieuwe factor, een materiële fout of onjuistheid die verband houdt met de informatie in dit Prospectus zich voor de afwikkelingsdatum, die naar verwachting op 24 november 2015 zal zijn (de "**Afwikkelingsdatum**") voordoet of wordt opgemerkt die de beoordeling van de Aangeboden Certificaten kan beïnvloeden, wordt een supplement voor het Prospectus uitgegeven, kan de Aanbiedingsperiode worden verlengd, en mogen investeerders die reeds hebben toegezegd Aangeboden Certificaten te kopen hun inschrijvingen binnen twee werkdagen na publicatie van het supplement intrekken.

Aanbiedingsprijs en Aantal Aangeboden Certificaten

De prijs van de Aangeboden Certificaten (de "**Aanbiedingsprijs**") zal naar verwachting liggen tussen en (inclusief) EUR 16,00 en EUR 20,00 per Aangeboden Certificaat (de "**Bandbreedte van de Aanbiedingsprijs**"), per datum van het Prospectus. De Bandbreedte van de Aanbiedingsprijs is een indicatieve bandbreedte. De Aanbiedingsprijs kan hoger of lager dan de Bandbreedte van de Aanbiedingsprijs worden gesteld. De Aanbiedingsprijs en het daadwerkelijke aantal Aangeboden Certificaten dat wordt aangeboden zal worden bepaald door de Verkopende Aandeelhouder (hetgeen onderworpen is aan de goedkeuring van de Nederlandse minister van Financiën), nadat de Aanbiedingsperiode voorbij is met inachtneming van eventuele inkorting of verlenging daarvan, op basis van de resultaten van het *book building* proces en met inachtneming van economische en marktfactoren, een kwalitatieve en kwantitatieve beoordeling van de vraag naar de Aangeboden Certificaten en overige toepasselijk geachte factoren. De Aanbiedingsprijs, het daadwerkelijke aantal te verkopen Aangeboden Certificaten en het maximum aantal Overtoewijzingsaandelen worden vermeld in een *pricing statement* die wordt bekendgemaakt in een persbericht dat tevens wordt gepubliceerd op de website van de Vennootschap en wordt ingediend bij de Stichting Autoriteit Financiële Markten (de "**AFM**").

Voordat de toewijzing wordt uitgevoerd, kan het aantal Aangeboden Certificaten worden verhoogd of verlaagd, en kan de Bandbreedte van de Aanbiedingsprijs worden gewijzigd. Enige verandering van de Bandbreedte van de Aanbiedingsprijs op de laatste dag van de Aanbiedingsperiode zal resulteren in een verlenging van de Aanbiedingsperiode met ten minste twee werkdagen; enige verandering van de Bandbreedte van de Aanbiedingsprijs op de voorlaatste dag van de Aanbiedingsperiode zal resulteren in een verlenging van de Aanbiedingsperiode met ten minste één werkdag. In dit geval, en indien de Aanbiedingsperiode voor Nederlandse particuliere beleggers (zoals hierna gedefinieerd) al gesloten zou zijn, dan zal de Aanbiedingsperiode voor deze Nederlandse particuliere beleggers worden heropend. Dientengevolge hebben alle beleggers, met inbegrip van Nederlandse particuliere beleggers ten minste twee werkdagen om hun inschrijvingen te heroverwegen. Iedere verandering van deze aard in het aantal Aangeboden Certificaten en/of

		de Bandbreedte van de Aanbiedingsprijs wordt aangekondigd in een persbericht dat ook op de website van de Vennootschap zal worden gepubliceerd. In het geval dat het aantal Aangeboden Certificaten wordt gewijzigd, moeten verwijzingen naar Aangeboden Certificaten in het Prospectus worden gelezen als verwijzingen naar het gewijzigde aantal Aangeboden Certificaten, en verwijzingen naar Overtoewijzingsaandelen en Overtoewijzing Certificaten moeten worden gelezen als verwijzingen naar respectievelijk het gewijzigde aantal Overtoewijzingsaandelen en het gewijzigde aantal Overtoewijzing Certificaten. **Toewijzing** Toewijzing van de Aangeboden Certificaten vindt naar verwachting plaats na afloop van de Aanbiedingsperiode, op of omstreeks 19 november 2015, behoudens eventuele inkorting of verlenging van het tijdschema voor de Aanbieding. Toewijzing van de Aangeboden Certificaten aan investeerders wordt door de Verkopende Aandeelhouder bepaald na overleg met de Vennootschap en op basis van aanbevelingen van de Joint Global Coordinators. De Verkopende Aandeelhouder dient op haar beurt toestemming van de Nederlandse minister van Financiën te hebben voor toewijzing, van welk goedkeuringsrecht de Nederlandse minister van Financiën kan afzien. Behoudens de algemene doelstelling van het bereiken van een institutionele beleggersbasis met een geschikte mix van institutionele beleggers (gelet op type, stijl en geografische locatie) en een ordelijke secundaire markt in Certificaten, zullen in het toewijzingsproces de inschrijvingen van institutionele beleggers met, onder andere, de volgende karakteristieken in sterke mate in overweging worden genomen: de tijdigheid van de inschrijving van orders, prijsleiderschap, consistentie van de order grootte gedurende het proces en interesse in de Vennootschap, en de mate van detail en kwaliteit van de terugkoppeling (inclusief gedetailleerde inzichten) op de waardering van de Vennootschap. Toewijzing aan beleggers die hebben aangegeven te willen inschrijven op Aangeboden Certificaten geschiedt op systematische basis met gebruikmaking van zowel kwantitatieve als kwalitatieve maatregelen van de bovenstaande criteria. Niettemin, behoudt de Verkopende Aandeelhouder (onderworpen aan de goedkeuring van de Nederlandse minister van Financiën) zich het recht voor om volledige discretie bij het wel of niet en hoe toewijzen van de Aangeboden Certificaten uit te oefenen. Er is geen minimum of maximum aantal Aangeboden Certificaten waarop toekomstige beleggers kunnen inschrijven en het is toegestaan om meerdere (aanvragen voor) inschrijvingen in te dienen. Ingeval op meer Certificaten wordt ingeschreven dan Certificaten worden aangeboden, kunnen beleggers minder Aangeboden Certificaten ontvangen dan waarop zij ingeschreven hebben. De Verkopende Aandeelhouder, de Vennootschap en de Joint Global Coordinators kunnen - naar eigen inzicht en zonder opgave van redenen hiervoor - inschrijvingen geheel of gedeeltelijk afwijzen zelfs als aan een of meer van bovenstaande criteria is voldaan. Enige gelden die zijn ontvangen naar aanleiding van inschrijvingen die geheel of gedeeltelijk zijn afgewezen, worden zonder rente en voor risico van de investeerders aan hen geretourneerd. De Joint Global Coordinators brengen de investeerders op de hoogte als Aangeboden Certificaten aan hen zijn toegewezen. **Preferente toewijzing aan particuliere beleggers** Er zal een preferente toewijzing plaatsvinden voor in aanmerking komende particuliere beleggers in Nederland (een "**Nederlandse particuliere belegger**") van Aangeboden Certificaten, in overeenstemming met de toepasselijke wet- en regelgeving (de "**Preferente toewijzing aan particuliere beleggers**"). Aan elke Nederlandse particuliere belegger worden, in beginsel, de eerste 250

		Aangeboden Certificaten (of minder) toegewezen waarop hij heeft ingeschreven. Indien het totaal aantal Aangeboden Certificaten waarvoor Nederlandse particuliere beleggers zich hebben ingeschreven onder de Preferente toewijzing aan particuliere beleggers meer zou zijn dan 10% van het totaal aantal Aangeboden Certificaten, ervan uitgaand dat de Overtoewijzingsoptie niet wordt uitgeoefend, dan kan de Preferente toewijzing aan iedere Nederlandse particuliere belegger pro rata worden verlaagd tot minder dan de eerste 250 Aangeboden Certificaten (of minder) waarvoor een dergelijke belegger zich heeft ingeschreven. Dit houdt in dat aan Nederlandse particuliere beleggers mogelijk niet alle 250 Aangeboden Certificaten (of minder) waarop zij hebben ingeschreven worden toegewezen. Het exacte aantal Aangeboden Certificaten dat wordt toegewezen aan Nederlandse particuliere beleggers wordt vastgesteld na afloop van de Aanbiedingsperiode. De Preferente toewijzing aan particuliere beleggers wordt enkel gedaan met betrekking tot Aangeboden Certificaten die tot 10% van het totaal aantal Aangeboden Certificaten bedragen, waarbij de Overtoewijzing Certificaten niet zijn meegenomen. De Verkopende Aandeelhouder heeft, na overleg met de Vennootschap en na aanbevelingen van de Joint Global Coordinators, volledige discretie met betrekking tot het al dan niet en de wijze van toewijzen van het restant van de Aangeboden Certificaten waarvoor is ingeschreven (*d.w.z.*, het aantal Aangeboden Certificaten waarvoor is ingeschreven dat 250 Aangeboden Certificaten te boven gaat), inclusief het in totaal toewijzen van Aangeboden Certificaten aan Nederlandse particuliere beleggers van meer dan 10% van het totaal aantal Aangeboden Certificaten, ervan uitgaande dat de Overtoewijzingsoptie niet wordt uitgeoefend. Nederlandse particuliere beleggers kunnen enkel inschrijven op basis van een "bestens" order. Dit betekent dat Nederlandse particuliere beleggers verplicht zijn tot koop en betaling van Aangeboden Certificaten zoals vermeld in hun aanvraag, voor zover deze aan hen zijn toegewezen, voor de Aanbiedingsprijs, zelfs als de Bandbreedte van de Aanbiedingsprijs is veranderd. Nederlandse particuliere beleggers hebben het recht hun aanvraag te annuleren of aan te passen bij de financiële tussenpersoon waar de aanvraag in de eerste plaats was ingediend ten allen tijde voor het einde van de Aanbiedingsperiode voor Nederlandse particuliere beleggers (indien van toepassing, zoals aangepast of verlengd), voor welke reden dan ook, inclusief een aanpassing van de Bandbreedte van de Aanbiedingsprijs naar boven. Nederlandse particuliere beleggers kunnen hun inschrijving indienen via hun eigen financiële tussenpersoon. De financiële tussenpersoon zal verantwoordelijk zijn voor het verzamelen van inschrijvingen van Nederlandse particuliere beleggers en het indienen van hun inschrijvingen bij ABN AMRO Bank als de retail coordinator (de "**Retail Coordinator**"). De Retail Coordinator bundelt alle inschrijvingen van Nederlandse particuliere beleggers die door financiële tussenpersonen ingediend zijn op een geagregeerde basis en stelt de Joint Global Coordinators, de Vennootschap en de verkopende Aandeelhouder daarvan in kennis. Alle kwesties met betrekking tot de tijdigheid, geldigheid en vorm van instructies aan een financiële tussenpersoon met betrekking tot de koop van Aangeboden Certificaten, zullen worden vastgesteld door de financiële tussenpersonen in overeenstemming met hun gebruikelijke procedures of anderszins zoals medegedeeld aan de Nederlandse particuliere beleggers. De Vennootschap, de Stichting en de Verkopende Aandeelhouder zijn niet aansprakelijk voor enige handelen of nalaten door een financiële tussenpersoon in verband met enige inschrijving, koop, of vermeende aankoop, van Aangeboden Certificaten. Om in aanmerking te komen voor Preferente toewijzing aan particuliere beleggers, moeten Nederlandse particuliere beleggers hun inschrijving indienen tussen 9:00 CET op 10 november 2015 en

		17:30 CET op 18 november 2015 via financiële tussenpersonen. Financiële tussenpersonen kunnen verschillende deadlines toepassen voor de inschrijving voor het einde van de Aanbiedingsperiode. **Betaling** Het voor de Aangeboden Certificaten verschuldigde bedrag, en het bedrag voor de Overtoewijzing Certificaten krachtens de Overtoewijzingsoptie, als een dergelijke optie is uitgeoefend voor de Afwikkelingsdatum, dient naar verwachting te worden voldaan (in euro's) op de Afwikkelingsdatum. Mogelijke verschuldigde belastingen en kosten zijn voor rekening van de belegger. De Aanbiedingsprijs dient op of voor de Afwikkelingsdatum (of eerder ingeval de Aanbiedingsperiode eerder sluit en vaststelling van de prijs en toewijzing worden vervroegd en de handel en afwikkeling eerder begint) te worden voldaan in euro's in liquide middelen. **Levering van de Certificaten** De Aangeboden Certificaten worden giraal geleverd met gebruikmaking van de faciliteiten van het Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. Er is een aanvraag ingediend voor de clearance van de Aangeboden Certificaten via inschrijving in het register van Euroclear Nederland. Indien de afwikkeling niet zoals gepland plaatsvindt op de Afwikkelingsdatum, of helemaal niet plaatsvindt, kan de Aanbieding worden ingetrokken. In dat geval worden alle inschrijvingen op Aangeboden Certificaten als niet gedaan beschouwd, worden alle toewijzingen geacht niet te hebben plaatsgevonden en worden eventueel bij de inschrijving betaalde gelden geretourneerd, zonder rente of andere vergoeding. Alle handel in Certificaten voorafgaand aan de afwikkeling vindt plaats voor het uitsluitende risico van de betrokken partijen. Noch de Vennootschap, de Verkopende Aandeelhouder, de Stichting, de Underwriters, Noteringsagent en betaalkantoor (zoals hieronder gedefinieerd), N M Rothschild & Sons Limited (die optreedt als financieel adviseur voor de Verkopende Aandeelhouder met betrekking tot de Aanbieding) en Lazard & Co. (die optreedt als financieel adviseur voor de Vennootschap met betrekking tot de Aanbieding) (Rothschild en Lazard & Co., Limited, hierna gezamenlijk aan te duiden als de "**Financiële Adviseurs**"), noch Euronext Amsterdam N.V. accepteren enige verantwoordelijkheid of aansprakelijkheid voor enig verlies ontstaan bij enig persoon door een intrekking van de Aanbieding of de daaraan verbonden vernietiging van transacties met betrekking tot Aangeboden op Euronext Amsterdam. **Underwriting Overeenkomst** De Vennootschap, de Verkopende Aandeelhouder en de Joint Global Coordinators (namens zichzelf en de andere Underwriters (zoals hierna gedefinieerd)) zijn op of omstreeks 10 november 2015 een underwriting overeenkomst aangegaan met betrekking tot de aanbieding en de verkoop van de Aangeboden Certificaten (de "**Underwriting Overeenkomst**"). Onder de in de Underwriting Overeenkomst vermelde voorwaarden gaat de Verkopende Aandeelhouder akkoord met het overdragen van de Aangeboden Aandelen waarvoor de Aangeboden Certificaten zullen worden uitgegeven aan de Stichting, die de Aangeboden Certificaten op zijn beurt aan de Verkopende Aandeelhouder zal aanbieden. Iedere Underwriter is afzonderlijk (en niet gezamenlijk of hoofdelijk) overeengekomen de hieronder vermelde hoeveelheid Aangeboden Certificaten tegen de Aanbiedingsprijs te kopen of te laten kopen door een van met hen verbonden ondernemingen. In de Underwriting Overeenkomst geven de Vennootschap en de Verkopende Aandeelhouder bepaalde garanties. Daarnaast zal de Vennootschap de Underwriters vrijwaren tegen bepaalde aansprakelijkheden die verband houden met de Aanbieding.

De verplichtingen van de Underwriters onder de Underwriting Overeenkomst zijn onderhevig aan de nakoming of de discretionaire bevoegdheid van de Underwriters om afstand te doen van een aantal voorwaarden ten behoeve van de Underwriters, met inbegrip van (doch niet uitsluitend) (i) de afwezigheid van enige substantiële, nadelige verandering in de werkzaamheden van de Groep, (ii) het ontvangen van opinies over bepaalde juridische zaken van juridische adviseurs van de Vennootschap en de Underwriters, (iii) de tenuitvoerlegging en het onverminderd van kracht zijn van documenten die verband houden met de Aanbieding, (iv) het akkoord gaan met de prijszettingsovereenkomst tussen de Vennootschap, de Stichting en de Joint Global Coordinators (handelend namens de Underwriters) met de verwachte datum 19 november 2015, (v) de toelating tot de notering van en de handel in de Aangeboden Certificaten en de Overtoewijzing Certificaten op Euronext Amsterdam, en (vi) bepaalde andere gebruikelijke closing voorwaarden. De Underwriters hebben het recht af te zien van het voldoen aan dergelijke voorwaarden of een deel ervan.

Indien een bepaalde situatie zich voordoet, zoals opschortende voorwaarden waar niet aan wordt voldaan of waar geen afstand van wordt gedaan, hebben de Underwriters het recht de Underwriting Overeenkomst te beëindigen.

Joint Global Coordinators en Joint Bookrunners

ABN AMRO Bank N.V. ("**ABN AMRO Bank**"), Deutsche Bank AG, London Branch en Morgan Stanley & Co. International plc treden op als joint global coordinators (in deze en elke andere hoedanigheid, de "**Joint Global Coordinators**") en gezamenlijk met Barclays Bank PLC, Citigroup Global Markets Limited, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., ING Bank N.V., J.P. Morgan Securities plc en Merrill Lynch International, als de joint bookrunners voor de Aanbieding (de "**Joint Bookrunners**").

Co-Lead Managers

RBC Europe Limted (handelend onder de naam RBC Capital Markets) and Stifel Nicolaus Europe Limited (handelend onder de naam Keefe, Bruyette & Woods treden op als co-lead managers voor de Aanbieding (de "**Co-Lead Managers**").

Underwriters

De Joint Global Coordinators, de Joint Bookrunners en de Co-Lead Managers vormen gezamenlijk de underwriters (de "**Underwriters**").

Noteringsagent en betaalkantoor

ABN AMRO Bank N.V. treedt op als noteringsagent en betaalkantoor met betrekking tot de notering van de Aangeboden Certificaten en Overtoewijzing Certificaten aan Euronext Amsterdam.

Retail Coordinator

ABN AMRO Bank N.V. treedt op als Retail Coordinator met betrekking tot de Preferente toewijzing aan particuliere beleggers.

Stabilisatie Agent

Morgan Stanley & Co. International plc treedt op als stabilisatie agent (de "**Stabilisatie agent**") met betrekking tot de notering van de Aangeboden Certificaten en Overtoewijzing Certificaten aan Euronext Amsterdam.

Toepasselijk Recht en Bevoegd Gerecht

Op het Prospectus en de Aanbieding is Nederlands Recht van toepassing. Alle geschillen die ontstaan in verband met het Prospectus en de Aanbieding zijn onderworpen aan de non-exclusieve bevoegdheid van de rechtbank te Amsterdam, Nederland.

E.4	Materiële belangen bij de Aanbieding (waaronder begrepen tegenstrijdige belangen)	De Underwriters en de Financiële Adviseurs (en/of met hen verbonden ondernemingen) zijn van tijd tot tijd betrokken geweest, en zouden dat in de toekomst weer kunnen zijn, bij het verlenen van verschillende commerciële bankdiensten, investeringsbankdiensten en financieel advies of andere diensten in de normale uitoefening van hun bedrijfsvoering aan de Groep (of enige aan de Groep verbonden partijen), waarvoor zij gebruikelijke compensatie, honoraria en/of provisie hebben ontvangen of zullen ontvangen. In de toekomst zouden de Underwriters en met hen verbonden ondernemingen dergelijke diensten kunnen verzorgen voor de Groep en de Groepsmaatschappijen. Deze diensten kunnen omvatten, zonder beperking, de uitgifte of het creëren van en de handel in effecten en financiële producten van de Groep, het optreden met Groepsmaatschappijen in syndicaten voor de aanbieding van obligaties of aandelen, het verlenen van investeringsbankdiensten, commerciële bankdiensten of financieringsdiensten met of aan de Groep, krediet- en tariefstromen met Groepsmaatschappijen, het opzetten van financieringsconstructies voor effectentransacties, het verlenen aan Groepsmaatschappijen van diensten voor binnenlands betalingsverkeer, het aanhouden van rekeningen voor het liquiditeitsbeheer van de Groepsmaatschappijen, het verlenen van *treasury* diensten zoals repo, financiering van financiële instrumenten en portfoliobeheer voor liquiditeitsbeheer en het verlenen van trading diensten, zoals voor kredieten, tarieven en wisselkoersen, diensten met betrekking tot effecten en certificaten van deposito's en de verkoop van vastrentende en staatsobligaties. Bovendien kunnen de Underwriters en de Groep in dezelfde lopende of dreigende rechtszaken betrokken worden. Daarnaast houden de Underwriters en de Financiële Adviseurs en/of met hen verbonden ondernemingen in hun normale bedrijfsuitvoering, nu, in het verleden, of mogelijkerwijs in de toekomst, een breed scala aan investeringen en verhandelen zij op actieve wijze schuldbewijzen en aandelen (of aanverwante derivaten) en financiële instrumenten (inclusief bankkrediet) van de Groep voor hun eigen rekening en voor de rekeningen van hun klanten met inbegrip van financiële instrumenten van de Groep waarvan de Underwriters de daaraan verbonden zeggenschap uit kunnen oefenen in opdracht van derden. De Underwriters en de Financiële Adviseurs en de met hun verbonden ondernemingen kunnen ook beleggingsaanbevelingen doen en/of onafhankelijke onderzoeksstandpunten over effecten en/of financiële instrumenten van de Vennootschap, met haar verbonden ondernemingen en/of met de Verkopende Aandeelhouder verbonden ondernemingen publiceren of uitdragen. Daarnaast kunnen zij long en/of short posities in dergelijke effecten en instrumenten innemen, of hun klanten aanraden dit te doen. Ter zake van het bovenstaande is het delen van informatie grotendeels beperkt om vertrouwelijkheidsredenen, door interne procedures of door toepasselijke regels en reglementen (inclusief de regels en reglementen die door de AFM zijn uitgevaardigd). Door deze transacties hebben deze partijen mogelijk belangen die wellicht niet kunnen worden gelijkgetrokken of die strijdig kunnen zijn met de belangen van houders van Certificaten, of met de belangen van de Groep. Daarnaast is ABN AMRO Bank, een dochtervennootschap van de Groep, die als een Joint Global Coordinator in deze Aanbieding als underwriter zal optreden en Aangeboden Certificaten zal kopen voor initiële distributie aan beleggers en mogelijk belangen heeft die niet afgestemd kunnen worden met of die strijdig kunnen zijn met de belangen van de rest van de Groep. In verband met de Aanbieding kunnen alle Underwriters en met hen verbonden ondernemingen, in hun rol als investeerder voor hun eigen rekening, Aangeboden Certificaten opnemen in de Aanbieding en in die hoedanigheid dergelijke effecten en Aangeboden Certificaten of gerelateerde beleggingen voor eigen rekening aanhouden, kopen of verkopen en dergelijke Aangeboden Certificaten of andere beleggingen aanbieden of verkopen anders dan in verband met de

		Aanbieding. Derhalve dienen verwijzingen in het Prospectus naar Aangeboden Certificaten die worden aangeboden of geplaatst te worden gelezen als inclusief een aanbieding of plaatsing van Aangeboden Certificaten aan elk van de Underwriters of met hen verbonden ondernemingen die in die hoedanigheid handelen. Daarnaast kunnen een aantal Underwriters of met hen verbonden ondernemingen financieringsregelingen aangaan (inclusief swaps) met investeerders die verband houden met de praktijk dat dergelijke Joint Global Coordinators (of met hen verbonden ondernemingen) van tijd tot tijd Certificaten verwerven, houden of vervreemden. Geen van de Underwriters is van plan de omvang van een dergelijke investering of transactie te onthullen tenzij dit geboden is conform een wettelijke of regelgevende verplichting. Door te handelen in de hierboven beschreven hoedanigheden, kunnen de Underwriters belangen hebben die niet kunnen worden afgestemd of die mogelijk strijdig zijn met de belangen van investeerders en van de Groep.
E.5	Persoon of entiteit die de Aangeboden Certificaten aanbiedt en lock-up afspraken	**Lock-up van de Vennootschap** Met uitzondering van de in de volgende alinea beschreven gevallen, heeft de Vennootschap in verband met de Aanbieding afgesproken dat zij, gedurende de periode vanaf de datum van de Underwriting Overeenkomst tot 180 dagen na de Afwikkelingsdatum, zich, zonder de voorafgaande toestemming van de Joint Global Coordinators (handelend namens de Underwriters), welke voorafgaande toestemming niet op onredelijke gronden zal worden onthouden, (i) zal onthouden van het aanbieden, verpanden, verkopen, opdracht geven tot verkoop, verkopen van enige optie of overeenkomt tot aankoop, aankoop van enige optie of overeenkomt tot verkoop, verlenen van een optie, een recht of warrant tot koop, lenen of anderszins overdragen of vervreemden, direct of indirect, van enige Aandelen of enige effecten die kunnen worden omgezet in of die uitoefenbaar of inwisselbaar zijn voor Aandelen (inclusief Certificaten), en (ii) zal onthouden van het aangaan van een swap of een andere regeling die economische gevolgen van het eigendom van Certificaten of Aandelen in zijn geheel of gedeeltelijk aan een ander overdraagt, ongeacht de wijze van afwikkeling van een in paragraaf (i) of (ii) beschreven transactie zoals door middel van levering van Certificaten, Aandelen of andere effecten, in geld of anderszins. De vorige zin is niet van toepassing: (i) in de context van enige op de Vennootschap of haar dochterondernemingen van toepassing zijnde werknemers bezoldiging-, incentive- of spaarplan; (ii) op enige uitgifte ten behoeve van de overname van een vennootschap of onderneming; (iii) in geval van uitwinning van zekerheidsrechten in de normale bedrijfsvoering met betrekking tot de portefeuilles van klanten indien dergelijke klantenportefeuilles Certificaten bevatten; (iv) indien een Bevoegde Autoriteit van de Vennootschap verlangt dat zij herkapitaliseert op basis van onder meer Richtlijn 2013/36/EU, Verordening (EU) Nr. 575/2013, Richtlijn 2014/59/EU, of Verordening (EU) 806/2014, indien van toepassing zoals geïmplementeerd in de Nederlandse wetgeving, of als van de Vennootschap wordt verlangd dat zij de nodige maatregelen neemt om schending van vereisten van Richtlijn 2013/36/EU of Verordening (EU) Nr. 575/2013 aan te pakken of om bewijs voor de verwachte schending van enige eisen van Richtlijn 2013/36/EU of Verordening (EU) Nr. 575/2013 door de Vennootschap aan te pakken; en (v) als van de Vennootschap verlangd wordt dat zij maatregelen neemt om kapitaal aan te trekken zodat staatssteun verenigbaar kan worden verklaard op basis van Artikel 107 (3) van het Verdrag betreffende de Werking van de Europese Unie. **Lock-up van de Verkopende Aandeelhouder** Met uitzondering van de in de volgende alinea beschreven gevallen, heeft de Verkopende Aandeelhouder in verband met de Aanbieding afgesproken dat zij, gedurende de periode vanaf de datum van de

		Underwriting Overeenkomst tot 180 dagen na de Afwikkelingsdatum, zich, zonder de voorafgaande toestemming van de Joint Global Coordinators (handelend namens de Underwriters), welke voorafgaande toestemming niet op onredelijke gronden zal worden onthouden, (i) zal onthouden van het aanbieden, verpanden, verkopen, opdracht geven tot verkoop, verkopen van enige optie of overeenkomst tot aankoop, aankoop van enige optie of overeenkomst tot verkoop, verlenen van een optie, recht of garantie tot aankoop, lenen, ervoor zorgen dat de Vennootschap moet uitgeven, of anderszins overdragen of vervreemden, direct of indirect, van enige Aandelen of enige effecten die kunnen worden omgezet in of die uitoefenbaar of inwisselbaar zijn voor Aandelen (inclusief Certificaten), en (ii) zich onthouden van het aangaan van een swap of het maken van een andere regeling die economische gevolgen van het eigendom van Certificaten of Aandelen in zijn geheel of gedeeltelijk aan een ander overdraagt, ongeacht de wijze van afwikkeling van een in paragraaf (i) of (ii) beschreven transactie zoals door middel van levering van Certificaten, Aandelen of andere effecten, in geld of anderszins. De vorige zin is niet van toepassing op: (i) de verkoop van Aangeboden Certificaten krachtens de Underwriting Overeenkomst; (ii) het lenen van Certificaten volgens de Certificaatleenovereenkomst met een verwachte datum van of rond 19 november 2015; (iii) de overdracht van Certificaten door de Verkopende Aandeelhouder aan een met hem verbonden onderneming of de Nederlandse Staat, mits de ontvangende partij de Joint Global Coordinators toezeggingen biedt die gelijkstaan aan wat hierboven beschreven is; (iv) de verkoop, overdracht of andere vervreemding van Certificaten of Aandelen in het kapitaal van de Vennootschap door het aanvaarden van een openbaar overnamebod, fusie of vergelijkbare zakelijke combinatie met een derde ter zake van alle uitgegeven Certificaten of Aandelen of bij wijze van aanvaarding van een gedeeltelijke openbare overname voor zover toegestaan volgens de Nederlandse wetgeving; en (v) de verkoop of vervreemding van Certificaten of Aandelen, indien wettelijk vereist of door een bevoegde autoriteit vereist.
E.6	Verwatering	Niet van toepassing.
E.7	Geraamde kosten die de Vennootschap of de Verkopende Aandeelhouder aan de beleggers in rekening brengt	Niet van toepassing. De Vennootschap en de Verkopende Aandeelhouder brengen de beleggers geen kosten in rekening in verband met de Aanbieding.

RISK FACTORS

*Before investing in the (DRs representing) Ordinary Shares, prospective investors should carefully consider the risks and uncertainties described below, together with the other information contained or incorporated by reference in this Prospectus. The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, could have a material adverse effect on the group (within the meaning of Section 2:24b of the Dutch Civil Code (Burgerlijk Wetboek) (the "**DCC**") to which the Company belongs (the "**Group**"; for purposes of the Company's financial reporting "Group" shall be determined in accordance with International Financial Reporting Standard 10 as adopted by the European Union)), its business, results of operations, financial condition and prospects. In that event, the value of the (DRs representing) Ordinary Shares could decline and an investor might lose part or all of his investment.*

All of these risk factors and events are contingencies which may or may not occur. The Group may face a number of these risks described below simultaneously and one or more risks described below may be interdependent. Neither the numbering, which has been included to aid prospective investors when risk factors are referenced in other chapters of this Prospectus, nor the order in which risks are presented is necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the business, results of operations, financial condition and prospects of the Group. The Group determines on the basis of applicable accounting principles whether or not it needs to form a provision for threatened or ongoing proceedings. Unless mention is made of a provision having been formed, no provisions have been formed for threatened or pending proceedings described in this section.

The risk factors are based on assumptions that could turn out to be incorrect. Furthermore, although the Group believes that the risks and uncertainties described below are the material risks and uncertainties concerning the Group's business and the (DRs representing) Ordinary Shares, they are not the only risks and uncertainties relating to the Group and the (DRs representing) Ordinary Shares. Other risks, facts or circumstances not presently known to the Group, or that the Group currently deems to be immaterial could, individually or cumulatively, prove to be important and could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. The value of the (DRs representing) Ordinary Shares could decline as a result of the occurrence of any such risks, facts or circumstances or as a result of the events or circumstances described in these risk factors, and investors could lose part or all of their investment.

Prospective investors should carefully read and review the entire Prospectus and should form their own views before making an investment decision with respect to any (DRs representing) Ordinary Shares. Furthermore, before making an investment decision with respect to any (DRs representing) Ordinary Shares, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and/or tax advisers and carefully review the risks associated with an investment in the (DRs representing) Ordinary Shares and consider such an investment decision in light of their personal circumstances.

1. Risks Relating to the Group's Business

GENERAL ECONOMY AND FINANCIAL STABILITY

1. Conditions in the Dutch, European and global economies and future economic prospects for these regions may materially and adversely affect the Group's business, financial condition, results of operations and prospects

The Group's business and performance are affected by Dutch, European and global economic conditions and future economic prospects for these regions, particularly in the Netherlands in which the Group's earnings are predominantly generated. Weak macroeconomic conditions, recession, the implementation of austerity measures, along with global financial market turmoil and volatility, such as experienced in the recent financial crisis, have affected and may continue to affect the Group's business, the activity level and behaviour of the Group's clients, as well as the Group's financial performance and profitability. External economic factors have in the past also affected and may continue to affect the Group. These factors include unemployment levels, consumer and government spending levels, government monetary and fiscal policies, inflation rates, credit spreads, currency exchange rates, the availability and cost of capital, market indices, investor sentiment and confidence in the financial markets, consumer confidence, the liquidity in financial markets, the level and volatility of equity prices, commodity prices and interest rates, real estate prices, and changes in client behaviour. All of these factors are impacted by changes in financial markets and developments in the Dutch, European and global economies. Furthermore, other factors or events may affect the Dutch, European and global economic conditions, such as the exit of countries from the Eurozone, such as Greece, and the United Kingdom from the European Union, a sharp slowdown in China, a negative market reaction to (stronger than expected) interest rate increases by the United States Federal Reserve, heightened geopolitical tensions, war, acts of terrorism, natural disasters or other similar events outside the Group's control.

Dutch GDP showed declines through 2012 and 2013, limited growth in 2014 and an acceleration of more than 2.4% year-on-year in the first six months of 2015. Reduced private consumer spending, lower household purchasing power, relatively high unemployment, pension and housing market reforms and a lack of business investment contributed to GDP development in the Netherlands lagging behind the average of the Eurozone in the period 2012-2013. These factors have resulted in a reduced demand for financial products and services, a deterioration in asset quality of the Group and increases in loan impairment charges until 2013. A market downturn or a worsening of the Dutch, European or global economies may materially and adversely affect the value of the Group's assets, the ability of its clients or counterparties to meet financial obligations and could cause the Group's loan impairment charges to rise, reduce the Group's fee and commission income or cause the Group to incur further marked-to-market losses. Economic circumstances, reduced and changed demand for financial products, financial market tensions or other effects can affect the Group's ability to raise funding and capital, could exacerbate the challenges the Group is facing and could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's business and performance can be adversely affected by changes in interest rates and yield curve developments (see "—15. Changes in interest rates and foreign exchange rates may materially and adversely affect the Group's business, financial condition, results of operations and cash flows"). Quantitative easing is exerting downward pressure on interest rates and yield curves, which may impact the interest rate margin of the Group. A prolonged period of flatter than usual interest rate yield curves and negative interest rates could in particular have a material adverse effect on the business model of the Group, for example because the Group is not able to timely adjust its rates on deposits, which may have a material adverse effect on the Group's net interest margin (see "—37. A number of events and factors related to the pricing of the Group's products, some such as sustained low and even negative interest rates applying to the industry as a whole and some specific to the Group, may materially and adversely affect its profitability and financial condition"). In addition, a prolonged period of low inflation or deflation could materially and adversely affect client behaviour, lead to client (deposit) outflows and therefore impact the Group's financial condition and results of operations. Alternatively, a stronger than expected rise in interest rates, for example on the back of expectations of increases in the Federal Reserve's interest rate policy in the US or the eventual discontinuation of quantitative easing in the Eurozone, could adversely affect the economic outlook, which could also affect the Group's business performance.

Therefore, conditions in the Dutch, European and global economies may materially and adversely affect the Group's banking, capital and funding activities and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2. *Disruptions, dislocations, structural challenges and market volatility in financial markets could materially and adversely affect the Group's banking and funding activities and could materially and adversely affect the Group's business, financial condition, results of operations and prospects*

Financial markets can experience, sometimes sustained, periods of unpredictable movements, severe dislocations, liquidity disruptions and economic shocks.

These market conditions could lead to volatility in the Group's profitability and in (the composition of) its balance sheet caused by price changes and changes in the demand for some of the Group's banking services and products. Such conditions could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. These market conditions may also impede the Group's ability to sufficiently and timely raise funding and capital. This could result in, among other things, a delay in raising funding or capital, the issuance of capital and funding of different types or under different terms than otherwise would have been issued or realised, or the incurrence of additional or increased funding and capital costs compared to the costs borne in a more stable market environment. Furthermore the Group's hedging and other risk management strategies, such as balance sheet steering and interest rate management, may not be as effective at mitigating risks as such strategies would be under more normal market conditions. This could potentially lead to a decrease of the Group's profitability, financial condition and financial flexibility.

Financial markets are susceptible to severe events characterised by rapid depreciation in asset values accompanied by a reduction in liquidity. Under such conditions, market participants are particularly exposed to the market behaviour of market participants simultaneously thereby on a large scale unwinding or adjusting positions, which may even further exacerbate rapid decreases in values of the Group's assets or collateral held in its favour and which could cause liquidity tensions and disruptions. These market conditions may cause a decline in the profitability, an increase in unrealised losses in the Group's various (asset) portfolios, and a reduction in unrealised gains in the Group's various (asset) portfolios.

The economies in which the Group is active may continue to face structural challenges, which could contribute to renewed high volatility in both the debt and the equity markets. Any deterioration of the sovereign debt market in the Eurozone or elsewhere, or other economic shocks could materially and adversely affect the Group's results of operations, financial condition and prospects, as well as the Group's funding and capital transactions and hedging and other risk management strategies.

Other events may also affect the financial markets, such as heightened geopolitical tensions, war, acts of terrorism, natural disasters or other similar events.

There is no assurance that market volatility will not result in a prolonged market decline, or that such market declines for other reasons will not occur in the future. Severe market events have historically been proven to be difficult or impossible to predict, and could lead to the Group realising significant losses, especially if they were to persist for an extended period of time. Therefore, market volatility, liquidity disruptions, or market dislocations could materially and adversely affect the Group's banking, capital and funding activities and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3. The Group has been and could in the future again be materially and adversely affected by the weakness or the perceived weakness of other financial institutions. Such weakness or perceived weakness could result in systemic liquidity problems, losses or defaults by other financial institutions and counterparties, and which could materially and adversely affect the Group's liquidity, results of operations, financial condition and prospects

Financial institutions tend to have many close financial ties among themselves as a result of credit, trading, clearing and other relationships between them. As a result, a default or threatened default or concerns about a default or threatened default by one institution could affect other institutions and lead to significant market-wide liquidity problems and financial losses for many financial institutions. It may even lead to defaults of other financial institutions, which risk is referred to as "systemic risk". A systemic risk event may also materially and adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, to which the Group is exposed.

Systemic risk of the global financial industry is still at an elevated level. High sovereign indebtedness, low capital levels at many banks and the high interconnectivity between the largest banks and certain economies are important factors that contribute to this systemic risk. Against this backdrop of the financial crisis, during which the lack of liquidity and high costs of funding relative to official rates in the interbank lending market reached unprecedented levels, the Group is subject to the risk of deterioration of the commercial weakness or perceived weakness of other financial institutions within and outside the Netherlands. Concerns about or a default or threatened default by one institution have affected and may in the future affect the banking system and lead to significant market-wide liquidity problems and financial losses at many financial institutions including the Group.

The Group is exposed to counterparty risk as a result of financial institution failures and nationalisations and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. This risk is particularly pronounced in the clearing business of the Group (see also "—25. The Group's clearing business may incur losses or may be subject to regulatory actions and fines that could materially and adversely affect the Group's financial condition and results of operations, prospects and financial condition as well as materially and adversely affect the Group's reputation"). The Group may also be forced to assume shortfalls upon the bankruptcy of financial institutions pursuant to existing and new deposit guarantee schemes ("**DGS**") in the Netherlands and the European Union. A default by, or even concerns about a default by, one or more financial services institutions could lead to significant systemic liquidity problems, or losses or defaults by other financial institutions, which could have a material adverse effect on the Group's liquidity, results of operations, financial condition and prospects.

CREDIT AND CONCENTRATION RISK

4. The Group is subject to significant credit and concentration risk exposure in the Netherlands, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects

The Group is subject to credit risk at various levels within the Group's credit portfolio, for example at individual counterparty level, sub-portfolio level (such as an industry sector) or at the aggregate portfolio level. In the past few years, the Group has seen adverse changes in the credit quality of its borrowers and counterparties, for example, as a result of their inability to refinance their indebtedness. In the years prior to 2014, in line with economic developments, the Group has seen increasing delinquencies, defaults and insolvencies across a range of sectors (such as small and medium sized enterprises ("**SMEs**"), commercial real estate, construction and (inland) shipping) and in a number of geographies. In the Netherlands, the total number of bankruptcies in 2014, 2013 and 2012 were 9,669, 12,449 and 11,348, respectively.[1] The trend as observed in the years preceding 2014 has in the past led to and may in the future lead to impairment charges for the Group.

A large part of the Group's operating income is generated and accounted for in the Netherlands and a significant portion of the loan portfolio of the Group relates to Dutch mortgage loans and SME loans. As of 30 September 2015 81% of the Group's operating income was generated in the Netherlands. As a result, the Group has a large dependency upon the prevailing economic, political and social conditions in the Netherlands, including unemployment levels in the Netherlands. Furthermore, mortgage, corporate and SME loans are an important driver of the Group's business model. In recent years, the mortgage market for primary residences in the Netherlands has been subject to a decline in housing prices and major regulatory changes, which has in the past influenced and may with any future changes and developments continue to influence the volumes, margin and costs of the mortgage business. Future volatility in housing prices, changes and developments may also influence the volumes, margin and costs of corporate and SME loans. Any of these changes may therefore significantly affect the Group's financial condition and results of operations.

The large majority of the Group's aggregate credit exposure, as measured by exposure at default (EAD) is located in the Netherlands (75.3% of the Group's exposure at default as at 31 December 2014). This is a result of the Group's large retail

[1] Source: Dutch Statistical Bureau (*Centraal Bureau voor de Statistiek*), Declared bankruptcies; core figures, 7 August 2015.

residential mortgage portfolio (EUR 145.1 billion as at 30 September 2015) and the Group's large credit portfolio of loans granted to Dutch retail, private and commercial clients, including SMEs. Deterioration or long-term persistence of the difficult economic environment in the Netherlands could lead to a deterioration of the quality of the Group's loan portfolio and increased loan impairments, for example as a result of an increase in unemployment rates and/or decreases in house prices, both of which are important drivers of the quality of the Group's loan portfolio, in particular for retail clients. The Group's large concentration of credit exposure in the Netherlands makes this risk more pronounced.

The Group's efforts to diversify or limit its portfolio against certain concentration risks may not be successful and any concentration of risk could increase potential for significant losses in its loan portfolio. If the risks described above materialise, this could have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects.

5. The Group's counterparties are subject to various factors and risks that could potentially affect their credit quality and in turn the Group's credit risk exposure

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's businesses. Third parties that owe the Group money, securities or other assets may not pay or perform in accordance with their obligations. Collateral posted may prove insufficient, inadequate or the Group may not be able to enforce collateral due to factors such as inadequate documentation, legal uncertainty, unfavourable judgments or client fraud. This is particularly predominant in businesses and operations of the Group that rely on sufficient collateral, such as in relation to its large mortgage portfolio, commercial real estate portfolio, in the area of Lombard-lending where borrowers are under an obligation to provide additional collateral if the value of existing collateral decreases, securities financing operations, asset-based financing businesses (Commercial Finance and Lease), diamonds and jewellery credit portfolio, clearing activities or credit portfolios of clients that are internationally active in the sectors energy, commodities and transportation ("**ECT Clients**"). These parties include borrowers (under loans), the companies whose securities the Group holds, clients, trading counterparties, counterparties under swaps and other derivative contracts, clearing agents, exchanges and trading platforms, clearing houses and other financial intermediaries. These parties may default on their obligations to the Group due to bankruptcy, lack of liquidity, downturns in the economy, financial markets, real estate values, legislation affecting the housing market, operational failure, foreign exchange fluctuations or other reasons. See "—9. The Group is exposed to a variety of political, legal, social, reputational, economic and other risks due to its international growth strategy and existing international presence". In addition to the examples described in the risk factors above, another example is the Group's Energy Commodities and Transportation ("**ECT**") portfolio, whose clients are subject to commodity price risk. Lower oil prices may, for example, have an impact on oil producers' and oil industry service providers' credit positions. Although the Group engages with clients in accordance with its moderate risk profile, a prolonged period of lower oil or other commodity prices may have a material adverse effect on the credit positions of certain counterparties of the Group. Due to the Group's activities, the Group may accept larger single client exposures to some types of clients, in particular to financial institutions, ECT Clients and clearing clients. To restrict these exposures, the Group has a policy framework in place that limits its credit exposure to individual clients in terms of both nominal exposure and estimated loss-at-default. However, certain single client exposures may expose the Group to relatively larger credit risks in respect of a single counterparty.

Any of the above factors may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

BUSINESS RISK

6. If the Group is unable to successfully implement its strategy, or if its strategy does not yield the anticipated benefits, or if the Group is unable to successfully pursue targeted business opportunities, this could have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects

The Group's strategy aims to enhance client centricity, invest in the Group's future, strongly commit to a moderate risk profile, pursue selective, capability-led international growth and improve profitability. As part of its strategy, the Group strives to achieve four quantitative targets: a return on equity[2] between 10% and 13% in the coming years, a cost income ratio between 56% and 60% by 2017, on the basis of full applicability of the relevant capital requirements (a "**fully-loaded**") Common Equity Tier 1 ("**CET1**") ratio between 11.5% and 13.5% and an envisaged annual dividend pay-out ratio of 50% of the annual reported net profit as from and to be achieved over the full year 2017, after deduction of coupon payments on capital instruments that are treated as equity instruments for accounting purposes, if a decision is made to make such payments. See for more information "Business—The Group's strategy" and "Dividend Policy—Reservation and Dividend Policy". The strategy and targets of the Group are based on assumptions and expectations, including but not limited to macro-economic developments, interest rates, revenue, expenses and cost of risk, that may not prove valid. Also, the benefits and impact of the Group's strategy and targets could fall short of what the Group envisages. Furthermore, the Group may not succeed in achieving its targets, because of insufficient management attention, incorrect decisions or choices, inefficiencies or other reasons.

[2] The return on equity "**return on equity**" on Group level for any given year/period is based on the underlying net profit attributable to shareholders for that period divided by average shareholders' equity over the same period. The underlying net profit attributable to shareholders is calculated as follows: the annualised underlying net profit for the period, after deduction of (net) reserved payments for capital instruments which are treated as equity instruments for accounting purposes, and after deduction of non-controlling interest

Furthermore, the Group may strive to achieve its strategy through acquisitions and/or divestments of businesses, operations, assets and/or entities. Acquisitions and divestment transactions may involve complexities and time delays, for example in terms of integrating and/or merging businesses, operations and entities, and targeted benefits may therefore not be achieved or be delayed. Furthermore, the Group may incur unforeseen liabilities from former and future acquisitions and divestments. See also "—51. The Group may incur unforeseen liabilities from former and future acquisitions and divestments which could have a material adverse effect on the Group's business, financial condition and results of operations".

In addition, the Group intends to continue to explore and pursue opportunities to strengthen and grow its business generally. In doing so the Group may launch new products and enter new markets or increase its presence in existing markets. When seeking to expand its business, the Group may incur risks that may be material including, among other things, the risks described in the paragraph immediately below.

The Group may spend substantial time, money and other resources developing new products and services or improving offerings. If these products, services or improved offerings are not successful or not as innovative as envisaged, the Group may miss a potential market opportunity and not be able to offset the costs of such initiatives, which may have a materially adverse effect on the Group's income, revenues and/or cost base. Furthermore, the Group may develop new products and services that are not or are not sold in compliance with applicable rules or regulations. The Group may incur losses, fines, claims, regulatory action and reputational damage as a result thereof. The Group may enter or increase its presence in markets that already possess established competitors who may enjoy the protection of barriers to entry. The Group may offer new products and services, or improve products and services being offered, which may require substantial time and attention of its management team, which could prevent the management team from successfully overseeing other initiatives. The Group may become subject to new or stricter regulatory requirements, or the supervision by new supervisory authorities or existing supervisory authorities in new geographic markets which may increase its administrative, operational and management expenses (including management attention and time) to comply with such new or stricter requirements and supervision. Finally, the Group may not be able to identify new business opportunities.

The ability to successfully implement the Group's strategy or pursue business opportunities will also be impacted by factors such as general economic and business conditions, many of which are outside the control of the Group and which may make it difficult for the Group to expand internationally and to achieve its international expansion target for 2017. See also risk factor "—9. The Group is exposed to a variety of political, legal, social, reputational, economic and other risks due to its international growth strategy and existing international presence".

If the Group's strategy is not implemented successfully, or if the Group's strategy does not yield the anticipated benefits, or if acquisitions or divestments do not yield the anticipated benefits and/or lead to unforeseen liabilities, or if the Group is unable to successfully launch new products or services, improve offerings or pursue other business opportunities in time or at all, this could have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects.

7. Changed legislation applicable to mortgages in the Netherlands may have a significant impact on the Group's mortgage business. This could materially and adversely affect the Group's business, financial condition, results of operations and prospects

In the Netherlands, increasing restrictions apply to the principal residential mortgage loan market for consumers. These restrictions have been introduced against the background of a stagnant Dutch economy and in an environment of decreasing house prices and a significant reduction in the volume of houses sold. The maximum loan amount for government-guaranteed mortgage loans (*Nationale Hypotheekgarantie*, "**NHG**") has been capped at EUR 265,000 as from 1 July 2014. This amount has been further reduced to EUR 245,000 as per 1 July 2015, and will even be further reduced to EUR 225,000 as per 1 July 2016. Thereafter, the cap is proposed to be related to the average value of houses in the Netherlands. As at 30 September 2015, 26% of the total residential mortgage loan portfolio consisted of NHG mortgage loans. In addition, the Dutch government has restricted the maximum permissible amount of a mortgage loan to 103% (including 2% transfer tax and other costs) of the value of the property as from 1 January 2015 and this maximum will gradually be reduced by 1% point per year to 100% as from 1 January 2018. The lowering of this loan-to-value rate is expected to put further downward pressure on the total outstanding volume of mortgages in the Netherlands which could decrease the size of the mortgage portfolio of the Group. Since 1 January 2013, interest on new mortgage loans is only tax deductible provided the loan's principal is fully repaid within 30 years, by way of annuities or linear repayment, which may further reduce the Group's mortgage portfolio. In addition, with a view to reducing the mortgage debt and loan-to-value rate of home owners, the Dutch government has announced its intention to introduce an elevated gift tax exemption of EUR 100,000 as of 2017. This fiscal incentive may also impact the Group's mortgage book as clients could use these amounts for pre-payment on existing loans or use when buying a new house.

Traditionally, interest due on principal residence mortgage loans can be set off against the home owner's taxable income from employment (*belastbaar inkomen uit werk en woning*). The taxable income from employment is classified into brackets and is taxed at statutory progressive rates, up to 52% (rate for 2015). New legislation on tax deductibility of new mortgage loans entered into force on 1 January 2013. For mortgage loan interest payments to be fully deductible from the taxable income from employment of the borrower, new mortgage loans must be redeemed fully (100%) during the term of the loan based on an annuity or linear scheme. The maximum term of the loan should be 360 months. Mortgage loans existing at 31 December 2012 have been grandfathered and are not impacted. However, since 2014, the maximum rate against which interest on housing loans can be deducted for all mortgage loans, new and existing, was gradually reduced by 0.5% each year. Thus, the current maximum mortgage interest relief rate is 51% in 2015 for tax payers in the highest income tax rate bracket. Over the next 26 years, this will be reduced to a maximum mortgage interest relief rate of 38%. Increasing numbers of tax payers will be impacted once the maximum deductibility rate reaches the lower income tax brackets. The increasing restrictions applicable to the mortgage interest relief may, among other things, have a material adverse effect on house prices and the rate of economic recovery and may result in an increase of defaults. Moreover, the mortgage lending rules remain subject to political discussions and the outcome of these discussions cannot be predicted, the benefits of the current tax treatment may however be further restricted and additional changes may be implemented affecting, for example, mortgage loan requirements or lending criteria. As at 30 September 2015, 22% of the total residential mortgage loan portfolio consisted of 100% interest only mortgages, (33%) partially interest only mortgage loans, while 12% of the total residential mortgage loan portfolio consisted of redeemable mortgage loans.

In addition, the Basel Committee on Banking Supervision ("**Basel Committee**") recently identified reasons to further reinforce the risk-weighted capital framework with a capital floor for possibly each major risk category (credit risk, market risk and operational risk) which could have a significant impact on the calculation of the Group's risk weightings, especially for exposures secured by mortgage on residential property. See "—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects" and "—40. As a result of capital and liquidity requirements, the Group may not be able to manage its capital and liquidity effectively, which could have a material and adverse impact on the Group's financial condition, regulatory capital position and liquidity position and the Group may be forced to raise additional capital or restrict dividend payments".

The mortgage lending rules and the restrictions on the mortgage interest relief, applicable to the principal residence mortgage market, as mentioned above may have a particular impact on the Group's principal residence mortgage business. These measures might have a material adverse effect on the sale of the Group's principal residence mortgage products and therefore on the aggregate loan portfolio of the Group, on the interest margins that it is able to earn on new and existing principal residence mortgages, as well as on the ability of its clients to pay amounts due in a timely manner and in full.

For a description of future changes to regulation relating to the mortgage market, see the bullet "Mortgage Credit Directive" in the risk factor "—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects".

8. The Group operates in markets that are highly competitive. Competitive pressures could result in lower margins or in a loss of market share and may thus have a material adverse effect on the Group's business, financial condition and profitability

In the Netherlands and the other markets in which the Group operates, there is substantial competition in many of the retail, private and corporate banking products and services that the Group provides. The competition for these products and services consists of traditional large banks, smaller banks, insurance companies, pension funds, niche players, non-financial companies that offer credit and savings products (such as car lease companies) as well as technology firms and other new entrants. Insurance companies and pension funds, for instance, are increasingly active in the mortgage market. Not all of these parties are subject to the same regulatory controls imposed on banks. Technology firms and other new entrants have already entered parts of the banking value chain, for instance, in payment services, peer-to-peer lending, new mobile payment systems, mobile wallets and crowd funding. In particular, developments in the area of payment services could impair the Group's access to clients, which could result in reduced business volumes for the Group and materially and adversely affect the Group's results. In addition, new technologies, such as block chain are gaining increasing interest from incumbent banks and may potentially have a disruptive effect on the financial sector. In other non-domestic markets, the Group faces competition from the leading local and international institutions active in the relevant segment or market.

The intensity of competition is influenced by many factors, some of which are beyond the Group's control. Such factors include the conditions in financial markets, the loss of trust in banks following the financial crises, the economy, consumer demand, reputation, brand recognition, prices and characteristics of products and services, distribution powers, the impact of consolidation, technological changes, emerging non-traditional competitors, economic circumstances, regulatory action, competitive advantages of certain competitors and many other factors. In addition, the Group must comply with regulatory requirements that may not apply to non-banks or certain foreign competitors and which create an unequal playing field. This unequal playing field can be reflected by the costs involved for banks, including costs and resources for compliance with such regulatory requirements. Finally, certain competitors of the Group and certain new entrants may have substantially more resources and financial means available to them than the Group does. Competition from within the banking industry may increase further as the economy improves and the financial position of banks improves, allowing them to accept—temporarily or permanently—lower margins in certain markets, or permitting them to invest more in business development and expansion, or just as a result of these competitors having more capital available to be able to increase lending volumes.

The Group strives to build strong customer relationships in order to maintain client relationships, loyalty and retention, or increase the “share of wallet” (the amount of money clients spend on financial services). If the Group is not successful in retaining and strengthening customer relationships it may lose market share, incur losses on some or all of its activities or fail to attract new and retain existing clients or deposits.

In the recent past, government involvement and ownership in banks and other competitors have increased significantly due to the financial crises of the recent years. Such government involvement and ownership may have an impact on the competitive landscape in the major markets in which the Group operates.

Furthermore, the Group also faces competition when seeking to attract capital or funding from its retail, private and corporate clients and wholesale investors. Competition may cause increases in funding costs which may not be recoverable from borrowers and could therefore result in declining margins which may materially and adversely affect the Group’s profitability and financial performance. Sufficient capital or funding may not be available or not available at an attractive price level. This could particularly be relevant in circumstances where supply of funding or capital is low, *e.g.*, because of competition, economic circumstances or disruptions or dislocations in the financial markets.

Competitive pressures could result in increased pricing pressures on a number of the Group’s assets, products and services, higher capital or funding costs or could result in loss of market share and may have a material adverse effect on its business, financial condition and profitability.

9. The Group is exposed to a variety of political, legal, social, reputational, economic and other risks due to its international growth strategy and existing international presence

The Group aims to increase the international contribution to its total operating income to 20-25% by 2017 through selective, capability-led international growth. Accordingly, the Group may develop a new key market or decide to make additional investments in existing higher-risk markets, and may as a result be exposed to additional or increased social, political and economic instability, among other risks. These risks relate to a wide range of factors, including but not limited to the following: currency restrictions and exchange controls, other restrictive or protectionist policies and actions, diverse systems of laws and regulation, the imposition of unexpected taxes or other payment obligations on the Group, changes in political, regulatory and economic frameworks, economic sanctions, risks relating to modification of contract terms, or other government actions, capital controls and restrictions on the Group’s ability to transfer cash to or repatriate cash from its subsidiaries, restrictions in certain countries on investments by foreign companies, divergent labour regulations and cultural expectations regarding employment, and divergent cultural expectations regarding industrialisation, international business and business relationships. Sometimes, in certain jurisdictions, uncertainty may exist as to whether security interests vested for the benefit of the Group can be enforced as a legal or as a practical matter. The Group is also subject to the risk that the government of a sovereign state or political or administrative subdivisions thereof defaults on its financial obligations.

Further to risks relating to the Group’s international growth strategy, the Group is exposed to risks relating to its existing international presence as it has a number of subsidiaries, branches, (representative) offices, businesses and operations located outside the Netherlands and clients who operate internationally. For instance, the Group has a mortgage portfolio in Germany. As another example, the Group offers asset based financing to clients in various countries through its ECT Clients business, including in Russia and in the Ukraine where the Group predominantly finances short term, strategic commodity exports (for example oil, grain or metals) and is accordingly exposed to sanctions risk. The Group closely monitors geopolitical developments and adherence to the sanctions imposed by the United States and the European Union after the Russian annexation of Crimea. Although the Group is currently not aware of any additional sanctions being considered, sanction risk remains elevated as a consequence of the protracted conflict in eastern Ukraine. Any further sanctions in relation to Russian or other clients of the Group may limit the Group’s ability to continue and expand its operations.

Furthermore, the Group renders its services and sells products in countries where it does not have offices. As a result, the Group might not be fully aware of all regulatory requirements or the applicable legal framework. Local registration or license requirements can vary for different types of investors and services. Furthermore, as long as the Group is not locally registered or has obtained a licence, restrictions might apply with respect to marketing activities. The Group risks incurring regulatory fines if it breaches any local requirements and such breach may have a financial and reputational impact.

The Group observes a trend of local regulators to apply capital and liquidity requirements at the level of local subsidiaries. This trend also applies to subsidiaries in EU countries where local regulators apply non-harmonised EU rules and regulations. If the Group is unable to upstream capital and liquidity, for example from local deposits, or has to fund itself locally, this might give rise to inefficiencies and increased costs.

No predictions can be made as to governmental regulations applicable to the Group’s operations that may be enacted in the future, changes in political regimes or other political, social and economic instability, or as to risk of wars, terrorism, sabotage, other armed conflicts and general unrest. If any of the risks mentioned above were to materialise, the Group’s reputation could materially and adversely be affected, which may limit the Group’s ability to pursue its international growth strategy in regions where it currently operates or where it may plan to operate in the future. This limitation could have a material adverse effect on the Group’s business, results of operations, financial condition, reputation and prospects.

10. The business model of full service banks such as the Group may in the mid to longer-term become difficult to sustain without substantially changing the business model

If some of the following events were to occur simultaneously, this could constitute a threat to the viability of full service banks: more stringent capital requirements and more onerous risk weighting, increased competition, more regulation generally, disruptive technological advances, and pressure on margins. A combination of these and other factors might affect the profitability of the large full banking organisations subject to a large volume of regulations that require support by a complex and expensive IT infrastructure and that are subject to high capital and liquidity requirements for generally modest-margin services. If the Group does not manage to respond quickly and adequately to any reduced viability of parts of its business model, for example by entering new or growing existing successful business lines, then the Group's business might shrink and become less profitable. The business model of full service banks may disappear with their services being taken over by businesses that are able to operate with fewer risks, a smaller infrastructure and with lower capital. It is possible also that certain elements of the business model of full service banks will not prove viable over time as a result of which full service banks will focus on a part of their current value chain only.

11. The Group can be forced, upon a change of control over the Group or Delta Lloyd N.V., to buy shares it does not yet own in Dutch insurance business ABN AMRO Verzekeringen. If this risk were to materialise, the Group could be forced to pay a currently unknown purchase price that would likely be material, the Group would be required to consolidate ABN AMRO Verzekeringen into its financial statements, which may have material adverse consequences for the Group's capital and liquidity ratios, and any potential losses incurred by ABN AMRO Verzekeringen would from then on be entirely for the account of the Group

The Group, through ABN AMRO Bank, holds an indirect non-controlling 49% interest in ABN AMRO Verzekeringen Holding B.V. ("**ABN AMRO Verzekeringen**"). Delta Lloyd N.V. holds the remaining 51% in this joint venture. Upon a change of control in the Group, Delta Lloyd N.V. has the right to request that ABN AMRO Bank buys its shares in ABN AMRO Verzekeringen at a price to be determined pursuant to a mechanism provided for in the shareholders' agreement. The current ultimate holding company of ABN AMRO Bank is NLFI. A change of control includes a disposal by NLFI as a result of which NLFI would no longer hold a majority interest in the Group.

The purchase price that the Group would have to pay for Delta Lloyd N.V.'s 51% interest cannot currently be determined, but it is likely to be material. As a result of the forced acquisition of the Delta Lloyd N.V. interest, the Group would hold 100% of ABN AMRO Verzekeringen. This would require the Group to consolidate ABN AMRO Verzekeringen into its financial statements, which could adversely affect the Group, for example as a result of lower capital and liquidity ratios. The Group believes that ABN AMRO Verzekeringen is currently adequately capitalised, but if ABN AMRO Verzekeringen were to suffer significant losses, for example because of unexpected large claims in relation to insurance mis-selling, the Group might be forced to recapitalise ABN AMRO Verzekeringen. Because it would then own 100%, the amounts involved would be significantly higher as would have been the case if it still held 49%. See also risk factor "—36. The Group is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties, including in relation to the sale of interest rate derivatives. A negative outcome of proceedings, settlements, action taken by supervisory or other authorities, legislation, sector-wide measures, and other arrangements for the benefit of clients and third parties could substantially adversely affect the Group's business, reputation, results of operations, financial condition and prospects". Currently, ABN AMRO Verzekeringen benefits from certain know-how and product development provided by Delta Lloyd N.V. If Delta Lloyd N.V. decides to sell its shares to the Group, it might no longer provide this type of technical assistance. Finally, if Delta Lloyd N.V. were to leave the joint venture, certain key personnel might decide to leave ABN AMRO Verzekeringen as well. The risks described above could alone and in the aggregate have a material adverse effect on the Group's business, its financial condition and its results of operations.

LIQUIDITY RISK

12. Lack of liquidity is a risk to the Group's business and may have a material adverse effect on the Group's funding ability, business, financial condition and profitability

The Group is subject to the risk that it cannot meet its payments and collateral obligations when due without significant losses or at all. The Group is also subject to the risk of not being able to meet expected or unexpected current or future cash outflows or collateral needs without affecting either daily operations or the financial condition of the Group. Furthermore, the Group is subject to the risk that it cannot upstream capital and liquidity from its subsidiaries or sell an asset without significantly affecting the market price of the asset due to insufficient supply and demand, and to the risks of market disruptions, changes in applicable haircuts and market value or uncertainty about the time required to realise the liquidity value of the asset. Liquidity risk is inherent in banking operations and depends on a number of enterprise specific factors, including, for example, an over-reliance on a particular source of funding (such as short-term and overnight funding), changes in credit ratings, changes in solvability and financial strength, or market-wide phenomena such as economic conditions, market dislocations or major disasters. In extreme situations, if liquidity problems become widely known or feared (whether substantiated or not), counterparties could refuse the Group credit or depositors could withdraw deposits.

Should the Group fail to manage its liquidity effectively, this may result in the Group not being able to meet its obligations when they fall due, including regulatory requirements, which may materially and adversely affect the Group's funding ability, business, financial condition and profitability.

13. The Group relies on client deposits and wholesale markets for structural funding. Inability to maintain or to grow client deposits or access wholesale funding can materially and adversely affect the Group's liquidity and funding position, financial condition and results of operations

With regard to funding risk, the Group relies on client deposits from retail, private and corporate banking clients to meet the majority of its funding needs. Such deposits may be subject to fluctuation as a result of several factors, some of which are outside the Group's control. These factors include a loss of confidence in banks resulting in clients taking out their deposits, increasing competitive pressures or the encouraged or mandated repatriation of deposits by foreign clients and investors or central bank depositors, which could result in a significant outflow of deposits within a short period of time. As at 30 September 2015, the total amount of client deposits (Due to customers) amounted to EUR 228.5 billion, or 55% of the Group's total balance sheet. An inability to maintain or to grow, or any material decrease in, the Group's deposits could, particularly if accompanied by one of the other factors described above, have a material adverse effect on the Group's ability to satisfy its liquidity needs.

The Group also relies on the availability of wholesale funding, raised mainly from various institutional investors. The ability to fund the Group with wholesale funding may be hindered by various factors which sometimes are outside the Group's control, such as changes in market circumstances and loss of confidence in banks (including the Group). As at 30 September 2015, the Group's wholesale funding amounted to EUR 88.8 billion, or 21% of the Group's total balance sheet.

In periods of liquidity stress, especially if severe or prolonged, or as a result of more stringent regulatory requirements or other events, the Group may need to seek funds from alternative sources, potentially at higher costs than previously has been the case. The risk exists that market circumstances may limit desired steering of the funding profile of the Group.

Any of the above factors may materially and adversely affect the Group's liquidity and funding position, financial condition and results of operations.

14. Reductions or potential reductions in ABN AMRO Bank's credit or instrument ratings could have a significant impact on its access to capital, funding and liquidity through reduced funding capacity, the trigger of collateral requirements or higher funding costs. Accordingly, any downgrade or potential downgrade could materially and adversely affect the Group's business, results of operations, prospects, financial condition, competitive position and reputation

Rating agencies assess the creditworthiness of ABN AMRO Bank and its operating environment and they assign a rating to ABN AMRO Bank and certain of the financial instruments it has issued for funding and capital management purposes. ABN AMRO Bank has the following credit ratings: Standard & Poor's: A with negative outlook (last updated November 2014), Moody's: A2 with stable outlook (last updated: July 2015), Fitch Ratings Ltd: A with stable outlook (last updated: October 2015) and DBRS (unsolicited): A with stable outlook (last updated: October 2015).

A rating agency assessment is based on various factors. While most of the factors are specific to ABN AMRO Bank and the relevant financial instruments it issues, some relate to general economic conditions and other circumstances outside the Group's control, such as changes in the macro-economic environment, sovereign credit rating of the Netherlands and prospective level of systemic support a government can provide. As a response to the threat of bail-in of creditors as part of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012 (the "**BRRD**"), certain rating agencies have revised their rating frameworks while others are in the process of doing so. There can be no assurance that a credit rating agency will not revise downward a credit rating or change the outlook on any such credit rating. In addition, rating agencies have and may in the future change their methodology from time to time, which may also result in a downgrade or a change in the outlook on any credit rating of ABN AMRO Bank or the relevant financial instruments it issues, for example by reducing or removing the effect of systemic support.

Any downgrade or potential downgrade in the ratings of ABN AMRO Bank or of the relevant financial instruments it or the Group issues, may limit the Group's access to the capital markets and type of instruments (for instance in terms of seniority and maturity), reduce its prospective investor base, increase borrowing costs or require the Group to replace funding lost due to the downgrade or potential downgrade (for example client deposits), limit the Group's access to capital, funding and money markets and trigger requirements to post additional collateral in derivatives contracts and other secured funding arrangements. In addition, a rating downgrade or potential downgrade of ABN AMRO Bank could, among other things, limit the Group's opportunities to operate in certain business lines and materially and adversely affect certain other business activities.

As a result, any reductions or potential reductions in ABN AMRO Bank's credit or financial instruments ratings could have a material adverse effect on the Group's business, results of operations, prospects, financial condition, competitive position and reputation.

MARKET RISK

15. Changes in interest rates and foreign exchange rates may materially and adversely affect the Group's business, financial condition, results of operations and cash flows

The Group's business is inherently subject to market risk. Unfavourable market movements in interest rates (for example a prolonged period of flatter than usual interest rate curves, a stronger than expected rise in interest rates, or—in certain circumstances—negative interest rates, or an inverse yield curve) and foreign exchange rates, could materially and adversely affect earnings of the Group and could materially and adversely affect current and future cash flows.

These risks could lead to significantly lower revenues, particularly net interest income, or losses, which could have a material adverse effect on the Group's operations, financial condition and prospects. Fluctuations in interest rates therefore influence the Group's performance. The results of the Group's banking operations are affected by the Group's management of interest rate risk, by which the Group manages the relationship between changes in market interest rates and changes in the Group's current and future cash flows and net interest income. If the yield on the Group's interest-earning assets, for example its mortgage portfolio, does not increase at the same time or to the same extent as its cost of funds, or if its cost of funds does not decline at the same time or to the same extent as the decrease in yield on its interest-earning assets, the Group's market value, current and future cash flows, net interest income and net interest margin may be materially and adversely affected. Changes in absolute interest rate levels are difficult to predict. Interest rate, margin and spread changes, to the extent not hedged, may lead to mismatches in funding costs and interest income which may have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

In addition, the Group publishes its consolidated annual financial statements in euros. The Group may be exposed to certain fluctuations in the foreign exchange rates used to translate other currencies into euros, which exposure the Group seeks to hedge by making use of foreign currency contracts and cross currency swaps. For example, most transactions in ECT Clients are denominated in US dollars. To the extent that currency fluctuations are insufficiently hedged, or if there is a default by a hedging counterparty, such events could affect the Group's reported consolidated financial condition, results of operations and cash flows from period to period. The Group is also exposed to foreign exchange risk through transactions executed in currencies other than the euro, which exposure the Group seeks to limit through foreign exchange instruments used to keep open currency positions within certain limits. To the extent that such currency positions are insufficiently managed, such event could also affect the Group's reported consolidated financial condition, results of operations and cash flows from period to period. The Group is not only exposed directly to these fluctuations but it may also be affected indirectly, for example, when clients suffer losses due to unfavourable market movements or when the value of client collateral goes down as a result of market fluctuations.

The Group attracts its capital and funding mostly in euros and, to a lesser extent, in a variety of other currencies. To the extent funding is not used to provide loans in the same currency, not hedged or not adequately hedged this causes exposure to foreign exchange rate risk, which could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

OPERATIONAL RISK

16. The Group is subject to a large number of operational risks that could have a material adverse effect on the Group's ability to raise funding and capital, its business, operations, reputation, financial condition, profitability and results of operations

The Group is exposed to operational risk arising from the uncertainty inherent in all business undertakings and decisions. Operational risk could result from, among other things, inadequate or failed internal processes, human behaviour and systems or from external events.

The Group's technological infrastructure, its technological processes and its administrative, risk and other processes, controls and procedures are critical to the operations of the Group's business and delivery of products and services to clients. Inadequacy of technology in the control environment may, for example, lead to failure to detect or report errors, fraud, incidents, risks or materialisations thereof, or a delay in such detection or reporting. This may lead to losses, fines, claims, regulatory action and reputational damage, which could have been avoided or reduced if the technology had functioned properly or used adequately. Examples of process, control and procedure failures are, amongst other things, errors in recording transactions, missing deadlines in fulfilling information requests and not detecting typing errors.

Examples of operational risks include (see also a more extensive description of operational risk factors in this chapter):

- **internal fraud** (acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or Group policies which involve at least one internal party. This includes malicious damage intentionally caused by an internal party, by a third party or external source with the help of an internal party)

- **external fraud** (acts of a type intended to defraud, steal, deceive or circumvent the law by a third party without the complicity of a staff member)

- **compliance risk** (employees of the Group or third parties to whom the Group has outsourced or from whom the Group has insourced certain processes or services violating or not applying applicable rules, regulations or internal procedures)

- **employment practices and workplace safety** (events or acts inconsistent with employment and/or occupational health and workplace safety laws or rules, or other safety events in which employees are involved and for which the bank is liable (to its employees) as an employer)

- **clients, products & business practices** (events relating to an unintentional, intentional or negligent failure to meet a professional obligation to specific clients (including fiduciary, appropriateness and suitability requirements), or from the nature or design of a product)

- **disasters and public safety** (events relating to loss of or damage to assets or people from natural disasters, acts of terrorism/vandalism or other events)

- **technology and infrastructure failures** (events relating to disruption of infrastructure or system failures)

- **execution, delivery and process management** (events relating to failed transaction or order handling, processing or process management, settlement and escrow management)

- **monitoring** (events related to inadequate monitoring of internal compliance with regulations and client compliance with contractual terms and conditions)

- **reputational** (negative publicity in relation to the Group, its business or clients)

Although the Group has implemented technological processes and administrative, risk and other controls and loss mitigation measures, and dedicates substantial resources, it cannot be assured that such actions have been and will be effective in controlling each of the operational risks faced by the Group. Any materialisation of operational risks could have a material adverse effect on and disrupt the Group's ability to raise funding and capital, its business, reputation, financial condition, profitability and results of operations.

17. The Group has implemented a process to approve new and periodically review its existing products and services. Failures or incorrect application of these processes or inadequate monitoring thereof may result in non-compliance, lower profitability, losses, claims, fines, regulatory action, legal proceedings or reputational damage

The Group has implemented a process to approve new and periodically review its existing products and services. This process covers all product types offered by the Group, such as lending products, investment services, derivatives, saving accounts, payment services, and insurance. It includes an assessment of key criteria, such as added value to the client, suitability, transparency, cost efficiency, sustainability, liquidity, quality of third parties, need for education, legal and regulatory compliance and potential conflicts of interest. The process aims to reflect the most recent internal and external standards and practices, and must comply with applicable legal requirements and requirements from supervisory authorities.

If wrong decisions are made, the process fails to operate properly or applicable laws, regulations and standards are not taken into account, or if monitoring is inadequate or incorrect risk assessments are made, this may result in inadequate, unsuitable or unsuccessful products and services and non-compliance, which may cause a lower profitability, losses, claims, fines, regulatory action, legal proceedings or reputational damage.

18. The Group uses internal risk management methods and models which incorporate assumptions, judgements and estimates that may change over time or that may ultimately turn out not to be accurate, which may have a material adverse effect on the Group's results of operations, profitability and financial condition

The Group could incur losses as a consequence of decisions that are principally based on the output of models or due to errors in the development, implementation or use of such models. This can be caused by insufficient quality or quantity of data, flawed expert opinion, inadequate conception of the model, incorrect implementation or application of the model, unverified model assumptions, uncaptured behaviour, lack of sound mathematical foundations, faulty algorithms and computations or any other technical weaknesses. Uncaptured behaviour, which is behaviour that a model does not take into account, could relate to client behaviour, market behaviour, but also the Group's behaviour as a bank.

The Group uses various models, duration analysis, behavioural analysis, scenario analysis and sensitivity analysis as well as other risk assessment methods. The Group develops and uses risk models for most risk types in its risk taxonomy. Nonetheless, the Group's risk management techniques and strategies may not be fully effective in mitigating the Group's risk exposure in all economic market environments or against all types of risk, including risks that the Group fails to identify or anticipate. Some of the Group's tools and metrics for managing risk are based upon the use of observed historical market behaviour. The Group applies statistical and other tools to these observations to arrive at quantifications of risk exposures. These tools and metrics may fail to predict future risk exposure and as such materially and adversely affect the Group's results of operations, profitability and financial condition.

When management establishes provisions for loan losses in the Group's banking businesses at a level it deems appropriate, it makes an assessment of prior loss experiences, the volume and type of lending being conducted by the Group, industry standards, past due loans, economic conditions and other factors related to the collectability of the Group's loan portfolio. Although management uses its best efforts to establish the allowances for loan losses, this determination is subject to judgement. If this judgement or the underlying risk management methods and models turn out to be incorrect, which could come to light as a result of increases or decreases in non-performing assets or for other reasons, the Group may have to increase or decrease its allowances for loan losses in the future. Any increase in the allowances for loan losses, any loan losses in excess of the previously determined provisions or changes in the estimate of the risk of loss inherent in the portfolio of non-impaired loans could have a material adverse effect on the Group's results of operations, profitability and financial condition.

The Group continuously updates its assumptions and risk models to reflect actual experiences, regulatory changes and other new information. Updates in assumptions and risk models could affect the Group's operations, financial performance, financial condition, liquidity position and capital position by, for instance, increased Risk Weighted Assets or Risk Exposure Amounts (REAs) ("**RWA (REA)**"). Updates have led and may in the future lead to the Group incurring significant losses. In addition, this has led and may in the future lead to the Group reviewing and possibly changing its product pricing. The Group uses various pricing models for product pricing. These models may not be fully effective in establishing the right price for a product. The pricing model itself could be flawed or the risk models used as input for these pricing models could be flawed. This could lead to mispricing of products and services, which could have a material adverse effect on the Group's business, revenues, results of operations and prospects.

In addition, the Group's quantified modelling may not take all risks into account. The Group's more qualitative approach to managing risk takes into account a broader set of risks and may be based on expertise, experience, as well as judgments and assumptions where no data are available. However, it is less precise than quantified modelling and could prove insufficient. Unanticipated or incorrectly quantified risk exposures could result in material losses in the Group's banking businesses and other operations.

Also, the value of certain financial instruments is determined using financial models incorporating assumptions, judgements and estimates that may change over time or that may not turn out to be accurate. Generally, to establish the fair value of these instruments, the Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently active or absent, internal valuation models that utilise observable market data, if any.

If the risk management methods and models used by the Group turn out not to be adequate, this could have a material adverse effect on the Group's results of operations, profitability and financial condition.

19. The Group relies on third party service providers and third party (financial) products. Non-performance by third party service providers or deficient third party (financial) products could have a material adverse effect on the Group's reputation, business, results of operations, financial condition and prospects

The Group relies for its operations on third party services. For example, it relies on third parties in connection with its IT and market infrastructure. Key third party service providers for market infrastructure are the EBA Clearing, Equens, Euroclear, SWIFT and exchanges. Failure of these third party service providers could lead to interruptions in the business operations of the Group and of services offered or information provided to clients. Such failures could also prevent the Group from serving clients' needs in a timely manner. See ("—28. The Group has outsourced and offshored key services and any failure of counterparties to deliver the contracted services, to deliver the services at an adequate and acceptable level, in a timely manner, or to comply with privacy rules, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition").

The Group invests, as part of discretionary portfolio management ("**DPM**") services, client assets in third party investment funds which it does not control, and it may advise clients to invest in such funds. The Group also distributes third party financial products, such as insurance as part of unit-linked products. If third party investment funds in which client assets are invested do not deliver expected results or in the case of fraud in respect of such funds, or if financial products distributed by the Group do not achieve the intended results, clients may seek to be compensated by the Group and the reputation of the Group may be negatively affected. For example, the Group is a defendant in a number of proceedings as a result of the Madoff fraud. The Group, certain of its subsidiaries and some of their client funds had exposure to funds that suffered losses (in some cases, significant losses) as a result of the Madoff fraud. Provision of custodial services has resulted in a number of legal claims, including by Bernard L Madoff Investment Securities' trustee in bankruptcy (Irving Picard), and liquidators of certain funds, as they pursue legal actions in attempts to recover payments made as a result of the Madoff fraud and/or to make good their alleged losses. Certain Group subsidiaries are defendants in these proceedings. The amounts claimed in these proceedings are substantial. If the Group were to lose any proceedings, this could have material adverse consequences for the Group. See also "Business—Legal, regulatory and arbitration proceedings".

A materialisation of any of these risks could have a material adverse effect on the Group's reputation, business, results of operations, financial condition and prospects.

20. If the Group's use of derivatives to protect itself against certain risks is inadequate or ineffective in limiting the Group's exposure, the Group's business, results of operations and financial condition may be materially and adversely affected

The Group uses common financial derivative instruments such as swaps, options, futures and forward contracts which it has entered into with a number of counterparties to hedge or partly hedge against interest rate risk, currency risk and commodity price risk. The Group uses various financial models, sensitivity analyses and other risk assessment methods as a basis for its hedging strategy. The Group may not be able to manage its exposures adequately through the use of derivatives as a result of modelling, sensitivity analyses or other risk assessment method failures, or as a result of appropriate derivative products not being available, which would mean that its protection is inadequate.

Furthermore, derivative counterparties of the Group may default. Although the Group sometimes uses collateralised derivative contracts to mitigate risk or reduce exposure to its counterparty, and differences in market value of the collateral are being settled between the relevant parties on a daily basis, it is still exposed to counterparty risk.

If the Group were to be unable to manage risks successfully through derivatives (including a single counterparty's default and the systemic risk that a default is transmitted from counterparty to counterparty) this could have a material adverse effect on the Group's business, results of operations and financial condition.

21. The Group's financial statements in conformity with EU IFRS require the exercise of judgements and use of assumptions and estimates which, if incorrect, could have a material impact on the Group's results of operations, financial condition and capital ratios

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by the European Union ("**EU IFRS**") requires management to exercise judgement and use estimates and assumptions that affect the reported amounts of assets, liabilities, equity, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. For example, due to the inherently uncertain outcome of settlements of claims and litigation, it is difficult to provide for sufficient legal and regulatory provisions, and if the provisions made turn out not to be sufficient, the Group will have to report additional losses.

Judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and known at the date of preparation and issuance of the respective financial statements. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The accounting policies deemed critical to the Group's results and financial condition, based upon materiality and significant judgements and estimates, include the following areas: impairment of financial assets, valuation of financial instruments, provisions, income tax, recognition and de-recognition of assets and liabilities, impairment of financial and non-financial assets, contingent liabilities, consolidation and deconsolidation. If the exercise of judgement and the use of estimates and assumptions by the Group in preparing its consolidated financial statements in conformity with EU IFRS are subsequently found to be incorrect, this could have a material impact on the Group's results of operations and financial condition (including capital ratios).

22. The Group's business operations require precise documentation, recordkeeping and archiving. Any failure to do so could cause the Group to violate regulatory requirements, could prevent it from adequately monitoring transactions and claims or litigation, and could preclude it from enforcing agreements in accordance with their intended terms, all with a potential material adverse effect on the Group's business, reputation, results of operations and financial condition

The Group's business operations require precise documentation, recordkeeping and archiving. Incomplete documentation, documentation not properly executed by counterparties, inadequate recordkeeping or archiving, including the ability to promptly reproduce the information stored in a demonstrable authentic, unchanged, unmodified or unaltered fashion, and the loss of documentation—both physical and electronic documentation—could materially and adversely affect the Group's business operations in a number of ways.

Technical limitations, end of lifecycles, erroneous operational decisions, inadequate policies, human mistakes, outdated computer systems and programmes for the storage of older data, system failures, system decommissioning, underperforming third party service providers and inadequate and incomplete arrangements with third party service providers (including where the business continuity and data security of such third parties proves to be inadequate), may all lead to incomplete or inappropriate documentation or data, the loss or inaccessibility of documentation or data, and non-compliance with regulatory requirements. The fact that the constituent parts of the Group within the Netherlands and in the various countries where the Group operates its business have historically documented legal acts and transactions with clients differently or sometimes even not at all, and that therefore within the Group sometimes different documentation, procedures, models and IT systems are used, increases this risk. In the thematic reviews (*Vertrouwd en Verantwoord Bankieren*) that the Group is conducting on many of its client files, shortcomings in know-your-customer documentation and transaction documentation have been uncovered and in light of the large number of files, more are likely to be discovered. Some of the Group's data is for historical reasons or as a result of outsourcing held by third parties. In these cases, the Group relies on these third parties for access to documentation and data. For further information on internal review conducted by the Group on its transaction reporting, see "Business—Legal, regulatory and arbitration proceedings—Transaction reporting".

The risk is further exacerbated by the increased use of technology and modern media for interacting with clients and entering into transactions with or selling products and services to them. For example, documentation and recordkeeping when clients use the internet or hand-held devices for entering into transactions with the Group are in certain respects more complex (with electronic signatures having to be verified and pages visited and general terms accepted having to be stored) than with more traditional paper-based methods for entering into transactions. See also "—24. Failure of the Group's information technology systems could lead to a breach of regulations and (contractual) obligations and have a material adverse effect on the Group's reputation, results of operations, financial condition and prospects". As another example, employees may in violation of policies take client orders on a mobile telephone line, which conversations are not recorded, or it may prove impossible or very difficult to find the relevant discussion from among a large number of recordings.

If legal acts or transactions are not properly documented, validly confirmed by client (electronic) signature or otherwise, or the paperwork inadequately stored (as a result of changes in laws or otherwise), this could lead to failure to comply with legal and regulatory requirements on administrative and other recordkeeping requirements, delays in accessing data required to comply with regulatory requests and requirements, inability to make the right commercial decisions or the correct client suitability assessments, and could have an impact on providing information or evidence in regulatory and other investigations, procedures or litigation in which the Group may be involved. For example, the Group has sold savings mortgages in which a mortgage is repaid with capital that accretes on the basis of a savings or an insurance product. If, as has happened in certain instances, changes in either or both parts of the product are not properly processed, a mismatch may occur between the amount due at maturity and the amount saved by the client. This may lead to claims for compensation from the Group.

Furthermore, if client or transaction files are not complete, this could preclude the Group from enforcing or performing agreements in accordance with their intended terms. If the Group were to be unable to reconstruct the information obtained from and given to clients or counterparties at the start or during the course of the client relationship or upon entry into a transaction or not all relevant information has been asked from clients, the Group could for example run the risk of not being able to fulfil its burden of proof and being held liable for damages for violating a duty of care, or it could be unable to enforce its rights towards clients or counterparties or it could be confronted with regulatory fines. Due to the nature of systems and models, and the banking business relying on large numbers of similar contracts, a single mistake or error may have far-reaching consequences and affect a potentially large number of client transactions.

Accordingly, if the Group should fail in respect of proper documentation, recordkeeping and archiving, or in obtaining the right and complete information, this could not only lead to fines or other regulatory action, but also materially and adversely affect its business, reputation, results of operations and financial condition.

23. The Group and its management depend on the accuracy and completeness of information about the Group itself, clients and counterparties. If this information is unavailable, turns out to be materially inaccurate, incomplete, not up-to-date or evaluated wrongly this could materially and adversely affect the Group's business, financial condition, reputation or results of operations

In the course of its business operations, the Group requires certain information from its clients to be able to set up client profiles and structure transactions properly, to comply with anti-money laundering requirements, and to prevent the Group from taking unnecessary commercial risks. For example, when deciding whether to extend credit to or enter into other transactions with clients and counterparties, the Group relies on information furnished to the Group by or on behalf of clients and counterparties, including their financial statements and other financial information. The Group may also rely on auditor reports covering financial statements of clients and counterparties and on ratings provided by independent rating agencies with respect to clients and counterparties.

In addition, the Group is subject to rules and regulations which require the Group to obtain information from its clients, for example to perform customer due diligence (including know your customer procedures) and to establish risk profiles. If the Group does not request such information or if the information it receives or records is insufficient, inaccurate, not up-to-date or incomplete, the Group may not use the correct documentation, take incorrect commercial decisions, offer unsuitable products, engage in incorrect commercial transactions such as over-crediting and incur risks that it is not aware of. This may also lead the Group to violate rules and regulations, for example if the Group does not identify that a client is subject to sanctions or if it sells a product that is not suitable for the client. It could also lead to the violation of its duty of care towards clients and third parties. In addition, incorrect or incomplete client or counterparty data could result in the Group supplying incorrect or incomplete information to supervisory and tax authorities or not supplying information in a timely manner.

If information about clients and counterparties is not available, turns out to be materially inaccurate, insufficient, not up-to-date or incomplete this could lead to fines or regulatory action and could materially and adversely affect the Group's business, financial condition, reputation or results of operations.

The Group has a monitoring duty in relation to transactions outstanding, including client positions being either in-the-money or out-of-the-money, or the amount having been borrowed by clients being lower or higher than the value of property or security or the corresponding derivative. This monitoring allows the Group, amongst other things, to take appropriate commercial decisions and to verify continued suitability of the product for certain (retail) clients and compliance with legal requirements of the Group. Monitoring a large number of different products, including discontinued products that are still outstanding, is complex generally but it could become more difficult or even impossible if the Group should fail to properly document transactions or archive documentation. Inadequate monitoring by the Group may have a material adverse effect on the Group's business, results of operations and reputation.

Group management requires adequate information about the Group itself, its clients and counterparties and about the state of financial markets and market data in order to make appropriate and informed commercial, management and strategic decisions. For example, the Group applies strict limitations on extending credit to individual counterparties or within a single industry. If management data on the Group's credit portfolios would be inadequate, this could lead to the Group exceeding its concentration risk guidelines and incurring more risk than would be prudent or than is permitted pursuant to applicable rules and regulations. Also, the strategic decisions that the Group takes are to a large extent dependent on accurate data. If, for example, the information on financial performance, financial condition, or information of methods used for calculating "risk weighted assets", "asset quality" or capital and liquidity positions would be incorrect, then strategic decisions that the Group takes could turn out to be based on flawed information.

Furthermore, data required for making adequate decisions may not always be readily available or not be available in a format that allows processing without human intervention or only be available in a format that can no longer be accessed due to decommissioning of systems or service providers no longer supporting the systems required. The Group may then need to manually collect data from its various systems and from within different business units and convert it into a format compliant with reporting requirements. If the quality of data available to the Group's management is insufficient or if data is no longer available at all, because it is incomplete, not accessible, not up-to-date, not available or not available in a timely fashion or because it contains mistakes or because its significance is not properly evaluated, this could have a material adverse effect on the Group's business, results of operations and reputation.

24. Failure of the Group's information technology systems could lead to a breach of regulations and (contractual) obligations and have a material adverse effect on the Group's reputation, results of operations, financial condition and prospects

The Group's technological infrastructure is absolutely critical to the operations of the Group's business and delivery of products and services to clients. Even with the back-up recovery systems and contingency plans that are in place, the Group cannot assure that interruptions, failures or breaches in capacity or security of these processes and systems, will not occur or, if they do occur, that they will be adequately addressed. This includes disruptions of the Group's operating or information systems, arising from events that are wholly or partially beyond the Group's control, including computer viruses or electrical or telecommunication outages, breakdowns in processes, controls or procedures, and operational errors, including administrative or recordkeeping errors or errors resulting from system failures, faulty computer or telecommunications systems.

Any disruption in a client's access to their account information or delays in making payments or carrying out instructions may have a significant impact on the Group's reputation and may also lead to potentially large costs to both rectify the issue and, to the extent the Group's terms and conditions are not effective in excluding this risk, an obligation to reimburse losses incurred by clients. Current and future laws and regulations may lead to penalties and other sanctions for the Group, and they may also force the Group to pay compensation to affected clients. Past outages of internet banking and mobile banking experienced by the Group, even for a limited period of time, have shown that continuous banking access is critical for clients and, as a result, the Group's reputation.

Any such interruptions, failures or breaches, even for a limited period of time, could result in, for example:

- interruptions in the business operations of the Group and of the services offered or information provided to clients, or inability to serve clients' needs in a timely fashion;

- interruptions or errors in management information;

- the Group being unable to report accurate information or report in a timely manner to supervisory authorities and thus being in violation of applicable regulations;

- inability to identify in time or at all, inadequate, fraudulent, negligent, erroneous or unauthorised dealings by the Group's employees or third parties, or telecommunication connection failures, hacking of the website portal of the Group or forms of cybercrime;

- loss of or corruption of (personal) data resulting in violation of applicable regulations and/or reputational damage;

- inability to execute securities trades to limit discretionary management portfolio client losses in a declining market; and

- considerable costs in terms of, for example, information retrieval and verification.

Technological efficiency and automation is also an important factor for the control environment of the Group. Inadequate technology in the control environment may, for example, lead to delayed or late detection or reporting, or no detection or reporting at all, of errors, fraud, incidents, risks or the materialisation thereof, which may lead to losses, fines, claims, regulatory action and reputational damage, that might have been avoided or limited if the technology had been adequate or used adequately.

Failure to manage or prevent interruptions in its operational processes and communication and information systems, failures or breaches adequately could result in breach of regulations, reputational damage, claims, losses and damages. It can therefore materially and adversely affect the Group's reputation, results of operations, financial condition and prospects.

25. The Group's clearing business may be subject to regulatory actions and fines or may incur losses that could materially and adversely affect the Group's financial condition and results of operations, prospects and financial condition as well as materially and adversely affect the Group's reputation

The Group's subsidiary ABN AMRO Clearing Bank N.V. ("**ABN AMRO Clearing**") is a global clearing firm and plays a leading role as a systematically relevant participant in the financial market infrastructure on various exchanges, trading venues and on the over-the-counter markets. ABN AMRO Clearing provides, amongst others, the following services with respect to financial instruments and derivatives: clearing, settlement, custody, financing, direct market access, securities lending and margin financing. ABN AMRO Clearing has access to all major exchanges and is connected to over 150 liquidity centres worldwide. As at 30 September 2015, ABN AMRO Clearing had EUR 12 billion in customer loans and EUR 2 billion in RWA (REA). ABN AMRO Clearing provides these services exclusively to professional clients such as principal trading groups, alternative investors, financial institutions, corporate hedgers and market makers. Due to the nature of its clients, ABN AMRO Clearing processes very large transaction volumes on a daily basis and is responsible for clearing and settlement of large percentages of the daily volumes traded on exchanges and other liquidity centres around the world.

ABN AMRO Clearing is a trading member to a number of exchanges and a general clearing member to several central counterparties ("**CCPs**"). Furthermore, ABN AMRO Clearing makes use of a number of third party service providers and street side parties, such as brokers, other banks (such as nostro banks), settlement agents, repo and stock borrowing or lending counterparties, (sub)custodians, payment infrastructure and central securities depositaries. Failure of these parties or third party service providers could lead to interruptions in the business operations and systems of ABN AMRO Clearing, of services offered or offered in a timely manner to its clients and could lead to regulatory fines. See also "—19. The Group relies on third party service providers and third party (financial) products. Non-performance by third party service providers or deficient third party (financial) products could have a material adverse effect on the Group's reputation, business, results of operations, financial condition and prospects".

In accordance with applicable rules, ABN AMRO Clearing contributes to the default fund of the CCPs of which it is a clearing member. The default fund can be used in case of default by another clearing member of such a CCP. ABN AMRO Clearing may be requested to provide additional contributions to a CCP default fund in the event that this default fund is not sufficient to cover the default of another clearing member. Furthermore, ABN AMRO Clearing is exposed to counterparty risk in respect of each CCP to which ABN AMRO Clearing is a clearing member. A default by various other clearing members or a CCP itself could impact market circumstances and may therefore also materially and adversely affect the value of collateral held by ABN AMRO Clearing. Any default or other failure by a clearing member or a CCP could materially affect ABN AMRO Clearing's results of operations, prospects and financial condition.

ABN AMRO Clearing has outsourcing and offshoring arrangements with a third party in respect of certain services relating to back office operations, such as corporate actions and settlements. ABN AMRO Clearing is at risk of this third party not delivering on its contractual obligations. See also "—28. The Group has outsourced and offshored key services and any failure of counterparties to deliver the contracted services, to deliver the services at an adequate and acceptable level, in a timely manner, or to comply with privacy rules, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition".

ABN AMRO Clearing is exposed to operational risk arising from the uncertainty inherent to its business undertakings and decisions. Operational risk includes the risk of loss resulting from inadequate or failed internal processes, systems, human error or external events. See also "—16. The Group is subject to a large number of operational risks that could have a material adverse effect on the Group's ability to raise funding and capital, its business, operations, reputation, financial condition, profitability and results of operations".

ABN AMRO Clearing's business operates on the basis of extensive and complex IT systems. If these systems fail to operate properly, resulting in for example trades not being settled or not being settled in a timely manner or over-the-counter transactions not being concluded in time, it could result in substantial losses for ABN AMRO Clearing as well as a potential loss of opportunity for its clients. ABN AMRO Clearing has in the past incurred and risks incurring in the future regulatory fines related to failures in the proper operation of IT systems, regardless of whether these were caused by failure of an ABN AMRO Clearing system or a third party system. As a result, the Group could also suffer reputational damage. See also "—24. Failure of the Group's information technology systems could lead to a breach of regulations and (contractual) obligations and have a material adverse effect on the Group's reputation, results of operations, financial condition and prospects".

ABN AMRO Clearing offers its clients global execution services. This means that clients are provided with direct market access and as such can use ABN AMRO Clearing's memberships, which enables them to place orders directly on certain markets and stock exchanges in the name of ABN AMRO Clearing. Some clients may use automated trading systems such as algorithmic trading and high frequency trading. If these types of trading become more controversial this may lead to reputational damage for ABN AMRO Clearing and the Group. Any breaches by clients or by ABN AMRO Clearing itself of applicable laws, rules and regulations, including market abuse prohibitions and regulatory reporting obligations may result in regulatory actions taken against or fines being imposed on ABN AMRO Clearing. ABN AMRO Clearing has in the past incurred and risks incurring in the future regulatory fines in this regard. Furthermore, if a client fails to perform its obligations under any contract entered into in the name of ABN AMRO Clearing, ABN AMRO Clearing may be held liable. ABN AMRO Clearing may fail to effectively perform pre-trade and post-trade controls, to exercise timely risk-monitoring and transaction surveillance or to employ a kill-switch device or to perform regulatory reporting obligations, and may therefore not be successful in preventing erroneous trading, such as "fat finger errors", incorrect functioning of automated trading systems, or misconduct by its clients. This risk is particularly relevant in respect of clients who employ their own trading or order systems instead of ABN AMRO Clearing's infrastructure. Although ABN AMRO Clearing may have recourse on its clients for any of such breaches or non-performance, there remains a risk that ABN AMRO Clearing is not able to fully recover amounts paid. Client conduct may therefore have a material adverse effect on ABN AMRO Clearing's reputation, results of operations and its financial condition.

ABN AMRO Clearing uses internal risk management methods and models for calculating its exposure to its clients. ABN AMRO Clearing could incur losses if the risk management methods and models used turn out not to be adequate. See also "—17. The Group uses internal risk management methods and models which incorporate assumptions, judgements and estimates that may change over time or that may ultimately turn out not to be accurate, which may have a material adverse effect on the Group's results of operations, profitability and financial condition".

ABN AMRO Clearing seeks to mitigate its exposure to clients through the maintenance of collateral, including for client positions that ABN AMRO Clearing finances. Often, collateral consists of cash or financial instruments, the value of which may fluctuate in very short periods of time. Therefore, ABN AMRO Clearing applies a haircut, the level of which is dependent on the volatility and liquidity of the underlying collateral. A change in the value of the collateral will be absorbed by the haircut but may nonetheless result in ABN AMRO Clearing holding insufficient collateral. ABN AMRO Clearing can accordingly be exposed to credit risk on its clients. Furthermore, if a client's collateral becomes insufficient ABN AMRO Clearing may not be able to immediately take remedial action, which may result in increased damages. If ABN AMRO Clearing does take remedial action, especially in the case of large sudden price movements, it may face a claim from its client. If a client goes bankrupt or becomes insolvent, ABN AMRO Clearing may become involved in disputes and litigation with the client's bankruptcy administrator or may become involved in regulatory investigations. This could increase ABN AMRO Clearing's operational and litigation costs and may result in losses.

ABN AMRO Clearing is a global clearing firm with branches and subsidiaries in different jurisdictions, which may be funded by ABN AMRO Clearing. Clients of ABN AMRO Clearing operate in multiple markets and require funding for their activities in multiple currencies. ABN AMRO Clearing runs an operational risk of not receiving the required funding in a timely manner at a certain location or other types of operational and regulatory risks that are inherent to a multiple-entity and multiple-country set up.

ABN AMRO Clearing services its clients from its different branches and subsidiaries. Where relevant, a client may have entered into a number of client agreements with the different branches and subsidiaries of ABN AMRO Clearing. Information of or with respect to clients may be transported between the different branches and subsidiaries of ABN AMRO Clearing. Even though the corporate interest mandates careful handling of client information, ABN AMRO Clearing runs the risk that regulations and contractual obligations that control the flow of information such as privacy laws may be breached which could result in fines from regulators, claims from clients and reputational damage and could have a material adverse effect on ABN AMRO Clearing's business, results of operations and financial condition. See also "—29. The Group is subject to the risk that information proprietary to the Group, its clients, its business partners, vendors or other third parties is made public unintentionally or unlawfully which could result in reputational damage, claims, losses and damages and could have material adverse effect on the Group's business, results of operations and financial condition".

ABN AMRO Clearing is a global clearer and therefore it is always exploring the possibilities of doing business in countries where it currently has no presence. ABN AMRO Clearing has a banking license in the Netherlands, but local registration, license requirements and regulatory requirements can vary for different types of investors and services. Furthermore, as long as ABN AMRO Clearing is not locally registered or has obtained a licence, restrictions might apply with respect to marketing activities. ABN AMRO Clearing risks incurring regulatory fines if it breaches any local requirements, among other things, related to soliciting business and such breach may have a reputational impact.

Under CRD IV competent supervisory authorities may, as a result of the SREP, require additional capital to be maintained by ABN AMRO Clearing relating to elements of risks which are not or not fully covered by the pillar 1 minimum own funds and combined buffer requirements.

ABN AMRO Clearing is largely dependent on its parent ABN AMRO Bank for the sourcing of liquidity. ABN AMRO Bank is continuously assessing whether the internal fund transfer pricing reflects the maturity profile of the underlying client portfolio. Change in internal fund transfer pricing could have an impact on Clearing's profitability.

The client clearing of exchange traded derivatives ("**ETDs**") is an evolving area in global financial markets and very relevant to ABN AMRO Clearing. Also the accounting treatment of clearing activities continues to generate discussion in the sector. The analysis of whether a clearing member has become party to one or more financial instruments as a result of the client clearing transactions is complex and is further complicated by the pace of change in the market around the global clearing processes. This involves among other things the assessment of recognition of derivatives as well as the possible subsequent derecognition or offsetting of positions. Going forward, the Group will continue to stay abreast of the changing market practices and will make the resulting accounting changes needed, if any, to ensure that the accounting treatment remains appropriate. Any changes to the accounting treatment of ETDs could have a material impact on ABN AMRO Clearing's balance sheet, profitability and financial condition and could, as a consequence, have an impact on the Group.

Finally, new capital requirements applicable to clearing operations could force the Group to hold more capital for its clearing operations, which would affect the profitability of the clearing business and which could restrict the ability of the Group to use this capital for other—potentially more profitable—operations. For example, mainly due to the implementation of a revised calculation method for the exposure measure for clearing services set out in Commission Delegated Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the leverage ratio ("**CDR**"), the Group's fully-loaded leverage ratio decreased from 3.5% as at 31 March 2015 to 3.1% as at 30 June 2015. The revised calculation method led to a considerable increase in the exposure measure, particularly the derivative exposure. The CDR specifies that when a clearing member guarantees the exchange traded derivative transactions of clients towards CCPs, it must include the guarantee in the exposure measure. Furthermore, the non-renewal of waivers granted by the competent authority of the application of certain prudential requirements including capital requirements on a solo basis (solo waivers) currently in place with respect of ABN AMRO Clearing could have an adverse effect on ABN AMRO Clearing's capitalisation. See also "—40. As a result of capital and liquidity requirements, the Group may not be able to manage its capital and liquidity effectively, which could have a material adverse effect on the Group's financial condition, regulatory capital position and liquidity position and the Group may be forced to raise additional capital or restrict dividend payments". As at 30 September 2015, the Group's fully-loaded leverage ratio is 3.5%.

Each of the above events can materially and adversely affect ABN AMRO Clearing's, and thereby the Group's, results of operations, prospects and financial condition as well as materially and adversely affect the Group's reputation.

26. Failure to properly manage change, such as change driven by new or changed products, activities, processes, systems, organisation or additional legal or regulatory requirements, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects

The Group is subject to risks associated with—the development and implementation of—regulatory changes, new or changed products, activities, processes, systems or organisations. Examples of events subject to this risk include changes in the IT infrastructure or the acquisition of another business. Change risks include project execution risks and end-state risks, which are risks arising after implementation of a change. Examples of project execution risks are not meeting project requirements and exceeding budget or timelines. Examples of end-state risks are not meeting the income or cost reduction objectives of the change, but also remaining risks from the implementation after closing of a project. In addition, the implementation of certain changes is driven by or may result in additional legal or regulatory requirements. Furthermore, the development and implementation of change may be dependent on the cooperation and competencies of third party vendors See also "—27. The Group's IT and operations landscape, which is complex, is in the process of being re-engineered and simplified. Failure to re-engineer and simplify the Group's IT and operations landscape could have a material adverse effect on the Group's results of operations, financial condition and prospects" and "—28. The Group has outsourced and offshored key services and any failure of counterparties to deliver the contracted services, to deliver the services at an adequate and acceptable level, in a timely manner, or to comply with privacy rules, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition". To the extent that such legal or regulatory requirements cannot be timely met or at all, the Group risks performing certain operations in breach of such requirements. See also "—24. Failure of the Group's information technology systems could lead to a breach of regulations and (contractual) obligations and have a material adverse effect on the Group's reputation, results of operations, financial condition and prospects".

Failure to properly manage change could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

27. The Group's IT and operations landscape, which is complex, is in the process of being re-engineered and simplified. Failure to re-engineer and simplify the Group's IT and operations landscape could have a material adverse effect on the Group's results of operations, financial condition and prospects

Operating the IT landscape is a core part of the Group's activities. The Group's current IT infrastructure is complex, with (i) a high number of applications (including duplicate functionalities), (ii) many interfaces and/or a large number of point-to-point interfaces that are difficult to maintain, (iii) partly outdated software for which it is hard to find skilled resources, (iv) no uniform data definitions or data models and (v) a highly diversified infrastructure with different types and versions of platforms. This results in data quality issues, high maintenance cost, unexpected challenges and necessitates manual actions in day-to-day processes. More importantly, this reduces the agility for responding quickly to market trends and new innovations.

In 2013, the Group launched a programme named TOPS2020 which is mainly focused on re-engineering its IT core banking landscape, with a strategic outlook up to 2017 and beyond. This programme has been designed to upgrade, rationalise, standardise and simplify the Group's IT landscape and to ultimately decrease IT expenditures (see "Business—Information Technology (IT)—TOPS2020 IT Programme").

There can be no assurance that the Group will realise the anticipated benefits associated with this re-engineering programme in the timeframe planned, or at all. In addition, there can be no assurance that the total implementation cost currently anticipated will not be exceeded. Technological advances between now and full implementation of the programme may be faster than the re-engineering programme anticipates, resulting in the risk that the Group may need to make further or additional investments in its IT landscape. See also "—24. Failure of the Group's information technology systems could lead to a breach of regulations and (contractual) obligations and have a material adverse effect on the Group's reputation, results of operations, financial condition and prospects". Changes in the IT landscape (among others the installation of the on premise dedicated cloud based infrastructure and move of applications to this infrastructure) can have an impact on software license structures and costs, for example due to the need to acquire licenses and support. Furthermore, the Group depends on third party vendors for the realisation of the TOPS2020 IT Programme See also "—28. The Group has outsourced and offshored key services and any failure of counterparties to deliver the contracted services, to deliver the services at an adequate and acceptable level, in a timely manner, or to comply with privacy rules, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition".

If any of these risks should materialise, or if there are unexpected challenges in the implementation process, the anticipated benefits of the re-engineering programme may be delayed, achieved only in part, not at all, or at greater cost, which could have a material adverse effect on the Group's results of operations, financial condition and prospects.

28. The Group has outsourced and offshored key services and any failure of counterparties to deliver the contracted services, to deliver the services at an adequate and acceptable level, in a timely manner, or to comply with privacy rules, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition

The Group has outsourcing and offshoring arrangements with a number of third parties and to a number of countries, including for a large part to India, notably in respect of IT, and certain services operations, such as cash centres, cash transportation, servicing of automated teller machines ("**ATMs**"), and back office activities, for example in human resources operations. In 2014, outsourced and offshored IT services comprised 77% of the budget available to the IT department. The Group therefore strongly depends on the services, products and knowledge of its key third party information and communications technology ("**ICT**") and software providers. Accordingly, the Group is at risk of these third parties not delivering on their contractual obligations. These services may cease to be provided, for example due to a service provider ceasing to exist, or a contract period expiring or a contract being terminated without sufficient continuity or contingency planning by the Group. In addition, there can be no guarantee that the suppliers selected by the Group will be able to provide the functions for which they have been contracted, either as a result of them failing to have the relevant capabilities, products or services, or due to changed regulatory requirements, inadequate service levels set by or ineffective monitoring by the Group. Furthermore, the Group is at a risk of these third parties operating below adequate or acceptable levels. Due to the strong dependency on the cooperation and ability of third party software and ICT suppliers to enable implementation of the Group's changes, it cannot be assured that modifications necessary in order to address changes are timely made. See also "—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects".

For example, the Group has a main supplier to which the IT environment is outsourced, IBM Nederland B.V. ("**IBM**"). The activities outsourced include infrastructure, storage, end user computing, helpdesk and print and output. The party to which the activities have been outsourced also coordinates certain activities of other suppliers and monitors their performance. If the main supplier fails to perform its services effectively or not in accordance with the terms of the relevant agreements, this may have a material adverse effect on the availability of the Group's banking services, including the Group's online services such as internet banking and also on the productivity of its employees. Considering that this party is the sole supplier of these activities to the Group and even though there are various back-up, business continuity and disaster recovery scenarios in place to ensure the Group's operations can continue, there is a certain lock-in risk for the Group. Other key suppliers are Infosys Limited ("**Infosys**"), Tata Consultancy Services Limited ("**TCS**"), CapGemini Nederland B.V. and Cognizant Technology Solutions Benelux B.V. ("**Cognizant**"). The TOPS2020 IT programme does not aim to reduce the level of outsourcing by the Group. In addition, the Group makes use of IT applications hosted by third party service providers. The Group also stores data, such as for example the Group's HR data, with third party service providers. The Group is dependent on the continued performance, accuracy, compliance and security of third party service provider processes and systems. See also "—19. The Group relies on third party service providers and third party (financial) products. Non-performance by third party service providers or deficient third party (financial) products could have a material adverse effect on the Group's reputation, business, results of operations, financial condition and prospects".

As of the date of this Prospectus, no critical client data is stored in applications of third parties, but it cannot be excluded that this will change in the future. Subject to strict rules, some third party providers may have access to, or are given, privacy sensitive client or employee information. If the third party service provider were to inadvertently disclose this information, or if it were to be hacked, or if the information would be stolen or intentionally disclosed by employees, then the Group could suffer a significant reputational loss in addition to it becoming subject to regulatory penalties and civil liability.

Any failure of counterparties to deliver the contracted services or to deliver these services in compliance with applicable laws and regulations and at an adequate and acceptable level could result in reputational damage, claims, losses and damages and could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

29. The Group is subject to the risk of internal and external fraud, crime, cybercrime, or other types of misconduct by employees or third parties which could have a material adverse effect on the Group's business, reputation, results of operations, financial condition and prospects

The Group is subject to the risk of fraud, crime, money laundering, cybercrime and other types of misconduct by employees and third parties, as well as to unauthorised transactions by employees, third party service providers and external staff, including "rogue trading". This type of risk includes identity theft, theft of address files, user identification or password data, distributed denial of service ("**DDOS**") attacks, advanced persistent threat attacks targeted at banks with the goal of committing, for example, espionage or financial fraud through customised malware that seeks to access bank infrastructure and gather information about critical applications, unauthorised use by employees or clients of client and other data, bank systems, products and services, or user rights potentially resulting in breaches of law, rules, regulations and internal policies, losses, claims, fines, regulatory action, legal proceedings or reputational damage.

In the area of payments, over the past years the Group and especially the Group's clients have been subject to cybercrime fraud in the form of phishing and malware. In case of phishing, the client is tricked into surrendering personal codes via social engineering. In case of malware, a client's computer is infected with a computer virus. In cybercrime, criminals initiate fraudulent payments at the expense of clients. European law tends to hold the bank liable unless it provides proof of intentional misconduct or gross negligence by the client. Other forms of theft include violent robberies of ATMs, in which criminals use combustible gas, explosives or vehicles and heavy equipment to gain access to cash stored in ATMs.

The Group may be subject to disruptions of its operating or information systems, arising from criminal acts by individuals and groups via cyberspace (for example as a result of DDOS attacks), which may interrupt the service to clients. See also "—24. Failure of the Group's information technology systems could lead to a breach of regulations and (contractual) obligations and have a material adverse effect on the Group's reputation, results of operations, financial condition and prospects". The continuous efforts of individuals and groups, including organised crime, via cyberspace to commit fraud through electronic channels or to gain access to information technology systems used by the Group (including with respect to clients' and Group information held on those systems and transactions processed through these systems) are a growing threat to the Group. The manifestations of risks to technology—including cyber security—change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential attacks via cyberspace, it is possible that future attacks may lead to significant breaches of security and loss of (personal) data. In addition, the Group may as a result not be able to access data or operate its systems, it may not be able to recover data, or establishing that data is not compromised may be very time consuming and costly.

The Group constantly monitors the consequences and extent of cybercrime and has a cyber-security programme and taken other actions to limit its exposure. The Group furthermore continuously devotes attention to this matter in order to keep up with the heightened level of the threat. However, despite these measures, there is always a risk that cyber-security risk is not adequately managed or, even if adequately managed, a cyber-attack can take place and be successful, which could lead to breach of regulations, investigations and administrative enforcement by supervisory authorities and claims that may materially and adversely affect the Group's business, reputation, results of operations, financial condition, prospects and its position in legal proceedings.

30. The Group is subject to the risk that information proprietary to the Group, its clients, its business partners, vendors or other third parties is made public unintentionally or unlawfully which could result in reputational damage, claims, losses and damages and could have material adverse effect on the Group's business, results of operations and financial condition

The Group is subject to regulations and contractual obligations that control the flow of information such as privacy laws and the passing on of price sensitive information. The corporate interest mandates careful handling of competitively sensitive information. As a result, information about the Group, its clients or its employees that is made intentionally, unintentionally (contrary to regulations and contractual obligations) or unlawfully public by employees, contractors or personnel seconded to the Group, including employees of third party suppliers, could lead to regulatory sanctions, breaches of privacy rules, confidentiality undertakings and other legal and contractual obligations, possibly resulting in claims against the Group and a loss of trust in the Group. In addition, leaked information may be used against the interests of the Group, its clients or its employees, including in litigation and arbitration proceedings. Unintentional data leakage may occur as a result of, among others, lost or stolen laptops, USB sticks and physical files, theft of client or Group data for personal or other use, such as leaks to the press, and the sending of Group or client data to private emails or its usage in shared environments. Accordingly, data leakages could result in reputational damage, claims, losses and damages and could have a material adverse effect on the Group's business, results of operations and financial condition.

31. The business operations of the Group, its third party service providers and its clients are vulnerable to epidemics, pandemics, floods, storms, earthquakes, other forms of natural disasters, other events that could impede public safety, the occurrence of terrorist acts, acts of war or other hostility, or other disasters caused by people. This could have a material adverse effect on the Group's business, financial condition and results of operations

The business operations of the Group are vulnerable to epidemics, pandemics, floods, storms, earthquakes, or other forms of natural disasters and other events that could impede public safety, such as accidents. These events could lead to losses or damages to the Group's physical assets and employees. The same may apply to third parties on whom the Group depends for its operations and clients. In particular, third parties to whom the Group has offshored key services may be located in areas where the risk of these natural disasters or other events is perceived as being higher than in the areas where the main business operations of the Group are located, for example India. The Group may be forced, legally or as a practical commercial matter, to bear the losses for damage that has been caused to clients or third parties. Natural disasters and the responses to them may create economic and political uncertainties, which could result in periods of high volatility, which could have a material adverse effect on Dutch, European and global economic conditions and global financial markets generally, and more specifically on the business and results of the Group in ways that cannot necessarily be predicted. The data centres of the Group are located in relative proximity to each other, which increases the likelihood that both data centres be significantly impacted in the event of a regional disaster, such as a flood or earthquake.

The business operations of the Group and third parties are also vulnerable to interruption from events that are wholly or partially beyond its control and which are disasters caused by people, such as acts of terrorism, fire, sabotage, riots, strikes, bomb threats, explosions, acts of war or other hostility**.** Such events and responses thereto may create economic and political uncertainties, which could result in periods of high volatility and which could have a material adverse effect on Dutch, European and global economic conditions and global financial markets generally, and more specifically on the business and results of the Group in ways that cannot necessarily be predicted. The Group may be forced, legally or as a practical commercial matter, to bear the losses for damages that have been caused to clients or third parties.

The occurrence of any such events could have a material adverse effect on the Group's business, financial condition and results of operations.

32. The Group's ability to retain members of its Managing Board and management group and key employees at any level in the Group as well as its ability to retain and attract other qualified employees are critical to the success of its business and the failure to do so could have a material adverse effect on the Group's performance. Dutch and European limitations on remuneration may create a competitive disadvantage for the Group for retaining and recruiting management and other key employees

The success of the Group's operations depends in part on having a capable management team and other key employees. Losing the services of one or more members of the managing board of the Company ("**Managing Board**") or Management Group (as defined in "Management, Employees and Corporate Governance") or other key employees with critical knowledge or skills at any level or in any department could materially and adversely affect the Group. The implementation and execution of the Group's strategic plans depend in part on the continued availability of key personnel throughout the Group. In addition, employees in general are one of the Group's most important resources and competition for key employees in certain specialised areas is intense. In order to attract and retain key employees, the Group seeks to compensate such employees at market levels. Any inability to attract and retain key employees could have a material adverse effect on the Group's performance. No assurance can be given that the Group will be successful in the future in attracting and retaining such personnel.

Under Dutch and European law, remuneration of members of the managing board and employees active in the financial sector is subject to certain remuneration restrictions, including caps on bonuses and claw-back of bonuses applicable to members of the managing boards and all employees, and prohibitions applicable to members of managing boards and senior management immediately below the managing board responsible for staff whose professional activities could have a material impact on a company's risk profile, on payment of variable remuneration. Dutch restrictions on remuneration are stricter than those provided for by European law. More recently, certain remuneration restrictions, such as the prohibition on payment of variable remuneration, have been extended to senior management (as defined in the FMSA and as introduced by the Dutch Act on Remuneration Policies for Financial Firms (*Wet beloningsbeleid financiële ondernemingen*, the "**Wbfo**")) and shall apply, in case of state support to a financial firm through ownership by the Dutch State, until NLFI on behalf of the Dutch State no longer possesses any shares. The Dutch Minister of Finance has stated in Dutch Parliament ("**Parliament**") that: "Until the Dutch State has sold its last share in the Group, the Managing Board, the supervisory board of the Company (the "**Supervisory Board"**) as well as senior management immediately below the Managing Board, will not receive any bonuses. Salary increases are also excluded." (Unofficial translation) The Dutch Minister of Finance also made clear that certain salary increases based on collective bargaining agreements will be permitted. See "Management, Employees and Corporate Governance—Remuneration" and "Management, Employees and Corporate Governance—Restrictions on remuneration". The Group has reflected the applicable remuneration restrictions in all relevant policies and where relevant in individual contracts. As the application of rules and regulations providing for remuneration restrictions may include an assessment and interpretation of the requirements, it cannot be excluded that a competent regulator takes a different view on the correct application of such requirements in specific cases.

The restrictions described above may make it difficult to align management's interest with the interest of holders of DRs and could make it difficult for the Group to recruit and retain the management and other key employees that it needs to run its business and achieve its objectives.

The financial services industry may experience additional restrictions on employee compensation, or employee compensation deemed excessive may be made subject to special taxation, or other restrictions in remuneration may be introduced, which could have a further material adverse effect on the Group's ability to hire or retain the most qualified employees in the future. Restrictions on, or taxation of employee compensation may also become more burdensome for the Group and other Dutch financial institutions than for some of their competitors in other jurisdictions or markets, which could have an additional material adverse effect on the Group's ability to hire or retain the most qualified employees in the jurisdictions or markets where the Group operates or intends to operate.

REPUTATIONAL RISK

33. The Group is subject to conduct and reputational risk, which could materially and adversely affect the Group's results of operations, prospects and financial condition

The Group is subject to the risk that inappropriate execution of the Group's business activities causes detriment to the Group's clients or counterparties or to the Group and its employees, third party service providers and external staff. In addition, the Group is subject to reputational risk from damage caused to the Group's brand arising from any inappropriate actions by the Group, its employees, clients or counterparties (including breaches of laws, regulations and internal policies), or by any association, action or inaction which is perceived by stakeholders to be inappropriate, unethical or not sustainable. Moreover, the Group is subject to reputational risk from damage caused to the Group arising from inappropriate actions by the Group's clients or counterparties (including money laundering, terrorism financing and tax evasion by these clients and counterparties). See also "—53. Tax evasion or tax avoidance by a client could be attributed to the Group, which could lead to reputational damage and financial penalties".

In addition, coinciding with the financial crisis, there has in recent years been an increased interest by governments, political parties, the media and the public in the tax affairs of companies. This increased interest may also apply to the Group's tax policy or the tax affairs of the Group's clients. In addition, changes as to what is perceived by governments or by the public to be appropriate, ethical or sustainable behaviour in relation to tax may lead to a situation where the Group's tax policy is in line with all applicable tax laws, rules and regulations, but nevertheless comes under public scrutiny. These two developments could lead to reputational damage and damage to the Group's brand.

Examples of the types of risk referred to in the previous paragraph include, but are not limited to, the failure or perceived failure to comply with legal and regulatory rules and other requirements, including the Group's duty of care, the Banker's Oath (as defined below), principles or codes of conduct (including on sustainability) by the Group, its employees, its clients, or other third parties linked to the Group, insufficient measures to prevent money laundering, bribery, corruption, tax evasion or terrorist financing, the quality and transparency of products sold to clients, the manner in which the Group protects its legitimate interest upon a client default or a margin obligation arising, the Group's presence in the diamond and jewellery industry, the breach of privacy and data protection rules, the Group's lending to persons subject to public criticism, the sale of loan portfolios confronting clients with a new credit owner, the Group's hiring practices, remuneration policies or the conduct of its employees. Failure to comply or to sufficiently comply with legal and regulatory rules and other requirements was the subject of investigations in connection with the Group's Private Banking operations in Dubai. See "Business—Legal, regulatory and arbitration proceedings—Dubai branch irregularities" for more information. In addition, in that instance confidential correspondence between the regulator and the Group was leaked to the press. Reputational risk is, for example, generally perceived to be significant in the diamond and jewellery business, in which business the Group is one of a limited number of international lenders. Employees without authorisation viewing client account information, stealing client data or passing client data on to tax authorities or competitors may harm the Group's operations and its reputation.

Failure to appropriately manage conduct and reputation risks may reduce, directly or indirectly, the attractiveness of the Group to stakeholders, including clients, and may lead to negative publicity, loss of revenue, litigation (including class actions), increased regulatory scrutiny and sanctions, reduced workforce morale, and difficulties in recruiting and retaining talent. Any resulting damage arising from conduct or reputation risks could cause damage to the Group's business, regardless whether the negative publicity is factually accurate.

The Group's reputation may also suffer by association from fraudulent or criminal acts committed by clients or by employees for activities unrelated to their position with the Group.

Negative publicity could also be repeated by third parties, which could damage the reputation of the Group further. In addition, the Group's reputation could also be harmed as a result of negative external publicity over which the Group has no or minimal control (such as social media). Any damage to the reputation of the Group could cause existing clients to withdraw their business from the Group and potential new clients to be reluctant to do business with the Group. Furthermore, it could result in greater regulatory scrutiny and influence market or rating agency perception of the Group, which may make it more difficult to maintain its credit rating. These factors may materially and adversely affect the Group's results of operations, prospects and financial condition.

34. Further reductions of the Dutch State's interest in the Company may result in a perception of increased risk by investors and clients, including depositors

Immediately after the closing of the Offering, NLFI, on behalf of the Dutch State, will hold 77.0% of the Company's issued and outstanding share capital (assuming full placement of the Offer DRs and full exercise of the Over-Allotment Option). The Dutch Minister of Finance has expressed that the Dutch State, through NLFI, will eventually fully phase out its interest in the Company in multiple tranches.

The timing and the form of further offerings of tranches of (DRs representing) Ordinary Shares by NLFI are uncertain. The phase out may result in a perception of increased risk by investors, counterparties and clients, including depositors, with respect to the safety of client deposits, the Group's capital position, risk profile and the Group's soundness in general as some investors and clients may have taken comfort from the Dutch State's indirect shareholding in the Company. This could lead to a general decrease in investor, counterparty and client confidence, which may, for example, result in a reduction of client deposits. The materialisation of any of these events could materially and adversely affect the market price of the Group's securities and its business, financial condition and results of operations.

35. Reduced liquidity in the diamond and jewellery industry may result in a lower quality of the Group's credit portfolio in this industry and thus adversely affect the Group's financial condition and results of operations. If the Group does not provide the liquidity expected by the industry, this may damage the Group's reputation in the diamond and jewellery industry

The Group is one of a limited number of international lenders in the diamond and jewellery industry. Since 2012, the Group has decided to reduce its exposure to this industry, as the risk became too high in view of the Group's moderate risk profile. As of 30 September 2015, the Group's exposure as measured by loans and receivables to diamond and jewellery customers amounted to USD 1.6 billion (at a rate EUR/USD of 1.12 at 30 September 2015, which is approximately 11% of the total exposure of the diamond and jewellery industry as a whole (estimated at approximately USD 14 billion in 2014)[3]. The diamonds and jewellery industry has generally experienced reduced liquidity with various banks leaving the industry or reducing their exposure. This has resulted in market participants having less opportunity to finance or re-finance their businesses and operations, especially in Belgium. To the extent that clients of the Group have insufficient access to liquidity, their creditworthiness may be materially and adversely affected, which may adversely affect the quality of the Group's credit portfolio in this industry. There is no certainty that new liquidity providers will enter the industry even if the transparency of the sector is further improved. The diamond and jewellery industry perceives the Group as a leading bank in financing of the industry given its previous exposure. Market participants and representative bodies in the industry might expect the Group to continue to provide liquidity to the market. If the Group ceases to provide this liquidity, this may damage the Group's reputation in the diamond and jewellery industry. See also "—32. The Group is subject to conduct and reputational risk, which could materially and adversely affect the Group's results of operations, prospects and financial condition".

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3 Source: Equity Research, RBC Capital Markets "RBC Diamond Digest" 5 March 2015

2. Regulatory/legal and compliance risks

36. The Group is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties, including in relation to the sale of interest rate derivatives. A negative outcome of proceedings, settlements, action taken by supervisory or other authorities, legislation, sector-wide measures, and other arrangements for the benefit of clients and third parties could substantially adversely affect the Group's business, reputation, results of operations, financial condition and prospects

Due to their position in society (*maatschappelijke functie*) and specific expertise, financial institutions in the Netherlands owe a duty of care (*zorgplicht*) to society. Financial institutions must comply with duty of care rules, which include provisions on client classification, disclosure requirements and know-your-customer obligations. Pursuant to the General Banking Conditions (*Algemene Bankvoorwaarden*) used by Dutch financial institutions, a financial institution must always act in accordance with its duty of care, irrespective of whether the service or product is sold to a professional client or a non-professional client. The duty of care does not end at the moment when the client has purchased a given product or service, but the financial institution may have to take action upon (known) changes in circumstances affecting the client, in particular if the product or service has a long lifecycle. The duty of care applies to the entire relationship between client and financial institution, including to the steps taken by the latter when the client does not meet its obligations such as foreclosing on collateral or demanding additional security. In addition, a certain level of duty of care applies to all customer facing activities (for example distribution services) even when the underlying product does not originate from the financial institution. The scope of the duty of care standards referred to above differs depending on the type of service rendered or product sold, and the nature of (the activities of) the clients and third parties affected. If a duty of care is violated, claims may be based on general principles of contract, tort, securities or other law, including for violation of standards of reasonableness and fairness, error, wrongful treatment or faulty due diligence. Actions may be brought individually by persons that suffered losses or damages, or on behalf of a large number of—sometimes initially unnamed persons—in class-action style proceedings. Proceedings may be brought in court or before the Dutch financial institute for out of court settlement of financial disputes, Kifid (*Klachteninstituut Financiële Dienstverlening*).

A number of proceedings has been initiated against the Group for violation of its duty of care related standards and a larger number of proceedings has been threatened. Also, a number of class action groups are actively soliciting plaintiffs for mass litigation proceedings, which consist of amalgamating the claims of all similarly-situated persons. Mass litigation proceedings by virtue of their size are more likely to attract media and political attention and may result in reduced litigation costs for claimants, both of which may result in additional claimants coming forward. For example, the Group is currently involved in a class action that relates to the sale of interest rate derivatives to SME clients. See "Business—Legal, regulatory and arbitration proceedings—Sale of interest rate derivatives to SME clients". Furthermore, in 2012, a class action was brought by Stichting Stop de Banken in relation to mortgage agreements with a floating interest rate based on EURIBOR, alleging that the Group was contractually not allowed to unilaterally increase the level of the applicable margin and violated its duty of care. There can be no assurance that additional proceedings will not be brought or that the amount demanded in claims brought to date will not rise. Current proceedings are pending and their outcome, as well as the outcome of any threatened proceedings, is uncertain, as is the timing of reaching any finality on these legal claims and proceedings. The uncertainties are likely to continue for some time. As a result, although the consequences could be substantial for the Group, with a potentially material adverse effect on the Group's reputation, results of operations, financial condition and prospects, it is not possible to reliably estimate or quantify the Group's exposure at this time.

Another subject that has attracted press coverage regards the provision of loans by the Group to students of flight training programmes on the basis of expected future earnings. A large number of students has not been able to find work upon qualifying as commercial pilots; as a result they have difficulties repaying the principal amounts and the interest owed by them. A number of former students has complained about the Group's practices. The Group may be confronted with similar issues with other categories of clients. If, going forward, lending on the basis of future income of the borrower is not permitted due to regulatory requirements, it may lead to less volumes of lending on that basis, which might negatively affect the income of the Group.

Another example of a situation where compliance with the duty of care is complicated, is when clients are offered multiple, linked, products. If one product does not perform as expected, if a product or the combination of products is not suitable for the client, or if the client did not realise that due to their linkage it is not possible or very expensive or risky to terminate one product without also terminating all other products linked thereto, then the client may incur significant costs or even default on obligations towards the Group.

European and national regulations, for example, increasingly require financial institutions to provide elaborate disclosure to clients on services and products, such as through the proposed key investor information documents (KID), to permit clients to more reliably assess the service or product and to enable them to compare it with similar services or products offered by other providers. Increased price transparency rules have entered into force or are envisaged by proposed European regulations for various services and products, such as those based on Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) ("**MiFID II**") and Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products ("**PRIIPS**") ("**PRIIPS Regulation**"). More in particular in the Dutch market, the Dutch

Banking Association and certain Dutch financial institutions (among others, the Group) have, in close consultation with the AFM, agreed upon providing (non-professional) clients increased price transparency for its investment services as of 1 January 2015 in anticipation of similar rules set forth in MiFID II. These rules impose obligations on such financial institutions to provide (potential) clients insight into the total costs of the relevant investment service and the total costs of the investment products on an aggregated level.

After the global financial crisis, the duty of care standards applicable to financial institutions have become more stringent as a result of new regulations and resulting from a more expansive interpretation of existing rules and standards by courts and supervisory authorities. The Group expects these trends to continue. The negative effect to the Group of non-compliance could be more pronounced in the future than a similar event of non-compliance would have had in the past.

Where in the past the duty of care was held to apply predominantly to retail and private banking clients, the application of this standard has on the basis of case law been extended more broadly for the benefit of commercial and professional parties and of third parties that suffer damages inflicted by clients of the financial institution. In these cases, courts held, for example, that in certain circumstances financial institutions may be expected to monitor activities of their clients, denouncing or even halting any suspected illegal activity.

During the past few years, many of the (interest) derivatives sold to SMEs and (semi-)public institutions, such as housing corporations (*woningcorporaties*), educational institutions (*onderwijsinstellingen*), (governmental) agencies dealing with water management (*waterschappen*), healthcare institutions, municipalities and provinces, have shown a negative value as a result of a sharp fall in interest rates. This development has received negative attention in the Dutch media, in Parliament and from the AFM. Multiple lawsuits, including class actions, on the subject are pending or have resulted in settlements or court decisions and Kifid rulings. For example, on 16 October 2015, the Group reached a settlement with housing corporation Vestia in an amount of EUR 55 million. See "Business—Legal, regulatory and arbitration proceedings—Vestia". In June 2015, as an example of increased scrutiny on this subject, Parliament resolved that the government would reprimand financial institutions, remind them of their responsibility in society following from their special duty of care (*bijzondere zorgplicht*) and move them to cooperate to remove clauses in derivatives portfolios that hinder supervision (*e.g.*, termination events referring to powers of supervisory authorities). As required by and in consultation with the AFM, the Group has reviewed its SMEs interest rate derivative portfolio. The objective of this review, which was completed in the first half of 2015 was to determine whether the Group acted in accordance with the laws and regulations applicable at the time. The outcome of the review was that the Group in several instances is unable to determine conclusively that it has fully complied with its duty of care obligations in connection with the sale of interest rate derivatives to SME clients. In these cases it could not be fully established that clients were sufficiently informed about the risk of their particular combination of floating rate interest loan and interest rate derivative, specifically in the scenario of declining interest rates. Currently, the Group is engaging proactively with all of its SMEs interest rate derivative portfolio clients to discuss the outcome of the review and, if necessary, offer such clients an alternative product or another solution. For information about two fines imposed by the AFM in relation to its review of five client files of non-professional SMEs, see "Business—Legal, regulatory and arbitration proceedings—Sale of interest rate derivatives to SME clients".

Following the extensive media attention in relation to Vestia in general, a discussion was initiated as to whether SMEs and (semi-)public institutions can be considered as professional clients or whether they should benefit from a higher level of protection. The AFM expressed the view that clients should be classified not only pursuant to the statutory criteria regarding client classification, but also on the basis of information provided by the client in respect of its actual level of knowledge and experience with the relevant service or product. Policy guidelines on the use of financial derivatives by (semi-)public institutions of the Dutch Minister of Finance (*Beleidskader inzake het gebruik van financiële derivaten door (semi-)publieke instellingen*) published on 17 September 2013 prescribe among other things that (semi-)public institutions may only enter into financial derivatives with an investment firm if it has classified them as a non-professional client. Although the Group has re-classified all housing corporations, educational institutions and care institutions as non-professional clients, this may not protect it from claims for services rendered or products sold prior to the re-classification. Most recently, courts have held that also non-profit organisations, public and semi-public institutions, and small and medium-sized enterprises may benefit from a duty of care more similar to that previously applicable to non-professional clients only, for example with respect to interest rate derivative transactions.

According to established case law, a financial institution's role in society entails a special duty of care towards third parties (*maatschappelijke zorgplicht*). This has been established in case law for years and has been confirmed in, among other cases, the so-called "Safe Haven-case". In an interim judgement of 18 March 2014, in the so-called "van den Berg-case", the court considered that the Group's special duty of care extended in part to protecting the investing public against its own thoughtlessness and lack of skill and insight (*eigen lichtvaardigheid en het gebrek aan kunde en inzicht*). The scope of the special duty of care depends on the specific circumstances. The case law is fact-specific but there is a clear trend towards imposing more extensive responsibilities on the financial institution towards third parties.

In addition, ABN AMRO Levensverzekering N.V. ("**ABN AMRO Levensverzekering**"), a subsidiary of ABN AMRO Verzekeringen in which the Group holds a 49% interest and Delta Lloyd N.V. a 51% stake, is exposed to claims from customers concerning unit-linked insurance contracts. Following the public debate that began in 2006 around the (alleged) lack of transparency concerning unit-linked insurance contracts and the level of costs associated with these products, ABN AMRO Levensverzekering entered into agreements with certain consumer and investor interest groups. The agreements include a settlement on standardised charges for individual, privately held unit-linked insurance products purchased in the past. ABN AMRO Levensverzekering has taken provisions for these settlements and remains a well-capitalised life insurance company. The Group in cooperation with ABN AMRO Levensverzekering is also executing the flanking policy, and as such has activated 97% of the holders of non-accumulating policies as of 21 August 2015. In the future also other client segments will be activated with a view to coming to a suitable solution. The public debate around insurance mis-selling (*woekerpolissen*) is however still ongoing and possible future claims and related costs may affect the capital position of ABN AMRO Levensverzekering. The Group has received complaints and faces, and may in the future face additional, exposure and claims for its role in distributing these products. A number of Kifid proceedings is pending against the Group and ABN AMRO Levensverzekering. If ABN AMRO Bank were to be forced to purchase the shares it does not already own in the ABN AMRO Verzekeringen joint venture as a result of a change of control over the Group or joint venture partner Delta Lloyd N.V., then the Group would indirectly—and directly if it were to have to capitalise ABN AMRO Verzekeringen—because it would then own 100% of ABN AMRO Verzekeringen, bear amounts that would be significantly higher as would have been the case if it still held 49%. See also "Risk Factors—11. The Group can be forced, upon a change of control over the Group or Delta Lloyd N.V., to buy shares it does not yet own in Dutch insurance business ABN AMRO Verzekeringen. If this risk were to materialise, the Group could be forced to pay a currently unknown purchase price that would likely be material, the Group would be required to consolidate ABN AMRO Verzekeringen into its financial statements, which may have material adverse consequences for the Group's capital and liquidity ratios, and any potential losses incurred by ABN AMRO Verzekeringen would from then on be entirely for the account of the Group".

The developments described above are complex and could have substantial consequences for the Group, including an increase in regulatory enforcement and related fines, additional claims by customers and increased costs and resources for, among other things, the conduct of large volumes of litigation. Also, it cannot be excluded that additional sector-wide measures are imposed or expanded interpretations of existing requirements are adopted by supervisory authorities, the legislator or the courts, as applicable, that may have an adverse effect on the Group. All these developments may have a material adverse effect on the Group's business, reputation, results of operations, financial condition and prospects.

Adverse publicity, claims and allegations, litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects. A negative outcome of such claims and proceedings brought by customers or organisations acting on their behalf, actions taken by supervisory or governmental authorities against the Group and sector-wide measures could substantially affect the Group's business and, as a result, may have a material adverse effect on the Group's business, reputation, revenues, results of operations, solvency, financial condition and prospects. In addition, claims and proceedings may be brought against the Group in respect of products sold, issued or advised on by the Group in and outside the Netherlands with characteristics that are similar to characteristics of products offered by financial institutions against which claims and proceedings are brought.

37. A number of events and factors related to the pricing of the Group's products, some such as sustained low and even negative interest rates applying to the industry as a whole and some specific to the Group, may materially and adversely affect its profitability and financial condition

The Group's profitability depends to a large extent on its ability to earn a margin on lending operations in excess of its funding costs, to charge fees for services and advice to clients, and to charge certain specific and general overhead costs on to its clients. As funding costs of the Group vary depending on economic and market circumstances, and the business model of the banking industry changes as do client preferences, the Group must have contractual and regulatory flexibility in dealing with these pricing elements. Various events and factors could have a negative effect on the Group's drivers of profitability.

Clients increasingly question the changes in the amount of interest charged to them by financial institutions when they borrow money and the amount of interest received when they place money on deposit. Due to events in the market, such as sustained low and even negative interest rates, contractual provisions of the Group may not cater for all situations, and changes to rates or margins that have been stipulated expressly, whether as being discretionary or subject to specific calculation methods, may still be perceived as being unjustifiable.

The industry and the Group have also witnessed increasing complaints and are faced with many questions about margins, fees, the charging on of costs, and the application of compensations or penalties (for example when clients make an early repayment, or refinance a loan or a credit facility).

As another example, clients with mortgages with a floating interest rate based on EURIBOR have complained about the Group increasing the margin on the basis of the argument that they could assume that the initial margin was fixed and that general clauses allowing the Group to change conditions may not be used for margin increases. Recently, a competitor of the Group lost a case in the lower court that dealt with the same aspects of floating interest rates and margin adjustments on a loan covered by an interest rate swap. If the Group should lose these cases and be forced to no longer adjust margin to reflect changing external circumstances to which the Group is exposed, it may no longer be able to pass on costs, make less or no profits, and be forced to pay significant amounts of compensation. This might also create broader uncertainty whether its various general terms and conditions are enforceable. This could have the effect of making the Group reluctant to take decisions in individual cases which are otherwise in its interest and that make commercial sense.

The severity and frequency of complaints may increase as a result of regulatory and media attention. For example, certain pricing practices of the Group for residential mortgages were recently the subject of a prominent television programme and supervisory authorities have requested on a number of occasions that the Group review its pricing policies, or that it be more transparent about its practices. A number of lawsuits is pending and more are threatened, by clients of other financial institutions and by clients of the Group. If other financial institutions or the Group should lose one or more relevant lawsuits, this could create a negative precedent that may lead to increased complaints, as well as to more class actions and other litigation, or regulatory attention, and, ultimately, to reduced profits for the Group and a worsening of its financial condition. These events could also lead to client outflows.

In a sustained negative interest environment the operational model of banks may be threatened as borrowers might demand payment of interest and clients that have placed money on deposit may have to be charged interest. The terms of agreements with clients may not cater for this situation and the Group's IT systems may not be adequate to process such a fundamental change in its business model. It is uncertain how clients—predominantly in Retail Banking and Private Banking—and supervisory authorities would react to these developments, if they were to occur more broadly than today's application to larger and professional clients, and in the context of the Swiss franc, and what it would mean for the amount of savings deposited with banks.

It is uncertain if and to what extent the events and factors described above will have a material adverse effect for the Group's profitability and financial condition. If one or more important elements of the Group's profit model were to be materially and adversely affected without the Group being able to change its business practices or resist compensating clients, then this could have a material adverse effect on its profitability and its financial condition. The trends described above are in any event likely to require increasing management time, the amendment of certain documentation, and the change of systems and business practices of the Group. Increased transparency on Group pricing, whether as a result of voluntary action by the Group, legislation, court judgments or public pressure, may lead to additional claims and questions. All of this could have a material adverse effect on the profitability of the Group.

38. The regulatory environment to which the Group is subject gives rise to significant legal and compliance costs and management time, and non-compliance could result in monetary and reputational damages, all of which could have a material adverse effect on the Group's business, financial condition and results of operations

The Group conducts its business in an environment that is highly regulated by financial services laws and regulations, corporate governance and administrative requirements and policies, in most or all of the locations in which it operates or enters into transactions with clients or other parties. In various jurisdictions in which the Group operates supervisory authorities may impose additional restrictions and conditions on the Group, including but not limited to capital, liquidity, corporate governance requirements and behavioural requirements. Interpretation of requirements by supervisory authorities and courts may change over time. For further information on legal and regulatory laws and regulation the Group is subject to, see section "Regulation of the Group".

When expanding its business to other jurisdictions or offering new products in jurisdictions in which the Group is already active, the Group may become subject to additional legislation and regulatory requirements. Compliance is complicated by the fact that the Group sells products and services also in jurisdictions where it does not have a physical office. As a result, keeping ahead of requirements is in practice more difficult. The local businesses will not only need to comply with the local laws and regulations, but also with certain laws and regulations with worldwide application, including certain European legislation and the US Foreign Account Tax Compliance Act ("**FATCA**") regime (see for a description of FATCA the risk factor "—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects"). The above requires the businesses to also timely and adequately liaise with the Group's central legal and compliance departments.

The financial services industry continues to be the focus of significant regulatory scrutiny in many of the countries in which the Group operates. The political climate and the political parties holding government in jurisdictions in which the Group is active often determine the supervisory authorities' agendas and focus points. This trend has accelerated markedly as a result of the recent financial crisis. This has led to a more intensive approach to supervision and oversight, increased expectations, a sharp increase in the volume of new regulations and the pace at which they are issued, enhanced requirements and enforcement, and an increasing frequency and amount of data requests and visits from competent supervisory authorities. For example, as a result of compliance irregularities in the Group's Private Banking operations in Dubai, the Group has launched a Group-wide programme "Accelerate Compliance" aiming to, among other things, further distance the Group's internal compliance function from the commercial operations of the Group, as well as to enhance its compliance function, in particular to strengthen oversight and improve the international governance of the compliance function. Implementing and monitoring compliance with applicable requirements means that the Group must continue to have a large staff dedicated to these activities and to spend monetary and management resources and to create sufficient awareness with the business staff of the products and services the Group offers and the rules applicable to them. Furthermore, the Group will also need to continue monitoring compliance of products and services that the Group no longer offers, which may be more complex than for products and services that are currently offered. If the Group is unable to commit sufficient resources for regulatory compliance, this could lead to delays and errors, and may force it to choose between prioritising compliance matters over support for commercial activities, or may ultimately force the Group to cease the offering of certain products or services. An example of increased regulatory scrutiny is the recent sector study of the Netherlands Authority for Consumers and Markets ("**ACM**") on the SME loan market. In this study of June 2015, the ACM concluded that competition in the market for SME loans from banks is suboptimal and has decreased in the past few years. It cannot be excluded that sector-wide measures will be implemented by the legislator to stimulate competition and reduce barriers to entry in the SME loan market with a material adverse effect on the industry and therefore on the Group.

Any delays or errors in implementing regulatory compliance could lead to substantial monetary damages and fines, loss of significant assets, public reprimands, a material adverse effect on the Group's reputation, regulatory measures in the form of cease and desist orders, increased regulatory compliance requirements or other potential regulatory restrictions on the Group's business, enforced suspension of operations and in extreme cases, withdrawal of licences or authorisations to operate particular businesses, or criminal prosecution in certain circumstances. For example, the Group has in the past incurred and may in the future continue to incur fines from the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "**DNB**"), the AFM and foreign regulators. See "Business—Legal, regulatory and arbitration proceedings". The Group must constantly make great efforts to update its compliance framework in line with new and changing existing requirements. Regulators may impose additional measures that require changes to the Group's systems and the incurrence of additional costs. At times, the Group struggles to keep up, for example because certain detailed lower-legislation is not yet available. In addition to non-compliance by the Group itself, the Group has in the past suffered and may in the future suffer negative consequences of non-compliance by its clients that have direct access to its systems. The Group may also suffer negative consequences of clients operating businesses or schemes in violation of applicable rules and regulations whose activities the Group could be held to monitor and, where applicable, to denounce or to interrupt. The Group may be required to make greater expenditures and devote additional resources and management time to addressing these liabilities and requirements, which could have a material adverse effect on the Group's business, financial condition and results of operations.

DNB, for instance, has a legal mandate to exercise integrity supervision. DNB expects banks to have a solid systematic integrity risk analysis in place and to translate results of this analysis into actual integrity policies and control measures. Banks are in general required to devote attention to inherent integrity risks such as money laundering, financing of terrorism, sanctions, corruption, conflicts of interest, fraud and tax risks. By adequately and periodically analysing and discussing these integrity risks at board and senior management level, banks should be able to formulate dedicated integrity policies and implement appropriate measures and procedures to manage these risks. In its Supervisory Strategy 2014-2018 document, DNB defined integrity supervision as one of its supervisory focal points. In 2015, DNB has examined the systematic integrity risk analyses performed by financial institutions. Based on its examination, DNB has assessed the systematic integrity risk analyses of 80% of the financial institutions examined as insufficient. The Group also falls within this category. Given the crucial importance of a systematic integrity risk analysis, DNB closely monitors the Group's progress on improving the Group's integrity risk analysis.

On 4 November 2014, the ECB became the primary supervisory authority of the Group. For certain matters the Group will remain subject to supervision by local supervisory authorities such as DNB and the AFM. The transition of prudential supervision from DNB to ECB may for the years to come have a significant impact on supervision of the Group. It is expected that the ECB, as the new prudential supervisory authority, will collect and adopt best practices in the Eurozone, which may impact and change local practices as they currently exist. This may result in a change in the interpretation of regulations, an alignment of national legislative options and discretions and more sanctions. As the relationship between the Group and the ECB will likely be different from the Group's relationship with DNB, the Group may be forced to significantly invest in resources to familiarise the new supervisory authority with the Group's business and financial condition and for the Group to adapt to the new supervisory approach.

The Group believes that oversight and scrutiny by supervisory authorities have increased significantly in recent years. This has in general led to more regulatory investigations and enforcement actions as well as an increase in the number and amounts of fines. The last few years have seen an escalation in the severity of the terms which supervisory authorities and law enforcement authorities have demanded to settle legal and regulatory proceedings against financial institutions, with settlements including unprecedented monetary penalties as well as criminal sanctions.

Fines and settlement amounts paid by financial institutions in the recent past have been particularly high in the United States where the Group also has operations. Furthermore, the Group has decided to apply to convert its registered office in New York to a branch of ABN AMRO Bank, which will place it under the supervision of the Federal Reserve in the United States and may lead to increased regulatory costs and scrutiny. If the trend toward aggressive enforcement were to continue or to occur in other jurisdictions in which the Group operates its business, the negative effect to the Group of non-compliance could be more pronounced in the future than a similar event of non-compliance would have had in the past. Non-compliance with applicable regulation may also lead to civil liability towards affected clients and, increasingly, third parties.

The regulatory environment to which the Group is subject gives rise to significant legal and financial compliance costs and management time, which could have a material adverse effect on the Group's business, financial condition and results of operations.

39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects

Since 2009, as many emergency government programmes slowed or wound down, global regulatory and legislative focus has generally moved to a next phase of broader reform and a restructuring of financial regulation. Legislators and supervisory authorities, predominantly in Europe and in the United States but also elsewhere, are currently introducing and implementing a wide range of proposals that could result in major changes to the way the Group's global operations are regulated and could have material adverse consequences for its business, business model, revenues, cost base, financial condition, results of operations, reputation and prospects. The Group may also be materially and adversely affected by changes in interpretation of existing rules, for example as a result of court judgments, or developing or changing views of regulators, tax authorities and other authorities on the application of rules. Changes in law also affect the business operations of the Group. Currently proposed or debated regulatory changes or other such changes that may be proposed and that take effect in the future are likely to have a material impact on the Group. Recent and ongoing prudential, conduct of business and more general regulatory and other legislative initiatives include:

- **Capital and liquidity requirements**. New regulation may have an impact on the capital and liquidity requirements that apply to the Group. These requirements include proposals of the Basel Committee on Banking Supervision (the "**Basel Committee**") and notably the measures released on 16 December 2010 (revised in June 2011) referred to as Basel III: A global regulatory framework for more resilient banks and banking systems (the "**Basel III Framework**"). This framework was implemented in the European Economic Area (the "**EEA**") through the Capital Requirements Directive (by Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, "**CRD IV**") and the Capital Requirements Regulation (Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, "**CRR**"). On 22 December 2014, the Basel Committee has published consultations (informally referred to as Basel IV) for revised standardised RWA calculations and on the application of capital floors. As a result, it may be required that banks which apply advanced approaches to risk categories, apply the higher of (i) the RWA (REA) floor based on (new) standardised approaches and (ii) the RWA (REA) based on advanced approaches in the denominator of their ratios. Although timing for adoption, content and impact of these proposals remain subject to considerable uncertainty, the implementation of the standardised RWA (REA) floors would have a significant impact on the calculation of the Group's risk weighted assets due to the substantial difference in RWA (REA) calculated on the basis of advanced approaches and such calculation on the basis of new standardised rules for mortgages, and, to a lesser extent, exposures to corporates.

  Regulatory reform proposals could also result in the imposition of additional restrictions on the Group's activities if it were to no longer meet certain capital requirements at the level of the holding, or also at the level of certain subsidiaries. The rules described in this paragraph will, among other things, very likely result in the Group being subject to stricter capital and liquidity requirements and may also affect the scope, coverage, or calculation of capital, liquidity and risk weighted assets, all of which could significantly reduce Group income and require the Group to reduce business levels, to reduce or cease dividend payments, or to raise additional share capital. The quantitative impact that the rules described in this paragraph will have is currently uncertain and will depend also on whether multiple or even all of the changes have negative consequences for the Group, or only a few.

  In addition, as part of the Supervisory Review and Evaluation Process ("**SREP**") supervisory authorities may perform an analysis of the Group's business model and strategy, and form a view on its viability and sustainability. If necessary, they may take measures to address any problems and concerns including, among other things, by requiring additional capital and/or liquidity buffers. Such measures may also include the requirement to make changes to the business plan and strategy, or require the Group to reduce risks that are inherent in certain products by requiring changes to the offering of these products or improvements of the governance and control arrangements around product development and maintenance. They may include measures to reduce risks inherent to the Group's systems by requiring improvements of its systems. Any such measures may materially and adversely affect the Group's business and may force the Group to make substantial investments to meet the requirements. See "—40. As a result of capital and liquidity requirements, the Group may not be able to manage its capital and liquidity effectively, which could have a material adverse effect on the Group's financial condition, regulatory capital position and liquidity position and the Group may be forced to raise additional capital or restrict dividend payments".

- **Deposit Guarantee Scheme**. The deadline for the transposition of the majority of provisions of Directive 2014/49/EU of the European Parliament and the Council of 16 April 2014 on deposit guarantee schemes (recast) ("**DGSD**") into national law was 3 July 2015. In the Netherlands the provisions of DGSD have not yet been implemented; and a decree implementing the DGSD is expected to be adopted by the Dutch Minister of Finance before the end of 2015. The Dutch Ministry of Finance has indicated to Parliament that should an insolvency event occur, the rules and procedures in accordance with DGSD will be followed to the fullest extent possible. The funding of the current DGS will be amended from an ex-post funded system to a partially ex-ante funded system. This means that participating banks will have to contribute to the scheme on a periodic basis rather than facing charges only when an actual insolvency event occurs requiring them to compensate the clients of the affected banks. The available means in the DGS system will in principle need to be 0.8% of the amount of covered deposits held with the participating banks in 2024. Contributions will be based on the covered deposits of the bank and risk based contributions, but Member States may also impose minimum contributions to compensate clients of the affected bank. The ex-ante funding system is expected to increase the Group's expenses in connection with the DGS. In addition, if the available financial means of a DGS are insufficient to repay depositors when deposits become unavailable, an extraordinary contribution is required, which will in principle not exceed 0.5% of the covered deposits held with the participating banks per calendar year. The Group estimates that its contribution to the DGS scheme for the fourth quarter of 2015 will amount to approximately EUR 28 million based on the current information on the calculation of the contribution. Additional requirements of the DGSD include a broadening of the scope of clients for whom the deposit guarantee will be available (in addition to consumer deposits, deposits of businesses will be included, whereas currently only companies who publish abridged annual accounts fall within its scope), transparency and information requirements to customers and the shortening of the period for making payments under the DGS from 20 working days to 7 working days.

- **Single Resolution Fund and National Resolution Fund**. On 19 August 2014, Regulation (EU) No 806/2014 of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (the "**SRM Regulation**") entered into force. The SRM Regulation provides for a single resolution framework ("**SRM**"), a single resolution board ("**SRB**") and a single resolution fund ("**Single Resolution Fund**"). The Single Resolution Fund will be financed by ex-ante individual contributions from banking entities included in the SRM. The individual contribution of each bank will be based on a flat contribution (that is pro-rata based on the amount of liabilities excluding own funds and covered deposits, in comparison to the total liabilities, excluding own funds and covered deposits, of all participating banks) and a risk based contribution. In addition, where the funds of the Single Resolution Fund are not sufficient to cover the losses, costs or other expenses incurred by the use of the Single Resolution Fund in resolution actions, extraordinary ex-post contributions from the participating banks may be raised, with a maximum of three times the annual amount of the individual contribution. The funding obligation will enter into force on 1 January 2016, and in principle after 8 years from that date, the available financial means of the Single Resolution Fund must in principle be at least 1% of the amount of covered deposits of all participating banks. Even though the funding obligation for the Single Resolution Fund will enter into force on 1 January 2016, the Group expects to have to make contributions for the relevant national resolution funds, provided for by the BRRD, (the "**National Resolution Funds**") for 2015 which the Group estimates at an amount of EUR 115 million based on the current information on the calculation of the contribution. As of 1 January 2016, the Group will no longer be held to contribute to the National Resolution Funds and the contributions received by the National Resolution Funds will per this date be transferred to the Single Resolution Fund and deducted from the contributions payable thereto. The implementation of the Single Resolution Fund may materially and adversely affect the Group's credit ratings and its funding is expected to increase the Group's expenses, reducing its profitability. The Group expects total regulatory levies for 2015 to amount to approximately EUR 246 million pre-tax and for 2016 to amount to approximately EUR 325 million pre-tax.

- **EMIR**. Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on over-the-counter ("**OTC**") derivatives, central counterparties and trade repositories ("**EMIR**") has introduced new requirements to improve transparency and reduce the risks associated with the derivatives market. Some of these requirements have already entered into force, while others will do so in the future. As a result, counterparties that enter into derivative contracts subject to EMIR must report certain information on these contracts and their counterparties to a trade repository, and in addition apply risk mitigating techniques (including portfolio compression, mark-to-market valuation, and margining, if applicable) for all OTC derivative trades that are not cleared by a central counterparty, and clear through a central counterparty OTC derivatives that are subject to a central clearing obligation set forth in EMIR. EMIR is relevant to the Group in general and in particular to the Group's clearing business. The Group has implemented the relevant EMIR reporting requirements. Nevertheless, IT capacity and data quality issues have been identified and are currently being investigated. Regulators have been briefed on these issues and are closely monitoring the Group's progress. See "Business—Legal, regulatory and arbitration proceedings—Transaction reporting".

- **MiFID II**. MiFID II and a Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 ("**MiFIR**") will replace, extend and improve existing European rules on markets in financial instruments, will give more extensive powers to supervisory authorities and will introduce the possibility to impose higher fines in case of infringement of its requirements. Under MiFID II and MiFIR, rules on transparency and oversight of financial markets, including derivatives markets, will be extended to have a broader application. MiFID II will strengthen investor protection by introducing additional organisational and conduct requirements. As MiFID II and MiFIR will significantly extend not only the scope but also the detail of existing regulations, the Group will have to review existing activities and, where necessary, may need to adjust the manner in which it operates. The Group is also likely to have to provide more information to their clients, such as about the costs and charges involved in providing investment services. Most rules of MiFIR will apply as of 3 January 2017; the rules of the MiFID II must be transposed into the European Union ("**EU**") national jurisdictions by 3 July 2016 and the Member States must apply most of these rules as from 3 January 2017.

- **PRIIPS**. The PRIIPS Regulation requires a key information document ("**KID**") to be provided when offering PRIIPS to certain clients. This document must include information on the features, risks and costs. The PRIIPS Regulation covers, among other products, insurance-based investment products, structured investment products and collective investment schemes. The PRIIPS Regulation will apply from 31 December 2016.

- **Mortgage Credit Directive**. Directive 2014/17/EU of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 ("**Mortgage Credit Directive**") aims to afford high level consumer protection throughout the EEA. The directive applies to credit agreements which are secured either by a mortgage or by another comparable security or the purpose of which is to acquire or retain property rights in land or in an existing or projected building. The main provisions of the directive include information requirements. In the pre-contractual phase, certain standardised information must be included in any advertising for credit agreements with consumers detailing information on the interest rate or indicating figures relating to costs. In addition, banks are required to ensure that consumers are provided with personalised information needed to compare mortgage credit available in the market. The directive obliges banks to conduct a documented creditworthiness assessment before granting the credit. The directive also imposes requirements on early repayment. Consumers must have the right to discharge fully or partially their obligations under a credit agreement prior to its expiry. In such cases, the consumer shall be entitled to a reduction in the total cost of the credit, such reduction consisting of the interest and the costs for the remaining duration of the contract. The changes referred to above may materially and adversely affect the Group's business model and may force the Group to make substantial investments to meet the above requirements. The rules pursuant to the Mortgage Credit Directive will apply from 21 March 2016. The proposal for the law implementing the Mortgage Credit Directive into Dutch National law has been introduced to Parliament by the Dutch Minister of Finance on 24 September 2015.

- **PSD II and Regulation on interchange fees.** PSD II imposes additional requirements on the Group with respect to payment services in the EEA. The directive supports the emergence of new players and the development of innovative mobile and internet payments in Europe. Banks will be obliged to allow access to the accounts of their customers for so called third party payment services providers offering payment initiation services or account information services. These changes may force the Group to make substantial investments and expose it to more or intensified competition and an increased risk of fraudulent transactions. PSD II has been adopted by the European Parliament and the Council, Member States will have two years to implement the PSD II into national legislation. A new Regulation on interchange fees introduces maximum levels of interchange fees for transactions based on consumer debit and credit cards. As a consequence the income on card issuing activities may decrease.

- **Dodd-Frank Act**. In the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), enacted in July 2010, covers a broad range of regulations and requirements for financial services. Of the Dodd-Frank Act regulations and requirements that are applicable to the Group, the Group believes that Title VII of the Dodd-Frank Act has the greatest impact on its businesses and operations. Title VII introduces a new framework of regulations and requirements for OTC derivative transactions, markets and participants and to the extent the Group engages in such transactions in the US, or with US persons, as such is contemplated by the Dodd-Frank Act, it is subject to the provisions of Title VII.

- **Dutch banking tax**. As of 1 October 2012, the Dutch government introduced a banking tax for all entities that are authorised to conduct banking activities in the Netherlands. The tax is based on the amount of the total liabilities on the balance sheet of the relevant bank as of the end of such bank's preceding financial year, with exemptions for equity, for deposits that are covered by the DGS and for certain liabilities relating to the insurance business. The levy on short-term funding liabilities is 0.044% and the levy on long-term funding liabilities is 0.022%. The Dutch banking tax amount paid by the Group in 2014 was EUR 91 million. Some other countries have also introduced a banking tax. The basis these countries use to levy this tax may vary. As a result, double taxation for banking tax may occur within the Group.

- **Financial transaction tax.** In February 2013, the EC published a proposed directive for a common Financial Transaction Tax ("**FTT**") to be implemented in 11 participating member states of the European Union, being Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain, which would together constitute the FTT-Zone (the "**Participating Member States**"). As of the date of this

Prospectus, it has not been proposed that the Netherlands become a Participating Member State. The proposed directive has a very broad scope. Under the proposed directive, the FTT could if introduced in the form proposed in February 2013, among other things, levy a tax on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the FTT-zone. A financial institution may be, or be deemed to be, established in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State. Following the ECOFIN Council meeting which took place on 27 January 2015, ten of the Participating Member States signed a Joint Statement (the "**Renewed Joint Statement**") reaffirming their commitment, expressed in their joint statement issued in May 2014, to implement an EU FTT from 1 January 2016. While details as to the scope of any such tax are unavailable, the Renewed Joint Statement suggested that the FTT should be based on the principle of the widest possible base, but with lower rates than proposed in the original 2013 EC proposal. As of the date of this Prospectus, the FTT proposal remains subject to negotiation between the Participating Member States and may be the subject of further legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EEA member states may decide to participate and/or certain of the Participating Member States may decide to withdraw. If the FTT were to come into force and to the extent the FTT were to apply, the Group could incur significant additional costs. See for the possible consequences for a holder of Shares (as defined in "Description of Share Capital") (a "**Shareholder**") or DR Holder in Ordinary Shares or DRs in the Company, the risk factor "—67. Dealings in the Shares and/or DRs may become subject to a Financial Transactions Tax". Prospective holders of Shares or DRs are strongly advised to seek their own professional advice in relation to FTT.

- **FATCA.** Based on sections 1471-1474 of the United States Internal Revenue Code of 1986, as amended (the "**Revenue Code**") and Treasury Regulations thereunder, a 30% withholding tax may be imposed on US source payments to a non-US (foreign) financial institution (an "**FFI**"), unless the FFI either concludes an agreement with the United States Internal Revenue Service (the "**IRS**"), under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements (an "**FFI Agreement**") or is based in certain so-called IGA jurisdictions, where the local government has concluded an inter-governmental agreement with the US to facilitate the implementation of FATCA (an "**IGA**"). On 18 December 2013, the US and the Netherlands entered into an IGA which IGA has been implemented in Dutch legislation. All jurisdictions in which the Group operates have substantially concluded an IGA with the US. The Group intends to comply with the requirements of any IGA, or local legislation implementing an IGA, that is applicable to any Group Company. FATCA has had and may continue to have a considerable administrative impact on the Group, particularly on its client on-boarding processes, client administration and reporting systems.

- **Information exchange and reporting.** There are various international and EU initiatives on automatic exchange of information such as the OECD Common Reporting Standard, EU amended Savings Directive (Council Directive 2003/48/EC and amending Directive 2014/48/EU of 24 March 2014; the European Commission has proposed to repeal the Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria)) and the EU Directive on Administrative Cooperation in the field of Taxation (Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU). These initiatives call on jurisdictions to obtain information from financial institutions such as the Group. The information so obtained will be automatically exchanged with other jurisdictions. These initiatives, if implemented, will have considerable impact on client on-boarding and administrative processes of the Group. Increasingly, countries in which the Group operates request the Group to report information in greater detail than previously, which includes information related to deposits held, and dividends and interests received, by clients. The manner and detail of reporting requirements differ from country to country. Accordingly, an increasing number of requests are being made to the Group and entering into relationships with new clients is becoming more complex. Therefore, the Group may be required to make significant investments in money and time in order to be able to continue to operate in all countries where it has a presence. On 18 March 2015, the European Commission presented a package of tax transparency measures as part of its agenda to tackle corporate tax avoidance and harmful tax competition in the EU (the "**Tax Transparency Package**"). In this respect, on 6 October 2015, a political agreement was reached on the amendment of the EU Directive on mandatory automatic exchange of information in the field of taxation (Council Directive 2011/16/EU, as amended by Council Directive 2015/135/EU) with regard to the mandatory exchange of information on advance cross-border tax rulings, as well as advance pricing arrangements. The implementation of the Tax Transparency Package in its current form would have no impact on the Group. However, the Tax Transparency Package may be amended at a later stage and the consequences thereof at the date of this Prospectus are unknown. In addition, there are multiple other initiatives worldwide for multinationals to become more transparent to the relevant tax authorities and other initiatives may follow. It is unclear what the costs and impact on the Group's resources would be if such initiatives would be implemented.

- **Privacy and data protection legislation.** The privacy and data protection laws to which the Group is subject could be amended in the future to impose greater obligations on data controllers. For example, on 25 January 2012, the European Commission issued a proposal for a regulation on the protection of individuals with regard to the processing of personal data and on the free movement of such data (the "**General Data Protection Regulation**"), which, once entered into force, will be directly enforceable in each EU member state in which the Group operates. The General Data Protection Regulation will replace the EU Data Protection Directive 95/46/EC and is expected to impose a substantially higher compliance burden on the Group. The new regulation is expected to contain, among other things, high accountability standards for data controllers, stricter requirements to providing information notices to and obtaining consent from individuals, restrictions on profiling of individuals, restrictions on the collection and use of sensitive personal data, compulsory data protection impact assessments of certain processing operations, and mandatory notification of data security breaches. Additional requirements to the content of data processing agreements could necessitate updating current outsourcing arrangements. National supervisory authorities are expected to be given more powers to enforce compliance with the General Data Protection Regulation, including the power to order an organisation to provide any information it requires for the performance of its tasks, obtain access to any premises or data processing equipment, and the power to suspend data flows to a recipient outside the EU. The new regulation is also expected to provide for harsh penalties for non-compliance. The European Parliament proposes imposing fines of between 2-5% of total worldwide annual turnover. The proposed regulation is currently negotiated by the European Parliament, the Council of the European Union and the European Commission and is expected to be adopted by the end of 2015, with anticipated entry into force at the beginning of 2018.

In addition, on 6 October 2015 the European Court of Justice ruled that the European Commission's Safe Harbor decision for the transfer of personal data from the EU to the US (European Commission decision 2000/520/EC) is rendered invalid with immediate effect. The Safe Harbor framework contained conditions for the processing of personal data which, if adhered to by the US data-recipient, permit transfers of personal data from the EU to the US. If the Group bases any transfer of personal data to the US on the Safe Harbor framework (including onward transfers) in whole or in part it is possible that the Group may be deemed to be in violation of privacy- and data protection laws as a result of the European Court of Justice ruling (C-362/14) and the Group will need to consider alternatives to the transfer of data or consider using different data transfer mechanisms. For intragroup exchanges of personal data, the Group has Binding Corporate Rules in place in order to ensure adequate safeguards for the protection of such transfers of data protected under European law and to ensure that all transfers within the Group have an adequate level of protection.

- **Dutch data protection law.** The Act on Data Breach Notifications (*Wet Meldplicht datalekken en uitbreiding bestuurlijke boetebevoegdheid Cbp*) has recently been adopted and will enter into force on 1 January 2016. This act introduces a mandatory notification for security breaches of personal data that adversely affect the privacy or personal data of data subjects for all data controllers in the Netherlands and increases sanctions for violations of the Dutch Data Protection Act. Data controllers will also have to maintain an internal register recording all security breaches they experience. The act introduces the power of the Dutch Data Protection Authority (*College Bescherming Persoonsgegevens*, the "**CBP**") to impose higher fines for violations of the Dutch Data Protection Act, up to a maximum of EUR 810,000 or 10% of the Company's annual net turnover per violation.

- **Dutch bill on processing of data related to safety and integrity of vital ICT systems and cybersecurity.** On 22 January 2015, the Dutch government introduced a bill that would require the mandatory notification of serious security breaches in the key ICT systems and provide the rules on processing of data related to cyber security (*Wet gegevensverwerking en meldplicht cybersecurity,* the "**WGMC**"). The WGMC will be applicable to a wide range of sectors that have key ICT systems to manage their operations, including financial institutions and banks. The WGMC has been reviewed by the Council of State and is expected to be shortly introduced to Parliament. As of the date of this Prospectus, it is unclear when the WGMC will come into force and what its scope would be. However, once adopted, compliance with cyber security and notification requirements of the WGMC could cause significant additional costs to the Group.

- **Contract and property laws.** National and European changes in laws that regards the Group's core business operations may have a material impact. For example, changes in contract law, the use of general terms and conditions, (enforcement of) security and property laws may affect existing and future agreements with clients. Such changes not only affect the content and validity of agreements between the Group and clients, but it may also force the Group to change its contract terms or the manner in which it conducts its business. This might involve discontinuation of certain products and services in some of the markets in which the Group operates. It might also lead to losses if agreements prove unenforceable or if security provided by clients cannot be enforced.

- **4th EU AML/CFT Directive.** On 26 June 2015, Directive EU 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC, entered into force, enhancing the existing EU measures to combat money laundering and the financing of terrorism. The provisions of the directive will need to be transposed into the laws of the Member States (*Wet ter voorkoming van witwassen en financieren van terrorisme* or WWFT) and must be applied by 26 June 2017. Important changes in the EU requirements regarding anti-money laundering and the countering of the financing of terrorism (EU AML/CFT requirements) relate to additional requirements for identification and verification of the ultimate beneficial owner (UBO), introduction of a central UBO register, extension of the definition of politically exposed persons (PEPs) to domestic PEPs and supervision of correct application of the directive outside the EU. The changes will have considerable impact on client on-boarding processes and may require re-papering of client files to meet the obligations on a group wide level.

- **IDD—**The Insurance Distribution Directive ("**IDD**", formerly known as the Insurance Mediation Directive II) will replace Directive 2002/92/EC ("**Insurance Mediation Directive**"). The Insurance Mediation Directive regulates brokers and other intermediaries selling insurance products. In contrast to the Insurance Mediation Directive, the scope of the IDD will be extended to all sellers of insurance products, focussing especially on market integration, fair competition between distributors of insurance products and policyholder protection. It is expected that the IDD will be endorsed by the European Parliament and Council by the end of 2015 and that the directive will enter into force in 2016. Subsequently, Member States will have two years to implement the IDD into national legislation.

  Key proposals are, among other things, mandatory disclosure requirements obliging insurance intermediaries to disclose to their customers the nature of remuneration they receive, including any contingent commissions, and in case the remuneration is directly payable by the customer the amount of the remuneration, or if the full amount of remuneration cannot be calculated, the basis of its calculation. Insurers carrying out direct sales will be required to comply with information and disclosure requirements and certain conduct of business rules, including a general obligation to act honestly, fairly and professionally in accordance with customers' best interests.

  If the proposed revisions to the Insurance Mediation Directive are adopted, these changes are likely to have a significant effect on the European insurance market. In particular, the IDD proposals are likely to increase compliance obligations regarding direct sales, increasing compliance costs and the complexity of direct sales procedures.

For further information on laws and regulation the Group is subject to, see section "Regulation of the Group". The timing and full impact of new laws and regulations, including the initiatives described above, cannot be determined yet and are beyond the Group's control. The introduction of these and other new rules, requirements, guidelines and/or policy changes, which sometimes have retroactive effect, could significantly impact the manner in which the Group operates, particularly in situations where regulatory legislation can interfere with or even set aside national private law, but also where regulatory legislation is inconsistent in its requirements applicable to the Group. Often, regulations use open standards as a result of which the Group has to form a view on how to implement or apply the regulations with the risk that a supervisory authority or court in the future finds that the implementation or application was incorrect. New requirements may materially and adversely affect the Group's business, capital and risk management strategies and may result in the Group deciding to raise capital, reduce or eliminate its dividend, modify its legal entity structure, capital and funding structures and business mix or to exit certain business activities altogether or to determine not to expand in certain business areas despite their otherwise attractive potential.

Interpretations, including by the EBA, and changes thereof with respect to existing and future rules may also have a major impact on the Group.

The large number of legislative initiatives requires constant attention from the Group's senior management and consumes significant levels of resources to identify and analyse the implications of these initiatives. The Group may have to adapt its strategy, operations and businesses, including policies, procedures and documentation, to comply with the requirements stemming therefrom. Especially in view of the volume of existing initiatives, it cannot be excluded that certain new requirements will not be implemented timely or implemented without errors, resulting in non-compliance and possible associated negative consequences. Additionally, the Group may be forced to cease to serve certain types of clients or offer certain services or products as a result of new requirements. Finally, these changes could be a significant burden on the Group's IT systems and financial means, as a result of which it may be forced to spend less time and money in business development necessary to achieve its strategic goals.

40. As a result of capital and liquidity requirements, the Group may not be able to manage its capital and liquidity effectively, which could have a material adverse effect on the Group's financial condition, regulatory capital position and liquidity position and the Group may be forced to raise additional capital or restrict dividend payments

Effective management of the Group's capital and liquidity is critical to its ability to operate its businesses, to grow organically and to pursue its strategy. The Group is required by supervisory authorities in the Netherlands, Europe and in other jurisdictions in which it undertakes regulated activities, to maintain adequate capital resources and liquidity as such supervisory authorities may deem appropriate. The maintenance of adequate capital and liquidity is also necessary for the Group's financial flexibility in the face of continuing turbulence and uncertainty in the global economy.

The Basel Committee has proposed a number of reforms to the regulatory capital and the liquidity framework for internationally active banks, the principal elements of which are set out in the Basel III Framework. These reforms are intended to increase the quality and quantity of capital, to build up additional capital buffers in good times that can be drawn upon in periods of stress, to impose (temporary) systemic risk buffers, to strengthen the risk coverage of the capital framework in relation to derivative positions, to introduce a new liquidity framework under which banks must gradually meet a liquidity coverage ratio ("**LCR**") and report on their net stable funding ratio ("**NSFR**"), and to introduce reporting requirements on leverage ratio. In the future, reporting requirements on the NSFR and leverage ratio may be replaced or complemented by a requirement for banks to use stable sources of funding and meet a minimum leverage ratio.

The Basel III Framework was implemented in the EEA through CRD IV and CRR. CRD IV was transposed into Dutch law by the Implementing law CRD IV and CRR (*Implementatiewet richtlijn en verordening kapitaalvereisten*) and entered into force on 1 August 2014. CRR applies from 1 January 2014. There can be no assurance, however, that the Basel Committee will not amend or supplement the Basel III Framework which may result in an amendment of CRD IV or CRR. The Basel Committee recently identified reasons to further reinforce the risk-weighted capital framework with, among other things, a capital floor for possibly each major risk category (credit risk, market risk and operational risk). If, for example, the Group would become subject to a capital floor for credit risk calibrated to a percentage of the respective standardised approach applicable to exposures secured by mortgage on residential property, the Group may be required to meet higher capital requirements and possibly amongst other things raise additional regulatory capital or reduce the amount of its risk-weighted assets by engaging in the disposal of assets. This may also apply to certain of the Group's other assets, such as exposures to corporates. Further, the implementation of the Basel Committee frameworks into binding EU legislation may be different from that which is currently envisaged under the Basel III Framework or may impose more onerous requirements on the Group.

CRR establishes a single set of harmonised prudential rules which applies directly to all banks in the EEA as of 1 January 2014 with particular requirements being phased-in over a period of time, to be fully applicable by 2023. The harmonised prudential rules include minimum own funds requirements (4.5% CET1 capital ratio, 6% Tier 1 capital ratio and 8% total capital ratio, obtained by dividing the relevant capital measure by a risk exposure amount calculated on the basis of a standardised method or a more tailor made method using internal models and calculations in order to quantify the risks run by the bank which include credit risks, market risks and operational risks, together referred to as pillar 1), an obligation to maintain a liquidity buffer possibly without netting loans and deposits, (in such an amount to adhere to an LCR of 100% per 1 October 2015 in the Netherlands) and reporting requirements relating to the liquidity buffer, and a requirement to report on the bank's NSFR allowing the competent supervisory authority to assess the availability of stable funding. CRR also includes the obligation to report on the bank's leverage ratio. Mainly due to the implementation of a revised calculation method for the exposure measure for clearing services set out in the CDR, the Group's fully-loaded leverage ratio decreased from 3.5% as per 31 March 2015 to 3.1% as at 30 June 2015. The revised calculation method led to a considerable increase in the exposure measure, particularly the derivative exposure. The CDR specifies that when a clearing member guarantees the exchange traded derivative transactions of clients towards CCPs, it must include the guarantee in the exposure measure. See "Operating and Financial Review—Capital, liquidity and funding—Leverage ratio (fully-loaded)". The CDR specifies that when a clearing member guarantees the exchange traded derivative transactions of clients towards central counterparties, it must include the guarantee in the exposure measure. See also "—25. The Group's clearing business may incur losses or may be subject to regulatory actions and fines that could materially and adversely affect the Group's financial condition and results of operations, prospects and financial condition as well as materially and adversely affect the Group's reputation". While not yet implemented into Dutch law, the Dutch government has indicated that it intends to impose a minimum leverage ratio of 4% on banks that have systemic relevance, such as the Group. In order to meet the 4% minimum leverage ratio requirement (which is expected to become binding in 2018), the Group may need to raise additional regulatory capital and/or take actions to decrease its exposure measure. It cannot be excluded that the minimum leverage ratio will be set at a percentage higher than 4%. Becoming subject to a minimum leverage ratio of 4% or higher, and becoming subject to a requirement to calculate the leverage ratio and LCR without netting of loans and deposits, and the potential need for additional regulatory capital or additional liquidity buffers, to address these requirements may lead to the incurrence of higher costs. As at 30 September 2015, the Group's fully-loaded leverage ratio is 3.5%.

Further to CRD IV a minimum combined buffer requirement will be imposed on top of the minimum CET1 capital requirement of 4.5% of the Group's RWA (REA). The Dutch legislator has implemented the combined buffer requirement in the FMSA and the implementing Decree on prudential rules Wft (*Besluit Prudentiële regels Wft*). The implementing rules entered into force on 1 August 2014.

The combined buffer requirement consists of the following elements:

- **Capital conservation buffer (*kapitaalconserveringsbuffer*)**: set at 2.5% of RWA (REA);

- **Bank-specific countercyclical capital buffer (*contracyclische kapitaalbuffer*)**: the bank-specific countercyclical capital buffer rate shall consist of the weighted average of the countercyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures are located; this rate will be between 0% and 2.5% of RWA (REA) (but may be set higher than 2.5%);

- **Systemic relevance buffer (*systeemrelevantiebuffer*)**: the systemic relevance buffer shall consist of a buffer for global systemically important institutions ("**G-SIIs**") and for other systemically important institutions ("**O-SIIs**"), to be determined by DNB. The buffer rate for O-SIIs can be up to 2.0% of RWA (REA). The buffer rate for G-SIIs can be between 1% and 3.5% of RWA (REA); and

- **Systemic risk buffer (*systeemrisicobuffer*)**: set as an additional loss absorbency buffer to prevent and mitigate long term non-cyclical systemic or macroprudential risks not covered by CRR, of a percentage between 1% and 3% of RWA (REA) (but may be set higher than 3%). The buffer rate will be reviewed annually by DNB.

The combined buffer requirement must be met with CET1 capital and will be gradually phased-in in quartiles from 1 January 2016 to fully apply as per 1 January 2019.

Based on statements from DNB in amongst others the "Wijziging van de Regeling specifieke bepalingen CRD IV en CRR in verband met introductie van systeemrisicobuffer en enkele technische aanpassingen" of 18 August 2015 ("**Systemic Risk Buffer Regulation**"), and pending formal confirmation, the following buffers will apply to the Group as of the date of this Prospectus on a fully phased-in basis (phasing-in to take place in quartiles as from 1 January 2016 to fully apply as per 1 January 2019): a 2.5% capital conservation buffer, a 2% systemic relevance buffer and a 3% systemic risk buffer. When a bank is subject to a systemic relevance buffer and a systemic risk buffer, either (i) the higher of these buffers applies or (ii) these buffers are cumulative, depending on the location of the exposures which the systemic risk buffer addresses. Based on statements from DNB in amongst others the Systemic Risk Buffer Regulation, and pending formal confirmation, the Group will be subject to the higher of the systemic relevance buffer and the systemic risk buffer, resulting in the Group being subject to a combined buffer requirement of 5.5% on a fully phased-in basis, which it will have to maintain on top of the minimum CET1 capital requirement of 4.5%. However, in the future the Group may need to comply with a higher combined buffer requirement. For example, the competent supervisory authority may impose a higher systemic risk buffer or introduce a countercyclical capital buffer.

In addition, under CRD IV competent supervisory authorities may, as a result of the SREP, require additional capital to be maintained by a bank relating to elements of risks which are not or not fully covered by the pillar 1 minimum own funds and combined buffer requirements described above. On 19 December 2014 the European Banking Authority ("**EBA**") issued guidelines addressed to competent supervisory authorities on common procedures and methodologies for the supervisory review and evaluation process (SREP) which among other guidelines contain guidelines proposing a common approach to determine the amount and composition of additional capital requirements and which are to be applied by the competent supervisory authorities by 1 January 2016 (subject to certain transitional arrangements). The additional capital to be maintained as a result of the SREP can be substantial and the competent supervisory authorities may determine that the additional capital requirements are met with CET1 capital. The Group (more specifically ABN AMRO Bank on the basis of the consolidated situation of the Company) expects to be subject to a gradually increasing minimum CET1 Capital requirement because of an increasing systemic risk buffer, commencing at 0.75% as of 1 January 2016, increasing to 1.5% as of 1 January 2017, further increasing to 2.25% as of 1 January 2018, and ultimately 3% as of 1 January 2019. As a result, the Group currently expects the minimum CET1 Capital requirement going forward to be near the mid-point of the target range the Group has set.

If the Company fails, or as a result of a distribution of dividend would fail, to meet the capital requirements, or the combined capital buffer requirement, on a consolidated basis, it will be prohibited from making distributions in connection with its CET1 capital, or be prohibited from distributing more than the maximum distributable amount calculated in accordance with the regulation issued by DNB on specific provisions set out in CRD IV and CRR (*Regeling specifieke bepalingen CRD IV en CRR*) ("**Dutch CRD IV and CRR Regulation**").

For further information on laws and regulation the Group is subject to, see section "Regulation of the Group".

The changes to capital adequacy and liquidity requirements described above or any future changes may require the Group to raise additional regulatory capital or hold additional liquidity buffers, for example because of different interpretations of or methods for calculating risk weighted assets, non-risk based exposure amounts, liquidity inflows and outflows, or because the Group does not comply with ratio's and levels, or instruments and collateral requirements that currently qualify as capital or capital risk mitigating techniques no longer do so in the future. Such requirements to raise additional regulatory capital or to hold additional liquidity buffers may cause the Group to incur significantly higher costs. If the Group were unable to raise the requisite additional capital, it may be required to further reduce the amount of its risk-weighted assets and engage in the disposal of businesses, which may not occur on a timely basis or achieve prices which would otherwise be attractive to the Group, change its business activities mix or take other measures to reduce the amount of its risk-weighted assets.

If, as a result of the capital requirements, the combined buffer requirements or possible minimum leverage ratio referred to above, the Group would be required to strengthen its capital by issuing Ordinary Shares, the holdings of holders of DRs ("**DR Holders**") may be diluted. Similarly, if the Group would be required to strengthen its capital by issuing Tier 1 capital instruments, the net profit available for dividend distributions may be materially and adversely affected. In addition, the law implementing CRD IV and CRR allows the competent authority to restrict or prohibit dividend payments if in its view this measure is needed to strengthen the Group's capital in view of prudential requirements. The Group may also be restricted or may not be able to pay dividends if it has insufficient distributable amounts or if it does not meet the required capital or combined capital buffers. The above three measures might materially and adversely affect the results on investments made by DR Holders. If the Group is unable to raise the requisite regulatory capital, it may be required to further reduce the amount of its risk-weighted assets, either by reducing or ceasing certain services, businesses or operations, or engage in the disposal of core or non-core businesses, which may not occur on a timely basis or at prices which would otherwise be attractive to the Group. In addition, if the Group is not able to meet the applicable combined buffer requirements, this could have a material adverse effect on the market's trust in respect of the long term viability of the Group, which could, for example, result in liquidity outflows that could ultimately have a material adverse effect on the going concern viability of the Group.

As a result of stricter liquidity requirements or higher liquidity buffers, the Group may be required to optimise its funding composition which may result in higher funding costs for the Group, and in having to maintain buffers of liquid assets bearing lower returns than less liquid assets. Furthermore, if the Group is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations. In addition, if a net stable funding requirement or LCR is implemented in the future, the Group might be required to attract additional stable sources of funding, which may result in higher funding costs for the Group.

The variety of capital and liquidity requirements imposed by supervisory authorities in different jurisdictions may prevent the Group from managing its capital and liquidity positions in a centralised manner, which may impact the efficiency of its capital and liquidity management. If internal processes are not sufficiently efficient, this may result in higher than strictly necessary required capital and liquidity levels and increased costs.

Any change that limits the Group's ability to manage effectively its balance sheet and capital resources going forward (including, for example, reductions in profits and retained earnings as a result of write-downs or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets or the inability to syndicate loans as a result of market conditions, or—to a lesser extent—a growth in unfunded pension exposures or otherwise) or to access funding sources, could have a material adverse effect on its financial condition, regulatory capital position and liquidity provision.

As a result of the introduction of the Single Supervisory Mechanism ("**SSM**") as per 4 November 2014, the ECB has become the single supervisor for the prudential supervision of credit institutions that qualify as a significant credit institution, including the Group. As of that date, the ECB is responsible for, among other things, authorising banks to take up the business of bank and will supervise compliance with capital requirements and liquidity requirements as provided for by CRD IV and CRR and governance. As a result, the Group may be subject to different interpretations or methods for calculating risk weighted assets and capital instruments, may be subject to higher capital add on requirements, or may be required to hold additional liquidity buffers in comparison to the time before November 2014, when DNB and other NCAs were the supervisory authorities of credit institutions within the Group. For example, in August 2015, the ECB informed the Group that certain Tier 2 instruments of ABN AMRO Bank should be excluded from the total capital calculation. The exclusion applies to Tier 2 instruments that were issued after year-end 2011 (the CRR cut-off date) and before revocation of the 403-liability statement of the Group that was issued for the benefit of ABN AMRO Bank. The 403-liability statement is one in which a company accepts liability for the debts ensuing from the legal acts of its consolidated subsidiaries and may provide an exemption to such subsidiaries from the obligation to publish annual accounts. Based on an interpretation of a recent ruling of the Dutch Supreme Court in relation to the nationalisation of SNS REAAL, the ECB determined that, due to the 403-liability statement, the ranking of these Tier 2 creditors is enhanced as the claim under the 403-liability statement is not subordinated. In the former 403-liability statement for claims against ABN AMRO Bank, no subordination was provided for. Therefore, these Tier 2 instruments are no longer in line with CRR. See "Operating and Financial Review—Capital, liquidity and funding—Leverage ratio (fully-loaded)".

The above regulatory changes and any other present or future changes that could limit the Group's ability to manage effectively its balance sheet, liquidity position and capital resources (including, for example, reductions in profits and retained earnings, increases in risk-weighted assets, delays in the disposal of certain assets or the inability to provide loans as a result of market conditions), to access funding sources or access funding sources at a higher cost could have a material adverse effect on its business, financial condition and results of operations. Furthermore, the above regulatory changes and restrictions and any other present or future changes or restrictions could limit the Company's ability to pay dividends to the Shareholders or DR Holders. This could have a material downward effect on the price of the DRs. See "—60. The payment of future dividends will depend on the Group's financial condition and results of operations, the Group's operating subsidiaries' distributions to the Company as well as the Company's dividend policy, and is subject to legal and regulatory restrictions on the Group".

41. Resolution regimes may affect the rights and remedies of holders of Ordinary Shares or DRs—who may risk losing their entire investment—as well as the Group's market value and may lead to lower credit ratings and possibly higher cost of funding, capital and other costs and could thereby have a material adverse effect on the Group's funding ability, financial condition and results of operations

On 2 July 2014 the BRRD, establishing a framework for recovery and resolution of banks and certain investment firms, came into force. The BRRD sets out a set of tools available to competent authorities to intervene sufficiently early and quickly in an unsound or failing bank so as to ensure the continuity of the bank's critical financial and economic functions, while minimising the impact of the bank's failure on the economy and financial system.

The measures of the BRRD apply since 1 January 2015 with the exception of the bail-in resolution tool which may be applied as from 1 January 2016 at the latest. However, the Dutch implementation of the BRRD is not in effect yet.

As a result of the introduction of the SRM, the SRB will as of 1 January 2016 be the single resolution authority for the Group ultimately in charge of the decision to initiate the resolution, while operationally the decision will be implemented in cooperation with national resolution authorities ("**NRAs**"). The SRB may apply interpretations of BRRD or recovery and resolution strategies that differ from those applied by the relevant NRA. Any change in the interpretation or strategy may affect the resolution plans for the Group, as prepared by the relevant NRA.

Recovery and resolution plans and powers to address impediments to resolvability

The Group is required to draw up and maintain a recovery plan. This plan must provide for a wide range of measures that could be taken by the Group for restoring its financial condition in case it significantly deteriorated. The Group must submit the plan to the ECB for review and update the plan annually or after changes in the legal or organisational structure, business or financial situation that could have a material effect on the recovery plan. Keeping the recovery plan up to date will require monetary and management resources. Recovery measures could include the strengthening of the Group's capital by issuing Ordinary Shares in a situation of financial stress, which could severely dilute the holdings of DR Holders.

The SRB will draw up a resolution plan for the Group providing for resolution actions it may take if the Group fails or is likely to fail. In drawing up the Group's resolution plan, the SRB will identify any material impediments to the resolvability. Where necessary, the SRB may require the removal of such impediments. This may lead to mandatory legal restructuring of the Group, which could lead to high transaction costs, or could make the Group's business operations or its funding mix to become less optimally composed or more expensive.

The Group will be subject to the requirement to at all times meet a minimum requirement for own funds and eligible liabilities ("**MREL**") expressed as a percentage of the total liabilities and own funds of the Group. The required levels of MREL reflect amongst others the resolvability, risk profile and systemic importance of the Group, and are to be determined by the SRB. The Financial Stability Board has issued implementing principles on Total Loss Absorbing Capacity ("**TLAC**") as a standard for global systemically important banks ("**G-SIB**"). TLAC is currently not applicable to the Group, however the final standards might indirectly extend to the required MREL levels and/or the eligibility of MREL instruments as to be determined by the SRB. The SRB may require the Group to issue additional and/or other liabilities at various levels within the Group and/or concentrated at the level of the Company, to meet the required MREL levels. This may result in higher capital and funding costs for the Group, and as a result materially and adversely affect the Group's profits and its possible ability to pay dividends.

Early intervention

If the Group would infringe or, due to a rapidly deteriorating financial condition, would be likely to infringe capital or liquidity requirements in the near future, the ECB will have the power to impose early intervention measures on the Group. A rapidly deteriorating financial condition could, for example, occur in case of a deterioration of the Group's liquidity situation, increasing level of leverage and non-performing loans. Intervention measures include the power to require changes to the legal or operational structure of the Group, or its business strategy, and the power to require the Group's managing board to convene a general meeting, failing which the ECB can directly convene a general meeting, in both cases with the power of the ECB to set the agenda and require certain decisions to be considered for adoption by the general meeting. The decisions to be considered for adoption may materially and adversely affect the DR Holders' position.

Pre-resolution measures and resolution measures

If the Group were to reach a point of non-viability, the SRB in close cooperation with the NRA could take pre-resolution measures. These measures include the write-down and cancelation of shares or depositary receipts for shares, and the conversion of capital instruments such as a bank's Tier 2 instruments into shares or depositary receipts for shares. A write-down or conversion of capital instruments into shares or depositary receipts could materially and adversely affect the rights and effective remedies of holders of DRs, their holdings could be severely diluted and the market value of their DRs could be materially and adversely affected.

If the Group meets the conditions for resolution, the SRB may take a resolution measure. Conditions for resolution are: (i) the Group fails or is likely to fail (point of non-viability), (ii) having regard to the circumstances, there is no reasonable prospect that any alternative private sector or supervisory action would, within a reasonable timeframe, prevent the Group from failing, and (iii) the resolution measure is in the public interest. The Group would be considered to fail or likely to fail if there are objective elements to support a determination that in the near future, the Group will infringe capital requirements, the Group's liabilities will exceed its assets, the Group will infringe regulatory liquidity requirements or the Group will be unable to pay debts and liabilities as they fall due. Objective elements include: a minimum score having been assigned to the Group in an overall SREP. Other elements to consider are threats to viability stemming from a significant increase in the cost of funding to a level which is unsustainable, likely materialisation of the Group's significant off-balance sheet contingent liabilities causing substantial loss, indicators reflecting a market belief that the solvency of the Group is severely impaired and its financial condition and viability threatened and credit default swap spreads.

Resolution tools of the SRB will include a sale of a business or part of a business, an asset separation tool and a bail-in tool that would enable the write-down and conversion of debt into equity to strengthen the financial condition of the failing bank and allow it to continue as a going concern subject to appropriate restructuring. If the SRB were to take a resolution measure against the Group, it will have the power to take full control over the Group. If the SRB were to use this power, voting rights conferred by the Ordinary Shares cannot be exercised by the holders of Ordinary Shares and thus not by the holders of DRs during the period of the resolution. In addition, as a result of a resolution measure being taken, or as a result of (justified or unjustified) anticipation of such a measure being taken in the future, holders of DRs could lose ownership over DRs or could become DR Holders of an empty entity or a bad bank, their holdings could be severely diluted and the market value of their DRs could be materially and adversely affected.

When applying the resolution tools and exercising the resolution powers, including the preparation and implementation thereof, the resolution authorities are not subject to (i) requirements to obtain approval or consent from any person either public or private, including but not limited to the holders of Ordinary Shares or the holders of DRs, or from any creditors, and (ii) procedural requirements to notify any person including any requirement to publish any notice or prospectus or to file or register any document with any other authority, and including also any notification requirement set out in the terms and conditions governing the DRs as adopted by the Foundation Board (as defined in "Description of Share Capital") and which will be laid down in a notarial deed to be executed on Settlement (the "**DR Terms**"), that would otherwise apply by virtue of applicable law, contract, or otherwise. In particular, the resolution authorities can exercise their powers irrespective of any restriction on, or requirement for consent for, transfer of the financial instruments, rights, assets or liabilities in question that might otherwise apply.

National Resolution Funds, Single Resolution Fund and mutualisation

Banking groups excluded from the SRM will be eligible for contribution by the National Resolution Funds. An exception applies until the date the provisions relating to the Single Resolution Fund set out in the SRM Regulation have become applicable; until that date the Group will also be eligible for contribution by the National Resolution Funds, after that date, the Group will be eligible for contribution by the Single Resolution Fund. In both cases, the Group will only be eligible for contribution after a resolution action is taken, if the holders of instruments of ownership such as the DR Holders, the holders of relevant capital instruments and other eligible liabilities have made a contribution (by means of a write-down, conversion or otherwise) to loss absorption and recapitalisation equal to an amount not less than 8% of the total liabilities (including own funds and measured at the time of the resolution action). This means that the Group must hold on to sufficient own funds and liabilities eligible for write-down and conversion in order to have access to the Single Resolution Fund in case of a resolution. This may have an impact on the Group's capital and funding costs. Contributions for the Single Resolution Fund will be raised by the NRA and transferred to the Single Resolution Fund in accordance with the Agreement on the transfer and mutualisation of contributions to the Single Resolution Fund, which is an agreement amongst the Member States participating in the SRM. The Group is also subject to funding obligations to finance the Single Resolution Fund through ex-ante contributions. For more information see "—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects".

Application of the uniform rules on recovery and resolution is in four tranches: 19 August 2014, 1 November 2014, 1 January 2015 and 1 January 2016.

Through the coming into force of the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*) of 13 June 2012 (the "**Dutch Intervention Act**"), DNB had been granted the power to take various measures in respect of banks and insurance companies if it perceives signs of a dangerous development regarding the entity's own funds, solvency or liquidity and it can reasonably be foreseen that this development cannot be sufficiently or timely reversed. The national framework for intervention by DNB will be amended by the law implementing the BRRD. The scope of the intervention measure to transfer shares, assets or liabilities on the basis of a transfer plan will be limited to insurance companies (and thus no longer apply to banks). However, the scope of the powers granted to the Dutch Minister of Finance under the Dutch Intervention Act is likely to remain as is. The Dutch Minister of Finance may, with immediate effect, take measures or expropriate assets of or securities issued by or with the cooperation of a financial firm (*financiële onderneming*) or its parent, in each case if it has its corporate seat in the Netherlands, if in the Minister's opinion the stability of the financial system is in serious and immediate danger as a result of the situation in which the financial firm finds itself. Provisions of Dutch law and the financial firm's articles of association may be set aside. Examples of immediate measures include the suspension of voting rights or the suspension of board members. The measures may only be used if other measures would not or no longer work, or would be insufficient. In addition, to ensure such measures are utilised appropriately, the Dutch Minister of Finance must consult with DNB in advance. A decision by the Dutch Minister of Finance to intervene must be taken in agreement with the Dutch Prime Minister. The Dutch Minister of Finance must further inform the AFM of his intentions, whereupon the AFM must give an instruction to Euronext Amsterdam to suspend trading in any securities that are expropriated. In the case of expropriation, the beneficiary of the relevant asset will be compensated for any damage that directly and necessarily results from the expropriation. It is unlikely that such compensation will cover all losses of the relevant beneficiary. The application of the Dutch Intervention Act could materially and adversely affect the rights and effective remedies of holders of DRs, as holders of DRs could lose ownership over the DRs or become DR Holders of an empty entity or a bad bank.

The Dutch Intervention Act and the law implementing the BRRD, and the funding of the DGS and the Single Resolution Fund may lead to additional measures which may lead to higher annual costs.

42. The Group is required to provide large amounts of detailed information about its operations and financial condition to supervisory and other authorities, which is made more difficult by the complexity of the Group's reporting chain. The increasing demands from supervisory and other authorities both as far as detail and frequency of reporting is concerned are a significant burden on the Group with the accompanying risk that errors are made, information is reported past deadlines and that fines and other penalties are incurred. This could have a material adverse effect on the Group's business, reputation, results of operations and financial condition

The Group is subject to information requests from supervisory and other authorities, both in the Netherlands as well as abroad. As the frequency of requests and the amount and detail of data requested increases, where requests regularly overlap and the formats of requests may differ or be subject to different requirements, more administrative, operational and IT resources are required for compliance. This burden weighs heavily on the Group, also as a result of its reporting chain being complex. The complexity of the Group's reporting chain is due to, among other things, different IT systems in use by the relevant business units, legacy issues, certain data and documentation not being recorded in a uniform manner, and documentation being drawn up in different languages. When the Group receives a request for information from a supervisory or other authority, data required may not always be readily available or not be available in a format that allows processing without human intervention. The Group may then need to manually collect data from its various systems and from within different business units, converting it into a format compliant with reporting requirements. This creates a risk that mistakes are made, deadlines are missed or that reporting requirements are not complied with. It may also force the Group to significantly increase its spend on compliance and IT. Furthermore, requirements may be contradictory with each other, making compliance more difficult. Missing deadlines or in other manners not or not fully complying with reporting requirements could lead to substantial fines and other penalties. The developments described above could also lead to tension between any new regulatory obligations and the duty of care of the Group or privacy considerations that apply in certain jurisdictions. The requirements of governments or supervisory and other authorities in one jurisdiction may not necessarily be compatible with requirements in another jurisdiction. For instance, the Group may be required to report information in one country for which information relating to the Group's operations in another country—which disclosure may be subject to limitations—may also be required. For further information on the Group's systems, see "Business—Legal, regulatory and arbitration proceedings—Transaction reporting" and "—24. Failure of the Group's information technology systems could lead to a breach of regulations and (contractual) obligations and have a material adverse effect on the Group's reputation, results of operations, financial condition and prospects". The above could have a material adverse effect on the Group's business, reputation, results of operations and financial condition.

43. Improving technological developments may lead to new and more detailed reporting and monitoring obligations of the financial industry. This could force the Group to make significant investments and increase its compliance burden with a material adverse effect on the Group's business, results of operations and financial condition

New technological developments lead, at least in theory, to increased knowledge within the financial industry about clients and their behaviour. Governmental authorities could decide to increasingly use the industry for achieving certain policy goals and for the enforcement of rules that strictly speaking do not regard the financial industry. To date, governments have invoked the assistance of the financial industry for purposes such as combating terrorism, preventing tax evasion and detecting signals of possible money laundering. In the future, as technological possibilities improve, governments and supervisory authorities could expect the industry to detect other unusual or illegal behaviours by clients, even though the systems being used in the industry may not have been designed to make such assessments.

If new, different or more detailed reporting or monitoring obligations of this nature were to be imposed on the Group, then this could force it to make significant additional investments in technology or processes. For example, if the Group were to be able to monitor transactions in new ways, more "unusual" transactions might possibly be detected as these are defined under current rules, which might then require the Group to follow up on a greater number of signals of inappropriate transactions, which in turn requires more resources.

If as a result of improving technological means, governments and supervisory and other authorities impose new and more detailed reporting and monitoring obligations on the Group, this could force it to make significant investments and increase its compliance burden with a material adverse effect on the Group's business, reputation, results of operations and financial condition.

44. The Group is subject to legal risk, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects and reputation. It has become increasingly difficult to provide for sufficient levels of legal and regulatory provisions due to the inherent uncertain outcome of settlement and litigation which means that the Group is at risk of incurring losses that have insufficiently or not been provided for and that thus may have an adverse effect on the Group's business, financial condition, results of operations and prospects

In the ordinary course of business the Group is involved in a number of legal proceedings, regulatory and governmental actions and investigations. The Group's business is subject to the risk of litigation by clients, borrowers, employees, Shareholders, DR Holders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. See also "Business—Legal, regulatory and arbitration proceedings". The cost to defend current and future actions may be significant. There may also be adverse publicity associated with litigation and investigations that could decrease client acceptance of the Group's services, regardless of whether the allegations are valid or whether the Group is ultimately penalised or found liable. In the Netherlands, the "Wet collectieve massaschade" came into force in 2005. This act allows groups of claimants and (a) defendant(s) in cases involving mass damages to request the Court of Appeal in Amsterdam to declare a collective settlement binding on all interested parties (except those that opt-out). The Group believes there is a trend in the Netherlands towards an increase in collective legal action brought by claimants. It is reasonable to expect that this will lead to an increase in the number of claims, including collective claims, against the Group and the risk of high total compensation amounts. Legal proceedings, regulatory and governmental actions and investigations may materially and adversely affect the Group's business, financial condition, results of operations and prospects and reputation.

The Group, like many other financial institutions, has come under greater scrutiny in recent years and expects heightened levels of regulatory supervision to continue in the foreseeable future. This particularly relates to compliance with historical, new and existing corporate governance, employee compensation, conduct of business, consumer protection regimes, anti-money laundering, tax evasion and antiterrorism laws and regulations, as well as the provision of applicable sanctions programmes. Past, current or future failures to comply with one or more of these laws or regulations may materially and adversely affect the Group's business, financial condition, results of operations and prospects and reputation.

Furthermore, it has become increasingly difficult to predict or quantify the outcome of many of the legal proceedings, regulatory and governmental actions and investigations that the Group and its businesses are involved in, and therefore it has become harder to create sufficient levels of legal and regulatory provisions. The uncertainty of outcomes of settlements or litigation and the changing views of regulators is increased by the apparent recent trend of increasing fines and settlement amounts, as well as by the possible expanding application of the duty of care.

In addition, in presenting the consolidated annual financial statements, management may make estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. If provisions taken turn out to be insufficient, the Group will incur losses. Such losses may occur potentially years after the event that caused them. Insufficient provisions, changes in estimates or judgemental errors when provisioning may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The risk of the Group is not necessarily limited to cases where the claimant has a legally enforceable right to compensation. The Group may also, for ethical reasons, to protect its reputation or to ensure the continued business of certain clients, decide to pay compensation amounts that it does not owe from a strict legal perspective. Likewise, the Group may decide to capitalise minority operations in situations where strictly legally it does not have an obligation to do so. The above may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

45. The Group may become involved in litigation regarding Imtech N.V. as a consequence of the Group's participation as an underwriter in the October 2014 Imtech N.V. rights offering

The Imtech N.V. group has been in financial difficulties ever since certain fraudulent events, perpetrated by certain managers and staff, were discovered a few years ago. The Group has extended credit to the Imtech N.V. group of businesses and it holds shares in Imtech N.V. further to its underwriting commitment in the Imtech N.V. rights offering of October 2014. In April 2015, Stichting Imtechclaim has threatened to initiate a collective action lawsuit against, among others, Imtech N.V. and the four underwriters (including ABN AMRO Bank) of the Imtech N.V. rights offering of October 2014. Since a claim has not yet been formally filed, the complaint is not clear but the Group expects that it would, among other complaints, appear to refer to prospectus liability and inappropriate behaviour as a result of conflicts of interest (*dubieuze dubbelrol*).[4] The amount of damages that Stichting Imtechclaim can claim depends on the number of persons in the class. In addition, the bankruptcy of Imtech N.V., which was a prominent and large international business, is likely to result in investigations and extensive litigation. It cannot be excluded that certain persons will in some of these proceedings seek to recover damages from the Group. If the Group were to be involved in such litigation, the amounts claimed might be significant and the management time and costs required to defend itself might also be considerable. Whether it loses any litigation or not, the Group's reputation may suffer if it is perceived to have acted wrongly at any moment during the past few years. The above could have material adverse consequences for the Group.

4 Source: Claimant's website (www.imtechclaim.nl)

46. ***Failure to comply with anti-money laundering, anti-bribery, tax and corruption laws or international sanctions could lead to fines or harm the Group's reputation and could disrupt the Group's business and result in a material adverse effect on the Group's business, financial condition and results of operations***

Combating money laundering and terrorist financing, bribery, tax evasion and corruption, and the enforcement of compliance with economic sanctions is a major focus of government policy relating to financial institutions (most notably for the Group in the US, the European Union and Asia). These laws and regulations impose obligations on the Group to maintain appropriate policies, procedures and controls to detect and prevent money laundering, tax evasion and terrorist financing, report unusual transactions and suspicions of money laundering and terrorist financing, comply with economic sanctions and combat bribery and corruption. Even though these subjects are part of staff training and the Group has established policies and procedures addressing these subjects, the Group depends on sufficient awareness and compliance by its staff of these relevant laws and regulations for the execution of its policies, procedures and controls. As an example, the Group's Energy, Commodities & Transportation business may be exposed to a heightened risk of corruption since some of its clients are active in countries with relatively high scores on corruption indices.

The Group runs the risk of violating anti-money laundering and counter terrorism financing rules and regulations and sanctions, and to incur reputational risk, if the Group does not properly identify and verify the identity of a client, determine a client's source of funds and the reason of the banking relationship or that a client is subject to sanctions, or does not adequately monitor transactions with regard to anti-money laundering. See also "Business—Legal, regulatory and arbitration proceedings—DNB thematic review of customer due diligence and remediation programmes".

On 29 October 2015, DNB imposed a fine of EUR 625,000 because the Group did not comply with its obligation pursuant to article 2 of the Dutch Anti-Money Laundering and Counter-Terrorist Financing Act to make sure that its branch in Dubai would carry out customer due diligence equivalent to the customer due diligence set out in the Dutch Anti-Money Laundering and Counter-Terrorist Financing Act. The Group's Head Office oversight of the branch was insufficient as it was based on an insufficient identification of inherent money laundering risks at the Dubai branch in relation to its Private Banking clients. The DFSA imposed a related fine of USD 640,000. See "Business—Legal, regulatory and arbitration proceedings—Dubai branch irregularities".

Certain companies active in the diamond industry, including clients of the Diamond & Jewellery Clients business of the Group, are subject to proceedings for allegations of money laundering and tax fraud among other complaints by the Belgian public prosecutor. The tax fraud would have occurred between the years 2000 and 2005.

As another example, the Group's Energy, Commodities & Transportation business may be exposed to a heightened risk of corruption since some of its clients are active in countries with relatively high scores on corruption indices.

In 2013, DNB found in its thematic examinations relating to the management of corruption risks, that the Group's efforts to prevent corruption risk from materialising, were insufficient. DNB found shortcomings regarding the cohesion between the different components of the management framework. Also, shortcomings in the governance, mitigation of third party risk and prevention of conflict of interests were identified. DNB's examinations are currently ongoing. In April 2014, DNB conducted a thematic review into the management of integrity risks, recordkeeping and compliance with anti-money laundering laws and regulations at Private Banking in the Netherlands. For more information, see "Business—Legal, regulatory and arbitration proceedings—DNB thematic review of customer due diligence and remediation programmes".

In 2015, DNB performed an examination of DNB's findings of the examinations in 2013 and 2014. The latest focused on activities of Energy, Commodities & Transportation (ECT), including an on-site review at the ECT desk in Singapore. It was found that the Group has made progress; however, the Group is expected to take the following remedial actions: include inherent corruption risk factors in the Group's systematic integrity risk analysis, further implement policies, enhance effective monitoring of registration of outside positions and private interests of employees (including management), include documentation of underlying risk assessments on corruption risks in the client files.

Despite the Group's compliance programmes, an internal security unit, and internal control policies and procedures, the risk remains that the Group's clients, officers, directors, employees or agents commit reckless or negligent acts, or that they violate laws, regulations or policies. They and the Group may have or be perceived to have conflicts of interest.

Regardless of the Group's compliance programmes, its internal security unit, internal control policies, management control procedures and other procedures and efforts to prevent breaches from materialising, there remains a risk of breaches of anti-money laundering, anti-bribery, tax and corruption laws or international sanctions, in the event the Group were unable to detect non-compliant behaviour in time or at all.

The legislation, rules and regulations which establish sanctions regimes are often broad in scope and complex, and in recent years, governments have increased and strengthened such regimes. As a consequence, the Group may be forced to restrict certain business operations or unwind certain ongoing transactions or services, which may cause material losses.

In addition, the extra-territorial reach of US regulations in respect of economic sanctions requires the Group to establish effective controls and procedures in order to prevent violations of US sanctions against designated foreign countries, nationals, entities and others. The Group's operations and the products and services it offers bring it within the scope of this sanctions regime.

Failure by the Group to implement and maintain adequate programmes to combat money laundering and terrorist financing, bribery, tax evasion and corruption or to ensure economic sanctions compliance could lead to fines or harm the Group's reputation and could disrupt the Group's business and result in a material adverse effect on the Group's business, financial condition, results of operations and prospects.

With respect to certain countries, such as Iran and Russia, amongst others, the US State Department, the US Treasury Department's Office of Foreign Assets Control ("**OFAC**") and the European Union have issued restrictive measures and trade embargoes. Since 2010, extensive additional international (including EU and US) sanctions against Iran have been adopted which together form a complex set of economic restrictions. In the past violations of US sanctions have been voluntarily reported to OFAC, for example, in connection with the Group's Private Banking operations in Dubai. See "Business—Legal, regulatory and arbitration proceedings—Dubai branch irregularities" for more information. A non-US financial institution found to have engaged in specified activities involving Iran could become subject to various types of sanctions, including (but not limited to) denial of US bank loans, restrictions or a prohibition on its ability to open or maintain correspondent or payable-through accounts with US financial institutions, and the blocking of its property within US jurisdictions. On 14 July 2015, the United States and the European Union agreed on the final text of a Joint Comprehensive Plan of Action (the "**JCPOA**") to provide Iran with phased sanctions relief in exchange for Iranian implementation of certain nuclear-related measures. The JCPOA is expected to authorise European companies to engage in various dealings in or with Iran and to terminate certain US sanctions that target non-US persons engaged in certain transactions involving Iran. The JCPOA has not yet gone into effect, although certain temporary sanctions relief under a preliminary agreement that led to the JCPOA is currently in effect, pending the implementation of the JCPOA.

47. *Restrictions on the payment of inducements and distribution fees may reduce fee and commission income and could materially and adversely affect the Group's businesses and results of operations*

Under Dutch law, banks are since 1 January 2013 restricted to receive inducements or distribution fees. In as far as investment services are concerned, the Dutch law restriction goes beyond similar restrictions envisaged by MiFID II (as defined in risk factor "—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects").

Prior to this change, the Group used the inducements or distribution fees it received to cover costs related to providing investment services to clients. The Group has in response introduced new investment propositions in the Netherlands, which include charging advisory fees for investment advisory services and charging fees for execution only services. As of 1 January 2014, all clients who use these services in the Netherlands pay these fees. Fees are for the most part related proportionally to the value of a client's assets held with the Group in the Netherlands. For the period 2012 up to 2014, in the Netherlands, the Group has directly passed on inducements or distribution fees received in respect of funds held in DPM to individual clients. As of 1 January 2014, the vast majority of the funds held in DPM in the Netherlands do not involve inducements or distribution fees. For the remainder minority (primarily where clients wish to continue their investments in particular funds), the Group passes on amounts received to the individual clients.

Since the introduction of the inducement ban, there has been an increase in the volume and demand in both DPM and execution only services. This shift in demand has impacted the structure of fee and commission income of Retail & Private Banking in the Netherlands, resulting in an increase in recurring fees and lower transaction fees. Until now, the Group has not seen any material adverse effects on its client assets in Retail & Private Banking. However, there can be no assurance that there will not be a negative effect of this legislation on the Group in the future. Also, clients could in the future increasingly use "execution only" services instead of paying for advisory services. Any such shift could lead to injudicious client decisions and losses which they may seek to recover from the Group on the basis of duty of care principles.

Additional restrictions on payments of inducements may be introduced also in other countries where the Group is active, especially in Private Banking in Europe. For example in Germany the amount of any inducements must be disclosed to the client, failing which the transaction with the client may have to be completely reversed which may lead to losses for the Group. These rules may reduce fee and commission income and could materially and adversely affect the Group's businesses and results of operations.

48. *The Group is subject to stress tests and other regulatory enquiries. The outcome of such a test can destabilise the banking or financial services sector, lead to a loss of trust with regard to individual companies or the banking or financial services sector as a whole, and could materially and adversely affect the Group's reputation, financing costs and trigger enforcement action by supervisory authorities. Stress tests could also bring to the surface information which may result in regulatory requirements or measures being imposed or taken which could have a material adverse effect on the Group's business, results of operations, profitability or reputation*

The banking sector is subject to periodic stress testing and other regulatory enquiries in respect of the resilience of banks to adverse market developments. Such stress tests are initiated and coordinated by the EBA. Stress tests and the announcements of their results by supervisory authorities can destabilise the banking or financial services sector and lead to a loss of trust with regard to individual banks or the financial services sector as a whole. The outcome of stress tests could materially and adversely affect the Group's reputation, financing costs and trigger enforcement action by supervisory authorities. The outcome of stress tests could also result in the Group having to meet higher capital and liquidity requirements, which could have a material adverse effect on the Group's business, results of operations, profitability or reputation.

In addition, stress tests could divulge certain information that would not otherwise have surfaced or which until then, the Group had not considered to be material and worthy of taking remedial action on. This could lead to certain measures or capital and funding requirements by supervisory authorities being imposed or taken, which could have a material adverse effect on the Group's business, results of operations, profitability or reputation.

49. The Group is subject to changes in financial reporting standards, such as IFRS 9, or policies, including as a result of choices made by the Group, which could materially and adversely affect the Group's reported results of operations and financial condition and may have a corresponding material adverse impact on capital ratios

The Group's consolidated financial statements are prepared in accordance with EU IFRS, which is periodically revised or expanded. Accordingly, from time to time the Group is required to adopt new or revised accounting standards issued by recognised bodies, including the International Accounting Standards Board ("**IASB**"). It is possible that future accounting standards which the Group is required to adopt, could change the current accounting treatment that applies to its consolidated financial statements and that such changes could have a material adverse effect on the Group's results of operations and financial condition. For example, IFRS 9 on financial instruments, which will replace IAS 39, will have a material effect on the Group's consolidated financial statements. This contemplated accounting change is expected to become effective for annual periods beginning on or after 1 January 2018, and is still subject to endorsement by the EU. Given the endorsement advice of the European Financial Reporting Advisory Group (EFRAG) on 15 September 2015, it is expected that IFRS 9 will be endorsed by the EU in due time before mandatory implementation. As a result of IFRS 9, the Group will have to recognise credit losses on loans and other financial instruments based on expected losses rather than incurred losses. As credit losses are recognised at an earlier stage this will lead to a substantially higher loan loss allowance, and corresponding lower capital on implementation of IFRS 9. In addition, IFRS 9 is expected to lead to more profit and loss and capital volatility, because changes in counterparty credit quality could lead to shifts from a 12-month expected loss to a life time expected loss and vice versa. In addition, more financial instruments may be classified at fair value through profit or loss. An increase in credit loss provisions could have impact on lending activities and the potential for greater pro-cyclicality on lending and provisioning exists owing to implementation of IFRS 9.

Further changes in financial reporting standards or policies, including as a result of choices made by the Group, could have a material adverse effect on the Group's reported results of operations and financial condition and may have a corresponding material adverse effect on capital ratios.

50. If the Group were to require state aid in the future, this may result in dilution for Shareholders or DR Holders or in loss of (the entire) value of (DRs representing) Ordinary Shares

On 1 August 2013, the amended European banking communication (the "**Banking Communication**") entered into force replacing the banking communication 2008. It provides an amended restructuring process and strengthens the burden sharing and bail-in requirements in case of restructuring aid being extended to a bank. It is envisaged by the European Commission that the Banking Communication will help to ensure a smooth passage to the future bail-in regime under the BRRD. The Group has received Dutch State aid in the past for which the European Commission approved a restructuring plan. The new rules under the Banking Communication apply to the Group if it would need additional or new recapitalisation or asset protection. The European Commission approved a restructuring plan for the Group, in case it would need additional or new recapitalisation or asset protection. The Banking Communication is likely to be amended after the BRRD has entered into force.

The amended restructuring process entails that if the Group were to experience a capital shortfall in the future, restructuring aid in the form of recapitalisation by the Dutch government and impaired asset measures will only be authorised once a restructuring plan has been approved by the European Commission. As soon as a capital shortfall would have been identified and it would be expected that the Group would have to apply for Dutch State aid, the Dutch State and the Group would have to enter into a dialogue with the European Commission on how to ensure the compatibility of the restructuring aid and how to implement the burden sharing requirements in accordance with the Dutch State aid rules.

The Banking Communication strengthens the burden sharing requirements. Therefore, in case of a capital shortfall, the Group would first be required to carry out all possible capital raising measures by private means, including the conversion of junior debt into equity, before one is eligible for any kind of restructuring Dutch State aid. The Group would have to set up a capital raising plan together with the Dutch government which must be endorsed by the ECB. On the basis of the Banking Communication the capital measures should include, for example: rights issues, a voluntary conversion of subordinated debt instruments into equity on the basis of a risk-related incentive, liability management exercises which should in principle be 100% capital generating, sales of assets and portfolios and securitisation of portfolios in order to generate capital from non-core activities or an earnings retention.

If despite the implementation of these capital raising measures, a capital shortfall remains, the Group would have to implement burden-sharing measures through which hybrid capital and subordinated debt holders will contribute to reducing the capital shortfall to the maximum extent. In cases where the capital ratio remains above the EU regulatory minimum and the Group would not be able to restore the capital position through implementation of the capital raising measures, any subordinated debt must be converted into equity before Dutch State aid is granted. In cases where the Group no longer meets the minimum regulatory capital requirements, subordinated debt must be converted or written down before Dutch State aid is granted. Any conversion into Ordinary Shares will result in dilution for Shareholders or DR Holders.

From the moment that the Group knows that capital needs exist, the Group should take all necessary measures to retain its funds. In particular, the Group may, amongst other things, not pay dividends on shares instruments (including DRs), and may not repurchase any of their own shares (including DRs) without prior approval by the European Commission.

Guarantee schemes will continue to be available under the Banking Communication in order to provide liquidity to the Group in case of need. However, the Group will only be eligible for liquidity under such schemes in case it has no capital shortfall. If the Group has insufficient liquidity, this may result in the Group not being able to pay its debt, and ultimately to the winding down of the Group. The Banking Communication also sets out the criteria for authorising liquidation aid and orderly winding down schemes and for selling the Group during an orderly winding down procedure. In such event, the value of (DRs representing) Ordinary Shares could become zero or close to zero.

51. The Group may incur unforeseen liabilities from former and future acquisitions and divestments which could have a material adverse effect on the Group's business, financial condition and results of operations

During the last few years, the Group has made various acquisitions and it has divested assets and a number of businesses. In the future, the Group may make additional acquisitions and it may decide to divest certain (parts) of its current businesses. The Group may encounter difficulties integrating entities it has acquired into its operations or the combination of the business may not perform as well as anticipated. Failure to complete announced business combinations or failure to successfully integrate acquired businesses could have a material adverse effect on the Group's business, financial condition and results of operations. It could also lead to departures of key employees.

Acquisitions expose the Group to the risk of unforeseen expenses, losses, tax liabilities or obligations with respect to employees, clients and business partners of acquired businesses, public authorities and other parties. Before making an investment in a company or business, the Group assesses the value or potential value of such company or business and the potential return on such an investment. In making the assessment and otherwise conducting due diligence, the Group relies on the resources available and, in some cases, an investigation by third parties. However, there is no assurance that due diligence examinations carried out by the Group or by third parties in connection with equity interests in companies or businesses that the Group has acquired or will acquire are sufficient or will reveal all of the risks associated with such companies and businesses, or the full extent of such risks. In addition, acquired companies or businesses may have hidden liabilities that are not apparent at the time of acquisition. Although the Group normally obtains certain warranties and indemnities from the seller, these warranties and indemnities may not cover all of the liabilities that may arise following the acquisition and any indemnification may not fully compensate the Group for any diminution in the value of its interest in such companies or businesses. The Group may also encounter difficulties enforcing warranties or indemnities against a seller for various reasons, including the insolvency of the seller, legal technicalities such as the relevant jurisdiction or evidence requirements, or expiry of claim periods for such warranties or indemnities.

When divesting businesses or assets, the Group may not always be able to pass on the entire risk relating to the divested business or assets to the purchaser, which may lead to additional risks, such as liability related to legacy obligations. The Group is a party to a number of agreements pursuant to which it is and will for the foreseeable future continue to be liable for certain known, at the time unquantifiable, obligations and for certain other, at the time unknown, obligations relating to businesses and assets sold.

For example, on 4 December 2013, Union Bancaire Privée S.A. ("**UBP**") commenced arbitration proceedings against the Group that relate to the share purchase agreement between the two parties regarding the sale of ABN AMRO (Switzerland) AG, which was concluded in 2011. See "Business—Legal, regulatory and arbitration proceedings—UBP".

Similarly, the Group has been informed by Intertrust N.V., the buyer of one of its former businesses, that Intertrust N.V. might seek to claim damages from the Group if certain claims are brought against Intertrust N.V. See "Business—Legal, regulatory and arbitration proceedings—Intertrust".

A materialisation of (unknown) liabilities that are not covered by effective warranties or indemnities, or the inability to enforce indemnities or indemnities that cannot be passed on to the buyer, could have a material adverse effect on the Group's business, financial condition and results of operations. Similarly, successful enforcement against the Group of warranties and indemnities by buyers of businesses and assets of the Group could have a material adverse effect on the Group's business, financial condition, results of operations and reputation.

52. The Group conducts business in multiple jurisdictions and is exposed to the tax laws of such jurisdictions, including the risks in connection with challenges to its tax position

The Group is subject to the tax laws and regulations in all countries in which it operates. Given that tax laws and regulations are subject to change and may not provide clear-cut or definitive doctrines, the tax regime applied to the Group is sometimes based on the Group's interpretations of such laws and regulations. The Group cannot guarantee that such interpretations will not be questioned by the relevant authorities. Further, the authorities may not agree with the tax advice that the Group relies on and receives from its tax advisors in the jurisdictions in which it operates. More generally, any failure to comply with the tax laws or regulations applicable to the Group may result in reassessments, late payment interest, fines and penalties and have a material adverse effect on the Group's business, results of operations, financial condition and prospects. The tax treatment of certain transactions related to discontinued securities financing activities in the Group's international offices, that date back to the time before the Group assumed control of Fortis Bank Nederland (Holding) N.V. ("**FBNH**") are currently the subject of discussions with the Swiss and German tax authorities. See "Business—Legal, regulatory and arbitration proceedings—Discussions with tax authorities in Switzerland and Germany". Also, a material change in applicable laws and regulations, or in their interpretation or enforcement, could force the Group to alter its business strategy, leading to additional costs or loss of revenue, which could materially and adversely affect the Group's business, results of operations and financial condition. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those transactions, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The European Commission may investigate tax arrangements by EU Members States to determine whether these qualify as unauthorised state aid, granted to an individual undertaking or to a selective group of undertakings. Recently, a discussion has started in the Netherlands on whether the benefits resulting from the deductibility for Dutch corporate income tax purposes of the compensation due on instruments as meant in article 52(1) of the CRR, colloquially referred to as AT1 instruments, issued by financial institutions such as those in the Group may constitute unauthorised state aid. The Group believes that the tax deduction in the Netherlands must be regarded in connection with, among other things, the economic burden resulting from increased capital requirements as a result of which, in aggregate, the tax deduction does not grant a selective advantage to financial institutions when comparing them with other undertakings that do not have the burden of these capital requirements. If the benefits resulting from this tax deduction were to be qualified as unauthorised state aid, these benefits may have to be recovered from the Group by the Dutch State, including interest, and this tax deduction would have to be denied going forward.

Under current Dutch tax legislation, income from savings and investments (*inkomen uit sparen en beleggen, box 3*) is, irrespective of the actual income or capital gains realised, subject to tax annually on the basis of a fixed amount. This fixed amount equals 4% of the fair market value of the assets (including, as the case may be, the DRs) reduced by the liabilities and measured, in general, exclusively on 1 January of every calendar year. See "Taxation—Taxation in the Netherlands—Taxes on Income and Capital Gains—Residents in the Netherlands". In the 2016 Dutch Tax Plan, and the legislative proposals that form part thereof, as published on 15 September 2015, a change to the current legislation regarding the taxation regime for savings and investments is proposed, to be entered into force as of 1 January 2017. A change in the taxation regime for savings and investments may have an impact on the Group in terms of required changes to reporting systems. It can also impact the investment choices clients make, which may have an associated impact on the Group's earnings.

53. *Tax evasion or tax avoidance by a client could be attributed to the Group, which could lead to reputational damage and financial penalties*

In recent years, financial institutions have come under close scrutiny for assisting clients avoiding or evading taxes. Some institutions have suffered heavy fines and have been barred from operating parts of their business in jurisdictions where rules were violated. Furthermore, the Group is responsible for performing customer due diligence procedures to safeguard against tax evasion or tax avoidance and certain jurisdictions require that the Group be able to prove that its clients complied with certain tax laws. However, it cannot be excluded that it is not apparent to the Group that a client avoids or evades tax, *e.g.*, because of a complex structure of the relevant transaction. Such tax evasion or tax avoidance by a client could then be attributed to the Group even though it has not—actively—assisted such clients. Failure to manage such tax risks could lead to reputational damage and to financial penalties for failure to comply with required tax procedures or other aspects of tax law. Regardless of the Group's efforts (through, among others, compliance programmes, policies and procedures) to manage tax risks, there remains a residual risk of the materialisation of tax risks in the event the Group were unable to detect such tax evasion or tax avoidance behaviour by clients. See "Business—Legal, regulatory and arbitration proceedings—Discussions with tax authorities in Switzerland and Germany".

54. *Due to public pressure and perceived infringements of privacy law, the Group may be precluded as a practical matter from implementing business models based on analysis and use of client generated data*

Due to public pressure and perceived infringements of privacy law, the Group may be precluded as a practical matter from implementing business models based on analysis and use of client generated data. In recent years, financial institutions have attempted to introduce and explore the potential for introduction of new business models in which client behaviour is analysed—often if not always on an anonymous basis—to allow commercial use of this data by the financial institution or by third parties on a free or paid basis. Although in theory some of these business models are in line with applicable privacy requirements, clients whose data the Group analyses and uses may have a different view and deem the Group to be infringing requirements even where this is actually not the case. Such complaints could lead to broader calls opposing the implementation of this type of new business model, which may cause harm to the Group's reputation. For example, recently, strong public reaction followed by public debate on the use of client generated data took place in the

Netherlands. If the Group were to be precluded from developing and implementing new business models based on the use and analysis of client data, this could have a material adverse effect on its business operations and competitiveness with a material adverse effect on the Group's business, results of operations and financial condition.

3. Risks related to the Group structure/shareholder structure

55. The Group is subject to risks as a consequence of the various transactions, events and restructurings leading up to its formation, which may have an impact on the execution of the Group's strategy and materially and adversely affect the Group's results of operations, prospects and financial condition

The Group results from the combination and integration of certain operations, assets and liabilities of the former ABN AMRO group with certain operations, assets and liabilities of the former FBNH, which process included demergers, restructurings and a merger. For more information, see "Business—History". Certain elements of these events continue to have potential major implications and harbour corresponding risks for the Group today and going forward. Although the Group runs many different types of risk in connection with these events of the past, the following aspects warrant separate mention:

- *Cross-liabilities*

The Group is exposed to cross-liabilities as a result of two past transactions. As a result of a demerger that took place on 6 February 2010, each of ABN AMRO Bank and Royal Bank of Scotland N.V. ("**RBS N.V.**") is liable for certain separable obligations of the other outstanding at that date in the event of the other party's non-performance of such obligations. In principle, investors now only have recourse to the entity to which the relevant assets and liabilities have been transferred for payments in respect of the appropriate securities. Under the DCC, however, each entity remains liable to creditors for the monetary obligations of the other entity that existed at the date of the legal demerger in the event that the other entity cannot meet its obligations to those creditors. This liability continues to exist as long as creditors with a potential claim at the date of the legal demerger remain. As agreements with such creditors terminate, the respective cross-liabilities also cease to exist. The liability of ABN AMRO Bank is limited to EUR 1.8 billion, the amount of equity acquired at the time of the legal demerger, which will reduce over time. The liability of RBS N.V. is limited to the equity retained at the time of the legal demerger which amounted to EUR 4.0 billion, which will also reduce over time. In order to ensure that the parties are able to meet each of their obligations vis-à-vis the other under the indemnity, ABN AMRO Bank and RBS Plc. have created a security right by way of a financial collateral agreement in favour of the other party whereby collateral has been credited to a blocked account over which the relevant party created a pledge. As of 30 September 2015, the collateral pool in favour of ABN AMRO Bank covers the liability of RBS N.V. in its entirety. The collateral requirements may decrease in the event RBS's credit worthiness improves. Even though ABN AMRO Bank and RBS N.V. made mitigating arrangements, it cannot be excluded that ABN AMRO Bank will be confronted with significant liabilities of RBS N.V. and which it may not or not fully be able to recover from RBS N.V. or RBS Plc.

On 7 August 2008, parts of the former ABN AMRO group and Hollandsche Bank-Unie were demerged to New HBU II N.V., subsequently sold to Deutsche Bank AG and renamed Deutsche Bank Nederland N.V. ("**DBNV**"). This transaction gave rise to cross-liabilities in respect of separable obligations similar to those described above. On 27 September 2014, the business of DBNV was demerged into a newly incorporated entity ("**New DBNV**") and the remainder of DBNV's operations, including the cross-liabilities in an amount of EUR 950 million created as a result of the 2008 demerger, was subsequently acquired by a wholly-owned subsidiary of ABN AMRO Bank. Deutsche Bank AG indemnified the wholly-owned subsidiary of ABN AMRO Bank for any claims (including cross-liabilities) in connection with the 2014 transaction. In the event that the New DBNV fails to meet its obligations, there is a possibility that ABN AMRO Bank may be held liable to DBNV's creditors in respect of obligations that existed at the date of the first mentioned demergers.

- *Litigation*

Multiple law suits and investigations have been and are ongoing in connection with the acquisition of the former ABN AMRO group in 2007 and some of the related and subsequent events. The Group currently is a named defendant in various matters. It cannot be excluded that the Group or the Company are joined in any additional matters as a defendant, or that they are held liable in some other manner.

In connection with the financing of the acquisition of the former ABN AMRO group in 2007, Fortis SA/NV, Fortis NV, Fortis Bank SA/NV and FBNH issued EUR 2 billion of mandatory convertible securities. Proceeds went to FBNH, who used proceeds to acquire the former ABN AMRO group on behalf of the Fortis group (now Ageas). The mandatory convertible securities were to be mandatorily convertible into Fortis shares on 7 December 2010. A group of investment funds convened a bondholders' meeting on 8 November 2010 and decided, without the issuer's consent, to postpone the conversion date of the mandatory convertible securities until 7 December 2030. The President of the Commercial Court in Brussels, at the request of the issuer, ordered that the imminent conversion of the mandatorily convertible securities should not be prevented and accordingly their conversion occurred on 7 December 2010. Certain hedge funds subsequently initiated proceedings in Belgium and claimed an amount of EUR 1.75 billion plus 8.75% coupon until 7 December 2030 from four issuers, including ABN AMRO Bank as the legal successor to one of the issuers, in relation to the conversion of the mandatory convertible securities. On 23 March 2012, the Commercial Court in Brussels (Belgium) rejected all claims of the hedge funds. This judgment confirms the previous verdict in the summary proceedings (*kort geding*) of November 2010. Certain hedge funds have filed an appeal against the judgment of the Commercial Court. If the Group were to be held liable, then this could have significant material adverse consequences for the Group.

A group of former Fortis SA/NV and Fortis N.V. shareholders, including the *Vereniging van Effectenbezitters* is litigating against, among other persons, Ageas, certain banks and a number of former Fortis SA/NV and Fortis N.V. directors. The *Vereniging van Effectenbezitters* alleges damages in excess of EUR 17 billion. The claimants in certain actions have been successful in establishing misleading disclosure by, among other persons, Ageas. The Group is not a party to any of these proceedings. Although the Group believes that there is no basis for successful claims against it in connection with these matters, it cannot be excluded that it is joined in current proceedings, or that proceedings in connection with the matters described above are brought against it. If it were nevertheless to be drawn in these cases and held liable for damages, then this could have significant material adverse consequences for the Group.

- *Indemnity to the Dutch State*

The Company and ABN AMRO Bank have jointly and severally indemnified the Dutch State under an indemnity agreement for certain claims and liabilities. These include the Dutch State's obligation to provide funding or capital for the benefit of former ABN AMRO group business operations and assets and liabilities that were not allocated to any Consortium member (as defined in "Business—History") for any amount in excess of EUR 42.5 million. In July 2015, the Group was informed by NLFI about a claim it had received from RBS relating to these assets and liabilities in RFS Holdings B.V. This gives NLFI the right to file a claim with the Group even though the Group has been informed by NLFI on 29 October 2015 that it will not file this claim with the Group based on the then available information. This situation might change in future periods. The Company and ABN AMRO Bank have also provided indemnifications for certain other matters, such as not properly performing certain agreed services and obligations as well as for claims made against or liabilities suffered by the Dutch State as a result of the implementation by the Company and ABN AMRO Bank of certain opinions, suggestions or requirements which the Dutch State has made or imposed before 1 April 2010. It is not clear whether the Company or ABN AMRO Bank will have to pay any amounts under these indemnity agreements. It cannot be excluded that the Dutch State makes additional claims under these indemnification obligations. Significant claims could materially and adversely affect the Group's results of operations, prospects and financial condition. The indemnity does not contain a monetary limitation.

- *Other risks*

In addition to the risks described above, the Group and ABN AMRO Bank are subject to other risks as a result of the various transactions, events and restructurings of the recent past, which includes financial, liquidity, operational, legal, compliance, and reputational risk. For example, the Group may have difficulties reconstructing client files due to a lack of data and relevant knowledge of employees who are no longer employed by the Group. The Group may be responsible for conduct and transactions at FBNH that occurred before the Group assumed control of the business. An example of such conduct relates to the tax treatment of certain transactions in the Group's international offices that date back to the time before the Group assumed control of FBNH, which are the current subject of discussions with the Swiss and German tax authorities, respectively. See "Business—Legal, regulatory and arbitration proceedings—Discussions with tax authorities in Switzerland and Germany".

Due to the fact that certain of these risks are interrelated and that the occurrence of an individual risk may trigger others, ABN AMRO Bank and the Group may be exposed to large, unexpected material adverse effects. If any of the risks described materialises, this may have a material adverse effect on the execution of the Group's strategy and materially and adversely affect the Group's reputation, results of operations, prospects and financial condition.

56. *The European Commission has imposed certain conditions on the Group that limit its ability to acquire businesses or activities and could materially and adversely affect the Group's competitive position, market share, results of operations, prospects and financial condition*

The European Commission has imposed certain conditions in order to approve the support package and restructuring plan for the Company that restrict the Group from conducting certain activities. Currently the limitation on acquisitions applies above a certain amount (it is not applicable to certain activities, such as private equity investments) and restrictions on advertising ownership by the Dutch State. See for more information "Business—European Commission Conditions". The restrictions imposed on acquisitions and advertising Dutch State ownership will apply until 5 April 2016 or, if earlier, the moment on which the Dutch State owns 50% or less of the Company.

Any of these restrictions could have a material adverse effect on the Group's competitive position and its ability to expand and could accordingly materially and adversely affect the Group's market share, results of operations, prospects and financial condition.

57. *The interests of NLFI and the Dutch State may be inconsistent with the interests of the DR Holders*

Immediately after the closing of the Offering, NLFI, on behalf of the Dutch State, will hold 77.0% of the Company's issued and outstanding share capital (assuming full placement of Offer DRs and full exercise of the Over-Allotment Option). As a result, NLFI and the Dutch State will continue to be able to influence or control matters requiring approval by the general meeting of the Company (the "**General Meeting**") and NLFI may vote its Shares in a way with which the DR Holders (and other Shareholders, if any)—that may have a more long term or short term investment view—do not agree, for example in relation to whether or not the Company should distribute dividends or dispose of businesses.

Moreover, pursuant to the relationship agreement dated 10 November 2015 between the Company and NLFI (the "**Relationship Agreement**") NLFI will continue to be able to influence certain of the Company's corporate and management decisions. NLFI has a right of prior approval for certain Managing Board decisions, including decisions regarding significant investments or divestments and decisions regarding the issuance of (or granting of rights to acquire) Shares or shares in ABN AMRO Bank. Furthermore, NLFI has a right to advise on the appointment of the chairman of the Supervisory Board and the members and the chairman of the Managing Board and the appointment of the statutory auditor. Changes to the profile for the Supervisory Board require NLFI's consent. Also, for as long as NLFI holds 33⅓% of the Shares, the Foundation requires NLFI's consent before it may adopt a resolution with the effect of protecting the Company against shareholder activism or unsolicited offers. See for more information "Shareholder Structure and Related Party Transactions—Relationship Agreement". NLFI's influence over the Company will gradually reduce over the years by way of reduction of its ownership in the Company. Certain rights of approval will not apply anymore when NLFI no longer holds 33⅓% of the Shares and/or when NLFI no longer holds at least 50% of the Shares. See for more information "Shareholder Structure and Related Party Transactions—Relationship Agreement—Sell downs by NLFI".

There is a risk that NLFI might seek to exert influence over the Group and may disagree with certain decisions of the Managing Board relating to the Group. According to its articles, when exercising its rights as a shareholder, NLFI shall primarily take into account the financial-economic interests of the Dutch State, taking into account the interests of the Company, its business and employees. The interests of NLFI may not always be aligned with the interests of the DR Holders (and other Shareholders, if any). Furthermore, NLFI and the Dutch State also have interests in other Dutch financial institutions and the Dutch State has an interest in the health of the Dutch banking industry and other industries generally and those interests may not always be aligned with the interests of the Group or its DR Holders (or its other Shareholders, if any). In addition, the market price of the DRs may be materially and adversely affected by a significant sale of DRs by NLFI or another major Shareholder.

NLFI may sell a significant portion of its remaining interest in the Company to a third party, as a consequence of which there may be a significant DR Holder in the General Meeting, whose interests may not always be aligned with the interests of the Group or the other DR Holders. Sales by NLFI for sell downs as referred to in the Relationship Agreement will take place in the form of DRs. Please see "Shareholder Structure and Related Party Transactions—Related Party Transactions—Relationship Agreement—Sell downs by NLFI" and "Shareholder Structure and Related Party Transactions—Relationship Agreement—Orderly Market Arrangements" for more information regarding the arrangements between the Company and NLFI regarding future sell downs of its interest in the Company.

58. The Group, its operations and its management may continue to come under the public spotlight from time to time for as long as the Dutch State has an indirect economic interest in the Company

NLFI, on behalf of the Dutch State, will remain a major Shareholder of the Group for the foreseeable future and as a result, the Group, its operations and its management will continue to occupy the public spotlight and be subject to public scrutiny from time to time. In the recent past, there has been public scrutiny on numerous matters including certain business practices, the international operations of the Group, its doing business with certain businesses with links to Russia and the remuneration of the Managing Board and other senior staff. The Group has also been the subject of leaks to the press, among other instances involving the leaking of correspondence with its regulators. In certain instances, this has influenced the Group's remuneration. It cannot be excluded that in the future, the Group will again be in the public spotlight and come under pressure to change aspects of its corporate governance, policies and certain operations or to review past practices. This may force the Group to spend potentially significant amounts of management time and incur significant expense. See also "—32. The Group is subject to conduct and reputational risk, which could materially and adversely affect the Group's results of operations, prospects and financial condition".

59. The Company is a holding company with no operations and relies on its operating subsidiaries to provide itself with funds necessary to meet its financial obligations and to pay dividends

The Company is a holding company with no material, direct business operations. The principal assets of the Company are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Company is dependent on loans, dividends and other payments from these sources to generate the funds necessary to meet its financial obligations, including the payment of dividends. The ability of the Company's operating subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory, regulatory or contractual limitations.

If the Company were to receive insufficient funds from certain of its operating subsidiaries, the Company could be precluded from investing in other operating subsidiaries or support new business initiatives or be restricted in carrying on its holding company activities.

The Company could in more serious circumstances fail to meet its financial obligations which would have far-reaching material adverse effects. If, notwithstanding recovery and resolution plans developed and maintained by the Group in accordance with prevailing regulatory requirements, any of these risks materialises, this could have a material adverse effect on the Group's business, financial condition and results of operations.

4. Risks related to the (DRs representing) Ordinary Shares and the Offering

Risks Relating to the (DRs representing) Ordinary Shares

60. The payment of future dividends will depend on the Group's financial condition and results of operations, the Group's operating subsidiaries' distributions to the Company as well as the Company's dividend policy, and is subject to legal and regulatory restrictions on the Group

Because the Company is a holding company that conducts its operational business through its subsidiaries, the Company's ability to pay dividends depends directly on the Company's operating subsidiaries' distributions of earnings to the Company or their making available funds to the Company in other manners. The ability of the Group's subsidiaries to pay dividends and make funds available in other manners and the Company's ability to receive distributions from its investments in other entities is subject to applicable local laws and other restrictions, including regulatory, capital and leverage requirements, statutory reserves, financial and operating performance, and applicable tax laws. These laws and restrictions could limit the payment of dividends and distributions to the Company by its subsidiaries, which could in time restrict the Company's ability to pay dividends to the Shareholders or DR Holders.

In addition, the Company's dividend policy and the intended payment of dividend are without prejudice to the absolute discretion of the Managing Board to elect not to make dividend payments or to make higher or lower dividend payments than previously indicated, and may be limited, restricted or prohibited, including by the competent supervisory authority, if this measure is required or deemed required to strengthen the Group's capital position.

Any dividend proposal will take into account considerations including capital and liquidity requirements and other regulatory requirements or constraints, future income, profits, resources available for distribution, financial conditions, growth opportunities, the outlook of the Company's business, its short-term and long-term viability, general economic conditions, and other factors as the Managing Board and the Supervisory Board deem relevant from time to time, including additional capital and liquidity buffers deemed adequate in furtherance of the Group's moderate risk profile. See "Dividend Policy—Reservation and Dividend Policy".

Any of these factors, individually or in combination, could cause the Company to amend its dividend policy or restrict its ability to pay dividends on the (DRs representing) Ordinary Shares. If dividends were not to be paid in the future, capital appreciation, if any, would be the only source of gains for investors. This fact could have a material downward effect on the price of the DRs.

When paying dividends, the Company may decide to offer a choice between a cash or a stock dividend (in the form of Shares). In such case, the interest in the Company of investors choosing a cash dividend may dilute. See "Taxation—Taxation in the Netherlands—Withholding Tax for certain tax consequences of dividends".

61. The Company may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholdings or DR holdings in the Company

The Company may in the future seek to raise capital, for regulatory purposes or otherwise, through public or private equity financings by issuing additional (DRs representing) Ordinary Shares, Ordinary Shares B (as defined in "Description of Share Capital"), debt or equity securities convertible into (DRs representing) Ordinary Shares or Ordinary Shares B, or rights to acquire these securities and exclude the pre-emptive rights pertaining to the then outstanding (DRs representing) Ordinary Shares or Ordinary Shares B. Although the Company has agreed to certain restrictions on offering, selling, transferring or otherwise disposing of Shares (including DRs) for a lock-up period of 180 days after the Settlement Date, the Joint Global Coordinators may consent to waive these restrictions during the lock-up period, which prior consent shall not be unreasonably withheld. Any additional capital raised through the issue of additional (DRs representing) Ordinary Shares or Ordinary Shares B may dilute an investor's shareholding interest in the Company. Furthermore, any additional offering of (DRs representing) Ordinary Shares or Ordinary Shares B by the Company, or the public perception that an offering may occur, could also have a material adverse effect on the trading price of the DRs and could increase the volatility in the trading price of the DRs.

62. Future sales or the possibility of future sales of a substantial number of DRs by NLFI or their delay for regulatory reasons, may materially and adversely affect the market price of the DRs

Following the completion of the Offering, NLFI will hold 77.0% of the Company's issued and outstanding share capital (assuming full placement of Offer DRs and full exercise of the Over-Allotment Option). Although NLFI has agreed to certain restrictions on selling or otherwise disposing of DRs for a lock-up period of 180 days after the Settlement Date, the Ordinary Shares (after conversion into DRs) or DRs held by NLFI upon expiry of such period will thereafter be freely transferable, subject to certain orderly market arrangements as set out in the Relationship Agreement. Furthermore, the Joint Global Coordinators may consent to waive these restrictions during the lock-up period, which prior consent shall not be unreasonably withheld. The Dutch Minister of Finance has expressed that the Dutch State, through NLFI, will eventually fully phase out its interest in the Company in multiple tranches. The market price of the DRs could decline if, following the Offering, substantial numbers of DRs are sold by NLFI in the public market or if there is a perception that such sales could occur. In addition, such sales by NLFI could make it more difficult for the Company to raise capital through the issuance of equity securities in the future.

In connection with the Offering, the Foundation has obtained a declaration of no objection from the ECB on 25 September 2015 in relation to its shareholding through the Company (the "**Foundation DNO**"), in, amongst others, ABN AMRO Bank. In addition the Foundation obtained other required declarations of no objection from DNB in relation to its shareholding through the Company in certain of the Company's non-banking subsidiaries and authorisations from competent supervisory authorities in other relevant jurisdictions. The Foundation DNO allows the Foundation, to acquire and hold up to 33% of the Company's issued share capital (the "**Foundation DNO Maximum**"). The Foundation must within a three month period from the date from which the Foundation DNO was obtained, acquire at least 10% of the Company's issued share capital. The phasing out (in multiple tranches) of the Dutch State's interest in the Company will take place in the form of DRs through NLFI. NLFI will then need to transfer additional Ordinary Shares to the Foundation. In such case, it should be assessed whether the Foundation is allowed to acquire such additional Ordinary Shares from NLFI under the Foundation DNO and other declarations of no objection or relevant authorisations. If, as a consequence of a transfer of additional Ordinary Shares by NLFI to the Foundation, the Foundation will hold a number of Ordinary Shares in excess of the Foundation DNO Maximum, or if the Foundation must obtain new declarations of no objection from DNB or other relevant authorisations, a confidential application for declarations of no objection from the ECB or DNB or for such other relevant authorisations for the Foundation will first need to be made. In addition, in connection with a phasing out of the Dutch State's interest in the Company, the Company may need to obtain regulatory approvals from other supervisory authorities, including supervisory authorities of its banking and other regulated foreign subsidiaries. There is a risk that these processes may delay the phasing out of the Dutch State's interest in the Company. These aspects may have an impact on when the Dutch State will have fully sold its indirect interest in the Group. This means the risks described in "—56. The interests of NLFI and the Dutch State may be inconsistent with the interests of the DR Holders" may be relevant for a longer period of time. Please see "Shareholder Structure and Related Party Transactions" for a description of the application process for a new declaration of no objection for the Foundation. If the shareholding of the Foundation falls below 10%, the Foundation DNO will become null and void by operation of law.

There is also a risk that a new declaration of no objection or other authorisation for the Foundation as described above will not be granted, which may adversely affect the effectiveness of the Company's protection against hostile situations, which, in turn, may (indirectly) prevent the Company from achieving its strategic goals, including from pursuing a moderate risk profile.

63. The market price of the DRs may be volatile and may be materially and adversely affected by market conditions and other factors beyond the Group's control

Some factors that may materially and adversely affect the market price of the DRs or cause the market price of the DRs to fluctuate, in addition to the other factors mentioned in this section, include but are not limited to:

- the Group's operating and financial performance and prospects;
- announcements by the Group, or announcements by competitors, regarding new products or services;
- enhancements, significant contracts, acquisitions or strategic investments;
- adverse developments in legal or other proceedings or negative publicity associated therewith;
- changes in investors' perceptions of the Group, and the attractiveness of the DRs, in each case relative to peer group companies of the Group;
- changes in earnings estimates or recommendations by securities analysts who cover the Company;
- any offerings of shares in other financial institutions;
- fluctuations in the Company's consolidated annual or interim financial results, or the annual or interim financial results of companies perceived to be similar to the Company;
- changes in the Company's share capital structure, such as future issuances of DRs, Ordinary Shares or other securities, sales of significant numbers of DRs by holders of DRs or Ordinary Shares by Shareholders (including NLFI), or the incurrence of additional debt;
- departures of and/or changes in key personnel;
- events that adversely affect the Group's reputation and brands;
- changes in general economic and market conditions;
- changes in industry conditions or perceptions or changes in the market outlook for the banking sector; and

- changes in applicable laws, rules or regulations, as well as regulatory actions affecting the Group.

Equity markets have experienced significant price and volume fluctuations in recent years. The market prices of shares of financial services companies have experienced fluctuations that have often been unrelated or disproportionate to the operating results of these companies. These market fluctuations could result in strong volatility in the price of the DRs.

64. Holders of (DRs representing) Ordinary Shares outside the Netherlands may not be able to exercise pre-emptive rights in future offerings

In the event of an increase in the Company's Ordinary Share capital, holders of (DRs representing) Ordinary Shares are generally entitled to full pre-emptive rights unless these rights are excluded either by a resolution of the General Meeting at the proposal of the Managing Board, with the approval of the Supervisory Board, or by a resolution of the Managing Board with the approval of the Supervisory Board (if the Managing Board has been designated by the General Meeting or the articles of association of the Company (the "**Articles of Association**") for this purpose). However, certain holders of (DRs representing) Ordinary Shares outside the Netherlands may not be able to exercise pre-emptive rights unless local securities laws have been complied with.

US holders of (DRs representing) Ordinary Shares may not be able to exercise their pre-emptive rights or participate in a rights offer, as the case may be, unless a registration statement under the US Securities Act of 1933, as amended, is effective with respect to such rights or an exemption from the registration requirements is available. The Group intends to evaluate at the time of any issue of Ordinary Shares subject to pre-emptive rights or in a rights offer, as the case may be, the costs and potential liabilities associated with any such registration statement, as well as the indirect benefits to it of enabling the exercise of US holders of their pre-emptive rights to (DRs representing) Ordinary Shares or participation in a rights offer, as the case may be, and any other factors considered appropriate at the time and then to make a decision as to whether to file such a registration statement. The Group cannot assure investors that any registration statement would be filed as to enable the exercise of such holders' pre-emptive rights or participation in a rights offer.

65. Influence of the Shareholders (DR Holders) on the composition of the Supervisory Board and the Managing Board may, among other factors as a result of the Dutch structure regime or the Relationship Agreement, differ from other Dutch companies, and from companies in other jurisdictions

As of Listing, the Company will mandatorily apply the Dutch structure regime (*structuurregime*). Accordingly, the Company will be obliged by Dutch law to have a supervisory board and major strategic and organisational decisions taken within the Company require the approval of its Supervisory Board. The members of the Managing Board will not be appointed by the General Meeting but by the Supervisory Board. Furthermore, subject to the provisions of the Relationship Agreement, the General Meeting will appoint the members of the Supervisory Board on the nomination of the Supervisory Board. The General Meeting may reject that nomination. Upon rejection of a nomination by the General Meeting, the General Meeting is not entitled to appoint its own candidate, but the seat will remain vacant until a new nomination made by the Supervisory Board as described above is not defeated in the General Meeting. Moreover, one-third of the members of the Supervisory Board must be nominated on the basis of an enhanced recommendation right (*versterkt aanbevelingsrecht*) of the Company's central works council (*ondernemingsraad*, also referred to as *Raad van Medewerkers*, the "**Works Council**"). For these members of the Supervisory Board, the Supervisory Board may only object to the recommendation of the Works Council if the recommended candidate is not suitable to fulfil the duties of a Supervisory Board member or if the Supervisory Board subsequently will not be properly composed. If the candidate is not rejected by the Supervisory Board it must nominate this person for appointment in accordance with the procedure described above.

Furthermore, pursuant to the Dutch structure regime, the General Meeting is not authorised to dismiss individual members of the Supervisory Board. Upon application, the enterprise court of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) (the "**Enterprise Court**") may remove a member of the Supervisory Board if the Company cannot reasonably be required to maintain that member of the Supervisory Board because he or she derelicts his or her duties, for other important reasons or on account of any far-reaching change of circumstances. The application can be made by the Company represented for this purpose by a representative that can be designated by, amongst others, the General Meeting.

The General Meeting may withdraw its confidence in the Supervisory Board by an absolute majority of votes cast, representing at least one-third of the issued share capital, which resolution results in the immediate dismissal of all members of the Supervisory Board. If the General Meeting withdraws its confidence in the Supervisory Board, the Enterprise Court shall appoint one or more new members of the Supervisory Board on a temporary basis.

The application of the structure regime limits the influence of the Shareholders (DR Holders) on the composition of the Supervisory Board and the Managing Board in comparison to the situation where this regime would not apply. As a consequence it may be more difficult for Shareholders and DR Holders to influence the policies and strategy of the Company through the appointment and dismissal of members of the Supervisory Board and Managing Board.

Pursuant to the Relationship Agreement, until NLFI directly or indirectly holds less than 10% of the issued share capital of the Company, the Supervisory Board shall give NLFI the opportunity to advise on (i) the decision to appoint or reappoint a member of the Managing Board, (ii) on the decision to appoint the chairman of the Managing Board and (iii) on the decision to appoint the chairman of the Supervisory Board. The adoption of and any amendment to the profile for the Supervisory Board is subject to prior approval of NLFI, until NLFI directly or indirectly holds less than 10% of the issued share capital of the Company.

66. The structure with the Foundation and the DRs and provisions in the Articles of Association may delay, deter or prevent takeover attempts or strategy changes that may be favourable to the Shareholders (DR Holders)

The purpose of creating the DRs and having the Foundation be the legal owner of the Underlying Shares (as defined in “Description of Share Capital”) is that this structure can serve as a defence measure against circumstances or actions which constitute a Hostile Situation (as defined in “Description of Share Capital”) for the Company.

Pursuant to the Foundation Articles, if the Foundation exercises the rights attached to Shares in the Company’s share capital it should exercise the rights attached to the Shares in such a way to ensure that the interests of the DR Holders, of the Company and of the enterprises maintained by the Company and the companies affiliated to it in a group are optimally safeguarded. The Foundation shall deter any influence that could affect the independence, continuity or identity of the Company and the enterprises maintained by the Company and the companies affiliated to it in a group in conflict with the interests of the Company and those enterprises to the maximum of its abilities. In doing so, the Foundation will always take into account the legitimate interests of the customers, the savers and deposit holders, the Shareholders, the DR Holders, the employees, and the society in which the Company carries out its activities.

Absent a Hostile Situation, pursuant to the DR Terms, the Foundation should, when exercising the voting rights in accordance with its objectives as laid down in the Foundation Articles, primarily focus on the interests of the DR Holders and take into account the interests of the Company and of the enterprises maintained by the Company and the companies affiliated to the Company in a group.

If a Hostile Situation is at hand, the Foundation can protect the Company by limiting, excluding or revoking granted powers of attorney to DR Holders to vote on the Underlying Shares or by not observing voting instructions received from DR Holders for a period of no longer than two years. By doing so, the Foundation will have the right to exercise the voting rights attached to the Underlying Shares. In such case, pursuant to the DR Terms, the Foundation should primarily focus on the interests of the Company and of the enterprises maintained by the Company and by companies associated with the Company in a group, and act in accordance with the Foundation’s objectives under the Foundation Articles, as stated above.

Pursuant to the DR Terms, the Foundation may only resolve to limit, exclude or revoke powers of attorney to the DR Holders and to not observe voting instructions with the consent of NLFI as long as NLFI holds one-third or more of the Company’s issued share capital. NLFI, in turn, requires the approval of the Dutch Minister of Finance to give this consent. Once the holding of NLFI has dropped below that threshold, the Foundation may limit, exclude or revoke the powers of attorney and resolve not to observe voting instructions without any prior approval being required.

This structure could have the effect of preventing, discouraging or delaying a change of control that might otherwise be in the best interest of Shareholders and DR Holders, or that might otherwise have resulted in an opportunity for Shareholders and DR Holders to sell the (DRs representing) Ordinary Shares at a premium to the then prevailing market price. This anti-takeover measure may have a material adverse effect on the market price of the (DRs representing) Ordinary Shares.

The Articles of Association contain provisions that may have the effect of preventing, discouraging or delaying a change of control. The fact that the Company will be subject to the “structure regime” (as described in “Management, Employees and Corporate Governance”), pursuant to which the members of the Managing Board will be appointed by the Supervisory Board (instead of by the General Meeting), may have the same effect.

Pursuant to the Articles of Association, certain Shareholder resolutions can only be adopted by a General Meeting on a proposal of the Managing Board, which is approved by the Supervisory Board. This significantly limits the possibilities of the Shareholders (and of DR Holders who have been granted a power of attorney to exercise the voting rights attached to their DRs) to adopt these resolutions if the Managing Board or the Supervisory Board is not in favour of adopting the resolutions. This applies to resolutions regarding issue of Shares, excluding pre-emptive rights, capital reduction, distributions in the form of Shares or out of the reserves, amendment of the Articles of Association and dissolution of the Company.

67. The required voting majority for resolutions of the General Meeting to amend the Articles of Association, insofar this relates to a change of name, corporate seat and/or objective of the Company, and to approve significant transactions, is high, as a result of which certain proposals that are in the best interest of the Company and its stakeholders but which do not enjoy sufficiently broad support, may not be implemented

A resolution of the General Meeting to amend the Articles of Association, insofar this relates to a change of name, corporate seat and/or objectives of the Company, or to approve a significant transaction (as described in the Articles of Association) requires two-thirds of the votes cast which two-thirds represent more than half of the issued share capital of the Company. There is a risk that this voting majority is not met in respect of proposals which the Managing Board and the Supervisory Board believe are in the best interest of the Company and its stakeholders.

68. Dealings in the Shares and/or DRs may become subject to a Financial Transactions Tax

The EC published a proposed directive for a common FTT. See the risk factor "—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects" under "Financial transaction tax". If the FTT were to come into force, there is a risk that dealings in the Shares and/or DRs may be subject to the FTT if at least one of the parties to the transaction is established in the FTT-zone and at least one of the parties to the transaction is a financial institution.

69. Payments on the Offer DRs could be subject to FATCA withholding tax after 2018

Under certain provisions of the Revenue Code and Treasury regulations promulgated thereunder commonly referred to as "FATCA" as well as certain intergovernmental agreements between the United States and certain other countries (including the Netherlands) together with implementing legislation and regulations, certain payments made in respect of the Offer DRs after 31 December 2018 may be subject to withholding to the extent that such payments are "foreign passthru payments" to non-US financial institutions (including intermediaries) that have not entered into agreements with the US Treasury pursuant to FATCA or otherwise are compliant with, or established an exemption from, FATCA, or to other holders that fail to provide sufficient identifying information. Under current guidance it is not clear whether and to what extent payments on the Offer DRs will be considered foreign passthru payments subject to FATCA withholding tax or the extent to which foreign passthru payment withholding will be required under intergovernmental agreements or implementing legislation or regulations. Holders of the Offer DRs should consult their tax advisers as to how these rules may apply to payments they receive under the Offer DRs.

Risks Relating to the Offering

70. The DRs have not been publicly traded, and there is no guarantee that an active and liquid market for the DRs will develop

Prior to the Offering, there has been no public trading market for the DRs. There can be no assurance that an active trading market for the DRs will develop or, if it does develop, that it will be sustained or that it will be liquid. If such market fails to develop or be sustained, this could materially and adversely affect the liquidity and price of the DRs, as well as increase their price volatility. In addition, an illiquid market for the DRs may result in lower market prices and increased volatility, which could materially and adversely affect the value of an investment in the DRs.

71. The DRs may trade below the Offer Price and investors could lose all or part of their investment

The Offer Price may not be indicative for the market price of the DRs after the Offering has been completed. The market price of the DRs could also fluctuate substantially due to various factors, some of which could be specific to the Group and its operations and some of which could be related to the industry in which the Group operates and equity markets generally. See also "—63. The market price of the DRs may be volatile and may be materially and adversely affected by market conditions and other factors beyond the Group's control". As a result of these and other factors, the DRs may trade at prices significantly below the Offer Price. The Company cannot assure that the market price of the DRs will not decline and the DRs may trade at prices significantly below the Offer Price, regardless of the Group's actual operating performance. As a result, investors may not be able to (re)sell their DRs at or above the Offer Price, or at all.

72. If closing of the Offering does not take place on the Settlement Date or at all, purchases of the Offer DRs will be disregarded and Euronext Amsterdam N.V. may annul transactions that have occurred

Application has been made to list the Offer DRs and Over-Allotment DRs on Euronext Amsterdam under the symbol "ABN". With respect to future listings and offerings by NLFI of additional DRs representing Ordinary Shares, to the extent possible, NLFI intends to avail itself of the exceptions of Section 5:4 paragraph 1(g) and Section 5:3 paragraph 1 of the Dutch Financial Markets Supervision Act and the exemption of article 54 paragraph 1(b) and (c) of the Exemption Regulation pursuant to the FMSA (*Vrijstellingsregeling Wft*) as a result of which a prospectus may not be made available on the occasion of such a listing and offering. NLFI will in such case issue a press release with information on the listing and offering, including details on any other information relevant for investors. The AFM may disallow the application of the exception provided in Section 5:4 paragraph 1(g) of the FMSA under the circumstances set out in Section 5:4 paragraph 2 of the FMSA. In addition, the exception provided in Section 5:4 paragraph 1(g) of the FMSA does not apply to depositary receipts representing ordinary shares, if these ordinary shares are issued after the Offering. The Company expects that the Offer DRs and Over-Allotment DRs will be admitted to listing and that trading in the Offer DRs and Over-Allotment DRs will commence prior to the Settlement Date on the First Trading Date on an "as-if-and-when-delivered" basis. The closing of the Offering may not take place on the Settlement Date or at all, if certain conditions of events referred to in the underwriting agreement dated 10 November 2015 between the Company, NLFI and the Joint Global Coordinators (on behalf of themselves and the other Underwriters) (the "**Underwriting Agreement**") are not satisfied or waived or occur on or prior to such date (see "Plan of Distribution"). Trading in the Offer DRs and Over-Allotment DRs before the closing of the Offering will take place subject to the condition that, if closing of the Offering does not take place, the Offering will be withdrawn, all applications for the Offer DRs will be disregarded, any allotments made will be deemed not to have been made, any application payments made will be returned without interest or other compensation and transactions on Euronext Amsterdam will be annulled. All dealings in the Offer DRs and Over-Allotment DRs prior to settlement and delivery are at the sole risk of the parties concerned. The Company, the Foundation, NFLI, the Listing and Paying Agent, the Underwriters, the Financial Advisers and Euronext Amsterdam N.V. do not accept any responsibility or liability for any loss incurred by any person as a result of the withdrawal of the Offering or the related annulment of any transactions on Euronext Amsterdam.

73. Investors with a reference currency other than the euro will become subject to foreign exchange risks when investing in the DRs

The DRs are denominated in and will trade in euro, and all dividends on the DRs, if any, will be paid by the Company in euro. Investors whose reference currency is a currency other than the euro may be materially and adversely affected by any reduction in the value of the euro relative to the value of the investor's reference currency. In addition, such investors could incur additional transaction costs in converting euro into another currency. Investors whose reference currency is a currency other than euro are therefore urged to consult their financial advisers.

IMPORTANT INFORMATION

The content of this Prospectus is not to be considered or interpreted as legal, financial or tax advice. It is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the members of the Supervisory Board and the Managing Board, the Foundation, the Selling Shareholder, or any of the Underwriters, the Financial Advisers, or any of their representatives that any recipient of this Prospectus should subscribe for or purchase any Offer DRs. Prior to making any decision as to whether to purchase the Offer DRs, prospective investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus carefully and not just rely on key information or information summarised within it.

Each prospective investor should consult his own stockbroker, bank manager, lawyer, auditor or other financial, legal or tax advisers before making any investment decision with regard to the Offer DRs, to among other things consider such investment decision in light of his personal circumstances, and in order to determine whether or not such prospective investor is eligible to subscribe for the Offer DRs. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

Potential investors should rely only on the information contained in this Prospectus and any supplement to this Prospectus within the meaning of Section 5:23 FMSA. The Company does not undertake to update this Prospectus, unless required pursuant to Section 5:23 FMSA, and therefore potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Offering, other than as contained in this Prospectus, and, if given or made, any other information or representations must not be relied upon as having been authorised by the Company, the members of the Managing Board or Supervisory Board, the Foundation, the Selling Shareholder, any of the Underwriters, the Financial Advisers or any of their representatives. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

This Prospectus is published in English only. Terms used in this Prospectus are defined in "Definitions".

General and Responsibility Statement

This Prospectus is made available by the Company. The Company accepts responsibility for the information contained in this Prospectus. The Company declares that it has taken all reasonable care to ensure that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

No representation or warranty, express or implied, is made or given by or on behalf of the Underwriters or the Financial Advisers or any of their affiliates or any of their respective directors, officers or employees or any other person, as to the accuracy, completeness, verification or fairness of the information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing in this Prospectus, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Underwriters or the Financial Advisers or any of their affiliates as to the past or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus, neither the delivery of this Prospectus nor any sale of Offer DRs pursuant to the Offering shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to its date.

None of the Underwriters accepts any responsibility whatsoever for the accuracy, completeness or verification of contents of this Prospectus or for any other statements made or purported to be made by either itself or on its behalf in connection with the Company, the Selling Shareholder, the Group, the Offering or the DRs. Accordingly, the Underwriters disclaim, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Prospectus and/or any such statement.

Although the Underwriters are party to various agreements pertaining to the Offering and each of the Underwriters may have entered or enter into financing arrangements with the Company or the Group, this should not be considered as a recommendation by any of them to invest in the Offer DRs.

The Underwriters and the Financial Advisers are acting exclusively for the Company and/or the Selling Shareholder and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Prospectus) as their respective customer in relation to the Offering and will not be responsible to anyone other than the Company and/or the Selling Shareholder for providing the protections afforded to their respective customers or for giving advice in relation to, respectively, the Offering and the listing or any transaction or arrangement referred to herein.

In connection with the Offering, the Underwriters and the Financial Advisers and any of their respective affiliates, acting as investors for their own accounts, may subscribe for and/or acquire Offer DRs and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Offer DRs and other securities of the Company or related investments in connection with the Offering or otherwise.

Accordingly, references in this Prospectus to the Offer DRs being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, the Underwriters and the Financial Advisers and any of their affiliates acting as investors for their own accounts. None of the Underwriters and the Financial Advisers intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

ABN AMRO Bank has been engaged by the Company solely as Listing and Paying Agent for the DRs, in relation to the admission of the Offer DRs and Over-Allotment DRs to trading on Euronext in Amsterdam. The Listing and Paying Agent's activities consist essentially of filing the application for admission to trading with Euronext Amsterdam N.V. and paying sums due on the DRs. The Listing and Paying Agent is acting for the Company only and will not regard any other person as its client in relation to the Offering. Neither the Listing and Paying Agent nor any of its directors, officers, agents or employees makes any representation or warranty as to the accuracy, completeness or fairness of the information or opinions described or incorporated by reference in this Prospectus, in any investor report or for any other statements made or purported to be made either by itself or on its behalf in connection with the Company, the Selling Shareholder or the Offering or the DRs. Accordingly, the Listing and Paying Agent disclaims all and any liability, whether arising in tort or contract or otherwise in respect of this Prospectus and or any such other statements.

Presentation of Financial and Other Information

EU IFRS information

This Prospectus includes (i) the audited consolidated financial information of the Group as of and for the year ended 31 December 2014 contained in the Group's annual report ("**Annual Report**") for 2014 which includes comparative information as of and for the years ended 31 December 2013 and 31 December 2012 and (ii) the reviewed consolidated financial information of the Group as of and for the nine months ended 30 September 2015 and 2014 (the "**Historical Financial Information**"). The Historical Financial Information should be read in conjunction with the accompanying notes thereto and the auditor's report thereon. The independent auditor's report on financial statements, included on pages F-321 to F-327 of the Prospectus, has been derived from the Annual Report 2014 of the Group and has been reproduced fully. As the statutory financial statements, Managing Board report and other information have not been fully included in this Prospectus, the part of the opinion on the statutory financial statements as well as the section "Report on the Managing Board report and the other information" are not applicable for the purposes of the Prospectus. The Historical Financial Information has been prepared in accordance with IFRS, as adopted by the European Union.

The Risk & Capital Report of the Group's 2014 Annual Report which contains audited information, as well as the Risk, funding & capital information section of the Group's interim report as of and for the nine months ended 30 September 2015 (the "**Q3 2015 Report**"), which contains unaudited information, have also been included in this Prospectus and form part of the Historical Financial Information. Audited information in these sections is labelled 'audited' in the respective headings.

The Group has made a number of changes to its client segmentation in order better cater to changing client needs. As a result, in 2014, the Group amended its reporting segment structure, which management believes improves the transparency of the business segments. As of 2014, the Group presents four reporting segments: Retail Banking, Private Banking, Corporate Banking (including sub-segment information) and Group Functions. All periods contained within the Historical Financial Information included in this Prospectus are presented according to the Group's amended reporting segment structure. For purposes of incorporating the auditor's report covering the Group's financial information as of and for the years ended 31 December 2013 and 31 December 2012, the Group has incorporated by reference its financial statements as of and for the years ended 31 December 2013 and 31 December 2012 and the Risk & Capital Management sections of the Group's 2013 Annual Report and 2012 Annual Report, which have not been adjusted for the new segment structure. Accordingly, in order to compare the Group's results across the periods presented, investors should read the Historical Financial Information and accompanying notes thereto contained in the Prospectus.

Non-IFRS information and other statistics

As of 2014, management adopted a view that certain "underlying results" provide a better understanding of the underlying trends in financial performance as compared to results that have been prepared in accordance with EU IFRS. These underlying results, which are non-IFRS, have been derived by adjusting the results reported in accordance with EU IFRS for defined special items. Special items are material and non-recurring items which are not related to normal business activities. For a full reconciliation of reported versus underlying results, see "Selected Historical Financial and Operational Information—Reconciliation of Reported to Underlying Results".

This Prospectus also presents certain financial measures that are not measures defined under EU IFRS, including regulatory capital, risk weighted assets and underlying results. As of 2014, capital metrics and risk exposures are reported under the Basel III (CRD IV/CRR) framework. Comparative figures for 2013 are reported according to Basel II. Where applicable, we have provided pro forma figures for comparison purposes. Some sections in the Prospectus contain information according to CRR (Pillar 3). These sections are labelled as "Pillar 3" in their headings.

In addition, this Prospectus presents certain other operational statistics, including full-time equivalents of the Group's employees, excluding temporary staff ("**FTEs**"). These non-IFRS operational measures are not measures of financial performance under EU IFRS and should not be considered as an alternative to any EU IFRS financial measure. In addition, such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies, because the above-mentioned non-IFRS financial measures are not uniformly defined and other companies may calculate them in a different manner from the way the Group does, limiting their usefulness as comparative measures. The Group believes that these non-IFRS measures are important to understand the Group's performance and capital position.

Unless otherwise stated, results of operations are presented based on underlying results, which are derived by adjusting the results reported above in accordance with EU IFRS for defined special items, which are discussed in "Selected Historical Financial and Operational Information—Reconciliation of Reported to Underlying Results". Management believes these non-IFRS underlying results provide a better understanding of the underlying trends in financial performance as compared to results that have been prepared in accordance with EU IFRS.

Rounding and negative amounts

Certain figures contained in this Prospectus, including financial, statistical and operating information, have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them. In addition, certain percentages in this document have been calculated using rounded figures.

Negative amounts in this Prospectus are shown between brackets or otherwise indicated by the surrounding text (such as describing such amount as "negative").

Currency

In this Prospectus, all references to "euro", "EUR" or "€" are references to the single currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of May 3, 1998 on the introduction of the euro, as amended from time to time. All references in this Prospectus to "US$", "US dollar", "USD" or "$" are reference to the lawful currency of the United States.

The financial information in this Prospectus is presented in euro, which is the presentation currency of the Group, rounded to the nearest million (unless otherwise stated). All year-end averages in the Prospectus are based on month-end figures. Management does not believe that these month-end averages present trends materially different from those that would be presented by daily averages.

Exchange rates

The following table sets out, for the periods indicated, certain information concerning the exchange rate expressed in US dollars per euro, obtained by using the Historical Price function in Bloomberg. These translations should not be construed as representations that the euro amounts actually represent such US Dollar amounts or could be converted into US dollars at the rate indicated. On 6 November 2015, the exchange rate translated to EUR 1 = USD 1.0737.

The Group makes no representation that the amounts referred to above could have been or could be converted into the foregoing currencies at any particular rate or at all.

These rates are provided solely for the convenience of the reader and are not necessarily the rates used in the preparation of the Group's financial statements. No representation is made by the Group that the US dollar amounts could have been converted into the euro at the rates shown or at any other rate for such periods or at such dates.

The currency information presented under this section entitled "Exchange rates" is based on data published by Bloomberg, and such information has been accurately reproduced and, as far as the Group is aware and is able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading.

Year	Euro	US dollar (High)	US dollar (Low)	US dollar (Average)	US dollar (Period end)
2012	1	1.3460	1.2053	1.2859	1.3197
2013	1	1.3804	1.2772	1.3283	1.3789
2014	1	1.3925	1.2100	1.3285	1.2100
2015 (through 6 November 2015)	1	1.2010	1.0492	1.1148	1.0737

Month	Euro	US dollar (High)	US dollar (Low)	US dollar (Average)	US dollar (Period end)
May	1	1.1432	1.0882	1.1160	1.0973
June	1	1.1374	1.0919	1.1229	1.1153
July	1	1.1129	1.0841	1.0997	1.1003
August	1	1.1529	1.0873	1.1136	1.1204
September	1	1.1367	1.1117	1.1232	1.1182
October	1	1.1445	1.0967	1.1232	1.1018
November (through 6 November 2015)	1	1.1021	1.0737	1.0888	1.0737

Source: Bloomberg

Market and Industry Information

All references to market share, market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by industry professionals, competitors, organisations or analysts of publicly available information or of the Group's own knowledge of its sales and markets. Certain statements made in this Prospectus are based on the Group's own proprietary information, insights, opinions or estimates, and not on any third-party or independent source; these statements contain words such as 'the Group believes', 'the Group expects', 'the Group sees', and as such do not purport to cite, refer to or summarise any third-party or independent source and should not be so read.

Industry publications generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Although the Group believes these sources are reliable, the Group does not have access to the information, methodology and other bases for such information and has not independently verified the information. Where third-party information has been sourced in this Prospectus, the source of such information has been identified. The information in this Prospectus that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Group is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

In this Prospectus, the Group makes certain statements regarding its competitive and market position. The Group believes these statements to be true, based on market data and industry statistics, but the Group has not independently verified the information. The Group cannot guarantee that a third party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Group's competitors may define their markets and their own relative positions in these markets differently than the Group does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the Group's.

Supplements

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the DRs, arises or is noted between the date of this Prospectus and the Settlement Date, a supplement to the prospectus will be published in accordance with relevant provisions under the FMSA. Such a supplement shall be approved by the AFM in accordance with Section 5:23 FMSA. The summary shall also be supplemented, if necessary to take into account the new information included in the supplement.

Investors who have already agreed to purchase or subscribe for the Offer DRs before the supplement is published shall have the right, exercisable within two business days following the publication of a supplement, to withdraw their acceptances, provided that the new factor, material mistake or inaccuracy, arose or was noted before the final closing of the Offering.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall, except as so modified or superseded, no longer constitute a part of this Prospectus. For the avoidance of doubt, references in this paragraph to any supplement being published by the Company do not include the Pricing Statement.

Notice to Investors

The distribution of this Prospectus and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in the Offer DRs may, in certain jurisdictions other than the Netherlands, including, but not limited to the US, be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus may not be used for, or in connection with, and does not constitute, an offer to sell, or an invitation to purchase, any of the Offer DRs in any jurisdiction in which such offer or invitation is not authorised or would be unlawful. Neither this Prospectus, nor any related materials, may be distributed or transmitted to, or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws or regulations.

None of the Company, the members of the Managing Board or the Supervisory Board, the Foundation, the Selling Shareholder, the Underwriters, the Financial Advisers, or any of their respective representatives, is making any representation to any offeree or purchaser of the Offer DRs regarding the legality of an investment in the Offer DRs by such offeree or purchaser under the laws applicable to such offeree or purchaser.

All purchasers of Offer DRs are deemed to acknowledge that: (i) they have not relied on the Underwriters or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus, and that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries, the Selling Shareholder or the Offer DRs (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Selling Shareholder or the Underwriters.

EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE OFFERING DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE US, CANADA, AUSTRALIA, SWITZERLAND, DUBAI INTERNATIONAL FINANCIAL CENTRE OR JAPAN.

This Prospectus does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire, Offer DRs in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside the Netherlands.

The distribution of this Prospectus, and the offer or sale of Offer DRs, is restricted by law in certain jurisdictions. This Prospectus may only be used where it is legal to offer, solicit offers to purchase or sell Offer DRs. Persons who obtain this Prospectus must inform themselves about and observe all such restrictions.

No action has been or will be taken to permit a public offer or sale of Offer DRs, or the possession or distribution of this Prospectus or any other material in relation to the Offering, in any jurisdiction outside the Netherlands where action may be required for such purpose. Accordingly, neither this Prospectus nor any advertisement or any other related material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

Notice to Investors in the US

Neither the US Securities and Exchange Commission (the "**SEC**") nor any state securities commission or regulatory authority has approved or disapproved of the Offer DRs or determined if this Prospectus is truthful or accurate. Any representation to the contrary is a criminal offense in the US.

The Offer DRs have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the US. The Offer DRs are being offered and sold (i) by private placements in the US to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A under the US Securities Act, and (ii) outside the US in compliance with Regulation S or another exemption from the registration requirements under the US Securities Act. Prospective investors are hereby notified that seller of the Offer DRs may be relying on the exemption from the registration requirements of Section 5 of the US Securities Act provided by Rule 144A. For certain restrictions on transfer of the Offer DRs, see "Selling and Transfer Restrictions".

For so long as any Offer DRs are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the US Securities Act.

In the US, this Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Underwriters or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without the Company's prior written consent, is prohibited. Any reproduction or distribution of this Prospectus in the US, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Offer DRs.

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Notice to Investors in Other Jurisdictions

In the United Kingdom, this Prospectus is being distributed only to, and is directed only at, persons (a) who have professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), or (b) who are, among others, high net worth bodies corporate, unincorporated associations, as described in Article 49(2)(a) to (d) of the Financial Promotion Order; or (c) to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons being referred to in (a), (b) and (c) are defined as "**Relevant Persons**"). In the United Kingdom, this Prospectus is directed only at Relevant Persons and any investment or investment activity to which this Prospectus relates is only available to and will only be engaged in with Relevant Persons. Persons in the United Kingdom who are not Relevant Persons who receive this Prospectus should not take any action on the basis of this Prospectus and should not rely on or act upon it.

Subject to certain exceptions, this Prospectus should not be forwarded or transmitted in or into Australia, Canada, Switzerland, Dubai International Financial Centre or Japan.

Enforcement of Civil Liabilities

The ability of shareholders in certain countries other than the Netherlands, in particular the US, to bring an action against the Company may be limited under law. The Company is a public limited liability company (*naamloze vennootschap*) incorporated in the Netherlands and has its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands.

All of the members of the Managing Board and Supervisory Board named herein are non-residents of the US. All or a substantial proportion of the assets of these individuals are located outside the US. The Group's assets are predominantly located outside of the US. As a result, it may be impossible or difficult for investors to effect service of process upon such persons or the Company or to enforce against them in US courts a judgment obtained in such courts. In addition, there is doubt as to the enforceability, in the Netherlands, of original actions or actions for enforcement based on the federal or state securities laws of the US or judgments of US courts, including judgments based on the civil liability provisions of the US federal or state securities laws.

The US and the Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a judgment rendered by a court in the US will not be recognised and enforced by the Dutch courts. However, if a person has obtained a final and conclusive judgment for the payment of money rendered by a court in the US which is enforceable in the US and files his claim with the competent Dutch court, the Dutch court will generally give binding effect to such foreign judgment insofar as it finds that the jurisdiction of the foreign court has been based on grounds which are internationally acceptable and that proper legal procedures have been observed and except to the extent that the foreign judgment contravenes Dutch public policy.

Forward-Looking Statements

This Prospectus contains certain forward-looking statements within the meaning of the safe-harbour provisions of the United States Private Securities Litigation Reform Act of 1995. Statements in this Prospectus that are not historical facts are forward-looking statements, including statements relating to the Company's intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, provisions, impairments, strategies and opportunities, as well as potential developments in the legal and regulatory environment to which the Group is subject and developments in the markets in which the Group operates, including changes in interest rates, inflation, foreign exchange rates, demographics, and any assumptions underlying any such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future.

The Company has tried to identify forward-looking statements by using words such as "may", "will", "would", "should", "expects", "intends", "estimates", "anticipates", "projects", "believes", "could", "hopes", "seeks", "plans", "aims", "objective", "potential", "probability", "goal" "strategy", "target", "continue", "desire", "strive", "endeavour", "outlook" "optimistic", "prospects", "risk", "Value at Risk (VaR)", "annualised" and similar expressions or variations thereof, but such expressions are not the exclusive means of identifying forward-looking statements in the Prospectus.

Forward-looking statements are included in this Prospectus in a number of sections, including "Reasons for the Offering and Use of Proceeds", "Dividend Policy", "Operating and Financial Review", "Industry and Market Overview", "Business", and elsewhere. Such forward-looking statements are based on the Company's beliefs, assumptions and expectations regarding future events and trends that affect the Group's future performance, taking into account all information currently available to the Group, and are not guarantees of future performance. In particular, this document includes forward-looking statements relating but not limited to the Group's potential exposures to various types of operational, credit and market risk, such as counterparty risk, interest rate risk, foreign exchange rate risk and commodity and equity price risk. Such statements are subject to risks and uncertainties. These statements forward-looking statements are not historical facts and represent only the Group's beliefs regarding future events, many of which by their nature are inherently uncertain and beyond the Group's control.

Factors that could cause actual business, strategy and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by the Group include, but are not limited to, the risks identified under "Risk Factors", as well as:

- The extent and nature of future developments and continued volatility in the credit and financial markets and their impact on the financial industry in general and the Group in particular;
- The effect on the Group's capital of write-downs in respect of credit exposures;
- Risks related to the Group's merger, separation and integration process;
- Inability to successfully implement the Group's strategy;
- Assumptions and judgements that prove to be erroneous;
- General economic, social and political conditions in the Netherlands and in other countries in which the Group has significant business activities, investments or other exposures, including the impact of recessionary economic conditions on the Group's performance, liquidity and financial position;
- Macroeconomic and geopolitical risks;
- Reductions in the Group's credit ratings;
- Actions taken by the EC, governments and their agencies to support individual banks and the banking system;
- Monetary and interest rate policies of the ECB and G20 central banks;
- Inflation or deflation;
- Unanticipated turbulence in interest rates, foreign currency exchange rates, commodity prices and equity prices;
- Dependence on counterparties for contracted services;
- Costs related to regulatory changes and IT;
- Liquidity risks and related market risk losses;
- Potential losses associated with an increase in the level of substandard loans or non-performance by counterparties to other types of financial instruments, including systemic risk;
- Changes in Dutch and foreign laws, regulations, policies and taxes, including guidelines and interpretation thereof by regulators such as DNB, ECB, EBA or ESMA, or other organisations such as the Financial Stability Board and tax authorities;
- Heightened regulatory and governmental scrutiny and the increasing regulated environment in which the Group operates;
- Changes in competition and pricing environments;
- Inability to hedge certain risks economically;
- Adequacy of loss reserves and impairment allowances;
- Technological changes;
- Changes in consumer spending, investment and saving habits;
- Conduct and reputational risk;

- Effective capital and liquidity management;
- Inability to retain key members of the Managing Board and employees; and
- The success of the Group in managing the risks involved in the foregoing.

Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected. Investors or potential investors should not place undue reliance on the forward-looking statements in this Prospectus. Prospective investors are strongly encouraged to read the following sections of this Prospectus, "Summary", "Risk Factors", "Operating and Financial Review" and "Business", which include more detailed descriptions of the factors that might have an impact on the Group's business and the markets in which the Group operates.

The forward-looking statements made in this Prospectus are only applicable as from the date of publication of this document. The Group does not intend to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this Prospectus, and the Group does not assume any responsibility to do so.

ABN AMRO Bank ratings

Credit rating agencies periodically review the creditworthiness and publish ratings which assess the level of risk attached to debt instruments. Credit ratings of ABN AMRO Bank as of the date of this Prospectus are presented in the table below.

Corporate rating	S&P	Moody's	Fitch	DBRS (unsolicited)
Long term credit rating	A	A2	A	A
Outlook long term credit rating	Negative	Stable	Stable	Stable
Short term credit rating	A-1	P-1	F1	R-1(low)

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. The Group does not endorse Moody's, Fitch or Standard & Poor's or DBRS (unsolicited) ratings or views and does not accept any responsibility for their accuracy.

REASONS FOR THE OFFERING AND USE OF PROCEEDS

Background and Reasons for the Offering

In October 2008, the Dutch State nationalised the Dutch operations and certain international activities of the former ABN AMRO group and the former FBNH in order to safeguard financial stability in the Netherlands. Since the nationalisation, the Dutch Minister of Finance has indicated the temporary nature of the investment and that the Company was to be returned to the market as soon as reasonably possible, provided three conditions are met: (i) the financial sector is sufficiently stable, (ii) there is sufficient interest in the market and (iii) the Company is ready. The objective is to recover as much as possible of the total capital expenditure of the Dutch State. The conditions were also specified in the coalition agreement in October 2012. In the state aid procedure of the European Commission, the Dutch State has stated that it does not have the intention of investing in the Company over the long term. As was stated in the exit advice of NLFI and in the letter of the Dutch Minister of Finance to the House of Representatives in May 2015, all these conditions were met in order to start the process of selling the Company.

Several options for exiting the Company were analysed and discussed in the exit advice of NLFI, dated 23 August 2013. The Dutch Minister of Finance also gave his views on the exit options in his letter to the House of Representatives of the same date. The exit of the Company was subsequently discussed in a parliamentary session in November 2013 and after this parliamentary debate the Dutch Minister of Finance asked NLFI and the Company to prepare internally for an exit, with an initial public offering as the most likely option, whilst the option of a strategic sale would be kept open.

As requested by the Dutch Minister of Finance in the first quarter of 2015, NLFI has carefully explored and assessed the expected value to be obtained from the previously recommended ‘dual track’ approach. NLFI stated in the exit advice dated May 2015 that no serious interest of strategic partners and the potential of these parties to pay a reasonable price for an acquisition and at the same time add strategic value to the Company was found at that point in time. NLFI recommended that an initial public offering was still the preferred exit option, as was concluded by the Dutch Minister of Finance in his letter to the Dutch House of Representatives of 22 May 2015 as well. In the following parliamentary debate in June 2015, also the Dutch House of Representative agreed to the exit strategy proposed by NLFI. Based on these conclusions the Dutch Minister of Finance has formally asked NLFI and the Company to start the selling process through an initial public offering.

Use of Proceeds

NLFI will receive the net proceeds from the Offering and, if the Over-Allotment Option is exercised, the net proceeds from the sale of the Over-Allotment DRs. NLFI will distribute the net proceeds it receives from the Offering to the Dutch State. The proceeds received by the Dutch State will be entirely at its disposal. The Company will not receive any proceeds from the Offering.

DIVIDEND POLICY

General

Under Dutch corporate law, the Company may only make distributions to its Shareholders if its shareholders' equity exceeds the sum of the paid-in and called-up share capital plus the reserves as required to be maintained by Dutch law or by the Articles of Association. Under the Articles of Association, the dividend pay-out is a multi-stage pay-out which can be summarised as follows.

The Managing Board decides, subject to Supervisory Board approval, which part of the annual profits shall be added to the reserves. Any amount then remaining shall be at the free disposal of the General Meeting, which may resolve to add the profits to the reserves or to distribute it among the holders of Shares.

Both the Managing Board and the General Meeting upon a proposal by the Managing Board, in both cases subject to the approval of the Supervisory Board, are authorised to determine that a distribution on Shares will not be made in cash but in the form of Shares, or to determine that holders of Shares will be given the choice between the distribution in cash and/or in the form of Shares, all these distributions being made from the profits and/or from a reserve. The Managing Board may, subject to the approval of the Supervisory Board, determine the conditions under which such a choice may be made.

Subject to the approval of the Supervisory Board and subject to Dutch law and the Articles of Association, the Managing Board may resolve to distribute an interim dividend insofar as the Company's equity exceeds the amount of the paid-up part of the capital increased with the reserves that should be maintained pursuant to the law or the Articles of Association. For this purpose, the Managing Board must prepare an interim statement of assets and liabilities, which relates to the Company's equity on a date not earlier than the first day of the third month prior to the month of publication of the decision to pay an interim dividend.

When calculating the amount of profit that will be distributed on each Share, only the amount of the obligatory payments on the nominal amount of the Shares will be taken into account.

According to the Articles of Association, distributions shall be due and payable 30 days after they have been declared, unless the corporate body that decided to make the distribution determines another date.

Dividend History

Over 2012, the Company declared and paid a dividend of EUR 0.27 per Ordinary Share, amounting to a dividend payment of EUR 250 million in total. Over 2013, the Company declared a dividend of EUR 0.37 per Ordinary Share, amounting to a dividend payment of EUR 350 million in total. Over 2014, the Company declared a dividend of EUR 0.43 per Ordinary Share, amounting to a dividend payment of EUR 400 million in total. The foregoing implies a pay-out ratio for the financial years 2012, 2013 and 2014 of 26%, 30% and 35%, respectively, of the reported net profit. Over the first six months of 2015, the Company declared an interim dividend of EUR 0.37 per Ordinary Share, amounting to a dividend payment of EUR 350 million. Without prejudice to the fact that the Company is under no circumstances obliged to make distributions, over the full year 2015 the Company expects to pay a dividend of 40% of the reported net profit.

Reservation and Dividend Policy

The Company has formulated its reservation and dividend policy with due regard to its strategy. The Company intends to pay an annual dividend that creates sustainable long-term value for its Shareholders. The reservation and dividend policy will be determined by the Managing Board, subject to the approval of the Supervisory Board. The reservation and dividend policy will be put on the agenda of each year's annual General Meeting as a discussion item.

The Company's dividend policy and the intended payment of dividend are without prejudice to the absolute discretion of the Managing Board to elect not to make dividend payments or to make higher or lower dividend payments than previously indicated, and may be limited, restricted or prohibited, including by the competent supervisory authority, if this measure is required or deemed required to strengthen the Group's capital position. Any dividend proposal will take into account considerations including capital and liquidity requirements and other regulatory requirements or constraints, future income, profits, resources available for distribution, financial conditions, growth opportunities, the outlook of the Company's business, its short-term and long-term viability, general economic conditions, and any circumstance the Managing Board may deem relevant or appropriate. Considering the foregoing, and without prejudice to the fact that the Company is under no circumstances obliged to make distributions, the envisaged annual dividend pay-out ratio is 50% of the annual reported net profit as from and to be achieved over the full year 2017, after deduction of coupon payments on capital instruments that are treated as equity instruments for accounting purposes, if a decision is made to make such payments. The Company also intends to distribute interim dividends after the publication of second quarter results, if the results so allow. While the Company's dividend policy anticipates a cash dividend, the Managing Board or the General Meeting upon a proposal by the Managing Board may elect, in both cases, subject to the approval of the Supervisory Board, to offer distributions in the form of a stock dividend (in the form of Shares) or to offer a choice between or a combination of a cash and stock dividend (in the form of Shares), when and if deemed appropriate.

Following periodic capital management reviews, the Managing Board, in its absolute discretion, and after having obtained the necessary regulatory and corporate approvals, may also consider implementing a share repurchase programme.

Manner and Time of Dividend Payments

Payment of any dividend in cash will be made in euro. Any dividends that are paid to the Foundation as holder of Shares will be paid by the Foundation to the DR Holders through Euroclear Nederland free of charge. DR holders may be charged costs by their financial intermediary. The DR Holders will be automatically credited to the relevant DR Holder's accounts without the need for the DR Holder to present documentation proving their ownership of the DRs. Payment of dividends on the Shares held by NLFI will be made directly to NLFI using the information contained in the Company's shareholders' register and records.

If the Company pays a dividend on Shares in cash and/or Shares, at the choice of the Shareholder, the Foundation will to the extent possible allow each of the DR Holders, up to four days before the day on which the choice has to be submitted by the Foundation to make their own choice. The DR Holder will be notified of the possibility of submitting a choice. The Foundation itself will make the choice it deems to be in the interest of the DR Holders whose wishes have not been received four days before the date that the Foundation must make the choice.

Where possible, distributions on Shares in the form of Shares will be made available to the DR Holders in the form of DRs. Where possible, these DRs will be made available through the offices of the affiliated institutions within the meaning of the Act on Securities Transactions by Giro (*Wet giraal effectenverkeer*).

Uncollected Dividends

A claim for any declared dividend lapses five years and one day after the date those dividends were released for payment. Any dividend that is not collected within this period reverts to the Company.

Taxation on Dividends

Shareholders and DR Holders are generally subject to Dutch dividend withholding tax at a rate of 15% on dividends distributed by the Company. See "Taxation—Taxation in the Netherlands—Withholding tax" for a discussion on what, among other things, constitutes a dividend for Dutch dividend withholding tax purposes.

CAPITALISATION AND INDEBTEDNESS

For purposes of the Company's financial reporting, "Group" shall be determined in accordance with IFRS 10. The tables below set forth the Group's consolidated capitalisation and indebtedness as at 30 September 2015. All information has been derived from, and should be read in conjunction with, the Historical Financial Information incorporated by reference herein, the information included in "Selected Historical Financial and Operational Information" and the information in "Operating and Financial Review".

The following table shows the Group's capitalisation as of 30 September 2015.

Capitalisation (unaudited)

	As at 30 September 2015
	(in millions of euros)
Total current debt (maturity up to one year)	22,949
of which: secured[(1)]	*3,618*
of which: unsecured[(2)]	*19,326*
of which: subordinated debt	*5*
Total non-current debt (excluding current portion of long-term debt)	65,836
of which: secured[(3)]	*28,332*
of which: unsecured[(4)]	*27,848*
of which: subordinated debt	*9,656*
Equity:	
Share capital	940
Share Premium	12,970
Other reserves (incl. retained earnings/profit for the period)	2,792
Other comprehensive income	(613)
Shareholders' equity	16,089
Capital securities	993
Total capitalisation	**105,867**

(1) Total of senior secured notes and securitisations with a remaining maturity up to one year.

(2) Total of senior unsecured notes, commercial paper/certificates of deposit, saving certificates, all with a remaining maturity up to one year.

(3) Total of senior secured notes and securitisations with a remaining maturity of more than one year.

(4) Total of senior unsecured notes, commercial paper/certificates of deposit, saving certificates, all with a remaining maturity of more than one year.

There has been no material change in the capitalisation of the Group since 30 September 2015.

The following table shows the Group's indebtedness as of 30 September 2015.

Indebtedness (unaudited)

	As at 30 September 2015
	(in millions of euros)
Liquidity:	
Cash(1)	20,738
Cash equivalents(2)	5,679
Trading securities	8,592
Total liquidity(3)	**35,009**
Current financial receivables(4)	**127,037**
Current financial debt (maturity up to one year):	
Current debt(5)	(275,771)
Current portion of non-current debt(6)	(11,235)
Other current financial debt(7)	(3,289)
Total current financial debt	**(290,295)**
Net current financial indebtedness	**(128,249)**
Non-current financial indebtedness:	
Non-current bank loans(8)	(8,466)
Bonds issued(9)	(65,836)
Other non-current loans(10)	(31,596)
Non-current financial indebtedness	**(105,898)**
Net financial indebtedness	**(234,147)**

(1) Cash and freely available balances at central banks.

(2) Loans and receivables—banks with a remaining maturity of 3 months or less.

(3) Liquidity is not equal to the liquidity buffer held for liquidity contingency purposes.

(4) Total of assets with a remaining maturity up to one year excluding cash and balances at central banks with a remaining maturity up to one year, financial assets held for trading with a remaining maturity up to one year and loans and receivables—banks with a remaining maturity of 3 months or less.

(5) Total of liabilities held for trading, derivatives, securities financing, due to banks, due to customers and commercial paper/certificates of depot, all with a remaining maturity up to one year.

(6) Total of senior secured debt, senior unsecured debt, securitisations, subordinated liabilities and saving certificates, all with a remaining maturity up to one year.

(7) Total of provisions, tax, liabilities and other liabilities, all with a remaining maturity up to one year.

(8) Total of due to banks with remaining maturity of more than one year.

(9) Total of issued debt and subordinated with a remaining maturity of more than one year.

(10) Total of derivatives, securities financing, due to customers, provisions, tax liabilities and other liabilities, all with a remaining maturity of more than one year.

Indirect and contingent indebtedness (unaudited)

	As at 30 September 2015
	(in millions of euros)
Committed credit facilities	20,018
Guarantees	2,569
Irrevocable facilities	5,442
Recourse risks arising from discounted bills	5,876
Total indirect and contingent indebtedness	**33,905**

SELECTED HISTORICAL FINANCIAL AND OPERATIONAL INFORMATION

The selected historical financial and operational information of the Group shown in the tables below should be read in conjunction with the information contained in "Important Information—Presentation of Financial and Other Information", "Capitalisation and Indebtedness", "Operating and Financial Review", and the Historical Financial Information incorporated by reference in this Prospectus and other financial data appearing elsewhere in this Prospectus.

EU IFRS Consolidated Financial Information

The selected audited consolidated financial information as of and for the years ended 31 December 2014, 2013 and 2012 and the selected unaudited interim consolidated financial information as of 30 September 2015 and for the nine months ended 30 September 2015 and 2014 presented below have been extracted from the Historical Financial Information included or incorporated by reference elsewhere in this Prospectus.

The Historical Financial Information should be read in conjunction with the accompanying notes thereto and the auditor's report thereon. The Historical Financial Information has been prepared in accordance with EU IFRS as adopted in the European Union and with Part 9 of Book 2 of the DCC.

Non-IFRS Information

This Prospectus presents certain financial measures that are not measures defined under EU IFRS, including regulatory capital, risk weighted assets and underlying results. These non-IFRS financial measures are not measures of financial performance under EU IFRS and should not be considered as an alternative to any EU IFRS financial measure. In addition, such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies, because the above-mentioned non-IFRS financial measures are not uniformly defined and other companies may calculate them in a different manner than the Group does, limiting their usefulness as comparative measures. The Group believes that these non-IFRS measures are important to understand the Group's performance and capital position.

For a discussion of how the Group calculates these non-IFRS measures, see "Important Information—Presentation of Financial and Other Information—Non-IFRS information and other statistics".

Consolidated income statement

	For the nine months ended 30 September		For the year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	(in millions of euros)				
Income:					
Interest income	10,029	10,015	13,376	13,383	13,979
Interest expense	5,449	5,611	7,353	8,003	8,951
Net interest income	*4,580*	*4,403*	*6,023*	*5,380*	*5,028*
Fee and commission income	2,290	1,981	2,693	2,639	2,552
Fee and commission expense	915	720	1,002	996	996
Net fee and commission income	*1,375*	*1,260*	*1,691*	*1,643*	*1,556*
Net trading income	103	142	174	106	263
Share of result in equity accounted investments	14	47	51	46	74
Other income	332	57	117	149	417
Operating income	***6,403***	***5,910***	***8,055***	***7,324***	***7,338***
Expenses:					
Personnel expenses	1,852	2,035	2,684	2,357	2,151
General and administrative expenses	1,719	1,784	2,450	2,171	2,269
Depreciation and amortisation of tangible and intangible assets	128	122	204	242	266
Operating expenses	3,700	3,941	5,338	4,770	4,686
Impairment charges on loans and other receivables	381	990	1,171	983	1,228
Total expenses	***4,081***	***4,931***	***6,509***	***5,753***	***5,914***
Profit/(loss) before taxation	***2,322***	***978***	***1,546***	***1,571***	***1,424***
Income tax expense	670	245	412	411	271
Profit/(loss) for the period	**1,652**	**734**	**1,134**	**1,160**	**1,153**
Attributable to owners of the company	1,652	734	1,134	1,162	1,153
Attributable to non-controlling interests	1	(1)	—	(2)	—

Consolidated statement of financial position

	As at 30 September	As at 31 December		
	2015	2014	2013	2012
	(unaudited)	(audited)	(audited)	(audited)
		(in millions of euros)		
Assets:				
Cash and balances at central banks	20,738	706	9,523	9,796
Financial assets held for trading	8,592	9,017	12,019	7,089
Derivatives	20,695	25,285	14,271	21,349
Financial investments	40,412	41,466	28,111	21,730
Securities financing	35,475	18,511	18,362	28,793
Loans and receivables—banks	17,794	21,680	23,967	32,183
Residential mortgages	151,670	151,998	153,439	158,666
Consumer loans	14,790	15,398	15,629	16,200
Commercial loans	88,028	87,866	85,268	86,391
Other loans and receivables—customers	7,254	6,648	2,692	1,195
Equity accounted investments	768	1,136	1,082	1,011
Property and equipment	1,356	1,412	1,426	1,519
Goodwill and other intangible assets	259	255	195	223
Tax assets	410	504	910	1,519
Other assets	5,047	4,986	5,128	6,094
Total assets	**413,287**	**386,867**	**372,022**	**393,758**
Liabilities:				
Financial liabilities held for trading	2,940	3,759	4,399	3,722
Derivatives	24,624	30,449	17,227	27,508
Securities financing	25,901	13,918	12,266	19,521
Due to banks	18,487	15,744	11,626	16,935
Demand deposits	115,956	109,753	100,151	93,682
Saving deposits	94,233	88,655	87,448	81,384
Time deposits	18,183	17,459	19,638	26,196
Other due to customers	156	144	347	343
Issued debt	79,126	77,131	88,682	95,048
Subordinated liabilities	9,660	8,328	7,917	9,736
Provisions	1,148	1,003	1,550	1,915
Tax liabilities	583	175	90	146
Other liabilities	5,196	5,473	7,113	4,739
Total liabilities	*396,193*	*371,990*	*358,454*	*380,875*
Equity:				
Share capital	940	940	940	1,015
Share premium	12,970	12,970	12,970	13,105
Other reserves (incl. retained earnings/profit for the period)	2,792	1,769	4,554	3,811
Other components of equity	(613)	(814)	(4,909)	(5,067)
Equity attributable to owners of the parent company	*16,089*	*14,865*	*13,555*	*12,864*
Capital Securities	993			
Equity attributable to non-controlling interests	12	12	13	19
Total equity	***17,094***	***14,877***	***13,568***	***12,883***
Total liabilities and equity	**413,287**	**386,867**	**372,022**	**393,758**

Consolidated Statement of Cash flows

	Nine months ended 30 September		Year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	(in millions of euros)				
Profit/(loss) for the period	*1,652*	*734*	*1,134*	*1,160*	*1,153*
Adjustments on non-cash items included in profit:					
(Un)realised gains (losses)	26	204	152	(591)	1,144
Share of profits in associates and joint ventures	(20)	(57)	(73)	(55)	(82)
Depreciation, amortisation and accretion	233	395	357	372	412
Provisions and impairments	455	1,035	1,334	1,128	1,340
Income tax expense	670	245	412	411	271
Changes in operating assets and liabilities:					
Assets held for trading	517	(280)	3,150	(4,995)	8,212
Derivatives—assets	4,557	(8,817)	(10,994)	7,072	(2,878)
Securities financing—assets	(15,914)	(18,239)	1,258	9,940	15,248
Loans and receivables—banks	6,054	4,138	(1)	9,715	2,241
Residential mortgages	370	275	1,310	4,833	(83)
Consumer loans	675	87	326	158	(673)
Commercial loans	328	(1,680)	(1,361)	(118)	(6,776)
Other loans and receivables—customers	(272)	(2,267)	(3,721)	(1,596)	40
Other assets	(113)	(85)	(17)	872	(799)
Liabilities held for trading	(1,000)	357	(872)	747	(5,605)
Derivatives—liabilities	(5,834)	9,334	13,209	(10,276)	1,244
Securities financing—liabilities	11,362	15,729	818	(6,963)	(18,367)
Due to banks	2,652	4,333	4,018	(5,007)	(1,928)
Demand deposits	5,514	4,933	7,844	6,864	3,747
Saving deposits	5,536	2,468	1,147	6,085	6,648
Time deposits	502	(916)	(2,575)	(6,394)	2,444
Other due to customers	13	(213)	(210)	21	(96)
Liabilities arising from insurance and investment contracts	(148)	(119)	(140)	(263)	(243)
Net changes in all other operational assets and liabilities	187	(1,184)	(1,428)	1,795	150
Dividend received from associates	44	35	104	58	66
Income tax paid	(214)	(62)	(56)	73	(581)
Cash flow from operating activities	*17,832*	*10,382*	*15,121*	*15,046*	*6,249*
Investing activities:					
Purchases of financial investments	(12,200)	(18,350)	(22,986)	(14,308)	(4,952)
Proceeds from sales and redemptions of financial investments	13,466	7,867	12,206	7,150	3,547
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures	(23)	(98)	241	(95)	(73)
Divestments of subsidiaries (net of cash sold), associates and joint ventures	132	74	82	(187)	67
Purchases of property and equipment	(191)	(177)	(258)	(238)	(268)
Proceeds from sales of property and equipment	117	75	73	110	64
Purchases of intangible assets	(30)	(107)	(120)	(21)	(24)
Other changes		—	—	—	(5)
Cash flow from investing activities	*1,271*	*(10,714)*	*(10,762)*	*(7,589)*	*(1,644)*
Financing activities:					
Proceeds from the issuance of debt	30,012	22,040	23,890	43,881	79,014
Repayment of issued debt	(28,535)	(32,239)	(39,108)	(47,919)	(83,232)
Proceeds from subordinated liabilities issued	2,839	—	—	—	2,794
Repayment of subordinated liabilities issued	(1,653)	(51)	(51)	(1,497)	(23)
Ageas settlement	—	—	—	—	(400)
Preference shares settlement	—	—	—	(210)	—
Proceeds from capital securities	993				
Dividends paid to the owners of the parent company	(625)	(200)	(325)	(412)	(63)
Repayment of capital (including minority interests)		—	—	(3)	—
Cash flow from financing activities	*3,030*	*(10,450)*	*(15,595)*	*(6,160)*	*(1,910)*
Net increase/(decrease) of cash and cash equivalents	***22,133***	***(10,782)***	***(11,236)***	***1,297***	***2,695***
Cash and cash equivalents as at 1 January	4,212	15,319	15,319	14,091	11,404
Effect of exchange rate differences on cash and cash equivalents	72	117	128	(69)	(8)
Cash and cash equivalents as at period end	**26,417**	**4,654**	**4,212**	**15,319**	**14,091**
Supplementary disclosure of operating cash flow information:					
Interest paid	5,513	5,892	7,519	7,697	8,057
Interest received	10,768	9,880	13,259	12,466	13,099
Dividends received from investments	51	63	71	38	59

Reconciliation of Reported to Underlying Results

Unless otherwise stated, results of operations are presented based on underlying results, which are derived by adjusting the results reported above in accordance with EU IFRS for defined Special Items, which are discussed below. Management believes these non-IFRS underlying results provide a better understanding of the underlying trends in historical financial performance. The tables below show a reconciliation of the Group's reported results to underlying results of operations for the nine months ended 30 September 2015 and 2014 and for the years ended 31 December 2014, 2013 and 2012.

Reconciliation of Reported to Underlying Results

	Nine months ended 30 September 2015		
	Reported	**Special Items**	**Underlying**
	(unaudited)	**(unaudited)**	**(unaudited)**
		(in millions of euros)	
Net interest income	4,580	—	4,580
Net fee and commission income	1,375	—	1,375
Other operating income[1]	449	—	449
Operating income	*6,403*	—	*6,403*
Personnel expenses	1,852	—	1,852
Other expenses[2]	1,847	—	1,847
Operating expenses	3,700	—	3,700
Operating result	***2,703***	**—**	***2,703***
Impairment charges on loans and other receivables	381	—	381
Profit/(loss) before tax	***2,322***	**—**	***2,322***
Income tax expense	670	—	670
Profit/(loss) for the year	**1,652**	**—**	**1,652**

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

Reconciliation of Reported to Underlying Results

	Nine months ended 30 September 2014		
	Reported	**Special Items**	**Underlying**
	(unaudited)	**(unaudited)**	**(unaudited)**
		(in millions of euros)	
Net interest income	4,403	—	4,403
Net fee and commission income	1,260	—	1,260
Other operating income[1]	246	—	246
Operating income	*5,910*	—	*5,910*
Personnel expenses	2,035	288	1,747
Other expenses[2]	1,906	201	1,705
Operating expenses	3,941	489	3,452
Operating result	***1,969***	***(489)***	***2,457***
Impairment charges on loans and other receivables	990	—	990
Profit/(loss) before tax	***978***	***(489)***	***1,467***
Income tax expense	245	(72)	317
Profit/(loss) for the year	**734**	**(417)**	**1,151**

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

Reconciliation of Reported to Underlying Results

	Year ended 31 December 2014		
	Reported	**Special Items**	**Underlying**
	(audited)	**(unaudited)**	**(unaudited)**
		(in millions of euros)	
Net interest income	6,023	—	6,023
Net fee and commission income	1,691	—	1,691
Other operating income(1)	341	—	341
Operating income	*8,055*	—	*8,055*
Personnel expenses	2,684	288	2,396
Other expenses(2)	2,654	201	2,453
Operating expenses	5,338	489	4,849
Operating result	***2,717***	***(489)***	***3,206***
Impairment charges on loans and other receivables	1,171	—	1,171
Profit/(loss) before tax	***1,546***	***(489)***	***2,035***
Income tax expense	412	(72)	484
Profit/(loss) for the year	**1,134**	**(417)**	**1,551**

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

Reconciliation of Reported to Underlying Results

	Year ended 31 December 2013		
	Reported	**Special Items**	**Underlying**
	(audited)	**(unaudited)**	**(unaudited)**
		(in millions of euros)	
Net interest income	5,380	—	5,380
Net fee and commission income	1,643	—	1,643
Other operating income(1)	301	(122)	423
Operating income	*7,324*	*(122)*	*7,446*
Personnel expenses	2,357	37	2,320
Other expenses(2)	2,413	—	2,413
Operating expenses	4,770	37	4,733
Operating result	***2,554***	***(159)***	***2,713***
Impairment charges on loans and other receivables	983	(684)	1,667
Profit/(loss) before tax	***1,571***	***525***	***1,046***
Income tax expense	411	117	294
Profit/(loss) for the year	**1,160**	**408**	**752**

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

Reconciliation of Reported to Underlying Results

	Year ended 31 December 2012		
	Reported (audited)	Special Items (unaudited)	Underlying (unaudited)
	(in millions of euros)		
Net interest income	5,028	—	5,028
Net fee and commission income	1,556	—	1,556
Other operating income[(1)]	754	215	539
Operating income	*7,338*	*215*	*7,123*
Personnel expenses	2,151	178	1,973
Other expenses[(2)]	2,534	272	2,263
Operating expenses	4,686	450	4,236
Operating result	***2,653***	***(235)***	***2,887***
Impairment charges on loans and other receivables	1,228	(203)	1,431
Profit/(loss) before tax	***1,424***	***(32)***	***1,456***
Income tax expense	271	(73)	344
Profit/(loss) for the year	**1,153**	**41**	**1,112**

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

Special Items

As described above and in "Important Information—Presentation of Financial and Other Information—Non- IFRS information and other statistics", the Group adjusts its EU IFRS reported results to exclude the impact of certain special items (the "**Special Items**") in order to derive its underlying results. Management believes these non-IFRS underlying results provide a better understanding of the underlying trends in the Group's historical financial performance. The statutory results reported in accordance with Group accounting policies have been adjusted for defined Special Items. Special Items are material and non-recurring items which are not related to normal business activities. Balance sheet, risk and capital information have not been adjusted for Special Items.

The below tables set forth an explanation of the Special Items for the nine months ended 30 September 2015 and 2014 and for the years ended 31 December 2014, 2013 and 2012 and their impact on the Group's reported results of operations, as illustrated in the reconciliation tables above.

Impact of Special Items (unaudited)

	Nine months ended 30 September		Year ended 31 December		
	2015	2014	2014	2013	2012
	(in millions of euros)				
Operating income					
Positive revaluations EC Remedy related provisions[(1)]	—	—	—	—	215
Reassessment of discontinued securities financing activities[(2)]	—	—	—	(70)	—
Costs of wind down non-client-related equity derivatives activities[(3)]	—	—	—	(52)	—
Total impact on operating income	—	—	—	*(122)*	*215*
Operating expenses					
Separation and integration costs[(4)]	—	—	—	—	450
Restructuring provision[(5)]	—	—	—	37	—
Pension settlement charge[(6)]	—	288	288	—	—
SNS levy[(7)]	—	201	201	—	—
Total impact on operating expenses	—	*489*	*489*	*37*	*450*
Loan impairments					
Greek releases[(8)]	—	—	—	(432)	(125)
Madoff releases[(9)]	—	—	—	(252)	(78)
Total impact on loan impairments	—	—	—	*(684)*	*(203)*
Total impact on income tax expenses		(72)	(72)	117	(73)
Total impact on profit/(loss) for the period		**(417)**	**(417)**	**408**	**41**

(1) In connection with the EC Remedy, the Group provided a financial guarantee covering part of the potential credit losses on the portfolio that existed at the time of closing the sale under the EC Remedy (the "**Credit Umbrella**"). The value of the guarantee was assessed on a

quarterly basis with revaluation effects recorded in the income statement under Other income (part of Other operating income). The Credit Umbrella was settled at the end of 2012, and the remaining net value was released to the income statement. Following the settlement of the Credit Umbrella, some other EC Remedy related provisions were also released.

(2) Reassessment of receivables from part of the securities financing activities conducted outside the Netherlands which were discontinued as from 2009.

(3) In the first quarter of 2013, the Group decided to wind down its remaining non-client related equity derivative activities.

(4) The formation of the Group was a result of various legal and operational separation and integration activities, a merger and a legal demerger. Costs related to these separation and integration activities are indicated as separation and integration costs. These costs related primarily to the integration restructuring provision, IT and IT-related consultants (totalling EUR 262 million excluding personnel expenses) and the merger of the two Dutch pension funds (EUR 162 million).

(5) The addition to the restructuring provision recorded in Group Functions concerned a reorganisation of Corporate Banking in order to further improve efficiency.

(6) As part of the collective labour agreement in the first half of 2014, the Group changed the pension plan for its employees from a defined benefit plan to a collective defined contribution plan. As a result, the liability recorded in the balance sheet relating to the defined benefit plan was released to the income statement leading to a negative impact on personnel expenses.

(7) In 2013, the Dutch government decided to nationalise SNS Reaal. The total amount to be contributed by the sector was approximately EUR 1 billion, of which EUR 201 million was to be contributed by the Group spread over the first 3 quarters of 2014.

(8) In the legal demerger of ABN AMRO Bank N.V., a portfolio of Greek government-guaranteed corporate exposures was allocated to the Group. As a result of the private sector initiative in early 2012, the Group had to take a significant impairment loss on these exposures in 2011. In the course of 2012 and 2013, the Group was able to gradually divest the exposures, while recovering part of the impairment charges. The last tranche was sold in the October 2013.

(9) Through its Prime Fund Solutions activities, which were divested in 2011, the Group provided loans to client funds collateralised by securities. Some of these client funds were invested in Bernard L. Madoff Investment Securities, which was posted as collateral for the loans. Following the discovery of the fraud related to these securities, the securities, and therefore the collateral, became worthless and the clients went bankrupt. As a result, the Company fully impaired these exposures, as the expected recovery was zero. In 2011, 2012 and 2013, the Group released part of these impairment allowances as the Group sold collateral related to these Madoff files.

Key indicators and other ratios (unaudited)

	Nine months ended 30 September		Year ended 31 December		
	2015	2014	2014	2013	2012
Underlying cost/income ratio (in %)	58%	58%	60%	64%	59%
Underlying return on average Equity[(1)] (EU IFRS, in %)	14.0%	11.0%	10.9%	5.5%	8.2%
Underlying cost of risk[(2)] (in bps)	19	51	45	63	54
Underlying profit (in millions)	1,652	1,151	1,551	752	1,112
Reported cost/income ratio (in %)	58%	67%	66%	65%	64%
Reported return on average Equity[(1)] (EU IFRS, in %)	14.0%	7.0%	8.0%	8.5%	8.5%
Reported cost of risk[(2)] (in bps)	19	51	45	37	46
Reported profit (in millions)	1,652	734	1,134	1,160	1,153

	As at 30 September	As at 31 December		
	2015	2014	2013	2012
Fully-loaded CT1/CET1 ratio[(3)] (in %)	14.8%	14.1%	12.2%	10.0%
Total risk weighted assets[(4)] (in billions)	110.6	109.6	109.0	121.5
Loan-to-Deposit ratio (in %)	110%	117%	121%	125%
Client assets[(5)] (in billions)	305.5	302.5	276.9	265.8
FTEs	22,101	22,215	22,289	23,059

(1) Underlying profit divided by monthly average shareholders' equity.

(2) Impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(3) 30 September 2015 and 31 December 2014 figures in accordance with the Basel III/CRD IV framework. 31 December 2013 and 2012 according to pro forma Basel III.

(4) 30 September 2015 and 31 December 2014 figures in accordance with the Basel III/CRD IV framework. 31 December 2013 and 2012 under Basel II.

(5) Clients Assets consists of the total liquidity volume and the total securities volume of the Group's clients, including restricted and custody shares.

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of the Group's results of operations and financial condition relates to the Group's Historical Financial Information. This should be read, subject to the cautionary statements noted in "Risk Factors", in conjunction with the Historical Financial Information and the related notes and other financial information included elsewhere in this Prospectus.

The Historical Financial Information is presented in euros, which is the presentation currency of the Group, rounded to the nearest million (unless otherwise noted). Certain figures in this section may not add up exactly due to rounding. In addition, certain percentages in this section have been calculated using rounded figures.

This Prospectus presents certain financial measures that are not measures defined under EU IFRS, including regulatory capital, risk weighted assets and underlying results. These non-IFRS financial measures are not measures of financial performance under EU IFRS and should not be considered as an alternative to any EU IFRS financial measure. In addition, such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies, because the abovementioned non-IFRS financial measures are not uniformly defined and other companies may calculate them in a manner different from the way the Group does, limiting their usefulness as comparative measures. The Group believes that these non-IFRS measures are important to understand the Group's performance and capital position.

Unless otherwise stated, results of operations are presented based on underlying results, which are derived by adjusting the results reported above in accordance with EU IFRS for defined Special Items, which are discussed in "Selected Historical Financial and Operational Information—Reconciliation of Reported to Underlying Results". Management believes these non-IFRS underlying results provide a better understanding of the underlying trends in historical financial performance. Underlying results are unaudited.

For a discussion of how the Group calculates these non-IFRS measures, see "Important Information—Presentation of Financial and Other Information—Non-IFRS information and other statistics".

INTRODUCTION

Overview

The Group is a leading Dutch full service bank with a transparent and client-driven business model, a moderate risk profile, a clean balance sheet with predominantly traditional banking products, and a strong capital position and funding profile. The Group services retail, private, and corporate banking clients with a primary focus on the Netherlands and with selective operations internationally. The Group holds a strong position in the Netherlands across all three market segments:[5] Retail Banking, Private Banking and Corporate Banking. The Group believes it has a stable client base that generates recurring and resilient operating income.

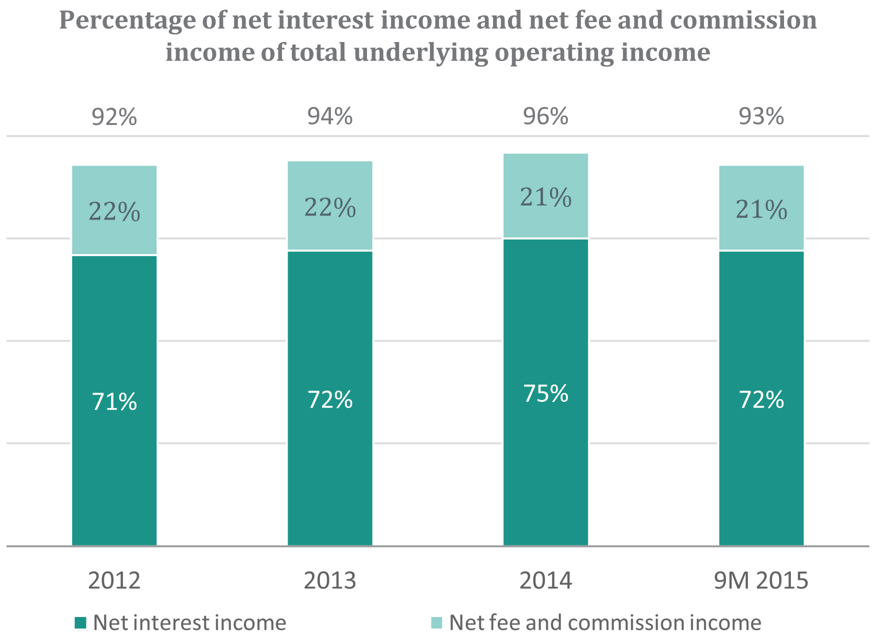
KEY DRIVERS OF PROFITABILITY

The profitability of the Group is mainly affected by the following key income and expense drivers as well as loan impairments, as specified below.

5 For sources of the strong market positions of the three segments, please see "Business—Retail Banking", "Business—Private Banking" and "Business—Corporate Banking"

Key drivers of operating income

The Group's operating income mainly results from interest-based business and fee and commission-based business. These businesses generate net interest income and net fee and commission income as shown in the following chart.



Interest-based business

Interest-based revenue is the largest contributor to the Group's operating income, generating 72% of total operating income for the nine months ended 30 September 2015 and 75% of total operating income in 2014. The Group earns interest ("**Interest income**") on assets such as residential mortgages, consumer loans, commercial loans and other assets. The Group pays interest ("**Interest expense**") on its liabilities to depositors and other creditors. Net interest income ("**NII**") is the difference between interest income and interest expenses. For the nine months ended 30 September 2015, Retail Banking generated 55% of the Group's net interest income, Corporate Banking 35% and Private Banking 10%. In 2014, Retail Banking generated 56% of the Group's net interest income, Corporate Banking 34% and Private Banking 10%.

The Group's net interest income is driven by the combination of the proceeds of lending and the cost of funding (through deposits and wholesale funding). The asset side of the balance sheet is generally less volatile to changes in interest rates compared to the liability side of the balance sheet. This is due to the fact that a significant proportion of the assets have a longer term fixed interest and maturity whereas liabilities typically have a shorter term or no maturity and variable interest rates, and thus re-price quickly in reaction to a change in market interest rates. Interest rate increases will therefore initially have a negative effect on net interest income. The net interest income can be analysed by two components: the net interest income generated through business activities and the asset & liability management ("**ALM**") mismatch result.

Net interest income from business activities comprises the business margin as well as capital[6] and indirect liquidity[7] costs. The business margin is defined as the margin the business makes on granting loans to or taking in deposits from clients as well as interest-related fees, for example commitment fees charged on current accounts. The business margin should cover the required return on allocated equity and all remaining operational and risk costs borne by the business. To be able to determine the business margin, the related cost of funding is needed. ALM charges (in case of an asset) or compensates (in case of a liability) the cost of funds to the business, which is done through the funds transfer pricing ("**FTP**") methodology. The Group's policy is that interest rate risk and liquidity risk related to the interest-based business is managed centrally by ALM within Group Functions and that the business is responsible for the business margin. To enable ALM to manage these risks, the risks are transferred from the business to ALM by application of the FTP methodology. The FTP is comprised of an interest base rate (*e.g.*, EURIBOR/LIBOR), based on the interest maturity of the transaction, and a liquidity spread, based on the contractual or behavioural maturity of the transaction. Business segments either pay the FTP rate to, for loans and other receivables, or receive the FTP rate from, for deposits, ALM. The mismatch in maturities between assets and liabilities is managed centrally by ALM and the resultant interest mismatch position is defined as the interest results recorded in ALM. Generally, the steering of the interest mismatch position is done via hedging transactions, with the aim of reducing the sensitivity of the net interest income to future interest rates moves. From time to time, the Group may try to enhance its interest income by anticipating future interest rate moves and taking, for example, certain positions in the swap market.

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6 Capital costs are costs incurred by ALM for maintaining capital buffers on top of equity. These costs are not part of the FTP and are charged lump sum by ALM to the business

7 Indirect liquidity costs are costs incurred by ALM for maintaining a liquidity buffer. These costs are not part of the FTP and are charged lump sum by ALM to the business

Fee and commission-based business

The secondary contributor to the Group's operating income is fee and commission-based business, generating 21% of total Group operating income in the nine months ended 30 September 2015 and 21% of total Group operating income in 2014. Fee and commission income can arise as compensation for services provided by the Group to its clients. This income can arise from transaction services, asset management services, payment services or other services. The profitability of fee and commission-based businesses depends on the fees and commissions charged to the client for providing these services and the related fee and commission expenses incurred by the Group. In the nine months ended 30 September 2015, Corporate Banking generated 41% of the Group's net fee and commission income, Private Banking 34% and Retail Banking 29%, and in 2014, Corporate Banking generated 38% of the Group's net fee and commission income, Private Banking 32% and Retail Banking 31%.

Within the Group the main fee contributors are:

1. Transaction fees on securities and custodian services

Transaction fees on securities and custodian services are fees charged to clients for safekeeping and buying or selling securities by order of clients. The majority of these transaction fees on securities arises from the Group's Clearing activities and Private Banking.

2. Payment services fees

Payment services fees are generated from providing payment products and services to clients. These concern products and services facilitating efficient payment transactions, such as debit and credit cards, acceptance of cash and non-cash payments (*e.g.*, cheque), granting of bank guarantees, and the offering of bank accounts. This type of fees arises mainly from Retail Banking and Corporate Banking Clients.

3. Asset Management fees

Asset Management fees arise mainly from discretionary portfolio management, where the client hands over assets to be managed by the Group, and investment advisory, where the Group advises the client on how to manage his or her assets. The main contribution to asset management fees come from Private Banking:

- Discretionary portfolio management fees are generated from an all-in fee. An all-in fee means that no additional charges are levied on top of the fee paid for the investment services. The fee is a fixed percentage over the asset value. The percentage is based on the total asset value of the client and the risk profile of the client.

- Investment advisory fees arise from either an all-in fee or an advice fee. The main difference between all-in fee and advice fee is that transaction costs are included in the all-in fee and are charged separately as a transaction fee in the latter.

4. Guarantees and commitment fees

A guarantee given by the bank is mainly paid for by a one-off percentage of the guaranteed limit. A commitment fee is the pricing of the unutilised portion of a credit facility. These types of fees arise predominantly in Corporate Banking.

Fees and commissions are impacted by economic developments in general (*i.e.,* fewer payments and less guarantees fees as a result of lower economic activity) and the performance of securities markets in particular (lower number and volume of transactions resulting in less transaction and asset management fees). Transaction fees also benefit from volatility, even if markets go down.

Key drivers of operating expenses

Personnel expenses

Banking is a human-capital-intensive business, as it is, for an important part, a relationship-driven business with increasing compliance and risk management requirements. Therefore, personnel expenses contribute significantly to the Group's expenses and amounted to 50% of the Group's operating expenses for the nine months ended 30 September 2015, 49% of the Group's total expenses in 2014, 49% of the Group's operating expenses in 2013 and 47% of the Group's operating expenses in 2012. This means that the Group is dependent on conditions and trends in local labour markets, primarily the Dutch market. Personnel expenses comprise all expenses related to personnel on the payroll of the Group and consist of fixed salary, employer social security charges, employee benefits (*e.g.*, pension premiums, jubilee benefits (one-off benefits for staff at 25 and 40 years of employment)) and variable remuneration. Expenses related to personnel not on the Group's payroll, such as external consultants and temporary staff, are included in general and administrative expenses.

The majority of the Group's personnel expenses consist of salaries and wages in addition to pension expenses. In 2012 and 2013, pension expenses consisted mainly of pension expenses related to the defined benefit plan. In 2014, the Group reached agreement with the trade unions and the ABN AMRO Pension Fund on a new pension plan for its employees in the Netherlands. As a result, the liability recorded in the balance sheet relating to the defined benefit plan was released to the income statement in 2014, leading to a negative impact on personnel expenses, treated as a Special Item. Under the new Dutch Collective Defined Contribution ("**CDC**") plan, effective as from 6 June 2014, the annual pension contributions are calculated according to a fixed contribution calculation mechanism. This mechanism contains certain elements, for example interest rate levels. The annual pension contribution is maximised at 35% of the pensionable salary plus a fixed amount of EUR 25 million. For 2015, the pension expense for the Dutch CDC plan is estimated to be approximately EUR 290 million, which is lower than the maximum annual pension expense of the pensionable salary of approximately EUR 350 million.

General and administrative expenses

Financial services companies typically have relatively large fixed operating costs related to automated product and transaction systems that bear little to no direct relationship with the business volume. This means that an increase in the business volume may not be fully translated into expense growth, and vice versa. Expense savings mainly come from the periodic improvement of the efficiency of administrative processes and systems.

The majority of General and administrative expenses relate to information technology followed by agency staff, contractors and consultancy costs. General and administrative expenses amounted to 46% of the Group's operating expenses in the nine months ended 30 September 2015, 46% of the Group's operating expenses in 2014, 46% of the Group's operating expenses in 2013 and 47% of the Group's operating expenses in 2012.

Regulatory charges have increased sharply in the period under review and are expected to increase further. Regulatory charges are all expenses directly charged by regulatory or supervisory institutions to the Group (see also "Key Factors Affecting Financial Condition and Financial Results—Regulatory developments" below). Regulatory charges mainly comprise:

Bank Tax

Following the 2008 financial crisis, several countries introduced additional charges to the financial services industry. These charges are commonly known as bank taxes ("**Bank Taxes**" or "**Bank Tax**"). Bank Taxes are paid to local tax authorities. The amount of Bank Tax to be paid in the fourth quarter is based upon the preceding December adjusted EU IFRS consolidated balance sheet total of the Group and charged to the income statement. See also "Risk Factors—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects".

As from 2015 and beyond, the following additional regulatory charges are expected to be charged to the Group:

Deposit Guarantee Scheme (DGS)

As per the implementation of the Dutch DGS, expected before the end of 2015, banks gathering guaranteed deposits under a Dutch banking license will be required by law to fund the DGS. The contributions are based on the level of deposits guaranteed and the risk profile of the bank, as determined by the regulator. The contributions of the Group to the Dutch DGS have to be paid quarterly. The Group is also subject to several DGSs outside the Netherlands. For other countries than the Netherlands, the contributions and terms and conditions can differ from the Dutch DGS. See "Risk Factors—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects".

National Resolution Fund and Single Resolution Fund

The Group will have to make contributions to the National Resolution Funds in 2015 and to the Single Resolution Fund as of 1 January 2016. For further information, please see "Risk Factors—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects".

The terms and conditions for the contributions to the Funds as mentioned above can vary in different countries or regions.

European Central Bank

As of 4 November 2014 the European Central Bank assumed supervisory oversight of the Group in a joint supervisory team with the Dutch Central Bank. From 2015, the Group is required to pay a yearly contribution for this supervision.

In addition to the abovementioned regulatory charges, the Group has seen an increase of costs related to implementation and compliance with new regulations.

Key drivers of impairment charges on loans and other receivables

The Group's results are also affected by the level of impairment charges on loans and other receivables. These impairment charges result from changes in the quality of assets, in particular in Retail Banking and Corporate Banking. The quality of assets is impacted by the economic developments in general and the housing market in particular, as the residential mortgage portfolio counts for more than 50% of the Group's loan book. Impairment charges on loans and other receivables are closely related to the interest-based business, as it is based on credit risk and compensation for credit risk is charged to the client as part of the business margin on interest-earning assets.

Key drivers of income tax

The Group's results are also affected by the corporate tax rates in the jurisdictions in which it has operating entities. The Group expects its corporate tax rate in the Netherlands to be 25%; however, some items are non deductible, such as Bank Tax, results from certain equity participations, results from sales of qualifying participations and/or subsidiaries. The effective tax rate for the group is expected to be broadly in line with the corporate tax rate in the Netherlands of 25% in the coming years. For 2015, the effective tax rate is expected to be slightly higher than what is expected in the coming years due to re-assessment of the Group's tax position. The effective tax rate for the first nine months of 2015 was 29%.

KEY FACTORS AFFECTING FINANCIAL CONDITION AND FINANCIAL RESULTS

The Group's business and performance, including its financial results, are affected by Dutch, European and global economic and market conditions and future economic prospects, particularly in the Netherlands in which the Group's operating income is predominantly generated (81% for the nine months ended 30 September 2015 and 81%, 82%, and 82% for the years ended 31 December 2014, 2013, and 2012, respectively).

The Group's results are also affected by the developments in the Dutch housing and mortgage market with residential mortgages comprising 37% of the Group's total assets as at 30 September 2015 and 39%, 41%, and 40% of the Group's total assets as at 31 December 2014, 2013 and 2012, respectively. Finally, regulatory developments in Europe and the Netherlands have also had an impact on the Group's financial results and are expected to continue to affect the Group's results in the near future.

Economic developments

Given the open and export-oriented nature of its economy, the Netherlands is particularly affected by developments in the global economy, especially the European economy. A divergence in economic developments across different regions has been a characteristic of global growth in the past several years.

The US economy has demonstrated a moderate pace of recovery since 2011. In the first half of 2015, this trend continued. Economic indicators point towards an ongoing expansion of gross domestic product ("**GDP**") in the second half, although the rate of expansion has slowed compared to the first half of 2015. The Japanese economy reported no growth in 2014, despite quantitative easing measures undertaken by the Bank of Japan. However, the Japanese economy expanded in the first half of 2015 and economic indicators point towards further modest GDP growth in the second half of this year. Emerging markets in Asia showed 6.3% growth in 2014, to a large extent driven by the Chinese and Indian economies. GDP figures show a gradual further slowdown in the Chinese economy. Economic growth will likely continue to gradually slow in the coming years. The Chinese authorities have introduced stimulus measures to offset the sharp slowdown in the industrial sector and in investment spending. Managing an orderly deleveraging of debt due to large debt levels in certain sectors will be a challenge in coming years. Growth in Latin America has been slowing as well, including the Brazilian economy. For 2016, however, economic indicators point towards some improvement in Latin America.

Global trade has increased at a steady, albeit modest pace in recent years. In the first half of 2015, however, the volume of world trade did not show further growth. This was partly attributable to the slower pace of growth in China, and falling commodity prices. Falling commodity prices strongly affected growth of commodity exporting emerging countries. There is also some evidence that world trade growth will be structurally slower. Modest growth is expected in the global economy and trade going forward.

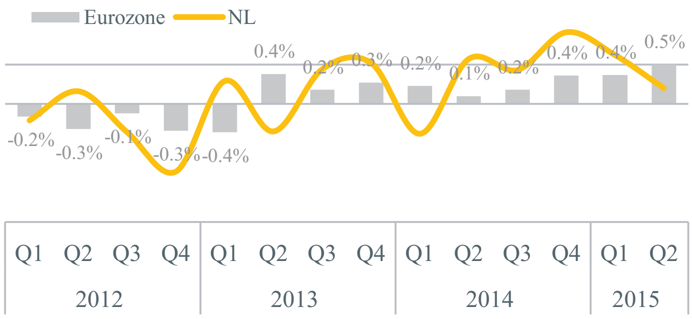
Diverging monetary policies—guidance for pending interest rate hikes by the US Federal Reserve, in contrast to increased quantitative easing and commitment to near-zero interest rate levels going forward by the ECB and Bank of Japan—made the US dollar more attractive on the currency market. The consistent appreciation of the euro against the US dollar in previous years has given way to depreciation since May 2014. However, the dollar appreciation came to an end in the spring of 2015. In the nine months ended September 30, 2015, the US dollar was weaker than the euro as compared to the first half 2015.

After having contracted for the previous two years, GDP in the Eurozone increased in 2014. In the first half of 2015, economic growth improved. Economic indicators point towards economic recovery, though there has been some loss of momentum reflecting slower growth in emerging markets and the market volatility related to risks in these regions. A moderate recovery is expected to continue in the coming quarters. The drop in oil prices, the fall in the euro and the easing of bank lending conditions may increase growth, and the ECB's quantitative easing programme is expected to improve financial conditions further. Furthermore, companies are expected to increase investment and hiring. Nevertheless, there are increasing downside risks to the growth outlook as the global economy may weaken due to slower growth in emerging markets.

After seven years of below trend growth, the Dutch economy is now growing robustly at a faster rate than in 2014. In the first half of this year, GDP grew at a faster rate, accelerating to a year-on-year average of about 2.4%. There is also broader growth than in previous years—apart from exports, which continued to increase in the recent lean years, investment and subsequently consumption have contributed to GDP growth. Bankruptcies and unemployment have been decreasing over the past several years. Thanks to reductions in tax rates, growth in 2016 could be slightly higher than this year.

GDP, Eurozone vs the Netherlands

(in % growth QoQ)



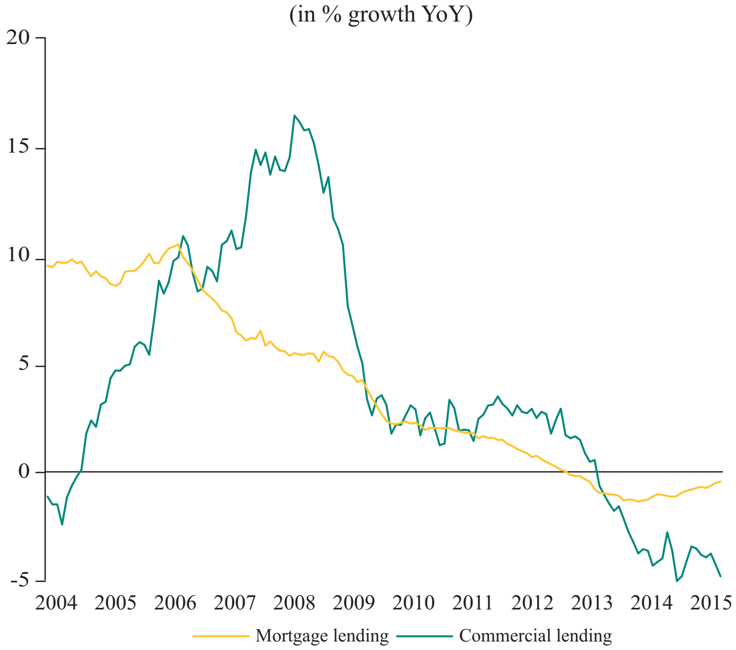
Source: Thomson Reuters Data Stream, CBS

Lending market

In the period under review the volume of outstanding residential mortgages of the Group declined, while corporate lending contracted slightly, with SMEs being hit particularly hard. Lending surveys conducted by DNB amongst Dutch financial institutions show that stricter conditions were applied to lending to SMEs and mortgages due partly to rising costs of capital for banks together with gloomy risk perceptions caused by the after-effects of the euro crisis. Due to the recession, there were fewer creditworthy companies requesting credit.

Commercial and mortgage lending by Dutch financial institutions

(in % growth YoY)



Source: DNB as at October 2015

Dutch housing and mortgage market

Fiscal regulations play an important role in the Dutch residential mortgage market. Interest paid on Dutch residential mortgages can generally be deducted for income tax purposes. In the past, homeowners maximised the benefit of mortgage tax relief and accordingly preferred interest-only mortgages and entered into high loan-to-value mortgages. As a result, the volume of outstanding mortgages became relatively large compared to the size of the economy. However, new regulations effective as of January 2013 substantially limit the tax deductibility of interest paid on Dutch residential mortgages. The maximum rate at which homeowners can deduct mortgage interest is being lowered by half a percentage point per year from 52% in 2013 to 38% in 2041. In addition, tax deductibility for new mortgage loans has become conditional on amortisation and mortgage regulation has become stricter. The maximum loan-to-value ratio is decreasing by one percentage point per year to 100% in 2018 and the loan–to-income ratio has been curtailed.

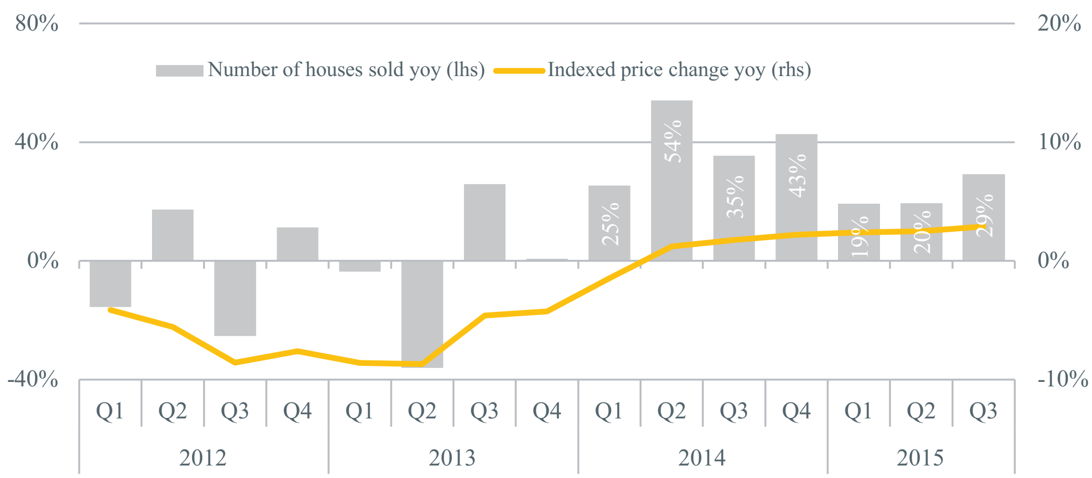
For additional detail on the new regulations, see "Risk Factors—7. Changed legislation applicable to mortgages in the Netherlands may have a significant impact on the Group's mortgage business" and "Risk Factors—39. Major changes in laws and regulations and in their interpretation could adversely affect the Group's business, financial condition, results of operations and prospects".

Prior to the announcement of these adjustments, house prices dropped dramatically. Uncertainty about the fiscal treatment in combination with the weak economic outlook put a damper on the Dutch housing market. The house price correction and the drop in transactions were deeper in the Netherlands than in neighbouring countries.

However, once the adjustments took effect consumer confidence recovered and the housing market gained strength. In the course of 2013, the number of transactions started to increase again after seven years of decline. Close to a year later house prices also started to rise. According to the Statistics Netherlands (CBS), the number of houses sold was up by close to 40% in 2014 compared with 2013. House prices were up by nearly 1%. The recovery continued in 2015. In September 2015, house prices were up 3.5% year-on-year and transactions increased by 26% year-on-year. The strong recovery in the Dutch housing market was supported by fiscal incentives, of which the elevated gift tax exemption had the most visible effect in the fourth quarter of 2014. The elevated gift tax exemption was a measure taken by the Dutch government that allowed everyone to receive up to EUR 100,000 tax free from anyone as long as the gift was invested in a home or outstanding mortgage. The elevated gift tax exemption was in place from 1 October 2013 until 1 January 2015. In addition, in order to reduce the mortgage debt and loan-to-value ratio for homeowners, the Dutch government has announced its intention to introduce an elevated gift tax exemption of EUR 100,000 as of 2017. This fiscal incentive may also impact the Group's mortgage book if clients use these amounts for pre-payment on existing loans or to purchase a new property.

House Prices and houses sold

(YoY change in average price houses sold and number of houses sold)



Source: CBS

Regulatory developments

The Group conducts its business in an environment that is highly regulated by financial services laws and regulations, corporate governance and administrative requirements and policies, in most or all of the locations in which it operates or enters into transactions with clients or other parties. As of 4 November 2014, the ECB has become the primary supervisory authority of the Group. For certain matters the Group will remain subject to supervision by local supervisory authorities such as the DNB and the AFM.

The changing regulatory environment has affected, and will continue to affect, the Group's results of operations in a number of ways. The Basel III Framework implemented in the EEA through CRD IV and the CRR have resulted in the Group being subject to stricter and higher capital and liquidity requirements. Future changes may also affect the scope, coverage, or calculation of capital and risk weighted assets, all of which could require the Group to reduce business levels or to raise capital.

In 2013 and 2014, the ECB conducted an Asset Quality Review ("**AQR**") and stress test in preparation of the Single Supervisory Mechanism to ensure greater transparency of banks' balance sheets and consistency of supervisory practices in Europe and with the stated purpose, among others, of assuring stakeholders that banks are fundamentally sound and trustworthy. The ECB aimed to enhance transparency of banks' balance sheets through the AQR by reviewing asset quality, including the adequacy of asset and collateral valuations and related provisions. Under the AQR, the ECB reviewed selected portfolios covering at least 50% of a bank's risk weighted assets. In the Group's case, the AQR covered over 60% of total RWA (REA) and included large parts of the Group's exposures in shipping, SMEs, real estate and mortgages. The outcome of the AQR did not lead to restatements on the Group's capital position. The stress test provided a view on the shock-absorption capacity of the Group under certain stress scenarios set by the ECB and applied to all EU banks in scope. The stress test results confirmed that the Group is well capitalised and has sufficient buffers to absorb various losses and economic shocks. The stress test did not take into account future business strategies and management action for new regulatory changes and is not a forecast of the Group's profits.

Additionally, the Group's results of operations are influenced by the regulatory costs imposed by, and associated with, new regulations. The DGSD is expected to be transposed into national law before the end of 2015 and will establish the new *ex-ante* funding system for the DGS to guarantee repayment of certain client deposits up to EUR 100,000 held at European banks in the event of bankruptcy or resolution. Contributions will be based on the covered deposits of the bank and risk based contributions, but Member States may also impose minimum contributions. The *ex-ante* funding system is expected to increase the Group's expenses in connection with the DGS. In addition, if the available financial means of a DGS are insufficient to repay depositors when deposits become unavailable, an additional contribution may be required, which will in principle not exceed 0.5% of the covered deposits held with the regulated banks within the Group per calendar year.

Also in connection with European regulation, BRRD entered into force on 2 July 2014, requiring banks to contribute in 2015 to National Resolution Funds. As of 1 January 2016, the Group will be required to contribute to the Single Resolution Fund. The individual contribution of each bank will be based on a flat contribution (that is pro-rata based on the amount of liabilities excluding own funds and covered deposits, in comparison to the total liabilities, excluding own funds and covered deposits, of all participating banks) and a risk based contribution. In addition, where the funds of the Single Resolution Fund are not sufficient to cover the losses, costs or other expenses incurred by the use of the Single Resolution Fund in resolution actions, extraordinary ex-post contributions from the participating banks may be raised, with a maximum of three times the annual amount of the individual contribution. The funding obligation will enter into force on 1 January 2016, and after 8 years from that date, the available financial means of the Single Resolution Fund must in principle be at least 1% of the amount of covered deposits of all participating banks. As a result of the DGS, the National Resolution Funds and the Single Resolution Fund, the Group's operating expenses will structurally increase as of 2015. Besides the EU DGS and the EU Single Resolution Fund, the Group is required to pay a yearly contribution for the ECB supervision. In addition, the Group is also subject to specific regulatory costs imposed by the Dutch State, for example the Bank Tax, which amounted EUR 91 million in 2014 (EUR 106 million in 2013). The Group expects total regulatory levies for 2015 to amount to approximately EUR 246 million, of which approximately EUR 103 million[8] comprises Bank Tax (non deductible), approximately EUR 115 million[9] comprises contribution to the National Resolution Funds (tax deductible and amount pending finalization of regulation) and approximately EUR 28 million[10] comprises contribution to the (European) DGS (tax deductible and amount pending finalization of regulation). These levies will be recorded in the fourth quarter of 2015 and will be charged to the income statement. Regulatory levies are expected to increase further in 2016 to a total amount of approximately EUR 325 million pre-tax.

For further information on the Group's regulatory environment and a number of specific regulatory initiatives and frameworks that can have a significant impact on the Group's business, financial condition and results of operations, please see "Risk Factors—Regulatory/legal and compliance risks".

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8 Of which EUR 43 million is allocated to Retail Banking, EUR 5 million to Private Banking and EUR 55 million to Corporate Banking (EUR 16 million to Commercial Clients, EUR 15 million to International Clients and EUR 23 million to Capital Markets Solutions)

9 Of which EUR 48 million is allocated to Retail Banking, EUR 6 million to Private Banking and EUR 70 million to Corporate Banking (EUR 21 million Commercial Clients, EUR 20 million International Clients, EUR 29 million Capital Markets Solutions). EUR 9 million positive still needs to be allocated among the segments.

10 Of which EUR 19 million is allocated to Retail Banking, EUR 7 million to Private Banking and EUR 1 million to Corporate Banking (Commercial Clients)

DESCRIPTION OF OPERATING SEGMENTS

The Group presents financial results under four operating segments: Retail Banking, Private Banking, Corporate Banking and Group Functions. Segment assets, liabilities, income and results are measured based on the Group accounting policies and include items directly attributable to a segment, as well as those that can be allocated to it on a reasonable basis. Transactions between segments are conducted at arm's length.

Retail Banking

Retail Banking provides services to approximately 5 million retail clients with investible assets up to EUR 1 million and to approximately 300,000 small businesses with an annual turnover up to EUR 1 million. For the Group, businesses with an annual turnover of more than EUR 1 million are included in Corporate Banking. Retail Banking provides a full range of transparent retail banking products and high-quality services under the ABN AMRO brand, as well as certain specific products and services under different labels. It offers its products and services via omni-channel distribution with broad physical and digital coverage.

Private Banking

Private Banking targets high net worth individuals with more than EUR 1 million in investible assets, and ultra-high net worth individuals with more than EUR 25 million in investible assets. In 2016, the EUR 1 million in investible assets threshold is expected to be lowered to EUR 500,000 in the Netherlands. Private Banking offers a broad array of products and services designed to address clients' individual needs. Private Banking operates under the brand name ABN AMRO MeesPierson in the Netherlands and internationally under ABN AMRO Private Banking and local brands such as Banque Neuflize OBC S.A. ("**Neuflize OBC**") in France and Bethmann Bank AG ("**Bethmann Bank**") in Germany.

Corporate Banking

Corporate Banking is strongly focused on the Netherlands, where it offers its clients a broad range of standard and tailor-made products and services based on in-depth client and sector knowledge. Its clients are corporates in all sectors of the Dutch economy with an annual turnover exceeding EUR 1 million. Internationally, Corporate Banking services its domestic client base in selected markets abroad where most of these clients' international activities take place. To extend the Group's international cash management offering to countries where it has no or a limited presence, Corporate Banking cooperates with partner banks. Corporate Banking has a client and capability-led international strategy with a focus on three specialities which it operates in selective markets: (i) servicing clients that are internationally active in the sectors energy, commodities and transportation (ECT Clients), (ii) clearing activities (an important activity during the settlement of transactions) on more than 150 liquidity centres worldwide and (iii) asset based financing (consisting of commercial finance and lease).

Corporate Banking is organised along three business lines: Commercial Clients, International Clients and Capital Markets Solutions. Commercial Clients serves Dutch clients that have an annual turnover between EUR 1 million and EUR 250 million, as well as clients in the Dutch real estate and public sector. In addition, Commercial Clients offers asset-based financing.

International Clients offers integrated financial and strategic advice and solutions to Netherlands-based large corporate clients that have an annual turnover of at least EUR 250 million. International Clients also services ECT Clients, financial institutions and Diamond & Jewellery clients internationally. Capital Markets Solutions consists of Sales & Trading and ABN AMRO Clearing Bank. Sales & Trading supports Commercial Clients and International Clients by providing the clients of these business lines with capital markets products. ABN AMRO Clearing Bank intermediates in the international capital markets with a client base of investors and liquidity providers to the market.

Group Functions

Group Functions consists of various departments that provide essential support and control to the business segments. Its departments include Finance, Risk Management & Strategy ("**RM&S**"), People, Regulations & Identity ("**PR&I**"), Technology, Operations & Property Services ("**TOPS**"), Group Audit and the Corporate Office. In line with the Group's policy to allocate costs to segments as much as possible, more than 90% of Group Functions costs are allocated to the business segments. Regulatory levies and expenses are recorded in Group Functions and then allocated to the business segments, in line with this policy.

EXPLANATION OF KEY INCOME STATEMENT ITEMS

Operating income

Operating income includes net interest income, net fee and commission income and other operating income.

Net interest income

The Group applies IAS 39 Financial Instruments: Recognition and Measurement. Interest income and expenses are recognised in the income statement on an accrual basis for all financial instruments using the effective interest rate method except for those financial instruments held for trading.

The effective interest rate method allocates interest, amortisation of any discount or premium or other differences, including transaction costs and qualifying fees and commissions over the expected lives of the assets and liabilities. The effective interest method requires the Group to estimate future cash flows, in some cases based on its experience of customer behaviour, considering all contractual terms of the financial instrument, as well as expected lives of the assets and liabilities. Due to the large number of products, there are no individual estimates that are material to the results or financial position. Interest income and expenses of trading balances are included in net trading income.

Net fee and commission income

The Group applies IAS 18 Revenue. Fees and commissions are recognised as the services are provided. Service fees are recognised on a straight line basis over the service contract period; portfolio and other management advisory and service fees are recognised based on the applicable service contracts. Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised upon completion of the underlying transaction. Commission revenue is recognised when the performance obligation is complete. Loan syndication fees are recognised as revenue when the syndication has been completed.

Fees and commissions dependent on the outcome of a particular event or contingent upon performance are recognised when the relevant criteria have been met. Other operating income.

Other operating income

Other operating income comprises "net trading income", "share of result in equity accounted investments" and "other income". Other operating income has a volatile character and is impacted by changes in market circumstances.

Net trading income

In accordance with IAS 39, trading positions are held at fair value and net trading income includes gains and losses arising from changes in the fair value of financial assets and liabilities held for trading, interest income and expenses related to trading balances, the change in fair value of derivatives used for risk management purposes that do not meet the requirements of IAS 39 for hedge accounting, dividends received from trading instruments and related funding costs. Dividend income from trading instruments is recognised when entitlement is established. Net trading income also includes changes in fair value arising from changes in counterparty credit spreads and changes in the Group's credit spreads where these impact the value of the Group's trading liabilities. The Funding Value Adjustments ("**FVA**") incorporates the incremental cost of funding in the valuation of uncollateralised and partly collateralised derivatives. The charge related to the write-off of trading instruments is included in net trading income.

Share of result in equity accounted investments

Share of result in equity accounted investments comprises the Group's share of the profit or loss of equity accounted investments.

Other income

Other income includes all other banking activities such as leasing activities and results on the disposal of assets. In addition, it includes gains and losses on the sale of non-trading financial assets and liabilities, ineffectiveness of hedging programmes, fair value changes relating to assets and liabilities designated at fair value through profit or loss, and changes in the value of any related derivatives. For liabilities designated at fair value through profit or loss, it includes changes in the Group's credit spreads. Dividend income from non-trading equity investments is recognised when entitlement is established.

Operating expenses

Operating expenses include personnel expenses, general and administrative expenses and depreciation and amortization of tangible and intangible assets.

Personnel expenses

Personnel expenses include salaries and wages, social security charges, pension expenses and other personnel expenses. Salaries and wages, social security charges and other salary-related costs are recognised over the period in which the employees provide the services to which the payments relate.

Other expenses

Other expenses comprises general and administrative expenses and depreciation and amortisation of tangible and intangible assets. General and administrative expenses includes, among other items, agency staff, contractors, consultancy, staff related, IT, housing, post, telephone, transportation and marketing costs. Bank Tax is also included in general and administrative expenses. Depreciation and amortization of tangible and intangible assets includes depreciation on tangible assets, amortisation on intangible assets and impairment losses on tangible assets.

Operating result

Result from operating activities, defined as the net result of operating income and operating expenses.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables contain impairment losses on loans and other receivables. These impairment losses are defined as the difference between the carrying amount of a loan classified as impaired and the present value of estimated future cash flows on this loan using the original effective interest rate for discounting those cash flows. Impairment losses on property and equipment, goodwill and other intangible assets, are not included here but recognised in the income statement as depreciation and amortisation expense. For more information regarding impairment charges, please see "Critical Accounting Policies".

Profit/(loss) before tax

The profit or loss before tax is defined as the operating result less impairment charges on loans and other receivables.

Income tax expense

The Group is subject to income taxes in numerous jurisdictions. Income tax expense consists of current and deferred tax. Income tax is recognised in the income statement in the period in which profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates enacted at the balance sheet date.

Profit/(loss) for the period

Profit or loss for the period is defined as the profit or loss before tax less income tax expenses or credit.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with EU IFRS requires the use of certain estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies and to make estimates and assumptions concerning the future. Actual results may differ from those judgements and estimates. Accounting policies for most significant areas requiring management to make judgements and estimates that affect reported amounts and disclosures are disclosed below.

Impairment of loans and receivables

An indication that a loan may be impaired is obtained through the Group's credit review processes, which include monitoring customer payments and regular loan reviews depending on the rating of the facility. A loan is impaired if there is objective evidence that the bank will not be able to collect all amounts due in accordance with the contractual terms (principal and interest). The objective evidence indicates that the borrower's credit quality has deteriorated and the estimated future cash flows in the related financial assets are impacted. The amount of impairment loss is the difference between the carrying amount and the present value of estimated future cash flows. Estimating the timing and amount of future cash flows requires significant judgment. The actual timing and amount of future cash flows may differ from these estimates and consequently actual losses incurred may differ from those recognised in the Group's consolidated annual financial statements. The impact of changes in estimates and recoveries is recognised in Impairment charges on loans and other receivables in the income statement. Following impairment, interest income is recognised using the original interest rate and used in the estimated cash flow pattern of the impaired loan.

There are two levels at which the loans are assessed for impairment: individual and collective. The collective assessments consists of both loan losses that are not assessed on an individual basis, and for loan losses that have been incurred but have not been identified at the reporting date.

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and agreeing on revised loan conditions. Management continuously reviews renegotiated loans to ensure that all revised loan conditions are met and that future payments are likely to be made. The loans continue to be subject to an individual or collective impairment assessment.

Impairment of available-for-sale instruments

Interest-bearing securities and equities classified as available-for-sale investments are assessed at each reporting date to determine whether they are impaired. For equities this review considers factors such as the credit standing and prospects of the issuer, any reduction in fair value below cost, its direction and whether the reduction is significant or prolonged. In general, the Group uses as triggers for a significant or prolonged decline in the fair value below cost 20% and 9 months respectively. An interest-bearing security is impaired and an impairment loss incurred if there is objective evidence that an event since initial recognition of the asset has adversely affected the amount or timing of future cash flows from the asset.

Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is more likely than not that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when an obligation exists. An obligation exists when the Group has approved a detailed plan and has raised a valid expectation in those affected by the plan by starting to implement the plan or by announcing its main features. Future operating costs are not provided for. Provisions for insurance risks are determined by actuarial methods, which include the use of statistics, interest rate data and settlement costs expectations.

Provisions are established for certain guarantee contracts for which the Group is responsible to pay upon default of payment.

Fair value of financial instruments

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

For financial instruments that are actively traded and for which quoted market prices or market parameters are readily available, there is high objectivity in the determination of the fair value. However, when observable market prices and parameters do not exist, management judgement is necessary to estimate fair value.

For financial instruments where no active liquid market exists, or quoted prices are unobtainable, recent market transactions are used or the fair value is estimated using a variety of valuation techniques—including reference to similar instruments for which market prices do exist, or to valuation models such as discounted cash flow calculation or option pricing models (*e.g.*, Black-Scholes).

If portfolios of financial assets and liabilities are measured on the basis of the net exposure to market risks, then judgements are applied in determining appropriate portfolio level adjustments such as bid-ask spreads. Such adjustments are derived from observable bid-ask spreads for similar instruments and adjusted for factors specific to the portfolio. Similarly, when portfolios of financial assets and liabilities are measured on the basis of the net exposure to the credit risk of a particular counterparty, then any existing arrangements that mitigate the credit risk exposure (*e.g.*, master netting agreements with the counterparty) are taken into account.

Unobservable inputs are estimated using a combination of management judgement, historical data, market practice and benchmarking to other relevant observable market data. The difference between the transaction price and the internal valuation at inception, calculated using a model, is reserved and amortised to profit or loss at appropriate points over the life of the instrument, typically taking account of the ability to obtain reliable external data, the passage of time and the use of offsetting transactions. Where inputs to the valuation of a new transaction cannot be reliably sourced from external providers, the transaction is initially recognised at its transaction price. Subsequent changes in fair value as calculated by the valuation model are reported as profit or loss or in equity.

In order to determine a reliable fair value, where appropriate, management applies valuation adjustments to the pricing information derived from the above sources. These adjustments reflect management's assessment of factors that market participants would consider in setting a price, to the extent that these factors have not already been included in the information from the above sources. The main valuation adjustments required to arrive at a fair value are as follows:

- Bid-ask adjustments. Bid-ask prices are derived from market sources, such as broker data;

- Credit and debit valuation adjustments. In addition to credit valuation for loans valued as at fair value through profit or loss, credit valuation adjustments and debit valuation adjustments are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and the Group's own credit quality respectively;

- Funding Valuation adjustments. These are applied for uncollateralised and semi-collateralised derivatives to account for the impact of the costs of funding. In general these interest rates derivatives are discounted on the assumption that the bank is able to fund at Libor. However, the bank's funding costs are over and above Libor by the funding spread. The Group's internal Treasury lending rates are used as an estimate of the discount rate that reflects the market cost of funding on both assets and liabilities. The Group will continue to assess alternatives for the applied methodology and calculations in an evolving market practice;

- Own credit adjustment. An own credit adjustment is applied to positions where it is believed that counterparties will consider the Group's creditworthiness when pricing trades;

- Model valuation adjustments for any known limitations. Management assesses the appropriateness of any model used on an ongoing basis. To the extent that the price provided by internal models does not represent the fair value of the instrument, for instance in highly stressed market conditions, management makes adjustments to the model valuation to calibrate to other available pricing sources. We believe the Group's estimates of the fair value are adequate. However, the use of different models or assumptions could result in changes to the Group's reported results.

Income taxes

The Group applies IAS 12 Income Taxes in accounting for taxes on income.

The Group is subject to income taxes in numerous jurisdictions. Income tax expense consists of current and deferred tax. Income tax is recognised in the income statement in the period in which profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates enacted at the balance sheet date.

Deferred tax is recognised for qualifying temporary differences. Temporary differences represent the difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are only offset when there is both a legal right to offset and an intention to settle on a net basis.

Assessment of risk and rewards

Whenever the Group is required to assess risks and rewards, when considering the recognition and derecognition of assets or liabilities, the consolidation and deconsolidation, the Group may sometimes be required to use judgement. Although management uses its best knowledge of current events and actions in making assessments of expected risk and rewards, actual risks and rewards may ultimately differ.

GROUP CONSOLIDATED RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 AND 2014

Reconciliation of Reported to Underlying Results

Unless otherwise stated, results of operations are presented based on underlying results, which are derived by adjusting the results reported in accordance with EU IFRS for defined Special Items, discussed below. Management believes these non-IFRS underlying results provide a better understanding of the underlying trends in financial performance as compared to results that have been prepared in accordance with EU IFRS. The table below shows a reconciliation of the Group's reported and underlying results of operations for the nine months ended 30 September 2015 and 30 September 2014. Underlying results are not audited.

Reconciliation of Reported to Underlying Results

	Nine months ended 30 September					
	2015			2014		
	Reported	Special items	Underlying	Reported	Special items	Underlying
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(in millions of euros)					
Net interest income	4,580	—	4,580	4,403	—	4,403
Net fee and commission income	1,375	—	1,375	1,260	—	1,260
Other operating income[(1)]	449	—	449	246	—	246
Operating income	*6,403*	—	*6,403*	*5,910*	—	*5,910*
Personnel expenses	1,852	—	1,852	2,035	288	1,747
Other expenses[(2)]	1,847	—	1,847	1,906	201	1,706
Operating expenses	3,700	—	3,700	3,941	489	3,452
Operating result	***2,703***	**—**	***2,703***	***1,969***	***(489)***	***2,457***
Impairment charges on loans and other receivables	*381*	—	*381*	990	—	990
Profit/(loss) before tax	***2,322***	**—**	***2,322***	***978***	***(489)***	***1,467***
Income tax expense	670	—	670	245	(72)	317
Profit/(loss) for the year	**1,652**	**—**	**1,652**	**734**	**(417)**	**1,151**

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

For additional detail on the relevant Special Items, please see "Selected Historical Financial and Operational Information—Reconciliation of Underlying to Reported Results—Special items".

Selected Consolidated Financial Information

The table below summarises the Group's results of operations for the nine months ended 30 September 2015 and 30 September 2014 on an underlying basis.

Selected consolidated financial information

	Nine months ended 30 September	
	2015	2014
	(in millions of euros)	
Net interest income	4,580	4,403
Net fee and commission income	1,375	1,260
Other operating income[(1)]	449	246
Operating income	*6,403*	*5,910*
Personnel expenses	1,852	1,747
Other expenses[(2)]	1,847	1,705
Operating expenses	3,700	3,452
Operating result	***2,703***	***2,457***
Impairment charges on loans and other receivables	381	990
Profit/(loss) before tax	***2,322***	***1,467***
Income tax expense	670	317
Underlying profit/(loss) for the period	**1,652**	**1,151**
Special items	—	(417)
Reported profit/(loss) for the period	**1,652**	**734**

	Nine months ended 30 September	
	2015	2014
Underlying cost/income ratio	58%	58%
Underlying return on average Equity EU (IFRS)[(3)]	14.0%	11.0%
Underlying net interest margin (in bps)	146	150
Underlying cost of risk[(4)] (in bps)	19	51

	As at 30 September	As at 31 December
	2015	2014
Loan-to-Deposit ratio (in %)	110%	117%
Risk weighted assets (in billions)	110.6	109.6
Client assets[(5)] (in billion)	305.5	302.5
FTEs	22,101	22,215

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) Underlying profit divided by monthly average shareholders' equity.

(4) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(5) Clients Assets consists of the total liquidity volume and the total securities volume of the Group's clients, including restricted and custody shares.

Underlying profit/(loss) for the period

Underlying profit for the nine months ended 30 September 2015 increased by EUR 501 million, or 44%, to EUR 1,652 million, as compared to EUR 1,151 million for the nine months ended 30 September 2014. The increase was mainly due to lower loan impairments and higher operating income, partly offset by higher expenses and a higher effective tax rate. Return on equity increased to 14.0% for the nine months ended 30 September 2015 from 11.0% for the nine months ended 30 September 2014. If the expected regulatory levies to be recorded in the fourth quarter of 2015 had been divided equally over the year, return on equity for the nine months ended 30 September 2015 would have been 12.7% (versus an adjusted return on equity of 10.3% in the same period of 2014).

The regulatory levies to be recorded in the fourth quarter of 2015 are expected to be EUR 246 million (versus EUR 91 million Bank Tax in 2014) and consist of EUR 103 million Bank Tax (non deductible), EUR 28 million DGS (tax deductible and amount pending finalisation of regulation) and EUR 115 million National Resolution Funds (tax deductible and amount pending finalisation of regulation).

Operating income

Operating income for the nine months ended 30 September 2015 increased by EUR 493 million, or 8%, to EUR 6,403 million, as compared to EUR 5,910 million for the nine months ended 30 September 2014.

Out of total operating income for the nine months ended 30 September 2015, 81% of operating income was generated in the Netherlands, 11% from the rest of Europe and 8% from the rest of the world.

Net interest income

Net interest income for the nine months ended 30 September 2015 increased by EUR 177 million, or 4%, to EUR 4,580 million, as compared to EUR 4,403 million, for the nine months ended 30 September 2014. The increase was primarily due to improved margins on loans (mainly residential mortgages and, to a lesser extent, corporate loans) and higher average corporate loan volumes. In addition, lower funding costs due to lower credit spreads, were partly offset by higher funding volumes and several non-recurring interest provisions in the first nine months of 2015.

Net fee and commission income

Net fee and commission income for the nine months ended 30 September 2015 increased by EUR 115 million, or 9%, to EUR 1,375 million, as compared to EUR 1,260 million for the nine months ended 30 September 2014. The increase was primarily recorded in Private Banking, due to a favourable stock market performance in the first half year of 2015, and in Corporate Banking on higher transaction volumes in Clearing.

Other operating income

Other operating income for the nine months ended 30 September 2015 increased by EUR 203 million, or 82%, to EUR 449 million, as compared to EUR 246 million for the nine months ended 30 September 2014. This increase was primarily due to higher CVA/DVA/FVA results (EUR 56 million positive in the first nine months of 2015 versus EUR 46 million negative in the first nine months of 2014), favourable hedge accounting-related results at Group Functions as a result of interest rate developments and higher tax-exempt revaluation and divestment results at equity participations on the back of improved market conditions. This was partly offset by a one off tax-exempt provision in Group Functions related to the part of securities financing activities discontinued in 2009 and a one off provision in Corporate Banking for an identified group of SMEs with possible interest rate derivative-related issues. For additional information on securities financing activities and interest rate derivatives related issues, please see " Business—Legal, regulatory and arbitration proceedings—Discussions with tax authorities in Switzerland and Germany" and "Business—Legal, regulatory and arbitration proceedings—Sale of interest rate derivatives to SME clients".

Operating expenses

Operating expenses for the nine months ended 30 September 2015 increased by EUR 248 million, or 7%, to EUR 3,700 million, as compared to EUR 3,452 million for the nine months ended 30 September 2014.

Personnel expenses

Personnel expenses for the nine months ended 30 September 2015 increased by EUR 105 million, or 6%, to EUR 1,852 million, as compared to EUR 1,747 million for the nine months ended 30 September 2014. This increase was primarily due to higher pension expenses due to lower discount rates and reorganisation provisions at Corporate Banking and Private Banking.

Other expenses

Other expenses for the nine months ended 30 September 2015 increased by EUR 142 million, or 8%, to EUR 1,847 million, as compared to EUR 1,705 million for the nine months ended 30 September 2014. The increase was mainly driven by higher project costs related to enhancing client centricity and continuous improvements of products, services and IT processes (including TOPS2020 and Retail Digitalisation programmes). The nine months ended 30 September 2015 also included a EUR 55 million settlement with Vestia. These increases were partly offset by a considerable VAT refund, which was the result of discussions with the tax authorities related to the period 2007-2014.

Operating result

The operating result for the nine months ended 30 September 2015 increased by EUR 246 million, or 10%, to EUR 2,703 million, as compared to EUR 2,457 million for the nine months ended 30 September 2014. The underlying cost/income ratio remained flat at 58% for the nine months ended 30 September 2015 compared to 58% for the nine months ended 30 September 2014. If the expected regulatory levies had been equally divided over the year, the cost/income ratio would have been 61% in the first nine months of 2015 (60% in the first nine months of 2014).

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the nine months ended 30 September 2015 decreased by EUR 609 million, or 62%, to EUR 381 million, as compared to EUR 990 million for the nine months ended 30 September 2014. The decrease in loan impairments was driven by stringent credit monitoring, balanced portfolio intake and a continued improvement of the economic environment in the Netherlands. Consequently, the quality of the Dutch loan portfolio improved. This also resulted in lower IBNI levels. The first nine months of 2015 included an IBNI release of EUR 199 million, whereas in the first nine months of 2014 an addition to the IBNI allowances of EUR 86 million was included.

In addition, impairment charges were lower mainly at Retail Banking and Commercial Clients due to a further recovery of the Dutch economy and improved circumstances in the housing market. Cost of risk based on average customer loans decreased to 19 bps for the nine months ended 30 September 2015 from 51 bps for the nine months ended 30 September 2014.

Profit/(loss) before tax

Profit/(loss) before tax for the nine months ended 30 September 2015 increased by EUR 855 million, or 58%, to EUR 2,322 million, as compared to EUR 1,467 million for the nine months ended 30 September 2014.

Income tax expense

Income tax expense for the nine months ended 30 September 2015 increased by EUR 353 million, or 112%, to EUR 670 million, as compared to EUR 317 million for the nine months ended 30 September 2014. The effective tax rate for the first nine months of 2015, at 29% was negatively impacted by the Group's reassessment of the Group's tax position.

FTEs

The total number of full-time equivalents excluding temporary staff (FTEs) as at 30 September 2015 decreased by 114 to 22,101 from 22,215 as at 31 December 2014, mainly due to a further reduction of the retail branches, partly offset by higher number of FTEs at Group Functions.

Client Assets

Client assets as at 30 September 2015 increased by EUR 3 billion, or 1%, to EUR 305.5 billion, as compared to EUR 302.5 billion as at 30 December 2014, mainly due to higher cash positions, partly offset by lower securities.

Selected consolidated balance sheet movements

	As at 30 September 2015	As at 31 December 2014
	(in millions of euros)	
Assets:		
Cash and balances at central banks	20,738	706
Financial assets held for trading	8,592	9,017
Derivatives	20,695	25,285
Financial investments	40,412	41,466
Securities financing(1)	35,475	18,511
Loans and receivables—banks	17,794	21,680
Loans and receivables—customers	261,742	261,910
Other	7,839	8,292
Total assets	**413,287**	**386,867**
Liabilities:		
Financial liabilities held for trading	2,940	3,759
Derivatives	24,624	30,449
Securities financing(1)	25,901	13,918
Due to banks	18,487	15,744
Due to customers	228,529	216,011
Issued debt	79,126	77,131
Subordinated liabilities	9,660	8,328
Other	6,927	6,652
Total liabilities	*396,193*	*371,990*
Equity:		
Equity attributable to owners of the parent company	16,089	14,865
Capital Securities	993	—
Equity attributable to non-controlling interests	12	12
Total equity	*17,094*	*14,877*
Total liabilities and equity	**413,287**	**386,867**

(1) Securities financing consists of securities borrowing and lending and sale and repurchase transactions.

Total assets

Total assets as at 30 September 2015 increased by EUR 26.4 billion, or 7%, to EUR 413.3 billion, as compared to EUR 386.9 billion as at 31 December 2014. This increase was primarily due to higher securities financing assets and increased cash and balances at central banks.

Cash and balances at central banks

Cash and balances at central banks as at 30 September 2015 increased by EUR 20.0 billion to EUR 20.7 billion, as compared to EUR 0.7 billion as at 31 December 2014. This increase was primarily due to the increase in the liquidity buffer and the transfer of mandatory reserve deposits held with DNB recorded in Loans and receivables to overnight deposit accounts.

Financial assets held for trading

Financial assets held for trading as at 30 September 2015 decreased by EUR 0.4 billion, or 5%, to EUR 8.6 billion, as compared to EUR 9.0 billion as at 31 December 2014. This decrease was primarily due to phased wind-down of equity derivative activities within Capital Markets Solutions, partly offset by higher government bonds positions related to primary dealerships.

Derivative assets

Derivative assets as at 30 September 2015 decreased by EUR 4.6 billion, or 18%, to EUR 20.7 billion, as compared to EUR 25.3 billion as at 31 December 2014. This decrease was primarily due to mid- to long-term interest rate movements.

Financial investments

Financial investments as at 30 September 2015 decreased by EUR 1.1 billion, or 3%, to EUR 40.4 billion, as compared to EUR 41.5 billion as at 31 December 2014. This decrease was primarily due to lower bond positions.

Securities financing

Securities financing as at 30 September 2015 was EUR 35.5 billion and increased by EUR 17.0 billion, or 92%, as compared to EUR 18.5 billion as at 31 December 2014. This increase was primarily due to the cyclical nature of the business, as clients generally increase their financing position in the beginning of the year.

Loans and receivables—banks

Loans and receivables—banks as at 30 September 2015 decreased by EUR 3.9 billion, or 18%, to EUR 17.8 billion as compared to EUR 21.7 billion as at 31 December 2014. This decrease was primarily due to the transfer of mandatory reserve deposits at DNB to overnight deposits. This was partly offset by a EUR 2 billion reclassification within the ECT Clients portfolio from Loans and receivables—customers to Loans and receivables—banks in the first quarter of the year.

Loans and receivables—customers

Loans and receivables—customers as at 30 September 2015 remained nearly flat at EUR 261.7 billion, as compared to EUR 261.9 billion as at 31 December 2014.

Other

Other as at 30 September 2015 decreased by EUR 0.5 billion, or 5%, to EUR 7.8 billion as compared to EUR 8.3 billion as at 31 December 2014. This decrease was primarily due to lower equity accounted investments.

Loans and receivables—customers

	As at 30 September 2015	As at 31 December 2014
	(in millions of euros)	
Residential mortgages	148,535	148,402
Consumer loans	15,409	16,052
Commercial loans to clients[(1)]	80,874	80,065
Total client loans[(2)]	*244,818*	*244,519*
Commercial loans to professional counterparties	9,165	9,635
Other loans[(3)]	7,255	6,777
Total loans and receivables[(2)]	*261,238*	*260,931*
Fair value adjustments from hedge accounting	5,028	5,739
Less: loan impairment allowance	4,524	4,761
Total loans and receivables—customers	**261,742**	**261,910**

(1) Including lease and factoring loans, excluding commercial loans to professional counterparties.

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

(3) Other loans consists of loans and receivables to government, official institutions and financial markets parties.

Total liabilities

Total liabilities as at 30 September 2015 increased by EUR 24.2 billion, or 7%, to EUR 396.2 billion, as compared to EUR 372.0 billion as at 31 December 2014. This increase was primarily due to growth in due to customers and higher securities financing liabilities, which include repurchase agreements, securities lending transactions and unsettled securities transactions.

Financial liabilities held for trading

Financial liabilities held for trading as at 30 September 2015 decreased by EUR 0.8 billion, or 22%, to EUR 2.9 billion, as compared to EUR 3.8 billion as at 31 December 2014. This decrease was mainly due to the wind-down activities resulting from the strategic review of Capital Markets Solutions.

Derivative liabilities

Derivatives liabilities as at 30 September 2015 decreased by EUR 5.8 billion, or 19%, to EUR 24.6 billion, as compared to EUR 30.4 billion as at 31 December 2014. This decrease was primarily due to the impact of movements in foreign exchange rates.

Securities financing

Securities financing as at 30 September 2015 increased by EUR 12.0 billion, or 86%, to EUR 25.9 billion, as compared to EUR 13.9 billion as at 31 December 2014. This increase was primarily due to the cyclicality of the business as clients generally increase their financing position in the beginning of the year.

Due to banks

Due to banks as at 30 September 2015 increased by EUR 2.8 billion, or 17%, to EUR 18.5 billion, as compared to EUR 15.7 billion as at 31 December 2014. This increase was primarily due to money market activities and higher funding from banks.

Due to customers

Due to customers as at 30 September 2015 increased by EUR 12.5 billion, or 6%, to EUR 228.5 billion, as compared to EUR 216.0 billion as at 31 December 2014. This increase was primarily due to higher deposits in all client segments.

Due to customers

	As at 30 September 2015	As at 31 December 2014
	(in millions of euros)	
Retail Banking	98,996	95,915
Private Banking	66,665	62,902
Corporate Banking	60,498	54,740
Group Functions	2,369	2,454
Total Due to customers	**228,529**	**216,011**
Demand deposits	115,956	109,753
Saving deposits	94,233	88,655
Time deposits	18,183	17,459
Total deposits	*228,372*	*215,867*
Other borrowings	156	144
Total Due to customers	**228,529**	**216,011**

Issued debt

Issued debt as at 30 September 2015 increased by EUR 2.0 billion, or 3%, to EUR 79.1 billion, as compared to EUR 77.1 billion as at 31 December 2014. This increase was due to EUR 8.4 billion new issued funding (especially senior unsecured), partly offset by EUR 9.5 billion matured long-term funding. Short-term funding increased by EUR 3.0 billion.

Subordinated liabilities

Subordinated liabilities as at 30 September 2015 increased by EUR 1.3 billion, or 16%, to EUR 9.7 billion, as compared to EUR 8.3 billion as at 31 December 2014. The increase was due to a EUR 1.5 billion Tier 2 benchmark transaction issuance in June 2015 and the new USD 1.5 billion Tier 2 capital issuance in July 2015 offset by the repayment of the EUR 1.65 billion subordinated debt from the Dutch State Treasury Agency in July 2015. Matured EUR 2 billion Covered Bonds in September were partly offset by reissued EUR 1.5 billion Covered Bonds.

Equity attributable to the shareholders

Total equity as at 30 September 2015 increased by EUR 2.2 billion, or 21%, to EUR 17.1 billion, as compared to EUR 14.9 billion as at 31 December 2014. The increase was mainly the result of the reported profit for the first nine months of 2015, partly offset by dividend payments (final dividend for 2014 and interim dividend for 2015).

Capital securities

In September 2015, ABN AMRO Bank issued EUR 1 billion in capital securities including a premium discount of EUR 7 million. The capital securities qualify as Additional Tier 1 capital as described in CRD IV and CRR. The capital securities are perpetual and unsecured. In addition, the capital securities are deeply subordinated, meaning that the rights and claims of the security holders are junior to the rights and claims of holders of deposits, senior debt and subordinated Tier 2 debt in the event of *e.g.* liquidation or bankruptcy of ABN AMRO Bank.

The principal amount of the capital securities will be written down if ABN AMRO Bank's CET1 ratio falls or remains below 5.125% and/or the Group CET1 ratio falls or remains below 7%. Following such reduction, the principal amount may, at ABN AMRO Bank's discretion, be written-up to the original principal amount if certain conditions are met. In addition, the capital securities may be subject to a permanent write-down in circumstances where the competent resolution authority would determine that ABN AMRO Bank has reached the point of non-viability.

RESULTS OF OPERATIONS BY SEGMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 AND 2014

The sections below summarise the Group's results of operations on an underlying basis by segment for the nine months ended 30 September 2015 and 2014.

Retail Banking

The table below summarises the Retail Banking segment's results on an underlying basis for the nine months ended 30 September 2015 and 30 September 2014.

Retail Banking: Selected Financial Information

	Nine months ended 30 September	
	2015	**2014**
	(in millions of euros)	
Net interest income	2,497	2,494
Net fee and commission income	395	397
Other operating income(1)	20	27
Operating income	*2,912*	*2,918*
Personnel expenses	367	374
Other expenses(2)	1,123	1,064
Operating expenses	1,490	1,438
Operating result	***1,422***	***1,480***
Impairment charges on loans and other receivables	90	361
Profit/(loss) before tax	***1,333***	***1,119***
Income tax expense	334	279
Underlying profit/(loss) for the period	**999**	**840**
Special items	—	—
Reported profit/(loss) for the period	**999**	**840**

	Nine months ended 30 September	
	2015	**2014**
Underlying cost/income ratio (in %)	51%	49%
Underlying cost of risk(3) (in bps)	8	30
Underlying return on equity(4) (in %)	28.6%	24.6%

	As at 30 September 2015	**As at 31 December 2014**
Loan-to-Deposit ratio (in %)	153%	158%
Loans and receivables customers (in EUR billion)	156.1	156.0
Due to customers (in EUR billion)	99.0	95.9
Risk weighted assets(5) (in EUR billion)	35.6	36.8
FTEs	5,885	6,258

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(4) Return on equity is based on the underlying profit divided by the average allocated equity. Allocated equity per segment is calculated as 12.5%* average RWA including capital deductions.

(5) 30 September 2015 and 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Retail Banking: Client Assets

	As at 30 September 2015	As at 31 December 2014
Cash (in EUR billion)	99.0	95.9
Securities (in EUR billion)	15.2	16.0
Total Client assets (in EUR billion)	**114.2**	**111.9**

Underlying Profit/(loss) for the period

Underlying profit for the nine months ended 30 September 2015 increased by EUR 159 million, or 19%, to EUR 999 million, as compared to EUR 840 million for the nine months ended 30 September 2014. This increase was primarily due to lower loan impairments. Return on equity increased to 28.6% for the nine months ended 30 September 2015 from 24.6% for the nine months ended 30 September 2014. If the expected regulatory levies to be recorded in the fourth quarter of 2015 had been equally divided over the year, return on equity for the nine months ended 30 September 2015 would have been 26.6%.

Operating income

Operating income for the nine months ended 30 September 2015 decreased slightly by EUR 6 million to EUR 2,912 million, as compared to the nine months ended 30 September 2014.

Net interest income

Net interest income for the nine months ended 30 September 2015 remained nearly stable by EUR 3 million to EUR 2,497 million, as compared to EUR 2,494 million for the nine months ended 30 September 2014. Improved margins on mortgages resulting from the gradual re-pricing of the mortgage book were offset by lower lending volumes.

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

Net fee and commission income

Net fee and commission income for the nine months ended 30 September 2015 was marginally lower at EUR 2 million, or 1%, to EUR 395 million, as compared to EUR 397 million for the nine months ended 30 September 2014.

Other operating income

Other operating income for the nine months ended 30 September 2015 decreased by EUR 7 million, or 25%, to EUR 20 million, as compared to EUR 27 million for the nine months ended 30 September 2014. This decrease was primarily due to a lower result on participations.

Operating expenses

Operating expenses for the nine months ended 30 September 2015 increased by EUR 52 million, or 4%, to EUR 1,490 million, as compared to EUR 1,438 million for the nine months ended 30 September 2014.

Personnel expenses

Personnel expenses for the nine months ended 30 September 2015 decreased by EUR 7 million, or 2%, to EUR 367 million, as compared to EUR 374 million for the nine months ended 30 September 2014. This decrease was primarily due to lower average FTE levels, following a further reduction in branches. This was partly offset by higher pension expenses.

Other expenses

Other expenses for the nine months ended 30 September 2015 increased by EUR 59 million, or 6%, to EUR 1,123 million, as compared to EUR 1,064 million for the nine months ended 30 September 2014. Higher expenses were mainly attributable to increased mortgage production and higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes (including TOPS2020 and Retail Digitalisation programmes).

Operating result

The operating result for the nine months ended 30 September 2015 decreased by EUR 58 million, or 4%, to EUR 1,422 million, as compared to EUR 1,480 million for the nine months ended 30 September 2014. The cost/income ratio increased to 51% for the nine months ended 30 September 2015 from 49% for the nine months ended 30 September 2014. If the regulatory levies had been equally divided over the year, the cost/income ratio would have been 54% in the first nine months of 2015 (50% in the first nine months of 2014).

The regulatory levies to be recorded in Retail Banking in the fourth quarter of 2015 are expected to be EUR 110 million and consist of EUR 43 million Bank Tax, EUR 19 million DGS and EUR 48 million National Resolution Funds.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the nine months ended 30 September 2015 decreased by EUR 271 million, or 75%, to EUR 90 million, as compared to EUR 361 million for the nine months ended 30 September 2014. The decrease in impairments was visible in both the residential mortgage portfolio and the consumer loan portfolio. Improved circumstances in the housing market and the recovery of the Dutch economy contributed to a lower inflow of clients in the impaired portfolio, increased outflow and an improvement of the portfolio's risk profile.

In addition, the improvement of the Dutch economy and consequently the asset quality of the residential mortgage and consumer loan portfolios also led to releases from the IBNI allowances totalling EUR 73 million in the first nine months of 2015, while the nine months ended 30 September 2014 included an IBNI addition of EUR 40 million.

Loans and receivables—customers

Loans and receivables—customers as at 30 September 2015 increased by EUR 0.1 billion to EUR 156.1 billion, as compared to EUR 156.0 billion as at 31 December 2014. This increase was primarily due to an increase in residential mortgage loans, partly offset by a decrease in consumer loans.

Due to customers

Due to customers as at 30 September 2015 increased by EUR 3.1 billion, or 3%, to EUR 99.0 billion as compared to EUR 95.9 billion as at 31 December 2014. This increase was primarily due to an increase in deposits at MoneYou.

FTEs

The number of FTEs as at 30 September 2015 decreased by 373 to 5,885 from 6,258 as at 31 December 2014, mainly due to a further reduction in the number of branches in the Netherlands.

Private Banking

The table below summarises the Private Banking segment's results on an underlying basis for the nine months ended 30 September 2015 and 30 September 2014.

Private Banking: Selected Financial Information

	Nine months ended 30 September	
	2015	2014
	(in millions of euros)	
Net interest income	440	441
Net fee and commission income	470	404
Other operating income[(1)]	81	47
Operating income	*992*	*892*
Personnel expenses	382	337
Other expenses[(2)]	389	347
Operating expenses	771	*684*
Operating result	***221***	***208***
Impairment charges on loans and other receivables	(10)	35
Profit/(loss) before tax	***231***	***173***
Income tax expense	43	28
Underlying profit/(loss) for the period	**188**	**145**
Special items	—	—
Reported profit/(loss) for the period	**188**	**145**

	Nine months ended 30 September	
	2015	2014
Underlying cost/income ratio (in %)	78%	77%
Underlying cost of risk[(3)] (in bps)	(8)	29
Underlying return on equity[(4)] (in %)	20.1%	15.7%

	As at 30 September	As at 31 December
	2015	2014
Loan-to-Deposit ratio (in %)	25%	26%
Loans and receivables customers (in EUR billion)	16.5	16.7
Due to customers (in EUR billion)	66.7	62.9
Risk weighted assets[(5)] (in EUR billion)	8.7	8.3
FTEs	3,684	3,599

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(4) Return on equity is based on the underlying profit divided by the average allocated equity. Allocated equity per segment is calculated as 12.5%* average RWA including capital deductions.

(5) 30 September 2015 and 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Underlying profit/(loss) for the period

Underlying profit for the nine months ended 30 September 2015 increased by EUR 43 million, or 29%, to EUR 188 million, as compared to EUR 145 million for the nine months ended 30 September 2014. This increase was primarily due to a higher operating income and lower loan impairments, partly offset by higher expenses. The acquired German private banking activities of Credit Suisse were consolidated as of 1 September 2014. Return on equity increased to 20.1% for the nine months ended 30 September 2015 from 15.7% for the nine months ended 30 September 2014. If the expected regulatory levies to be recorded in the fourth quarter of 2015 had been equally divided over the year, return on equity for the nine months ended 30 September 2015 would have been 19.0%.

Operating income

Operating income for the nine months ended 30 September 2015 increased by EUR 100 million, or 11%, to EUR 992 million, as compared to EUR 892 million for the nine months ended 30 September 2014.

Net interest income

Net interest income for the nine months ended 30 September 2015 remained nearly stable at EUR 440 million, as compared to EUR 441 million for the nine months ended 30 September 2014.

Net fee and commission income

Net fee and commission income for the nine months ended 30 September 2015 increased by EUR 66 million, or 17%, to EUR 470 million, as compared to EUR 404 million for the nine months ended 30 September 2014, mainly due to higher client assets in the first half of 2015, benefiting from the strong stock market performance during that period. Private Banking also generated additional fee income from the acquired German activities.

Other operating income

Other operating income for the nine months ended 30 September 2015 increased by EUR 34 million, or 71%, to EUR 81 million, as compared to EUR 47 million, for the nine months ended 30 September 2014. This increase was primarily due to the sale of premises in the first half of 2015 and increased trading income.

Operating expenses

Operating expenses for the nine months ended 30 September 2015 increased by EUR 87 million, or 13%, to EUR 771 million, as compared to EUR 684 million for the nine months ended 30 September 2014.

Personnel expenses

Personnel expenses for the nine months ended 30 September 2015 increased by EUR 45 million, or 13%, to EUR 382 million, as compared to EUR 337 million for the nine months ended 30 September 2014. The increase in the international activities was mainly attributable to the acquired German activities, the restructuring provision for the announced integration of ABN AMRO Jersey into ABN AMRO Guernsey, FTE growth and foreign exchange impact. In the Netherlands, personnel expenses increased due mainly to higher pension expenses.

Other expenses

Other expenses for the nine months ended 30 September 2015 increased by EUR 42 million, or 12%, to EUR 389 million, as compared to EUR 347 million for the nine months ended 30 September 2014. The increase was primarily related to higher project costs related to enhancing client centricity and client documentation and continuous improvement of our products, services and IT processes (including TOPS2020 programme). The same period in 2014 included project costs for the acquisition in Germany.

Operating result

Operating result for the nine months ended 30 September 2015 increased by EUR 13 million, or 6%, to EUR 221 million, as compared to EUR 208 million for the nine months ended 30 September 2014. The underlying cost/income ratio was almost stable at 78% for the nine months ended 30 September 2015 compared to 77% for the nine months ended 30 September 2014. If the regulatory levies had been divided equally over the year, the cost/income ratio would have been 79% in the first nine months of 2015 (77% in the first nine months of 2014).

The regulatory levies to be recorded in Private Banking in the fourth quarter of 2015 are expected to be EUR 18 million and consist of EUR 5 million Bank Tax, EUR 7 million DGS and EUR 6 million National Resolution Funds.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables showed a net release of EUR 10 million for the nine months ended 30 September 2015, versus EUR 35 million impairment additions in the same period in 2014. The decrease in impairment charges is partially due to a EUR 12 million IBNI release.

Loans and receivables—customers

Loans and receivables—customers as at 30 September 2015 decreased by EUR 0.2 billion, or 1%, to EUR 16.5 billion as compared to EUR 16.7 billion as at 31 December 2014, mainly due to a decrease in the Netherlands.

Due to customers

Due to customers as at 30 September 2015 increased by EUR 3.8 billion, or 6%, to EUR 66.7 billion, as compared to EUR 62.9 billion as at 31 December 2014, mainly due to conversion from securities to cash, especially in the Netherlands.

FTEs

The number of FTEs as at 30 September 2015 increased by 85, or 2%, to 3,684, as compared to 3,599 as at 31 December 2014, both domestic as international.

Client Assets

Client assets as at 30 September 2015 increased by EUR 0.7 billion compared to 31 December 2014 to EUR 191.3 billion. The positive impact from net new assets were partly offset by lower market performance (especially in the third quarter of 2015). The geographical split remained almost stable in the first nine months of 2015, whereby France contributed EUR 29 billion and Germany contributed EUR 33 billion to international client assets in the third quarter of 2015.

The table below summarises the Client Assets as at 30 September 2015.

Private Banking: Client Assets

	As at 30 September 2015
	(in billions of euros)
Opening balance as at 1 January	*190.6*
Net new assets	1.9
Market performance	(1.2)
Divestments/acquisitions	—
Other (including sales/acquisitions)	—
Balance at 30 September	**191.3**

	As at 30 September 2015	**As at 31 December 2014**
Breakdown by type		
Cash	66.9	63.6
Securities	124.4	127.0
-of which Custody	31.6	31.3
Breakdown by geography:		
The Netherlands (in %)	48%	47%
The rest of Europe[1] (in %)	43%	44%
The rest of the world[2] (in %)	9%	9%

(1) The rest of Europe comprises Germany, France, Luxembourg, Belgium, Jersey and Guernsey.

(2) The rest of the world comprises Hong Kong, Singapore and Dubai.

Corporate Banking

The table below summarises the Corporate Banking segment's results on an underlying basis for the nine months ended 30 September 2015 and 30 September 2014.

Corporate Banking: Selected Financial Information

	Nine months ended 30 September	
	2015	2014
	(in millions of euros)	
Net interest income	1,597	1,473
Net fee and commission income	565	471
Other operating income(1)	224	114
Operating income	*2,385*	*2,058*
Personnel expenses	510	460
Other expenses(2)	846	787
Operating expenses	1,356	1,247
Operating result	***1,029***	***811***
Impairment charges on loans and other receivables	309	619
Profit/(loss) before tax	***720***	***192***
Income tax expense	148	38
Underlying profit/(loss) for the period	**572**	**154**
Special items	—	—
Reported profit/(loss) for the period	**572**	**154**

	Nine months ended 30 September	
	2015	2014
Underlying cost/income ratio (in %)	57%	61%
Underlying cost of risk(3) (in bps)	45	100
Underlying return on equity(4) (in %)	10.6%	2.9%

	As at 30 September	As at 31 December
	2015	2014
Loan-to-Deposit ratio (in %)	129%	143%
Loans and receivables customers (in EUR billion)	85.5	85.0
Due to customers (in EUR billion)	60.5	54.7
Risk weighted assets(5) (in EUR billion)	56.8	53.5
FTEs	5,013	4,995

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(4) Return on equity is based on the underlying profit divided by the average allocated equity. Allocated equity per segment is calculated as 12.5%* average RWA including capital deductions.

(5) 30 September 2015 and 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Underlying profit/(loss) for the period

Underlying profit for the nine months ended 30 September 2015 increased by EUR 418 million, or 272%, to EUR 572 million, as compared to EUR 154 million for the nine months ended 30 September 2014. This increase was mainly due to a significant rise in operating income and a sharp decrease in impairment charges. This was partly offset by a marked increase in operating expenses. Commercial Clients and International Clients contributed EUR 240 million and EUR 275 million respectively to the underlying profit of Corporate Banking in the nine months ended 30 September 2015. Capital Markets Solutions made an underlying profit of EUR 57 million in the nine months ended 30 September 2015. Return on equity increased to 10.6% for the nine months ended 30 September 2015 from 2.9% for the nine months ended 30 September 2014. If the expected regulatory levies to be recorded in the fourth quarter of 2015, had been equally divided over the year, return on equity for the nine months ended 30 September 2015 would have been 9.1%.

Operating income

Operating income for the nine months ended 30 September 2015 increased by EUR 327 million, or 16%, to EUR 2,385 million, as compared to EUR 2,058 million for the nine months ended 30 September 2014.

Net interest income

Net interest income for the nine months ended 30 September 2015 increased by EUR 124 million, or 8%, to EUR 1,597 million, as compared to EUR 1,473 million for the nine months ended 30 September 2014.

Net interest income in Commercial Clients showed a modest increase of EUR 35 million, or 4%, to EUR 965 million in the nine months ended 30 September 2015 as compared to EUR 930 million for the same period in 2014. Commercial Clients benefited from increased margins on loans as well as higher average deposit volumes. Average loan volumes and deposit margins, however, decreased compared with the same period in 2014. The net positive impact of volumes and margin developments, was partly offset by a negative one-off in the nine months ended 30 September 2015.

Net interest income in International Clients increased by EUR 55 million, or 12%, to EUR 533 million in the nine months ended 30 September 2015 as compared to EUR 478 million for the same period in 2014, due to growth in the ECT Clients loan portfolio and foreign exchange rate developments. This was partly offset by lower margins on deposits.

Net interest income in Capital Markets Solutions increased by EUR 34 million, or 51%, to EUR 99 million in the nine months ended 30 September 2015 as compared to EUR 65 million for the same period in 2014, mainly in Clearing, driven by increased market activity.

Net fee and commission income

Net fee and commission income for the nine months ended 30 September 2015 increased by EUR 94 million, or 20%, to EUR 565 million, as compared to EUR 471 million for the nine months ended 30 September 2014. Fee growth was mainly driven by higher transaction volumes in Capital Markets Solutions resulting from increased volatility in the financial markets. Corporate finance fees were also higher on the back of increased M&A activity.

Other operating income

Other operating income for the nine months ended 30 September 2015 increased by EUR 110 million, or 96%, to EUR 224 million, as compared to EUR 114 million for the nine months ended 30 September 2014. This increase was primarily due to a higher CVA/DVA/FVA impact compared with the same period in 2014 which included the first time application of the FVA. Total CVA/DVA/FVA impact was EUR 34 million positive in the first nine months of 2015 versus EUR 53 million negative in the first nine months of 2014. Results further improved as a result of volatility in the financial markets and favourable revaluation and divestment results on the equity participations portfolio, which increased on the back of improved market conditions. This was partly offset by a provision for possible derivative-related issues for a group of SMEs and the termination of parts of the Capital Markets Solutions activities following the strategic review in 2014. For additional information on interest rate derivative related issues, please see "Business—Legal, regulatory and arbitration proceedings—Sale of interest rate derivatives to SME clients".

Operating expenses

Operating expenses for the nine months ended 30 September 2015 increased by EUR 109 million, or 9%, to EUR 1,356 million, as compared to EUR 1,247 million for the nine months ended 30 September 2014.

Personnel expenses

Personnel expenses for the nine months ended 30 September 2015 increased by EUR 50 million, or 11%, to EUR 510 million, as compared to EUR 460 million for the nine months ended 30 September 2014. This increase was primarily due to higher pension expenses. Both 2014 and 2015 included restructuring provisions.

Other expenses

Other expenses for the nine months ended 30 September 2015 increased by EUR 59 million, or 8%, to EUR 846 million, as compared to EUR 787 million for the nine months ended 30 September 2014. The increase was mainly driven by higher project costs related to enhancing client centricity and continuous improvement of our products, services and IT processes (including TOPS2020 programme).

Operating result

The operating result for the nine months ended 30 September 2015 increased by EUR 218 million, or 27%, to EUR 1,029 million, as compared to EUR 811 million for the nine months ended 30 September 2014. The underlying cost/income ratio decreased to 57% in the nine months ended 30 September 2015 from 61% in the nine months ended

30 September 2014. If the regulatory levies had been divided equally over the year, the cost/income ratio would have been 61% in the first nine months of 2015 (62% in the first nine months of 2014).

The regulatory levies to be recorded in Corporate Banking in the fourth quarter of 2015 are expected to be EUR 126 million and consist of EUR 55 million Bank Tax (EUR 16 million Commercial Clients, EUR 15 million International Clients, EUR 23 million Capital Markets Solutions), EUR 1 million DGS (Commercial Clients) and EUR 70 million National Resolution Funds (EUR 21 million Commercial Clients, EUR 20 million International Clients, EUR 29 million Capital Markets Solutions).

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the nine months ended 30 September 2015 decreased by EUR 310 million, or 50%, to EUR 309 million, as compared to EUR 619 million for the nine months ended 30 September 2014.

Impairment charges at Commercial Clients decreased significantly in the first nine months of 2015 compared with the first nine months of 2014. International Clients had lower impairments compared to the nine months ended 30 September 2015.

Loans and receivables—customers

Loans and receivables—customers as at 30 September 2015 increased by EUR 0.5 billion, or 1%, to EUR 85.5 billion, as compared to EUR 85.0 billion as at 31 December 2014, mainly due to a limited increase in Clearing and ECT, partly impacted by the reclassification from loans and receivables—customers to loans and receivables—banks.

Due to customers

Due to customers as at 30 September 2015 increased by EUR 5.8 billion, or 11%, to EUR 60.5 billion, as compared to EUR 54.7 billion as at 31 December 2014, mainly due to an increase of deposits in International Clients, Commercial Clients and Clearing.

FTEs

The number of FTEs as at 30 September 2015 increased by 18 to 5,013, as compared to 4,995 as at 31 December 2014, mainly due to increased FTEs at ECT Clients partly offset by lower FTEs at Commercial Clients following the introduction of the sector approach within Commercial Clients.

Corporate Banking—Commercial Clients

The table below summarises the Commercial Clients business results on an underlying basis for the nine months ended 30 September 2015 and 30 September 2014.

Corporate Banking—Commercial Clients: Selected Financial Information

	Nine months ended 30 September	
	2015	**2014**
	(in millions of euros)	
Net interest income	965	930
Net fee and commission income	155	147
Other operating income(1)	23	21
Operating income	*1,144*	*1,098*
Operating expenses	614	559
Operating result	***530***	***538***
Impairment charges on loans and other receivables	210	506
Profit/(loss) before tax	***319***	***32***
Income tax expense	79	6
Underlying profit/(loss) for the period	**240**	**26**
Special items	—	—
Reported profit/(loss) for the period	**240**	**26**

	Nine months ended 30 September	
	2015	2014
Underlying cost/income ratio (in %)	54%	51%
Underlying cost of risk(2) (in bps)	69	161

	As at 30 September	As at 31 December
	2015	2014
Loans and receivables customers (in EUR billion)	38.1	38.1
Due to customers (in EUR billion)	33.6	31.7
Risk weighted assets(3) (in EUR billion)	22.0	20.8

(1) "Other operating income" comprises the income statement line items (1) "Net trading income", (2) "Share of result in equity accounted investments" and (3) "Other income".

(2) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(3) 30 September 2015 and 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Corporate Banking—International Clients

The table below summarises the International Clients business results on an underlying basis for the nine months ended 30 September 2015 and 30 September 2014.

Corporate Banking—International Clients: Selected Financial Information

	Nine months ended 30 September	
	2015	2014
	(in millions of euros)	
Net interest income	533	478
Net fee and commission income	166	159
Other operating income(1)	73	11
Operating income	*772*	*648*
Operating expenses	365	339
Operating result	**407**	**309**
Impairment charges on loans and other receivables	88	*115*
Profit/(loss) before tax	***319***	***194***
Income tax expense	44	36
Underlying profit/(loss) for the period	***275***	***158***
Special items	—	—
Reported profit/(loss) for the period	**275**	**158**

	Nine months ended 30 September	
	2015	2014
Underlying cost/income ratio (in %)	47%	52%
Underlying cost of risk(2) (in bps)	35	55

	As at 30 September	As at 31 December
	2015	2014
Loans and receivables customers (in EUR billion)	32.2	32.2
Due to customers (in EUR billion)	18.1	16.7
Risk weighted assets(3) (in EUR billion)	22.8	19.9

(1) Other operating income comprises the income statement line items (1) "Net trading income", (2) "Share of result in equity accounted investments" and (3) "Other income".

(2) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(3) 30 September 2015 and 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Corporate Banking—Capital Markets Solutions

The table below summarises the Capital Markets Solutions business results on an underlying basis for the nine months ended 30 September 2015 and 30 September 2014.

Corporate Banking—Capital Markets Solutions: Selected Financial Information

	Nine months ended 30 September	
	2015	**2014**
	(in millions of euros)	
Net interest income	99	65
Net fee and commission income	243	165
Other operating income[(1)]	128	82
Operating income	*470*	*313*
Operating expenses	376	348
Operating result	***94***	***(36)***
Impairment charges on loans and other receivables	11	(2)
Profit/(loss) before tax	***83***	***(34)***
Income tax expense	26	(4)
Underlying profit/(loss) for the period	**57**	**(30)**
Special items	—	—
Reported profit/(loss) for the period	**57**	**(30)**

	Nine months ended 30 September	
	2015	**2014**
Underlying cost/income ratio (in %)	80%	111%
Underlying cost of risk[(2)] (in bps)	7	(2)

	As at 30 September	As at 31 December
	2015	**2014**
Financial assets held for trading (in EUR billion)	8.5	8.9
Loans and receivables customers (in EUR billion)	15.3	14.7
Financial liabilities held for trading (in EUR billion)	2.9	3.8
Due to customers (in EUR billion)	8.8	6.3
Risk weighted assets[(3)] (in EUR billion)	12.0	12.8

(1) "Other operating income" comprises the income statement line items (1) "Net trading income", (2) "Share of result in equity accounted investments" and (3) "Other income".

(2) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(3) 30 September 2015 and 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Group Functions

The table below summarises the Group Functions results on an underlying basis for the nine months ended 30 September 2015 and 30 September 2014.

Group Functions: Selected Financial Information

	Nine months ended 30 September	
	2015	2014
	(in millions of euros)	
Net interest income	45	(5)
Net fee and commission income	(55)	(11)
Other operating income(1)	123	58
Operating income	*114*	*42*
Personnel expenses	594	576
Other expenses(2)	(511)	(492)
Operating expenses	83	83
Operating result	***31***	***(42)***
Impairment charges on loans and other receivables	(8)	(25)
Profit/(loss) before tax	***39***	***(17)***
Income tax expense	145	(28)
Underlying profit/(loss) for the period	**(106)**	**11**
Special items	—	(417)
Reported profit/(loss) for the period	**(106)**	**(406)**

	As at 30 September 2015	As at 31 December 2014
Securities financing—assets	29.5	14.5
Loans and receivables customers (in EUR billion)	3.6	4.2
Securities financing—liabilities	23.6	12.6
Due to customers (in EUR billion)	2.4	2.5
Risk weighted assets(3) (in EUR billion)	9.5	11.0
FTEs	7,518	7,362

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) 30 September 2015 and 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Underlying profit/(loss) for the period

Underlying profit for the nine months ended 30 September 2015 decreased by EUR 117 million, to EUR (106) million, as compared to EUR 11 million for the nine months ended 30 September 2014.

Operating income

Operating income increased by EUR 72 million, or 171%, to EUR 114 million for the nine months ended 30 September 2015, as compared to EUR 42 million for the nine months ended 30 September 2014.

Net interest income

Net interest income for the nine months ended 30 September 2015 increased by EUR 50 million to EUR 45 million as compared to EUR (5) million for the nine months ended 30 September 2014, mainly due to lower funding costs due to lower spread levels paid on funding. This was partly offset by the Group's tax-exempt non-recurring provision related to the part of the securities financing activities discontinued in 2009 and higher funding levels.

Net fee and commission income

Net fee and commission income for the nine months ended 30 September 2015 decreased by EUR 44 million to EUR (55) million, as compared to EUR (11) million for the nine months ended 30 September 2014, mainly due to higher fees paid to Capital Markets Solutions related to securities financing activities.

Other operating income

Other operating income for the nine months ended 30 September 2015 increased by EUR 65 million, or 114%, to EUR 123 million, as compared to EUR 58 million for the nine months ended 30 September 2014. This increase was primarily due to favourable CVA/DVA adjustments on the trading book loans (EUR 22 million positive in the first nine months of 2015 and EUR 8 million positive in the first nine months of 2014) and significantly higher hedge accounting-related results. This was partly offset by the Group's tax-exempt provision related to the part of the securities financing activities that were discontinued in 2009. For additional information on securities financing activities, please see "Business—Legal, regulatory and arbitration proceedings—Discussions with tax authorities in Switzerland and Germany".

Operating expenses

Operating expenses for the nine months ended 30 September 2015 remained stable at EUR 83 million, as compared to EUR 83 million for the nine months ended 30 September 2014.

Personnel expenses

Personnel expenses for the nine months ended 30 September 2015 increased by EUR 18 million, or 3%, to EUR 594 million, as compared to EUR 576 million for the nine months ended 30 September 2014. This increase was mainly due to higher pension expenses and an increase in the number of FTEs.

Other expenses

Other expenses for the nine months ended 30 September 2015 decreased by EUR 19 million, or 4%, to EUR (511) million, as compared to EUR (492) million for the nine months ended 30 September 2014. This increase was primarily due to the considerable VAT refund, which was the result of discussions with the tax authorities related to the period 2007-2014, in the third quarter of 2015 partly offset by the EUR 55 million settlement with Vestia and higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes (including TOPS2020 and Retail Digitalisation programmes). The same period in 2014 was impacted by AQR project expenses.

The majority of Group Functions' operating expenses are allocated to the commercial segments, which is included in the line item other expenses as negative expenses.

Operating result

The operating result for the nine months ended 30 September 2015 increased by EUR 73 million to EUR 31 million, as compared to EUR (42) million for the nine months ended 30 September 2014.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the nine months ended 30 September 2015 included a release of EUR 8 million. In the first nine months ended 30 September 2014 a release of EUR 25 million was recorded.

Income tax expenses

Income tax expenses for the nine months ended 30 September 2015 were negatively impacted by the Group's reassessment of the Group's tax position and the Group's tax-exempt securities financing position.

FTEs

The number of FTEs increased by 156, or 2%, to 7,518 as at 30 September 2015, compared to 7,362 as at 31 December 2014. The increase in FTEs was primarily due to increased FTEs at TOPS, RM&S & PR&I.

GROUP CONSOLIDATED RESULTS OF OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

Reconciliation of Reported to Underlying Results

Unless otherwise stated, results of operations are presented based on underlying results, which are derived by adjusting the results reported in accordance with EU IFRS for defined Special Items, discussed below. Management believes these non-IFRS underlying results provide a better understanding of the underlying trends in financial performance as compared to results that have been prepared in accordance with EU IFRS. The table below shows a reconciliation of the Group's reported and underlying results of operations for the years ended 31 December 2014 and 31 December 2013. Underlying results are not audited.

Reconciliation of Reported to Underlying Results

	Year ended 31 December					
	2014			2013		
	Reported	Special items	Underlying	Reported	Special items	Underlying
	(in millions of euros)					
	(audited)	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)
Net interest income	6,023	—	6,023	5,380	—	5,380
Net fee and commission income	1,691	—	1,691	1,643	—	1,643
Other operating income[(1)]	341	—	341	301	(122)	423
Operating income	*8,055*	—	*8,055*	*7,324*	*(122)*	*7,446*
Personnel expenses	2,684	288	2,396	2,357	37	2,320
Other expenses[(2)]	2,654	201	2,453	2,413	—	2,413
Operating expenses	5,338	489	4,849	4,770	37	4,733
Operating result	***2,717***	***(489)***	***3,206***	***2,554***	***(159)***	***2,713***
Impairment charges on loans and other receivables	1,171	—	1,171	983	(684)	1,667
Profit/(loss) before tax	***1,546***	***(489)***	***2,035***	***1,571***	***525***	***1,046***
Income tax expense	412	(72)	484	411	117	294
Profit/(loss) for the year	**1,134**	**(417)**	**1,551**	**1,160**	**408**	**752**

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

For additional detail on the relevant Special Items, please see "Selected Historical Financial and Operational Information—Reconciliation of Underlying to Reported Results—Special items".

Selected Consolidated Financial Information

The table below summarises the Group's results of operations on an underlying basis for the years ended 31 December 2014 and 31 December 2013 on an underlying basis.

Selected consolidated financial information

	Year ended 31 December	
	2014	2013
	(in millions of euros)	
Net interest income	6,023	5,380
Net fee and commission income	1,691	1,643
Other operating income[(1)]	341	423
Operating income	*8,055*	*7,446*
Personnel expenses	2,396	2,320
Other expenses[(2)]	2,453	2,413
Operating expenses	4,849	4,733
Operating result	***3,206***	***2,713***
Impairment charges on loans and other receivables	1,171	1,667
Profit/(loss) before tax	***2,035***	***1,046***
Income tax expense	484	294
Underlying profit/(loss) for the period	**1,551**	**752**
Special items	**(417)**	**408**
Reported profit/(loss) for the period	**1,134**	**1,160**

	Year ended 31 December	
	2014	2013
Underlying cost/income ratio	60%	64%
Underlying return on average Equity (EU IFRS)[(3)]	10.9%	5.5%
Underlying net interest margin (in bps)	153	134
Underlying cost of risk[(4)] (in bps)	45	63

	As at 31 December	
	2014	2013
Loan-to-Deposit ratio (in %)	117%	121%
Risk weighted assets (in billions)	109.6	109.0
Client assets[5] (in EUR billion)	302.5	276.9
FTEs	22,215	22,289

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) Underlying profit divided by monthly average shareholders' equity.

(4) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(5) Clients assets consists of the total liquidity volume and the total securities volume of the Group's clients, including restricted and custody shares.

Underlying profit/(loss) for the period

Underlying profit for the year ended 31 December 2014 increased by EUR 799 million, or 106%, to EUR 1,551 million, as compared to EUR 752 million for the year ended 31 December 2013. This increase was primarily the result of significantly higher net interest income (+12%) and significantly lower loan impairments (-30%). Return on equity increased to 10.9% in 2014 from 5.5% in 2013.

Operating income

Operating income for the year ended 31 December 2014 increased by EUR 609 million, or 8%, to EUR 8,055 million, as compared to EUR 7,446 million for the year ended 31 December 2013.

Out of total operating income for the year ended 31 December 2014, 81% of operating income was generated in the Netherlands, 12% from the rest of Europe and 7% from the rest of the world.

Net interest income

Net interest income for the year ended 31 December 2014 increased by EUR 643 million, or 12%, to EUR 6,023 million, as compared to EUR 5,380 million, for the year ended 31 December 2013. Interest income improved across all business segments. The increase was primarily due to improved margins on deposits and to a lesser extent higher deposit volumes in Retail Banking. Private Banking also benefitted from higher volumes and improved margins in the Netherlands and internationally. Interest income on mortgages also increased driven by the gradual re-pricing at higher margins, as mortgages originated pre-crisis had lower margins, despite a declining portfolio volume. The residential mortgage portfolio for the year ended 31 December 2014 decreased by EUR 2.1 billion, or 1.4%, to EUR 148.4 billion as compared to EUR 150.5 billion for the year ended 31 December 2013. The increase in interest income on commercial loans was primarily driven by margin improvements in Commercial Clients on both loans and deposits. Average lending volumes showed a limited decline, while average deposit volumes were virtually flat. International Clients benefitted from growth in the ECT Clients loan portfolio. The Corporate Banking commercial loans portfolio for the year ended 31 December 2014 increased by EUR 2.3 billion, or 3.0%, to EUR 77.6 billion, as compared to EUR 75.3 billion for the year ended 31 December 2013. ALM interest results also improved compared with 2013 in part as a result of re-allocation of the liquidity buffer costs to the businesses. Net interest income on consumer lending decreased as lower average lending volumes more than offset the higher margins.

Net fee and commission income

Net fee and commission income for the year ended 31 December 2014 increased by EUR 48 million, or 3%, to EUR 1,691 million, as compared to EUR 1,643 million for the year ended 31 December 2013. This increase was primarily due to higher commitment fees at ECT Clients and Commercial Clients and corporate finance advisory fees in International Clients. The switch to an all-in fee for investment products in the Netherlands had a negative impact at both Retail Banking and Private Banking despite the growth in Client Assets. This was offset by a positive impact from the acquisition of the German private banking activities as from September 2014, which were consolidated in the Group's results at that time, and higher Client Assets.

Other operating income

Other operating income for the year ended 31 December 2014 decreased by EUR 82 million, or 19%, to EUR 341 million, as compared to EUR 423 million for the year ended 31 December 2013. This decrease was primarily impacted by EUR 52 million negative results driven by the first-time application of the FVA in the year ended 31 December 2014, lower volumes following the phased wind down of equity derivative activities at Capital Markets Solutions which started in the first half of 2013 and unfavourable CVA/DVA results (EUR 6 million negative in 2014 versus a results-neutral impact in 2013).

Operating expenses

Operating expenses for the year ended 31 December 2014 increased by EUR 116 million, or 2%, to EUR 4,849 million, as compared to EUR 4,733 million for the year ended 31 December 2013.

Personnel expenses

Personnel expenses for the year ended 31 December 2014 increased by EUR 76 million, or 3%, to EUR 2,396 million, as compared to EUR 2,320 million for the year ended 31 December 2013. This increase was primarily due to a restructuring provision of EUR 60 million in the year ended 31 December 2014 related to accelerated digitalisation in Retail Banking. FTEs declined only slightly in the year ended 31 December 2014 and were impacted by the acquisition of private banking activities in Germany.

Other expenses

Other expenses for the year ended 31 December 2014 increased by EUR 40 million, or 2%, to EUR 2,453 million, as compared to EUR 2,413 million for the year ended 31 December 2013. This increase was primarily due to higher project costs (mainly the AQR and the acquisition and integration of private banking activities in Germany), and a goodwill impairment of EUR 25 million in the year ended 31 December 2014. This was only partly offset by a higher release from the provision related to the DSB Bank N.V. ("**DSB**") deposit guarantee scheme (EUR 66 million in 2014 versus EUR 31 million in 2013) and the lower Bank Tax in 2014. Operating expenses in 2013 included the impact of accelerated depreciation on fixed assets.

Operating result

The operating result for the year ended 31 December 2014 increased by EUR 493 million, or 18%, to EUR 3,206 million, as compared to EUR 2,713 million for the year ended 31 December 2013. The underlying cost/income ratio improved to 60% in 2014 from 64% in 2013. Excluding regulatory levies, the underlying cost/income ratio improved to 60% in 2014 from 64% in 2013.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the year ended 31 December 2014 decreased by EUR 496 million, or 30%, to EUR 1,171 million, as compared to EUR 1,667 million for the year ended 31 December 2013. This decline in impairment charges was mainly due to lower impairments on mortgages and small Commercial Clients. The decline was partly offset by higher additions for medium-sized and large Commercial Clients and International Clients. Impairments on real estate clients were lower than in 2013. Cost of risk based on average customer loans decreased to 45bps for the year ended 31 December 2014 from 63bps in 2013 for the year ended 31 December 2013.

Profit/(loss) before tax

Profit/(loss) before tax for the year ended 31 December 2014 increased by EUR 989 million, or 95%, to EUR 2,035 million, as compared to EUR 1,046 million for the year ended 31 December 2013.

Income tax expense

Income tax expense for the year ended 31 December 2014 increased by EUR 190 million, or 65%, to EUR 484 million, as compared to EUR 294 million for the year ended 31 December 2013. This increase was primarily due to higher profit before tax.

FTEs

The number of FTEs as at 31 December 2014 decreased by 74 to 22,215 from 22,289 as at 31 December 2013, mainly due to a further reduction in the number of branches in the Netherlands, partly offset by the acquisition of the German private banking activities.

Client Assets

Client Assets as at 31 December 2014 increased by EUR 25.6 billion, or 9%, to EUR 302.5 billion, as compared to EUR 276.9 billion as at 31 December 2013. This increase was due to market performance (EUR 8.6 billion), the acquisition of the private banking activities in Germany (EUR 8.2 billion), net new assets (EUR 5.5 billion) within Private Banking and growth in Retail Banking (EUR 3.3 billion).

Selected consolidated balance sheet movements

	As at 31 December	
	2014	**2013**
	(in millions of euros)	
Assets:		
Cash and balances at central banks	706	9,523
Financial assets held for trading	9,017	12,019
Derivatives	25,285	14,271
Financial investments	41,466	28,111
Securities financing[(1)]	18,511	18,362
Loans and receivables—banks	21,680	23,967
Loans and receivables—customers	261,910	257,028
Other	8,292	8,741
Total assets	**386,867**	**372,022**
Liabilities:		
Financial liabilities held for trading	3,759	4,399
Derivatives	30,449	17,227
Securities financing[(1)]	13,918	12,266
Due to banks	15,744	11,626
Due to customers	216,011	207,584
Issued debt	77,131	88,682
Subordinated liabilities	8,328	7,917
Other	6,652	8,753
Total liabilities	*371,990*	*358,454*
Equity:		
Equity attributable to owners of the parent company	14,865	13,555
Equity attributable to non-controlling interests	12	13
Total equity	*14,877*	*13,568*
Total liabilities and equity	**386,867**	**372,022**

(1) Securities financing consists of securities borrowing and lending and sale and repurchase transactions.

Total assets

Total assets as at 31 December 2014 increased by EUR 14.8 billion, or 4%, to EUR 386.9 billion, as compared to EUR 372.0 billion as at 31 December 2013. This increase was primarily due to derivative assets. The increase in financial investments (investments in the liquidity buffer) was offset by lower cash and balances at central banks.

Cash and balances at central banks

Cash and balances at central banks as at 31 December 2014 decreased by EUR 8.8 billion, or 93%, to EUR 0.7 billion, as compared to EUR 9.5 billion as at 31 December 2013. This decrease was primarily due to lower excess funds at overnight deposits at central banks.

Financial assets held for trading

Financial assets held for trading as at 31 December 2014 decreased by EUR 3.0 billion, or 25%, to EUR 9.0 billion, as compared to EUR 12.0 billion as at 31 December 2013. This decrease was primarily due to the termination of Equity Derivatives (EQD) activities.

Derivative assets

Derivative assets as at 31 December 2014 increased by EUR 11.0 billion, or 77%, to EUR 25.3 billion, as compared to EUR 14.3 billion as at 31 December 2013. This increase was primarily due to interest and foreign exchange rates movements impacting the fair value of derivatives. This is also observed in the derivative liabilities.

Financial investments

Financial investments as at 31 December 2014 increased by EUR 13.4 billion, or 48%, to EUR 41.5 billion, as compared to EUR 28.1 billion as at 31 December 2013. This increase was primarily due to purchases of securities for the liquidity buffer.

Securities financing

Securities financing as at 31 December 2014 was EUR 18.5 billion and remained stable as compared to EUR 18.4 billion as at 31 December 2013.

Loans and receivables—banks

Loans and receivables—banks as at 31 December 2014 decreased by EUR 2.3 billion, or 10%, to EUR 21.7 billion as compared to EUR 24.0 billion as at 31 December 2013. This decrease was primarily due to lower interest-bearing deposits at the European Central Bank (ECB), partly offset by higher mandatory reserves at the Dutch Central Bank (DNB).

Loans and receivables—customers

Loans and receivables—customers as at 31 December 2014 increased by EUR 4.9 billion, or 2%, to EUR 261.9 billion, as compared to EUR 257.0 billion as at 31 December 2013. This increase was primarily due to growth in other loans driven by ECT and Clearing activities.

Total client loans decreased by EUR 0.5 billion in the year ended 31 December 2014, as the decrease in mortgages was not fully offset by the growth in commercial loans. The residential mortgage portfolio decreased by EUR 2.1 billion to EUR 148.4 billion as at 31 December 2014, as increased new mortgage production was more than offset by higher (additional) redemptions especially in the final quarter. The spike in extra repayments can partly be explained by the expiration of tax-beneficial mortgage-related gifts. See "—Key Factors Affecting Financial Condition and Financial Results—Dutch housing and mortgage market" and "Business—Retail Banking—Business model—Earnings model". The commercial loan portfolio increased and was positively influenced by growth in the ECT Clients loan book. Commercial loans to small Commercial Clients declined as the number of credit applications remained at low levels in 2014.

Loans and receivables—customers

	As at 31 December	
	2014	**2013**
	(in millions of euros)	
Residential mortgages	148,402	150,493
Consumer loans	16,052	16,241
Commercial loans to clients[(1)]	80,065	78,251
Total client loans[(2)]	*244,519*	*244,985*
Commercial loans to professional counterparties	9,635	9,798
Other loans[(3)]	6,777	2,821
Total loans and receivables[(2)]	*260,931*	*257,604*
Fair value adjustments from hedge accounting	5,739	4,399
Less: loan impairment allowance	4,761	4,975
Total loans and receivables—customers	**261,910**	**257,028**

(1) Including lease and factoring loans, excluding commercial loans to professional counterparties.

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

(3) Other loans consists of loans and receivables to government, official institutions and financial markets parties.

Total liabilities

Total liabilities as at 31 December 2014 increased by EUR 13.5 billion, or 4%, to EUR 372.0 billion, as compared to EUR 358.5 billion as at 31 December 2013. This increase was primarily due to increased derivative liabilities and growth in due to customers. This was partly offset by lower issued debt securities.

Financial liabilities held for trading

Financial liabilities held for trading as at 31 December 2014 decreased by EUR 0.6 billion, or 15%, to EUR 3.8 billion, as compared to EUR 4.4 billion as at 31 December 2013.

Derivative liabilities

Derivatives liabilities as at 31 December 2014 increased by EUR 13.2 billion, or 77%, to EUR 30.4 billion, as compared to EUR 17.2 billion as at 31 December 2013. This increase was primarily due to interest and foreign exchange rates movements impacting the fair value of derivatives. This is also observed in the derivative assets.

Securities financing

Securities financing as at 31 December 2014 increased by EUR 1.7 billion, or 13%, to EUR 13.9 billion, as compared to EUR 12.3 billion as at 31 December 2013. This increase was primarily driven by increased client demand.

Due to banks

Due to banks as at 31 December 2014 increased by EUR 4.1 billion, or 35%, to EUR 15.7 billion, as compared to EUR 11.6 billion as at 31 December 2013. This increase was primarily due to EUR 4.0 billion in new funding obtained in the year ended 31 December 2014 from participation in the first two tranches of the Targeted Long-Term Refinancing Operations ("**TLTRO**").

Due to customers

Due to customers as at 31 December 2014 increased by EUR 8.4 billion, or 4%, to EUR 216.0 billion, as compared to EUR 207.6 billion as at 31 December 2013. This increase was primarily due to deposit inflow at MoneYou Germany within Retail Banking, Private Banking in the Netherlands and Commercial Clients and Clearing within Corporate Banking.

Due to customers

	As at 31 December	
	2014	**2013**
	(in millions of euros)	
Retail Banking	95,915	93,403
Private Banking	62,902	59,464
Corporate Banking	54,740	51,667
Group Functions	2,454	3,050
Total Due to customers	**216,011**	**207,584**
Demand deposits	109,753	100,151
Saving deposits	88,655	87,448
Time deposits	17,459	19,638
Total deposits	*215,867*	*207,237*
Other borrowings	144	347
Total Due to customers	**216,011**	**207,584**

Issued debt

Issued debt as at 31 December 2014 decreased by EUR 11.6 billion, or 13%, to EUR 77.1 billion, as compared to EUR 88.7 billion as at 31 December 2013. This decrease was due to wholesale funding that was partly replaced by client deposits and the TLTRO. A total of EUR 12 billion in long-term funding matured in 2014 and an amount of EUR 6.9 billion in short-term funding was not rolled over. Additionally, RMBS declined EUR 3.8 billion in the year ended 31 December 2014. New issuance of long-term wholesale funding was EUR 9.1 billion in 2014.

Subordinated liabilities

Subordinated liabilities as at 31 December 2014 increased by EUR 0.4 billion, or 5%, to EUR 8.3 billion, as compared to EUR 7.9 billion as at 31 December 2013. The increase was due to foreign exchange movements.

Total equity

Total equity as at 31 December 2014 increased by EUR 1.3 billion, or 10%, to EUR 14.9 billion, as compared to EUR 13.6 billion as at 31 December 2013. This increase was due to reported profit for the period and an increase in the special component of equity revaluations, partly offset by payment of the final dividend for 2013 and interim dividend for 2014.

RESULTS OF OPERATIONS BY SEGMENT FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

The sections below summarises the Group's results of operations on an underlying basis by segment for the years ended 31 December 2014 and 31 December 2013.

Retail Banking

The table below summarises the Retail Banking segment's results on an underlying basis for the years ended 31 December 2014 and 31 December 2013.

Retail Banking: Selected Financial Information

	Year ended 31 December	
	2014	2013
	(in millions of euros)	
Net interest income	3,379	3,115
Net fee and commission income	522	547
Other operating income(1)	41	29
Operating income	*3,942*	*3,691*
Personnel expenses	560	516
Other expenses(2)	1,475	1,413
Operating expenses	2,035	1,929
Operating result	***1,907***	***1,762***
Impairment charges on loans and other receivables	460	679
Profit/(loss) before tax	***1,447***	***1,082***
Income tax expense	368	282
Underlying profit/(loss) for the period	**1,079**	**800**
Special items	—	—
Reported profit/(loss) for the period	**1,079**	**800**

	Year ended 31 December	
	2014	2013
Underlying cost/income ratio (in %)	52%	52%
Underlying cost of risk(3) (in bps)	29	42
Underlying return on equity(4) (in %)	23.3%	17.5%

	As at 31 December	
	2014	2013
Loan-to-Deposit ratio (in %)	158%	165%
Loans and receivables customers (in EUR billion)	156.0	159.0
Due to customers (in EUR billion)	95.9	93.4
Risk weighted assets(5) (in EUR billion)	36.8	34.3
FTEs	6,258	6,503

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(4) Return on equity is based on the underlying profit divided by the average allocated equity. Allocated equity per segment is calculated as 12.5%* average RWA including capital deductions.

(5) 2013 figures are reported under Basel II and the 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Underlying Profit/(loss) for the period

Underlying profit for the year ended 31 December 2014 increased by EUR 279 million, or 35%, to EUR 1,079 million, as compared to EUR 800 million for the year ended 31 December 2013. This increase was primarily due to higher Net interest income and lower loan impairments. Return on equity increased to 23.3% in 2014 from 17.5% in 2013.

Operating income

Operating income for the year ended 31 December 2014 increased by EUR 251 million, or 7%, to EUR 3,942 million, as compared to EUR 3,691 million for the year ended 31 December 2013.

Net interest income

Net interest income for the year ended 31 December 2014 increased by EUR 264 million, or 8%, to EUR 3,379 million, as compared to EUR 3,115 million for the year ended 31 December 2013. The increase was primarily due to improved margins on deposits and, to a lesser extent, increased deposit volumes. Net interest income on mortgages improved due to gradual re-pricing of the mortgage book at higher margins as mortgages that originated pre-crisis had lower margins. The average residential mortgage portfolio shrank marginally in the year ended 31 December 2014 compared with the year ended 31 December 2013 due to increased redemptions. Net interest income on consumer lending decreased in the year ended 31 December 2014 as lower average lending volumes more than offset the higher margins.

Net fee and commission income

Net fee and commission income for the year ended 31 December 2014 decreased by EUR 25 million, or 5%, to EUR 522 million, as compared to EUR 547 million for the year ended 31 December 2013. The decrease was primarily due to the switch to an all-in fee model for investment products in the Netherlands.

Other operating income

Other operating income for the year ended 31 December 2014 increased by EUR 12 million, or 41%, to EUR 41 million, as compared to EUR 29 million for the year ended 31 December 2013.

Operating expenses

Operating expenses for the year ended 31 December 2014 increased by EUR 106 million, or 5%, to EUR 2,035 million, as compared to EUR 1,929 million for the year ended 31 December 2013.

Personnel expenses

Personnel expenses for the year ended 31 December 2014 increased by EUR 44 million, or 8%, to EUR 560 million, as compared to EUR 516 million for the year ended 31 December 2013. This increase was primarily due to a restructuring provision of EUR 60 million in the year ended 31 December 2014. The restructuring provision is related to the programme to accelerate digitalisation. Excluding the restructuring provision, personnel expenses decreased modestly resulting from a decline in the number of FTEs following a further reduction in the number of branches in the Netherlands.

Other expenses

Other expenses for the year ended 31 December 2014 increased by EUR 62 million, or 4%, to EUR 1,475 million, as compared to EUR 1,413 million for the year ended 31 December 2013. This increase was primarily due to higher allocation of IT project costs incurred for improvement of core IT systems and processes in the coming years and a legal claim.

Operating result

The operating result for the year ended 31 December 2014 increased by EUR 145 million, or 8%, to EUR 1,907 million, as compared to EUR 1,762 million for the year ended 31 December 2013. The cost/income ratio remained at 52% in 2014.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the year ended 31 December 2014 decreased by EUR 219 million, or 32%, to EUR 460 million, as compared to EUR 679 million for the year ended 31 December 2013. This decrease was primarily due to lower impairments on mortgages and, to a lesser extent, lower impairments on the consumer lending portfolio.

The improved circumstances in the housing market and recovery of the Dutch economy contributed to lower inflow of clients in the impaired portfolio, increased outflow of clients to the performing portfolio and more final settlements of impaired exposures, which all had a positive impact on the impairment level of mortgages.

Loans and receivables—customers

Loans and receivables—customers as at 31 December 2014 decreased by EUR 3.0 billion, or 2%, to EUR 156.0 billion as at 31 December 2014, as compared to EUR 159.0 billion as at 31 December 2013. This decrease was primarily due to a EUR 2.3 billion decline in residential mortgages in the year ended 31 December 2014. After remaining largely stable for the first nine months of 2014, high levels of additional repayments in the fourth quarter of 2014 drove the mortgage book down. The spike in extra repayments can partly be explained by the expiration of the beneficial tax treatment of mortgage-related gifts. See "—Key Factors Affecting Financial Condition and Financial Results—Dutch housing and mortgage market" and "Business—Retail Banking—Business model—Earnings model".

Due to customers

Due to customers as at 31 December 2014 increased by EUR 2.5 billion, or 3%, to EUR 95.9 billion as compared to EUR 93.4 billion as at 31 December 2013. This increase was primarily due to an increase in deposits in MoneYou Germany, partly offset by clients using their deposit balances to redeem their mortgages or for the possibility of making a tax-beneficial home investment or mortgage-related gifts. See "—Key Factors Affecting Financial Condition and Financial Results—Dutch housing and mortgage market" and "Business—Retail Banking—Business model—Earnings model".

FTEs

FTEs in Retail Banking as at 31 December 2014 decreased by 245 or 4%, to 6,258, as compared to 6,503 as at 31 December 2013, mainly due to a further reduction in the number of branches in the Netherlands.

Private Banking

The table below summarises the Private Banking segment's results on an underlying basis for the years ended 31 December 2014 and 31 December 2013.

Private Banking: Selected Financial Information

	Year ended 31 December	
	2014	**2013**
	(in millions of euros)	
Net interest income	597	529
Net fee and commission income	544	532
Other operating income[1]	51	57
Operating income	*1,193*	*1,118*
Personnel expenses	460	442
Other expenses[2]	503	416
Operating expenses	964	858
Operating result	***229***	***260***
Impairment charges on loans and other receivables	23	141
Profit/(loss) before tax	***206***	***119***
Income tax expense	46	16
Underlying profit/(loss) for the period	**160**	**104**
Special items	—	—
Reported profit/(loss) for the period	**160**	**104**

	Year ended 31 December	
	2014	**2013**
Underlying cost/income ratio (in %)	81%	77%
Underlying cost of risk[3] (in bps)	14	89
Underlying return on equity[4] (in %)	13.0%	7.0%

	As at 31 December	
	2014	2013
Loan-to-Deposit ratio (in %)	26%	26%
Loans and receivables customers (in EUR billion)	16.7	15.5
Due to customers (in EUR billion)	62.9	59.5
Risk weighted assets(5) (in EUR billion)	8.3	8.8
FTEs	3,599	3,442

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(4) Return on equity is based on the underlying profit divided by the average allocated equity. Allocated equity per segment is calculated as 12.5%* average RWA including capital deductions.

(5) 2013 figures are reported under Basel II and the 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Underlying profit/(loss) for the period

Underlying profit for the year ended 31 December 2014 increased by EUR 56 million, or 54%, to EUR 160 million, as compared to EUR 104 million for the year ended 31 December 2013. This increase was primarily due to lower impairments and higher net interest income, partly offset by higher other expenses. The acquired German private banking activities were consolidated in the Group's results as of September 2014. Return on equity increased to 13.0% in 2014 from 7.0% in 2013.

Operating income

Operating income for the year ended 31 December 2014 increased by EUR 75 million, or 7%, to EUR 1,193 million, as compared to EUR 1,118 million for the year ended 31 December 2013.

Net interest income

Net interest income for the year ended 31 December 2014 increased by EUR 68 million, or 13%, to EUR 597 million, as compared to EUR 529 million for the year ended 31 December 2013. This increase was mainly due to higher volume and improved margins on deposits in the Netherlands. Margins of the international activities improved as well.

Net fee and commission income

Net fee and commission income for the year ended 31 December 2014 increased by EUR 12 million, or 2%, to EUR 544 million, as compared to EUR 532 million for the year ended 31 December 2013, mainly due to the acquisition of private banking activities in Germany and higher Client Assets. Net fees in the Netherlands declined primarily due to the switch to an all-in fee model for investment products, despite the growth in Client Assets.

Other operating income

Other operating income for the year ended 31 December 2014 decreased by EUR 6 million, or 11%, to EUR 51 million, as compared to EUR 57 million for the year ended 31 December 2013. This decrease was primarily due to provision for a legal claim related to divested activities.

Operating expenses

Operating expenses for the year ended 31 December 2014 increased by EUR 106 million, or 12%, to EUR 964 million, as compared to EUR 858 million for the year ended 31 December 2013.

Personnel expenses

Personnel expenses for the year ended 31 December 2014 increased by EUR 18 million, or 4%, to EUR 460 million, as compared to EUR 442 million for the year ended 31 December 2013. This increase was mainly related to the integration of the private banking activities in Germany, which led to an increase of 165 FTEs as from September 2014. Some smaller movements for instance restructuring provisions accounted for the remainder of the increase.

Other expenses

Other expenses for the year ended 31 December 2014 increased by EUR 87 million, or 21%, to EUR 503 million, as compared to EUR 416 million for the year ended 31 December 2013. This increase was primarily due to acquisition and integration costs of the private banking activities in Germany. Apart from this, 2014 included a specific goodwill impairment of EUR 25 million. Other expenses in 2014 were also higher compared with 2013 due to higher allocation of IT costs incurred for improvement of the core IT systems and processes in the coming years.

Operating result

Operating result for the year ended 31 December 2014 decreased by EUR 31 million, or 12%, to EUR 229 million, as compared to EUR 260 million for the year ended 31 December 2013. The underlying cost/income ratio increased to 81% in 2014 from 77% in 2013.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the year ended 31 December 2014 decreased by EUR 118 million, or 84%, to EUR 23 million, as compared to EUR 141 million for the year ended 31 December 2013. The international portfolio was in 2013 impacted by several large impairment charges.

Loans and receivables—customers

Loans and receivables—customers as at 31 December 2014 increased by EUR 1.2 billion, or 8%, to EUR 16.7 billion as compared to EUR 15.5 billion as at 31 December 2013, mainly due to the integration of private banking activities in Germany and growth in Asia. This was partly offset by a decrease in the Netherlands in both mortgages and commercial loans.

Due to customers

Due to customers as at 31 December 2014 increased by EUR 3.4 billion, or 6%, to EUR 62.9 billion, as compared to EUR 59.5 billion as at 31 December 2013, mainly due to the acquired private banking activities in Germany (EUR 0.9 billion) in 2014. Additionally, deposits in the Netherlands increased in 2014.

FTEs

The number of FTEs as at 31 December 2014 increased by 157 or 5%, to 3,599, as compared to 3,442 as at 31 December 2013, mainly due to the acquisition of German private banking activities.

Client Assets

Client Assets as at 31 December 2014 increased by EUR 22.3 billion, or 13%, to EUR 190.6 billion, as compared to EUR 168.3 billion as at 31 December 2013. This increase was primarily due to market performance (EUR 8.6 billion), the acquisition of the German private banking activities (EUR 8.2 billion) and net new assets were responsible for a EUR 5.5 billion increase, mainly related to new inflow in the Netherlands.

The table below summarises the Client Assets as at 31 December 2014 and 31 December 2013.

Private Banking: Client Assets

	As at 31 December	
	2014	**2013**
	(in billions of euros)	
Opening balance as at 1 January	*168.3*	*163.1*
Net new assets	5.5	(2.0)
Market performance	8.6	7.1
Divestments/acquisitions	8.2	—
Other (including sales/acquisitions)	—	0.1
Balance at 31 December	**190.6**	**168.3**
Breakdown by assets type:		
Cash	63.6	60.7
Securities	127.0	107.6
Breakdown by geography:		
The Netherlands (in %)	47%	48%
The rest of Europe[1] (in %)	44%	44%
The rest of the world[2] (in %)	9%	8%

(1) The rest of Europe comprises Germany, France, Luxembourg, Belgium, Jersey and Guernsey.

(2) The rest of the world comprises Hong Kong, Singapore and Dubai.

Corporate Banking

The table below summarises the Corporate Banking segment's results on an underlying basis for the years ended 31 December 2014 and 31 December 2013.

Corporate Banking: Selected Financial Information

	Year ended 31 December	
	2014	**2013**
	(in millions of euros)	
Net interest income	2,019	1,852
Net fee and commission income	646	600
Other operating income[1]	173	278
Operating income	*2,839*	*2,730*
Personnel expenses	618	600
Other expenses[2]	1,116	1,049
Operating expenses	1,734	1,649
Operating result	***1,105***	***1,081***
Impairment charges on loans and other receivables	717	851
Profit/(loss) before tax	***388***	***230***
Income tax expense	91	83
Underlying profit/(loss) for the period	**298**	**147**
Special items	—	(109)
Reported profit/(loss) for the period	**298**	**38**

	Year ended 31 December	
	2014	**2013**
Underlying cost/income ratio (in %)	61%	60%
Underlying cost of risk[3] (in bps)	86	105
Underlying return on equity[4] (in %)	4.2%	1.8%

	As at 31 December	
	2014	2013
Loan-to-Deposit ratio (in %)	143%	147%
Loans and receivables customers (in EUR billion)	85.0	78.9
Due to customers (in EUR billion)	54.7	51.7
Risk weighted assets[5] (in EUR billion)	53.5	56.0
FTEs	4,995	5,022

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(4) Return on equity is based on the underlying profit divided by the average allocated equity. Allocated equity per segment is calculated as 12.5%* average RWA including capital deductions.

(5) 2013 figures are reported under Basel II and the 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Underlying profit/(loss) for the period

Underlying profit for the year ended 31 December 2014 increased by EUR 151 million, or 103%, to EUR 298 million, as compared to EUR 147 million for the year ended 31 December 2013. This increase was mainly due to higher net interest income and lower loan impairments, partly offset by lower other operating income. Return on equity increased to 4.2% in 2014 from 1.8% in 2013.

Commercial Clients and International Clients contributed EUR 82 million and EUR 232 million respectively to the underlying profit of Corporate Banking in the year ended 31 December 2014. Capital Markets Solutions made an underlying loss of EUR 15 million in the year ended 31 December 2014.

Operating income

Operating income for the year ended 31 December 2014 increased by EUR 109 million, or 4%, to EUR 2,839 million, as compared to EUR 2,730 million for the year ended 31 December 2013.

Net interest income

Net interest income for the year ended 31 December 2014 increased by EUR 167 million, or 9%, to EUR 2,019 million, as compared to EUR 1,852 million for the year ended 31 December 2013. All business lines contributed to this increase.

Commercial Clients reported EUR 62 million higher net interest income in the year ended 31 December 2014 as compared with the year ended 31 December 2013, driven by margin improvements from re-pricing abilities on both loans and deposits. Average lending volumes showed a limited decline, while average deposit volumes were virtually flat.

Net interest income at International Clients increased EUR 64 million compared with 2013, benefiting from growth in the ECT Clients loan portfolio.

Net interest income at Capital Markets Solutions increased EUR 41 million compared with the year ended 31 December 2013, of which EUR 15 million is attributable to Clearing.

Net fee and commission income

Net fee and commission income for the year ended 31 December 2014 increased by EUR 46 million, or 8%, to EUR 646 million, as compared to EUR 600 million for the year ended 31 December 2013, mainly due to higher commitment fees at ECT Clients and Commercial Clients as well as higher M&A fees at International Clients.

Other operating income

Other operating income for the year ended 31 December 2014 decreased by EUR 105 million, or 38%, to EUR 173 million, as compared to EUR 278 million for the year ended 31 December 2013. This decrease was primarily due to the FVA impact, recorded for the first time in 2014, that amounted to EUR (52) million. CVA/DVA results were EUR 18 million lower compared with 2013 (EUR 3 million in 2013 and EUR (15) million in 2014). Income further decreased following the phased wind down of equity derivative activities, which started in the first half of 2013. All was partly offset by Clearing recording a gain of EUR 40 million in the year ended 31 December 2014 resulting from the partial sale of its share in Holland Clearing House.

Operating expenses

Operating expenses for the year ended 31 December 2014 increased by EUR 85 million, or 5%, to EUR 1,734 million, as compared to EUR 1,649 million for the year ended 31 December 2013.

Personnel expenses

Personnel expenses for the year ended 31 December 2014 increased by EUR 18 million, or 3%, to EUR 618 million, as compared to EUR 600 million for the year ended 31 December 2013. This increase was primarily due to restructuring provision following the strategic review of Capital Markets Solutions.

Other expenses

Other expenses for the year ended 31 December 2014 increased by EUR 67 million, or 6%, to EUR 1,116 million, as compared to EUR 1,049 million for the year ended 31 December 2013. This increase was primarily due to higher allocated IT project costs.

Operating result

The operating result for the year ended 31 December 2014 increased by EUR 24 million, or 2%, to EUR 1,105 million, as compared to EUR 1,081 million for the year ended 31 December 2013. The underlying cost/income ratio increased to 61% in 2014 from 60% in 2013.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the year ended 31 December 2014 decreased by EUR 134 million, or 16%, to EUR 717 million, as compared to EUR 851 million for the year ended 31 December 2013.

Commercial Clients recorded lower loan impairments in the year ended 31 December 2014 as compared with the year ended 31 December 2013, while loan impairments at International Clients increased. Impairments at Capital Markets Solutions remain negligible.

Loan impairments in Commercial Clients decreased by 21% in the year ended 31 December 2014 as compared with the year ended 31 December 2013, or EUR 164 million. Loan impairments on small clients (turnover of EUR 1 million to EUR 30 million) were substantially lower compared to 2013. Loan impairments on medium-sized and large clients (turnover of EUR 30 million to EUR 250 million) increased. Loan impairments in International Clients increased by 38%, or EUR 31 million, mainly due to a limited number of additions in the Dutch corporates and the ECT Clients portfolio.

Loans and receivables—customers

Loans and receivables—customers as at 31 December 2014 increased by EUR 6.1 billion, or 8%, to EUR 85.0 billion, as compared to EUR 78.9 billion as at 31 December 2013, mainly due to EUR 6 billion loan growth (including foreign exchange effect) in ECT Clients. This was partly offset by a decrease in the loan portfolio of Commercial Clients. The decrease in the Commercial Clients loan portfolio was partly attributable to still-low levels of credit applications from SME clients compared with pre-crisis levels.

Due to customers

Due to customers as at 31 December 2014 increased EUR 3.1 billion, or 6%, to EUR 54.7 billion, as compared to EUR 51.7 billion as at 31 December 2013, mainly due to deposit increases at Commercial Clients and Clearing clients at Capital Markets Solutions.

FTEs

The number of FTEs as at 31 December 2014 decreased by 27, or 1%, to 4,995, as compared to 5,022 for the year ended 31 December 2013, mainly due to a combination of a decline in Commercial Clients and growth in International Clients.

Corporate Banking—Commercial Clients

The table below summarises the Commercial Clients business results on an underlying basis for the years ended 31 December 2014 and 31 December 2013.

Corporate Banking—Commercial Clients: Selected Financial Information

	Year ended 31 December	
	2014	2013
	(in millions of euros)	
Net interest income	1,275	1,213
Net fee and commission income	196	188
Other operating income(1)	30	27
Operating income	*1,502*	*1,428*
Operating expenses	788	773
Operating result	***713***	***655***
Impairment charges on loans and other receivables	605	770
Profit/(loss) before tax	***108***	***(114)***
Income tax expense	27	(27)
Underlying profit/(loss) for the period	**82**	**(87)**
Special items	—	—
Reported profit/(loss) for the period	**82**	**(87)**

	Year ended 31 December	
	2014	2013
Underlying cost/income ratio (in %)	52%	54%
Underlying cost of risk(2) (in bps)	145	175

	As at 31 December	
	2014	2013
Loans and receivables customers (in EUR billion)	38.1	40.0
Due to customers (in EUR billion)	31.7	30.6
Risk weighted assets(3) (in EUR billion)	20.8	24.0

(1) "Other operating income" comprises the income statement line items (1) "Net trading income", (2) "Share of result in equity accounted investments" and (3) "Other income".

(2) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(3) 2013 figures are reported under Basel II and the 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Corporate Banking—International Clients

The table below summarises the International Clients business results on an underlying basis for the years ended 31 December 2014 and 31 December 2013.

Corporate Banking—International Clients: Selected Financial Information

	Year ended 31 December	
	2014	2013
	(in millions of euros)	
Net interest income	648	584
Net fee and commission income	217	182
Other operating income(1)	3	6
Operating income	*868*	*771*
Operating expenses	456	421
Operating result	***412***	***350***
Impairment charges on loans and other receivables	113	82
Profit/(loss) before tax	***299***	***268***
Income tax expense	67	80
Underlying profit/(loss) for the period	**232**	**189**
Special items	—	—
Reported profit/(loss) for the period	**232**	**189**

	Year ended 31 December	
	2014	2013
Underlying cost/income ratio (in %)	53%	55%
Underlying cost of risk(2) (in bps)	40	31

	As at 31 December	
	2014	2013
Loans and receivables customers (in EUR billion)	32.3	26.4
Due to customers (in EUR billion)	16.7	16.1
Risk weighted assets(3) (in EUR billion)	19.9	19.9

(1) "Other operating income" comprises the income statement line items (1) "Net trading income", (2) "Share of result in equity accounted investments" and (3) "Other income".

(2) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(3) 2013 figures are reported under Basel II and the 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Corporate Banking—Capital Markets Solutions

The table below summarises the Capital Markets Solutions business results on an underlying basis for the years ended 31 December 2014 and 31 December 2013.

Corporate Banking—Capital Markets Solutions: Selected Financial Information

	Year ended 31 December	
	2014	2013
	(in millions of euros)	
Net interest income	96	55
Net fee and commission income	233	231
Other operating income(1)	140	245
Operating income	*469*	*531*
Operating expenses	489	455
Operating result	***(20)***	***76***
Impairment charges on loans and other receivables	(1)	—
Profit/(loss) before tax	***(19)***	***76***
Income tax expense	(4)	30
Underlying profit/(loss) for the period	**(15)**	**46**
Special items	—	(109)
Reported profit/(loss) for the period	**(15)**	**(63)**

	Year ended 31 December	
	2014	2013
Underlying cost/income ratio (in %)	104%	86%
Underlying cost of risk(2) (in bps)	(1)	—

	As at 31 December	
	2014	2013
Financial assets held for trading (in EUR billion)	8.9	11.3
Loans and receivables customers (in EUR billion)	14.7	12.4
Financial liabilities held for trading (in EUR billion)	3.8	4.4
Due to customers (in EUR billion)	6.3	4.9
Risk weighted assets(3) (in EUR billion)	12.8	12.2

(1) "Other operating income" comprises the income statement line items (1) "Net trading income", (2) "Share of result in equity accounted investments" and (3) "Other income".

(2) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(3) 2013 figures are reported under Basel II and the 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Group Functions

The table below summarises the Group Functions results on an underlying basis for the years ended 31 December 2014 and 31 December 2013.

Group Functions: Selected Financial Information

	Year ended 31 December	
	2014	**2013**
	(in millions of euros)	
Net interest income	28	(115)
Net fee and commission income	(21)	(37)
Other operating income[(1)]	75	59
Operating income	*82*	*(93)*
Personnel expenses	758	762
Other expenses[(2)]	(641)	(465)
Operating expenses	117	297
Operating result	***(35)***	***(390)***
Impairment charges on loans and other receivables	(28)	(4)
Profit/(loss) before tax	***(7)***	***(386)***
Income tax expense	(21)	(87)
Underlying profit/(loss) for the period	**14**	**(299)**
Special items	(417)	517
Reported profit/(loss) for the period	**(402)**	**218**

	As at 31 December	
	2014	**2013**
Securities financing—assets	14.5	15.3
Loans and receivables customers (in EUR billion)	4.2	3.7
Securities financing—liabilities	12.6	11.1
Due to customers (in EUR billion)	2.5	3.1
Risk weighted assets[(3)] (in EUR billion)	11.0	9.9
FTEs	7,362	7,321

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) 2013 figures are reported under Basel II and the 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

Underlying profit/(loss) for the period

Underlying profit for the year ended 31 December 2014 increased by EUR 313 million to EUR 14 million, as compared to a loss of EUR 299 million for the year ended 31 December 2013. This increase was mainly due to higher net interest income and lower expenses.

Operating income

Operating income for the year ended 31 December 2014 amounted to EUR 82 million, an increase of EUR 175 million, as compared to EUR (93) million for the year ended 31 December 2013.

Net interest income

Net interest income for the year ended 31 December 2014 increased by EUR 143 million, to EUR 28 million, as compared to EUR (115) million for the year ended 31 December 2013, mainly due to improved ALM interest result, predominantly as a result of a fuller allocation of the liquidity buffer costs to the business.

Net fee and commission income

Net fee and commission income for the year ended 31 December 2014 increased by EUR 16 million, or 43%, to EUR (21) million, as compared to EUR (37) million for the year ended 31 December 2013, mainly due to higher service fee income securities.

Other operating income

Other operating income for the year ended 31 December 2014 increased by EUR 16 million, or 27%, to EUR 75 million, as compared to EUR 59 million for the year ended 31 December 2013. This increase was primarily due to favourable foreign exchange results and revaluations of trading book loans that were partly offset by unfavourable hedge accounting results and the 2013 gain on the sale of an office property.

Operating expenses

Operating expenses for the year ended 31 December 2014 decreased by EUR 180 million, or 61%, to EUR 117 million, as compared to EUR 297 million for the year ended 31 December 2013.

Personnel expenses

Personnel expenses for the year ended 31 December 2014 decreased by EUR 4 million, or 1%, to EUR 758 million, as compared to EUR 762 million for the year ended 31 December 2013. Both years included additions to restructuring provisions and other one-offs of approximately the same magnitude.

Other expenses

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

Other expenses for the year ended 31 December 2014 decreased by EUR 176 million, or 38%, to EUR (641) million, as compared to EUR (465) million for the year ended 31 December 2013. This decrease was primarily due to a change in allocation method of IT costs as all IT costs are now allocated to the business segments.

In addition, expenses recorded at Group Functions were impacted by a higher release related to the DSB deposit guarantee scheme (EUR 66 million release in 2014 versus EUR 31 million release in 2013), accelerated depreciations in 2013 and by expenses incurred in connection with the AQR in 2014.

Operating result

The operating result for the year ended 31 December 2014 increased by EUR 355 million, or 91%, to EUR (35) million, as compared to EUR (390) million for the year ended 31 December 2013.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the year ended 31 December 2014 decreased by EUR 24 million, to EUR (28) million, as compared to EUR (4) million for the year ended 31 December 2013, mainly due to releases of exposures that were fully provided in earlier years.

FTEs

The number of FTEs increased by 41, or 1%, to 7,362 as at 31 December 2014, compared to 7,321 as at 31 December 2013. The increase in FTEs was primarily due to the changing regulatory landscape.

GROUP CONSOLIDATED RESULTS OF OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

Unless otherwise stated, results of operations are presented based on underlying results, which are derived by adjusting the results reported in accordance with EU IFRS for defined Special Items, discussed below. Management believes these non-IFRS underlying results provide a better understanding of the underlying trends in financial performance. The table below shows a reconciliation of the Group's reported and underlying results of operations for the years ended 31 December 2013 and 31 December 2012. Underlying results are not audited.

Reconciliation from reported to underlying results

	Year ended 31 December					
	2013			2012		
	Reported	Special items	Underlying	Reported	Special items	Underlying
			(in millions of euros)			
	(audited)	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)
Net interest income	5,380	—	5,380	5,028	—	5,028
Net fee and commission income	1,643	—	1,643	1,556	—	1,556
Other operating income[(1)]	301	(122)	423	754	215	539
Operating income	*7,324*	*(122)*	*7,446*	*7,338*	*215*	*7,123*
Personnel expenses	2,357	37	2,320	2,151	178	1,973
Other expenses[(2)]	2,413	—	2,413	2,535	272	2,263
Operating expenses	*4,770*	*37*	*4,733*	*4,686*	*450*	*4,236*
Operating result	***2,554***	***(159)***	***2,713***	***2,652***	***(235)***	***2,887***
Impairment charges on loans and other receivables	983	(684)	1,667	1,228	(203)	1,431
Profit/(loss) before tax	***1,571***	***525***	***1,046***	***1,424***	***(32)***	***1,456***
Income tax expense	411	117	294	271	(73)	344
Profit/(loss) for the year	**1,160**	**408**	**752**	**1,153**	**41**	**1,112**

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

For additional detail on the relevant Special Items, please see "Selected Historical Financial and Operational Information—Reconciliation of Underlying to Reported Results—Special Items".

Selected Consolidated Financial Information

The table below summarises the Group's results of operations on an underlying basis for the years ended 31 December 2013 and 31 December 2012 on an underlying basis.

Selected consolidated financial information

	Year ended 31 December	
	2013	2012
Net interest income	5,380	5,028
Net fee and commission income	1,643	1,556
Other operating income[(1)]	423	539
Operating income	***7,446***	***7,123***
Personnel expenses	2,320	1,973
Other expenses[(2)]	2,413	2,263
Operating expenses	4,733	4,236
Operating result	***2,713***	***2,887***
Impairment charges on loans and other receivables	1,667	1,431
Profit/(loss) before tax	***1,046***	***1,456***
Income tax expense	294	344
Underlying profit/(loss) for the period	**752**	**1,112**
Special Items	408	41
Reported profit/(loss) for the period	**1,160**	**1,153**

	Year ended 31 December	
	2013	2012
Underlying cost/income ratio	64%	59%
Underlying return on average Equity (EU IFRS)[(3)]	5.5%	8.2%
Underlying net interest margin (in bps)	134	120
Underlying cost of risk[(4)] (in bps)	63	54

	As at 31 December	
	2013	2012
Loan-to-Deposit ratio (in %)	121	125
Risk weighted assets (in EUR billions)	109.0	121.5
Client Assets[5] (in EUR billions)	276.9	265.8
FTEs	22,289	23,059

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) Underlying profit divided by monthly average shareholders' equity.

(4) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(5) Clients Assets consists of the total liquidity volume and the total securities volume of the Group's clients, including restricted and custody shares.

Underlying profit/(loss) for the period

Underlying profit for the year ended 31 December 2013 decreased by EUR 360 million, or 32%, to EUR 752 million, as compared to EUR 1,112 million for the year ended 31 December 2012. The main factors that led to this decline were higher pensions costs, a considerable rise in loan impairments within Retail Banking and Commercial Clients, and lower results for the Capital Markets Solutions business. Return on equity decreased to 5.5% in 2013 from 8.2% in 2012.

Operating income

Operating income for the year ended 31 December 2013 increased by EUR 323 million, or 5%, to EUR 7,446 million, as compared to EUR 7,123 million, for the year ended 31 December 2012.

Out of total operating income for the year ended 31 December 2013, 81% of operating income was generated in the Netherlands, 13% from the rest of Europe and 6% from the rest of the world.

Net interest income

Net interest income for the year ended 31 December 2013 increased by EUR 352 million, or 7%, to EUR 5,380 million, as compared to EUR 5,028 million for the year ended 31 December 2012, mainly due to, in Retail Banking, improved margins on mortgages, increasing deposit volumes and improved margins on deposits as a result of a change in the methodology for determining the internal liquidity compensation applied to deposits in 2013. Net interest income also increased in Corporate Banking primarily due to higher volumes and margins in the Commercial Clients business (including higher margins on loans and higher volumes and margins on deposits) and International Clients segment (including higher margins and volumes on loans). The increase in net interest income across the business segments was partially offset by a decline in net interest income in Group Functions of EUR 210 million. This decline was mainly due to changes in liquidity compensation, the increase in the mismatch result due to lower short-term interest rates and higher cost of funding as maturing debt issued before the crisis was refinanced at higher spread levels.

Net fee and commission income

Net fee and commission income for the year ended 31 December 2013 increased by EUR 87 million, or 6%, to EUR 1,643 million, as compared to EUR 1,556 million for the year ended 31 December 2012, due to higher management fees within Private Banking from increased client activity and a growth of Client Assets. In the Corporate Banking segment net fee and commission income decreased by EUR 47 million primarily due to the divestment of part of the insurance activities and to a lesser extent a reclassification of interbank payment fees from expenses to negative fee income. This decrease was offset, in part, by higher transaction fees in ECT Clients and Corporate Finance

Other operating income

Other operating income for the year ended 31 December 2013 decreased by EUR 116 million, or 22%, to EUR 423 million, as compared to EUR 539 million for the year ended 31 December 2012, mainly due to lower results in trading and sales activities within Capital Markets Solutions. Income from Private Equity also declined as valuations and exit results were lower.

Operating expenses

Operating expenses for the year ended 31 December 2013 increased by EUR 497 million, or 12%, to EUR 4,733 million for the year ended 31 December 2013, as compared to EUR 4,236 million for the year ended 31 December 2012.

Personnel expenses

Personnel expenses for the year ended 31 December 2013 increased by EUR 347 million, or 18%, to EUR 2,320 million, as compared to EUR 1,973 million for the year ended 31 December 2012. This increase was mainly due to the increase in pension costs of EUR 353 million largely on the back of a sharply lower discount rate used in 2013.

Other expenses

Other expenses for the year ended 31 December 2013 increased by EUR 150 million, or 7%, to EUR 2,413 million, as compared to EUR 2,263 million for the year ended 31 December 2012. This increase was primarily due to higher costs recorded for change projects regarding compliance with regulatory demands, increased digitalisation of product offering and TOPS 2020. In addition, other expenses for the year ended 31 December 2012 included compensation from a service level agreement related to the EC Remedy which was terminated in 2012.

Operating result

The operating result for the year ended 31 December 2013 decreased by EUR 174 million, or 6%, to EUR 2,713 million, as compared to EUR 2,887 million for the year ended 31 December 2012. The cost/income ratio increased to 64% in 2013 from 59% in 2012. Excluding regulatory levies, the cost/income ratio increased to 62% in 2013 from 58% in 2012.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the year ended 31 December 2013 amounted to EUR 1,667 million, an increase of EUR 236 million, or 16%, as compared to EUR 1,431 million for the year ended 31 December 2012. Cost of risk amounted to 63bps for the year ended 31 December 2013, as compared to 53bps for the year ended 31 December 2012. Higher loan impairments for SMEs, consumer lending and mortgages were the main cause of this increase.

Domestically-focused SMEs were hit particularly hard by the decline in domestic spending. For SMEs, both the inflow into the Financial Restructuring & Recovery department as well as the proportion of files which ultimately need to be liquidated increased compared with the previous year.

The impairments over the total residential mortgage book amounted to 24bps for the year ended 31 December 2013, up from 16bps for the year ended 31 December 2012.

For additional detail on the Group's impairment charges, please see "Annual Report 2014—Risk & Capital Report—Risk & capital review—Credit risk"

Profit/(loss) before tax

Profit/(loss) before tax for the year ended 31 December 2013 decreased by EUR 410 million, or 28%, to EUR 1,046 million, as compared to EUR 1,456 million for the year ended 31 December 2012.

Income tax expense

Income tax expense fell 15% to EUR 294 million for the year ended 31 December 2013. This decrease was primarily due to lower profit before tax.

FTEs

The total number of FTEs of the Group's employees declined by 770, or 3%, to 22,289 as at 31 December 2013, largely as a result of as a result of staff reductions in all three segments.

Client Assets

Client Assets increased by EUR 11.1 billion, or 4%, to EUR 276.9 billion as at 31 December 2013, as compared to EUR 265.8 billion as at 31 December 2012 as a result of market performance within Private Banking. Net new assets in Private Banking in the Netherlands were more than offset by a decrease in Jersey. Client Assets within Retail Banking increased by 5.9 billion.

Selected consolidated balance sheet movements

	As at 31 December	
	2013	**2012**
	(in millions of euros)	
Assets:		
Cash and balances at central banks	9,523	9,796
Financial assets held for trading	12,019	7,089
Derivatives	14,271	21,349
Financial investments	28,111	21,730
Securities financing[(1)]	18,362	28,793
Loans and receivables—banks	23,967	32,183
Loans and receivables—customers	257,028	262,452
Other	8,741	10,366
Total assets	**372,022**	**393,758**
Liabilities:		
Financial liabilities held for trading	4,399	3,722
Derivatives	17,227	27,508
Securities financing[(1)]	12,266	19,521
Due to banks	11,626	16,935
Due to customers	207,584	201,605
Issued debt	88,682	95,048
Subordinated liabilities	7,917	9,736
Other	8,753	6,800
Total liabilities	*358,454*	*380,875*
Equity:		
Equity attributable to owners of the parent company	13,555	12,864
Equity attributable to non-controlling interests	13	19
Total equity	*13,568*	*12,883*
Total liabilities and equity	**372,022**	**393,758**

(1) Securities financing consists of securities borrowing and lending and sale and repurchase transactions.

Total assets

Total assets as at 31 December 2013 decreased by EUR 21.7 billion, or 6%, to EUR 372.0 billion as compared to EUR 393.8 billion as at 31 December 2012, primarily due to a decline in loans and receivables—banks and securities financing partially offset by an increase in financial investments.

Cash and balances at central banks

Cash and balances at central banks as at 31 December 2013 was relatively stable at EUR 9.5 billion, as compared to EUR 9.8 billion as at 31 December 2012.

Financial assets held for trading

Financial assets held for trading increased by EUR 4.9 billion, or 70%, to EUR 12.0 billion as at 31 December 2013, as compared to EUR 7.1 billion as at 31 December 2012, due to a large extent by the fact that equity derivative client positions were hedged using underlying securities rather than derivatives.

Derivative assets

Derivative assets decreased by EUR 7.1 billion, or 33%, to EUR 14.3 billion as at 31 December 2013, compared to EUR 21.3 billion as at 31 December 2012, due to lower valuation of the interest rate derivative positions.

Financial investments

Financial investments increased by EUR 6.4 billion, or 29%, to EUR 28.1 billion as at 31 December 2013, as compared to EUR 21.7 billion as at 31 December 2012, mainly due to enlargement of the liquidity buffer.

Securities financing assets

Securities financing assets decreased by EUR 10.4 billion, or 36%, to EUR 18.4 billion as at 31 December 2013, as compared to EUR 28.8 billion as at 31 December 2012, mainly due to lower outstanding securities financing client positions.

Loans and receivables—banks

Loans and receivables—banks decreased by EUR 8.2 billion, or 26%, to EUR 24.0 billion as at 31 December 2013, as compared to EUR 32.2 billion, mainly due to lower deposits with the ECB as well as a decrease in pledged cash collateral.

Loans and receivables—customers

Loans and receivables—customers decreased by EUR 5.4 billion, or 2%, to EUR 257.0 billion as at 31 December 2013, as compared to EUR 262.5 billion as at 31 December 2012. Commercial loans came down by EUR 1.1 billion in 2013 as compared to 2012 (partly due to the sale of EUR 1.0 billion of Greek government-guaranteed corporate loans and EUR 0.4 billion in Madoff-related loans) where most businesses, with the exception of ECT Clients, posted a small decrease in outstanding volumes. The residential mortgage portfolio decreased by EUR 3.6 billion for the year ended 31 December 2013 as a result of extra repayments and lower new production. The total residential mortgage portfolio was EUR 150.5 billion at 31 December 2013.

Loans and receivables—customers

	As at 31 December	
	2013	**2012**
	(in millions of euros)	
Residential mortgages	150,493	154,129
Consumer loans	16,241	16,645
Commercial loans to clients[(1)]	78,251	77,870
Total client loans[(2)]	*244,985*	*248,644*
Commercial loans to professional counterparties	9,798	11,949
Other loans[(3)]	2,821	1,330
Total loans and receivables[(2)]	***257,604***	***261,923***
Fair value adjustments from hedge accounting	4,399	6,041
Less: loan impairment allowance	4,975	5,512
Total loans and receivables—customers	**257,028**	**262,452**

(1) Including lease and factoring loans, excluding commercial loans to professional counterparties.

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

(3) Other loans consists of loans and receivables to government, official institutions and financial markets parties.

Total liabilities

Total liabilities decreased by EUR 22.4 billion, or 6%, to EUR 358.5 billion as at 31 December 2013, as compared to EUR 380.9 billion as at 31 December 2012. The increase in consumer deposits was more than offset by a decline in securities financing volumes and wholesale funding. Lower market values on interest rate derivatives also led to a decrease.

Financial liabilities held for trading

Financial liabilities held for trading increased by EUR 0.7 billion, or 18%, to EUR 4.4 billion as at 31 December 2013, as compared to EUR 3.7 billion as at 31 December 2012, largely due to higher short security sales-shares, mainly new trades in the United States.

Derivative liabilities

Derivative liabilities decreased by EUR 10.3 billion, or 37%, to EUR 17.2 billion as at 31 December 2013, as compared to EUR 27.5 billion as at 31 December 2013, mainly as a result of lower market values of interest rate derivatives.

Securities financing liabilities

Securities financing liabilities decreased by EUR 7.3 billion, or 37%, to EUR 12.3 billion as at 31 December 2013, as compared to EUR 19.5 billion as at 31 December 2012, mainly due to lower securities financing client positions.

Due to banks

Due to banks as at 31 December 2013 decreased by EUR 5.3 billion, or 31%, to EUR 11.6 billion as at 31 December 2013, as compared to EUR 16.9 billion as at 31 December 2012. This decrease was primarily due to decreased and matured balances.

Due to customers

Due to customers increased by EUR 6.0 billion, or 3%, to EUR 207.6 billion as at 31 December 2013, as compared to EUR 201.6 billion as at 31 December 2012. Deposits grew particularly in Retail Banking in the Netherlands as well as at MoneYou (the online brand) in Belgium and Germany. Private Banking deposits increased somewhat as growth in the Netherlands was partly offset by a decline outside the Netherlands. Corporate Banking also posted a rise in deposits which was more than offset by a decrease in Corporate Banking, mainly recorded within Capital Markets Solutions (including Clearing).

Due to customers

	As at 31 December	
	2013	**2012**
	(in millions of euros)	
Retail Banking	93,403	87,211
Private Banking	59,464	58,793
Corporate Banking	51,667	51,738
Group Functions	3,050	3,863
Total Due to customers	**207,584**	**201,605**
Demand deposits	100,151	93,682
Saving deposits	87,448	81,384
Time deposits	19,638	26,196
Total deposits	*207,237*	*201,262*
Other borrowings	347	343
Total Due to customers	**207,584**	**201,605**

Issued debt

Issued debt decreased by EUR 6.4 billion, or 7%, to EUR 88.7 billion as at 31 December 2013, as compared to EUR 95.0 billion as at 31 December 2012, primarily as a result of commercial paper and certificates of deposit, which declined by EUR 5.5 billion. Maturing long-term funding, as well as transactions which were called or tendered, was more than offset by new issuances. Fair value movements led to a decrease of EUR 1.6 billion for the year ended 31 December 2013.

Subordinated liabilities

Subordinated liabilities decreased by EUR 1.8 billion, or 19%, to EUR 7.9 billion as at 31 December 2013, as compared to EUR 9.7 billion as at 31 December 2012, as several lower Tier 2 instruments were called in 2013 that were not Basel III compliant.

Total equity

Total equity increased by EUR 0.7 billion, or 5%, to EUR 13.6 billion as at 31 December 2013, as compared to EUR 12.9 billion as at 31 December 2012. The increase was due predominantly to the profit for the period. This was partly offset by the call of EUR 210 million of preference shares, the payment of EUR 250 million final dividend to ordinary shareholders over 2012, and the payment of EUR 150 million of interim dividend over 2013.

RESULTS OF OPERATIONS BY SEGMENT FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

The sections below summarises the Group's results of operations on an underlying basis by segment for the years ended 31 December 2013 and 31 December 2012.

Retail Banking

The table below summarises the Retail Banking segment's results on an underlying basis for the years ended 31 December 2013 and 31 December 2012.

Retail Banking: Selected Financial Information

	Year ended 31 December	
	2013	**2012**
	(in millions of euros)	
Net interest income	3,115	2,758
Net fee and commission income	547	546
Other operating income[(1)]	29	37
Operating income	*3,691*	*3,341*
Personnel expenses	516	413
Other expenses[(2)]	1,413	1,369
Operating expenses	1,929	1,782
Operating result	***1,762***	***1,559***
Impairment charges on loans and other receivables	679	455
Profit/(loss) before tax	***1,082***	***1,104***
Income tax expense	282	279
Underlying profit/(loss) for the period	**800**	**825**
Special Items	—	(3)
Reported profit/(loss) for the period	**800**	**822**

	Year ended 31 December	
	2013	**2012**
Underlying cost/income ratio (in %)	52%	53%
Underlying cost of risk[(3)] (in bps)	42	28
Underlying return on equity[(4)] (in %)	17.5%	20.1%

	As at 31 December	
	2013	**2012**
Loan-to-Deposit ratio (in %)	165%	181%
Loans and receivables customers (in EUR billion)	159.0	163.3
Due to customers (in EUR billion)	93.4	87.2
Risk weighted assets[(5)] (in EUR billion)	34.3	32.2
FTEs (end of period)	6,503	6,619

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(4) Return on equity is based on the underlying profit divided by the average allocated equity. Allocated equity per segment is calculated as 12.5%* average RWA including capital deductions.

(5) Reported under Basel II.

Underlying profit/(loss) for the period

Underlying profit for the year ended 31 December 2013 decreased by EUR 25 million, or 3%, to EUR 800 million, as compared to EUR 825 million for the year ended 31 December 2012. This decrease was primarily due to higher loan impairments, which increased more than operating result. Return on equity decreased to 17.5% in 2013 from 20.1% in 2012.

Operating income

Operating income for the year ended 31 December 2013 increased by EUR 350 million, or 10%, to EUR 3,691 million, as compared to EUR 3,341 million for the year ended 31 December 2012. This increase was primarily due to an increase in net interest income.

Net interest income

Net interest income for the year ended 31 December 2013 increased by EUR 357 million, or 13%, to EUR 3,115 million, as compared to EUR 2,758 million for the year ended 31 December 2012. This was primarily due to improved margins on mortgages, increasing deposit volumes and a change in the methodology for determining the internal liquidity compensation applied to deposits in 2013, which resulted in an improved margin on deposits. Deposit volumes increased by EUR 6.2 billion in 2013, with the MoneYou label, also active in Germany and Belgium, accounting for the bulk of this growth. Additionally, as of 2013, staff benefits on mortgage rates are recorded as interest costs within each business segment rather than as compensation under the segment's operating expenses. This has led to an increase in both net interest income and operating expenses within Retail Banking.

Net fee and commission income

Net fee and commission income for the year ended 31 December 2013 increased by EUR 1 million to EUR 547 million, as compared to EUR 546 million for the year ended 31 December 2012.

Other operating income

Other operating income for the year ended 31 December 2013 decreased by EUR 8 million, or 22%, to EUR 29 million, as compared to EUR 37 million for the year ended 31 December 2012.

Operating expenses

Operating expenses for the year ended 31 December 2013 increased by EUR 147 million, or 8% to EUR 1,929 million, as compared to EUR 1,782 million for the year ended 31 December 2012.

Personnel expenses

Personnel expenses for the year ended 31 December 2013 increased by EUR 103 million, or 25%, to EUR 516 million, as compared to EUR 413 million for the year ended 31 December 2012. This increase was mainly due to higher pension expenses as a result of the Group's application of amendments to International Accounting Standard 19 ("**IAS 19**").

Other expenses

Other expenses for the year ended 31 December 2013 increased by EUR 44 million, or 3%, to EUR 1,413 million, as compared to EUR 1,369 million for the year ended 31 December 2012. This increase was primarily due to the above-mentioned change made to the booking of staff benefits on mortgages.

Operating result

The operating result for the year ended 31 December 2013 increased by EUR 203 million, or 13%, to EUR 1,762 million, as compared to EUR 1,559 million for the year ended 31 December 2012. The cost/income ratio improved to 52% in 2013 from 53% in 2012.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the year ended 31 December 2013 increased by EUR 225 million, or 49%, to EUR 679 million, as compared to EUR 455 million for the year ended 31 December 2012. Approximately half of the increase was attributable to mortgages; other receivables was attributable to the consumer lending portfolio. For additional detail on the Group's impairment charges, please see "Annual Report 2014—Risk & Capital Report—Risk & capital review—Credit risk".

Loans and receivables—customers

Loans and receivables—customers decreased by EUR 4.3 billion, or 3%, to EUR 159.0 billion as at 31 December 2013, as compared to EUR 163.3 billion as at 31 December 2012. This decrease was primarily due to a decline in outstanding mortgage volumes as a result of sustained sluggishness in the housing market and higher-than-expected repayments. In addition, the amount of consumer loans decreased.

Due to customers

Due to customers increased by EUR 6.2 billion, or 7%, to EUR 93.4 billion as at 31 December 2013, as compared to EUR 87.2 billion as at 31 December 2012. The Group managed to increase its share of a growing Dutch savings market. Outside the Netherlands, MoneYou posted growth in Germany and Belgium.

FTEs

FTEs in Retail Banking decreased by 116, or 2%, to 6,503 as at 31 December 2013, compared to 6,619 as at 31 December 2012.

Private Banking

The table below summarises the Private Banking segment's results on an underlying basis for the years ended 31 December 2013 and 31 December 2012.

Private Banking: Selected Financial Information

	Year ended 31 December	
	2013	**2012**
	(in millions of euros)	
Net interest income	529	484
Net fee and commission income	532	502
Other operating income(1)	57	68
Operating income	*1,118*	*1,055*
Personnel expenses	442	405
Other expenses(2)	416	440
Operating expenses	858	844
Operating result	***260***	***210***
Impairment charges on loans and other receivables	141	74
Profit/(loss) before tax	***119***	***136***
Income tax expense	16	12
Underlying profit/(loss) for the period	**104**	**124**
Special Items	—	(10)
Reported profit/(loss) for the period	**104**	**114**

	Year ended 31 December	
	2013	**2012**
Underlying cost/income ratio (in %)	77%	80%
Underlying cost of risk(3) (in bps)	89	49
Underlying return on equity(4) (in %)	7.0%	8.0%

	As at 31 December	
	2013	**2012**
Loan-to-Deposit ratio (in %)	26%	25%
Loans and receivables customers (in EUR billion)	15.5	15.4
Due to customers (in EUR billion)	59.5	58.8
Risk weighted assets(5) (in EUR billion)	8.8	9.6
FTEs	3,442	3,559

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(4) Return on equity is based on the underlying profit divided by the average allocated equity. Allocated equity per segment is calculated as 12.5%* average RWA including capital deductions.

(5) Reported under Basel II.

Underlying profit/(loss) for the period

Underlying profit for the year ended 31 December 2013 decreased by EUR 20 million, or 16%, to EUR 104 million, as compared to EUR 124 million for the year ended 31 December 2012. This decrease was primarily due to higher loan impairments, which more than offset the increase in operating result. Return on equity decreased to 7.0% in 2013 from 8.0% in 2012.

Operating income

Operating income for the year ended 31 December 2013 increased by EUR 63 million, or 6%, to EUR 1,118 million, as compared to EUR 1,055 million for the year ended 31 December 2012. This increase resulted from increases in net interest income and net fee and commission income.

Net interest income

Net interest income for the year ended 31 December 2013 increased by EUR 45 million, or 9%, to EUR 529 million, as compared to EUR 484 million for the year ended 31 December 2012. The increase was due to improved margins (mainly margins on deposits) and higher volumes.

Net fee and commission income

Net fee and commission income for the year ended 31 December 2013 increased by EUR 30 million, or 6%, to EUR 532 million, as compared to EUR 502 million for the year ended 31 December 2012. This increase resulted from higher client activity as well as increased client assets.

Other operating income

Other operating income for the year ended 31 December 2013 decreased by EUR 11 million, or 16%, to EUR 57 million, as compared to EUR 68 million for the year ended 31 December 2012. This decrease was primarily due to the sale of some smaller international equity participations in 2012.

Operating expenses

Operating expenses for the year ended 31 December 2013 increased by EUR 14 million, or 2%, to EUR 858 million, as compared to EUR 844 million for the year ended 31 December 2012.

Personnel expenses

Personnel expenses for the year ended 31 December 2013 increased by EUR 37 million, or 9%, to EUR 442 million, as compared to EUR 405 million for the year ended 31 December 2012. This increase was mainly due to higher pension costs.

Other expenses

Other expenses for the year ended 31 December 2013 decreased by EUR 24 million, or 5%, to EUR 416 million, as compared to EUR 440 million for the year ended 31 December 2012. This decrease was mainly due to lower project costs, as well as lower operating expenses relating to the change in the booking of staff mortgage rates.

Operating result

The operating result for the year ended 31 December 2013 increased by EUR 50 million, or 24%, to EUR 260 million, as compared with EUR 210 million for the year ended 31 December 2012. The cost/income ratio improved to 77% in 2013 from 80% in 2012.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the year ended 31 December 2013 increased by EUR 67 million, or 91%, to EUR 141 million, as compared to EUR 74 million for the year ended 31 December 2012. This was caused by a single client case in the international network. For additional detail on the Group's impairment charges, please see "Annual Report 2014—Risk & Capital Report—Risk & capital review—Credit risk".

Loans and receivables—customers

Loans and receivables—customers as at 31 December 2013 remained largely unchanged, increasing only slightly, by EUR 0.1 billion to EUR 15.5 billion as at 31 December 2013, as compared to EUR 15.4 billion as at 31 December 2012.

Due to customers

Due to customers as at 31 December 2013 remained relatively stable, rising slightly by EUR 0.7 billion, or 1%, to EUR 59.5 billion as at 31 December 2013 as compared to EUR 58.8 billion as at 31 December 2012.

FTEs

FTEs in Private Banking as at 31 December 2013 decreased by 117, or 3%, to 3,442 as at 31 December 2013, as compared to 3,559 as at 31 December 2012.

Client Assets

Client Assets as at 31 December 2013 increased by EUR 5.2 billion, or 3%, to EUR 168.3 billion, as compared with EUR 163.1 billion as at 31 December 2012. This increase was primarily due to improving financial markets and was partially offset by a slight decline in net new assets.

The table below summarises the Client Assets as at 31 December 2013 and 31 December 2012.

Private Banking: Client Assets

	As at 31 December	
	2013	**2012**
	(in billions of euros)	
Opening balance as at 1 January	***163.1***	***146.6***
Net new assets	(2.0)	3.1
Market performance	7.1	13.4
Divestments/acquisitions	—	—
Other (including sales/acquisitions)	0.1	—
Balance at 31 December	**168.3**	**163.1**
Breakdown by assets type:		
Cash	60.7	62.2
Securities	107.6	101.0
Of which:		
The Netherlands (in %)	48%	47%
The rest of Europe (in %)	44%	44%
The rest of the world (in %)	8%	9%

Corporate Banking

The table below summarises the Corporate Banking segment's results on an underlying basis for the years ended 31 December 2013 and 31 December 2012.

Corporate Banking: Selected Financial Information

	Year ended 31 December	
	2013	**2012**
	(in millions of euros)	
Net interest income	1,852	1,692
Net fee and commission income	600	648
Other operating income(1)	278	449
Operating income	*2,730*	*2,788*
Personnel expenses	600	525
Other expenses(2)	1,049	1,132
Operating expenses	1,649	1,657
Operating result	***1,081***	***1,131***
Impairment charges on loans and other receivables	851	901
Profit/(loss) before tax	***230***	***230***
Income tax expense	83	4
Underlying profit/(loss) for the period	**147**	**226**
Special Items	(109)	(4)
Reported profit/(loss) for the period	**38**	**222**

	Year ended 31 December	
	2013	**2012**
Underlying cost/income ratio (in %)	60%	59%
Underlying cost of risk(3) (in bps)	105	112
Underlying return on equity(4) (in %)	1.8%	2.7%

	As at 31 December	
	2013	2012
Loan-to-Deposit ratio (in %)	147%	148%
Loans and receivables customers (in EUR billion)	78.9	78.4
Due to customers (in EUR billion)	51.7	51.7
Risk weighted assets(5) (in EUR billion)	56.0	70.5
FTEs	5,022	5,114

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(4) Return on equity is based on the underlying profit divided by the average allocated equity. Allocated equity per segment is calculated as 12.5%* average RWA including capital deductions.

(5) Reported under Basel II.

Underlying profit/(loss) for the period

Underlying profit for the year ended 31 December 2013 decreased by EUR 79 million, or 35%, to EUR 147 million, as compared to EUR 226 million for the year ended 31 December 2012. This decrease was primarily due to a lower operating result, as well as the effect of a comparatively/particularly low effective tax rate in the year ended 31 December 2012. Return on equity decreased to 1.8% in 2013 from 2.7% in 2012.

Operating income

Operating income for the year ended 31 December 2013 decreased by EUR 58 million, or 2%, to EUR 2,730 million, as compared to EUR 2,788 million for the year ended 31 December 2012. This decrease was primarily due to decreasing other operating income, offset in part by growth in net interest income.

Net interest income

Net interest income for the year ended 31 December 2013 increased by EUR 160 million, or 9%, to EUR 1,852 million, as compared to EUR 1,692 million for the year ended 31 December 2012. The increase was primarily due to higher volumes and margins in the Commercial Clients business (including higher margins on loans and higher volumes and margins on deposits) and International Clients business (including higher margins and volumes on loans). Margins in the Commercial Clients and International Clients businesses improved as a result of both re-pricing and an increase in the commitment fees charged on current accounts.

Net fee and commission income

Net fee and commission income for the year ended 31 December 2013 decreased by EUR 48 million, or 7%, to EUR 600 million, as compared to EUR 648 million for the year ended 31 December 2012. This decrease was primarily due to the divestment of part of the insurance activities. Fee income also declined as a result of a reclassification of interbank payment fees from other costs to negative fee income. This decline was offset, in part, by higher transaction fees.

Other operating income

Other operating income for the year ended 31 December 2013 decreased by EUR 171 million, or 38%, to EUR 278 million, as compared to EUR 449 million for the year ended 31 December 2012. This decrease was primarily due to Capital Markets Solutions and the strategic decision to terminate the non-client-related part of the business. Trading income was lower across the board due to challenging market circumstances.

Operating expenses

Operating expenses for the year ended 31 December 2013 decreased slightly by EUR 8 million to EUR 1,649 million, as compared to EUR 1,657 million for the year ended 31 December 2012.

Personnel expenses

Personnel expenses for the year ended 31 December 2013 increased by EUR 75 million, or 14%, to EUR 600 million, as compared to EUR 525 million for the year ended 31 December 2012. This increase was mainly due to higher pension costs.

Other expenses

Other expenses for the year ended 31 December 2013 decreased by EUR 83 million, or 7%, to EUR 1,049 million, as compared to EUR 1,132 million for the year ended 31 December 2012. This decrease was mainly due to lower operating expenses relating to the change in the booking of staff mortgage rates.

Operating result

The operating result for the year ended 31 December 2013 decreased by EUR 50 million, or 4%, to EUR 1,081 million, as compared with EUR 1,131 million for the year ended 31 December 2012. The underlying cost/income ratio increased to 60% in 2013 from 59% in 2012.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the year ended 31 December 2013 decreased by EUR 50 million, or 6%, to EUR 851 million, as compared to EUR 901 million for the year ended 31 December 2012. The decline was mainly due to released provisions in the International Clients business in 2013 on a limited number of clients, and a significant provision recorded at Capital Markets Solutions business for a single client in 2012. For additional detail on the Group's impairment charges, please see "Annual Report 2013—Risk & Capital Management—Risk management—Credit risk".

Loans and receivables—customers

Loans and receivables—customers, increased slightly by EUR 0.5 billion, or 1%, to EUR 78.9 billion as at 31 December 2013, as compared to EUR 78.4 billion as at 31 December 2012.

Due to customers

Due to customers remained stable at EUR 51.7 billion.

FTEs

FTEs in Corporate Banking decreased by 92, or 2%, to 5,022 as at 31 December 2013, compared to 5,114 as at 31 December 2012.

Corporate Banking—Commercial Clients

The table below summarises the Commercial Clients business results on an underlying basis for the years ended 31 December 2013 and 31 December 2012.

Corporate Banking—Commercial Clients: Selected Financial Information

	Year ended 31 December	
	2013	**2012**
	(in millions of euros)	
Net interest income	1,213	1,100
Net fee and commission income	188	216
Other operating income(1)	27	19
Operating income	*1,428*	*1,335*
Operating expenses	773	813
Operating result	***655***	***523***
Impairment charges on loans and other receivables	770	630
Profit/(loss) before tax	***(114)***	***(108)***
Income tax expense	(27)	(21)
Underlying profit/(loss) for the period	**(87)**	**(86)**
Special items	—	(2)
Reported profit/(loss) for the period	**(87)**	**(89)**

	Year ended 31 December	
	2013	**2012**
Underlying cost/income ratio (in %)	54%	61%
Underlying cost of risk(2) (in bps)	175	142

	As at 31 December	
	2013	2012
Loans and receivables customers (in EUR billion)	40.0	42.1
Due to customers (in EUR billion)	30.6	28.1
Risk weighted assets[(3)] (in EUR billion)	24.0	28.1

(1) "Other operating income" comprises the income statement line items (1) "Net trading income", (2) "Share of result in equity accounted investments" and (3) "Other income".

(2) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(3) Reported under Basel II.

Corporate Banking—International Clients

The table below summarises the International Clients business results on an underlying basis for the years ended 31 December 2013 and 31 December 2012.

Corporate Banking—International Clients: Selected Financial Information

	Year ended 31 December	
	2013	2012
	(in millions of euros)	
Net interest income	584	535
Net fee and commission income	182	203
Other operating income[(1)]	6	14
Operating income	*771*	*752*
Operating expenses	421	389
Operating result	***350***	***363***
Impairment charges on loans and other receivables	82	199
Profit/(loss) before tax	***268***	***164***
Income tax expense	80	(32)
Underlying profit/(loss) for the period	**189**	**196**
Special Items	—	(2)
Reported profit/(loss) for the period	**189**	**195**

	Year ended 31 December	
	2013	2012
Underlying cost/income ratio (in %)	55%	52%
Underlying cost of risk[(2)] (in bps)	31	76

	As at 31 December	
	2013	2012
Loans and receivables customers (in EUR billion)	26.4	24.4
Due to customers (in EUR billion)	16.1	15.8
Risk weighted assets[(3)] (in EUR billion)	19.9	27.1

(1) "Other operating income" comprises the income statement line items (1) "Net trading income", (2) "Share of result in equity accounted investments" and (3) "Other income".

(2) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(3) Reported under Basel II.

Corporate Banking—Capital Markets Solutions

The table below summarises the Capital Markets Solutions business results on an underlying basis for the years ended 31 December 2013 and 31 December 2012.

Corporate Banking—Capital Markets Solutions: Selected Financial Information

	Year ended 31 December	
	2013	2012
	(in millions of euros)	
Net interest income	55	56
Net fee and commission income	231	228
Other operating income[(1)]	245	416
Operating income	*531*	*700*
Operating expenses	455	455
Operating result	***76***	***245***
Impairment charges on loans and other receivables	—	72
Profit/(loss) before tax	***76***	***173***
Income tax expense	30	57
Underlying profit/(loss) for the period	**46**	**116**
Special Items	(109)	—
Reported profit/(loss) for the period	**(63)**	**116**

	Year ended 31 December	
	2013	2012
Underlying cost/income ratio (in %)	86%	65%
Underlying cost of risk[(2)] (in bps)	—	72

	As at 31 December	
	2013	2012
Financial assets held for trading (in EUR billion)	11.3	6.5
Loans and receivables customers (in EUR billion)	12.4	11.8
Financial liabilities held for trading (in EUR billion)	4.4	3.7
Due to customers (in EUR billion)	4.9	7.9
Risk weighted assets[(3)] (in EUR billion)	12.2	15.2

(1) "Other operating income" comprises the income statement line items (1) "Net trading income", (2) "Share of result in equity accounted investments" and (3) "Other income".

(2) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

(3) Reported under Basel II.

Group Functions

The majority of the costs of Group Functions are allocated to the business segments. Items that are not allocated to the business segments include, among other things, the operating income from ALM and Treasury, general restructuring charges and certain integration costs.

The table below summarises the Group Functions segment's results on an underlying basis for the years ended 31 December 2013 and 31 December 2012.

Group Functions: Selected Financial Information

	Year ended 31 December	
	2013	**2012**
	(in millions of euros)	
Net interest income	(115)	95
Net fee and commission income	(37)	(140)
Other operating income[1]	59	(14)
Operating income	*(93)*	*(60)*
Personnel expenses	762	631
Other expenses[2]	(465)	(678)
Operating expenses	297	(47)
Operating result	***(390)***	***(13)***
Impairment charges on loans and other receivables	(4)	1
Profit/(loss) before tax	***(386)***	***(14)***
Income tax expense	(87)	48
Underlying profit/(loss) for the period	**(299)**	**(63)**
Special Items	517	57
Reported profit/(loss) for the period	**218**	**(5)**

	As at 31 December	
	2013	**2012**
Securities financing-assets	15.3	24.0
Loans and receivables customers (in EUR billion)	3.7	5.4
Securities financing-liabilities	11.1	18.9
Due to customers (in EUR billion)	3.1	3.9
Risk weighted assets[3] (in EUR billion)	9.9	9.2
FTEs	7,321	7,673

(1) Other operating income comprises net trading income, share of result in equity accounted investments and other income.

(2) Other expenses comprise general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

(3) Cost of risk consists of impairment charges on Loans and receivables—customers for the period divided by average Loans and receivables—customers.

Underlying profit/(loss) for the period

Underlying profit for the year ended 31 December 2013 decreased by EUR 236 million to EUR (299) million, as compared to EUR (63) million for the year ended 31 December 2012. This was primarily the result of lower operating income and higher expenses.

Operating income

Operating income for the year ended 31 December 2013 decreased by EUR 33 million, or 55%, to a loss of EUR 93 million, as compared to a loss of EUR 60 million for the year ended 31 December 2012.

Net interest income

Net interest income for the year ended 31 December 2013 declined by EUR 210 million, to a loss of EUR 115 million, as compared to a gain of EUR 95 million for the year ended 31 December 2012, mainly due to changes in liquidity compensation. The mismatch result increased due to lower short-term interest rates. The costs of funding as well as capital increased somewhat as maturing debt issued before the crisis was refinanced at higher spread levels.

Net fee and commission income

Net fee and commission income increased by EUR 103 million to a loss of EUR 37 million, as compared to a loss of EUR 140 million for the year ended 31 December 2012, mainly due to a reallocation of fees paid for interbank payments to the segments, which had previously been allocated to the segments as Other expenses. In 2013, these payments were re-categorised as fee expenses, thus impacting the fee income of Group Functions.

Other operating income

Other operating income for the year ended 31 December 2013 increased by EUR 73 million, to EUR 59 million, as compared to EUR 14 million negative income for the year ended 31 December 2012. This increase was primarily due to revaluations of the investment and trading portfolios as well as higher own debt valuation.

Operating expenses

Operating expenses for the year ended 31 December 2013 increased by EUR 344 million to EUR 297 million, as compared to EUR (47) million for the year ended 31 December 2012.

Personnel expenses

Personnel expenses for the year ended 31 December 2013 increased by EUR 131 million, or 21%, to EUR 762 million, as compared to EUR 631 million for the year ended 31 December 2012, mainly due to higher pension costs, which were partly offset by lower FTEs.

Other expenses

Other expenses for the year ended 31 December 2013 increased by EUR 213 million, to EUR (465) million, as compared to EUR (678) million for the year ended 31 December 2012, given that the Group had received compensation for certain expenses in 2012 from external parties under a service level agreement that the Group had entered into in connection with certain EC Remedy-related portfolio divestments. Additionally, there were higher costs for change projects, slightly offset by lower depreciation costs.

Operating result

The operating result for the year ended 31 December 2013 decreased by EUR 377 million to a loss of EUR 390 million, as compared to a loss of EUR 13 million for the year ended 31 December 2012.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables were EUR (4) million for the year ended 31 December 2013, a decrease of EUR 5 million compared to EUR 1 million as at 31 December 2012.

FTEs

The number of FTEs decreased by 352, or 5%, to 7,321 as at 31 December 2013, as compared to 7,673 as at 31 December 2012.

CASH FLOW INFORMATION

The table below shows a summary of the Group's cash flow for the nine months ended 30 September 2015 and 30 September 2014 and the years ended 31 December, 2014, 2013 and 2012. The complete consolidated statements of cash flows for such periods are included in the financial statements, included elsewhere in this Prospectus. Information which has not been audited has been labelled 'unaudited.'

	Nine months ended 30 September		Year ended 31 December		
	2015	**2014**	**2014**	**2013**	**2012**
	(unaudited)	**(unaudited)**	**(audited)**	**(audited)**	**(audited)**
	(in millions of euros)				
Profit/(loss) for the period	***1,652***	***734***	***1,134***	***1,160***	***1,153***
Cash flow from operating activities	17,832	10,382	15,121	15,046	6,249
Cash flow from investing activities	1,271	(10,714)	(10,762)	(7,589)	(1,644)
Cash flow from financing activities	3,030	(10,450)	(15,595)	(6,160)	(1,910)
Net increase/(decrease) of cash and cash equivalents	***22,133***	***(10,782)***	***(11,236)***	***1,297***	***2,695***
Cash and cash equivalents as at 1 January	4,212	15,319	15,319	14,091	11,404
Effect of exchange rate differences on cash and cash equivalents	72	117	128	(69)	(8)
Cash and cash equivalents as at period end	**26,417**	**4,654**	**4,212**	**15,319**	**14,091**
Supplementary disclosure of operating cash flow information:					
Interest paid	5,513	5,892	7,519	7,697	8,057
Interest received	10,768	9,880	13,259	12,466	13,099
Dividends received from investments	51	63	71	38	59

Cash flow from operating activities

Net cash flow from operating activities increased by EUR 7.5 billion, or 72%, to EUR 17.8 billion for the nine months ended 30 September 2015, compared to EUR 10.4 billion for the nine months ended 30 September 2014. Net cash flow from operating activities in the nine months ended 30 September 2015 was primarily attributable to changes in derivative assets, loans and receivables banks and savings deposits, partly offset by changes in derivative liabilities and securities financing liabilities.

Net cash flow from operating activities increased by EUR 0.1 billion, or 1%, to EUR 15.1 billion for the year ended 31 December 2014, compared to EUR 15.0 billion for the year ended 31 December 2013. Net cash flow from operating activities in 2014 was primarily attributable to changes in derivative liabilities, demand deposits and due to banks, which were partially offset by changes in derivative assets and other loans and receivables—customers.

Net cash flow from operating activities increased by EUR 8.8 billion, or 142% to EUR 15.0 billion for the year ended 31 December 2013, compared to EUR 6.2 billion for the year ended 31 December 2012. Net cash flow from operating activities in 2013 was primarily attributable to changes in loans and receivables—customers and due to banks, which were partially offset by changes in due to customers and other assets.

Cash flow from investing activities

Net cash flow from investing activities increased by EUR 12 billion, to EUR 1.3 billion for the nine months ended 30 September 2015, compared to EUR (10.7) billion for the nine months ended 30 September 2014. Net cash flow from investing activities in the nine months ended 30 September 2015 was primarily attributable to purchases of financial investments, which were partially offset by proceeds from sales and redemptions of financial investments.

Net cash flow from investing activities decreased by EUR 3.2 billion, or 42% to EUR (10.8) billion for the year ended 31 December 2014, compared to EUR (7.6) billion for the year ended 31 December 2013. Net cash flow from investing activities in 2014 was primarily attributable to purchases of financial investments, which were partially offset by proceeds from sales and redemptions of financial investments.

Net cash flow from investing activities decreased by EUR 6.0 billion to EUR (7.6) billion for the year ended 31 December 2013, compared to EUR (1.6) billion in 2012. Net cash flow from investing activities in 2013 was primarily attributable to purchases of financial investments, which were partially offset by proceeds from sales and redemptions of financial investments.

Cash flow from financing activities

Net cash flow from financing activities increased by EUR13.5 billion to EUR 3.0 billion for the nine months ended 30 September 2015, compared to EUR (10.5) billion for the nine months ended 30 September 2014. Net cash flow from financing activities for the nine months ended 30 September 2015 was primarily attributable to the proceeds from the issuance of debt, partly offset by the repayment of issued debt.

Net cash flow from financing activities decreased by EUR 9.4 billion to EUR (15.6) billion for the year ended 31 December 2014, compared to EUR (6.2) billion for the year ended 31 December 2013. Net cash flow from financing activities in 2014 was primarily attributable to repayments on issued debt, which were partially offset by proceeds from the issuance of debt.

Net cash flow from financing activities decreased by EUR 4.3 billion for the year ended 31 December 2013, compared to EUR (1.9) billion for the year ended 31 December 2012. Net cash flow from financing activities in 2013 was primarily attributable to repayments on issued debt, which were partially offset by proceeds from the issuance of debt.

CAPITAL, LIQUIDITY AND FUNDING

ABN AMRO Bank is regulated (on a consolidated basis) in accordance with capital adequacy and liquidity requirements by the European Central Bank (ECB). Certain information presented in this section derived from the Group's Annual Reports for the years 2014, 2013 and 2012 has been audited and certain information derived from the Group's Q3 2015 Report as at 30 September 2015 has been reviewed. Information which has not been audited has been labelled as 'unaudited'.

Regulatory capital

The primary objective of the capital management strategy is to ensure that capital adequacy requirements are met at all times and sufficient capital is available to support the bank's strategy. Capital is a necessary resource for doing business and enables the bank's commercial possibilities. The balance between available and required capital is managed centrally, optimising the use of available capital.

In September 2015, ABN AMRO Bank issued EUR 1 billion in capital securities including a premium discount of EUR 7 million. The capital securities qualify as Additional Tier 1 capital as described in CRD IV and CRR. The capital securities are perpetual and unsecured. In addition, the capital securities are deeply subordinated, meaning that the rights and claims of the security holders are junior to the rights and claims of holders of deposits, senior debt and subordinated Tier 2 debt in the event of *e.g.* liquidation or bankruptcy of ABN AMRO Bank.

The principal amount of the capital securities will be written down if ABN AMRO Bank's CET1 ratio falls or remains below 5.125% and/or the Group CET1 ratio falls or remains below 7%. Following such reduction, the principal amount may, at ABN AMRO Bank's discretion, be written-up to the original principal amount if certain conditions are met. In addition, the capital securities may be subject to a permanent write-down in circumstances where the competent resolution authority would determine that ABN AMRO Bank has reached the point of non-viability.

The basis of the capital management strategy is the bank's risk appetite and its business plans. Other important factors taken into account while managing the capital position are expectations and requirements of external stakeholders (such as regulators, investors, shareholders, equity analysts, rating agencies and clients), the bank's position in the market, market developments, contingent capital needs and the feasibility of capital management actions.

Although the Group manages its capital centrally, the group companies are sufficiently capitalised to comply with all local regulatory solvency requirements and to meet any local business needs.

The Group's banking activities are primarily carried out by legal entities that are located in the Netherlands. They are also part of the Group's tax unit for corporate tax. This means that, apart from the prevailing legal and regulatory legislation, there are no specific material impediments to prompt the transfer of the bank's regulatory capital.

This governance ensures that subsidiaries that are required to report on a solo or sub-consolidated level are sufficiently capitalised on a continuous basis.

Regulatory capital structure

	As at 30 September	As at 31 December		
	2015(2)	**2014(2)**	**2013(3)**	**2012(3)**
	(unaudited)	**(audited)**	**(audited)**	**(audited)**
		(In millions of euros)		
Total equity—EU IFRS	**17,094**	**14,877**	**13,568**	**12,883**
Cash flow hedge reserve	1,152	1,223	1,467	1,873
Dividend reserve	(312)	(275)	(200)	(262)
Capital securities	(993)	—	—	—
Other regulatory adjustments	(436)	(399)	863	206
Common Equity Tier 1/Core Tier 1 capital	*16,505*	*15,426*	*15,698*	*14,700*
Innovative hybrid capital instruments	700	800	1,000	997
Capital securities	993	—	—	—
Other regulatory adjustments	(237)	(241)	—	—
Tier 1 capital	*17,961*	*15,985*	*16,698*	*15,697*
Subordinated liabilities Tier 2	4,885	5,502	5,610	7,031
Excess Tier 1 capital recognised as Tier 2 capital	300	200	—	—
Participations in financial institutions > 10%			-336	-323
Other regulatory adjustments	30	-39	25	-5
Total regulatory capital(1)	**23,177**	**21,648**	**21,997**	**22,400**

(1) DNB requires Dutch banks to disclose the Basel I floor in accordance with CRR Article 500. The Basel I floor is calculated by multiplying Basel I RWA (REA) of EUR 179 billion by 8% times 80% resulting in a minimum required amount of own funds of EUR 11.5 billion as per 31 December 2014. The Group comfortably meets this requirement.

(2) 30 September 2015, 31 December 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

(3) 2013 and 2012 figures are reported under Basel II.

Risk weighted assets (unaudited)

	As at 30 September	As at 31 December		
	2015[(1)]	2014[(1)]	2013[(2)]	2012[(2)]
	(in millions of euros)			
Risk weighted assets:				
Credit risk	88,564	87,667	86,201	100,405
Operational risk	16,227	16,168	16,415	15,461
Market risk	5,810	5,811	6,396	5,640
Total risk weighted assets	**110,602**	**109,647**	**109,012**	**121,506**
Common Equity Tier 1 ratio/Core Tier 1 ratio *(phase-in)*	14.9%	14.1%	14.4%	12.1%
Tier 1 ratio *(phase-in)*	16.2%	14.6%	15.3%	12.9%
Total capital ratio *(phase-in)*	21.0%	19.7%	20.2%	18.4%
Common Equity Tier 1 ratio/Core Tier 1 ratio *(fully-loaded)*	14.8%	14.1%	12.2%	10.0%
Tier 1 ratio *(fully-loaded)*	15.7%	14.1%	12.2%	10.0%
Total capital ratio *(fully-loaded)*	18.4%	18.9%	14.5%	10.0%

(1) 30 September 2015 and 31 December 2014 figures are reported in accordance with the Basel III (CRD IV/CRR) framework.

(2) 2013 and 2012 figures are reported under Basel II, with the exception of fully-loaded figures which are reported in accordance with the Basel III (CRD IV/CRR) framework.

Leverage ratio (fully-loaded) (unaudited)

	As at 30 September	As at 31 December	
	2015	2014	2013
	(in millions of euros)		
Tier 1 capital	*17,373*	*15,435*	*14,087*
Exposure measure (under CDR)			
On-balance sheet exposures	413,287	386,867	372,022
Off-balance sheet items	28,269	26,702	25,704
On-balance sheet netting	31,228	37,709	54,334
Derivative exposure	47,216	(11,783)	(2,667)
Securities financing exposures	1,440	1,078	3,746
Other regulatory measures	(18,802)	(19,262)	(11,195)
Exposure measure	*502,639*	*421,311*	*441,944*
Leverage ratio (CDR)	**3.5%**	**3.7%**	**3.2%**

(1) 3-month average.

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

Mainly due to the implementation of a revised calculation method for the exposure measure for clearing services set out in the CDR, the Group's fully-loaded leverage ratio decreased from 3.5% as at 31 March 2015 to 3.1% as at 30 June 2015. The revised calculation method led to a considerable increase in the exposure measure, particularly the derivative exposure. The CDR specifies that when a clearing member guarantees the exchange traded derivative transactions of clients towards CCPs, it must include the guarantee in the exposure measure. Based on the Basel Leverage Ratio document (BCBS270) and the SA-Counterparty Credit Risk document (BCBS279), the Group believes there is a possibility, that in the longer term current regulation could be amended which could lead to a lower exposure measure for ABN AMRO Clearing Bank. Further, the leverage ratio can be managed through management of the exposures measure (*e.g.*, through adjusting the cash pooling product with clients), issuance of Additional Tier 1 instruments (e.g. issuance of EUR 1 billion on 15 September 2015) and retained earnings. With these identified levers to manage the leverage ratio, the Group is well positioned to meet the 4% requirement by 2018. As at 30 September 2015 the Group's fully-loaded leverage ratio was 3.5%.

The ECB informed the Group that certain Tier 2 instruments[11] of ABN AMRO Bank should be excluded from the total capital calculation. The exclusion applies to Tier 2 instruments that were issued after year-end 2011 (the CRR cut-off date) and before revocation of the 403-liability statement of the Group that was issued for the benefit of ABN AMRO Bank.

[11] 7.125% EUR 1,000 million (XS0802995166), 6.250% USD 1,500 million (XS0827817650) and 4.700% SGD 1,000 million (XS0848055991).

Based on an interpretation of a recent ruling of the Dutch Supreme Court in relation to the nationalisation of SNS REAAL, the ECB determined that, due to the 403-liability statement, the ranking of these Tier 2 creditors is enhanced as the claim under the 403-liability statement is not subordinated. In the former 403-liability statement for claims against ABN AMRO Bank, no subordination was provided for. Therefore, these Tier 2 instruments are no longer eligible for inclusion in the capital calculation pursuant to the CRR as from 20 March 2015, the date of the Dutch Supreme Court ruling. As at 30 September 2015, the Group reported a phased-in total capital ratio of 18.4%, whereas the fully-loaded total capital ratio was 21.0%. Furthermore, three other instruments[12] have become subject to the grandfathering regime and their Tier 2 eligibility amortises annually. The change in Tier 2 eligibility lowers the total capital ratio. These changes have been made accordingly.

CRD IV and CRR set the framework for the implementation of Basel III in the European Union. CRD IV and CRR were phased-in on 1 January 2014 and will be fully effective by January 2019.

The BRRD sets out a set of tools available to competent authorities to intervene sufficiently early in an unsound and failing bank so as to ensure the continuity of the bank's critical financial and economic functions while minimising the impact of the bank's failure on the economy and the financial system. The measures of the BRRD have applied since 1 January 2015, and the bail-in framework will be introduced as of January 2016. The implementation of the bail-in framework results in the introduction of additional loss absorbing measures such as MREL and TLAC.

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

The Group constantly assesses the impact of upcoming regulatory requirements and undertakes initiatives to effectively comply with them.

Liquidity risk management

The liquidity risk management framework aims to ensure that the Group can meet its payment obligations at reasonable cost under severely adverse conditions. A set of liquidity risk metrics and limits is in place in order to manage the Group's liquidity position and ensure compliance with regulatory requirements. The Group strives to maintain a prudent liquidity management framework, including limited dependency on wholesale funding, a conservative long-term maturity profile and a solid liquidity buffer. The Group's approach to liquidity risk addresses two distinct goals: going concern liquidity management and liquidity contingency risk management. Going concern liquidity management entails management of the day-to-day liquidity position within specified parameters to ensure all liabilities can be met on a timely basis. Contingency liquidity risk management aims to ensure that in the event of either a firm-specific or general market event, the bank is able to generate sufficient liquidity to withstand a short- or long-term liquidity crisis.

The Group holds portfolios of highly liquid assets diversified by currency and maturity as a liquidity buffer to enable it to respond to unusual liquidity requirements. The following table is unaudited.

	As at 30 September	As at 31 December		
	2015	**2014**	**2013**	**2012**
Going concern indicators:				
Loan-to-Deposit ratio (in %)	110%	117%	121%	125%
Net Stable Funding Ratio (NSFR, in %)	>100%	>100%	>100%	>100%
Survival period (in months)	>12 months	>12 months	>12 months	>12 months
Contingency indicators:				
Liquidity Coverage Ratio (LCR, in %)	>100%	>100%	100%	89%
Liquidity buffer (in EUR billion)	85.4	73.9	75.9	68.0

Funding

The Group raises the majority of its funding through savings and deposits from its Retail Banking and Private Banking segments and its Commercial Clients business. Retail Banking savings deposits are generated through the ABN AMRO brand in the Netherlands and MoneYou (the online brand) in the Netherlands, Belgium and Germany. Private Banking deposits from domestic clients and the Group's international network form an important source of funding. Clients deposits have been increasing since 2012, reducing the Group's need for wholesale funding and improving its Loan-to-Deposit ratio. In the Dutch savings market, a substantial portion of consumers' savings is placed with pension funds and in insurance products, rather than in bank deposits. Most Dutch banks have a Loan-to-Deposit ratio above 100%. The Group's

12 6.375% EUR 1,227 million (XS0619548216), 6.250% USD 595 million (XS0619547838) and 7.750% USD 114 million (144A: US00080QAD79, Reg S: USN0028HAP03).

Loan-to-Deposit ratio was 110% at 30 September 2015 and was 117% at 31 December 2014, with the remainder of the Group's funding coming mainly through long-term wholesale funding sources.

The Group's funding strategy aims to continuously optimise and diversify the bank's funding sources in order to maintain the targeted long-term funding position, liquidity profile and compliance with regulatory requirements. Several programmes are in place to attract long-, medium- and short-term funding. A key goal of the funding strategy is to diversify funding sources among maturities, investors, markets and currencies. The bank also focuses on optimising net interest income while complying with anticipated regulatory requirements.

Additional capital management, funding and liquidity information

For an extensive discussion of the Group's capital management practices, funding activities and liquidity, please see "Risk & Capital Report" and "Risk, funding & capital information" from the 2014 Annual Report and Q3 2015 Report, respectively, included elsewhere in this Prospectus.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

For quantitative and qualitative disclosure about Market Risk, please see "Risk & Capital Report—Risk & capital management—Market risk management" and "Risk, funding & capital information—Market risk" from the 2014 Annual Report and Q3 2015 Report, respectively, included elsewhere in this Prospectus.

WORKING CAPITAL

The Group believes that its working capital is sufficient for its present requirements, that is for at least 12 months following the date of this Prospectus. With a CET1 capital ratio of 14.9%, a Tier 1 capital ratio of 16.2% and a total capital ratio of 21.0% as at 30 September 2015, the Group complies with the minimum own funds requirements as set out in Directive 2013/36/EU of the European Parliament and the Council of 26 June 2013 relating to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (recast) (CRD IV) and Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (recast) (CRR). There is no minimum requirement for leverage ratio currently in effect. The Group's current liquidity position is sufficient to comply with the applicable liquidity requirements as set out in the CRR that became effective on 1 January 2014 and as set out in the CDR, that specifies the general liquidity requirements of the CRR and is applicable as of 1 October 2015. In addition, the Group's current liquidity position is sufficient to comply with the National LCR requirement ("**NLCR**") of the Netherlands that became effective on 1 October 2015.

SELECTED STATISTICAL INFORMATION

The reported results for the years ended and as at 31 December 2014, 2013 and 2012 included in this "Selected Statistical Information" section were extracted from the Historical Financial Information. Underlying results and reconciling items, where included, have been extracted from management accounts and have not been audited by the independent auditors. Certain information in this section derived from the Group's Annual Reports from the years 2014, 2013 and 2012 has been audited and is part of the Historical Financial Information, as permitted by EU IFRS 7. Other information derived from the Annual Reports from the years 2014, 2013 and 2012 is unaudited and labelled and labelled accordingly.

Set out below are certain statistical disclosures, including the Group's average balance sheets, average interest rates and interest differentials, financial assets and liabilities held for trading, details of its loan portfolio and a maturity analysis of its assets and liabilities. Certain figures in this section may not add up exactly due to rounding. In addition, certain percentages in this section have been calculated using rounded figures.

Distribution of Assets, Liabilities and Stockholders' Equity; Interest Rates and Interest Differential

Average balance sheet information and information on interest rates

The table below shows the average balances of the Group's interest-earning assets and interest-bearing liabilities, other assets and liabilities, the interest generated from such assets and liabilities and average return rate for each period presented. Average balances are calculated based on monthly averages.

	Year ended 31 December		
	2014	2013	2012
	(unaudited)	(unaudited)	(unaudited)
	(in millions of euros)		
Assets:			
Cash and balances at central banks	2,278	7,124	10,953
Financial assets held for trading	13,984	12,681	16,724
Derivatives	19,060	17,531	21,397
Financial investments	35,705	24,853	19,606
Securities financing	34,487	40,110	50,576
Loans and receivables—banks	20,869	28,667	27,091
Residential mortgages	153,287	156,582	159,333
Consumer loans	15,434	15,934	16,087
Commercial loans	84,571	85,958	85,029
Other loans and receivables—customers	5,018	1,578	1,158
Equity accounted investments	1,145	1,069	942
Property and equipment	1,405	1,479	1,632
Goodwill and other intangible assets	216	206	252
Tax assets	720	1,054	1,143
Other assets	5,044	5,488	7,472
Total assets	**393,223**	**400,314**	**419,395**
Liabilities:			
Financial liabilities held for trading	5,515	5,055	7,564
Derivatives	22,376	22,980	27,820
Securities financing	25,489	33,329	44,236
Due to banks	13,002	15,519	18,920
Demand deposits	102,912	95,806	90,547
Saving deposits	88,977	85,385	77,892
Time deposits	18,992	24,004	26,921
Other due to customers	245	353	525
Issued debt	86,402	89,661	95,603
Subordinated liabilities	8,059	8,467	8,733
Provisions	1,223	1,437	1,625
Tax liabilities	124	143	331
Other liabilities	5,733	4,586	5,125
Total liabilities	**379,051**	**386,725**	**405,842**

(1) Averages for each year are calculated based upon monthly averages.

	Year ended 31 December								
	2014			2013			2012		
	Average balance[1]	Interest	Yield (in %)	Average balance[1]	Interest	Yield (in %)	Average balance[1]	Interest	Yield (in %)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(in millions of euros, unless otherwise stated)								
Assets									
Cash and balances at central banks	2,278	—	0.0%	7,124	0	0.0%	10,953	5	0.0%
Financial investments	35,705	734	2.1%	24,853	693	2.8%	19,606	591	3.0%
Securities financing	34,487	256	0.7%	40,110	271	0.7%	50,576	320	0.6%
Loans and receivables—banks	35,705	212	0.6%	24,853	194	0.8%	19,606	460	2.3%
Residential mortgages	153,287	6,753	4.4%	156,582	6,944	4.4%	159,333	7,299	4.6%
Consumer loans	15,434	754	4.9%	15,934	737	4.6%	16,087	673	4.2%
Commercial loans	84,571	2,659	3.1%	85,958	2,706	3.1%	85,029	2,900	3.4%
Other loans and receivables—customers	1,431	114	8.0%	1,109	103	9.3%	1,158	96	8.3%
Other	30,324	1,893	6.2%	43,792	1,736	4.0%	57,047	1,635	2.9%
Total assets	**393,223**	**13,376**	**3.4%**	**400,314**	**13,383**	**3.3%**	**419,395**	**13,980**	**3.3%**
Liabilities									
Securities financing	25,489	173	0.7%	33,329	181	0.5%	44,236	187	0.4%
Due to banks	13,002	209	1.6%	15,519	263	1.7%	18,920	364	1.9%
Demand deposits	102,912	707	*0.7%*	95,806	839	*0.9%*	90,547	1,027	*1.1%*
Saving deposits	88,977	1,296	*1.5%*	85,385	1,504	*1.8%*	77,892	1,722	*2.2%*
Time deposits	18,992	309	*1.6%*	24,004	370	*1.5%*	26,921	542	*2.0%*
Other Due to customers	245	15	*6.3%*	353	14	*4.0%*	525	16	*3.0%*
Issued debt	86,402	1,819	2.1%	89,661	1,902	2.1%	95,603	2,497	2.6%
Subordinated liabilities	8,059	374	4.6%	8,467	423	5.0%	8,733	357	4.1%
Other	34,972	2,450	*7.0%*	34,201	2,508	*7.3%*	42,465	2,238	*5.3%*
Total liabilities	**379,051**	**7,353**	**1.9%**	**386,725**	**8,003**	**2.1%**	**405,842**	**8,951**	**2.2%**

(1) Averages for each year are calculated based upon monthly averages.

Changes in interest income; volume and rate analysis

The table below shows the effect of changes in the Group's interest income resulting from fluctuations in the average volumes and average yield for each period presented. Averages have been calculated on the basis of monthly averages.

	2014 compared to 2013			2013 compared to 2012		
	Increase/(decrease) due to changes in			Increase/(decrease) due to changes in		
	Average volume(1)	Average interest rate	Net change	Average volume(1)	Average interest rate	Net change
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(in millions of euros, unless otherwise stated)					
Interest income from assets						
Cash and balances at central banks	—	—	—	(2)	(3)	(5)
Financial investments	302	(261)	42	158	(57)	101
Securities financing	(38)	23	(15)	(66)	17	(49)
Loans and receivables—banks	85	(66)	18	123	(389)	(266)
Residential mortgages	(146)	(45)	(191)	(126)	(229)	(355)
Consumer loans	(23)	40	17	(6)	71	65
Commercial loans	(44)	(3)	(47)	32	(226)	(194)
Other loans and receivables—customers	30	(18)	12	(4)	10	6
Other	(534)	691	157	(380)	480	100
Total interest income from assets	**(368)**	**361**	**(7)**	**(272)**	**(325)**	**(596)**
Interest expense on liabilities						
Securities financing	(43)	35	(8)	(46)	40	(6)
Due to banks	(43)	(11)	(54)	(65)	(36)	(102)
Demand deposits	62	(194)	(132)	60	(248)	(188)
Saving deposits	63	(271)	(208)	166	(384)	(218)
Time deposits	(77)	17	(60)	(59)	(114)	(173)
Other due to customers	(4)	5	1	(5)	4	(2)
Issued debt	(69)	(15)	(84)	(155)	(440)	(595)
Subordinated liabilities	(20)	(28)	(49)	(11)	76	66
Other	56	(114)	(57)	(436)	705	270
Total interest expense on liabilities	***(74)***	***(576)***	***(650)***	***(522)***	***(396)***	***(948)***
Net interest income	**294**	**936**	**643**	**280**	**72**	**352**

(1) Averages for each year are calculated based upon monthly averages.

Loan Portfolio

Outstanding loans by industry sector

Please see "*Annual Report 2014—Risk & Capital Report—Credit risk—Credit risk concentration*".

Outstanding sovereign and sovereign-guaranteed exposures

Please see "*Annual Report 2014—Risk & Capital Report—Additional risk & capital disclosures—European exposures*".

Credit quality of retail loans and other financial assets

Please see "*Annual Report 2014—Risk & Capital Report—Risk & capital review—Credit risk—Credit risk measurement and ratings*".

Past due credit exposure

Please see "*Annual Report 2014—Risk & Capital Report—Risk & capital review—Credit risk—Past due exposures*".

Loan Impairment Charges and Allowances

The table below sets out the on- and off-balance impairment charges for the year ended 31 December 2014, 2013 and 2012:

On- and off-balance loan impairment charges

	For the year ended 31 December		
	2014	**2013**	**2012**
	(in millions of euros)		
On-balance	1,168	982	1,230
Off-balance	3	1	(2)
Total impairment charges on loans and other receivables	**1,171**	**983**	**1,228**

Total impairment charges on loans and receivables increased by 19% to EUR 1,171 million for the year ended 31 December 2014 compared with EUR 983 million for the year ended 31 December 2013. The table below sets out loan impairments and allowances for the year ended 31 December 2014:

Loan Impairment Charges and Allowances

	Securities financing	**Commercial loans**	**Residential mortgages**	**Consumer loans**	**Total**
	(in millions of euros)				
Balance at 1 January 2014	**24**	**3,778**	**585**	**612**	**4,999**
Impairment charges for the period	1	1,359	436	340	2,135
Reversal of impairment allowances no longer required	(16)	(583)	(228)	(81)	(908)
Recoveries of amounts previously written off	—	(13)	(11)	(36)	(60)
Total impairment charges on loans and other receivables	**(15)**	**763**	**197**	**223**	**1,168**
Amount recorded in interest income from unwinding of discounting	—	(47)	(66)	(11)	(125)
Currency translation differences	2	68	—	—	71
Amounts written off (net)	—	(1,011)	(196)	(182)	(1,389)
Reserve for unearned interest accrued on impaired loans	—	37	39	(10)	65
Other adjustments	—	(19)	(20)	22	(17)
Balance as at 31 December 2014	**11**	**3,568**	**538**	**654**	**4,771**
of which:					
Individual impairment	10	2,847	26	223	3,106
Collective impairment	1	721	512	431	1,665
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	10	5,255	1,478	868	7,611
Reconciliation from reported to underlying impairment charges:					
Total reported on-balance sheet impairment charges on loans and other receivables	**(15)**	**763**	**197**	**223**	**1,168**
Greek releases	—	—	—	—	—
Madoff releases	—	—	—	—	—
Total underlying impairment charges on loans and other receivables	**(15)**	**763**	**197**	**223**	**1,168**

Underlying impairment charges decreased by 30% to EUR 1,168 million for the year ended 31 December 2014, as compared to EUR 1,666 million for the year ended 31 December 2013. This decline was primarily driven by lower impairments in Commercial loans for an amount of EUR 258 million and, to a lesser extent, in the residential mortgage portfolio.

The tables below sets out loan impairments and allowances for the year ended 31 December 2013:

Loan Impairment Charges and Allowances

	Securities financing	Commercial loans	Residential mortgages	Consumer loans	Total
		(in millions of euros)			
Balance at 1 January 2013	**28**	**4,697**	**370**	**445**	**5,540**
Impairment charges for the period	—	1,588	496	462	2,546
Reversal of impairment allowances no longer required	(4)	(1,245)	(135)	(130)	(1,514)
Recoveries of amounts previously written off	—	(6)	(5)	(39)	(50)
Total impairment charges on loans and other receivables	**(4)**	**337**	**356**	**293**	**982**
Amount recorded in interest income from unwinding of discounting	—	(30)	(14)	(9)	(53)
Currency translation differences	—	(32)	—	—	(32)
Amounts written off (net)	—	(1,281)	(165)	(152)	(1,598)
Reserve for unearned interest accrued on impaired loans	—	84	31	35	150
Other adjustments	—	3	7	—	10
Balance as at 31 December 2013	**24**	**3,778**	**585**	**612**	**4,999**
of which:					
Individual impairment	23	2,996	78	228	3,325
Collective impairment	1	782	507	384	1,674
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	23	5,175	1,739	887	7,824
Reconciliation from reported to underlying impairment charges:					
Total reported impairment charges on loans and other receivables	**(4)**	**337**	**356**	**293**	**982**
Greek releases	—	432	—	—	432
Madoff releases	—	252	—	—	252
Total underlying impairment charges on loans and other receivables	**(4)**	**1,021**	**356**	**293**	**1,666**

Underlying impairment charges on loans and other receivables amounted to EUR 1,666 million for the year ended 31 December 2013, an increase of EUR 233 million, or 16%, due to higher loan impairments for Commercial Clients, Consumer Lending and Mortgages.

The table below sets out loan impairments and allowances for the year ended 31 December 2012:

Loan Impairment Charges and Allowances

	Securities financing	Commercial loans	Residential mortgages	Consumer loans	Total
		(in millions of euros)			
Balance at 1 January 2012	**26**	**4,895**	**281**	**344**	**5,546**
Impairment charges for the period	7	1,055	320	343	1,725
Reversal of impairment allowances no longer required	(5)	(406)	(67)	44	(434)
Recoveries of amounts previously written off	—	(16)	(6)	(39)	(61)
Total impairment charges on loans and other receivables	**2**	**633**	**247**	**348**	**1,230**
Amount recorded in interest income from unwinding of discounting	—	(35)	(4)	(7)	(46)
Currency translation differences	—	(2)	—	—	(2)
Amounts written off (net)	—	(775)	(185)	(329)	(1,289)
Reserve for unearned interest accrued on impaired loans	—	50	31	14	95
Other adjustments	—	(69)	—	75	6
Balance as at 31 December 2012	**28**	**4,697**	**370**	**445**	**5,540**
of which:					
Individual impairment	24	4,055	56	191	4,326
Collective impairment	4	642	314	254	1,214
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	24	6,406	1,504	675	8,609
Reconciliation from reported to underlying impairment charges:					
Total reported impairment charges on loans and other receivables	**2**	**633**	**247**	**348**	**1,230**
Greek releases	—	125	—	—	125
Madoff releases	—	78	—	—	78
Total underlying impairment charges on loans and other receivables	**2**	**836**	**247**	**348**	**1,433**

For more information on impairments, see the section entitled "Risk Management" in the Historical Financial Statements.

Maturity Analysis of Assets and Liabilities

The following tables shows an analysis of assets and liabilities analysed according to when they are to be recovered or settled as at 31 December 2014, 2013 and 2012. It should be noted that this presentation is not consistent with how the Group views liquidity, because the tables do not take expected client behaviour and other factors into account.

Contractual maturity of assets and liabilities

	As at 31 December 2014								
	Up to one month	**Between one and three months**	**Between three and six months**	**Between six and twelve months**	**Between one and two years**	**Between two and five years**	**More than five years**	**Maturity not applicable**	**Total**
	(in millions of euros)								
Assets									
Cash and balances at central banks	706	—	—	—	—	—	—	—	706
Financial assets held for trading	9,017	—	—	—	—	—	—	—	9,017
Derivative	19,826	11	34	293	167	959	3,995	—	25,285
Financial investments	637	1,336	4,119	3,399	2,510	8,305	20,628	531	41,466
Securities financing	14,856	2,316	628	—	96	615	—	—	18,511
Loans and receivables—banks	10,672	556	262	402	154	331	9,303	—	21,680
Loans and receivables—customers	18,218	13,324	3,788	14,468	20,952	21,307	169,851	—	261,910
Other assets	2,978	199	1,585	596	223	205	1,393	1,112	8,291
Total assets	**76,911**	**17,742**	**10,417**	**19,158**	**24,102**	**31,723**	**205,171**	**1,643**	**386,867**
Liabilities									
Financial liabilities held for trading	3,759	—	—	—	—	—	—	—	3,759
Derivatives	18,262	20	71	145	387	1,813	9,750	—	30,449
Securities financing	11,285	1,551	82	—	—	1,000	—	—	13,918
Due to banks	5,910	925	441	258	105	4,372	3,732	—	15,744
Due to customers	193,014	11,564	1,957	2,314	1,577	1,681	3,904	—	216,011
Issued debt	3,499	8,195	3,688	4,995	11,554	21,340	23,859	—	77,131
—of which senior secured	—	—	—	2,961	558	6,387	17,171	—	27,077
—of which senior unsecured	1,139	2,172	473	782	8,396	12,603	6,687	—	32,252
—of which securitisations	—	3,171	378	500	2,600	2,350	—	—	9,000
—of which other	2,360	2,852	2,837	753		—	—	—	8,802
Subordinated liabilities	3	—	—	—	1,304	3,605	3,415	—	8,328
Other liabilities	1,969	150	439	479	580	5	335	2,695	6,652
Total liabilities	*237,701*	*22,405*	*6,679*	*8,191*	*15,508*	*33,816*	*44,995*	*2,695*	*371,990*
Total equity	—	—	—	—	—	—	—	14,877	14,877
Total liabilities and equity	**237,701**	**22,405**	**6,679**	**8,191**	**15,508**	**33,816**	**44,995**	**17,572**	**386,867**
Off-balance sheet liabilities									
Committed credit facilities	16,164	—	—	—	—	—	—	—	16,164
Guarantees	2,592	—	—	—	—	—	—	—	2,592
Irrevocable facilities	5,499	—	—	—	—	—	—	—	5,499
Recourse risks arising from discounted bills	7,243	—	—	—	—	—	—	—	7,243
Total off-balance sheet liabilities	**31,498**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**31,498**

Contractual maturity of assets and liabilities

	As at 31 December 2013								
	Up to one month	**Between one and three months**	**Between three and six months**	**Between six and twelve months**	**Between one and two years**	**Between two and five years**	**More than five years**	**Maturity not applicable**	**Total**
	(in millions of euros)								
Assets									
Cash and balances at central banks	9,523	—	—	—	—	—	—	—	9,523
Financial assets held for trading	12,019	—	—	—	—	—	—	—	12,019
Derivative	11,880	11	19	48	354	631	1,328	—	14,271
Financial investments	455	935	610	1,302	2,173	6,761	15,374	501	28,111
Securities financing	14,593	1,959	869	301	—	98	542	—	18,362
Loans and receivables— banks	16,448	491	227	133	18	137	6,513	—	23,967
Loans and receivables—customers	21,809	7,790	1,799	12,809	24,799	20,324	167,698	—	257,028
Other assets	2,335	79	109	583	51	176	1,687	3,721	8,741
Total assets	**89,062**	**11,265**	**3,633**	**15,176**	**27,395**	**28,127**	**193,142**	**4,222**	**372,022**
Liabilities									
Financial liabilities held for trading	4,399	—	—	—	—	—	—	—	4,399
Derivatives	9,863	15	33	47	318	1,710	5,241		17,227
Securities financing	9,449	321	1,460	1	25	1,002	8		12,266
Due to banks	6,035	2,576	390	180	251	166	2,028	—	11,626
Due to customers	182,749	13,606	2,176	1,684	884	2,250	4,235	—	207,584
Issued debt	6,974	7,720	7,156	8,869	11,715	22,007	24,241	—	88,682
—of which senior secured	—	—	75	2,071	3,006	5,016	15,745	—	25,913
—of which senior unsecured	3,918	350	2,309	4,103	4,477	12,050	7,306	—	34,513
—of which securitisations	—	2,040	40	80	4,221	4,930	982	—	12,293
—of which other	3,056	5,330	4,732	2,615	11	11	208	—	15,963
Subordinated liabilities	—	51	—	—	3	3,053	4,810	—	7,917
Other liabilities	1,017	2,489	881	795	4	5	698	2,864	8,753
Total liabilities	*220,486*	*26,778*	*12,096*	*11,576*	*13,200*	*30,193*	*41,261*	*2,864*	*358,454*
Total equity	—	—	—	—	—	—	—	13,568	13,568
Total liabilities and equity	**220,486**	**26,778**	**12,096**	**11,576**	**13,200**	**30,193**	**41,261**	**16,432**	**372,022**
Off-balance sheet liabilities									
Committed credit facilities	13,764	—	—	—	—	—	—	—	13,764
Guarantees	3,534	—	—	—	—	—	—	—	3,534
Irrevocable facilities	5,415	—	—	—	—	—	—	—	5,415
Recourse risks arising from discounted bills	7,154	—	—	—	—	—	—	—	7,154
Total off-balance sheet liabilities	**29,867**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**29,867**

Contractual maturity of assets and liabilities

	As at 31 December 2012								
	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	Maturity not applicable	Total
	(in millions of euros)								
Assets									
Cash and balances at central banks	9,796	—	—	—	—	—	—	—	9,796
Financial assets held for trading	5,678	257	385	769	—	—	—	—	7,089
Derivative	17,498	102	136	268	168	1,108	2,069	—	21,349
Financial investments	109	63	88	428	2,483	8,302	9,918	339	21,730
Securities financing	21,581	4,320	1,969	923	—	—	—	—	28,793
Loans and receivables—banks	28,379	3,069	324	332	23	56	—	—	32,183
Loans and receivables—customers	19,829	3,108	3,646	6,307	24,731	20,167	184,664	—	262,452
Other assets	1,384	430	826	1,091	1,178	207	2,461	2,789	10,366
Total assets	**104,254**	**11,349**	**7,374**	**10,118**	**28,583**	**29,840**	**199,112**	**3,128**	**393,758**
Liabilities									
Financial liabilities held for trading	2,516	219	329	658	—	—	—	—	3,722
Derivatives	16,511	176	274	556	214	2,039	7,738	—	27,508
Securities financing	16,551	2,490	211	269	—	—	—	—	19,521
Due to banks	11,985	2,889	1,153	482	26	390	10	—	16,935
Due to customers	180,297	7,436	3,531	2,151	1,371	2,591	4,228	—	201,605
Issued debt	5,890	17,143	5,505	6,943	14,138	22,762	22,667	—	95,048
—of which senior secured	2,043	332	124	1,088	2,204	6,070	16,288	—	28,149
—of which senior unsecured	1,190	680	864	3,163	9,494	8,379	5,212	—	28,982
—of which securitisations	1	1,861	1,301	1,410	2,160	8,251	1,167	—	16,151
—of which other	2,656	14,270	3,216	1,282	280	62	—	—	21,766
Subordinated liabilities	14	845	716	85	50	4,674	3,352	—	9,736
Other liabilities	900	245	773	1,264	225	11	751	2,631	6,800
Total liabilities	*234,664*	*31,443*	*12,492*	*12,408*	*16,024*	*32,467*	*38,746*	*2,631*	*380,875*
Total equity	—	—	—	—	—	—	—	12,883	12,883
Total liabilities and equity	**234,664**	**31,443**	**12,492**	**12,408**	**16,024**	**32,467**	**38,746**	**15,514**	**393,758**
Off-balance sheet liabilities									
Committed credit facilities	17,635	—	—	—	—	—	—	—	17,635
Guarantees	3,817	—	—	—	—	—	—	—	3,817
Irrevocable facilities	5,474	—	—	—	—	—	—	—	5,474
Recourse risks arising from discounted bills	7,486	—	—	—	—	—	—	—	7,486
Total off-balance sheet liabilities	**34,412**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**34,412**

The following tables provide a maturity analysis of the earliest contractual undiscounted cash flows for assets and liabilities. Financial assets and liabilities held for trading are recorded within on demand at fair value. The Company believes that this best represents the short-term nature and the cash flows of these activities. The contractual maturity of the instruments may, however, extend over significantly longer periods.

Maturity based on contractual undiscounted cash flows as at 31 December 2014:

Maturity based on contractual undiscounted cash flows

	As at 31 December 2014										
	On demand	**Trading derivatives**	**Up to one month**	**Between one and three months**	**Between three and six months**	**Between six and twelve months**	**Between one and two years**	**Between two and five years**	**More than five years**	**Maturity not applicable**	**Total**
	(in millions of euros)										
Assets											
Cash and balances at central banks	611	—	95	—	—	—	—	—	—	—	706
Financial assets held for trading	9,017	—	—	—	—	—	—	—	—	—	9,017
Derivatives	—	19,730	84	219	83	582	786	1,857	2,195	—	25,535
Financial investments	—	—	668	1,456	4,395	3,857	3,294	10,036	22,499	—	46,205
Securities financing	126	—	14,740	2,323	634	8	109	639	—	—	18,579
Loans and receivables—banks	8,372	—	2,305	574	304	479	296	660	9,630	—	22,620
Loans and receivables—customers	315	—	18,331	14,899	7,530	21,165	32,294	47,090	193,785	—	335,411
Other assets	352	—	2,627	203	1,592	604	235	234	1,419	1,113	8,380
Total undiscounted assets	**18,794**	**19,730**	**38,851**	**19,674**	**14,539**	**26,694**	**37,014**	**60,515**	**229,529**	**1,113**	**466,453**
Gross settled derivatives not held for trading:											
Contractual amounts receivable	—	—	25	42	29	77	142	301	174		790
Contractual amounts payable	—	—	6	13	17	28	57	110	29		260
Total undiscounted gross settled derivatives not held for trading	**—**	**—**	**19**	**29**	**12**	**49**	**85**	**191**	**145**	**—**	**530**
Net settled derivatives not held for trading	—	—	65	191	58	529	693	1,653	1,990	—	5,178
Liabilities											
Financial liabilities held for trading	3,759	—	—	—	—	—	—	—	—	—	3,759
Derivatives	—	18,203	115	162	475	593	1,163	2,562	6,323	—	29,597
Securities financing	49	—	11,243	1,555	88	10	19	1,036	—	—	13,999
Due to banks	1,974	—	3,943	946	489	345	267	4,712	3,910	—	16,586
Due to customers	64,330	—	128,752	11,600	2,003	2,378	1,668	1,878	4,053	—	216,662
Issued debt	63	—	3,512	8,477	4,312	6,072	13,169	24,741	25,864	—	86,210
Subordinated liabilities	—	—	19	62	156	296	1,781	4,602	3,949	—	10,864
Other liabilities	1,341	—	629	151	442	482	582	9	339	2,696	6,670
Total liabilities	*71,517*	*18,203*	*148,212*	*22,954*	*7,965*	*10,176*	*18,648*	*39,540*	*44,439*	*2,696*	*384,348*
Gross settled derivatives not held for trading:											
Contractual amounts receivable	—	—	8	1	8	17	31	30	5	—	100
Contractual amounts payable	—	—	4	2	2	30	34	34	7	—	112
Total undiscounted gross settled derivatives not held for trading	**—**	**—**	**(4)**	**—**	**(6)**	**14**	**3**	**4**	**1**	**—**	**12**
Net settled derivatives not held for trading	—	—	119	158	455	548	1,098	2,459	5,270	—	10,106
Net liquidity gap	**(52,723)**	**1,527**	**(109,361)**	**(3,280)**	**6,574**	**16,518**	**18,367**	**20,975**	**185,090**	**(1,583)**	**82,105**
Off balance sheet liabilities:											
Committed credit facilities	16,164	—	—	—	—	—	—	—	—	—	16,164
Guarantees	2,592	—	—	—	—	—	—	—	—	—	2,592
Irrevocable facilities	5,499	—	—	—	—	—	—	—	—	—	5,499
Recourse risks arising from discounted bills	7,243	—	—	—	—	—	—	—	—	—	7,243
Total off-balance sheet liabilities	**31,498**	**—**	**—**	**—**	**—**		**—**		**—**	**—**	**31,498**

Maturity based on contractual undiscounted cash flows as at 31 December 2013:

Maturity based on contractual undiscounted cash flows

	As at 31 December 2013										
	On demand	**Trading derivatives**	**Up to one month**	**Between one and three months**	**Between three and six months**	**Between six and twelve months**	**Between one and two years**	**Between two and five years**	**More than five years**	**Maturity not applicable**	**Total**
	(in millions of euros)										
Assets											
Cash and balances at central banks	9,523	—	—	—	—	—	—	—	—	—	9,523
Financial assets held for trading	11,840	—	20	—	—	—	—	—	—	—	11,860
Derivatives	—	11,998	59	178	73	491	932	2,146	1,959	—	17,836
Financial investments	—	—	464	971	696	1,457	2,438	7,343	15,771	542	29,682
Securities financing	7,021	—	7,579	1,967	878	310	15	131	596	—	18,497
Loans and receivables—banks	3,751	—	12,704	502	257	171	124	384	6,757	—	24,650
Loans and receivables—customers	2	—	22,240	9,335	5,532	19,573	36,035	45,848	191,451	—	330,016
Other assets	389	—	1,980	148	214	790	245	115	1,658	3,730	9,269
Total undiscounted assets	**32,526**	**11,998**	**45,046**	**13,101**	**7,650**	**22,792**	**39,789**	**55,967**	**218,192**	**4,272**	**451,333**
Gross settled derivatives not held for trading:											
Contractual amounts receivable	—	—	8	21	34	57	117	299	165	—	701
Contractual amounts payable	—	—	5	5	11	20	40	119	29	—	229
Total undiscounted gross settled derivatives not held for trading	**—**	**—**	**3**	**16**	**23**	**37**	**77**	**180**	**136**	**—**	**472**
Net settled derivatives not held for trading	—	—	32	154	33	447	622	1,895	1,650	—	4,833
Liabilities											
Financial liabilities held for trading	4,378	—	21	—	—	—	—	—	—	—	4,399
Derivatives	—	9,849	117	199	483	554	1,306	4,001	6,587	—	23,096
Securities financing	3,064	—	6,391	328	1,471	13	47	1,044	8	—	12,366
Due to banks	1,942	—	4,102	2,597	422	230	336	357	2,189	—	12,175
Due to customers	60,916	—	121,913	13,653	2,231	1,763	1,012	2,527	4,434	—	208,449
Issued debt	—	—	7,020	7,886	7,523	9,463	12,597	23,862	25,330	—	93,681
Subordinated liabilities	—	—	12	101	125	238	453	4,030	5,467	—	10,426
Other liabilities	639	—	393	2,511	1,029	1,106	32	44	482	2,744	8,980
Total liabilities	*70,939*	*9,849*	*139,969*	*27,275*	*13,284*	*13,367*	*15,783*	*35,865*	*44,497*	*2,744*	*373,572*
Gross settled derivatives not held for trading:											
Contractual amounts receivable	—	—	3	3	16	21	40	72	8	—	163
Contractual amounts payable	—	—	11	4	13	29	54	97	12	—	220
Total undiscounted gross settled derivatives not held for trading	**—**	**—**	**8**	**1**	**(3)**	**9**	**14**	**25**	**3**	**—**	**57**
Net settled derivatives not held for trading	—	—	97	182	454	525	1,235	3,687	6,099	—	12,279
Net liquidity gap	**(38,413)**	**2,149**	**(94,923)**	**(14,174)**	**(5,634)**	**9,425**	**24,006**	**20,102**	**173,695**	**1,528**	**77,761**
Off balance sheet liabilities:											
Committed credit facilities	13,764	—	—	—	—	—	—	—	—	—	13,764
Guarantees	3,534	—	—	—	—	—	—	—	—	—	3,534
Irrevocable facilities	5,415	—	—	—	—	—	—	—	—	—	5,415
Recourse risks arising from discounted bills	7,154	—	—	—	—	—	—	—	—	—	7,154
Total off-balance sheet liabilities	**29,867**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**29,867**

Maturity based on contractual undiscounted cash flows as at 31 December 2012:

Maturity based on contractual undiscounted cash flows

	As at 31 December 2012										
	On demand	**Trading derivatives**	**Up to one month**	**Between one and three months**	**Between three and six months**	**Between six and twelve months**	**Between one and two years**	**Between two and five years**	**More than five years**	**Maturity not applicable**	**Total**
	(in millions of euros)										
Assets											
Cash and balances at central banks	**9,749**	**—**	**47**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**9,796**
Financial assets held for trading	**5,555**	**—**	**124**	**256**	**385**	**769**	**—**	**—**	**—**	**—**	**7,089**
Derivatives	**1**	**17,254**	**72**	**188**	**166**	**332**	**657**	**1,970**	**1,512**	**—**	**22,152**
Financial investments	1	—	122	121	232	697	2,935	9,264	10,501	339	24,212
Securities financing	90	—	21,532	4,331	1,978	925	—	—	—	—	28,856
Loans and receivables—banks	7,703	—	20,664	3,076	327	333	24	58	—	—	32,185
Loans and receivables—customers	3,434	—	16,845	4,744	7,636	13,661	37,171	48,493	211,276	—	343,260
Other assets	3	—	1,611	541	982	1,390	1,227	606	2,735	2,789	11,884
Total undiscounted assets	**26,536**	**17,254**	**61,017**	**13,257**	**11,706**	**18,107**	**42,014**	**60,391**	**226,024**	**3,128**	**479,434**
Gross settled derivatives not held for trading:											
Contractual amounts receivable	—	—	12	76	29	57	157	471	292	—	1,094
Contractual amounts payable	—	—	24	5	11	21	57	171	38	—	327
Total undiscounted gross settled derivatives not held for trading	**—**	**—**	**(12)**	**71**	**18**	**36**	**100**	**300**	**254**	**—**	**767**
Net settled derivatives not held for trading	—	—	84	117	148	296	556	1,669	1,258	—	4,129
Liabilities											
Financial liabilities held for trading	2,409	—	106	219	329	658	—	—	—	—	3,721
Derivatives	3	16,376	485	110	650	1,137	1,683	5,069	7,779	—	33,292
Securities financing	1,371	—	15,187	2,493	212	269	—	—	—	—	19,532
Due to banks	2,372	—	9,625	2,908	1,166	492	39	415	11	—	17,028
Due to customers	61,234	—	119,201	7,487	3,610	2,258	1,533	2,940	4,465	—	202,728
Issued debt	3	—	5,966	17,423	6,077	7,908	15,526	25,660	24,292	—	102,855
Subordinated liabilities	—	—	25	889	815	266	391	5,388	3,693	—	11,467
Other liabilities	689	—	1	27	92	5	260	92	826	2,631	4,623
Total liabilities	*68,081*	*16,376*	*150,596*	*31,556*	*12,951*	*12,993*	*19,432*	*39,564*	*41,066*	*2,631*	*395,246*
Gross settled derivatives not held for trading:											
Contractual amounts receivable	—	—	1	2	16	32	49	148	29	—	277
Contractual amounts payable	—	—	9	2	11	21	38	115	19	—	215
Total undiscounted gross settled derivatives not held for trading	**—**	**—**	**8**	**—**	**(5)**	**(10)**	**(11)**	**(33)**	**(11)**	**—**	**(62)**
Net settled derivatives not held for trading	—	—	375	178	396	793	1,654	4,964	7,376	—	15,736
Net liquidity gap	**(41,545)**	**878**	**(89,579)**	**(18,299)**	**(1,245)**	**5,114**	**22,582**	**20,827**	**184,958**	**497**	**84,188**
Off balance sheet liabilities:											
Committed credit facilities	17,635	—	—	—	—	—	—	—	—	—	17,635
Guarantees	3,817	—	—	—	—	—	—	—	—	—	3,817
Irrevocable facilities	5,474	—	—	—	—	—	—	—	—	—	5,474
Recourse risks arising from discounted bills	7,486	—	—	—	—	—	—	—	—	—	7,486
Total off-balance sheet liabilities	**34,412**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**34,412**

Short-Term Borrowings

The table below shows information regarding the Group's short-term borrowings for the years presented:

Short-term borrowings

	As at 31 December		
	2014	**2013**	**2012**
	(unaudited)	**(unaudited)**	**(unaudited)**
		(in millions of euros)	
Due to banks[1]	7,534	9,181	16,509
Securities financing transactions	13,918	12,266	19,521
Short-term debt:			
Euro Commercial Paper	1,706	2,054	5,238
London Certificates of Deposit	1,436	5,258	4,512
French Certificats de Dépôt	1,517	4,668	7,525
US Commercial Paper	4,070	3,630	3,788
Total short-term debt instruments	*8,729*	*15,610*	*21,063*
Total short-term borrowings	**30,181**	**37,057**	**57,093**

(1) Due to banks with a remaining contractual maturity of one year or less.

BUSINESS

Overview

The Group is a leading Dutch full service bank with a transparent and client-driven business model, a moderate risk profile, a clean balance sheet with predominantly traditional banking products, and a strong capital position and funding profile. The Group services retail, private and corporate banking clients with a primary focus on the Netherlands and with selective operations internationally. The Group holds a strong position in the Netherlands across all three market segments[13]: Retail Banking, Private Banking and Corporate Banking. The Group believes it has a stable client base that generates recurring and resilient operating income. In the first nine months of 2015, net interest income and net fee and commission income made up 93% of total operating income (full year 2014: 96%; full year 2013: 96%; full year 2012: 90%).

In the home market of the Group, the Netherlands, clients are offered a comprehensive and full range of products and services through omni-channel distribution including advanced mobile application and internet banking. The Group offers in-depth financial expertise and extensive knowledge of numerous industry sectors.

The Group operates an omni-channel distribution network in the Netherlands to serve its Dutch retail, private and corporate clients, including through a mix of branches (approximately 279 retail banking branches as of 30 September 2015, 21 private banking branches, 22 corporate banking branches and one dealing room), and 24/7 online and mobile banking, telephone and remote advice.

Internationally, the Group's operations are based on specific expertise and established market positions.

In the first nine months of 2015, 81% (full year 2014: 81%) of total operating income was generated in the Netherlands, while 19% was generated by international operations. The Group aims to increase the international contribution to operating income to 20-25% by 2017.

The Group's combination of businesses, Retail Banking, Private Banking and Corporate Banking, complement each other in terms of geography, income, profitability, capital and funding. In addition, the businesses cooperate to endeavour to ensure that clients are serviced in the appropriate business segment and resources are used efficiently. Feeder channels arrange for the transfer of clients to the appropriate segment. This cooperative environment allows for the optimal and efficient servicing of clients and provision of suitable products as well as the leveraging of technology and solutions (see also "—Organisation of the Group").

Retail Banking has a strong and established market position in the Netherlands as the primary bank for approximately 21% of the Dutch population since 2012[14] and a market share of 22%[15] in the small business segment. Retail Banking provides services to approximately 5 million retail clients with investible assets up to EUR 1 million and to approximately 300,000 small businesses with an annual turnover up to EUR 1 million. For the Group, businesses with an annual turnover of more than EUR 1 million are included in Corporate Banking. Retail Banking provides a full range of transparent retail banking products and high-quality services under the ABN AMRO brand, as well as certain specific products and services under different labels. It offers its products and services via omni-channel distribution with broad physical and digital coverage. Retail Banking aims to be at the forefront of technological developments and strives to use the latest technology to improve client experience and convenience (for example through the internet and through mobile applications).

Private Banking is a leading private bank in terms of client assets with a number three position in the Eurozone[16] with dedicated professionals who have an in-depth knowledge of their clients. Private Banking targets high net worth individuals with more than EUR 1 million in investible assets and ultra-high net worth individuals with more than EUR 25 million in investible assets. The EUR 1 million in investible assets threshold is expected to be lowered to EUR 500,000 in the Netherlands. This is expected to occur in 2016. Private Banking offers a broad array of products and services designed to address clients' individual needs. Private Banking operates under the brand name ABN AMRO MeesPierson in the Netherlands and internationally under ABN AMRO Private Banking and local brands such as Neuflize OBC in France and Bethmann Bank in Germany. Private Banking is the market leader in the Netherlands[17] and holds a number four position in France and a number three position in Germany based on published assets under management ("**AuM**")[18].

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13 For sources of the strong market positions of the three segments, please see "—Retail Banking", "—Private Banking" and "—Corporate Banking"

14 Source: GfK (research company) online tracker; based on question 'which bank do you consider as your primary bank?' 2012-2014

15 Source: TNS NIPO Financial Monitor; based on the question 'which bank do you consider as the most important for your business?', companies with turnover up to EUR 1 million, average score Q1-Q3 2015 (an industry wide used standard for survey)

16 Position based on total global AuM, relative to other banks active in the Eurozone. Source: Internal analysis based on publicly available information (company annual reports of peer banks, Investor relations presentations and press articles)

17 Source: Internal analysis based on publicly available information (company annual reports of peer banks, Investor relations presentations and press articles) and ABN AMRO MeesPierson has been considered number one Private Banking in the Netherlands in 2015 for the 13th consecutive year by peers (Euromoney)

18 Source: Internal analysis based on publicly available information (company annual reports of peer banks, Investor relations presentations and press articles)

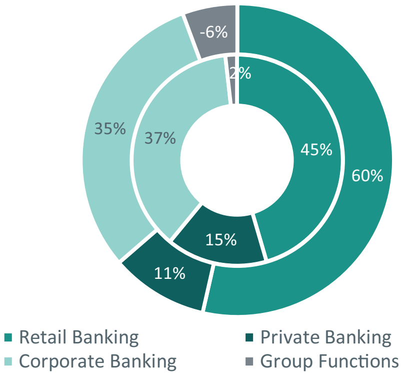
Corporate Banking is an established business partner of the Dutch corporate sector with a strong domestic franchise and a focused international strategy. Corporate Banking is strongly focused on the Netherlands, where it offers its clients a broad range of standard and tailor-made products and services based on in-depth client and sector knowledge. Its clients are corporates in all sectors of the Dutch economy with an annual turnover exceeding EUR 1 million. Internationally, Corporate Banking services its domestic client base in selected markets abroad where most of these clients' international activities take place. To extend the Group's international cash management offering to countries where it has no or a limited presence, Corporate Banking cooperates with partner banks. Corporate Banking has a client and capability-led international strategy with a focus on three specialities which it operates in selective markets: (i) servicing clients that are internationally active in the sectors energy, commodities and transportation (ECT Clients), (ii) clearing activities (an important activity during the settlement of transactions) on more than 150 liquidity centres worldwide and (iii) asset based financing (consisting of commercial finance and lease).

Group Functions consists of various departments that provide essential support and control to the business segments. Its departments include Finance, Risk Management & Strategy (RM&S), People, Regulations & Identity (PR&I), Technology, Operations & Property Services (TOPS), Group Audit and the Corporate Office. More than 90% of the costs of Group Functions are allocated to the business segments.

In the first nine months of 2015, the Group generated an underlying net profit of EUR 1,652 million (full year 2014: EUR 1,551 million; full year 2013: EUR 752 million; full year 2012: EUR 1,112 million), had an underlying cost/income ratio of 58% (full year 2014: 60%; full year 2013: 64%; full year 2012: 59%), and an underlying return on equity of 14.0% (full year 2014: 10.9%; full year 2013: 5.5%; full year 2012: 8.2%). As at 30 September 2015, the Group had customer loans and receivables of EUR 261.7 billion (31 December 2014: EUR 261.9 billion; 31 December 2013: EUR 257.0 billion; 31 December 2012: EUR 262.5 billion), amounts due to customers of EUR 228.5 billion (31 December 2014: EUR 216.0 billion; 31 December 2013: EUR 207.6 billion; 31 December 2012: EUR 201.6 billion), client assets of EUR 306 billion (31 December 2014: EUR 302 billion; 31 December 2013: EUR 277 billion; 31 December 2012: EUR 266 billion), risk weighted assets of EUR 110.6 billion (31 December 2014: EUR 109.6 billion; 31 December 2013: EUR 109.0 billion; 31 December 2012: EUR 121.5 billion) and a fully-loaded CET1 ratio of 14.8% (31 December 2014: 14.1%; 31 December 2013: 12.2%; 31 December 2012: 10.0%).

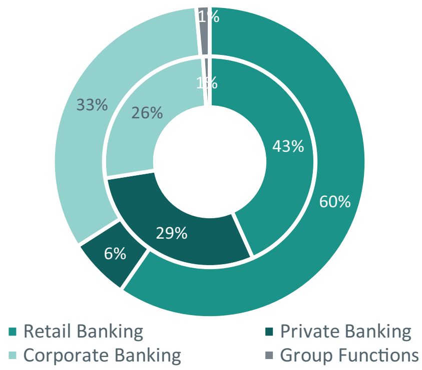
Contribution to underlying income statement

Outer circle: Net profit, EUR 1.7bn (9M 2015)
Inner circle: Operating income, EUR 6.4bn (9M 2015)
Percentages rounded to nearest number



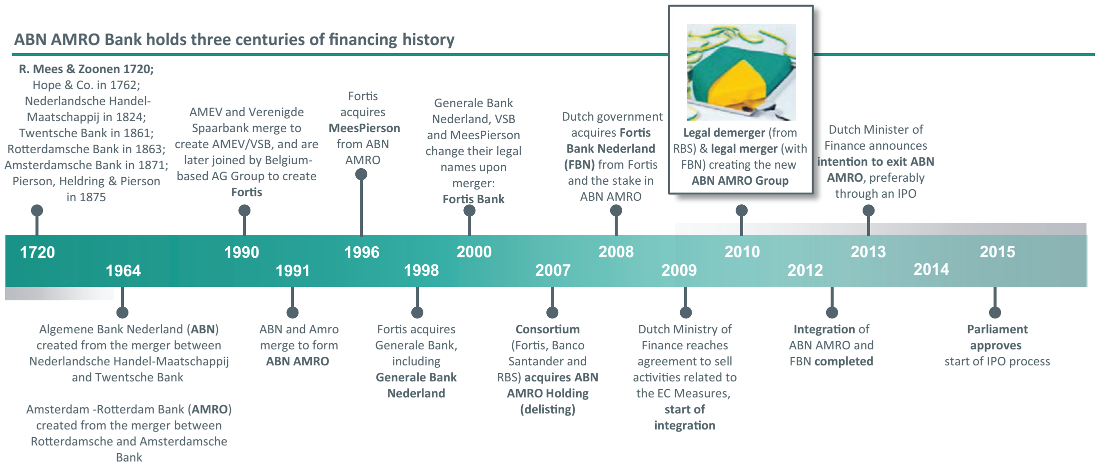
Contribution to balance sheet

Outer: L&R - customers, EUR 261.7bn (30 Sept 2015)
Inner: Due to customers, EUR 228.5bn (30 Sept 2015)
Percentages rounded to nearest number



History

The Group has a long-standing history in banking with certain of its business operations having roots in the early 18th century. Following the delisting from the stock exchange in October 2007, the sale of certain operations, nationalisation and several significant restructurings, the Group emerged as a leading Dutch bank. The historic roots and strong brand name remain, yet the business profile and international footprint have changed. Today, the Group may be characterised by a high degree of focus, operating domestically and in selected international markets under several strong brand names.



The Group results from various legal and operational separations and combinations, a merger and a legal demerger that took place after the acquisition of the former ABN AMRO Holding N.V. (the "**former ABN AMRO group**") by a consortium of banks in October 2007. The consortium consisted of The Royal Bank of Scotland Group plc, Fortis N.V. and Fortis SA/N.V., through its subsidiary FBNH, and Banco Santander S.A (the "**Consortium**"). In October 2008, as the Fortis group experienced financial difficulties, the Dutch State acquired certain operations of the Fortis group as well as the latter's interest in the vehicle that had acquired the former ABN AMRO group on behalf of the Consortium.

The Company was incorporated on 18 December 2009 to hold the operations, assets and liabilities of parts of the former ABN AMRO group and the part of the Fortis group acquired by the Dutch State. Following the incorporation of the Company, two subsidiaries that originated from the former ABN AMRO group, New HBU II N.V. and IFN Finance B.V., were sold to comply with conditions imposed by the European Commission in relation to the combination of the parts of the businesses in the Netherlands and certain international activities of the former ABN AMRO group and the part of the Fortis group acquired by the Dutch State (see for more information "—European Commission Conditions"). Other measures included the imposition of certain competitive restrictions following nationalisation of the operations, assets and liabilities of parts of the former ABN AMRO group and the part of the Fortis group acquired by the Dutch State, the disposal of certain business operations and subsequent other disposals, acquisitions and internal restructurings. See "—Description of liabilities and expenses as a result of certain historic restructurings, demergers, a merger and agreements which resulted in the current structure of the Group". On 6 February 2010, the new ABN AMRO Bank demerged from the former ABN AMRO Bank N.V., which is currently Royal Bank of Scotland N.V. On 1 July 2010, the new ABN AMRO Bank and Fortis Bank (Nederland) N.V. merged pursuant to a legal merger (*juridische fusie*), following which ABN AMRO Bank was the surviving entity (*verkrijgende vennootschap*) and Fortis Bank (Nederland) N.V. was the disappearing entity (*verdwijnende vennootschap*). As a result, the business operations and risk profile of the Group cannot be compared with the operations and risk profile of the financial institution that was listed under the ABN AMRO name until October 2007.

On 29 September 2011, the Dutch State transferred all its shares in the Company to NLFI, which issued exchangeable depository receipts for each share of the Company to the Dutch State. The Group's sole direct Shareholder, NLFI, is responsible for managing the shares and exercising all rights associated with these shares under Dutch law, including the voting rights. The Group will seek the prior approval or advice of NLFI on a number of decisions. Material decisions by NLFI require the prior approval of the Dutch Minister of Finance, who is also able to give binding voting instructions to NLFI with respect to such decisions. See "Shareholder Structure and Related Party Transactions".

The Group's Competitive Strengths

The Group believes that its key strengths include the following:

The Group has leadership positions in its domestic franchise in retail, private and corporate banking

The Group enjoys a strong core brand name and has strong local brands. Retail Banking holds the number one position in new mortgage production in the first nine months of 2015[19], the number two position in savings (including Private Banking)[20] and the number one position in consumer credit cards[21].

[19] Based on new mortgage production in euros; calculated on the basis of information from the Dutch land register (*Kadaster*), Hypotheken Scan, January-September 2015

[20] Based on aggregate savings and deposits in euros; calculated on the basis of information from DNB Domestic MFI-statistics, table 5.2.6, July 2015 and company research

[21] Source: Based on number of credit cards, calculated on the basis of information from DNB Payment statistics Retail payments, table t5.12nk, September 2015 and company research

Private Banking in the Netherlands operates under the brand name ABN AMRO MeesPierson and is the market leader in the Netherlands[22] in terms of client assets (EUR 92 billion as of 30 September 2015). Corporate Banking holds the number one position in mid-sized corporates (corporates with EUR 20-250 million turnover)[23] and in the large corporates segment (corporates above EUR 250 million turnover) as measured by the overall relationship quality.[24]

The Group has a moderate risk profile based on strong capitalisation and a clean balance sheet

The moderate risk profile of the Group is firmly embedded in the strategy with strong capitalisation and asset quality. As of 30 September 2015, the Group had a CET1 (fully-loaded) of 14.8%, an impaired ratio[25] of 2.5% and a coverage ratio[26] of 56.7%. The moderate risk profile is reflected by i) strong risk consciousness, ii) sound capital and liquidity management, iii) a clean and strong balance sheet and iv) a largely collateralised loan portfolio.

The Group's risk governance with high level management involvement and its strong risk culture are deeply embedded in the organisation through a three lines of defence model. The three lines of defence principle (*i.e.*, risk ownership, risk control and risk assurance) provides a clear division of activities and responsibilities in risk management at different levels in the Group and at different stages in the lifecycle of risk exposure. It aims to provide clarity for every employee within the Group on the level of risk awareness that is expected. The risk culture is safeguarded by continuous risk training programmes.

The Group is prudently provisioned as confirmed by the outcome of the ECB's AQR with a minor impact of 12 basis points on its CET1 capital ratio at 31 December 2013.

The Group's capital position is strong with capital ratios well above the regulatory minimum requirements. Based on the current understanding of the applicable and pending regulations regarding leverage ratio, the Group aims for a leverage ratio equal or above 4% by 2018, which it aims to achieve through management of its exposure measure, the issuance of AT1 instruments and retained earnings. The Group is monitoring upcoming regulatory requirements in relation to MREL and TLAC and aims for equal or above 8% MREL by 2018 (through subordinated debt and profit retention) and pre-position for TLAC through subordinated debt and capital retention. The final requirements for MREL and TLAC will determine the precise measures to be undertaken to achieve the MREL requirement. At 30 September 2015, the Group had a fully-loaded leverage ratio of 3.5%, and 6.4% MREL (based on own funds and other subordinated liabilities). The strong funding and liquidity profile is demonstrated by a growing client deposit base with low outflows (a 'sticky client deposit base'), a diversified wholesale funding maturity profile and a commitment to comply with future regulatory liquidity requirements (liquidity coverage ratio and net stable funding ratio) before they will be in force. Future regulatory developments will have an impact on the Group's capital position. See "Risk Factors—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects" and "Risk Factors—40. As a result of capital and liquidity requirements, the Group may not be able to manage its capital and liquidity effectively, which could have a material adverse effect on the Group's financial condition, regulatory capital position and liquidity position and the Group may be forced to raise additional capital or restrict dividend payments". The strong liquidity position is maintained through the diversification of funding sources in terms of instruments, markets and currencies as well as a well spread maturity profile of outstanding wholesale funding. The remaining maturity of total outstanding long-term wholesale funding at 30 September 2015 was 4.6 years (31 December 2014: 4.3 years). In addition, as of 30 September 2015, the Group held a liquidity buffer of EUR 85.4 billion (31 December 2014: EUR 73.9 billion).

The Group has a clean and strong balance sheet, which means a balance sheet with predominantly traditional banking products resulting in client-driven assets and liabilities. The clean balance sheet is also underpinned by the Group's limited trading and investment banking activities geared towards serving the basic needs of clients in the Commercial Clients and International Clients business lines and the absence of non-core operating units.

The moderate risk profile of the Group is maintained and strengthened by observing a moderate risk appetite with strict targets on the main risks in the risk taxonomy and by the controlled and focused international growth strategy of the Group. As a result of its moderate risk profile, the Group has shown stable recurring and resilient core earnings (interest, fee and commission income) even during the recent economic crisis. During the crisis, impairment charges on loans and other receivables were high, but remained manageable.

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22 Source: Internal analysis based on publicly available information (company annual reports of peer banks, Investor relations presentations and press articles) and ABN AMRO MeesPierson has been considered number one Private Banking in the Netherlands in 2015 for the 13th consecutive year by peers (Euromoney)

23 Source: TNS NIPO Financial Monitor survey with respect to 'primary bank' relationships, Q3 2015 (an industry wide used standard for survey)

24 Source: Greenwich Large Corporate Banking 2014 Netherlands—Target Market LC

25 Impaired ratio shows which fraction of the gross carrying amount of a financial asset category consists of impaired exposures. Impaired exposures are those for which not all contractual cash flows are expected and/or exposures that are more than 90 days past due for which impairments are determined on a portfolio basis. The impaired ratio is calculated on total loans and receivables

26 The coverage ratio shows to what extent the impaired exposures are covered by impairment allowances for identified credit risk. The coverage ratio is calculated on total loans and receivables

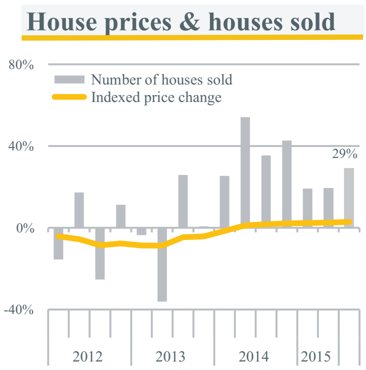
The Group has a largely collateralised loan book with residential mortgages representing 57% of the total loan and receivables—customers as of 30 September 2015. The corporate loan book reflects solid diversification and strategic focus with a maximum concentration per industry of 5% based on exposure at default (EAD) as of 31 December 2014.

The Group has a favourable exposure to the Dutch economy, characterised by strong fundamentals and a cyclical upturn

The Netherlands was one of the wealthiest countries in the world in 2014 in terms GDP per capita[27]. In the same year, it was the 4th wealthiest nation in the European Union in terms of GDP per capita[28]. The Dutch economy is based on strong fundamentals. It is an open and highly competitive economy, with a large current account surplus (second quarter of 2015: approximately 10% of GDP[29]), solid public finances (*e.g.*, government balance deficit below EU hurdle of 3% of GDP, government debt below 70% of GDP[30], the largest pension savings in the world as percentage of GDP[31] and one of the best pension systems in the world)[32]. These fundamentals have resulted from a long standing history of conservative budgeting policy, a willingness to reform when needed and the intention to abide by agreed EU rules for national budgets. This is also evidenced by the recent reform agenda of the current government, which shows determination to remain below the EU 3% deficit maximum and to stimulate growth and employment. Growth is no longer restrained by severe austerity measures nor by uncertainty about the housing market and pension regulation. The housing market is recovering as of July 2013 as the number of transactions has been steadily increasing and house prices are on the rise after a total decline of over 20% from the peak in 2008.[33] See also "Operating and Financial Review—Commercial and mortgage lending by Dutch financial institutions—Dutch housing and mortgage market". As a result, the Netherlands still holds the highest credit rating (outlook stable) with two out of the three major credit rating agencies (Moody's and Fitch). With S&P, the Netherlands holds a AA+ rating with a stable outlook.

The Dutch economy realised modest GDP growth in 2014, but GDP is expected to grow by 2% in 2015[34] and 2.5% in 2016[35]. The Dutch economic recovery is reflected in low levels of provisioning in the Group with a cost of risk of 19 basis points in the first nine months of 2015 (full year 2014: 45 basis points; full year 2013: 63 basis points full year 2012: 53 basis points).

Quarterly on quarterly data
Source: Thomson Reuters Datastream, Statistics Netherlands



Year on year change in average price houses sold and number of houses sold
Source: Statistics Netherlands StatLine, House Price Index existing own homes

The Netherlands, seasonally adjusted confidence (end of period) Source: Statistics Netherlands StatLine, Consumer confidence economic climate and willingness to buy

The Group has capability-led international activities that offer geographical diversification and growth opportunities

The Group generates the larger part of its operating income in the Netherlands 81% in the first nine months of 2015; 81% full year 2014). The Group's second most significant source of operating income, generating 11% of the Group's total operating income in the first nine months of 2015 (full year 2014: 11%), relate to client activities in European countries where the Group is present.

The selected international activities of the Group are for the most part based on specific expertise and established market positions in these selected activities. Accordingly, the Group is able to assess the degree of risk assumed by it and to align these activities to the moderate risk profile of the Group in general.

[27] Source: World Bank, World DataBank, 2014
[28] Source: World Bank, World DataBank, 2014
[29] Source DNB Statistical news release, 23 September 2015
[30] Source: Eurostat
[31] Source: OECD, Pension Markets in Focus 2014, published annually
[32] Source: Melbourne Mercer Global Pension Index 2014
[33] Source: Kadaster / Dutch Land Registry, Vastgoed Dashboard
[34] Source: CPB September 2015
[35] Source: CPB September 2015

These activities include internet based retail savings products in Eurozone countries (currently Germany, Belgium and Austria) via MoneYou which represent EUR 13.6 billion of savings volume as of 30 September 2015 (31 December 2014: EUR 11.4 billion). Private Banking activities in Western Europe and Asia, asset based financing in countries neighbouring the Netherlands, and ECT Clients and Clearing globally. In addition, the Group's Corporate Banking domestic client base is served in selected markets abroad where most of these clients' international activities take place. To extend the Group's international cash management offering to countries where it has no or a limited presence, Corporate Banking cooperates with partner banks.

The Group has the ambition to generate approximately 20-25% of operating income outside the Netherlands by 2017 to provide income diversification. It has identified four international activities that provide an avenue for profitable growth. These include the Private Banking activities in Western Europe (mainly France and Germany) and Asia; ECT Clients; asset based finance and MoneYou (see also "—Private Banking" and "—Corporate Banking—International clients"). The growth of these international activities is subject to clearly defined criteria: client-driven, capability-led, in line with the moderate risk profile and profitability.

The Group delivers attractive returns for shareholders, with identified levers for further efficiency improvements

In recent years, the Group has made significant progress on its profitability. The underlying return on equity in 2013 was 5.5%, following two consecutive years of negative economic growth. The Group's profitability has shown great resilience with a 10.9% underlying return on equity in 2014 and increasing to 14.0% in the first nine months of 2015. This increase is driven mainly by improving economic circumstances. In addition, the Group has initiated two cost savings programmes, which in the coming years are expected to result in significant investments, but are expected to generate cost savings from 2017 onwards. These cost savings programmes should mitigate the impact of increasing regulatory levies and costs. Apart from the expected cost savings, these programmes are also expected to contribute to reducing the complexity of the IT landscape, which will make the Group's organisation more agile, improving the quality of products and services to better meet clients' needs and to improving client satisfaction. Given the aforementioned developments, the Group has recently decided to set its strategic return on equity target at 10%-13% in the coming years. Together with an envisaged annual dividend pay-out ratio of 50% of the annual reported net profit as from and to be achieved over the full year 2017, after deduction of coupon payments on capital instruments that are treated as equity instruments for accounting purposes, if a decision is made to make such payments, the Group believes it offers an attractive return to its shareholders. See also "—Targets".

The Group's dividend pay-out capacity is underpinned by strong capital generation and discipline

The Group has a high dividend paying capacity combined with disciplined RWA (REA) growth. The capital position of the Group has materially improved from a fully-loaded CET1 ratio of 8.6% at year-end 2010 to fully-loaded CET1 ratio of 14.8% as of 30 September 2015. The Group resumed paying dividends in 2011 and it has formulated an envisaged annual dividend pay-out ratio of 50% of the annual reported net profit as from and to be achieved over the full year 2017, underpinned by a strong return on equity track record (return on equity increased from 8.9% in 2010 to 14% (or 12.7% adjusted for regulatory levies) over the first nine months of 2015) and moderate balance sheet growth. See also "—Targets" and "Dividend Policy".

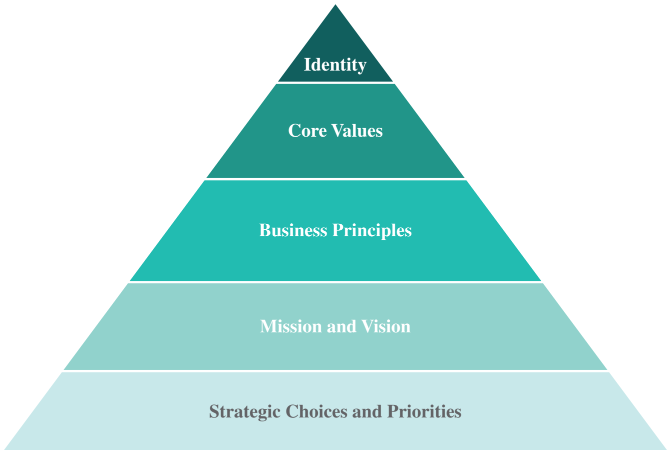
The Group has a highly experienced management team with a proven track record

The Group's Managing Board has extensive experience in banking, the corporate sector and governmental sector and has been stable in its composition since 2009, having had only one succession due to age-related retirement of one member (Mr Kees van Dijkhuizen replaced Mr Jan van Rutte as CFO in June 2013). In addition, the senior managing directors of the Group have on average over 20 years of experience in the Group across business segments or support functions or both.

The Group has successfully executed the complex integration of two banks, the parts of the former ABN AMRO group acquired by the Dutch State and FBNH, on time and within budget while structurally reducing its cost base. These two banks – due to their specific history—at the time lacked certain vital group functions including central risk management, compliance and finance. In addition, there was a significant overlap in footprint and clients, whereas certain essential parts of their footprint had been sold (among other factors as a result of the mandatory sale of New HBU II N.V. and IFN Finance B.V., see "—Description of liabilities and expenses as a result of certain historic restructurings, demergers, a merger and agreements that have given rise to the Group"). The banks had separate front- and back-office organisations and applications. As part of the integration process, group functions have been re-installed, an international footprint has been established and the overlap in front- and back-office organisations and applications has been eliminated. The integration resulted in i) a reduction of approximately 6,500 FTE, ii) an improvement of the cost-income ratio from 70% in 2010 to 59% at the end of 2012 (both underlying) delivering approximately EUR 1 billion of integration synergies, and iii) the migration of approximately 1.7 million clients to the target platform. During the entire integration period, the Group managed to maintain a strong client focus and a client centric culture. Despite the complex integration process and the challenging macro-economic and regulatory environment at the time, the Group has shown resilient earnings and created a solid capital position. In the years following the integration, the CET1 ratio and the return on equity improved further. With a fully-loaded CET1 ratio of 14.8% as of 30 September 2015 compared to 10% in 2012 and 8.6% in 2010 and has comfortably passed the ECB's AQR confirming its strong risk management framework and culture. It resumed the payment of dividends in 2011. In addition, it restructured its funding profile significantly in turbulent and difficult market circumstances and lowered wholesale funding dependency by bringing down the loan-to-deposit ratio substantially from 135% at 31 December 2010 to 125% at 31 December 2012 and 117% at 31 December 2014. As of 30 September 2015, the loan-to-deposit ratio stood at 110%. Since 2011, the Group has rationalised the business portfolio with a number of divestments and selected acquisitions (see also "—Overview of Acquisitions and Divestments by the Group"). In 2013, the Group launched the TOPS2020 programme to re-engineer its IT core banking platform which has led to cost savings since 2014 (see also "—Information Technology (IT)—TOPS2020 IT Programme").

The Group's identity, core values, business principles, mission and vision, and strategy

In 2012, the Group developed a long-term mission, vision and strategy. It based these on extensive analysis of trends, scenario analysis, the banking landscape (including an analysis of its peers), the economic outlook for a large number of countries and expected competition. At the same time, the Group also developed core values and derived its business principles. In 2015, the Group reiterated its identity on the basis of its core values and input from its employees and clients.



Identity

The Group's identity is based on its core values and business principles. It consists of the ambition to carefully listen to stakeholders, understand their goals, take their interests into account and help them take the next step based on responsible financial decisions, combine the Group's knowledge, expertise and network to craft smart solutions that meet today's needs, with the aspiration to make a difference and continuously improve.

Core values

The core values of the Group are Trusted, Professional and Ambitious.

- **Trusted—solid, personal, relationship-oriented**. At ABN AMRO we believe trust is all about establishing and maintaining lasting relationships. We take the time to get to know our clients by listening to and understanding their specific needs and aspirations. Our goal is to create value by finding the products and services that are right for our clients. When we make a promise, we always live up to it; when we communicate with our clients, we are always straightforward and never have hidden agendas. Our commitment to responsible banking means we carefully weigh risks and returns so that our clients know they are in good hands at all times.

- **Professional—skilled, disciplined, discerning**. At ABN AMRO we understand banking. As true professionals, we have the discipline to achieve results and take responsibility by saying "no" if saying "yes" would not do right by our clients. We create solutions that are simple, understandable and workable, and we strive to improve ourselves every day by working together and learning from one another—and from our clients.

- **Ambitious—motivated, decisive, result-driven**. At ABN AMRO we are always stretching our boundaries and striving to achieve more for our clients. We know what's going on in the market and make it our business to understand what our clients really need and to respond proactively by crafting appropriate solutions. Our optimism about the future drives our ambition to offer our clients more. At ABN AMRO, we aren't afraid to venture outside our comfort zone to put our ambition to work for our clients.

Business principles

The Group elaborated its business principles from its core values, mission, and strategic priorities. The Group's six business principles form the framework for the behaviour of the Group's staff and describe how the Group strives to act as a bank, make its choices and deal with challenges and dilemmas. They help to apply integrity principles—a basis for trust—in the day-to-day work of the Group's employees.

The business principles of the Group's staff, which use "I" to denote individual responsibility, are:

- I aim to provide my clients with **the best solutions**
- I build relationships through **collaboration**
- I take **responsibility**
- I am a **passionate** professional
- I only take **risks** I understand
- I am committed to **sustainable** business practices

Mission and vision

The Group's mission is to be successful through the success of its clients, to strongly commit itself to and be positively recognised for its position on sustainability and transparency, and to be an organisation that has the best talent and where people grow both professionally and personally.

The Group's vision is to be a professional, full-service bank with a leadership role in the Dutch market. Internationally, the Group aims to be a capability-led bank in selected businesses and geographies. The Group recognises that its competitive advantage will always be its people, the talent they bring and the trustworthy relationships they have with their clients. The Group capabilities, sector knowledge, and brand awareness provide the Group with a competitive edge over its competitors in certain selected markets.

Strategy

The Group formulated four guiding questions (Who and what do we want to be? What is our ambition? What is our earnings model? What is our supporting organisation?) that resulted in the development of 12 strategic choices, which in turn led the Group to define the five strategic priorities described below.

The Group announced in March 2013 its long-term strategy for the period until and including 2017 comprising five strategic priorities. The Group's long-term strategy is validated annually and assessed in the strategic review process.

Strategic Priority 1: Enhance client centricity

The Group aims to be a full service Dutch bank with clear focus on selective markets, client segments and a moderate risk profile and to be recognised for long term and trustworthy relationships with its clients and for the quality of its advice. As a result of this choice, the Group has a limited investment banking scope, especially outside the Netherlands and focuses on transactions and risk taking only for its clients. As announced by NLFI, in the future the Group will not pursue any hedge fund financing activities, proprietary trading activities and activities in the trust business. The Group strives to improve client satisfaction by offering transparent and competitive pricing and by simplifying products and services while continuously enhancing its understanding of its clients' needs through active dialogue as well as analysis of data sets and top class client analytics.

The Group aims to stand out from other banks based on the quality and relevance of its advice and the services offered by highly professional people with in-depth knowledge of the client, sector and products. The products and pricing that the Group offers should be customer oriented, transparent and understandable. The Group intends to distinguish itself by further enhancing and deepening its client segmentation on the basis of client needs and by providing solutions that are appropriate for the client's unique situation.

The Group regards technology as a key enabler for an optimal client service offering. The Group therefore intends to continue to invest in internet, mobile service and social media to keep pace with developments and to offer transparent and innovative investment advisory services and discretionary mandates, supported by online reporting and alerting tools for our Private Banking clients. The Group aims to reduce lead times and improve quality of service through simplification, standardisation and digitalisation of processes.

The interests of clients are paramount for the Group and, accordingly, client centricity is expressly mentioned in the Articles of Association. The Group believes that client centricity is embedded in the Group's culture and reinforced by the

Group's commitment to customer excellence and a culture of continuous improvement, training and development of all staff, and procedures such as annual performance management cycles as part of which client satisfaction scores are a leading key performance indicator. Continuous improvement involves continuously improving the service and product offering to raise client and employee satisfaction and increase efficiency in processes.

The Group believes that enhancing client centricity will lead to long-lasting relationships and satisfied clients.

The Group has initiated several initiatives underpinning the strategic priority to enhance client centricity, such as further embedding of the Net Promotor Score to measure client satisfaction, customer excellence over the chain, extensive use of remote advice in Retail Banking to increase customer intimacy and the transfer of Retail Banking clients with investible assets exceeding the EUR 500,000 threshold to Private Banking in the Netherlands. This is expected to occur in 2016 and will benefit clients in the EUR 500,000 to EUR 1 million wealth band. These clients will receive a service offering more tailored to their specific needs and this change is expected to increase the Group's market share in the Private Banking segment.

Strategic Priority 2: "Invest in our future"

The Group aims to invest in the future by re-engineering its IT landscape, by having a recognised position in sustainability and transparency and by aiming to be a top class employer. The Group believes that this should lead to operational efficiency, and client and employee satisfaction.

The Group is optimising its processes and re-engineering its IT landscape in order to upgrade as well as to simplify the IT landscape. By doing so, the Group aims to enable value creation through innovation and digitalisation and to excel in terms of productivity and ease of doing business. Through substantial investments in focussed projects, the Group aims to significantly lower costs through reducing complexity of the IT landscape, rationalisation, and by increasing the level of straight-through-processing.

Additionally, the Group is undertaking several initiatives to comply with ongoing and future regulatory requirements and to adapt to the changing IT environment. Given the significant amount of expected new regulation and the fast changing IT environment, these investments are expected to remain elevated for some time.

The Group provides the infrastructure and capabilities for innovation and experimentation and launched an innovation centre in 2013, which is designed to be an innovation catalyst and accelerator for the Group. The Group aims to incorporate innovation in its various spheres of operation and to support its business lines by stimulating different ways of thinking and working. The strategy of the innovation centre is aligned with the corporate strategy, guided by a clear innovation vision and driven by clients, societal, sustainability and technological trends.

In addition, a coherent investment programme aimed at enhancing client experience will be executed in Retail Banking, to a large degree through digitalisation. The Group furthermore strives to continue to be a leader in innovations and digitalisation for customers and to closely work with partners to bring innovations to the market.

The Group's aim is to become a better bank contributing to a better world. A recognised position in sustainability means visibly building sustainable client relationships by offering transparent and simple products and by having client centricity at the heart of its operations. The Group aims to use its financial expertise for the benefit of society and to limit its own footprint. The Group runs sustainable business operations and aims to offer sustainable finance and investment services while being transparent in reporting.

The Group has the ambition to be a top class employer that attracts and retains talented, passionate professionals whose contribution the Group needs, now and in the future, to create professional solutions that add value for its clients and society. The Group intends to achieve this by fostering a culture of excellence where employees are enabled to continuously improve their expertise and skills to master their profession. The Group is providing employees with autonomy to personalise their working conditions. By having a meaningful identity the Group believes it can engage current and future employees with ABN AMRO and its purposes. The Group believes it can build a top class organisation which enables employees to develop their talents to create professional solutions that add value for the Group's clients and society at large.

The Group believes it has made good progress in being perceived as an attractive employer. It was ranked as the number five employer in the Netherlands in 2015; an improvement from number seven in 2014 and number 14 in 2008[36]. The Group continues to invest in developing talent and has increased the number of courses conducted from 73,000 in 2011 to 155,000 in 2014. Diversity is also at centre stage in our ambition to be a top class employer. Since 2012, women comprise more than 40% of the Group's employees in the Netherlands. The Group met the diversity target of having 20% of its Managing Board positions, Management Group (as defined in "Management, Employees and Corporate Governance") positions and positions two layers below the Management Group level (which included managers and specialists), occupied by women in 2014.

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[36] Source: Dutch Intermediair Image Survey

Strategic Priority 3: Strongly commit to a moderate risk profile

The Group is a leading Dutch full service bank with a focused business model with low complexity. Internationally, the Group focuses on selective and capability-led international growth. The Group commits to having a strong capital and liquidity position that well exceeds regulatory capital requirements. The Group aims to have a diversified funding profile—in terms of sources, geographies and currencies—with excellent market access. The above should lead to a larger proportion of sticky client deposits that reduce the loan-to-deposit ratio and the Group's dependence on wholesale funding.

The Group seeks to maintain a clean and strong balance sheet with predominantly traditional banking products, a risk appetite that cascades down the organisation, and limited and primarily client driven trading and investment banking activities. The Group continuously strives to further optimise its balance sheet by diversifying its customer loan portfolio and focusing on collateralised lending. The Group commits to a disciplined and annual review of capital allocation whereby risk adjusted return capital steering is embedded in the organisation up to client and transaction level with cost of capital incorporated in pricing and performance tools.

The Group strives to offer full transparency on its products and its involvement in specific industries. The Group has a moderate risk profile, linked to the corporate strategy and review process, with strict targets on the main risks in its risk taxonomy. The Group has a strong risk culture and clear governance structure, safeguarded by a 'three lines of defence model' which ensures that risk management is embedded across the bank.

To maintain its moderate risk profile, the Group takes a pro-active stance to meeting regulatory requirements. In addition, the Group maintains stringent underwriting criteria and has a clear track record of discontinuing activities not fitting this profile (*e.g.*, equity derivatives business, Prime Fund Solutions).

Strategic Priority 4: Pursue selective international growth

The Group aims to be a full service Dutch bank with clear focus on selective markets and to generate approximately 20-25% of operating income outside the Netherlands in 2017. The Group believes that prudent and selective international expansion, as well as an increased focus on asset based lending, provides further diversification to risk and income, benefitting the moderate risk profile of the Group. The current footprint in major financial and trading centres and countries where the Group has a presence provides a strong basis for further growth. Activities of Dutch clients outside of the Netherlands are serviced by the international network, as part of the strategy to maintain sustainable relationships with Dutch clients, both as their primary bank in the Netherlands and for their business abroad. The Group strives for an asset and liability matched growth over time which is also compliant with the trend of changing regulations in many jurisdictions.

The Group's strategy is to expand in those international markets and with respect to those activities that fulfil clearly defined criteria: client-driven, capability-led, in line with the moderate risk profile and profitability.

For Private Banking, the Group aims to strengthen its leading position in certain prominent economies in Western Europe (mainly France and Germany) and to benefit from the increasing wealth in certain regions in Asia (Hong Kong, Singapore and the Middle-East (Dubai)). The Group also believes it has key capabilities in, and therefore intends to focus on, its asset-based finance business (commercial finance and lease) in Western Europe and ECT Clients globally. In addition, via its internet savings proposition, MoneYou, the Group intends to continue growing its savings volume in Western Europe. On the basis of this strategy, the Group will not enter or continue in countries or businesses that do not fit this strategy.

The Group believes it will improve its efficiency by increasing the scale, either through organic growth or through acquisitions, of its current offering in the Eurozone and Asia, and by increasing cross-business intra-group coordination and cooperation by further improving international governance. International coverage will be ensured through the Group's own network or through partner agreements with selected banks regarding transaction banking services to ensure client servicing where the Group is not present.

The Group aims to increase the operating income generated by its international business to 20-25% of total operating income in 2017 to diversify its revenues. As of 30 September 2015, 19% of the Group's total operating income was generated by its international business (full year 2014: 19%).

Strategic Priority 5: Improve profitability

The Group aims to improve its profitability—and meet its 2017 targets—by improving its top line revenues, by continuing to focus on cost efficiency and by striving for a sustainable risk-return.

To improve its operating result, Retail Banking focuses on accelerating digitalisation and further consolidating the branch network.

Furthermore, Retail Banking is optimising the mortgage process chain to further improve cost efficiency. Private Banking focuses on top line growth geared by business growth in the international activities and continuous offering of innovative solutions to its clients both in and outside the Netherlands. Improvement of the operating result in Corporate Banking should be driven by increased volume, primarily in the international activities, but also in the Netherlands geared by expected economic recovery, lower impairments and margin improvement.

In all businesses, there is a strong focus on cost control supported by lean management programmes. Strategic initiatives (such as TOPS2020 and Digitalisation in Retail Banking) aim to contribute to a controlled cost development in the long-term, despite continued change costs as a result of continuously changing regulatory requirements. Savings are a result of these strategic initiatives and are in part driven by FTE optimisation and will be recorded as from 2017 onwards.

The Group continues its pricing discipline by re-pricing newly incurred regulatory and capital costs and by implementing and strictly applying risk adjusted risk-return requirements and performance measures.

In 2014, impairment charges dropped materially across all of the Group's segments as a result of the improved momentum in the Dutch economy. Impairment levels also benefitted from the Group's focus on building a portfolio in line with its moderate risk profile, which include efforts to tighten acceptance policies and improve portfolio management (including programmes for our mortgage clients such as '*Carefree Living*'). The downward trend is continued in the first nine months of 2015 predominantly within Retail and small sized Commercial Clients as a result of the cyclical upturn of the economy in the Netherlands in addition to the above efforts.

Targets

The strategic priorities discussed above should lead to achieving the Group's targets:

- a return on equity between 10% and 13% (in the coming years)
- a cost/income ratio between 56% and 60% (2017)
- a CET1 ratio between 11.5% and 13.5% (fully-loaded)
- a dividend pay-out ratio of 50% (as from and over the full year 2017)

Performance on strategic targets

Underlying figures	2012[37]	2013	2014	9M 2015
Return on equity	8.2%	5.5%	10.9%	14.0%
Cost/income ratio	59%	64%	60%	58%
Fully-loaded CET1 ratio	10.0%	12.2%	14.1%	14.8%
Dividend pay-out ratio[38]	26%	30%	35%	40% (expected FY)

In recent years, the Group has made significant progress on realising its strategic targets. The return on equity increased to 14.0% (12.7% adjusted[39]) in the first nine months of 2015, well above the target range of 9%-12% as set in early 2013. The recorded improvement is primarily driven by significantly lower loan impairment charges and was realised despite increased regulatory levies. Given the current economic outlook, the resilience of the loan book and the average estimated through-the-cycle[40] cost of risk of 25-30 basis points, the Group has decided to increase the target return on equity range to 10%-13% in the coming years. The Group aspires to generate a return on equity in the upper half of the target range.

The cost/income ratio, is close to the 2017 target range of 56%-60%, reaching 58% (61% adjusted[39]) in the first nine months of 2015. At the time the target for 2017 was set in early 2013, the Dutch Bank Tax was the only known regulatory levy. In the fourth quarter of 2015, the contribution to the National Resolution Funds and most likely, the DGS will be introduced, increasing the total amount of expected regulatory levies for 2015 to EUR 246 million, of which approximately EUR 103 million[41] Bank Tax (non deductible), approximately EUR 115 million[42] contribution to the National Resolution

37 Restated for IAS19R impact, which came into force as of 2014. Dividend pay-out ratio was not restated as the dividend was based on the reported net result as reported in the 2012 Annual Report

38 Dividend pay-out ratio is based on reported figures as published in the respective Annual Reports

39 Adjusted for expected regulatory levies to be recorded in the fourth quarter of 2015, to reflect impact of allocating equally over the year

40 Through-the-cycle parameters are based on historic portfolio data and provide a long term average trend estimation that is irrespective of the business cycle and/or economic downturns or upturns

41 Of which EUR 43 million is allocated to Retail Banking, EUR 5 million to Private Banking and EUR 55 million to Corporate Banking (EUR 16 million Commercial Clients, EUR 15 million International Clients, EUR 23 million Capital Markets Solutions)

42 Of which EUR 48 million is allocated to Retail Banking, EUR 6 million to Private Banking and EUR 70 million to Corporate Banking (EUR 21 million Commercial Clients, EUR 20 million International Clients, EUR 29 million Capital Markets Solutions). EUR 9 million positive still needs to be allocated among the segments

Funds based on the current information on the calculation of the contribution (tax deductible and amount pending finalisation of regulation) and approximately EUR 28 million[43] contribution to the DGS (tax deductible and amount pending finalisation of regulation). The regulatory levies are expected to increase further in 2016 to a total amount of EUR 325 million pre-tax.

The Group has initiated two strategic programmes, TOPS2020 and Digitalisation in Retail Banking, which are expected to mitigate the effect of the increasing levies on the cost basis of the Group. In addition, the Group is undertaking a range of change initiatives to comply with regulatory requirements and the changing IT environment which are also expected to lead to additional investments.

The TOPS2020 programme has been initiated within Group Functions to optimise processes and re-engineer the IT infrastructure. Retail Banking has started a programme to enhance and accelerate digitalisation. These programmes are expected to lead to a total investment in the years 2013, 2014, 2015, 2016 and 2017 of EUR 700 million (2013: EUR 25 million; 2014: EUR 182 million; 2015: EUR 158 million; 2016: EUR 197 million; and 2017: EUR 138 million) and to generate estimated annual recurrent cumulative cost savings of EUR 265 million as from 2017 onwards (as from 2014: EUR 59 million; as from 2015: EUR 109 million; as from 2016: EUR 151 million; and as from 2017: EUR 265 million). As the TOPS2020 programme runs until 2020, investments are expected to continue after 2017 and more estimated cumulative cost savings are expected to be generated until 2020. Apart from the expected cost savings, these programmes are also expected to contribute to reducing the complexity of the IT landscape, which will make the organisation more agile, improving the quality of products and services to better meet clients' needs and to improving client satisfaction. TOPS 2020 estimated savings relate to cumulative savings compared to the business as usual costs for IT of the Group as per 2013. Business as usual costs for IT do not include change costs for IT. The total change costs for IT have increased and are expected to remain at comparable levels in the coming years as a result of the increased costs as a result of regulatory requirements and business demand for IT changes.

Given the challenging environment with regard to regulatory levies and costs and the significant investments in strategic programmes in the coming years, the Group has decided to maintain the set target for cost/income ratio of 56%-60%, which is expected to be reached in 2017. The cost/income ratio is expected to be temporarily outside the target range in 2015 and 2016, and is expected to decrease further after 2017 as savings from the two strategic programmes become more fully reflected.

The fully-loaded CET1 ratio at the end of the first nine months of 2015 was 14.8%, well above the target range of 11.5%-12.5% as set in early 2013. The Group has decided to widen the target range to 11.5%-13.5% fully-loaded to provide flexibility to absorb regulatory changes and increasing requirements over time. Given the current regulatory uncertainty, the Group feels it appropriate to maintain a buffer on top of the target range. The Group will assess its capital position once the implementation of Basel IV is clear. If based on that assessment the Group considers that it has excess capital, it will subject to authorisation by the ECB where required, return this to Shareholders and DR Holders.

The Group has formulated an envisaged annual dividend pay-out ratio of 50% of the annual reported net profit as from and to be achieved over the full year 2017, which has a growth path from 40% over 2015 and 45% over 2016. The Group has consistently paid dividends as from 2011. Given its dividend track record and despite the regulatory uncertainty regarding risk-weightings of assets and capital requirements, the Group believes that, based on the current situation and economic outlook, it is able to build up sufficient capital to continue paying dividends and increase the pay-out ratio up to the envisaged annual dividend pay-out ratio of 50% of the annual reported net profits as from and to be achieved over the full year 2017, after deduction of coupon payments on capital instruments that are treated as equity instruments for accounting purposes, if a decision is made to make such payments. This pay-out ratio will be subject to pending discussions on risk-weightings and capital requirements. See also "Dividend Policy".

Trends

The Group believes that the following trends may significantly affect the Group's strategy and business model going forward.

Changing client behaviour and expectations

The financial crisis has negatively impacted trust in the financial sector. As a result, and also due to other factors, society expects greater transparency in pricing and risk, simple products and better value. Clients are increasingly seeking products and services that fit their unique situation, expect a wide range of digital solutions and effectively demand an omni-channel approach.

On 28 September 2015, the *Vertrouwensmonitor Banken*, a survey measuring Dutch citizens' trust in the banking sector compiled on behalf of the Dutch Banking Association, was published. The banking sector overall scored a 2.8 on a scale of 1 to 5. The survey shows that trust in individual banks is higher: 3.2 on a scale of 1 to 5. The survey contains rankings

[43] Of which EUR 19 million is allocated to Retail Banking, EUR 7 million to Private Banking and EUR 1 million to Corporate Banking (Commercial Clients)

of individual Dutch banks allowing for comparison between Dutch banks on client centricity within the services and products they provide. On nine items out of 13, the Group scored slightly more negatively than the group of banks in the Netherlands for which results were included in the survey. On the other four items, the Group scored on average or higher. The Group actively monitors and addresses the rebuilding of trust of customers in the Group and has taken action to improve these results.

Online and mobile banking play an increasing role in how clients interact with banks. Clients continue to demonstrate a growing preference for online and mobile banking services. The Group estimates that from the introduction in 2011 to 2014 the number of online banking contacts (measured by logins in millions per year) has grown from approximately 250 million to approximately 690 million.[44]

Social networks and cooperative platforms coupled with a desire to be less reliant on banks support collaborative financing models such as crowdfunding, peer-to-peer lending, social savings and social lending, which means that banks are competing increasingly with new financing platforms.

Technological developments in areas such as mobile banking, social media, data analytics ('big data') and cloud computing create opportunities and challenges for banks to respond to changing client behaviour and needs. For example, banks are able to better serve customers by using personal data to perform individual profiling, while remaining sensitive to public sensitivity towards sharing of personal data. The Group is also witnessing growing demand for more environmentally friendly and socially responsible solutions. Litigation in the financial sector has increased since the 2008 crisis. In this light, establishing and retaining client intimacy, having client centricity at the heart of the Group's business and working in the best interest of clients is and will remain important.

The speed of technological change

Financial institutions will depend on technology more than ever in the coming years to handle the increasing complexities of doing business, to satisfy customers' need for convenience and to abide by increasingly complex regulatory rules.

The digital architecture based upon core systems renewal, cloud and data analytics is fundamental for banks. This means that the Group should re-engineer core systems and processes to be built upon a modern digital foundation. In addition to this, new technologies, such as block chain are gaining increasing interest from incumbent banks and may potentially have an even greater disruptive effect on the financial sector.

The current speed of innovation and technological change is high. New technologies are re-shaping competition in traditional bank activities and are driving new business models. Technology firms and other new entrants, which are not subject to the same regulatory controls imposed on banks, have already entered parts of the traditional banking value chain, for instance in payment services, peer-to-peer lending, new mobile payment systems, mobile wallets and crowd funding. Technology also enables the commoditisation of lower market segments, resulting in fiercer competition and pressure on margins (especially combined with European market integration initiatives such as SEPA (Single Euro Payments Area)).

Open innovation and ecosystems are of increasing importance in design and delivery in the digital era. The market is moving fast and in order for the Group to lead the race in new mobile offerings, a highly efficient connection between new technology releases and partners is required. As new start-ups become an important feature in the market, so-called 'fin-techs', creating connections with these players (either through collaborations or acquisitions) will be necessary as will close partnerships with the major players leading the digital era revolution.

Finally, in a world that is becoming progressively more technologically connected, the increasing risk of cybercrime is driving the need for advanced security and detection measures. See also "—Information Technology (IT)".

Increasing regulation and supervision

The banking landscape will continue to be dominated by higher and stricter capital and liquidity requirements, ongoing changes to accounting and regulatory rules, as well as uncertainty about a financial transaction tax. The evolving regulatory and supervisory landscape in the EU is challenging for banks and there are concerns that this may lead to an uneven playing field with banks in other regions, such as the US and Asia Pacific.

Players with new business models (for example shadow banks, Apple Pay and Google Wallet) entering parts of the traditional value chain of banks are less regulated. Developments in the area of payment services could impair the Group's access to clients, which could result in reduced business volumes for the Group.

In addition, many initiatives to integrate European financial markets will continue to be implemented (such as CRD IV, Mifid II, SEPA and PSD II), while US regulations will significantly affect international banks with US operations. The

[44] Source: internal, 2011-2014

leverage ratio of banks has become an increasingly important issue for regulators and market participants. These developments may continue to impact profitability and the business models of many banks. In addition, the sheer number and intensity of regulatory and supervisory requirements place an increasing burden on bank operations, the IT landscape, and management time and focus. The "conduct agenda" of regulators requires banks to better meet customer needs and to reinvent customer cultures, impacting costs, client pricing and strategic choices.

Some measures in the Netherlands are more stringent than similar European Union rules. An example is the treatment of bonuses, which for everyone working in the Dutch financial sector will essentially be capped at 20% of fixed pay, whereas EU rules will only limit bonuses to 100% of fixed pay, or twice that amount if shareholder approval is obtained in 2015. Also, the Dutch Minister of Finance has proposed that Dutch regulated banks should maintain a ratio of capital to assets, or a leverage ratio, of at least 4% which exceeds the 3% threshold proposed by the Basel Committee for 2018. It cannot be excluded that the minimum leverage ratio will be set at a percentage higher than 4%. Becoming subject to a minimum leverage ratio of 4% or higher, and becoming subject to a requirement to calculate the leverage ratio and liquidity coverage ratio without netting of loans and deposits, and the potential need for additional regulatory capital or additional liquidity buffers, to address these requirements may lead to the incurrence of higher costs. As at 30 September 2015, the fully-loaded leverage ratio was 3.5%.

In addition, the Netherlands has imposed a bank tax on the banking sector aimed at recovering the money lent as financial support to the banks during the financial crisis. The bank tax applies to entities authorised to conduct banking activities in the Netherlands. The tax is levied on the amount of taxpayer at risk debts, *i.e.*, the commercial balance sheet total less the regulatory capital of the bank and the debts covered by the DGS.

Under the SSM implemented in November 2014, the prudential supervision over the largest banks that are established in the Member States participating in the SSM has been transferred to the ECB. Supervision is moving from principle-based to rule-based standards and is expected to be much more data driven. The ECB has formed a joint supervisory team with DNB as the national competent authority for prudential supervision, and other national competent authorities relevant to the Group to execute its regulatory agenda. See "Risk Factors—Regulatory/Legal and Compliance Risks" and "Regulation of the Group—Banking Union—SSM".

Macroeconomic trends, economic and monetary environment

Western economies have been struggling under adverse economic conditions in recent years. After having contracted in recent years, GDP in the Eurozone has recently improved slightly and, unlike in recent years, the Dutch economy has kept pace with the Eurozone with a modest growth of 0.8% in 2014[45] and accelerated with more than 2.4% year-on-year in the first half year of 2015 compared to 1.7% in the Eurozone. Private consumption, the housing market and investment in the Netherlands showed some growth, with its export sector, which benefited from an upturn in global trade, leading the way.

The economic outlook for the Netherlands remains uncertain however. Economic improvements in Western economies are increasingly supported by monetary policy, something which may not be sustainable in the long run. Meanwhile, certain emerging markets are showing signs of cooling down. As a result, the economic and monetary environment, which by definition has a severe impact on the financial sector, has yet to stabilise. The Group must be aware of the risks and interdependencies within this environment. On a higher level, the Group will continue to monitor other factors or events that may affect the Dutch, European and global economic conditions, such as the potential exit of countries from the Eurozone, such as Greece, and the United Kingdom from the European Union, a sharp slowdown in China, a negative market reaction to (stronger than expected) interest rate increases by the United States Federal Reserve or an adjustment of the quantitative easing programme in the Eurozone, the developments in oil and other commodities prices, the risk of real deflation in the Eurozone and heightened geopolitical tensions.

Changing role for banks in society

The financial crisis negatively affected the banking sectors in many countries with a number of banks failing and others requiring bailout from national governments. These and more recent events have affected the general public's trust in the financial sector in general and in banks in particular. This has been reflected in changing regulation, government policies, an expanding duty of care and increased media scrutiny. In addition, the changing needs and preferences of both clients and employees have to be addressed in innovative and transparent ways. As a result, a broad range of stakeholders are likely to influence the shape of the banking landscape going forward. The Group has a responsibility to manage its impact on all stakeholders being clients, employees, investors, regulators, supervisors and society at large. To meet stakeholder expectations, the Group must alter its role and purpose in society and adapt to the needs and interest of its stakeholders.

[45] Source: Thomson Reuters Datastream, 11 March 2015

Ban on payment of inducements and distribution fees

As of 1 January 2013, banks in the Netherlands are restricted to receive inducements or distribution fees. See also "Regulation of the Group—Supervision of banking services and activities—General—Ban on inducements". This trend may continue in other countries in Western Europe.

Alternatives to bank loans

Basel III imposes stricter requirements on capital buffers and liquidity ratios of banks leading to higher costs of lending. Clients want to be less reliant on bank loans by seeking alternative sources of funds.

Organisation of the Group

The Group is organised into three business segments: Retail Banking, Private Banking and Corporate Banking; and is supported by Group Functions. Group Functions combines the support and control functions: TOPS (Technology, Operations & Property Services), Finance including ALM (Asset Liability Management), Treasury, RM&S (Risk Management & Strategy), PR&I (People, Regulations & Identity), Group Audit and the Corporate Office.

The Group's combination of businesses, Retail Banking, Private Banking and Corporate Banking, complement each other in terms of geography, income, profitability, capital and funding. In addition, the businesses cooperate to endeavour to ensure that clients are serviced in the appropriate business segment and resources are used efficiently. Feeder channels arrange for the transfer of clients to the appropriate segment. This cooperative environment allows for the optimal and efficient servicing of clients and provision of suitable products as well as the leveraging of technology and solutions.

	Retail Banking		Private Banking		Corporate Banking	
Key highlights	▶ Domestic business, c. 20-25% market share across all key products ▶ C. 5 m retail clients and C. 300,000 small businesses (turnover < EUR 1 m) ▶ Upmarket positioning towards mass affluent segment		▶ No. 1 in the Netherlands ▶ Leading positions in Germany & France ▶ Presence in attractive Asian markets ▶ C. EUR 191 bn client assets		▶ Leading corporate bank in the Netherlands ▶ Strong presence in all segments ▶ Internationally active in: ECT Clients asset based finance and Clearing	
Income	Stable income in mature market		Stable generator of income, with gearing to market cycles		Stable income with upside	
Profitability	Efficient operations, with consistently high profits	C/I: 54% ROE: 27%	Attractive financial profile, with scale an important driver	C/I: 79% ROE: 19%	Efficient operations with impairments elevated. Room for further upside	C/I: 61% ROE: 9%
Capital	Lower RWA intensity	Oper.Inc./RWA: 11%	Capital light	Oper.Inc./RWA: 15%	Higher RWA intensity	Oper.Inc./RWA: 6%
Funding	Funding gap	LtD: 153%	Funding surplus	LtD: 25%	Funding gap	LtD: 129%

Note:
First nine months of 2015 figures. Segmental return on equity and cost/income ratio numbers are adjusted to reflect impact of allocating equally over the year estimated regulatory levies expected to be recorded in the fourth quarter. Excluding levies the cost/income ratio would be 51%, 78% and 57% and segmental return on equity 29%, 20% and 11% for Retail Banking, Private Banking and Corporate Banking.

For example, Retail Banking and Private Banking cooperate closely to deliver a seamless offering across all wealth categories in the Netherlands through an institutionalised and mandatory up-and-down streaming of clients to the right segment, which has resulted in an annual transfer of 1 – 1.5 billion client assets (2013 – 2014). Product management teams—covering daily banking services, mortgages and wealth & advisory—align products across the organisation and pursue synergies. Corporate Banking and Retail Banking also transfer business clients, if appropriate. Retail Banking provides a feeder channel of business clients to Corporate Banking based on annual turnover criteria and receives business clients who are better serviced in Retail Banking.

Cooperation between Private Banking and Corporate Banking mainly takes place in the form of referrals. Corporate Banking introduces qualifying business owners, shareholders and executives to Private Banking. These clients are serviced in Private Banking's Enterprise & Entrepreneur segment, which provides a tailor-made offering for their combined business and private needs, or, in the case of executives, by a dedicated Professionals and Executives Team that is well aware of the specific requirements of clients who hold these functions. A similar referral relationship exists between ECT Clients and

Private Banking since 2011. Conversely, Private Banking introduces business owners and executives to Corporate Banking for relevant advice on company related needs.

Technology originally developed within Retail Banking, such as mobile and internet banking, is leveraged within Private Banking and the business line Commercial Clients. Products solutions originally developed for large corporates (part of the business line International Clients) are leveraged within Commercial Clients and Private Banking. Retail Banking and Private Banking exchange expertise on mortgage advice and investment research.

Retail Banking

Overview

Retail Banking has a strong and established market position in the Netherlands as the primary bank for approximately 21% of the Dutch population since 2012[46] and a market share of 22%[47] in the small business segment. Retail Banking provides services to retail clients with investible assets up to EUR 1 million and to small businesses with an annual turnover up to EUR 1 million. The EUR 1 million in investible assets threshold for retail clients in the Netherlands is expected to be lowered to EUR 500,000. This is expected to occur in 2016.

Retail Banking provides a full range of transparent retail banking products and high-quality services under the ABN AMRO brand, as well as certain specific products and services under different labels. It offers its products and services via omni-channel distribution with broad physical and digital coverage. Retail Banking aims to be at the forefront of technological developments and strives to use the latest technology to improve client experience and convenience (internet, mobile). Retail Banking cooperates closely with Private Banking and Corporate Banking.

Retail Banking organisation

Retail Banking is led by Mr Chris Vogelzang, a member of the Managing Board, who is also responsible for Private Banking. A dedicated unit for Customer Experience is central to the organisation of Retail Banking, which also includes two dedicated units for product management and two units for distribution. Personal Banking covers both the branch network and Advisory & Service Centres. Four main subsidiaries (ICS, Alfam (as defined below), MoneYou, ABN AMRO Hypotheken Groep) as well as two main joint ventures (ABN AMRO Verzekeringen, ABN AMRO Pensions (as defined below)) are operated by Retail Banking (see also "—Group structure").

In the first nine months of 2015, Retail Banking activities accounted for 45%, or EUR 2,912 million, of the Group's total underlying operating income (full year 2014: 49%, or EUR 3,942 million; full year 2013: 50%, or EUR 3,691 million; full year 2012: 47%, or EUR 3,341 million). Retail Banking has a strong focus on the Netherlands with 97% of operating income generated in the Netherlands in the first nine months of 2015. As of 30 September 2015, Retail Banking employed 5,885 FTEs.

In the first nine months of 2015, Retail Banking generated an underlying net profit of EUR 999 million (full year 2014: EUR 1,079 million; full year 2013: EUR 800 million; full year 2012: EUR 825 million), had an underlying cost/income ratio of 51% (full year 2014: 52%; full year 2013: 52%; full year 2012: 53%), and an underlying return on allocated equity of 28.6% (full year 2014: 23.3%; full year 2013: 17.5%; full year 2012: 20.1%).

As of 30 September 2015, Retail Banking had a total of outstanding customer loans and receivables of EUR 156.1 billion (31 December 2014: EUR 156.0 billion; 31 December 2013: EUR 159.0 billion; 31 December 2012: EUR 163.3 billion), of which EUR 145.1 billion consisted of mortgage loans (31 December 2014: EUR 144.4 billion; 31 December 2013: EUR 146.7 billion; 31 December 2012: EUR 150.3 billion), with amounts due to customers being EUR 99.0 billion (31 December 2014: EUR 95.9 billion; 31 December 2013: EUR 93.4 billion; 31 December 2012: EUR 87.2 billion).

[46] Source: GfK (research company) online tracker; based on question 'which bank do you consider as your primary bank?' 2012-2014

[47] Source: TNS NIPO Financial Monitor; based on the question 'which bank do you consider as the most important for your business?', companies with turnover up to EUR 1 million, average score Q1-Q3 2015 (an industry wide used standard for survey). The market share position in the small business segment was 21% in the years 2012 and 2013 and 22% in the year 2014 (four quarters average)

Selected Retail Banking Financial Information
Contribution to the consolidated Group, 9M 2015 and FY 2014

	9M 2015	FY 2014		9M 2015	FY 2014
Underlying operating income	45%	49%	Risk Weighted Assets	32%	34%
Underlying operating result	53%	59%	Loans and receivables customers	60%	60%
Underlying loan impairments	24%	39%	Due to customers	43%	44%
Underlying profit	60%	70%	FTEs	27%	28%

Market position and operating landscape

The Dutch retail banking landscape is mature and dominated by three banks (ABN AMRO, ING and Rabobank) that together hold a market share of approximately 90% in terms of primary banking relationships[48]. See "Risk Factors—8. The Group operates in markets that are highly competitive. Competitive pressures could result in lower margins and in a loss of market share and may thus have a material adverse effect on the Group's business, financial condition and profitability". Several niche players make up the remaining 10%. In 2014, Retail Banking was the primary bank for approximately 21% of the Dutch population[49]. The Group believes that retail customers in the Netherlands are in general loyal to their bank. Dutch customers, compared to other countries, have the lowest likelihood to change their primary bank in the next six months[50]. Since the formation of the Group in 2010, Retail Banking holds a top three market position in the key retail products: mortgages[51], savings and deposits[52] and consumer lending[53].

The Dutch mortgage market has a total size of EUR 635 billion in terms of outstanding loans as of 30 June 2015[54]. It is strongly influenced by prevailing economic, legal and fiscal conditions in the Netherlands. Legislation, notably tax legislation, has had a major impact on the mortgage products offered in the market and the total amount of loans outstanding (see "Regulation of the Group—Supervision of banking services and activities—Retail banking—Mortgage lending" and "Risk Factors—7. Changed legislation applicable to mortgages in the Netherlands may have a significant impact on the Group's mortgage business. This could adversely affect the Group's businesses, financial condition, results of operations and prospects"). The Group expects that recent new regulations and a recovery of the Dutch housing market will result in a lower average loan-to-market value in the Dutch mortgage market. As of 30 June 2015, Retail Banking held a market share of 23% in terms of outstanding mortgage loans in euros.[55] In the first nine months of 2015, the Group held a number one market position with a market share of 22% in the Dutch mortgage market in terms of new mortgage production in euros (first six months of 2015: number two position with a market share of 22%).[56] For the fourth quarter of 2015, the Group expects the market share in new mortgage production to be lower than the levels shown in previous quarters. For the full year 2015, the Group expects the market share to be in line with the full year 2014. The principal competitors of the Group in the mortgage loan market are ING and Rabobank. Insurance companies and pension funds are also increasingly active in the mortgage market.

The Dutch retail deposit market has a total size of EUR 343 billion as of 30 September 2015 (2014: EUR 332 billion)[57]. Since 2013, the growth of the savings market has slowed down, mainly due to low interest rates, prepayments on mortgages and increased consumption[58]. As of 30 September 2015, Retail Banking and Private Banking held a market share of 21%[59] on the Dutch savings and deposits market in terms of aggregate savings and deposits in euros. Retail Banking is also active in other countries (Germany, Belgium and Austria) under its MoneYou label. As of 30 June 2015, the Group had a number two position in savings and deposits in the Netherlands[60]. As a result of the credit crisis, the volume of Dutch standardised consumer loans has dropped more than 20% since 2010 up to and including 2014[61] and this trend continued in the first six months of 2015[62]. The volume of consumer loans (*e.g.*, a loan for new kitchen or car) is directly linked to the confidence consumers have in the economy. The market volume of consumer loans tends to increase or decrease, with some delay, in line with corresponding changes in consumer spending.

48 Source: GfK (research company) online tracker; based on question 'which bank do you consider as your primary bank?' 2014
49 Source: GfK (research company) online tracker; based on question 'which bank do you consider as your primary bank?' 2014
50 Cap Gemini, World Retail Banking Report, Capgemini and Efma, 2012
51 Based on new mortgage production in euros; calculated on the basis of information from the Dutch land register (*Kadaster*), Hypotheken Scan, 2014
52 Based on aggregate savings and deposits in euros; calculated on the basis of information from DNB Domestic MFI-statistics, table 5.2.6, January 2015 and company research
53 Based on loans outstanding in euros; calculated on the basis of information from DNB Domestic MFI-statistics, table 5.2.1 and 5.2.3, January 2015 and company research
54 Source: DNB Components of assets and liabilities of Dutch households, table 11.1, September 2015
55 Calculated on the basis of information from DNB Components of assets and liabilities of Dutch households, table 11.1, July 2015
56 Calculated on the basis of information from the Dutch land register, Hypotheken Scan, January-September 2015
57 Source: DNB Domestic MFI-statistics, table 5.2.6, October 2015
58 Source: Dutch Statistical Bureau (*Centraal Bureau voor de Statistiek*), Economic monitor, Consumption growth, 21 October 2014
59 Calculated on the basis of information from DNB Domestic MFI-statistics, table 5.2.6, October 2015 and company research
60 Source: Calculated based on DNB Domestic MFI-statistics, table 5.2.6, July 2015, quarterly/annual reports of competitors, and company research
61 Source: DNB Domestic MFI-statistics, table 5.2.1 and 5.2.3, January 2015
62 Source: DNB Domestic MFI-statistics, table 5.2.1 and 5.2.3, July 2015

The Group believes that Dutch consumers are at the forefront in the use of the Internet. Internet penetration in the Netherlands is 96% for consumers in comparison with an average 81% for the European Union[63]. 83% of Dutch consumers use Internet banking in comparison with an average 44% for the European Union[64]. This trend is reflected in the strong reduction in the number of branches of Dutch retail banks in the last decade. The Group estimates that the number of branches of Dutch retail banks has decreased by 66% from 2000 with approximately 1,700 branches in 2014.

Business model

Clients

Retail Banking has a stable client base of approximately five million retail clients. Retail Banking has an attractive and loyal client base: 81% of the active clients (aged 18+) having been with the bank longer than 10 years (July 2015). Retail Banking also services approximately 300,000 small business clients with an annual turnover of up to EUR 1 million through a dedicated Small Business Banking service model. These clients include starters, foundations & associations, self-employed professionals and other businesses. For the Group, businesses with an annual turnover of more than EUR 1 million are included in Corporate Banking. Retail banking segments of the Group's competitors may include businesses with a higher annual turnover.

The Retail Banking client proposition is based on three principles: always easily accessible, ease in daily banking services and high quality financial advice. Retail Banking believes that the application of these principles results in a positive client experience, which enables clients to act as ambassadors for the Group.

Retail Banking wants all of its clients to experience a client centric approach whenever they do business with the Group, regardless of whether the interaction is at a branch, by telephone or online. Retail Banking aims to preserve the continuity of client relationships by offering high-quality service and professional advice. Retail Banking believes its client centric approach is reflected in various independent surveys. Advieskeuze.nl, an independent consumer platform on financial advice supported by the Dutch Consumer Association (*Consumentenbond*), rated Retail Banking 4.7 on a scale of 1 to 5 on the quality of advice[65]. This is based on approximately 13,000 client reviews of more than 1,000 financial advisors and specialists. According to a survey by TNS NIPO, 79% of Retail Banking clients are satisfied or very satisfied (percentage of 7 or higher on a scale of 1 to 10) with the products and services that the bank provides[66]. Retail Banking believes that client centricity is embedded in its culture and reinforced by procedures such as the annual performance management cycle. Client satisfaction scores are a leading key performance indicator for all staff.

Retail Banking has a broad range of client-centric initiatives in place to facilitate a dialogue with clients and a swift response to changing client behaviour. In addition to conducting research, it runs a client community consisting of 300 active clients, an online client survey panel (with more than 5,000 clients) and a high-tech usability laboratory where clients can test proposed innovations and provide suggestions for improvement of online customer experience.

The Group has a unique client engagement strategy whereby clients are invited to rate the Group's products on the website. This approach has yielded thousands of reviews and ratings—with an average rating of 4.1 on a scale of 1 to 5 for insurance, payment and savings products—and clients' comments have helped the bank to enhance transparency[67].

Products and services

Retail Banking provides its retail clients a full range of transparent retail banking products and services, such as mortgages, savings and deposits, lending, credit cards, payments, investments, insurance and financial planning. For small business clients, Retail Banking offers a comprehensive range of standard business banking products and services, such as cash management, lending and insurance. See also "—Description of main products and services Retail Banking".

Most Retail Banking products and services are offered under the ABN AMRO brand. Specific services are offered through other labels or by subsidiaries such as MoneYou (savings, mortgages, consumer loans), Florius (mortgages), International Card Services (credit cards) and Alfam (consumer loans) (as defined below). Various labels, such as Florius, serve intermediary sales channels to target clients that prefer the service of an intermediary agent. International Card Services ("**ICS**") offers white labelling of its credit cards for third party distribution. Some labels of the Group strive for product excellence and product leadership, *e.g.*, ICS aims to be a leader in the Netherlands, while other Group labels are used to differentiate pricing to target highly competitive and/or price sensitive markets without impacting the ABN AMRO brand, or to grow outside the Netherlands, for example through MoneYou. This multi-label strategy allows Retail Banking to pursue growth for specific products or services and optimise market share, volume, margins and ultimately net profit.

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63 Source: Information Society Statistics, table tin00088, percentage of households with internet access at home, 2014

64 Source: Eurostat, Information Society Statistics, table tin00099, percentage of individuals using the internet for internet banking, 2014

65 Source: Advieskeuze.nl, an independent consumer platform on financial advice, 2014

66 Source: TNS NIPO, Customer satisfaction survey, 2014

67 Source: internal, from introduction to 2014

Mortgages

Retail Banking offers mortgages in the Netherlands under various brands, ensuring flexibility and ample choice for clients. The Group also owns a mortgage portfolio in Germany. In the Netherlands, the Group mainly offers mortgages under the brands ABN AMRO (main brand), Florius (focused on intermediaries) and MoneYou (focus on online). Historically, a residential mortgage in the Netherlands is composed of different types of mortgages, *e.g.*, a loan being a combination of an interest-only and a savings mortgage loan part. As of January 2013, new mortgages must have 100% redemption in order to be eligible for tax deduction. As a result, new mortgage production consists increasingly of redemption mortgages, while demand for interest-only mortgages and other mortgage types is declining. In the first nine months of 2015, 36% of the originated loan types, being new mortgage production and mortgages in the portfolio with a loan type modification, consisted of interest-only mortgages, 55% consisted of redemption mortgages and 4% consisted of savings mortgages compared to 45% interest-only mortgages, 10% redemption mortgages and 42% savings mortgages in 2012. In the first nine months of 2015, the Group held a number one market position with a market share of 22% in the Dutch mortgage market in terms of new mortgage production in euros (in the first six months of 2015: a market share of 22% and the number two position; 2014: a market share of 20% and the number two position)[68]. For the fourth quarter of 2015, the Group expects the market share in new mortgage production to be lower than the levels shown in previous quarters. For the full year 2015, the Group expects the market share to be in line with the full year 2014. Mortgage volume outstanding decreased in 2013 and 2014. Contractual repayments increase gradually due to the new tax regime. Voluntary (partial) redemptions are stimulated by low interest rates on savings amounts. These voluntary (partial) redemptions were extremely high in the fourth quarter of 2014 caused by the ending of a temporarily elevated gift tax exemption. Recovery of the Dutch housing market started in the second half of 2013, assisted by the improved economic situation, combined with low mortgage interest rates. See "Risk Factors—7. Changed legislation applicable to mortgages in the Netherlands may have a significant impact on the Group's mortgage business. This could adversely affect the Group's businesses, financial condition, results of operations and prospects." In order to increase agility and lower costs, Retail Banking launched a multi-year programme in 2014 designed to optimise the whole mortgage chain. This involves simplification of the mortgage product offering, digitalisation of client processes, investments in IT systems and simplification of the governance and organisational structure.

Savings and deposits

In keeping with the Group's ambition to put clients' needs first, Retail Banking has in recent years reduced the number of savings products and simplified the savings products available to clients. In the Netherlands, Retail Banking operates with its ABN AMRO labelled deposit product suite which consists of three non-maturing deposit products (also referred to as savings products), fixed term deposits and special savings products for specific purposes (*e.g.*, children's savings). Next to the ABN AMRO brand, the subsidiary MoneYou offers savings and deposits products with the MoneYou brand through its online channel. As of 30 September 2015, the savings volume of MoneYou was EUR 19 billion with 71% of the volume outside of the Netherlands (31 December 2012: EUR 11 billion with 59% of the volume outside the Netherlands).

Consumer and commercial lending

Retail Banking offers four basic types of loans and facilities: term loans, overdraft facilities, revolving loans and personal loans. Retail Banking's loan portfolio consists of two parts: custom-made term loans (loans over EUR 75,000) and standardised consumer loans. The custom-made loans are provided to various client types with a specific and somewhat larger credit need. Lending in this portfolio contains loans for consumer goods and real estate and also small commercial lending to medical specialists and businesses. The Dutch market for standardised consumer loans is one of strong competition and increasing consumer protection legislation. This market has shrunk over the last years due to the cautious borrowing and spending behaviour of Dutch consumers combined with low saving rates.

Retail Banking has set out an approach for consumer lending, called 'responsible lending'. Retail Banking wants to make sure its clients only take on the financial commitments they can handle. As part of this approach new propositions and services (*e.g.*, coaching) are developed.

ALFAM Holding N.V. ("**Alfam**") is a subsidiary specialised in consumer loans. It provides consumer lending products mainly through intermediaries via four different labels: Alpha Credit Nederland (car financing), Credivance (mortgage linked consumer lending), DEFAM (general consumer lending), and GreenLoans (financing solutions to private individuals for sustainable investments, such as solar panels). For the period 2011 to 30 September 2015 Alfam increased its consumer credit loan book.

Next to the consumer loan offering for retail clients, Retail Banking also offers commercial loan products to small business clients ranging from standard commercial lending products, such as loans and credit, to standard lease products.

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68 Calculated on the basis of information from the Dutch land register, Hypotheken Scan, 2014 and January-September 2015

Credit cards

ICS is the Group's credit card specialist which manages the entire value chain of cards (from marketing, issuing, and processing to collections). In addition, ICS offers other services, such as revolving credit, saving facilities and insurance facilities. ICS is a specialist in co-branding with over 25 cooperation programmes in conjunction with high-end retailers, affinity groups and a wide variety of banks. ICS is a dual issuer of Visa and MasterCard credit cards. It acquires new cardholders primarily through the distribution channels of its co-branding partners (shops, branches and web portals) and via direct marketing. ICS is the market leader in the Netherlands in terms of number of consumer credit cards in circulation[69]. It also has a presence in Germany. It offers its credit card services to both consumers and (small) businesses. As of 31 December 2014, ICS had more than 3 million credit cards in circulation.

Payments

To meet the need of clients, Retail Banking aims to deliver a reliable, secure, innovative and easy to use complete range of payment products at a fair price. A suite of payments products consists, among others things, of internet banking, mobile banking, debit cards with contactless payment functionality and credit cards. The number of the Group's payment transactions via internet and mobile banking has grown to more than 15 million[70] per month. Since late 2013, Retail Banking has also offered bank cards that are suitable for contactless payments, a faster and easier way of paying than the traditional payment method. By December 2014, Retail Banking had issued over two million cards with contactless functionality, or approximately one-third of the total number of ABN AMRO cards in circulation. The other two-thirds of the total number of ABN AMRO cards will be issued in 2015. Consumers can make contactless payments in an increasing number of shops. As of May 2015, approximately 70,000 payment terminals in the Netherlands offer contactless payment and this number is growing steadily[71]. Approximately 3.3 million contactless payment transactions were made by ABN AMRO clients through 2014[72].

Investments

Retail Banking offers three main categories of investment service for clients: (i) execution only, in which case clients only use the Group's execution capabilities; (ii) advisory service, which offers clients advice on investments; and (iii) DPM, in which case the bank takes portfolio decisions based on a mandate given by the client. In 2013, Retail Banking introduced a new investment proposition including a transparent fee structure, in anticipation of the ban on retrocession fees (effective as of January 2014) which prohibits banks from receiving inducements on investments funds and products held by clients. As of 31 December 2014, Retail Banking counts over 250,000 retail clients using at least one of the investment products.

Insurance

Retail Banking also provides insurance products (life and non-life) of ABN AMRO Verzekeringen, a joint venture with Delta Lloyd N.V. in which ABN AMRO Bank holds a 49% stake and Delta Lloyd N.V. a 51% stake. The Group acts as an intermediary for ABN AMRO Verzekeringen. Since 2010, ABN AMRO Verzekeringen has been granted the quality label for client-oriented insurance companies. Among these insurers, ABN AMRO Verzekeringen ranked number five for client satisfaction on non-life insurance products (scoring 8.0 on a 10-point scale) and number seven on life insurance products (scoring 7.4 on a 10-point scale)[73]. Upon a change of control in the ultimate holding company of ABN AMRO Bank or Delta Lloyd N.V., both ABN AMRO Bank and Delta Lloyd N.V. have the right to terminate the shareholders' agreement and the joint venture. Delta Lloyd N.V. has the right to request that ABN AMRO Bank buys its shares and ABN AMRO Bank has the right to request that Delta Lloyd N.V. sell its shares in ABN AMRO Verzekeringen at a price to be determined pursuant to a mechanism provided for in the shareholders' agreement. The determination of the price is dependent on which party invokes the termination provision, where the price is higher if ABN AMRO Bank does so. The shareholders' agreement defines change of control as any change in the ultimate holding company of ABN AMRO Bank or Delta Lloyd N.V. The current ultimate holding company of ABN AMRO Bank is NLFI. A change of control includes a disposal by NLFI as a result of which NLFI would no longer hold a majority interest in the Group. See "Risk Factors—11. The Group can be forced, upon a change of control over the Group or Delta Lloyd N.V., to buy shares it does not yet own in Dutch insurance business ABN AMRO Verzekeringen. If this risk were to materialise, the Group could be forced to pay a currently unknown purchase price that would likely be material, the Group would be required to consolidate ABN AMRO Verzekeringen into its financial statements, which may have material adverse consequences for the Group's capital and liquidity ratios, and any potential losses incurred by ABN AMRO Verzekeringen would from then on be entirely for the account of the Group".

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69 Source: based on number of credit cards, calculated on the basis of information from DNB Payment statistics Retail payments, table t5.12nk, September 2015 and company research

70 Source: internal, December 2014

71 Source: Dutch Payments Association, publication *'Betaalwijzer'*, May 2015

72 Source: internal, 2014

73 Source: 'Keurmerk Klantgericht Verzekeren', Client satisfaction surveys, website publication 12 February 2015

Financial Planning

Retail Banking provides financial planning advice to help clients reach financial goals through a personal financial plan and provides clients with a clear overview of their financial future (income and wealth). The Group's financial specialists have the expertise to address specific issues, from optimising wealth to securing future income flow (*e.g.*, after retirement) and to assess which solution is most suited for each client. The advice also takes unforeseen circumstances into consideration, such as occupational disability or death. Clients pay a one-time fee to cover consultancy costs. This fee includes one or more advisory consultations as well as a personal advice or plan.

Pension schemes to employers

Retail Banking, through the joint venture APG—ABN AMRO Pensioeninstelling N.V. ("**ABN AMRO Pensions**"), which is 70% owned by the Group, offers collective defined contribution pension schemes to employers (mostly companies). Based on a contract between ABN AMRO Pensions and the employer, ABN AMRO Pensions collects payment on a monthly basis from employers for the benefit of pension accrual for their individual employees. The defined contribution per employee is invested in lifecycle investment funds (the base case situation), or in a small range of investment funds (depending on the preference of the individual employee and based on his or her risk profile) or in savings. In addition, ABN AMRO Pensions facilitates term life insurance and disability pensions. These products are distributed through independent actuarial advisers. ABN AMRO Pensions services nearly 200 corporate clients.

Distribution

Retail Banking has an omni-channel business model with a physical and a digital presence. Retail Banking offers its products and services through an extensive branch network of 279 branches (as of 30 September 2015), with approximately 90% of clients living within five kilometres of a branch, as well as through five Advice & Service Centres (as of 31 December 2014) and digital channels (internet, mobile). A broad range of financial advisors and specialists are available to render advice to clients at every stage of their life. In addition, dedicated teams serve specific client segments, such as medical specialists, self-employed professionals, expats in the Netherlands and non-Dutch residents. Retail Banking aims to provide seamless navigation and easy accessibility in every distribution channel. Small Business Banking enables small business clients to conduct banking affairs primarily online and by telephone. Small Business Banking specialists are available to provide in-depth advice.

Clients are increasingly switching to online banking channels. The success of the introduction of Retail Banking's mobile banking app in the Netherlands in 2011 confirms the rapid adoption of mobile banking by Dutch consumers. The Group estimates that from the introduction in 2011 to 2014 the number of online banking contacts (measured by logins in millions per year) has grown from approximately 250 million to approximately 690 million.[74] As of 31 December 2014, Retail Banking had approximately 4 million internet and mobile banking users (retail and small business clients). In response to the trend of clients increasingly using online banking, Retail Banking introduced a new version of its internet banking platform in 2014 aiming to further improve the online banking experience. The Group believes that this new platform offers a solid basis for future innovation and development. Retail Banking continues to invest in online and mobile services and encourages clients to make use of these new self-service channels. Small Business clients have rapidly adopted the online services allowing them to open a bank account online in less than five minutes: in just three years' time, the percentage of accounts opened online instead of via Small Business Banking specialists increased from 35% to 82%. The mobile banking app of Retail Banking was named 'Most Comprehensive Mobile Banking App' in the Dutch market in the first quarter and the third quarter of 2014.[75]

Retail Banking sees a strong growth in use of remote advice (personal advice via webcam) and was the first bank in the Netherlands to offer this type of advice by webcam. In 2013 and 2014 more than 8,000 meetings by webcam were held—six days a week, during the day and in the evening.

Earnings model

Retail Banking's business has shown recurring and increasing underlying operating income (for the first nine months of 2015: EUR 2,912 million; full year 2014: EUR 3,942 million; full year 2013: EUR 3,691 million; full year 2012: EUR 3,341 million) with the majority consisting of net interest income. Net interest income increased by EUR 621 million or 23% in the full year 2014 compared to the full year 2012 as a result of improved margins on mortgages and deposits and increased deposit volumes. Net interest income for the nine months ended 30 September 2015 increased slightly by EUR 3 million to EUR 2,497 million, as compared to EUR 2,494 million for the nine months ended 30 September 2014. Retail Banking's business focuses on the products with high contribution to operating income: mortgages, savings, and consumer loans. It uses both the ABN AMRO brand and other brands to optimise market share, volume, margin and ultimately net profit on these main products while contributing to an improved Loan-to-Deposit (LtD) ratio. Other supporting products in Retail Banking that together with its main products constitute the full service offering are payments, investments

[74] Source: internal, 2011-2014

[75] Source: Banken.nl, Article *'Aantal functies mobiel bankieren apps fors toegenomen'*, Mobile banking app with the most functionalities, 12 November 2014

and insurances. Net fee and commission income of Retail Banking comprises fees from payments products (from both current accounts and payment packages, as well as debit and credit cards), fees from its subsidiary International Card Services and fees from investment and insurance products. The vast majority of net fees and commissions comes from payment products (including International Card Services).

Retail Banking strives to maintain a stable mortgage book relative to the market, in line with the Group's moderate risk profile. The residential mortgage book in the first nine months of 2015 has decreased to EUR 145.1 billion (31 December 2014: EUR 144.4 billion) compared to EUR 150.3 billion at 31 December 2012 as a result of net higher mortgage repayment amounts compared to new mortgage production volumes. An elevated gift tax exemption, which is a fiscal incentive taken by the Dutch government to support the recovery of the Dutch housing market, was in place from 1 October 2013 until 1 January 2015. The gift tax exemption, clients' decisions to make repayments in a low savings interest rate environment and greater awareness among homeowners that could be exposed to the risk of residual debt contributed to higher mortgage repayment amounts in 2014. The Group still expects pressure on the mortgage book driven by the regulation that incentivises clients to take amortising loans and increased voluntary repayments. Active portfolio management aims for the right balance among risk, return and volume/market share by focusing on sustainable margins for new mortgage production (mainly with the ABN AMRO, Florius and MoneYou brands) and re-pricing.

Margins on mortgages improved in the recent years, due to the continued gradual re-pricing on average at higher margins. Some further upside potential from re-pricing of mortgages originated pre-crisis is expected in the period up to and including full year 2016 (partly offset by the re-pricing of mortgages that were issued after 2012 with a margin that was on average higher than current margins).

Retail Banking deposits have steadily increased by EUR 11.8 billion as at 30 September 2015 compared to 31 December 2012, mainly due to MoneYou activity outside of the Dutch market, as the growth of the Dutch customer deposit market has slowed down since 2013. While ECB interventions including long-term refinancing operations (LTRO) programmes in combination with the lowering of EURIBOR rates have led to a decrease of deposit rates in the Dutch market as of 2012, Retail Banking's margins have remained sustainable and combined market share with Private Banking (deposits in the Netherlands) has been safeguarded at 21% (30 September 2015)[76]. Deposits pricing in the Netherlands has a different pace than that in the rest of Europe because of a funding gap in the Netherlands where the balance of outstanding residential mortgages outgrows the available savings deposits. The scope for lower interest rates on deposits in the Netherlands is therefore difficult to assess since it is determined by competition.

The earnings model of Retail Banking also focuses on retaining and growing the share of "wallet" of the most promising clients (high contribution to income) while at the same time leveraging the broad client base by realising efficient cross-sell (selling additional products or services to existing customers).

Strategic ambition

The strategic ambitions of Retail Banking are in line with the Group's strategic choices: enhance client centricity, invest in our future, strongly commit to a moderate risk profile, pursue selective international growth and improve profitability.

Enhance client centricity—improve customer experience and optimise products and processes

Retail Banking's ambition is to build on its client centric approach and to be perceived as offering the best in class client experience among its peers, making clients the Group's ambassador. It aims to deliver high quality advice to clients through seamless omni-channel distribution. Retail Banking believes it offers a competitive value proposition for private individuals combining a personal element (highly qualified advisors), state-of-the-art technology (online banking) and broad accessibility of advice (*e.g.*, in a branch, per telephone or via webcam). In addition, Retail Banking strives to offer self-directed small business clients dedicated online services in an efficient and effective manner.

Retail Banking focuses on customer loyalty and has the ambition to increase the business generated by existing clients. Retail Banking aims to enhance client centricity by continuously improving client processes and services. At the same time, Retail Banking seeks to respond to opportunities in the market with initiatives targeting specific client groups or products. For example, in anticipation of changes in pension legislation, Retail Banking has developed a new retirement proposition.

Since 2015, Retail Banking measures its clients' opinions of its products, service and employees by using the Net Promoter Score, a metric which measures the loyalty that exists between a provider and a client and is based on the direct question "How likely is it that you would recommend our company / products / service to a friend or colleague?". Retail Banking aims to improve client experience on the basis of the results from the Net Promoter Score.

[76] Calculated on the basis of information from DNB Domestic MFI-statistics, table 5.2.6, October 2015 and company research

"Invest in our future"—accelerate digital banking and reshape omni-channel distribution

Retail Banking invests in the future by investing in front office staff training, with the aim of enhancing their skills and improving their attitude and behaviour ('culture by training').

The Group measures the engagement of its employees by means of its yearly internal Employee Engagement Survey. In the first nine months of 2015, the score on this Employee Engagement Survey was 78%, which meant that 78% of the Retail Banking staff felt engaged.[77]

Retail Banking also intends to continue to invest in its digital offering to address the shift in client preferences towards these distribution channels, and to encourage clients to use self-service channels. The Group expects that this will ultimately also lower costs. As part of the drive to enhance the customer experience, Retail Banking intends to accelerate the digitalisation of key customer processes. Retail Banking will invest a total of EUR 190 million between 2014 and 2017 (2014: EUR 60 million; 2015: EUR 16 million; 2016: EUR 62 million; and 2017: EUR 52 million) generating estimated annual recurrent cumulative cost savings of EUR 35 million as from 2017 onwards (as from 2016: EUR 17 million; and as from 2017: EUR 35 million). These investments will be geared towards a coherent range of measures designed to enhance customer experience and will be in addition to the investments being made to re-engineer the IT landscape and optimise processes by IT (see "—Group Functions—Technology, Operations & Property Services (TOPS)").

The Group believes that the ability to offer a full range of competitive and transparent products and services in an omni-channel environment is important to continue to have access to clients.

Retail Banking aims to make its omni-channel offering and distribution more efficient and effective by further integrating distribution for retail clients and small business clients, integrating remote advice and personal advice, by pooling of knowledge and expertise, and by staffing branches with on average more advisors and specialists per branch. In light of the current speed of digitalisation and the trend of customer preference for mobile and online banking, the Group expects that it will further reduce the number of branches in the next few years. Consequently, the number of FTEs in Retail Banking is expected to be reduced by 650-1,000 FTEs by 2018. In the last quarter of 2014, a restructuring provision of EUR 60 million was included in the costs of Retail Banking (part of the total investments in its digital offering as mentioned above).

Strongly commit to moderate risk profile—maintain a stable mortgage book relative to the market

Retail Banking has a programme with dedicated care teams and certified financial coaches to actively support clients subject to a higher risk of arrears. The activities of this '*Carefree Living*' programme range from raising awareness with clients of their personal financial situation (*e.g.*, through an online self-diagnosis tool), providing personal advice and coaching to prevent payment arrears (individual plans). While this programme's primary aim is to support clients, these initiatives are expected to also reduce the risk and impairment level of the overall mortgage and consumer loan portfolios. In the years 2012, 2013 and 2014, the cost of risk in the mortgage book was 16, 24 and 13 basis points respectively. Based on ten years historical information (2004-2014) the average annual credit loss rate was 6 basis points and the average cost of risk 9 basis points. The Group estimates that the average annual through-the-cycle[78] cost of risk for the mortgage book is 5 to 7 basis points.

In addition, Retail Banking aims to reduce the Loan-to-Deposit ratio to strengthen the balance sheet and strives to maintain a stable mortgage book relative to the market, in line with the moderate risk profile of the Group.

Pursue selective international growth—explore international growth opportunities by use of MoneYou

Retail Banking focuses on its home market, the Netherlands. International growth will be pursued selectively, mainly via the MoneYou label. MoneYou currently offers savings accounts in the Netherlands, Germany, Belgium and Austria. As of 30 September 2015, 71% of its savings volume is generated outside the Netherlands. Retail Banking deposit volumes increased by EUR 11.8 billion since 31 December 2012 (30 September 2015: EUR 99.0 billion; 31 December 2014: EUR 95.9 billion; 31 December 2013: EUR 93.4 billion; 31 December 2012: EUR 87.2 billion), with the MoneYou label internationally accounting for a significant portion of this growth. In the Netherlands, the product offering of MoneYou also includes residential mortgages and consumer loans. In Germany, MoneYou intends to provide investment services on an execution basis only.

Improve profitability—optimise risk-reward with respect to volume, margin and market share

Retail Banking believes it has a proven track record of efficiency as a result of strict cost control, FTE reductions and channel efficiency initiatives. Given the increased use by clients of mobile and internet banking, the number of branch visits has been steadily decreasing over the past years. In four years' time, Retail Banking has closed approximately 200 retail branches, with virtually no impact on client satisfaction.

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77 Source: Towers Watson, Employee Engagement Survey ABN AMRO 2015

78 Through-the-cycle parameters are based on historic portfolio data and provide a long term average trend estimation that is irrespective of the business cycle and/or economic downturns or upturns

Retail Banking's strategy is to continuously optimise risk and reward with respect to the volume, margin and market share of its key products: mortgages, savings and consumer loans. It aims to have a market share of 20-25% in each of these three key retail products and to improve top line revenue and cost efficiency.

Description of main products and services Retail Banking

Product	Product description
Mortgages	The main mortgage products of Retail Banking can be divided into amortising, *i.e*., level payment mortgages and linear mortgages, savings mortgages and non-amortising mortgages, *i.e*., interest-only mortgages. Historically, a residential mortgage in the Netherlands is composed of different types of mortgages, *e.g*., a loan being a combination of an interest-only and a savings mortgage loan part. Under **level payment mortgages** (also referred to as annuity mortgages), the borrower pays a fixed amount consisting of interest and a repayment part of the original loan amount on a monthly basis. At the start, payments mainly consist of interest. Over time, the interest part decreases and the redemption amount increases. The balance of the mortgage loan owed decreases as time progresses, until the loan is fully repaid at the end of the mortgage term. Under **linear payment mortgages**, each month the borrower re-pays a fixed amount of the initial loan increased by interest. The amount of interest that the borrower pays decreases steadily, corresponding with the remaining loan amount outstanding. The loan is fully repaid at the end of the mortgage term. Under **savings mortgages,** each month the borrower pays interest and a savings amount for the duration of the mortgage. The principal is repaid from the savings amount at the end of the mortgage term. Although this type of loan can no longer be offered, it is still part of the Group's mortgage portfolio. Under **interest-only mortgages**, the borrower on a monthly basis only pays interest for the duration of the mortgage. The principal is repaid from the proceeds of the sale of the house, or, if necessary, from own resources such as a (pledged) life insurance policy or an (pledged) investment portfolio. Since 1 January 2013, interest on new mortgages is only tax deductible if the loan's principal is fully repaid within 30 years, by way of annuity (level payment mortgages) or by linear repayment. This legislative change has resulted in an increase of new mortgages being entered into on level payment basis and on a linear repayment basis. See "Risk Factors—7. Changed legislation applicable to mortgages in the Netherlands may have a significant impact on the Group's mortgage business. This could adversely affect the Group's businesses, financial condition, results of operations and prospects".
Savings and deposits	Retail Banking offers savings and deposit products both to private individuals and to small business clients. Savings and deposit products are transparent and simple, ranging from non-maturing deposits (referred to as savings) to fixed term deposits from 1-6 years and 10 years.
Consumer lending	The main consumer loan products are flexible credit expenditures and personal loans. Flexible credit allows clients to have a negative balance on their bank account or to have funds at their disposal for unexpected expenditures. Under a personal loan, Retail Banking grants a client a fixed sum with a specified use of proceeds subject to a fixed redemption schedule.
Commercial lending	The commercial lending products that Retail Banking offers to small businesses range from standard commercial lending products, such as loans and credit, to standard lease products.
Credit cards	Retail Banking issues credit cards to both consumer and small business clients. ICS is responsible for the credit card activities within the Group. ICS issues both co-branded and own label credit cards and is a dual issuer of Visa and MasterCard credit cards.
Payments	Payment products and services are products and services facilitating efficient payment transactions, such as debit and credit cards, acceptance of cash and non-cash payments (*e.g*., cheque), issuance of bank guarantees, and the offering of bank accounts. In this product group, Retail Banking offers packages tailored for specific target groups such as students, medical professionals, youths and small businesses.
Investments	Investment services range from DPM to investing with advice and self-directed investing ('execution only').
Insurance	Retail Banking intermediates in life insurance and risk insurance (term life, short term and annual travel, car, home, liability and legal services, valuables, income, business risk, and online fraud) from ABN AMRO Verzekeringen, which is a joint venture with Delta Lloyd in which the Group holds a 49% stake and Delta Lloyd N.V. a 51% stake. ABN AMRO Verzekeringen offers life and non-life insurance products to consumers and commercial clients mainly under the ABN AMRO brand.

Product	Product description
Financial planning	Retail Banking offers financial planning, consisting of financial planning and income planning, *e.g.*, advising clients on possibilities for ensuring income flow after retirement.
Pension schemes to employers	Retail Banking, through the joint venture APG—ABN AMRO Pensioeninstelling N.V. (ABN AMRO Pensions), which is 70% owned by the Group, offers collective defined contribution pension schemes to employers (mostly companies).

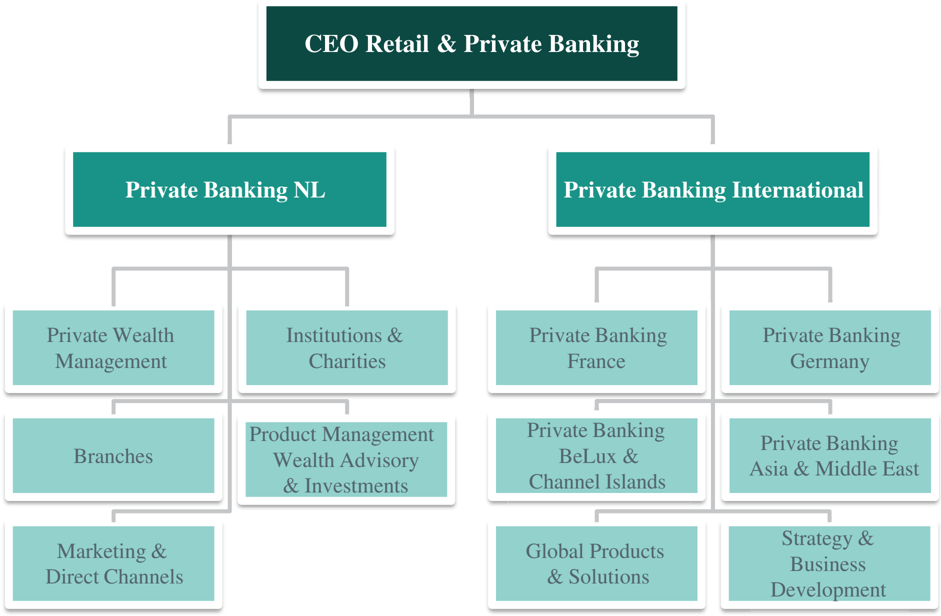
Private Banking

Overview

Private Banking is a leading private bank in terms of client assets with a number three position in the Eurozone[79] with dedicated professionals who have an in-depth knowledge of their clients. Private Banking's international expertise combined with local involvement and over 300 years of experience in private banking forms the basis of its longstanding client relationships.[80] These strengths allow Private Banking to continuously adapt to changing client needs and market trends, and to thoroughly understand the past, present and future (financial) situation of its clients. Private Banking offers clients multi-channel services to manage their wealth.

Private Banking targets high net worth individuals with more than EUR 1 million in investible assets and ultra-high net worth individuals with more than EUR 25 million in investible assets. The EUR 1 million in investible assets threshold is expected to be lowered to EUR 500,000 in the Netherlands. This is expected to occur in 2016. It will benefit clients in the EUR 500,000 to EUR 1 million wealth band. These clients will receive a service offering more tailored to their specific needs. As of April 2015, a pre-launch pilot runs in four branches. The financial impact on Retail Banking and Private Banking in 2016 and 2017 will depend on the timing and number of clients that will move to Private Banking. This change is expected to increase the Group's market share in the Private Banking segment and the Group expects that the lowering of the threshold will positively contribute to the profitability of Private Banking.

Private Banking organisation



Private Banking is led by Mr Chris Vogelzang, a member of the Managing Board, who is also responsible for Retail Banking, and is organised as such that in the Netherlands, it operates under the brand name ABN AMRO MeesPierson ("**Private Banking Netherlands**") while its private banking activities abroad are organised in separate organisational units, operating under local brands in its core markets ("**Private Banking International**"). As of 30 September 2015, Private Banking Netherlands held EUR 92 billion in client assets (31 December 2014: EUR 90 billion) and Private Banking International held EUR 99 billion in client assets (31 December 2014: EUR 101 billion).

79 Position based on total global AuM, relative to other banks active in the Eurozone. Source: Internal analysis based on publicly available information (company annual reports of peer banks, Investor relations presentations and press articles)

80 This is reflected in consistently high scores on client satisfaction. In 2014, 85% of the Group's clients in the Netherlands gave a 7 or higher on a scale of 1 to 10. Private Banking scores outside the Netherlands are well above the global average on overall client satisfaction, ranging from 7.2 – 8.4 (out of 10) vs 6.9 benchmark (source: Client Satisfaction survey 2014 TNS NIPO (an industry wide used standard for survey); Scorpio, Partnership—ABN AMRO Global insight—Europe Final Report May 2014)

Private Banking is the market leader in the Netherlands[81] and holds a number four position in France (Banque Neuflize OBC S.A. or Neuflize OBC) and a number three position in Germany (Bethmann Bank) based on published client assets[82]. Private Banking has a presence in other locations in Western Europe, namely Belgium, Luxembourg, Jersey and Guernsey and it has a footprint in Asia with offices in Singapore, Hong Kong and the Middle-East (Dubai), operating under the brand name of ABN AMRO Private Banking. The Group announced on 30 September 2015 that it will integrate its private banking activities in the Channel Islands. Subject to regulatory approval, the Group will transfer its business from its Jersey branch to its subsidiary in Guernsey.

In the first nine months of 2015, Private Banking activities accounted for 15% or EUR 992 million of the Group's total underlying operating income (full year 2014: 15%, or EUR 1,193 million; full year 2013: 15%, or EUR 1,118 million; full year 2012: 15%, or EUR 1,055 million). In the first nine months of 2015, 41% of Private Banking's underlying operating income resulted from domestic activities, while the international activities accounted for the remaining 59%. As of 30 September 2015, Private Banking operations employed 3,684 FTEs.

In the first nine months of 2015, Private Banking generated an underlying net profit of EUR 188 million (full year 2014: EUR 160 million; full year 2013: EUR 104 million; full year 2012: EUR 124 million), had an underlying cost/income ratio of 78% (full year 2014: 81%; full year 2013: 77%; full year 2012: 80%), and an underlying return on allocated equity of 20.1% (full year 2014: 13.0%; full year 2013: 7.0%; full year 2012: 8.0%).

As of 30 September 2015, Private Banking had total client assets of EUR 191 billion (31 December 2014: EUR 191 billion; 31 December 2013: EUR 168 billion; 31 December 2012: EUR 163 billion), a total of outstanding customer loans and receivables of EUR 16.5 billion (31 December 2014: EUR 16.7 billion; 31 December 2013: EUR 15.5 billion; 31 December 2012: EUR 15.4 billion), and with amounts due to customers of EUR 66.7 billion (31 December 2014: EUR 62.9 billion; 31 December 2013: EUR 59.5 billion; 31 December 2012: EUR 58.8 billion).

Selected Private Banking Financial Information
Contribution to the consolidated Group, 9M 2015 and FY 2014

	9M 2015	FY 2014		9M 2015	FY 2014
Underlying operating income	15%	15%	Risk Weighted Assets	8%	8%
Underlying operating result	8%	7%	Loans and receivables customers	6%	6%
Underlying loan impairments	-3%	2%	Due to customers	29%	29%
Underlying profit	11%	10%	FTEs	17%	16%

Market position and operating landscape

The Group believes that private banking remains an attractive business as wealth is expected to continue to grow worldwide. Industry surveys indicate that global private financial wealth has grown approximately 15% in 2013 (fastest growth since 2008) reaching a total of $152 trillion and is expected to grow to $198 trillion by the end of 2018 (CAGR of 5% 2013-2018), driven mainly by growth in Asia (excluding Japan, 10.5%). Asia (excluding Japan) is expected to become the largest wealth management market in 2018, followed by North America in second position and Western Europe in third position.[83] The expected market CAGR 2013 to 2018 for Western Europe is 4%.[84]

The private banking industry is characterised by strong competition and consolidation, driven by the need for scale to be able to address mounting regulatory requirements and increasing operating cost. The operating landscape has changed in recent years: (i) clients have become more knowledgeable and demanding; (ii) there is an increasing demand for transparency and simplicity; (iii) there is increasing competition for finding and retaining talented staff; (iv) regulation is becoming stricter and more complex and (v) clients have access to a wide range of virtual communities and tools providing financial information. These developments have put pressure on margins and have driven the need for consolidation.

Private Banking has acted upon those changes and has embarked on a journey of transformation from a disperse footprint to a sustainable and sound scale in a number of selected core markets (the Netherlands, France and Germany). Private Banking has made various divestments (Switzerland in 2011 and Curaçao in 2013). At the same time, Private Banking has built a solid track record in acquisitions and well executed integrations (LGT Germany in Bethmann Bank in 2011; ABN AMRO Private Banking and MeesPierson in the Netherlands in 2010 and Credit Suisse private banking in Germany in Bethmann Bank in 2014). Consolidation has enabled Private Banking to reach critical size, to benefit from a larger scale and to grow its business.

81 Source: Internal analysis based on publicly available information (company annual reports of peer banks, Investor relations presentations and press articles) and ABN AMRO MeesPierson has been considered number one Private Banking in the Netherlands in 2015 for the 13th consecutive year by peers (Euromoney)

82 Source: Internal analysis based on publicly available information (company annual reports of peer banks, Investor relations presentations and press articles)

83 Source: BCG, Global Wealth Report 2014

84 Source: McKinsey, Global Wealth Management Survey, 2014

Private Banking is strongly positioned in the countries in Western Europe where it is active. It held EUR 191 billion in client assets globally as of 30 September 2015 (31 December 2014: EUR 191 billion). Private Banking holds a number three position in the Eurozone based on total global AuM of private banks active in Europe[85]. Private Banking operates through strong local brands. The Dutch brand, ABN AMRO MeesPierson, is market leader in the Netherlands[86] with a total of EUR 92 billion in client assets as of 30 September 2015 (31 December 2014: EUR 90 billion).

Private Banking operates in the French market under the brand Banque Neuflize OBC (Neuflize OBC) which dates back to 1667. Neuflize OBC is well-established in France with 11 branches in the main French cities. Neuflize OBC held a top four position in the French private banking market[87] with EUR 29 billion in client assets as of 30 September 2015 (31 December 2014: EUR 28 billion). Private Banking also sells life insurance products in the French market through the Group's 60% stake in Neuflize Vie, which is considered a joint venture and is, according to IFRS 11, not consolidated. The joint venture partners are currently discussing the terms governing the partnership. In the future, consolidation at Group level could be required. In such event the financial impact on the Group is expected to be limited.

Private Banking is present in Germany under the brand Bethmann Bank, which operates in Germany since 1712. Bethmann Bank is the result of several successful mergers of local private banks during the last 10 years and has become a leading private bank in Germany with 12 branches in the main economic regions of Germany. After the acquisition and integration of the German private banking activities of Credit Suisse in 2014, Bethmann Bank has become a top three private bank in Germany with EUR 33 billion in client assets as of 30 September 2015 (31 December 2014: EUR 34 billion)[88]. Private Banking is also present in Belgium (since 1937), Luxembourg (since 1988), Jersey (since 1974) and Guernsey (since 1978), managing a total of EUR 21 billion in client assets in those countries as of 30 September 2015 (31 December 2014: EUR 21 billion).

Private Banking has been present in Asia for over 180 years and for many decades in the Middle East. With offices in Singapore, Hong Kong and the Middle-East (Dubai) and EUR 16 billion in client assets as of 30 September 2015 (31 December 2014: EUR 17 billion), Private Banking has a strong local brand recognition and management believes it holds a top 20 position in Asia.[89]

Private Banking was ranked as the best overall European Private Bank in 2014 by WealthBriefing European Awards 2014.

Business model

Clients

Private Banking services high net worth individuals with more than EUR 1 million in investible assets and ultra-high net worth individuals with more than EUR 25 million in investible assets. The EUR 1 million in investible assets threshold is expected to be lowered to EUR 500,000 in the Netherlands. This is expected to occur in 2016. Private Banking is dedicated to long-term relationships, and putting clients' interest first.

Private Banking's scale and expertise enable it to differentiate its value proposition to specific client segments based on their specific needs. Private Banking currently recognises four key client segments: private wealth management (individuals with investible assets exceeding EUR 25 million), family money (family wealth acquired and to be transferred over generations), entrepreneurs (integrated services for former and active business owners), and institutions & charities (non-profit organisations). This client segmentation enables Private Banking to develop client centred solutions with distinctive propositions for each client segment thereby adding value to each specific client segment.

Products and services

Private Banking offers fully integrated financial advice and a broad array of services focused on wealth structuring, wealth protection and wealth transfer.

Private Banking provides clients with a full service offering combined with tailored solutions for specific client segments. Private Banking's international network encourages knowledge sharing and expertise across borders to provide the best possible service suited to its clients.

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[85] Position based on total global AuM, relative to other banks active in the Eurozone. Source: Internal analysis based on publicly available information (company annual reports of peer banks, Investor relations presentations and press articles)

[86] Source: Internal analysis based on publicly available information (company annual reports of peer banks, Investor relations presentations and press articles) and ABN AMRO MeesPierson has been considered #1 Private Banking in the Netherlands in 2015 for the 13th consecutive year by peers (Euromoney)

[87] Source: Internal analysis based on publicly available information (company annual reports of peer banks, Investor relations presentations and press articles)

[88] Source: Internal analysis based on publicly available information (company annual reports of peer banks, Investor relations presentations and press articles)

[89] Source: Internal analysis based on publicly available information (company annual reports of peer banks, Investor relations presentations and press articles)

Private Banking's distinctive investment products and services range from DPM to investments with advice and self-directed investments ('execution only'). See "—Description of main products and services Private Banking".

Open architecture is the core of the private banking business model and an important aspect of the Group's investment business service. It allows clients to benefit from a wide range of solutions using highly experienced and skilled asset managers. These asset managers are carefully selected through an in-depth due diligence process led by ABN AMRO Advisors ("**AA Advisors**"). AA Advisors is the Group's dedicated centre of expertise for multi-management solutions that is part of Neuflize OBC Investissements ("**NOI**"), a subsidiary of Neuflize OBC. Clients benefit from this expertise through advised as well as managed investment solutions. Private Banking further offers a number of proprietary products, mainly through NOI.

Environmental, Social and Governance (ESG) criteria are being incorporated in all investment processes. In order to facilitate investments in companies that have both good financial performance as well as good sustainability performance, the Group has developed a sustainability indicator enabling clients and advisors to take sustainability information into consideration in their investment decisions.

Private Banking also provides lending and mortgage products and offers a number of specialised services, including insurance, informal investment services (*e.g.*, a matchmaking platform for clients, bringing together supply and demand for capital and coaching), philanthropy advice, art advisory and world citizen services. In addition to offering life insurance products in the French market through the Group's stake in Neuflize Vie, Private Banking also offers life insurance products in Luxembourg and Belgium. Life insurance products offered by Private Banking in France, Luxembourg and Belgium include "unit-linked" and "guaranteed rate" products.

Distribution

Private Banking is long-term relationship driven and offers private banking services through dedicated client service teams. Every client has its own client service team consisting of a private banker and an investment specialist supported by dedicated assistants and specialists for lending, mortgages, estate planning and other specialised services.

Private Banking has a strong network with more than 50 domestic and international branches across 10 countries. Domestic private banking is offered through branches in the Netherlands, France, Germany and Belgium. International private banking services are offered in Luxembourg, Jersey and Guernsey. In addition, Private Banking also has a presence (branch) in Marbella (Spain) with a small team providing local assistance to clients from other Private Banking locations. Furthermore, Private Banking offers its clients access to growth markets in Asia through offices in Singapore, Hong Kong and Dubai.

Private Banking offers its products and services through various channels. Private Banking seeks to outperform in the quality of its multi-channel services and focuses on the innovation of its online platforms. An example is the digital offering in the Netherlands for clients who have no need for face-to-face contact. In this delivery model the clients are serviced completely via direct channels like telephone and webex. Clients have, in addition to the branch network, access to the dedicated Private Banking Advice & Service Center with extended opening hours. Online platforms include online wealth systems which allow clients to track in detail the performance of their investment portfolio, mobile office tools, research apps, 24/7 webcare teams and NextGen Connect (a social media platform where clients can interact and exchange entrepreneurial ideas). In 2015, ABN AMRO MeesPierson received an award for the best private banking website amongst forty wealth managers.[90]

Earnings model

The Private Banking earnings model is characterised by stable and increasing recurring operating income (first nine months of 2015: EUR 992 million; full year 2014: EUR 1,193 million; full year 2013: EUR 1,118 million; full year 2012: EUR 1,055 million), with comparable contributions from net interest income and net fees and commissions. In the first nine months of 2015, 59% (full year 2014: 59%) of Private Banking's underlying operating income resulted from activities outside the Netherlands. Net profit was positive in all the geographies where Private Banking had a presence.

Net interest income in the Private Banking's earnings model is generated from cash, savings, mortgages and commercial lending products. Net interest income (first nine months of 2015: EUR 440 million) increased by EUR 113 million or 23% in the full year 2014 compared to the full year 2012 as a result of improved margins (mainly on deposits) and higher volumes with deposits and lending volumes growing by 7% and 8%, respectively, in 2014 compared to 2012.

Fees and commissions income is generated mainly from DPM, investment advisory and self-directed investment offerings ('execution only' services). Net fees and commissions (first nine months of 2015: EUR 470 million) have increased by EUR 42 million or 8% in the full year 2014 compared to the full year 2012 as a result of higher client activity as well as

90 Source: My Private Banking Research, Benchmarking of the Top 40 Wealth Management Websites 2015

increased client assets, which has seen a steady increase of EUR 28 billion or 17% (full year 2014 compared to full year 2012). The growth in client assets is anticipated to be in line with the expected growth in domestic wealth markets until 2018. The Group expects to counter the pressure on margins through focus on total client asset and DPM growth, as well as further efficiency gains.

Some pressure on margins is expected in the near future as a result of the low interest rate environment and the introduction of MIFID II.

Private Banking offers clients transparent, fee-based investment services. DPM services are offered on an all-in fee basis (including transaction costs), while for investment advisory services clients have a choice between fee structures either including or excluding transactions costs (which are then separately billed), depending on the clients' preference. Specialised services are either based on hourly rates or fixed prices. The earnings model of Private Banking is thus largely fee-based and recurring.

The Group introduced fee based investment advisory concept in the Netherlands in 2013 in anticipation of the ban on inducement and distribution fees (effective as of January 2014), which prohibits banks from receiving inducements on investments funds and products held by clients. These investment advisory fee structures are also being introduced in Belgium, France and Germany (even though there is currently no ban on inducement fees in those countries), which together with the Netherlands account for 82% of the total fee and commissions of Private Banking (in 2014). The fee-based concepts for investment advisory have contributed to the recurring income base of the earnings model. Since 2012, DPM has been growing at a higher rate than client assets.

Its low capital consumption and the strong and stable funding base it offers, make Private Banking a solid contributor to the Group. At 30 September 2015, 29% of the Group's Due to customers funding was provided by Private Banking.

Strategic ambition

Private Banking seeks to achieve disciplined growth in a number of selected markets where it already has a sustainable presence. Its ambition is to be a modern private bank that is internationally present and locally involved; a private bank that understands clients' needs now and in the future, while providing agile service and financial solutions. The key strategic drivers below summarise the goals of the Private Banking segment, in connection with which it has formulated several business initiatives for the coming years designed to help Private Banking achieve solid growth of client assets, an improved cost/income ratio and sustainable profitability.

Enhance client centricity—develop relevant client solutions

The focus of Private Banking is on understanding client needs and developing relevant value propositions for specific client segments in order to ensure client engagement and attract new clients. Private Banking is moving towards a consistent and distinctive segmentation approach across all of its markets. For example, Private Banking aims to attract entrepreneurs and 'next generation' clients by offering innovative services for these segments. Lean programmes focused on customer excellence and continuous improvement help Private Banking to increase the available commercial time of front-office staff. In addition, Private Banking intends to continue developing cross-border connectivity to leverage the network of its international markets and offer clients the best solution matching their needs.

Invest in our future—innovative and dedicated to employee engagement and leadership

Private Banking develops innovative solutions that deliver a seamless multi-channel client experience and extend its sustainable product offering. In the Netherlands, Private Banking intends to build on its leading position, ensuring seamless implementation of new technology. For other countries outside the Netherlands, Private Banking has launched a multi-channel strategy to continue improving its digital capabilities consistently across its markets.

Private Banking is dedicated to employee engagement and leadership and focuses on attracting best-in-class employees, developing inspiring leadership and promoting cross-border teamwork. These efforts are supported by a dedicated leadership programme.

The Group measures the engagement of its employees by means of its yearly internal Employee Engagement Survey. In the first nine months of 2015, the score on this Employee Engagement Survey was 77%, which meant that 77% of the Private Banking staff felt engaged.[91]

[91] Source: Towers Watson, Employee Engagement Survey ABN AMRO 2015

Strongly commit to moderate risk profile—deliver consistent execution and risk management

Private Banking delivers consistent execution and focus on prudent risk management for its clients and the Group, while delivering distinctive products, services and advice. The volatility in the cost of risk in the past is not expected to be seen in the future due to stricter acceptance criteria, improved credit monitoring and the rationalisation of the product offering aligned with the moderate risk profile of the Group. Private Banking plans to implement investment propositions across the network using uniform risk profiles for its clients, supported by an integrated view of each client and their financial situation. In the Netherlands, Private Banking intends to introduce a new tool, Financial Scan, to assist in these efforts.

Pursue selective international growth—drive sustainable performance and scale

Private Banking's ambition is to generate disciplined organic growth in line with the expected annual wealth growth as estimated in industry reports and selectively pursue acquisitions in its existing core markets.

Improve profitability—drive sustainable performance and scale

Private Banking drives sustainable performance and scale by deepening and broadening client relationships in a cost-effective manner. Private Banking actively controls costs and manages channels efficiently, and continuously optimises risk and reward parameters for its products and services.

Description of main products and services Private Banking

Product/Service	Product/Service description
Integrated financial advice	Private Banking offers a number of services focused on wealth structuring, wealth protection and wealth transfer. Wealth structuring provides advice on how to structure and optimise assets (including both private and business components), whereas wealth transfer ranges from estate planning and philanthropy advice (*i.e.*, setting up and managing charity plans) to educating the next generation of owners. Wealth protection includes setting up a sustainable long-term wealth strategy and may include insurance policies for specific assets.
Discretionary portfolio management	Private Banking offers a broad range of mandates in DPM, each addressing specific client needs. Private Banking focuses on delivering strong consistency in terms of performance in each mandate, closely aligned with its clients' objectives and risk tolerance. In addition to traditional asset class diversification, Private Banking has a strong focus on major performance drivers (*i.e.*, tactical asset allocation, stock selection, manager selection, and equity and bond strategies). All the DPM mandates follow the tactical asset allocation determined by the Group's global investment committee. The underlying instruments vary amongst the different mandate types. The classic mandates invest directly in stocks and bonds with a small amount of alternative investments. The multi manager mandate invests in mutual funds of which the assets are managed by external asset managers. The sustainable investment mandates, managed in the Netherlands by the joint venture Triodos MeesPierson, invest in direct stocks, bonds and/or investment funds that are carefully screened on a number of sustainability factors.
Investment advisory	Private Banking offers investment advice tailored to the needs of an investor through service concepts such as, Portfolio Advice, Comfort Advice, Active Advice and Trading, which identify client needs in terms of investment activity, risk tolerance and different product solutions. Advisory services are supported by dedicated investment research and product specialists.
Execution only	Private Banking offers self-directed clients execution only services for their investment orders, with access through internet or by telephone.
Specialised services	The specialised services offered by Private Banking include informal investment services (a matchmaking platform for clients between supply and demand for capital and coaching), philanthropy advice, art advisory and world citizen services (providing local assistance to clients from other Private Banking locations).
Mortgages	Private Banking offers a full range of mortgage products for Private Banking clients. Conditions may vary per country.
Savings and deposits	Private Banking offers savings and deposit products both to private individuals and legal entities of its clients. Savings and deposit products are transparent and simple, ranging from flexible savings (with a daily, quarterly or annual term) to fixed deposits with various terms. Savings products are available in Euros, US dollars and British pounds. Deposits are offered in most frequently traded currencies.

Product/Service	Product/Service description
Consumer lending and credit cards	Private Banking offers the full range of Retail Banking consumer lending products for Private Banking clients, including credit cards.
Lending	Lending products and services are mainly provided to Private Banking clients for the purpose of leveraging investments, entrepreneurial investments or financing real estate as part of the full service offering. It provides a means to acquire new clients and underlying client assets, while providing an opportunity to broaden and deepen existing client relationships to achieve a diversified revenue stream.
Payments	Payment products and services concern products and services facilitating efficient payment transactions, such as debit and credit cards, acceptance of cash and non-cash payments (e.g., cheque), granting of bank guarantees, and the offering of bank accounts.
Insurance	Private Banking develops tailored life and damage insurance solutions to optimise its wealth strategy ranging from insurances for properties to pensions and art to classic cars.

Corporate Banking

Overview

Corporate Banking is an established business partner of the Dutch corporate sector. It has a strong domestic franchise and a focused international strategy.

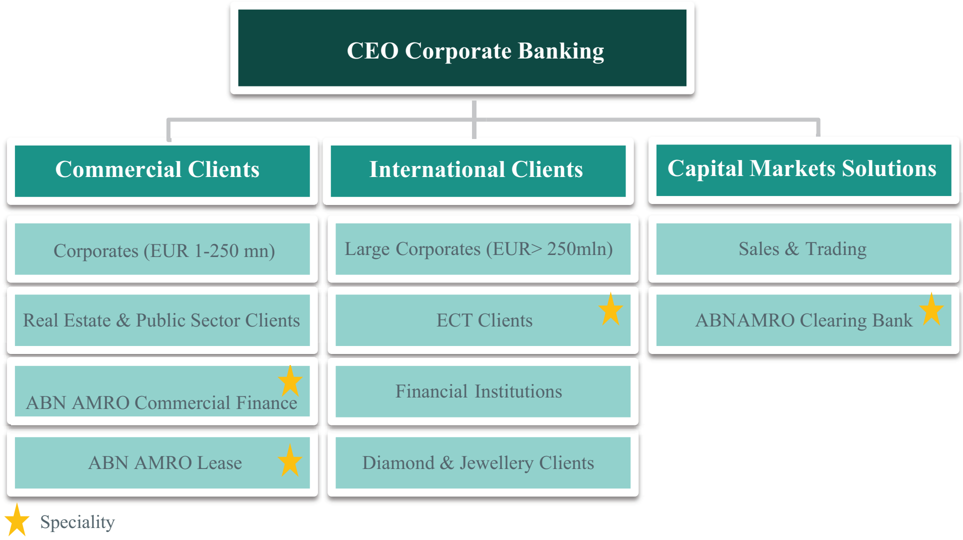
Corporate Banking is strongly committed to the Netherlands, where it offers its clients a broad range of standard and tailor-made products and services based on in-depth client and sector knowledge. Its clients are corporates in all sectors of the Dutch economy with an annual turnover exceeding EUR 1 million.

Internationally, Corporate Banking services its domestic client base through local Dutch Desks in selective markets and through cooperation with partner banks. Corporate Banking has a client and capability-led international strategy with a focus on three specialities in which it operates in selective markets: (i) servicing clients that are internationally active in the sectors energy, commodities and transportation (ECT Clients), (ii) clearing activities (an important activity during the settlement of transactions) on more than 150 liquidity centres worldwide and (iii) asset based financing (consisting of commercial finance and lease). Management believes that these three specialities are niches in which Corporate Banking has a competitive edge and a “right to win”.

During the period 2009–2014, Corporate Banking faced three main challenges: (i) integration and restructuring of its organisation, (ii) rebuilding its presence and (iii) rationalisation of its portfolio following clear strategic choices. Successfully addressing these managerial challenges have resulted in a more focused, uniform and integrated client approach. Corporate Banking believes it has restored its presence in the Dutch market following the EC Remedy measures and the transfer of large clients to RBS N.V. as a result of the take-over by the Consortium. Also, a focused global footprint was selectively rebuilt and product capabilities (*e.g.*, equity capital markets (“**ECM**”), DCM) have been successfully re-established by investing in attracting high quality staff.

Corporate Banking believes its key strengths are its existing leading market positions[92] and strong brand name, its relationship-driven business model combined with its dedicated sector approach, its strong focus on risk management and on risk-adjusted return, on risk-adjusted capital, its resilient revenues and its proven management track record. Corporate Banking believes that these key strengths form a solid base for continuously adapting, in order to cope with the main challenges for 2015 and onward such as changing client needs, economic conditions and increased competition and regulation.

Corporate Banking is organised along three business lines: Commercial Clients, International Clients and Capital Markets Solutions and led by Mr Joop Wijn, member of the Managing Board. Each of the business lines offers a tailored business proposition to clients, see "—Commercial Clients—Business model", "—International Clients—Business model" and "—Capital Markets Solutions—Business model". All three business lines are supported by a central department (Products & Business Development) for product management (lending and sales of transaction banking products and services), communications, management information, marketing, sector advisory, strategy and sustainability. The operating landscape and market positions are different for each business line, client segment and speciality.



In the first nine months of 2015, the Corporate Banking activities accounted for 37% or EUR 2,385 million, of the Group's total underlying operating income (full year 2014: 35%, or EUR 2,839 million; full year 2013: 37%, or EUR 2,730 million; full year 2012: 39%, or EUR 2,788 million). In the first nine months of 2015, 75% of Corporate Banking's underlying operating income resulted from domestic activities, while the international activities accounted for the remaining 25%. As of 30 September 2015, Corporate Banking employed 5,013 FTEs.

With a contribution to operating income for the first nine months of 2015 of 48% (full year 2014: 53%), the business line Commercial Clients accounted for a major part of Corporate Banking's total operating income. The remaining 52% (full year 2014: 47%) of operating income was contributed by the other two business lines International Clients (32%; full year 2014: 31%) and Capital Markets Solutions (20%; full year 2014: 17%).

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92 Based on various sources:

- TNS NIPO Financial Monitor Q3 2015 (an industry wide used standard for survey)
- Greenwich Survey 2014 with respect to "primary bank" relationships (an industry wide used standard for survey)
- Cash Management: Number one on the Net Promotor Score Question *"How likely are you to recommend each of the following cash management providers"* (Greenwich Large Corporates Cash Management Total Netherlands 2014)
- MT Finance Magazine: Nr. 1 in 5 categories: Corporate Asset Management, Cash Management—Payments, Credit Management, Factoring and Collections, Corporate Finance, Risk Management (MT Finance Magazine October 2015)
- Best Real Estate Bank in the Netherlands in 2012, 2013 and 2014 (Euromoney)
- ABN AMRO Commercial Finance: Best Factoring and Invoice Discounting Provider 2011 – 2013 (Business Money Facts)
- ABN AMRO Lease: Best Financial Service Provider in the Dutch financial services industry (Incompany 100, category Business Finance, October 2014)
- International Clients: (1) Financial Advisor of the Year Benelux 2013 and 2014 (Merger Market), (2) Best Investment Bank in the Netherlands 2014 (Euromoney), (3) Best M&A Advisor, Best M&A Advisor Midmarket, Best Deal and Best Deal Midmarket 2014 (M&A Awards), (4) Best Equity House in the Netherlands 2015 (Euromoney)
- ECT Clients: (1) Best Commodity Trade Finance Bank in Asia-Pacific 2012, 2013, 2014 and 2015 (Trade Finance Magazine), (2) No. 2 Global Commodity Bank 2014 (Global Trade View), (3) Shipping financier of the Year—Greece 2013 (Lloyd's List), (4) No. 3 MLA 2014 Finance Offshore Sector—Offshore Services Syndicated Loans (Dealogic)
- Capital Markets Solutions: (1) No. 1 Benelux Broker Firm (Thomson Reuters Extel Awards 2015), (2) Best Equity House in the Netherlands 2015 (Euromoney), (3) No. 1 position in Interest Rate Derivatives for Large Corporates in the Netherlands 2014 (Greenwich), (4) No. 2 position in the Netherlands, measured in terms of client preference for Treasury (TNS NIPO Financial Monitor Q3 2015), (5) Global top three position in Clearing based on turnover and market share (EUREX member ranking / StatistiX®, January – December '14)

In the first nine months of 2015, Corporate Banking generated an underlying net profit of EUR 572 million (full year 2014: EUR 298 million; full year 2013: EUR 147 million; full year 2012: EUR 226 million), had an underlying cost/income ratio of 57% (full year 2014: 61%; full year 2013: 60%; full year 2012: 59%), and an underlying return on allocated equity of 10.6% (full year 2014: 4.2%; full year 2013: 1.8%; full year 2012: 2.7%).

As of 30 September 2015, Corporate Banking had a total of outstanding loans and receivables of EUR 85.5 billion (31 December 2014: EUR 85.0 billion; 31 December 2013: EUR 78.9 billion; 31 December 2012: EUR 78.4 billion), with amounts due to customers being EUR 60.5 billion (31 December 2014: EUR 54.7 billion; 31 December 2013: EUR 51.7 billion; 31 December 2012: EUR 51.7 billion).

Selected Corporate Banking Financial Information
Contribution to the consolidated Group, 9M 2015 and FY 2014

	9M 2015	FY 2014		9M 2015	FY 2014
Underlying operating income	37%	35%	Risk Weighted Assets	51%	49%
Underlying operating result	38%	34%	Loans and receivables customers	33%	32%
Underlying loan impairments	81%	61%	Due to customers	26%	25%
Underlying profit	35%	19%	FTEs	23%	22%

Selected Corporate Banking Financial Information
Contribution business lines to Corporate Banking, 9M 2015 and FY 2014

	Commercial Clients		International Clients		Capital Markets Solutions	
	9M 2015	FY 2014	9M 2015	FY 2014	9M 2015	FY 2014
Underlying operating income	48%	53%	32%	31%	20%	17%
Underlying operating result	52%	65%	40%	37%	9%	-2%
Underlying Loan impairments	68%	84%	28%	16%	4%	0%
Underlying profit	42%	28%	48%	78%	10%	-5%
Risk Weighted Assets	39%	39%	40%	37%	21%	24%
Loans and receivables customers	45%	45%	38%	38%	18%	17%
Due to customers	56%	58%	30%	31%	15%	12%
FTEs	2,347	2,392	937	964	1,053	1,043

Business model

Clients

Every business line of Corporate Banking offers a tailored business proposition. Commercial Clients services Dutch clients that have an annual turnover between EUR 1 million and EUR 250 million, as well as clients in the Dutch real estate and public sectors. In addition, Commercial Clients offers asset based financing to corporates in the Netherlands, Belgium (cross-border), France, Germany and the United Kingdom through its subsidiaries ABN AMRO Lease N.V. ("**ABN AMRO Lease**") and ABN AMRO Commercial Finance Holding B.V. ("**ABN AMRO Commercial Finance**"). International Clients offers integrated financial and strategic advice and solutions to Netherlands-based large corporate clients that have an annual turnover of at least EUR 250 million. International Clients also services ECT Clients, financial institutions and Diamond & Jewellery Clients internationally. Capital Markets Solutions consists of Sales & Trading and ABN AMRO Clearing. Sales & Trading supports Commercial Clients and International Clients by providing capital markets products to the clients of these business lines. As such, Sales & Trading aims to strengthen the primary bank relationship with Corporate Banking clients. ABN AMRO Clearing intermediates in the international capital markets with a client base of investors and liquidity providers to the market.

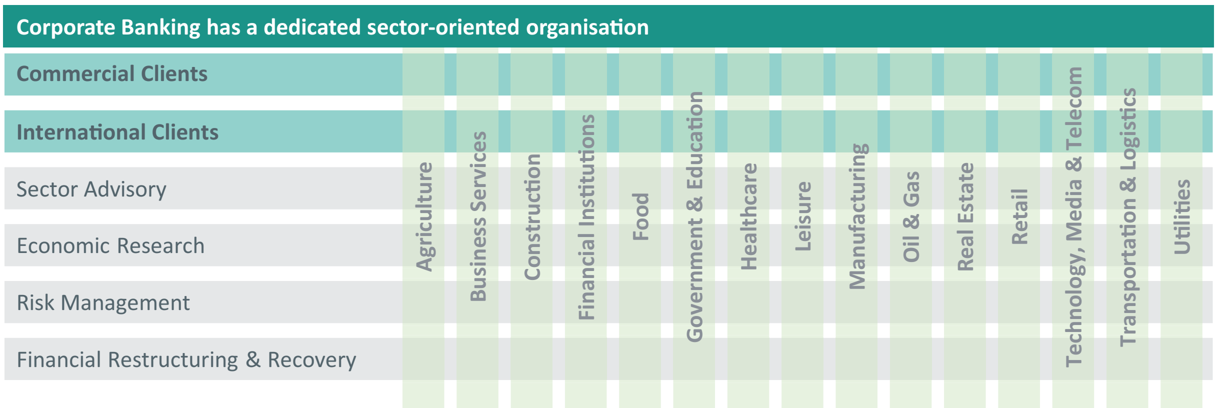
Products and services

Corporate Banking offers its clients a broad range of standard and tailor-made products and services (see table below) based on client needs and annual turnover. See "—Description of products and services Corporate Banking" for a full description of each specific product or service.

	Product offering Corporate Banking							
	Commercial Clients			International Clients				Capital Markets Solutions
Product	Corporates	Real Estate & Public Sector Clients	Commercial Finance / Lease Clients	Large Corporates	ECT Clients	Financial Institutions	Diamond & Jewellery Clients	Clearing Clients
Asset based solutions	●	●	●	●	●	●	●[1]	
Capital markets products				●	●	●		
Cash and liquidity management	●	●		●	●	●	●	
Clearing				●	●	●		●
Commercial lending	●	●		●	●	●	●	
Debt solutions	●	●		●	●	●	●	
Equity participations	●			●	●			
Financing products				●	●	●		●
Investment products				●	●	●		
M&A / ECM	●	●		●	●	●	●	
Risk management products	●	●		●	●	●	●	
Trade finance	●	●		●	●	●	●	

Note:
1. No Lease and Commercial Finance

The business lines Commercial Clients and International Clients have a client centric approach combined with a dedicated sector oriented organisation. The Corporate Banking organisation has been tailored to serve its clients in 15 different industry sectors (see table below). Clients are serviced with a tailored approach based on their needs, annual turnover and earnings potential to enhance the quality of advice. Clients have been assigned (dedicated) relationship managers or dedicated client service teams consisting of product and sector specialists (depending on the annual turnover of the client). These relationship managers and client teams are able to develop in-depth knowledge of their clients' activities and industries because most of their portfolios contain clients in a limited number of sectors only. The sector expertise of relationship managers is supported by the Group's knowledge centres with sector advisory and economic research. In addition, for all 15 industry sectors, cross business line teams have been established to ensure knowledge-sharing between business lines and the Group's risk organisation. Moreover, the sector orientation has also been adopted in the Group's Risk Management and Financial Restructuring & Recovery business lines. Corporate Banking believes that its dedicated sector-oriented organisation contributes to constraining impairments because it increases the in-depth client and sector knowledge as well as the understanding of sector-specific risks. Furthermore, Corporate Banking believes that its clients benefit from an excellent understanding of their needs, activities and sectors by Corporate Banking as a result of this approach.



Note: The sectors covered by ECT Clients are spread over different categories in the above overview.

Distribution

Corporate Banking is strongly committed to the Netherlands and has a selective international network that is consistent with its clients' financial needs abroad and with the three specialities in which Corporate Banking has a long track-record.

Corporate Banking offers its Netherlands-based clients with an annual turnover between EUR 1 million and EUR 250 million proximity and a tailored approach through its five regional units including 22 regional sub-units covering the Netherlands. Netherlands-based clients with an annual turnover of at least EUR 250 million are serviced from Amsterdam. All clients have access to a dedicated and professional support unit for their day-to-day banking affairs. In addition, Corporate Banking has two central units from which its (commercial) real estate clients (Amsterdam) and public sector clients (Utrecht) are serviced. The Dutch dealing room of Corporate Banking is situated in Amsterdam.

Through its international network, Corporate Banking offers its products and services to its domestic clients that are internationally active. These clients are serviced by local Dutch Desks in selective markets (*i.e.*, Belgium, France, Germany, the United Kingdom, Hong Kong, Singapore and the US). To extend the Group's international cash management offering to countries where it has no or limited presence, Corporate Banking cooperates with partner banks to serve its clients.

Corporate Banking's international presence is aligned with its focus on its three international specialities. ECT Clients are serviced from major logistical and financial hubs, *i.e.*, Amsterdam, Rotterdam, Athens, Moscow, Oslo, Dallas, New York, São Paulo, Dubai, Hong Kong, Shanghai and Singapore. ABN AMRO Clearing offers global market access and clearing services on more than 150 liquidity centres worldwide. In asset based financing, ABN AMRO Commercial Finance and ABN AMRO Lease offer asset based solutions in Belgium (cross-border), Germany, the United Kingdom and France (Commercial Finance only). Sales & Trading (which is part of Capital Markets Solutions) has sales and trading presence in the Netherlands and the United States, and sales desks (no trading services) in France, Germany, Norway, the United Kingdom and Singapore.

Geographical presence Corporate Banking

		Commercial Clients			International Clients						Capital Markets Solutions	
	Country	Corporates[2]	Commercial Finance	Lease	Large Corporates[2]	ECT Clients	Financial Institutions	Diamond & Jewellery Clients	Debt Solutions	Equity Participations	Clearing[1]	Sales & Trading
Western Europe	The Netherlands	● [5]	●	●	●	●	●	●	●	●	●	●
	Belgium		○ [3]	○ [3]				●				
	France		●				●				●	○ [4]
	Germany		●	●			●		●		●	○ [4]
	United Kingdom		●	●			●				●	○ [4]
Selective international markets & Global financial and logistical hubs	Australia										●	
	Brazil					●			●		●	
	China					○						
	Greece					○						
	Hong Kong					●		●			●	
	Japan										●	
	Norway					●						○ [4]
	Russia					○						
	Singapore					●			●		●	○ [4]
	United Arab Emirates					○		○				
	United States					●	●	●	●		●	●

● = presence ○ = 'light' presence / cross-border / partnerships (see footnotes)

Note(s):

1. ABN AMRO Clearing offers global market access and clearing services on more than 150 liquidity centres worldwide
2. Corporates and Large Corporates may be served through local Dutch Desks in Belgium, France, Germany, the UK, Hong Kong, Singapore and the US. In Belgium, France and Germany Corporate Banking also has a joint venture with CASE Corporate Finance
3. Cross-border approach from the Netherlands
4. Sales only
5. Including Real Estate Clients and Public Sector Clients

Earnings model

Corporate Banking's resilient business model has resulted in stable operating income (first nine months of 2015: EUR 2,385 million; full year 2014: EUR 2,839 million; full year 2013: EUR 2,730 million; full year 2012: EUR 2,788 million). In the first nine months of 2015, Corporate Banking derived its core revenues from net interest income (67%; full year 2014: 71%), net fees and commissions (24%; full year 2014: 23%) and other operating income (9%; full year 2014: 6%). In the first nine months of 2015, 75% (full year 2014: 78%) of Corporate Banking's underlying operating income resulted from domestic activities, while the international activities accounted for the remaining 25% (full year 2014: 22%) of revenues.

Strategic ambition

Corporate Banking's ambition is to be the strategic business partner to the Dutch corporate sector. This ambition is guided by its strong domestic and focused international strategy. Corporate Banking's strategy is aligned with the Group's five strategic priorities: (1) enhance client centricity, (2) "invest in our future", (3) strongly commit to a moderate risk profile, (4) pursue selective international growth and (5) improve profitability.

Enhance client centricity—to offer in-depth sector knowledge and make every client a promotor of Corporate Banking

To enhance client centricity, Corporate Banking aims to further strengthen its sector-based organisation and to increase its in-depth sector knowledge across the entire Corporate Banking organisation, in order to differentiate from its competitors. This should allow Corporate Banking to increase the share of its clients' "wallets" and to play an active role in the trend among clients to be less reliant on bank loans by seeking alternative sources of funds. By improving its self-service banking service offering to clients and focusing on client centricity, Corporate Banking aims to realise its ambition to make every client a promoter of Corporate Banking (measured by the Net Promoter Score). The Net Promoter Score is measured by segment.

Invest in our future—to enhance digital banking propositions, further embedding sustainability in operations and continue investing in passionate professionals

Corporate Banking aims to invest in its future by pursuing standardisation, straight-through processing and flawless execution of its business processes, in part by investing in its (IT) infrastructure and by enhancing its transaction banking service offerings through new partnerships. Corporate Banking also aims to further embed sustainability in its daily operations and to invest in the empowerment, knowledge, skills, development and working environment of its employees. The Group measures the engagement of its employees by means of its yearly internal Employee Engagement Survey. In the first nine months of 2015, the score on this Employee Engagement Survey was 75%, which meant that 75% of the Corporate Banking staff felt engaged (coming from 47% in 2010).[93]

Strongly committed to a moderate risk profile—to continue focussing on asset based finance and a sustainable loan-to-deposit ratio

Corporate Banking is strongly committed to maintaining a moderate risk profile. To this end, Corporate Banking has a strict credit policy and executes this policy in a highly disciplined manner. Corporate Banking aims to further strengthen its moderate risk profile by focusing on asset based financing, a sustainable loan-to-deposit ratio and risk-return capital allocation, as well as by clearly steering on risk appetite and return targets.

Pursue selective international growth—to pursue controlled and capability-led growth in the three specialities

Internationally, Corporate Banking pursues controlled and capability-led growth by building on its strong international positions in: servicing ECT Clients from the major logistical and financial hubs and asset based financing (through ABN AMRO Lease and ABN AMRO Commercial Finance) in Western Europe.

Improve profitability—to continue revenue expansion, increase cost efficiencies and pursue stringent risk-reward steering

Corporate Banking aims to improve its profitability through revenue expansion and active re-pricing where possible. The majority of the loans in Commercial Clients and International Clients have benefitted from re-pricing between 2012 and 2014. Some additional scope for re-pricing of the loan book remains in Commercial Clients. Corporate Banking also pursues stringent risk-reward steering, with a focus on the allocation of capital within its business lines to improve its return on equity and to offer a profitable overall client proposition. To contribute to reaching this goal, Corporate Banking aims to increase its cost-efficiency and to improve its operational efficiency (which is evidenced, *e.g.*, by reducing its domestic branch

93 Source: Towers Watson, Employee Engagement Survey ABN AMRO 2015

network from 78 locations to 22 locations). The Group believes that, over the past year, Corporate Banking has experienced lower impairments due to the combination of more prudent credit policies over the past years, execution of this policy in a disciplined way and in combination with the upturn of the Dutch economy. The Group estimates that the average through-the-cycle[94] cost of risk for Corporate Banking is 40 to 60 basis points.

Corporate Banking's strategic ambitions are supported by the strategic ambitions of its three business lines.

Commercial Clients

Commercial Clients aims to be the primary bank for Dutch businesses. It aims to maintain a leading position in the Dutch commercial banking market and to improve its profitability by continuously focusing on risk and return optimisation and enhanced portfolio management for all activities, including real estate and public sector clients. Commercial Clients aims to innovate its proposition and distribution channel on an ongoing basis to match client expectations in a rapidly changing industry by focusing on the development of high quality and distinct sector-expertise. Commercial Clients believes that enhanced client centricity through focused investments in performance culture, staff, (sector) expertise and proposition will drive the realisation of this ambition.

In addition, Commercial Clients pursues growth across its domestic and international network. To achieve this ambition, Commercial Clients aims to build on its speciality of Dutch and cross-border asset based financing activities.

The strategy of Commercial Clients' commercial finance business, operated through ABN AMRO Commercial Finance, is to maintain a leading position in the Dutch market for receivable and inventory financing, while enhancing client centricity and operational excellence to realise sustained growth domestically and internationally. In the Netherlands, the focus lies on the Group's existing client base. Internationally, the growth aspirations in the United Kingdom, France and Germany are based on generating more business from ABN AMRO Commercial Finance's existing client base and on origination. ABN AMRO Commercial Finance believes that its strategy of increased client focus and delivering products and services that meet client needs will result in achieving this ambition as well as realising sustainable growth.

The strategy of Commercial Clients' lease business, operated through ABN AMRO Lease, is to maintain a leading market position in the Netherlands and to earn an increasing share of its total revenues from international clients. ABN AMRO Lease believes that its branches in Germany and the United Kingdom that have been established in 2014 will support its ambition to expand its position in asset based finance in Western Europe. To realise growth in the Netherlands, ABN AMRO Lease focuses on the Group's clients, as well as on its vendor lease proposition and origination through its own online channel. Internationally, ABN AMRO Lease focuses on direct sales and aims to leverage on ABN AMRO Commercial Finance's international presence through cooperation with ABN AMRO Commercial Finance and locally operating brokers.

International Clients

For the Dutch market, International Clients aims to be the leading international corporate bank, providing a full suite of products and services to Dutch-based large corporates. Internationally, International Clients aims to be a relevant bank in selected chosen niches in ECT sectors. International Clients aims to realise this ambition by basing its financial and strategic advice and solutions on in-depth knowledge of these clients, their needs and the industries in which they operate, as well as extensive product knowledge and international track record.

Large Corporates envisions growing organically and achieving additional growth by attracting new clients using its position as a trusted advisor of its Dutch-based clients. Large Corporates aims to achieve this growth by increasing the share of its clients' "wallets". Large Corporates also aims to increase the fee-to-interest ratio by being involved in the strategic discussions of its clients. Large Corporates believes that corporates have retained capital in recent years and are ready to invest. Therefore, Large Corporates believes that its corporate finance division will be able to play an active role in the current relatively favourable climate for business combinations.

ECT Clients aims to expand its core international lending business by increasing volumes in line with growth in world trade and acquiring a higher share of clients' "wallets" from existing clients, as well as by attracting new clients. For growth, ECT Clients focuses on Brazil, North America and Asia Pacific. ECT Clients' existing international presence and position allow it to follow its clients' global activities. ECT Clients believes that the close relationship with its clients, together with its global connectivity, may result in the sale of a larger volume of products as well as in the sale of additional products.

Financial Institutions' ambition is to improve the Group's position as a trusted and capable partner within the financial sector by delivering added-value solutions. Financial Institutions also aims to extend its current product offering towards strategic topics such as mergers & acquisitions ("**M&A**"), ECM and debt solutions. In addition to growing its current

94 Through-the-cycle parameters are based on historic portfolio data and provide a long term average trend estimation that is irrespective of the business cycle and/or economic downturns or upturns

business, Financial Institutions aims to build upon the commercial successes and track record in the Dutch (insurance) sector with the local client coverage teams in Frankfurt, London and Paris. These relationship bankers will focus on local insurance companies and asset managers.

The long-term strategy of Diamond & Jewellery Clients is to de-risk and optimise its portfolio by enhancing the credit quality of its loan book, specifically by increasing opportunities for consortium lending, securitisations and partnerships with other liquidity providers in the sector, as well as to optimise its operating platform.

Capital Markets Solutions

In 2014, a strategic review was conducted for Sales & Trading. The review has resulted in a shift from product focus to client focus. Sales & Trading fulfils an important function for internal clients within the Group, such as ALM, Treasury and Private Banking. In order to bring its products and services offering in line with direct client needs, it was decided to bring more focus in the activities of Sales & Trading, resulting in the wind down of certain product categories (*i.e.*, client equity derivatives and structured products) and the discontinuation of trading activities in Asia. The strategic review and the discontinuation of other non-client related equity derivatives products in 2013 resulted in a reduction of FTEs. The outflow of redundant staff is being conducted in phases and it is expected that all redundant staff will have left the bank by 31 December 2015. The majority of FTE cost reductions have already been realised. By offering capital markets products and services to, in particular, Corporate Banking clients (see also the table "Product Offering Corporate Banking" above), Sales & Trading supports Commercial Clients and International Clients. Sales & Trading will continue servicing all corporates in the Netherlands from its main location in Amsterdam. Internationally, Sales & Trading supports the international growth ambitions of ECT Clients globally and Financial Institutions in Europe from its locations in Frankfurt, London, Oslo, Paris, Singapore and New York. The return on equity of Capital Markets Solutions lies below the target range of the Group due to its Sales & Trading activities. The strategic review of Sales & Trading and other initiatives (such as the reduction of the RWA (REA) and continued exploration of ways to further reduce costs, *e.g.*, by closely monitoring for outsourcing or partnerships with other banks) are geared towards improving the return on equity going forward, although a double digit return is not expected.

ABN AMRO Clearing aims to maintain its leading position. It will follow its clients into selected BRIC markets (in particular, Brazil and China) and capturing the full potential of larger markets (*e.g.*, Japan and the US). Furthermore, ABN AMRO Clearing aims to grow its revenue base mainly in the principal trading group and corporate hedging areas, as well as in alternative asset management (gradually) in all countries where it operates. AMRO Clearing has shown low impairments with EUR 3 million cumulative impairments during the period of 2010 to the first nine months of 2015 and a total customer loan portfolio of EUR 12 billion as of 30 September 2015. It will continue to closely monitor and manage its risk and cost base, among other things through the offshoring of (certain) activities and business optimisation.

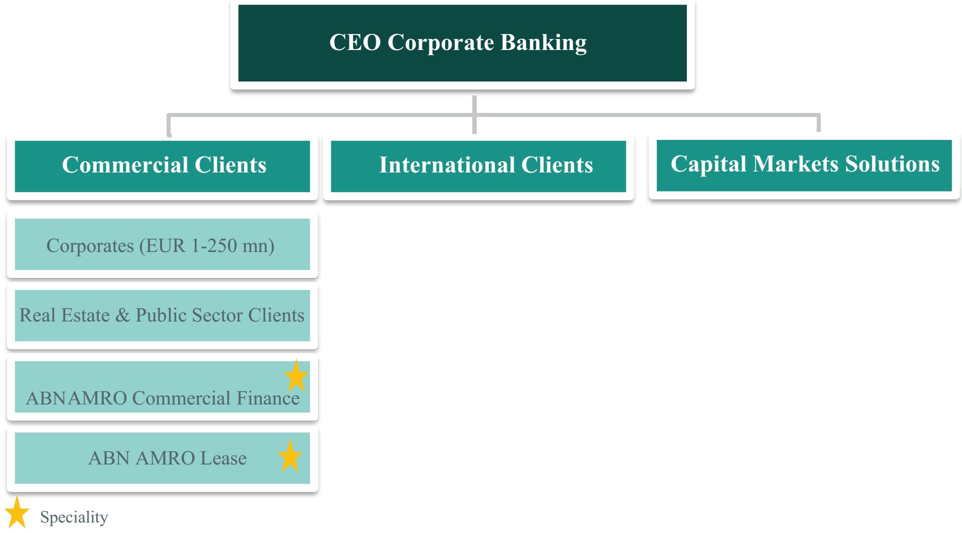
Commercial Clients

Overview

Commercial Clients offers integrated financial and strategic advice and solutions to approximately 67,000 clients. This is done through its operations based in the Netherlands where it services corporates with an annual turnover of between EUR 1 million and EUR 250 million. Commercial clients also services mid-sized to large professional commercial real estate investors and developers in the Dutch market. The Group's Public Sector Clients unit focuses on clients in the Dutch public sector with a certain relevance, such as communities with more than 10,000 inhabitants, universities and hospitals. Corporate Banking's asset based financing activities, offered through the Group's subsidiaries ABN AMRO Commercial Finance and ABN AMRO Lease, forms part of the business line Commercial Clients.

Commercial Clients considers its key strength to be its distinctive proposition to its clients built on relevant client and sector knowledge. It offers a broad range of standard and customised financial solutions.

ABN AMRO Commercial Finance and ABN AMRO Lease believe that their key strength is the offering of extensive asset based solutions and strong asset management skills. The nature of asset based lending provides for a strategic fit with the Group's moderate risk profile. This strategic fit along with their commercial and organisational strength supports the growth ambitions of ABN AMRO Commercial Finance and ABN AMRO Lease in their current markets.



Market position and operating landscape

The Dutch commercial banking landscape for corporates with an annual turnover of between EUR 1 million and EUR 250 million is dominated by three large banks: ABN AMRO, Rabobank and ING. As of 30 September 2015, these three banks together covered approximately 90% of the corporates with an annual turnover between EUR 1 million and EUR 250 million[95]. As of 30 September 2015, the business line Commercial Clients was ranked second in the client segment by clients with an annual turnover of between EUR 1 million and EUR 250 million in terms of clients when asked to identify their primary bank[96]. For clients with an annual turnover between EUR 20 million and EUR 250 million, Commercial Clients ranked first.[97] In addition, Commercial Clients achieved high client satisfaction levels (2015: 56%).[98]

The Dutch commercial real estate sector is characterised by strong regulatory oversight and transparency requirements with respect to collateral valuations, risk modelling and capital planning for commercial real estate loans. The market for public sector banking can be divided into (local and/or semi-) governmental organisations, housing corporations, education and healthcare.

The European market for commercial finance represents approximately 60% of the global market as of 31 December 2014. Between 2007 and 2014, the global market has grown by 57%, from EUR 932 billion factored turnover to EUR 1,462 billion[99]. The growth in most of the countries where ABN AMRO Commercial Finance is active was above-average during this period. Management believes that ABN AMRO Commercial Finance holds a leading position in the Netherlands. In October 2015, ABN AMRO Commercial Finance was named Best Credit Management, Factoring and Collections Company in the Netherlands by MT Finance[100]. ABN AMRO Lease is operational in the Netherlands, Germany and the United Kingdom through local branches. A cross-border approach applies for Belgium. The lease markets in the United Kingdom and Germany are much larger than those in Belgium and the Netherlands. Also, the lease penetration in the United Kingdom and Germany is significantly higher than in the Netherlands, as a result, among other things, of different market practices and a different tax regime. ABN AMRO Lease has a leading market position in the Netherlands in terms of production volume. In October 2014, ABN AMRO Lease was named Best Financial Service Provider in the Dutch financial services industry by Incompany100[101]. ABN AMRO Lease's market positions in Belgium, Germany and the United Kingdom are currently limited and form a basis for potential growth. The Group believes that ABN AMRO Lease is well positioned to benefit from the increased focus on asset based financing, as a result of the Basel III framework.

Business model

Commercial Clients has a solid asset (commercial lending) and liability (customer deposits) base that provides steady and increasing interest income, which comprises the majority (first nine months of 2015: 84%; 2014: 85%) of its operating income (first nine months of 2015: EUR 1,144 million; full year 2014: EUR 1,502 million; full year 2013: EUR 1,428 million; full year 2012: EUR 1,335 million). At 30 September 2015, Commercial Clients had EUR 38.1 billion in customer loans (at 31 December 2014: EUR 38.1 billion) and EUR 33.6 billion in customer deposits (at 31 December 2014 EUR 31.7 billion). Cash and liquidity management (including trade finance) and asset based solutions also contribute to the recurring interest and fee income base. Net interest income increased by EUR 175 million or 16% in 2014 compared to 2012

95 Source: TNS NIPO Financial Monitor Q3 2015
96 Source: TNS NIPO Financial Monitor Q3 2015
97 Source: TNS NIPO Financial Monitor Q3 2015
98 Source: GfK Client Satisfaction Survey (*Klanttevredenheidsonderzoek*) Grootzakelijk 2015
99 Source: Factors Chain International—Annual review 2014
100 Source: MT Magazine, category Credit Management, Factoring and Collections, October 2015
101 Source: Incompany 100, category Business Finance, October 2014

due to higher margins on both commercial loans and deposits and despite decreasing lending volume as a result of the Dutch economic climate. Margins increases resulted both from re-pricing and an increase in the commitment fees charged on current accounts. The Group expects volume growth in Commercial Clients to be in line with growth in the Dutch economy.

During the period between 2012 and 2014 cost of risk in Commercial Clients has remained at elevated levels compared to pre-crisis (2001-2007) levels where the average cost of risk was 60 basis points and 2008-2014 where the cost of risk was 160 basis points.

Corporates, real estate clients and public sector clients

Commercial Clients offers a broad range of standard and tailor-made banking products and services (as described under "—Corporate Banking—Business Model").

Commercial Clients services different client segments that are based on client annual turnover. Commercial Clients' clients with an annual turnover of between EUR 20 million and EUR 250 million are serviced from five regional units (North-West, North-East, South, South-West and Central) and its real estate clients and public sector clients are serviced from a central location in the Netherlands. Each of these clients is assigned a dedicated client service team, consisting of a relationship manager with in-depth sector knowledge and product specialists. Commercial Clients' clients with an annual turnover of between EUR 2.5 million and EUR 20 million are serviced from 22 sub-regional units. Each client with an annual turnover of between EUR 2.5 million and EUR 20 million is assigned a dedicated relationship manager with sector knowledge. In addition, these clients have access to on-demand product specialists. Commercial Clients' clients with an annual turnover of between EUR 1 million and EUR 2.5 million are serviced from five regional units by a relationship manager with sector focus.

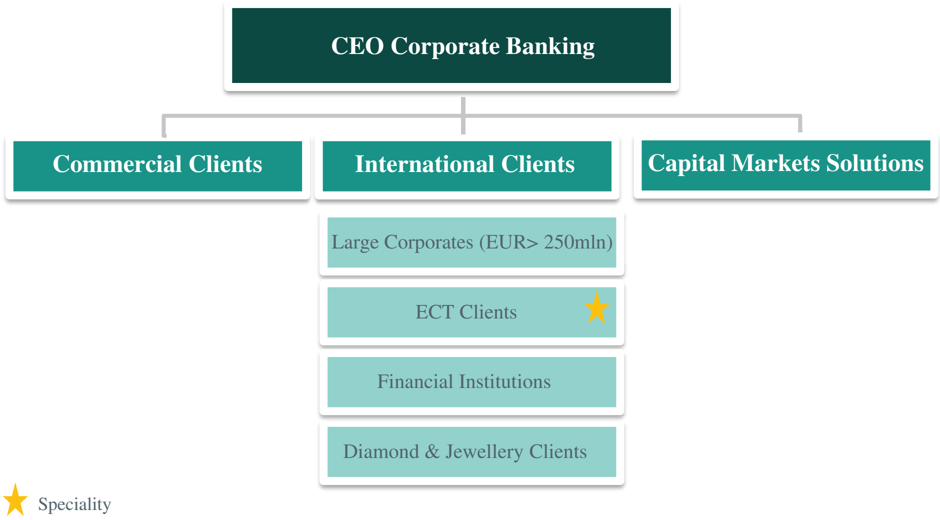
Commercial Clients supports its Dutch clients with their business activities abroad through Corporate Banking's international Dutch Desk offices and partner banks.

As of 30 September 2015, the combined total loan book of ABN AMRO Commercial Finance and ABN AMRO lease amounted to EUR 5.4 billion.

International Clients

Overview

International Clients offers integrated financial and strategic advice and solutions to approximately 2,500 clients, including Dutch-based large corporate clients with an annual turnover of at least EUR 250 million, as well as clients that are internationally active in ECT sectors, financial institutions and diamond and jewellery. International Clients believes that its key strengths include its highly professional multi-disciplinary product/client service teams with in-depth sector and product knowledge, as well as its specific knowledge of and experience in ECT sectors.



International Clients consists of Large Corporates, ECT Clients, Financial Institutions and Diamond & Jewellery Clients. Large Corporates services large corporate clients based in the Netherlands with an annual turnover of at least EUR 250 million. ECT Clients services clients that are internationally active in the sectors energy, commodities and transportation. Financial Institutions offers services to clients in the financial sector. Diamond & Jewellery Clients services clients in the diamond and jewellery industries, with the exemption of funding and lending services to clients in the mining sector. Clients are offered a wide range of products and solutions (see table in section "—Corporate Banking—Business Model"). International Clients assists its clients and all other clients of Corporate Banking in obtaining access to M&A advice, debt and equity capital markets, (private) equity and debt investors through the product units debt solutions, corporate finance and equity participations.

Market positions and operating landscapes

In the Eurozone – as in the U.K., the US and Japan—monetary authorities have markedly increased liquidity in the financial markets to stimulate economic growth and avert deflation. A consequence of the excess supply of liquidity is a downward pressure on fees and margins due to strong competition between banks for the provision of loans and capital markets solutions to the clients targeted by International Clients. These market developments are impacting International Clients and are expected to remain valid for the remainder of 2015. This trend, however, also offers opportunities for International Clients to provide the following liquidity sources to its clients: syndicated loans (bridge to bond, significant underwriting, distribution solutions) and capital markets solutions (ranging from plain vanilla bonds to high yield bonds, and term loans). By applying these products, International Clients acts upon the so called "disintermediation" trend. These solutions improve the clients' access to capital. It also improves the Group's capital efficiency because less capital is employed by using these products. Decreasing oil prices, increasing US dollar exchange rate and the geopolitical situation in Eastern Europe have been important developments for clients of International Clients in 2014 and 2015.

The main competitors in the client segment for Dutch based large corporates are Rabobank and ING, as well as international banks operating in the Netherlands. The Group believes International Clients has a leading position in this client segment. In 2014, according to the Greenwich survey, the Group scored first by Net Promotor Score (+18), ranked first in the overall relationship quality in the Dutch large corporates client segment and has high client satisfaction levels (2014: indexed score of 76).[102]. International Clients has a relevant position in its chosen global niche markets within the energy, commodities and transportation sectors. This is evidenced by, among other things, a Net Promoter Score of +39[103], numerous awards, rankings, and high-quality roles in important transactions in 2014. The Group ranks in the top 3 of Mandated Lead Arrangers ("**MLA**") in syndicated loans to the energy offshore services sector in number of deals[104] and in the top 3 MLA in syndicated loans to the marine finance sector in number of deals[105].

Business model

International Clients has four client groups corresponding with its subdivisions: Large Corporates, Financial Institutions, ECT Clients and Diamond & Jewellery Clients. These four client groups are serviced by teams that are dedicated to the relevant specific sector (or a part of a sector). The client teams are supported by product units.

Clients are offered a wide range of products and solutions (see table in section "—Corporate Banking—Business Model"). Clients are serviced from two locations in the Netherlands: Amsterdam and Rotterdam. In addition, clients are serviced by an international network that has a geographical match with their activities. The international network locations include the key logistical and financial hubs Antwerp, Frankfurt, London, Paris, Oslo, New York, Dallas, São Paulo, Athens, Dubai, Moscow, Singapore, Hong Kong and Shanghai. Under the name "CASE Corporate Finance", the Group has an exclusive cooperation with three M&A boutiques in Belgium, France, and Germany for cross-border M&A transactions.

International Clients' primary source of income is interest on loans and trade finance solutions (in the first nine months of 2015 69% of total International Clients underlying operating income; 2014 75%; 2013: 76%; 2012: 71%). Net interest income increased by EUR 113 million or 21% for full year 2014 compared to full year 2012 as a result of increased volumes (loan book grew by EUR 7.8 billion at 31 December 2014 compared 31 December 2012) mainly in ECT Clients and margins in the loan book.

International Clients also generates fees and commissions from corporate finance advice and debt solutions products. Other operating income relates to equity participations (*i.e.*, co-investments and private equity), which has a non-recurring character and is dependent on capital gains, if any, realised when the Group sells its participation. International Clients shows a stable top line generation considering the operating income that increased from EUR 752 million for full year 2012 to EUR 868 million for full year 2014 (first nine months of 2015: EUR 772 million).

Large Corporates

The Large Corporates client group offers its full product range to corporate clients based in the Netherlands that have an annual turnover of at least EUR 250 million. Large Corporates offers strategic relationship management through specialised sector coverage teams, which are supported by product experts and dedicated credit specialists.

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102 Source: Greenwich Large Corporate Banking 2014 Netherlands – Target Market LC Net Promotor Score Questions: *"How likely are you to specifically recommend each of the following banks in the future to a friend or colleague?"*

103 Source: Deep-Insight Question Net Promotor Score: *"How likely are you to recommend ABN AMRO to a colleague or friend*

104 Source Dealogic December 2014

105 Source Dealogic December 2014

ECT Clients

ECT Clients offers its clients the Group's various products, with a focus on financing its clients' assets. ECT Clients services approximately 610 corporate clients who are internationally active in the value chains of energy (*i.e.*, oil and gas industry and offshore services), commodities (*i.e.*, trading companies active in energy, agricultural and metals commodities) and transportation (*i.e.*, financing of ocean-going vessels and containers). The on-balance sheet loan portfolio of ECT Clients was EUR 24.6 billion as of 30 September 2015 (Energy Clients: 18%; Commodities Clients: 47%; and Transportation Clients: 35%). The off-balance sheet issued letters of credit and guarantees for ECT Clients amounted to EUR 6.4 billion as of 30 September 2015 (Energy Clients: 10%; Commodities Clients: 87%; and Transportation Clients: 3%), whereas the remaining off-balance sheet undrawn committed exposure amounted to EUR 6.0 billion as of 30 September 2015 (Energy Clients: 40%; Commodities Clients: 36%; and Transportation Clients: 24%).

The Group is a relatively small player in energy financing with EUR 5.1 billion exposure as of 30 September 2015, which consists of EUR 4.5 billion on-balance exposure and 0.6 billion issued letters of credit and guarantees (off balance item). The Energy Clients portfolio consists of senior debt financing to a diversified client base of approximately 105 clients in upstream and midstream oil and gas sectors, which are predominantly in the US, worldwide off-shore drilling and other off-shore service industries, typically characterised by medium-term contracts with large oil companies as well as floating production storage and offloading. Approximately 22% of the Energy Clients portfolio consists of upstream clients, where senior loans are secured by developed reserves of oil and gas. Total oil and gas exposure in ECT Clients has been relatively flat since beginning of 2015. The majority of the Group's clients are active in the gas sector rather than in the oil sector and have loss absorbing capital structures in place (junior debt, second lien, equity). The business of upstream clients is most directly affected by oil price developments. See also "Risk Factors—5. The Group's counterparties are subject to various factors and risks that could potentially affect their credit quality and in turn the Group's credit risk exposure".

The Commodities Clients portfolio includes mainly short-term trade financing to approximately 335 companies active in the worldwide trade, processing and distribution of agricultural commodities (*e.g.*, grains, coffee, cacao), energy commodities (*i.e.*, oil and gas products) and metal commodities, such as iron ore and steel. The vast majority of transactions are senior secured by a first ranking pledge on the traded goods, *e.g.* cargo of oil or coffee. Client collateral positions are monitored daily against facility utilisation by risk managers around the globe using collateral valuation based on daily updated commodity market prices. Commodity trade financing requires specific operational skills in document handling. Historically losses were mostly incurred as a result of external fraud. The track record and reputation of client management teams as well as relevance in the supply chain are key client selection criteria. The exposures of the commodities business are dominant in ECT Clients.

Transportation Clients services approximately 170 clients. The portfolio is diversified in terms of segments with for example tankers, dry bulk, LNG/LPG and container carriers. In ECT, the Group mainly focusses on financing the deep sea shipping industry, in particular modern, economical ships, and the container box industry. The vast majority of the Transportation Clients loan book consists of shipping loans, typically structured using consistent and conservative lending standards and secured by first priority mortgages.

The majority of exposures is secured. Clients can be active in a single level of the value chain, but they are often involved at multiple levels. ECT Clients believes that the insight and knowledge of its teams underpins risk awareness and contributes to the risk track record. The net impairments charges amounted to EUR 97 million for the first nine months of 2015 compared with EUR 17 million for the first nine months of 2014. Despite the increase, the level of impairment charges remains low when compared to the portfolio size.

Historic growth of activities in ECT Clients has been steep as it started from a small initial presence, rebuilding the (historic) client base and exposures on heritage systems and infrastructure from the Group's predecessors. Since critical mass has been reached, future growth is expected to be more gradual with a continued focus on disciplined return on equity and a moderate risk, as well as broadening existing client relations through fee income and cross-sell.

Market circumstances can be challenging for some of the Group's clients in the ECT industry. Closely monitoring the impact of such market changes is required across the various subsectors of the ECT Clients portfolio. The estimated average through-the-cycle cost of risk for ECT Clients is expected to be below the estimated average through-the-cycle[106] cost of risk for Corporate Banking.

The impairment charges recorded in the first six months of 2015 for ECT Clients were EUR 36 million, of which was allocated specifically to Energy Clients EUR 0.8 million, Commodities Clients EUR 38.6 million, and Transportation Clients EUR 5.6 million (negative) and the remainder of EUR 2.2 million has not been allocated to the ECT sub sectors. The ECT Clients portfolio is a low default portfolio where the number of defaults in a given period is generally low. Impairment charges are typically incurred over a few individual files.

[106] Through-the-cycle parameters are based on historic portfolio data and provide a long term average trend estimation that is irrespective of the business cycle and/or economic downturns or upturns

The Group has a strong global history in the ECT industry sectors dating back to 1720 and believes that its key success factors are its highly skilled professionals with in-depth client knowledge, its long-standing transaction track record and its industry and product expertise. The Group believes that it is a prominent bank for the majority of its ECT Clients, which is evidenced by its numerous deals, relevant positions and awards for its energy, commodities and transportation operations (see "—Corporate Banking—International Clients—Market Positions and Operating Landscapes"). The overall scores in the Deep-Insight survey in October 2014 show a Net Promoter Score of +39.

Financial Institutions

Financial Institutions offers a fully specialised product range to banks, pension funds, asset managers, insurance companies and sovereign wealth funds. Financial Institutions also manages the relationship with a sizeable network of foreign banks to deliver correspondent banking and trade finance facilities to clients. Financial Institutions also manages the Group wide credit exposure on financial institutions.

Financial Institutions aims to grow in France, Germany and the United Kingdom by offering coverage with proven track records, building on its commercial successes and track record in the Dutch insurance sector. As of 31 March 2015, Financial Institutions has local relationship management units in the major Western Europe financial centres (*i.e.*, Amsterdam, London, Frankfurt and Paris) and in New York.

Diamond & Jewellery Clients

Diamond & Jewellery Clients' are global, cross-regional and local companies active in rough diamonds trading, cutting and polishing, as well as in trading of polished diamonds. Its jewellery clients are large and medium-sized corporates active in the jewellery manufacturing and jewellery retail sectors.

Diamond & Jewellery Clients has more than 100 years of experience in the diamond sector and is the banking partner to clients in the global diamonds and jewellery industry, with the exemption of funding and lending services to clients in the mining sector. There are only a limited number of international lenders in the diamonds and jewellery industry (many local banks are covering the liquidity requirements of local players). Diamond & Jewellery Clients has a presence in Antwerp, New York, Dubai, and Hong Kong. In 2013, Diamond & Jewellery Clients introduced its strategy to de-risk part of its loan book to ensure a moderate risk profile and optimise its operating model. Since 31 December 2012, the loan book of Diamond & Jewellery Clients has been reduced by 31% to EUR 1.3 billion at 30 September 2015.

Capital Markets Solutions

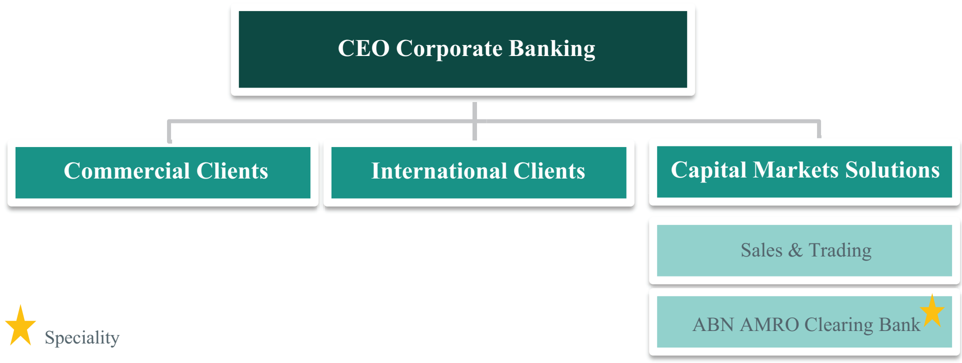
Overview

Capital Markets Solutions is divided into Sales & Trading and ABN AMRO Clearing.

Within Corporate Banking, Sales & Trading offers capital markets products that play an essential role for Corporate Banking clients and internal partners (such as the asset liability management and treasury department and Private Banking). Sales & Trading services corporate and institutional clients by fulfilling their investment and risk management needs with a broad range of tailored products.

In 2014, a strategic review was conducted, resulting in a shift from a product focus to a client focus. This has led to the decision to only offer products that fulfil the direct needs of Corporate Banking clients. Subsequently, Sales & Trading discontinued the offering of certain products (Equity Derivatives, Structured Products) and retrenched from trading activities in Asia.

ABN AMRO Clearing is one of a limited number of firms offering market access and clearing services for securities and other financial instruments on more than 150 liquidity centres worldwide. ABN AMRO Clearing believes that it plays an important role in the capital markets by creating efficiency in the value chains of financial products and making the financial system more efficient and transparent.



Market position and operating landscape

Sales & Trading operates in a highly competitive environment for capital markets products. This environment is dominated by a number of international banks, many of which are also operating in the Netherlands, but also by specialised boutique firms who focus on providing advisory services on capital restructuring and capital markets transactions. In the market for Dutch corporate clients with an annual turnover of between EUR 1 million and EUR 250 million, Sales & Trading has a number two position measured in terms of client preference for purchasing treasury products (*i.e.*, markets products, foreign exchange products, cash management, derivatives and credit default products)[107]. Sales & Trading is a leading equity broker in the Benelux, which is underlined by the Thomson Reuters Extel Awards that ranked the Group's equity sales team the number one position in 2015 in the Benelux.

ABN AMRO Clearing is one of a limited number of firms offering global direct market access and clearing services on more than 150 liquidity centres worldwide.

ABN AMRO Clearing has consistently market shares of approximately 25% on many of the major exchanges on which it operates, resulting in a global top three position based on turnover and market share[108]. ABN AMRO Clearing aims to further grow its revenue base mainly in the Principal Trading Group segment where it already achieved high penetration and in the Corporates segment where corporates hedge (physical) inventory and exposures. In addition, ABN AMRO Clearing believes that it will gradually grow and diversify its revenue base into other client segments such as alternative investors.

Business model

Sales & Trading

Sales & Trading plays an essential role for Corporate Banking and internal partners (such as the asset liability management and treasury department and Private Banking). Sales & Trading services Corporate Banking clients by fulfilling their needs on the financial markets with a client centric approach that is driven by expertise and intimate client knowledge. Sales & Trading believes it is well positioned as a discussion partner for the key clients of the Group with respect to regulatory trends, investment guidelines, structured funding and liquidity management. Sales & Trading proactively provides clients with relevant information.

Internally, Sales & Trading supports the Group's Assets Liability Management/Treasury department with managing the liquidity buffer and with optimisation of collateral management for the Group as a whole. Moreover, Sales & Trading aims to bridge investor demand with the Group's balance sheet optimisation process (*e.g.*, by selecting investors that are willing to take over positions on the Groups balance sheet) and potential capital and liquidity constraints within the Group's various business lines (*e.g.*, by using excess cash in transactions, such as total return swaps).

Sales & Trading offers four categories of solutions to the corporate and institutional clients of the Group: see "—Corporate Banking—Business Model" and "—Description of products and services Corporate Banking".

In order to closely align with the client segments of Commercial Clients and International Clients, Sales & Trading operates a separate corporate sales unit (which also services ECT Clients) and a financial institutions sales unit. Sales & Trading services clients via the Group's dealing room as well as online via ABN AMRO I-Markets, ABNX and other e-commerce channels. Sales & Trading is largely based in the Netherlands, but it also has a local presence in Germany, France, Norway, Singapore, the United Kingdom and the US.

ABN AMRO Clearing

ABN AMRO Clearing operates independently from the Group and is self-supporting where possible, as speed and responsiveness are critical in this business. See "Risk Factors—25. The Group's clearing business may be subject to regulatory actions and fines or may incur losses that could materially and adversely affect the Group's financial condition and results of operations, prospects and financial condition as well as materially and adversely affect the Group's reputation".

ABN AMRO Clearing is a global clearer and plays a central role in the financial market infrastructure and provides its clients (investors—such as Principal Trading Groups and alternative investors—, corporate hedgers and market makers) with access to market infrastructure, financing and risk management services. Overall, ABN AMRO Clearing's clients are likely to recommend ABN AMRO Clearing to their business relations, as ABN AMRO Clearing obtained a global NPS score of +13 for 2014.[109] ABN AMRO Clearing has access to all major exchanges, is connected to over 150 liquidity centres worldwide and provides clearing across all asset classes globally. ABN AMRO Clearing also provides its clients with margin and inventory finance, securities lending, settlement, custody and asset servicing. ABN AMRO Clearing has a purely client driven business model in which technology plays a significant role.

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107 Source: TNS NIPO Financial Monitor Q3 2015

108 Source: EUREX member ranking / StatistiX®, January – December 2014

109 MWM2 ABN AMRO Clearing survey 2014 Net Promotor Score Question: "*How likely are you to recommend ABN AMRO Clearing to your business relations?*"

ABN AMRO Clearing works closely with other businesses within the Group, such as Sales & Trading, Financial Institutions and ECT Clients (*e.g.*, by hedging and clearing ECT Clients' physical assets such as agriculture products, metals and energy).

ABN AMRO Clearing has branches in Singapore, Frankfurt and London and 100% subsidiaries in Tokyo, Sydney, Hong Kong and Chicago. ABN AMRO Clearing also has representative offices in New York, Paris and São Paulo.

Earnings model

In 2014, Capital Markets Solutions thoroughly reviewed the strategic positioning of its Sales & Trading business, which led to some important changes in the earnings model, such as the decision to discontinue equity derivatives activities and to discontinue trading activities in Asia. The vast majority of operating income of Sales & Trading in 2014 was generated by risk management solutions for clients (forex and interest rate hedges) and by sales activities generating margin income. Sales & Trading's debt and equity markets and corporate broking activities also contribute with fee income.

The earnings model of ABN AMRO Clearing is primarily based on recurring and stable transaction fees and commissions, clearing over 2 billion transactions on an annual basis. Secondary earnings sources are margin financing, securities financing transactions and earnings generated by providing access to infrastructure.

Overall, Capital Markets Solutions' operating income decreased in 2014 to EUR 469 million compared to EUR 700 million in 2012 mainly due to the adjusted risk appetite and product offering of Sales & Trading, while the operating income of ABN AMRO Clearing increased slightly from 2012 to 2014. In the first nine months of 2015 operating income in Capital Market Solutions improved by 50% (EUR 470 million compared to EUR 313 million in the first nine months of 2014) as a result of increased market activity.

Total risk-weighted assets employed in Capital Markets Solutions was EUR 12 billion as of 30 September 2015, of which EUR 2 billion relates to ABN AMRO Clearing.

Description of products and services Corporate Banking

Product	Product description
Asset based solutions	Corporate Banking offers asset based solutions to its clients in the form of lease and commercial finance, as well as specialised asset based products to clients of ECT Clients. ABN AMRO Lease offers both financial and operational (equipment) lease and asset loans for a broad range of assets. ABN AMRO Commercial Finance finances short term current assets such as domestic and international account receivables, inventory and purchase orders.
Capital markets products	Corporate Banking sells and distributes primary equity and debt capital markets products. As a primary dealer of the Dutch and German government, a recognised dealer of the Belgium government, as well as having an EFSF membership, Capital Markets Solutions plays an active role in making a market in long-term as well as in short term debt. The secondary trading within Capital Markets Solutions (credit bonds, equities) supports the ECM/DCM value chain and adds value to the debt/equity issuances of Corporate Banking clients.
Cash and liquidity management	Corporate Banking offers an online as well as a traditional product suite including all regular (e-) distribution channels for tailored and mass solutions in cash and liquidity management. In the Netherlands, Corporate Banking's offering in cash management mainly consists of cash, cards, SEPA (Single Euro Payments Area), Ideal (a method of payment in the Netherlands that enables customers to pay merchants online through their own bank) and cross-border payment products in various currencies. In addition, Corporate Banking offers various cash management products within its own international network (Belgium, France, Germany, the UK, Singapore and Hong Kong). Corporate Banking's liquidity management offering consists of various cash pooling solutions (both physical and virtual) and deposit products. ABN AMRO is currently in the final stages of setting up a joint venture in order to develop a merchant services proposition. This proposition is based on an omni-channel service, offering a wide range of physical and electronic payment methods. The target date for launch of this service is the first quarter of 2016.
Clearing	ABN AMRO Clearing offers its clients direct market access to all major exchanges globally, clearing across all asset classes, margin and inventory finance, securities lending, settlement, custody and asset servicing.
Commercial lending	Corporate Banking offers a wide range of financing solutions. The main types of financing products offered include overdraft facilities, loans, commitments by way of guarantee and money market lines.

Product	Product description
Debt solutions	Corporate Banking offers its clients various types of debt solutions, including all lending products for Dutch large corporates and complex debt products such as syndicated loans, acquisition and leveraged finance, subordinated debt, project and renewables finance, export finance, warehouse finance and debt capital markets issuances (from plain-vanilla to high-yield bonds, and term loan B's).
Equity participations	Corporate Banking offers solutions for equity investments and near-equity investments. This includes private equity and co-investments, majority and substantial minority shareholder stakes for Dutch based companies and minority equity co-investments with (international) ECT Clients.
Financing products	Capital Markets Solutions offers a wide range of financing products in order to ensure that clients are provided with the solution they seek when it comes to (securities) financing, liquidity, risk and collateral (*e.g.*, securities borrowing and lending, stock borrowing, stock lending, repo and total return swaps).
Investment products	Corporate Banking is a provider of equity brokerage and research to investors and primary equity services to companies (*i.e.*, cash equities, government bonds and credit bonds) through its Capital Markets Solutions platform.
ECM & Advisory	In the field of corporate finance, Corporate Banking offers advice with respect to M&A and equity capital markets services, including capital structure & rating advisory and corporate broking.
Risk management products	Corporate Banking offers products in financial markets and strategic advice in order to manage the risk exposure of clients. Products include risk management solutions to hedge foreign exchange and interest rates risks as well as various types of capital markets solutions for ECT Clients (such as bunker hedging and commodity derivatives) through its Capital Markets Solutions platform.
Trade finance	Corporate Banking offers a full range of (domestic and cross-border) trade finance solutions, including export and import finance. The trade finance product offering consists of a full range of import and export Letter of Credits, all documentary collection services, all sorts of guarantees and online Trade Finance Platforms. For export finance, Corporate Banking offers medium- to long-term financing for (both complex and plain vanilla) transactions involving the supply of capital goods or services, or the execution of construction works with a cross-border element, supported by export credit agencies, Dutch Good Growth Fund, private risk insurers or multilateral institutions.

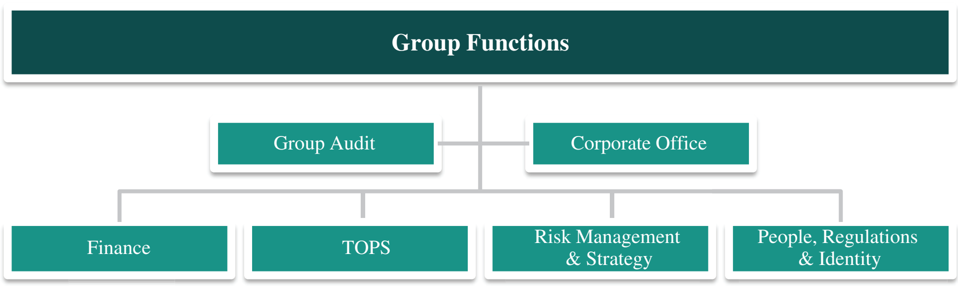
Group Functions

Group Functions supports and controls all Group wide business activities. Main focus areas include the realisation of the Group's long-term strategy by means of management control, compliance with regulation, and second and third line responsibilities. Group Functions is organised into four main areas, each of them headed by a member of the Managing Board: Finance, RM&S, PR&I and TOPS. Group Audit and the Corporate Office are also part of Group Functions.

Group Audit reports to the chairman of the Managing Board and the head of Group Audit has direct access to the chairman of the Audit Committee.

More than 90% of the costs of Group Functions are allocated to the business segments. As of 30 September 2015, the Group Functions operations employed 7,518 FTEs.

ABN AMRO strives for Group Functions to be broadly break even going forward.



Finance

Finance helps to keep the Group on track to achieve the goals defined in its long-term strategy. Finance is the primary supplier of management and reporting information to the Group's internal and external stakeholders. Finance plays an independent role in delivering management information and challenging business decisions. It provides a strong financial control environment and ensures compliance with accounting standards and requirements set by the regulatory authorities.

Finance consists of the following main departments: Financial Accounting, Controlling, ALM, Treasury and Tax.

Financial Accounting is responsible for the financial accounting, consolidation and reporting function for the Group as a whole (*i.e.*, operating income, operating expenses and balance sheet recognition), ensuring transparent and efficient delivery of financial data for internal and external stakeholders. Financial Accounting ensures that correct and complete financial data relating to the Group is received, processed, recorded, analysed, consolidated and reported in a timely manner. Financial Accounting also provides an accurate, timely and complete handling of incoming and outgoing invoices, statements and company cards.

Controlling is responsible for management accounting and management information (*i.e.*, delivering monthly reports and analysis to all relevant organisational levels of the Group, including the Managing Board, Supervisory Board, the Group's various business segments and account managers). Controlling is also responsible for supervising the Group wide management control cycle, including budgeting and forecasting, and providing an independent challenge to the implementation of the Group's strategy, not only at corporate level but also within the business segments. To this end, Controlling's Business CFOs liaise with all business Management Teams.

ALM is responsible for managing the Group's balance sheet with respect to interest rate risk, liquidity risk and capital adequacy. In accordance with Group policy, ALM centrally manages the interest rate risk and liquidity risk run by the Group's business lines enabling them to fully focus on their commercial tasks and credit risk management. Through the application of a funds transfer pricing methodology, the Group's business lines transfer risks to ALM so that ALM can provide them with a stable margin that is not affected by movements in interest rates or liquidity spreads. ALM performs long-term capital, liquidity and interest rate risk planning, taking into account expected developments within the business lines and anticipating regulatory developments. ALM also liaises with RM&S to ensure that the Group's risk appetite is in line with its corporate strategy and steers the balance sheet in line with the Group's moderate risk profile.

Treasury is responsible for the execution of the Group's liquidity, collateral, capital and interest rate risk position. Treasury is the lender of last resort for the daily funding need of several Business Lines (National & International Money Markets Desk) and is responsible for maintenance and execution of all secured and unsecured programmes. Treasury manages the cash position and the interest risk of the Group in all currencies up to one year through its Money Markets Desk. Treasury is also involved in structuring and raising capital and funding for the Group through, among others, capital instruments, unsecured funding transactions, securitisations, covered bonds and long term repo transactions. Treasury manages the investment and collateral portfolio of the Group (including the Group's liquidity buffer) and is involved in securities financing where securities are temporarily transferred or financed versus collateral ((reverse) repo, securities borrowing and lending, sell and buy back, securities financing transaction).

Tax is responsible for the Group's tax declarations and controls the Group's tax positions worldwide within the defined risk profile and applicable tax regulations. The tax function plays a role in many business processes. A specific tax control framework enables Tax to have control over tax risks within the Group. The Group's tax control framework is an internal control instrument focused specifically on the business' tax function and contains control procedures and policies. Tax works inside the boundaries of the Group's risk profile to optimise tax rates.

Risk Management & Strategy (RM&S)

The Group believes in a sound risk management and a risk culture in which every member of staff takes accountability for its actions. The Group therefore works according to the three lines of defence risk management model. This model is generally accepted as the best practice standard for risk management in the financial sector and makes risk management the responsibility of every employee of the Group. It enhances risk awareness and promotes the Group's risk culture.

RM&S works towards securing a sound risk/return ratio based on a moderate risk profile, which is determined by the Group wide risk appetite. Risk types and events to which ABN AMRO is exposed are defined and categorised in a risk taxonomy. Risk Management identifies and manages all of the risk types and events classified in the risk taxonomy. RM&S has developed Fit for the Future, a programme designed to increase the performance of the Group's risk management organisation. It aims to move the Group to the level of its top performing international peers and anticipate increased regulatory requirements from the European banking supervision authorities. The majority of projects, focusing for instance on being able to measure key risks using advanced methodologies and models, will be completed in 2015.

RM&S consists of the following departments: Central Risk Management ("**CRM**"), Group Economics ("**GE**"), Strategy & Corporate Development ("**S&CD**"), Risk Management Retail &Private Banking and Operational Risk Management and Control ("**RM R&PB ORMC**"), Risk Management Corporate Banking ("**RM CB**"), and Financial Restructuring & Recovery ("**FR&R**"). ALM (Asset Liability Management) and Treasury, part of Finance, are also closely aligned with RM&S to ensure that the Group's risk appetite is in line with its corporate strategy and capital position, taking into consideration the economic outlook.

CRM has an oversight function regarding all risk types of the Group. CRM is responsible for translating the Group's strategy into a Group wide risk framework, keeping risk governance in line with organisational targets and design, and conducting survey on the defined risk types and international risk governance. CRM aims to create an integrated understanding of the Group wide risks and to adopt a common strategy for all risk types, supported by uniform policies, principles, procedures, limits, models, delegations and responsibilities. This way, the different types of risk remain closely linked and centrally controlled.

GE is responsible for the development, communication and application of an independent view on the global economy and financial markets, and the risks surrounding it, and advises the businesses and risk officers of the Group thereon. GE assesses risk scenarios in stress testing and identifies emerging macro risks to assist in the capital allocation process and balance sheet management. GE produces regular publications for internal and external use, provides analysis to various clients groups and develops and maintains contacts with the media.

S&CD provides advice on strategy and the implementation of various strategic initiatives and activities including acquisitions and divestments, and strategic programmes for the Group and its stakeholders. The investor relations function is part of S&CD. S&CD advises the Managing Board on both content and process of several Group wide issues and has a direct reporting line to the chairman of the Managing Board.

RM R&PB ORMC and *RM CB* are a linking pin between risk management and the Group's business segments; RM R&PB for Retail Banking and Private Banking, and RM CB for Corporate Banking. They manage, safeguard, analyse, assess and control the risks in the business and implements controls. RM R&PB ORMC is also responsible for monitoring and controlling the Group's second line operational risk management activities.

FR&R handles credit exposures to clients that no longer fit the regular norms for credit lending. FR&R sets criteria and monitors the quality of the credit portfolio. FR&R's objectives are to limit losses on credit lending to clients with minimal costs and with the intention to safeguard the client relationships.

People, Regulations & Identity (PR&I)

The primary responsibility of PR&I is to help the Group's businesses put its clients at the centre stage. PR&I consists of five departments: Human Resources, Compliance & Conduct, Legal, Security & Intelligence Management and Communications & Sustainability. As part of the Group's ambition to invest in the future, PR&I has taken the lead in formulating and implementing two main strategies Group wide: (i) 'Top Class Employer' and (ii) 'Sustainability'.

Human Resources is dedicated to implementing the 'Top Class Employer' strategy and is responsible for managing and implementing human resources strategies across all business segments. Working in partnership with the business to meet business goals, Human Resources provides advice and support to management on people and organisation related issues, such as staff operations planning, recruitment, retention, benefits and reward management, performance management, employee development and culture and leadership.

Compliance & Conduct provides independent oversight and control on behalf of senior management and the Managing Board of those core processes, related policies and procedures that seek to ensure that the Group complies with general and industry-specific laws and regulations, both to the letter and in spirit, thereby helping to protect the Group's reputation. Compliance & Conduct advises and supports the organisation with the implementation of laws and regulations and acts as a navigator for good conduct by promoting a culture where everyone feels responsible for maintaining a compliant bank and fosters an environment where staff are comfortable escalating concerns of a regulatory or conduct nature. The function includes a dedicated monitoring and reporting team to support senior management and the Managing Board in effectively identifying, managing and monitoring the Group's compliance and conduct risks, including support in contacts with national and international regulators.

The Group defines compliance risks as the risk of failure to comply with laws and regulations, self-regulatory standards, values and business principles, codes of conduct or generally accepted market standards applicable to the Group's services and activities. Compliance and conduct risks might result in legal or regulatory sanctions, material financial losses and harm to the Group's reputation.

Legal provides exclusive, in-house and independent legal advice and support to all business segments of the Group (*e.g.*, advising on specific transactions, developing and maintaining standard documents). Legal is responsible for (pro-actively) managing the legal risk within the Group, both in and outside the Netherlands and preserving the Group's reputation.

Security & Intelligence Management aims to prevent financial losses arising from abuse of the financial system by the Group's clients and/or employees and to prevent reputational damage arising from the unethical behaviour of clients, the Group and/or its employees. Security & Intelligence Management assists the Group with its social responsibility to preserve the functioning of and confidence in the domestic and international financial infrastructure. It does so by minimising integrity risk arising from financial-economic crime and issues relating to reputation and integrity.

Communications & Sustainability formulates the Group's overall communication and sustainability strategies and the Group's corporate identity. The Communications & Sustainability department strives to manage and improve the Group's national and international reputation, brand name and brand value in a consistent manner and to position the Group as a trustworthy and sustainable organisation. The Communications & Sustainability department aims to ensure that sustainability is embedded in the Group's business practices. ABN AMRO Foundation runs social projects and coordinates activities that promote social engagement.

Technology, Operations & Property Services (TOPS)

TOPS supports the Group by providing services in the areas of IT (software and hardware), operations, facility management and office space, information security, procurement and programme or project management in the Netherlands and internationally. Over the last years, total direct operating expenses in TOPS reduced from EUR 2.2 billion in 2010 to EUR 1.8 billion in 2014, despite integration and separation. TOPS is a significant part of the ABN AMRO cost base, representing 37% of the Group's total underlying operating expenses. As of 30 September 2015, TOPS had 4,778 FTEs (including the subsidiary Stater).

TOPS consists of the following main departments: Business Services, TOPS IT and Chief Architecture & Data Management ("**CADM**"). Three chief operating officer departments ("**COO Departments**") provide coordination between Retail and Private Banking, Corporate Banking and Group Functions.

Business Services is the overarching department consisting Group wide of: Operations, TOPS International Business Services ("**IBS**"), Property Services, and Procurement. Business Services also oversees the activities of Stater, an independent mortgage service provider in the Netherlands that is owned by the Group and provides back-office and mid-office administrative and transaction processing. Operations is responsible for the processing of transactions by or with clients, mutations in client contracts or relationships and administrative processing of products and services. Operations processed amongst other things approximately 1.2 billion SEPA incoming and outgoing transactions in 2014. Over the last years, Operations improved the straight-through-processing rate to 99.3% of all transactions in 2014 and developed from a pure transactional function to a more service oriented unit with a strong focus on client satisfaction. Therefore, Operations is closely aligned with the business process management chains that are organised within the COO Departments organisation. IBS provides all Business Services related services to offices abroad. Property Services (also known as Facility Management) provides housing, facility and logistical services. As of 31 December 2014, Property Services manages a total space of 593,050m^2. Procurement is responsible for selecting and contracting with suppliers.

TOPS IT ensures daily operation of IT systems used by customers and employees, designs solutions, secures corporate information and creates transparency regarding the IT contribution within the total cost of ownership and maintains service quality of systems and infrastructure. The Group has a widely centralised and integrated IT infrastructure and application landscape with two central data centres, optimising synergies and cross business line usage by customers. Certain subsidiaries, such as ABN AMRO Clearing, ABN AMRO Commercial Finance, and International Card Services use and are responsible for their own IT infrastructure. Most international systems are hosted in the Netherlands. There is minimal local hosting (mainly France and Luxembourg) and limited cross-border hosting of applications, between countries (mostly in Luxembourg, due to regulatory requirements).

CADM defines and safeguards the use of data models, data and IT architecture framework and data quality within the Group. Alignment between the business lines and TOPS is required to set standards of architecture and to adhere to the standards being agreed upon. CADM is also responsible for safeguarding the standards in case of changes, including monitoring of realisation of the desired target IT architecture.

COO Departments focus, through a method of business process management, on managing the entire end-to-end value chain of services delivery to clients and business lines in the field of, amongst other things, payments, credits, trade finance, securities and savings. The COO Departments are responsible for the end to end daily operations and management of change of these chains, coordinating IT demand and their respective IT portfolio management, ensuring successful delivery of strategic and tactical projects and their budgets.

Information Technology (IT)

TOPS IT Organisation

The Group has a widely integrated IT infrastructure and application landscape that optimises synergies among the Group's business segments and promotes cross business line usage by customers. With the exception of certain subsidiaries, such as ABN AMRO Clearing, ABN AMRO Commercial Finance and International Card Services, that use and own their own set of IT infrastructure and applications. The Group believes its IT infrastructure is stable, robust and secure, with a high system availability of the Group's IT service of 99.61% (on average over the years 2012 to 2015) for key applications and a system availability of Mobile and Internet Banking of 99.64% (on average over the years 2012 to 2015).

The IT systems of the Group are fundamental for the operation of the Group's business. TOPS IT ensures the daily operation of IT systems used by customers and employees, designs solutions, secures corporate information, manages the total cost of the IT landscape and maintains service quality of systems and infrastructure. IT plays a pivotal role in monitoring the day-to-day business of the Group, optimising performance and providing a bespoke risk control framework through the delivery of systems and applications that support the management, control, security and analysis of information flow. As an example, TOPS IT delivers systems and applications that support the Group's retail activities (customer relationship management, payment services, mortgage processing), risk management (applications that make value-at-risk calculations), credits and lending (credit limit calculations and early signaling of potential default), fraud detection (transaction filtering for detection of suspicious transactions and sanctioned activities), regulatory supervision (capital calculations for Basel III compliancy), and financial reporting (consolidation and reporting for accounting purposes).

55% of the TOPS direct operating expenses are related to TOPS IT (31 December 2014: EUR 995 million) and 77% of these expenses is spent on long-term IT partners in order to secure resources, capabilities, knowledge and scalability to drive cost reductions and to enhance access to latest technology. IT costs are divided into business as usual costs and Change costs for IT. Business as usual costs relate to the daily running of IT operations (for example maintenance fees, license costs and storage costs). Change costs for IT include TOPS 2020 investments in relation to IT, and costs for business demand for IT changes (for example IT costs for digitalisation) and IT costs for changes as a result of laws and regulations. The total change costs for IT have increased and are expected to remain at comparable levels in the coming years.

TOPS IT is organised into four operational business units:

- *IT Solutions* is responsible for the application development and maintenance of all applications to support the Group's activities in the Dutch market. IT Solutions initiates service improvements, defines solutions for business-driven change and is responsible for the delivery of IT applications and systems developed for new functionality.

- *IT International* is equivalent to IT Solutions, but is responsible for implementing such IT changes for the Group's international network.

- *IT Services* is responsible for ensuring the continuity and stability of the infrastructure and applications and manages the changes in the IT infrastructure.

- *Corporate Information Security Office* ensures the security and integrity of all Group data.

Outsourcing model

The Group has outsourced and offshored large parts of its IT infrastructure and applications using multiple suppliers. The Group believes that offshoring and outsourcing leads to access to the latest technology and continuity of specific technical skills and contributes to lower costs. The Group believes that in this manner, the constant availability of IT specialists is ensured. IBM has been contracted for the management of the central data centres, hardware, end-user software and offering IT Helpdesk services to employees. IBM is also responsible for service management for mainframe, servers, storage, end-user computing, and help desk as well as application support, which includes coordination across several vendors. A selection of vendors, of which TCS, Infosys and Cognizant are the primary vendors, is responsible for application development and maintenance regarding software used for business functionality. Voice and network activities for the Netherlands are outsourced to KPN, Verizon and Tele2.

The Group has mechanisms in place to ensure business continuity of outsourced and offshored services. The Group reviews and approves the business continuity plans of its vendors. In case of technical or financial incidents, early warning indicators have been set and contracts allow the Group to take over vendor assets or transfer vendor services to other third parties, ensuring business continuity.

On 3 November 2015, the Group entered into an agreement as a result of which its 18.4% minority interest in Equens SE ("**Equens**"), a company active in the business of payment processing and payment services, is expected to be diluted to a 7% minority interest. Worldline will contribute the main part of its Financial Processing & Software Licensing activities to Equens and will enter as majority shareholder. The closing of this transaction is expected to take place in the first half of 2016. Closing of this transaction could result in a solid positive financial impact for the Group, the size of which depends on a number of circumstances at the time of closing. The Group may, as of three years after closing, be able to participate in a sale of shares as a result of which the Group would be able to partially or fully sell its remaining interest in Equens. The Group does not expect these developments would adversely affect the services the Group currently procures from Equens.

Cybercrime

The Group is constantly mitigating security risks and is confronted with new security threats, such as cybercrime DDOS attacks, and disruptions of its operating or information systems arising from criminal acts by individuals and groups via cyberspace. See also “Risk Factors—29. The Group is subject to the risk of internal and external fraud, crime, cybercrime, or other types of misconduct by employees or third parties which could have a material adverse effect on the Group’s business, reputation, results of operations, financial condition and prospects”. The Group successfully mitigated security risks on the client side, resulting in lower operational losses over the past three calendar years. From 2012 to 2014, operational losses in relation to internet banking fraud, such as phishing, reduced by 99%. Operational loss resulting from skimming reduced by 95% and in relation to debit card fraud operational losses reduced by 47%.

The Group believes that it has effective mitigating measures in place for risks imposed by cybercrime, such as DDOS-attacks, phishing and malware. The Group’s online detection and response to fraud attempts is based on a combination of both technical and organisational capabilities following best market practices. The Group protects the online channels by executing a preventive strategy with real-time fraud detection through data-based profiling of customer transactions behaviour. The fraud detection capability is strengthened by continuous investment in preventive technical measures and customer and employee awareness.

TOPS2020 IT Programme

In the near future, the Group expects technological advancements to lead to significant changes in client expectations. The Group believes that personal financial management tooling will become a crucial basic functionality for clients as they adopt a more digital lifestyle. The Group therefore expects that its clients will increasingly switch to online banking channels. The success of the introduction of the mobile banking app in the Netherlands in 2011 confirms this rapid adoption of web-based services by Dutch consumers.

The Group’s current IT infrastructure is complex, with (i) a high number of applications (including duplicate functionalities), (ii) many interfaces and/or a large number of point-to-point interfaces that are difficult to maintain, (iii) partly outdated software for which it is hard to find skilled resources, (iv) no uniform data definitions or data models and (v) a highly diversified infrastructure with different types and versions of platforms. This results in data quality issues, high maintenance cost, unexpected challenges and necessitates manual actions in day-to-day processes, but more importantly reduces the agility for responding quickly to market trends and new innovations. The Group aims to create a more competitive customer experience in a constantly changing environment, and to deliver agile, seamless and fully web based customer processes via the internet and by mobile applications. The Group therefore intends to continue investing in IT to achieve this.

In 2013, the Group launched a programme named TOPS2020 which is mainly focused on reducing complexity by re-engineering its IT core banking landscape, with a strategic outlook up to 2017 and beyond. This programme has been designed to upgrade, rationalise, standardise and simplify the Group’s IT landscape and to ultimately decrease IT and operational expenditures. For IT, the TOPS2020 programme is based on three pillars:

1. *Enable business to fulfil the long-term strategy of ABN AMRO.* More flexibility will be required in the future in order to provide a seamless and integrated customer experience and to generate innovations.

2. *Reduce complexity of IT to prepare for future customer demand.* To enable the required flexibility, complexity is being removed in three major steps:

   Clean: decommission applications and IT infrastructure platforms

   Build: remove duplicate functionalities in the IT landscape and build a new standardised and on premise dedicated cloud based infrastructure and service components for re-use when assembling applications

   Move: Move non-mainframe applications to the new on premise dedicated cloud based infrastructure, untangle the large number of point-to-point interfaces and move applications to the new structure

3. *Improve the productivity of customers, employees and IT.* IT aims to adopt an agile way of working and implement a next generation workplace to enable optimal collaboration between employees and a bring-your-own device environment.

An important part of TOPS2020 involves the upgrading of the two data centres in the Netherlands with cloud technology, which enables computing resources, such as servers, storage and applications, to be accessed and shared as virtual resources in a secure and scalable manner. The aim is to create an on premise dedicated cloud infrastructure for the Group based on industry standards adopted by IBM which will (i) run in the Group’s data centres and stores client and other data and (ii) provide a uniform and secured proprietary computing architecture to provide hosted services to the Group’s business. The Group believes it is important that this provider has a proven service record. The Group expects these efforts to assist in ensuring data sovereignty and compliance with regulation. Updating to cloud technology is an important step in the implementation of a more effective and agile IT architecture for the Group to support new business initiatives.

With an agile, simplified and cost-efficient IT landscape, the Group believes it will enable faster and easier introduction of new products and services through digital channels to meet changing customer expectations and continue to enable the long-term business line strategy.

TOPS2020 is expected to run until 2020 and to lead to a cumulative investment of EUR 510 million in the period from 2013 up to and including 2017 (2013: EUR 25 million; 2014: EUR 122 million; 2015: EUR 142 million; 2016: EUR 135 million; and 2017: EUR 86 million), generating business as usual annual recurrent estimated cumulative cost savings of EUR 230 million as from 2017 compared to the business as usual costs as per 2013 (2014: EUR 59 million; 2015: EUR 109 million; 2016: EUR 134 million; and 2017: EUR 230 million). TOPS2020 investments in 2015 up to 30 September 2015 amounted to EUR 109 million. The majority of investments and savings relate to re-engineering of the IT landscape. After 2017, investments are expected to continue to decrease whereas estimated annual recurrent savings are expected to increase further until the end of the programme which is projected in 2020. The overwhelming majority of these investments relate to the Netherlands and they will be financed out of Group cash flow from operations.

Overview of Acquisitions and Divestments by the Group

The overview below provides an overview of selected strategic acquisitions and divestments, either by way of share transactions or asset and liability transactions of or by any of the Company's direct or indirect subsidiaries which have taken place since 2010, in which the Group as a result of such transaction acquired or divested a majority of the shares or businesses of the relevant entity.

As a result of the separation from Fortis Bank S.A./N.V. in October 2008, ABN AMRO Clearing's Chicago office was legally assigned to Fortis Bank S.A./N.V., despite being an integral part of the ABN AMRO Clearing organisation. As presence in the US was vital for maintaining ABN AMRO Clearing's global position, ABN AMRO Clearing acquired ABN AMRO Clearing Chicago LLC on 4 August 2009.

On 23 December 2009, ABN AMRO Bank and Deutsche Bank AG signed an agreement for the sale of New HBU II N.V. and IFN Finance B.V to Deutsche Bank AG. New HBU II N.V. had been newly created by separating two corporate client units and 13 branches of ABN AMRO Bank and certain businesses of Hollandse Bank-Unie N.V., and splitting these off to New HBU II N.V. The transaction closed on 1 April 2010. The closing of the sale was a (merger control) condition to integrate FBNH and ABN AMRO Bank, imposed by the European Commission (EC Remedy).

On 7 December 2011, ABN AMRO Bank completed the acquisition of LGT Bank Deutschland. LGT Bank Deutschland has become part of Bethmann Bank, a fully owned subsidiary of the Group in Germany.

On 15 August 2011 ABN AMRO Bank and Union Bancaire Privée, UBP SA signed an agreement for the sale of ABN AMRO (Switzerland) AG, the Group's private banking business in Switzerland. The transaction closed on 31 October 2011.

In 2012, ABN AMRO Bank acquired part of the merchant banking activities of RBS N.V. in the Netherlands, involving approximately 70 people and has since integrated these activities in Corporate Banking.

On 12 October 2012, ABN AMRO Bank sold the loan portfolios of its two wholly-owned subsidiaries Mees Pierson Curacao N.V. and Mees Pierson (N.A.) N.V., to ORCO Bank N.V. and Aruba Bank N.V. The transaction closed on 22 November 2013 and operations were subsequently discontinued.

ABN AMRO Bank completed the acquisition of Banco CR2 S.A. in Brazil on 31 July 2013, which was subsequently renamed Banco ABN AMRO S.A. This acquisition allows the Group to offer on-shore products authorised under Brazilian banking regulations to existing clients for financing commodities trading and energy operations and transportation-related projects.

On 31 August 2014 (the acquisition date), Bethman Bank completed the acquisition of the domestic private banking activities from Credit Suisse AG in Germany. The asset and liabilities purchase agreement between Bethmann Bank AG and Credit Suisse AG was signed in December 2013.

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

The Group holds various strategic minority interests in other companies and is constantly looking for ways to improve the strategic fit of these interests with the Group's services and products. Where appropriate, the Group may sell or restructure its minority interests.

Material Agreements

The following are agreements (other than the relationship agreement described under “Shareholder Structure and Related Party Transactions” and the underwriting agreement described under “Plan of Distribution” or agreements entered into in the ordinary course of business), other than agreements entered into in the ordinary course of business, that have been entered into by any member of the Group within the two years immediately preceding the date of this Prospectus which are material or which have been entered into by any member of the Group at any other time and which contain provisions under which any member of the Group has an obligation or entitlement that is material to the Group as of the date of this Prospectus and the acquisitions and disposals of or by any of the Company’s direct or indirect subsidiaries which have taken place after 2012.

ABN AMRO Pension Fund agreement

On 12 June 2014, as part of a new collective labour agreement the Group agreed on a new collective defined contribution plan provided by the ABN AMRO Pension Fund (*ABN AMRO Pensioenfonds*) for its employees in the Netherlands. This scheme replaces the former defined benefit scheme and covers all existing and future pension obligations of the Group with respect to employees in the Netherlands. The scheme qualifies as a defined contribution pension plan under EU IFRS. With this scheme, the Group removed the volatility in its balance sheet and capital position introduced by the revised pension accounting standard IAS 19 and reduces volatility in its pension expenses going forward.

The transition from a defined benefits pension plan to a collective defined contribution scheme resulted in a one-off negative impact on the Group’s CRD IV CET1 of 167 basis points. This one-off adverse capital impact stemmed from the settlement of the pension agreement and the removal of the temporary regulatory capital filter, which had been in place to mitigate the impact of IAS 19. The removal of the regulatory capital filter amounted to EUR 1,682 million as of 12 June 2014. In addition, the pension agreement led to an increase in personnel expenses of (EUR 297 million pre-tax) in 2014, breaking down as follows:

- a settlement payment of EUR 375 million (EUR 500 million pre-tax);
- a lump sum for a catch-up indexation of EUR 150 million (EUR 200 million pre-tax);
- the release of the net pension liability of EUR 330 million (EUR 441 million pre-tax); and
- an expense of EUR 28 million (EUR 37 million pre-tax) for the difference between the pre-agreed cash contribution to the pension fund and the cash contribution under the collective defined contribution plan for the remainder of 2014.

The annual pension contribution is maximised at 35% of the pensionable salary, plus a fixed amount of EUR 25 million. For 2015, the pension expense for the Dutch CDC plan is estimated to be approximately EUR 290 million, which is lower than the maximum annual pension expense of the pensionable salary of approximately EUR 350 million. For further information on the pension plan change, reference is made to note 28 of the 2014 Annual Report.

IBM Global Master Services Agreement

On August 31, 2005, ABN AMRO Bank entered into a Global Master Services Agreement (“**GMSA**”) with IBM whereby ABN AMRO Bank outsourced the operational part of its centralised and integrated core information and communication technology (“**IT**”) to IBM. In 2010, this global outsource agreement was renewed, integrating the joint IT services requirements of both ABN AMRO and FBNH. As of 1 January 2015, ABN AMRO Bank and IBM renewed the GMSA for another ten years, resulting in a restructuring of the services and a rationalisation of the cost base. The main driver for this latest renewal was the need for ABN AMRO Bank to integrate the impact of TOPS2020 into the outsourced IT services provided by IBM. The parties may, on request of ABN AMRO Bank, enter into negotiations on a possible extension of the GMSA upon expiry. ABN AMRO Bank also has the right to unilaterally extend the GMSA for a period of one year.

The GMSA provides for a phased reduction of the annual charges. IBM has agreed to this, subject to ABN AMRO Bank meeting the relevant customer dependencies and staying within agreed volume boundaries. Changes requested by ABN AMRO Bank may have an impact on the reduction of the charges.

The services that IBM delivers are the heart of the Group’s IT landscape and are of vital importance to the products ABN AMRO Bank delivers to its clients, both in the Netherlands and internationally. The IT landscape includes all IT related hardware, software, processes and professionals necessary for ABN AMRO Bank to deliver its services to its clients. IBM’s services can be divided into four areas: (1) data centre services, (2) end user services, (3) service management integration, and (4) related project services.

Data Centre Services

The Group has several data centres around the world. The primary two data centres of the Group are located in Amstelveen, the Netherlands. These are Group owned and serviced by IBM under the GMSA. These data centres house computer systems and associated components, such as telecommunications and storage systems.

The data centre services provided by IBM relate to the hosting and support of most of the Group's applications in use by both its employees and its customers. The latter include customer facing portals, such as Internet Bankieren or the mobile banking app. IBM also delivers hardware such as servers, storage and support both on-site as well as remote (for example out of India) for the Group's data centres.

All the Group's data centres are subject to a business continuity process, supported by IBM, whereby failure in one data centre can be recovered by operations in a linked data centre. This mechanism aims to ensure availability of Group systems in order to enable continued services to clients.

End user services

In its daily operations, the Group provides hardware such as laptops, desktops and other end-user devices for its employees. As part of the end-user services, IBM delivers the support for the use of these devices by the Group's employees. IBM provides support for desktops/laptops, installation of all necessary software on these devices (*e.g.*, IBM Lotus Notes, Microsoft Office, Windows), delivery of end-user print devices and related support, and technical support via helpdesks. IBM also administers the Group's e-mail platform and applications for employees to be able to work remotely.

Service management integration

Given the scope and character of the services provided by IBM under the GMSA, IBM plays a central role in managing the Group's IT landscape from customer facing portals to the physical servers in the Group's data centres. Therefore, IBM delivers integrated service management as well. IBM is responsible in this role for coordinating the planning and validation of changes and upgrades to the Group's entire IT landscape. IBM also liaises with the Group's other IT suppliers for resolution of problems and incidents and ensures compliance with service levels and general performance. For example, if there is a failure in Internet Bankieren, IBM ensures the resolution of relevant failures with relevant IT suppliers in accordance with the agreed service level.

Project services

For all adjustments to those parts of the Group's IT landscape serviced by IBM, IBM delivers resources, planning, project management and implementation of these adjustments, including modifications driven by TOPS2020. Under the GMSA, IBM manages the implementation of important elements of TOPS2020 including the implementation of the Group's private and on premise cloud infrastructure and implementing IBM's integrated collaboration suite for employees. This integrated collaboration suite (IBM Connections) comprises an integration of e-mail, file sharing and social functionalities like (video) chat.

Termination

ABN AMRO Bank has the right to terminate the GMSA for convenience at any time, subject to a payment of costs related to termination, which costs may be significant. ABN AMRO Bank also has the right to terminate the GMSA for cause including (i) material breach; (ii) on the request of supervisory authorities; (iii) if the damages incurred by ABN AMRO Bank exceed a certain threshold; (iv) if IBM fails to meet certain levels of services (v) in case of a certain downgrade of IBM Corporation; or (vii) in case of a bankruptcy or insolvency of IBM or IBM Corporation. In these cases, ABN AMRO Bank is not required to pay termination costs nor any other form of compensation to IBM. ABN AMRO Bank also has the right to terminate the GMSA in case of a change of control of IBM. In such case, IBM is entitled to limited compensation for loss of income plus costs related to termination.

IBM has the right to terminate the GMSA if ABN AMRO Bank fails to pay undisputed invoices and fails to remedy this timely. IBM waived its rights to terminate the GMSA on the basis of the DCC.

Termination of the GMSA by either party for any reason triggers the start of the termination assistance period. During the termination assistance period, the parties agreed to cooperate to transfer the services to a subsequent provider. IBM is only allowed to cease the provision of the services at the moment these are assumed by a subsequent provider.

Step-in rights

In certain circumstances, ABN AMRO Bank has the right to exercise step-in rights. These circumstances include, among others things: if ABN AMRO Bank has the right to terminate the GMSA for material breach, if a breach may cause reputational damages to ABN AMRO Bank or to rectify non-compliance with laws and regulations. If IBM fails to meet the service levels as stipulated under the GMSA, ABN AMRO Bank can only step-in if one of the other circumstances mentioned above also applies. If ABN AMRO Bank exercises its step-in right, ABN AMRO Bank or a third party appointed by ABN AMRO Bank will have the right to step-in and manage the provision of any affected services.

Financial Guarantee

IBM Corporation has issued a guarantee to ABN AMRO Bank covering the financial responsibilities of IBM towards ABN AMRO Bank.

Regulatory Compliance

ABN AMRO Bank regularly verifies whether the GMSA and the services provided by IBM are compliant and enable ABN AMRO Bank to comply with applicable laws and regulations. If ABN AMRO Bank discovers any changes are required to become compliant or to ensure ABN AMRO Bank will remain compliant in case of a change in laws and regulations, ABN AMRO Bank and IBM have agreed to agree the required changes in the services or the GMSA and the related additional costs through the changes control mechanism. IBM is required to implement the measures as necessary to remedy such non-compliance. ABN AMRO Bank and IBM have agreed specific controls to enable ABN AMRO to comply with applicable laws and regulations. ABN AMRO Bank also has the right to request IBM to provide an ISAE 3402 statement.

See also “Risk Factors—28. The Group has outsourced and offshored key services and any failure of counterparties to deliver the contracted services, to deliver the services at an adequate and acceptable level, in a timely manner, or to comply with privacy rules, could have a material adverse effect on the Group’s business, reputation, results of operations and financial condition”.

Intellectual Property

ABN AMRO Bank is the owner of the “ABN AMRO” trademark (including the word mark, shield and logo) “ABN AMRO”. The registration of the ABN AMRO trademark gives ABN AMRO Bank the statutory right to exclusive use thereof and allows ABN AMRO Bank to act against infringement. The “ABN AMRO” trademark and the shield (whether or not in combination with the word mark) have been registered in a number of countries around the world. The Group believes that the “ABN AMRO” trademark is adequately protected. In addition, the general trade names and logos used by the Group’s subsidiaries, including, among other things, “ABN AMRO Holland Bank”, “Bethmann Bank”, “Neuflize” and “Defam”, have also been registered in several countries. Moreover, ABN AMRO Bank is the owner of a number of domain names, including “abnamro” in combination with the top level domains “com” and “nl”, and numerous country-specific or other top level domains.

The Group has implemented an internal policy which covers, among other things, trademark registrations, the use of the various trademarks by third parties, the consistent use of the trademarks and brand protection.

Property, Plants and Equipment

The following table provides an overview of the Group’s material owned and leased offices as of the date of this Prospectus.

	Ownership	Size (square meters)	Encumbrances	Land
Gustav Mahlerlaan 10, Amsterdam	**The Group**	**126,223**	**n/a**	**Owned**
Foppingadreef 20-22, Amsterdam	**The Group**	**87,150**	**n/a**	**Owned**

Legal, regulatory and arbitration proceedings

Save as disclosed below, neither the Company, nor any of its Group companies, are, or during the 12 months preceding the date of this Prospectus have been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which may have or have had in the recent past significant effects on the Group’s financial position or profitability. The Group determines on the basis of applicable accounting principles whether or not it needs to form a provision for threatened or ongoing proceedings. Unless mention is made of a provision having been formed, no provisions have been formed for threatened or pending proceedings described in this section. With respect to total amounts of provisions recognised by the Group in relation to legal, regulatory and arbitration proceedings, please see Note 27 of the Group’s consolidated financial statements for the financial year ended 31 December 2014 and Note 18 of the Group’s condensed consolidated interim financial statements for the nine months ended 30 September 2015.

As a large financial institution, the Group is permanently the subject of litigation, actual and threatened. It defends itself in numerous cases and in many other cases it is a claimant. Some proceedings are material in and of themselves. Other proceedings may individually not be material for the Group, but they may be relevant for a large number of similar cases or potential future cases. The Group could be exposed to significant losses or reputational damage if it or a competitor loses on one or more points of principle in one single such case. Examples of subjects that involve or in the future may be relevant for large numbers of proceedings are:

- the duty of care ("Risk Factors—36. The Group is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties, including in relation to the sale of interest rate derivatives. A negative outcome of proceedings, settlements, action taken by supervisory or other authorities, legislation, sector-wide measures, and other arrangements for the benefit of clients and third parties could substantially adversely affect the Group's business, reputation, results of operations, financial condition and prospects");

- interest rate derivatives sold to SMEs ("Risk Factors—36. The Group is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties, including in relation to the sale of interest rate derivatives. A negative outcome of proceedings, settlements, action taken by supervisory or other authorities, legislation, sector-wide measures, and other arrangements for the benefit of clients and third parties could substantially adversely affect the Group's business, reputation, results of operations, financial condition and prospects");

- the permissibility of adjustment of contractual terms by the Group of the basis of general terms and conditions ("Risk Factors—37. A number of events and factors related to the pricing of the Group's products, some such as sustained low and even negative interest rates applying to the industry as a whole and some specific to the Group, may materially and adversely affect its profitability and financial condition");

- lending on the basis of expected but not yet certain future income of the borrower ("Risk Factors—36. The Group is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties, including in relation to the sale of interest rate derivatives. A negative outcome of proceedings, settlements, action taken by supervisory or other authorities, legislation, sector-wide measures, and other arrangements for the benefit of clients and third parties could substantially adversely affect the Group's business, reputation, results of operations, financial condition and prospects");

- unit-linked products ("Risk Factors—36. The Group is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties, including in relation to the sale of interest rate derivatives. A negative outcome of proceedings, settlements, action taken by supervisory or other authorities, legislation, sector-wide measures, and other arrangements for the benefit of clients and third parties could substantially adversely affect the Group's business, reputation, results of operations, financial condition and prospects");

- proceedings related to the history of the Group ("Risk Factors—55. The Group is subject to risks as a consequence of the various transactions, events and restructurings leading up to its formation, which may have an impact on the execution of the Group's strategy and materially and adversely affect the Group's results of operations, prospects and financial condition" and "Business—Description of liabilities and expenses as a result of certain historic restructurings, demergers, a merger and agreements which resulted in the current structure of the Group"); and

- acquisitions and divestments ("Risk Factors—51. The Group may incur unforeseen liabilities from former and future acquisitions and divestments which could have a material adverse effect on the Group's business, financial condition and results of operations").

The Group may be faced with individual plaintiffs or defendants and the Group may be the subject of class action litigation. In class action litigation, which is conducted on behalf of multiple known and unknown claimants with a similar complaint, the Group may initially be faced with what appears to be a relatively modest claim, which later turns out to be material due to hitherto unknown claimants joining the class.

The Group also conducts discussions with and is the subject of multiple reviews and investigations by regulators. These interactions may among other subjects regard the suitability and adequacy of advice given to clients or the absence of advice, transparency, lending and pricing practices, client acceptance and know-your-customer requirements, recordkeeping, and filings. The Group believes its relationship with its regulators to be constructive and open. It follows up on directions and findings from regulators as soon as possible. Nevertheless, the Group is fined from time to time for some of its practices. In addition, regulators increasingly order the Group to actively search for possible deficiencies in its products, services and administration over and above the Group's own initiatives in this area. They may in that context also order the Group to compensate potentially large numbers of clients without a court having established whether this is justified or mandated by law or contractual terms.

Sale of interest rate derivatives to SME clients

The Group's SME-related interest rate derivatives portfolio in the Netherlands as of 1 April 2014 consisted of approximately 6,000 contracts entered into with approximately 4,500 SME clients and a limited number of private individuals. The sale of derivatives to these clients has led to complaints and to court cases against financial institutions that sold the derivatives, including the Group. Multiple lawsuits on the subject are pending or have resulted in settlements or court decisions and Kifid rulings. The Group is currently involved in a class action that relates to the sale of interest rate derivatives to SME clients. Clients of the Group have claimed, among other things that the risks relating to the products sold to them were not, or not sufficiently, disclosed, that the products sold to them were not suited for their circumstances, and/or that the Group owed them a duty of care which the Group had breached and/or that the Group was restricted in exercising their contractual right to increase margin on loans covered by an interest rate swap. The significant losses incurred by Vestia in connection with a substantial derivatives portfolio have for example been prominently reported in the media and multiple proceedings are ongoing to recover losses and other damages from the Group.

In addition, in these matters, regulatory and other authorities have taken and may in the future take further measures against or impose fines on the parties involved, including the Group, which may be material. As required by and in consultation with the AFM, the Group has reviewed its SMEs interest rate derivative portfolio. The objective of this review, which was completed in the first half of 2015, was to determine whether the Group acted in accordance with the laws and regulations applicable at the time. The outcome of the review was that the Group in several instances is unable to determine conclusively that it has fully complied with its duty of care obligations in connection with the sale of interest rate derivatives to SME clients. In these cases it could not be fully established that clients were sufficiently informed about the risk of their particular combination of floating rate interest loan and interest rate derivative, specifically in the scenario of declining interest rates.

For example, the review revealed cases of mismatch between the loan and the interest rate derivative. This could be caused by an early prepayment of the loan or mismatches in other features of the loan and the interest rate derivative. A mismatch could lead to the relevant SME client being overhedged. As a result, these SME clients are faced with a risk exposure which is in most cases equal to the difference between the floating interest rate to be received and the fixed interest rate to be paid in the interest rate derivative, to the extent of the overhedge. To resolve the overhedge situation, the interest rate derivative has to be (partially) unwound. However, as a result of the declining floating interest rates, the interest rate derivative has a negative mark-to-market value. Pursuant to the terms of the interest rate derivatives contract, the mark-to-market value has to be settled by the parties when unwinding interest rate derivatives. This settlement results in a payment obligation by the SME client, which is similar to the penalty paid upon early repayment of an equivalent fixed interest rate loan. Currently, the Group is engaging proactively with all of its SMEs interest rate derivative portfolio clients to discuss the outcome of the review and, if necessary, offer such clients an alternative product or another solution. The Group has in a number of SME client files agreed to (i) (partially) unwind the interest rate swap and/or (ii) partly compensate the SME clients. The Group aims to provide an appropriate solution, if applicable, to all other relevant SME clients before the end of 2015. As of 30 June 2015, the Group has recognised a provision for anticipated compensation amounts, which provision amount was increased as of 30 September 2015. It is expected that after consultation with the AFM, the Group will review an additional number of SME-related interest rate derivative contracts relating to the period 1 January 2012 to 1 April 2014. If required, due to new developments, the Group may need to adjust amounts provisioned.

Current proceedings are pending and their outcome, as well as the outcome of any threatened proceedings, is uncertain, as is the timing of reaching any finality on these legal claims and proceedings.

The AFM has reviewed five client files of non-professional SMEs that bought interest rate derivatives between October 2010 and January 2013. The AFM concluded with respect to these files that the Group has insufficiently looked after the interests of its clients (breach of duty of care) and that the recordkeeping of the Group with respect to these files was inadequate. The AFM imposed two fines in relation to these findings. One fine with with respect to recordkeeping in an amount of EUR 2 million was made public on 23 October 2015. The second fine, dated 20 October 2015, is an amount of EUR 750,000 and concerns the AFM's finding that the Group from 25 October 2010 up to and including 10 January 2013 in an insufficiently honest, fair and professional manner promoted the interests of its clients when it provided investment services. This results in a breach of article 4:90 FMSA. The Group will object against this second fine. The fines could lead to increased litigation in respect of interest rate derivatives sold to SMEs.

Vestia

The Group has sold certain derivatives products to housing corporation Vestia in the period from 2004 to 2010. When the mark-to-market value of Vestia's derivatives portfolio increased as a result of declining market interest rates, the Group and certain other financial institutions pursuant to the contracts between them and Vestia demanded that Vestia provide additional security for its obligations. Vestia was unable to do so and as part of a 2012 settlement with a large group of financial institutions, including the Group, Vestia's derivatives portfolio was unwound as a result of which Vestia suffered significant losses. Subsequently, a number of serious irregularities within and outside of Vestia were uncovered which resulted in criminal and civil action against the persons involved. Vestia recently informed the Group that it contemplated bringing proceedings against the Group and a large group of other financial institutions. Vestia was seeking to recover damages caused by the wrongful sale of derivatives and subsequent acts by the defendants. In order to have a more solid basis for its claims, Vestia was seeking to force the Group to disclose certain documents that Vestia believed contained relevant information. On 16 October 2015, the Group reached a settlement with Vestia in an amount of EUR 55 million.

DNB thematic review of customer due diligence and remediation programmes

In April 2014, DNB conducted a thematic review into the management of integrity risks and compliance with anti-money laundering laws and regulations at Private Banking in the Netherlands, focusing on customers from countries with a high risk of money laundering. In its inspection of customer files at Private Banking in the Netherlands, DNB found that, in a number of client acceptance files and reviews, the identification and verification of ultimate beneficial owners, source of wealth and/or analysis of tax risks were not documented adequately. The Group immediately initiated a remediation programme called Vertrouwd en Verantwoord Bankieren (Reliable and Responsible Banking) at Retail Banking and Private Banking in the Netherlands aiming to ensure that consistent standards are applied across both segments, to upgrade relevant client acceptance and anti-money laundering policies, to raise awareness amongst staff, and to improve the quality of the documentation in customer due diligence files and the risk assessment thereof. DNB has requested that the remediation of approximately 100,000 customer due diligence files of Private Banking in the Netherlands be completed by 31 December 2016, failing which an incremental penalty (dwangsom) in a maximum amount of EUR 500,000 would be imposed. In the meantime, the Group has extended its review programme to cover Retail Banking clients (risk-based) and Corporate Banking clients in the Netherlands.

In 2015, DNB performed an examination of its findings of the examinations in 2013 and 2014. The latest focused on activities of Energy, Commodities & Transportation (ECT), including an on-site review at the ECT desk in Singapore. It was found that the Group has made progress; however, the Group is expected to take the following remedial actions: include inherent corruption risk factors in the Group's systematic integrity risk analysis, further implement relevant policies, enhance effective monitoring of registration of outside positions and private interests of employees (including management), and include documentation of underlying risk assessments on corruption risks in the client files.

Internationally, a twin programme called 'Reliable and Responsible Banking 2.0' with similar objectives as the programme Vertrouwd en Verantwoord Bankieren (Reliable and Responsible Banking) has been initiated. The programme calls for a comprehensive risk-based review of client files aiming to ensure that the client portfolio in international Private Banking locations meets the Group's global standards and applicable regulations. Furthermore, the programmes aim to reinforce compliance with the Group's anti-money laundering policies and standards and Head Office oversight in accordance with the Dutch Anti-Money Laundering and Counter-Terrorist Financing Act and other applicable regulations. This programme will also address the findings in the Group's Dubai branch. See "—Dubai branch irregularities". DNB and DFSA (defined below) have initiated investigations that have been completed and resulted in the imposition of fines. Although these programmes should have the effect of significantly improving the quality of the customer files and hence compliance, deficiencies will likely be uncovered that might otherwise have remained unnoticed, which may require remediation and potentially the payment of compensation, and may result in additional regulatory scrutiny and fines.

In general, management of integrity risks and compliance with anti-money laundering laws and regulations by the Group was identified as requiring improvement in both internal audits by the Group and external investigations by the Group's regulators.

Dubai branch irregularities

DNB and the Dubai Financial Services Authority ("**DFSA**") have conducted investigations in connection with the Group's Private Banking operations in Dubai. In the second half of 2014, the Group initiated an internal review of Private Banking activities at the Dubai branch on the basis of a whistle blowing complaint that it had received in accordance with its Global Whistle Blowing Policy. The Group informed DNB and the DFSA of the complaint and the outcome of its initial review. In concluding its review, the Group found that four employees in a particular client segment team had not or insufficiently complied with the Group's internal policies and rules of the DFSA in relation to customer due diligence, in particular requirements for client identification and determination of the source of wealth and funds of a number of clients of Private Banking at the Dubai branch. In addition, a number of Private Banking accounts were used for business payment transactions. The purpose of these transactions could not always be explained sufficiently.

Further to a second whistleblowing complaint, the Group found that an employee was involved in an unusual transaction where he received money from a Private Banking client of the Dubai branch and subsequently transferred that amount through his personal account with another bank to the account of a third party. Another employee exercised insufficient control in respect of correct pricing of a client's asset, leading to incorrect client statements.

The Group also found that one of the employees of the Dubai branch, in July 2011, facilitated the processing of a cheque of a client drawn on an Iranian sanctioned entity via an exchange house and ordered the transfer of the corresponding USD amount to an account of the client with the Singapore branch of the Group. The Group voluntarily reported this violation of sanctions to OFAC, the Monetary Authority of Singapore, DNB and the DFSA.

The Group discontinued the employment contracts with nine employees who were directly or indirectly involved in the irregularities.

The Group has initiated a remediation programme to reassess the client portfolio of Private Banking at the Dubai branch aiming to ensure that the customer due diligence files meet the Group's policies and local requirements. As of 30 September 2015, the review of approximately 80% of the customer files at the Dubai branch has been completed. As a result, to date, the Group has terminated the relationship with approximately 80 clients and intermediaries and is in the process of terminating the relationship with 12 clients who are not compliant with the global standards that the Group maintains for client acceptance and client transactions. In addition, a number of clients has terminated the relationship with the branch themselves.

The Group is taking measures to further strengthen its international governance and oversight, in part by tightening reporting lines and escalation procedures to the Group's head office in Amsterdam, because it found that concerns expressed by employees were not adequately escalated.

The Group has fully cooperated with the investigations of DNB and the DFSA and has taken proactive measures to report regularly to DNB and the DFSA the findings of its internal investigations. On 29 October 2015, DNB imposed a fine of EUR 625,000 because the Group did not comply with its obligation pursuant to article 2 of the Dutch Anti-Money Laundering and Counter-Terrorist Financing Act to make sure that its branch in Dubai would carry out customer due diligence equivalent to the customer due diligence set out in the Dutch Anti-Money Laundering and Counter-Terrorist Financing Act. The Group's Head Office oversight of the branch was insufficient as it was based on an insufficient identification of inherent money laundering risks at the Dubai branch in relation to its Private Banking clients. On 3 November 2015, the DFSA imposed a related fine of USD 640,000.

DNB found that the controls of anti-money laundering and combating the financing of terrorism risks of the Private Banking activities at the branch were insufficient. The deficiencies related to the first line of defence (business), second line of defence (compliance) and to a lesser extent the third line of defence (internal audit).

The DFSA imposed a fine because it found, amongst other things, that the Dubai branch over the period January 2013 to December 2014 had not adequately identified and assessed the money laundering risk to which its business was exposed, maintain effective policies, systems and controls to prevent money laundering and did not adequately monitor and detect suspicious activity, document customer risk assessments and did not adequately undertake adequate customer due diligence for every customer, including the determination of the source of wealth and funds, and enhanced due diligence for customers with a high risk rating. The DFSA directed the Dubai branch to complete its ongoing remediation of its systems and controls related to anti-money laundering and of the customer risk assessment and customer due diligence information it holds for all of its Private Banking clients and to certify the completion of the remediation to the DFSA.

Furthermore, the Group has developed 'Accelerate Compliance', a Group-wide programme aiming to, among other things, further distance the Group's internal compliance function from the commercial operations of the Group, as well as to enhance its compliance function, in particular to strengthen oversight and improve the international governance of its compliance function, knowledge and awareness in its business lines and to remediate shortcomings. The programme will focus on compliance capacity, knowledge and tooling, the countervailing power of the compliance function, quality assurance, systematic integrity risk analysis, as well as compliance awareness, ownership and the right compliance culture. The Group will instruct an external party to perform an audit on the execution and implementation of this programme.

Intertrust

In connection with the sale of a Swiss trust business to Intertrust N.V., the Group has, in the share purchase agreement, given certain indemnities to Intertrust N.V. Since 2013, litigation has been threatened, but not brought, against the Swiss trust business by one of the latter's clients in connection with an alleged loss of value of certain assets that were allegedly transferred late by the Swiss trust business to this client. The client would have suffered a loss of approximately CHF 62 million excluding interest. In 2014, Intertrust N.V. brought litigation against the Group to establish that any damages that Intertrust N.V. might suffer as a result of any claim by the client fall within the scope of the indemnification given by the Group. As the client has not commenced formal proceedings, Intertrust N.V. and the Group have agreed in 2015 to suspend, for the time being, the proceedings on the scope of the indemnity.

UBP

On 4 December 2013, UBP commenced arbitration proceedings against the Group before the International Chamber of Commerce. The basis of liability arises from the share purchase agreement between the two parties regarding the sale of ABN AMRO (Switzerland) AG, which was concluded in 2011. After a partial settlement regarding several issues, two claims remain subject to this arbitration: (i) a claim for compensation of potential future damages as a result of possible claims by clients in connection with retrocession payments received by ABN AMRO (Switzerland) AG which were not paid on to clients and (ii) a claim for compensation of potential future damages in connection with potential liabilities due to possible breaches of US laws committed in the past, in relation to possible tax evasion by US clients. Since in both claims damages are expected by UBP but have not yet been suffered, the parties have agreed to stay the arbitration proceedings for the time being. A provision has been taken in connection with this matter.

Adjustment of margin charge on mortgage loans with floating interest rates

The Group has sold mortgage loans with floating, often EURIBOR-based, interest rates (close to 1% of the total mortgage portfolio). An important element of the pricing model of these mortgage loans is the ability for the Group to charge costs—allocated and unallocated—on to its clients by adjusting the margin charge on top of the prevailing floating interest rate. In many of these products, the Group has structured its ability to do so in provisions in its terms and conditions that allow it to unilaterally adjust pricing or contract terms. As the external funding costs (spread on top of EURIBOR) of the Group has gone up and the Group has adjusted the margin charge upward in many cases, the Group is faced by clients contesting the ability of the Group to do so. The complaints are based on a number of specific and general legal principles. In 2012, a class action was brought by Stichting Stop de Banken in relation to mortgage agreements with a floating interest rate based on EURIBOR, alleging that the Group was contractually not allowed to unilaterally increase the level of the applicable margin and violated its duty of care. On the same subject, the Group was found to have violated its duty of care with respect to an individual out of court settlement proceeding by the appeals commission of Kifid. In the meantime, multiple individual proceedings and an additional class action have been initiated against the Group. The uncertainties are likely to continue for some time. Recently, a competitor of the Group lost a case in the lower court that dealt with the same aspects of floating interest rates and margin adjustments on a loan covered by an interest rate swap that is also relevant for some of the ongoing proceedings.

Madoff claims

The Group, certain of its subsidiaries and some of their client funds had exposure to funds that suffered losses (in some cases, significant losses) as a result of the Madoff fraud. Provision of custodial services has resulted in a number of legal claims, including by Bernard L Madoff Investment Securities' trustee in bankruptcy (Irving Picard), and liquidators of certain funds, as they pursue legal actions in attempts to recover payments made as a result of the Madoff fraud and/or to make good their alleged losses. Certain Group subsidiaries are defendants in these proceedings.

Transaction reporting

The Group conducted an internal review into transaction reporting to the AFM and found that it had not accurately reported and had omitted to report a number of financial markets transactions in its Capital Markets Solutions business. Transaction reporting is the submission of data to the AFM about financial market transactions which includes details of the product traded, the trade counterparty and the trade characteristics such as buy/sell, price and the quantity concerned. The Group informed the AFM about the results of its review and back reported the related transactions. The AFM may take enforcement action including the imposition of a fine (maximum of EUR 1 million).

Imtech

The Imtech N.V. group has been in financial difficulties ever since certain fraudulent events, perpetrated by certain managers and staff, were discovered a few years ago and was declared bankrupt in August 2015. The Group has extended credit to the Imtech N.V. group of businesses and it holds shares in Imtech N.V. further to its underwriting commitment in the Imtech N.V. rights offering of October 2014. In April 2015, Stichting Imtechclaim has threatened to initiate a collective action lawsuit against, among others, Imtech N.V. and the four underwriters (including ABN AMRO Bank) of the Imtech N.V. rights offering of October 2014. Since a claim has not yet been formally filed, the complaint is not entirely clear but the Group expects that it would, among other complaints, appear to refer to prospectus liability and inappropriate behaviour as a result of conflicts of interest (*dubieuze dubbelrol*)[110]. The amount of damages that Stichting Imtechclaim can claim depends on the number of persons in the class.

Belgian public prosecutor / AA Luxembourg

In 2007, ABN AMRO Bank (Luxembourg) SA ("**AA Luxembourg**") provided a EUR 50 million loan to a client, which was secured by real estate mortgages and pledges on an art collection. In 2009, the client received negative press coverage regarding a dispute with other international banks and the Belgian tax authorities. In order to strengthen its collateral position, AA Luxembourg executed its right with respect to the real estate mortgages. AA Luxembourg also took steps to ensure that the pledged art collection came into the custody of the bank. After AA Luxembourg discovered that the client had breached its obligations towards the bank, it started execution measures resulting eventually in a partial repayment of the loan.

The Belgian public prosecutor has initiated criminal proceedings against the client and 18 related parties, including AA Luxembourg, regarding the suspicion of criminal acts in connection with alleged tax evasion by the client. All parties

[110] Source: Claimant's website (www.imtechclaim.nl)

were summoned before the Council Chamber of the Court of Antwerp in December 2014. According to the writ, AA Luxembourg is suspected of money laundering. Allegedly, AA Luxembourg would have committed money laundering through the establishment of mortgages and pledges as security for the loan, the sale of certain pledged art work, the acceptance of partial repayment of the loan, the subsequent release of certain pledges and other related facts, as the client's property involved in those actions allegedly had an illegal origin. If AA Luxembourg is convicted for these allegations, the sanction could be a fine and the compulsory confiscation of the "good laundered", including confiscation of mortgaged and pledged goods (or their counter-value) and of the money used as repayment of the loan. The Council Chamber of the Antwerp Court has decided on 1 October 2015 that several parties, including AA Luxembourg, will be formally brought to trial in the correctional court. AA Luxembourg has filed an appeal against this decision.

Etesco Millennium—Tuzla Shipyard

Nazca Floatel B.V. ("**Nazca**"), an indirect subsidiary of ABN AMRO Bank, owns Etesco Millennium ("**EM**"), an offshore accommodation platform. Nazca acquired legal ownership of EM as a result of collateral execution in connection with a loan granted to the previous owner of EM. Nazca let EM out as a bareboat charter to Trese, a Mexican company. After Trese defaulted on multiple occasions on its charter payments, Nazca terminated the bareboat charter on 5 February 2015 while EM sat for reparations in Tuzla, a Turkish shipyard.

Trese initiated arbitration proceedings against Nazca before the London Court of International Arbitration for a claim in the amount of USD 65 million. Nazca has filed a counterclaim in the arbitration proceedings in an amount of USD 55 million. By sending pro forma invoices to Nazca, Tuzla shipyard claims to be entitled to excessive amounts from Nazca (USD 20 million per week since May 2015) principally as mooring fees for the time EM is moored on its premises. Nazca is disputing that these excessive mooring fees are due. Nazca and ABN AMRO Bank have reason to believe that Tuzla shipyard initiated proceedings against Nazca and ABN AMRO Bank before a Turkish court. Neither Nazca nor ABN AMRO Bank has been served with any court documents by Tuzla shipyard in this matter.

Stichting Havensteder

Housing corporation Stichting Havensteder ("**Havensteder**") recently wrote a letter to the Group containing allegations regarding two loans granted by the Group to a legal predecessor of Havensteder. Pursuant to the terms of the two loans, the Group has the right to extend the maturity of the loans at a certain date against a certain fixed interest rate. The relevant loans are co-signed and guaranteed by semi-public institution Waarborgfonds Sociale Woningbouw (WSW). Havensteder claims that the loans are void on the basis of (inter alia) error and abuse of circumstances. In addition, Havensteder holds the Group liable for consequential damages as a result of, among other things, an alleged breach of duty of care. Havensteder claims an amount of EUR 60 million, being the alleged actual termination value of the relevant loans.

Partner Logistics

The Group has recently received a claim letter from an indirect shareholder of the Group's former clients Partner Logistics Group B.V. and Partner Logistics Europe B.V. Both companies went bankrupt in the course of 2012. The indirect shareholder now alleges that the Group has acted wrongfully in the context of the bankruptcy of both companies and claims damages allegedly suffered by it in the amount of EUR 200 million.

Claims relating to the history of the Group

In April 2014, RBS PLC and RBS N.V. (together "**RBS**") commenced International Chamber of Commerce arbitration proceedings in Paris and court proceedings before the Brussels District Court against the Group and other parties. Both proceedings relate to the sale by RBS N.V. (formerly ABN AMRO Bank N.V.) in 2007 of 50% of the shares in a joint venture company specialised in asset management called ABN AMRO Mellon Global Securities N.V. (the "**AA Mellon JV**") to Mellon Bank N.A. ("**Mellon**"). A substantial part of the AA Mellon JV business consisted of ABN AMRO asset management funds (the "**AAAM funds**"). Due to the takeover in 2007 of the former ABN AMRO group by, amongst others, Fortis, the agreement between RBS and Mellon was allegedly re-negotiated as it was anticipated that Fortis, which was to become the owner of the AAAM funds, would move the asset management activities of those funds away from AA Mellon JV and take those activities in-house. This would likely have a negative impact on the expected revenues of AA Mellon JV. It was therefore allegedly agreed between RBS and Mellon that certain amounts due to a fall in revenues of the acquired AA Mellon JV business would be repayable by RBS to Mellon. As a result, RBS repaid certain amounts to Mellon in the beginning of 2009. In the Brussels court proceedings, RBS alleges that Fortis (currently divided into Ageas N.V., BNP Paribas Fortis N.V. and ABN AMRO Bank N.V. (as successor in title to Fortis Bank Nederland (Holding) N.V.)) breached an alleged agreement to compensate RBS in an amount of EUR 75 million. The Group is scheduled to file a statement of defense in January 2016. In the arbitration proceedings, RBS alleges that it has suffered damages of EUR 135 million (EUR 75 million referred to above and an additional EUR 60 million allegedly paid to Mellon) in connection with the AA Mellon JV transaction for which it is allegedly indemnified under the Consortium Shareholders Agreement of 28 May 2007 (the "**CSA**") by the Fortis entities (Ageas and/or the Group) and/or the Dutch State, which became parties to the CSA by virtue of various deeds of accession. The Group has filed a short answer to RBS's request for arbitration in February 2015. The arbitration panel nomination was finalised in June 2015 and arbitration proceedings are ongoing.

In connection with the financing of the acquisition of the former ABN AMRO group in 2007, Fortis SA/NV, Fortis NV, Fortis Bank SA/NV and FBNH issued EUR 2 billion of mandatory convertible securities. Proceeds went to FBNH, who used the proceeds to acquire the former ABN AMRO group on behalf of the Fortis group (now Ageas). The mandatory convertible securities were to be mandatorily convertible into Fortis shares on 7 December 2010. A group of investment funds convened a bondholders' meeting on 8 November 2010 and decided, without the issuer's consent, to postpone the conversion date of the mandatory convertible securities until 7 December 2030. The President of the Commercial Court in Brussels, at the request of the issuer, ordered that the imminent conversion of the mandatorily convertible securities should not be prevented and accordingly their conversion occurred on 7 December 2010. Certain hedge funds subsequently initiated proceedings in Belgium and claimed an amount of EUR 1.75 billion plus 8.75% coupon until 7 December 2030 from four issuers, including ABN AMRO Bank as the legal successor to one of the issuers, in relation to the conversion of the mandatory convertible securities. On 23 March 2012, the Commercial Court in Brussels (Belgium) rejected all claims of the hedge funds. This judgment confirms the previous verdict in the summary proceedings (*kort geding*) of November 2010. Certain hedge funds have filed an appeal against the judgment of the Commercial Court.

A group of former Fortis SA/NV and Fortis N.V. shareholders, including the *Vereniging van Effectenbezitters* is litigating against, among other persons, Ageas, certain banks and a number of former Fortis SA/NV and Fortis N.V. directors. The *Vereniging van Effectenbezitters* alleges damages in excess of EUR 17 billion. The claimants in certain actions have been successful in establishing misleading disclosure by, among other persons, Ageas. The Group is not a party to any of these proceedings. Although the Group believes that there is no basis for successful claims against it in connection with these matters, it cannot be excluded that it is joined in current proceedings, or that proceedings in connection with the matters described above are brought against it.

Van den Berg Ponzi scheme

From 2002 until 2005 Mr René van den Berg invested large sums of money for third parties through his FBNH accounts. In 2005, Mr Van den Berg was declared bankrupt and sentenced to a term of imprisonment of five years for being the key player in a large Ponzi scheme fraud. The victims of this fraud are claiming damages from the Group (initially from FBNH, that was later incorporated into the Group, see "—History") by reason of breaching a public duty of care, which damages *Stichting Belangenbehartiging Gedupeerde Beleggers Van den Berg* shortly prior to the publication of this prospectus by letter informed the Group to amount to EUR 60 million (including interest). On 18 March 2014 the court of appeal delivered an interlocutory judgment that was unfavourable to the Group. The Group deemed this judgment to be fundamental to the proceedings and appealed to the Supreme Court of the Netherlands (Hoge Raad). The attorney-general rendered advice to the Supreme Court of the Netherlands in this matter, which is adverse to the position of the Group, but the Supreme Court of the Netherlands itself has not yet pronounced on the case. The Group considers it possible that the Group will be ordered to partially compensate the victims of the Van den Berg Ponzi scheme fraud and maintains a provision of EUR 31 million for this purpose.

Discussions with tax authorities in Switzerland and Germany

The tax treatment of certain transactions related to discontinued securities financing activities in the Group's international offices, that date back to the time before the Group assumed control of FBNH, are currently the subject of discussions with the Swiss and German tax authorities. In Switzerland, the discussion regards the beneficial ownership of shares held by subsidiaries of FBNH. These subsidiaries were executing equity derivative trading transactions and held long positions in Swiss traded equities. The subsidiaries reclaimed dividend withholding tax based on the applicable treaties for the avoidance of double taxation. The Swiss tax authority announced in 2010 that it would not pay out further pending refund claims and would try to reclaim amounts already paid as the transactions were, according to the Swiss tax authority, not carried out for valid business reasons but were only motivated by tax reasons and therefore the subsidiaries were not considered beneficial owners of the respective underlying dividends. In May 2015, in a decision of the Swiss Supreme Court in a proceeding involving a similar transaction beneficial ownership was denied to the taxpayer. This could lead to an unfavourable result for the Group in its discussions with the Swiss tax authorities and may have an impact on decisions of tax courts in other countries, for instance in Germany.

With respect to Germany, a subsidiary (MeesPierson AIS Holding BV) previously owned by a subsidiary (Fortis Bank (Nederland) N.V.) of FBNH, sold the shares in a Luxembourg entity by way of a management buy-out, which entity held the shares in a German company (referred to, for purposes of this section, as the "German company"). According to the share purchase agreement, Fortis Bank (Nederland) N.V. was still liable for some of the tax liabilities of the German company. The Group assumed these liabilities in the merger with FBNH. The German tax authorities issued notices in 2012 to the German company that they intended to reclaim dividend withholding tax amounts claimed by the German company in the years 2007 through 2009. The German company was engaged in derivative trading transactions. The German tax authorities claim that the German company has not acquired beneficial ownership in certain transactions where the settlement date was post dividend date while the German company claimed a refund of dividend withholding tax. The German company has filed objections against these notices. The Group understands that these are still subject to discussion. The Group has recognised a provision that it currently considers sufficient to cover its exposure in relation to claims made by the Swiss and German tax authorities. According to the German press, investigations are currently being conducted by German authorities into equity arbitrage trading extending over dividend record dates ("cum/ex trades") by various banks and other parties. The Group has received information requests from authorities in respect of such customer dealings in the past, and it cannot be excluded that the Group might be affected by official investigations in the future. The Group could become subject to requests to pay taxes and interest, as well as possible other sanctions, which may be material.

Sentinel

In August 2007, Sentinel Management Group, Inc. ("**Sentinel**"), a futures commission merchant that managed customer segregated funds for the Company, filed for bankruptcy. Shortly before Sentinel filed for bankruptcy, Sentinel sold securities to Citadel Equity Fund, Ltd. The US Bankruptcy Court ordered funds from the sale to Citadel Equity Fund, Ltd be distributed to certain Sentinel customers. The Company received its pro rata share of in total USD 52,755,815. On or about 15 September 2008, the bankruptcy trustee filed an adversary proceeding against all of the recipients of the court ordered distribution of funds from the Citadel Equity Fund, Ltd sale, including the Company, claiming the repayment of the amounts received. The complaint also includes a claim for other monies the Company received shortly before Sentinel filed for bankruptcy. This regards an amount of USD 4,000,399 and a claim for pre-judgment interest which could range from USD 443,000 to USD 9,720,000.

Ciccolella

The Group had granted credit facilities to Ciccolella Holding International B.V. and its subsidiaries, which were active in the flower trade business. As Ciccolella Holding International B.V. made losses and had liquidity issues, the group terminated the facilities. Ciccolella Holding International B.V. and its subsidiaries were declared bankrupt in February 2013. The listed parent company of Ciccolella Holding International B.V. and one of its subsidiaries have brought proceedings against the Group and certain other parties on the basis of tort law principles. The Group would have contributed to the liquidity crisis as a result of not granting sufficient credit under the credit facilities. The amounts claimed are substantial.

SEC fine regarding investment services to US persons

On 31 July 2013, the SEC issued a cease-and-desist order against the Group and the Group paid a total of USD 4.9 million in fines and disgorgement, and USD 0.6 million in interest. The SEC found that beginning in at least 2004, the Group and certain of its Retail and Private Banking affiliates, predominantly in the Netherlands, France and Switzerland, rendered investment services to US persons, without being registered with the SEC as a broker-dealer or investment adviser. The Group was ordered to conduct a thorough review of all Corporate Banking investment accounts as well as all commercial investment accounts within Retail and Private Banking held at local branches of the Group to determine whether they included any US person accounts. The Group ring fenced relevant accounts and terminated investment services to clients who are US persons in accordance with local laws and contractual requirements. The Group completed its review in July 2014 and the SEC closed the matter in September 2014.

Group Structure

The Company is a holding company with no material direct business operations. The principal asset of the Company is ABN AMRO Bank. As a result, the Company is dependent on loans, dividends and other payments from its subsidiaries and joint ventures to generate the funds necessary to meet its financial obligations, including the payment of dividends. Although the Group is not a licensed entity, it is under consolidated supervision by the ECB and DNB.

ABN AMRO Bank is the only wholly-owned subsidiary of the Company and is the main operating company within the Group. ABN AMRO Bank is directly supervised by the ECB, DNB and the AFM. ABN AMRO Bank is the direct holding company of the main subsidiaries described below, unless indicated otherwise.

The following companies are the ABN AMRO Bank's main subsidiaries and joint ventures related to **Retail Banking** (See "Business—Retail Banking"):

		Corporate seat	Interest held by the Group
ABN AMRO Hypotheken Groep B.V. ("**AAHG**")	AAHG is responsible for the mortgage activities within the Group. AAHG provides mortgage products through various channels, both through specialised advisors in the branch network of the Group as well as internet, call centres, video chat and through intermediaries. Distribution of new mortgages is done under the ABN AMRO, Florius and MoneYou brands. AAHG also administers existing mortgages under white labels such as DirektBank and MNF Bank. AAHG has a separate banking license.	The Netherlands	100%
ALFAM Holding N.V. (Alfam)	Alfam provides consumer lending products largely through intermediaries via four different labels: Alpha Credit Nederland (car financing), Credivance (mortgage linked consumer lending), DEFAM (general consumer lending), and GreenLoans (financing solutions to private individuals for sustainable investments, such as solar panels).	The Netherlands	100%
International Card Services B.V. (ICS)	ICS is responsible for the credit card activities within the Group. ICS issues both co-branded and own label credit cards. Its main co-branders include the Group (including ABN AMRO MeesPierson), associations and large retailers. Clients can apply for a credit card directly online with ICS or via the channels held and serviced by its co-branders. ICS is active in the Netherlands and Germany. As of 31 December 2014, ICS had issued more than 3 million credit cards in the Netherlands. ICS has a separate banking license.	The Netherlands	100%
MoneYou B.V. (MoneYou)	MoneYou specialises in online financial services (savings, mortgages and consumer loans) for do-it-yourself retail clients. MoneYou offers saving products in the Netherlands, Germany, Belgium and Austria. 70% of its savings volume is generated outside the Netherlands. In the Netherlands, the product offering also includes residential mortgages and consumer loans.	The Netherlands	100%
Delta Lloyd ABN AMRO Verzekeringen Holding B.V. (ABN AMRO Verzekeringen)	ABN AMRO Verzekeringen is a joint venture in which the Group holds a 49% stake and Delta Lloyd N.V a 51% stake. ABN AMRO Verzekeringen, through its subsidiaries, acts as an insurer and intermediary for life- and non-life insurances, and offers life and non-life insurance products to consumers and commercial clients mainly under the ABN AMRO brand. The Group acts as an intermediary for ABN AMRO Verzekeringen.	The Netherlands	49%
APG—ABN AMRO Pensioeninstelling N.V. (ABN AMRO Pensions)	ABN AMRO Pensions is a joint venture with APG in which the Group holds a 70% stake. ABN AMRO Pensions is a premium pension institution which offers innovative, Internet based defined contribution schemes to employers.	The Netherlands	70%

The following companies are the Group's main subsidiaries and joint ventures related to **Private Banking** (See "Business—Private Banking"):

		Corporate seat	Interest held by the Group
Banque Neuflize OBC S.A. (Neuflize OBC)	Neuflize OBC operates 11 branches in the main French cities. Neuflize OBC provides an integrated approach to private and commercial clients with a dedicated advisory and products offering. Neuflize OBC and its subsidiaries cover a range of activities including traditional banking services and advisory services (*e.g.*, estate planning, financial engineering, corporate finance, art advisory and real estate). In addition, Neuflize OBC provides asset management and DPM through its wholly-owned asset management company Neuflize OBC Investissements, and life insurances through Neuflize Vie S.A. (60% owned by Neuflize OBC and 40% by AXA).	France	99.9%
Neuflize Vie S.A. ("**Neuflize Vie**")	Neuflize Vie is a joint venture between Banque Neuflize OBC (Neuflize OBC) (60%) and AXA (40%). Neuflize Vie provides life insurance products.	France	60%
Bethmann Bank AG (Bethmann Bank)	Bethmann Bank operates 12 branches in the main economic regions of Germany. Bethmann Bank offers private banking services and private wealth management related services.	Germany	100%

The following companies are the Group's main subsidiaries and joint ventures related to **Corporate Banking** (See "Business—Corporate Banking"):

		Corporate seat	Interest held by the Group
ABN AMRO Commercial Finance Holding B.V. (ABN AMRO Commercial Finance)	ABN AMRO Commercial Finance provides receivable and inventory financing solutions to clients by means of key business introducers and direct distribution channels. ABN AMRO Commercial Finance is active in the Netherlands, France, Germany, the United Kingdom and in Belgium (cross-border).	The Netherlands	100%
ABN AMRO Clearing Bank N.V. (ABN AMRO Clearing AAC, ABN AMRO Clearing Bank, AACB)	AACB is one of the few firms offering global direct market access and clearing services on more than 150 liquidity centres worldwide. AACB is a fully licensed and regulated Dutch bank with its registered office in Amsterdam. In Europe, AACB provides its clearing and related services through AAC Amsterdam and through its branches in AAC Frankfurt and AAC London. AACB provides its services outside Europe through its 100% subsidiaries in AAC Chicago, AAC Sydney, AAC Tokyo, AAC Hong Kong, AAC Singapore and through AACB's Singapore Branch.	The Netherlands	100%
ABN AMRO Lease N.V. (ABN AMRO Lease)	ABN AMRO Lease delivers asset-based solutions (equipment lease and finance of a broad range of equipment including industrial, construction and transportation equipment) to SMEs, a broad range of national and international operating corporates and the public sector. In addition, ABN AMRO Lease provides lease finance to manufacturers of equipment for their customers (vendor finance) and direct (online). ABN AMRO Lease is active in the Netherlands, Germany and the United Kingdom with dedicated local sales teams and Belgium (cross-border) operating in close cooperation with the Corporate Banking and Retail (Small Business Banking) client segments and ABN AMRO Commercial Finance.	The Netherlands	100%

The following companies are the Group's main subsidiaries and joint ventures related to **Group Functions** (See "Business—Group Functions"):

		Corporate seat	Interest held by the Group:
ABN AMRO Funding USA LLC	ABN AMRO Funding USA LLC ("**ABN AMRO Funding USA**") is active in the US market in issuing the Group's US dollar commercial paper funding for clients operating in the US and for clients with US dollars loans. ABN AMRO Funding USA is a direct subsidiary of ABN AMRO Holdings USA LLC, which is a direct subsidiary of ABN AMRO Bank.	USA	100%
Stater N.V.	Stater N.V. ("**Stater**") is an independent mortgage service provider (back-office and mid-office administrative and transaction processing) in the Netherlands and services the Group's clients as well as clients of other banks in the Netherlands.	The Netherlands	100%

An overview of the main subsidiaries of the Group is provided below, categorised under Retail Banking, Private Banking, Corporate Banking and Group Functions.

Description of liabilities and expenses as a result of certain historic restructurings, demergers, a merger and agreements which resulted in the current structure of the Group

The Group results from the combination and the integration of certain operations, a assets and liabilities of the former ABN AMRO group with certain operations, assets and liabilities of the former FBNH, which process included demergers, restructurings and a merger. Certain elements of these events continue to be relevant for the Group today. See also "Risk Factors—55. The Group is subject to risks as a consequence of the various transactions, events and restructurings leading up to its formation, which may have an impact on the execution of the Group's strategy and materially and adversely affect the Group's results operations, prospectus and financial condition" above.

Cross-liabilities

The Group is exposed to cross-liabilities as a result of two past transactions. As a result of a demerger that took place on 6 February 2010, each of ABN AMRO Bank and RBS N.V. is liable for certain separable obligations of the other outstanding at that date in the event of the other party's non-performance of such obligations. In principle, investors now only have recourse to the entity to which the relevant assets and liabilities have been transferred for payments in respect of the appropriate securities. Under the Dutch Civil Code, however, each entity remains liable to creditors for the monetary obligations of the other entity that existed at the date of the legal demerger in the event that the other entity cannot meet its obligations to those creditors. This liability continues to exist as long as creditors with a potential claim at the date of the legal demerger remain. As agreements with such creditors terminate, the respective cross-liabilities also cease to exist. The liability of ABN AMRO Bank is limited to EUR 1.8 billion, the amount of equity acquired at the time of the legal demerger, which will reduce over time. The liability of RBS N.V. is limited to the equity retained at the time of the legal demerger which amounted to EUR 4.0 billion, which will also reduce over time. In order to ensure that the parties are able to meet each of their obligations vis-à-vis the other under the indemnity, ABN AMRO Bank and RBS Plc. have created a security right by way of a financial collateral agreement in favour of the other party whereby collateral has been credited to a blocked account over which the relevant party created a pledge. As of 30 September 2015, the collateral pool in favour of ABN AMRO Bank covers the liability of RBS N.V. in its entirety. The collateral requirements may decrease in the event RBS's creditworthiness improves. Even though ABN AMRO Bank and RBS N.V. made mitigating arrangements, it cannot be excluded that ABN AMRO Bank will be confronted with significant liabilities of RBS N.V. and which it may not or not fully be able to recover from RBS N.V. or RBS Plc.

On 7 August 2008, parts of the former ABN AMRO group and Hollandsche Bank-Unie were demerged to New HBU II N.V., subsequently sold to Deutsche Bank AG and renamed Deutsche Bank Nederland N.V. (DBNV). This transaction gave rise to cross-liabilities in respect of separable obligations similar to those described above. On 27 September 2014, the business of DBNV was demerged into a newly incorporated entity (New DBNV) and the remainder of DBNV's operations, including the cross-liabilities in an amount of EUR 950 million created as a result of the 2008 demerger, was subsequently acquired by a wholly-owned subsidiary of ABN AMRO Bank. Deutsche Bank AG indemnified the wholly-owned subsidiary of ABN AMRO Bank for any claims (including cross-liabilities) in connection with the 2014 transaction. In the event that the New DBNV fails to meet its obligations, there is a possibility that ABN AMRO Bank may be held liable to DBNV's creditors in respect of obligations that existed at the date of the first mentioned demergers.

Indemnity to the Dutch State

The Company and ABN AMRO Bank have jointly and severally indemnified the Dutch State under an indemnity agreement for certain claims and liabilities. These include the Dutch State's obligation to provide funding or capital for the benefit of former ABN AMRO group business operations and assets and liabilities that were not allocated to any Consortium member (as defined in "—History") for any amount in excess of EUR 42.5 million. In July 2015, the Group was informed by NLFI about a claim it had received from RBS relating to these assets and liabilities in RFS Holdings B.V. This gives NLFI the right to file a claim with the Group even though the Group has been informed by NLFI on 29 October 2015 that it will not file this claim with the Group based on the then available information. This situation might change in future periods. The Company and ABN AMRO Bank have also provided indemnifications for certain other matters, such as not properly performing certain agreed services and obligations as well as for claims made against or liabilities suffered by the Dutch State as a result of the implementation by the Company and ABN AMRO Bank of certain opinions, suggestions or requirements which the Dutch State has made or imposed before 1 April 2010. It is not clear whether the Company or ABN AMRO Bank will have to pay any amounts under these indemnity agreements. It cannot be excluded that the Dutch State makes additional claims under these indemnification obligations. Significant claims could materially and adversely affect the Group's results of operations, prospects and financial condition. The indemnity does not contain a monetary limitation.

European Commission conditions

In connection with the acquisition of FBNH and certain other transactions, the Dutch State provided state aid to the Group. In April 2011, the European Commission approved this support package (as well as a proposed restructuring) subject to a number of conditions. The following two conditions (both market conduct measures) continue to apply at this time:

- a ban on acquisitions above a certain amount with the exception of acquisitions in the area of private equity and ECT (subject to certain conditions); and

- a ban on advertising state ownership.

These market conduct measures will apply until 5 April 2016, or such earlier date as of which the Dutch State owns less than 50% of the Company.

REGULATION OF THE GROUP

This section is intended as general information only. It describes in summary a selection of laws and regulations which the Group is subject to. However, it does not purport to present a comprehensive or complete description of all laws and regulations applicable to the Group, which could be of relevance to a (prospective) DR Holder.

This section is mainly based on the supervisory laws and regulations of the Netherlands and the EU as published and in effect on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect. In addition, the Group is subject to supervisory laws and regulations of other jurisdictions in which it is active. See "Risk Factors—38. The regulatory environment to which the Group is subject gives rise to significant legal and compliance costs and management time, and non-compliance could result in monetary and reputational damages, all of which could have a material and adverse effect on the Group's business, financial condition and results of operations".

This section does not provide information on tax laws and regulations which the Group is subject to. See "Risk Factors—52. The Group conducts business in multiple jurisdictions and is exposed to the tax laws of such jurisdictions, including the risks in connection with challenges to its tax position" and "Risk Factors—53. Tax evasion or tax avoidance by a client could be attributed to the Group, which could lead to reputational damage and financial penalties".

Banking Union

The 2007 financial crisis has revealed shortcomings in bank supervision and in particular a widespread misjudgement of the actual risks posed by banks' activities and investments, and has made clear that the regulation and supervision of bank activities needed to be harmonised across the EU and especially in the euro area. One of the EU's responses to correct the perceived shortcomings was to establish a banking union with three key areas, referred to as the three pillars, an SSM, an SRM and harmonised prudential rules ("**Single Rulebook**") (together the "**Banking Union**").

SSM

The first pillar, the SSM, was set up by two regulations: (i) Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions ("**SSM Regulation**") and (ii) the amendment of the regulation establishing the EBA. The SSM Regulation came into force on 4 November 2013. The SSM Regulation provides the tasks the ECB must carry out within the SSM, composed of the ECB and national competent authorities ("**NCA**"). For "significant" banking groups, such as the Group, that meet certain criteria of size, importance for the economy of the EU or any Member States participating in the Banking Union, and significance of cross-border activities, whereby in principle a total value of assets of more than EUR 30 billion is considered "significant", this means that supervision of them is carried out by joint supervisory teams consisting of ECB and NCA staff members. The ECB and NCA are subject to a duty of cooperation in good faith, and an obligation to exchange information. Where appropriate and without prejudice to the responsibility and accountability of the ECB for the tasks conferred on it by the SSM Regulation, NCA are responsible for assisting the ECB. The ECB has issued a regulation that establishes the framework for cooperation within the SSM. It regulates the joint supervisory teams and other organisational and procedural aspects of the cooperation between the ECB and the NCA. Prior to assuming its supervisory tasks, the ECB has carried out a comprehensive assessment, including a balance-sheet assessment (more commonly referred to as the Asset Quality Review), of the banks in respect of which it has taken on direct supervision. The ECB has assumed its supervisory tasks in respect of the Group per 4 November 2014 by means of a formal decision of 4 September 2014.

SRM

The second pillar, the SRM, was set up by Regulation (EU) No 806/2014 of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 ("**SRM Regulation**") and by the Agreement on the transfer and mutualisation of contributions to the Single Resolution Fund of 21 May 2014. The main objective of the SRM is to ensure that potential future bank failures in the Banking Union are managed efficiently, with minimal costs to taxpayers and the real economy. The scope of the SRM mirrors that of the SSM. A central authority—the Single Resolution Board (SRB)—is ultimately in charge of the decision to initiate the resolution of a bank, while operationally the decision will be implemented in cooperation with national resolution authorities (NRAs). The SRB started its work as an independent EU agency on 1 January 2015, and will be fully operational from January 2016.

Single Rulebook

The third pillar is a Single Rulebook. Until 1 January 2014, EU bank regulation and supervision had been based on directives which left room for divergence in national implementing rules. This created a regulatory patchwork throughout the EU. The Single Rulebook aims to provide a single set of harmonised prudential rules which banks throughout the EU must comply with. These uniform and harmonised rules are mainly provided for by CRD IV, CRR, BRRD and DGSD.

Supervisory authorities

ECB

The ECB is formally the competent authority responsible for, among other things, (i) the supervision of the Group's compliance with the prudential requirements, including the requirements relating to (a) own funds, securitisation, large exposures, liquidity and net stable funding, leverage, supervisory reporting and public disclosure of information on those matters and (b) governance arrangements, including the fit and proper requirements for the persons responsible for the management of the Group, risk management processes, internal control mechanisms, remuneration policies and practices and effective internal capital adequacy assessment processes, including internal ratings based models, (ii) the carrying out of supervisory reviews and stress tests to determine whether the Group's arrangements, strategies, processes and mechanisms and the Group's own funds ensure a sound management and coverage of the Group's risks, and (iii) the carrying out of supervisory tasks in relation to recovery plans, early intervention and, where EU law grants the required authority to competent authorities, structural changes to prevent financial stress or failure. The ECB is also the competent authority to assess applications for authorisation and notifications of the acquisition and disposal of qualifying holdings in banks and to grant a declaration of no objection for such holdings.

DNB

DNB is required to assist the ECB with the preparation and implementation of any acts relating to the supervisory tasks of the ECB and must follow instructions given by the ECB. In addition, DNB has remained the competent authority in respect of prudential requirements not having a basis in EU law such as the requirements in respect of customer due diligence and the liquidity reporting requirements other than reporting on the LCR and net stable funding requirements provided for by CRR. DNB has also remained the competent authority under other supervisory laws and regulations relevant to the Group's business, such as anti-money laundering legislation.

AFM

The AFM is the competent authority for the supervision of the Group's compliance with a wide range of conduct of business laws and regulations that are applicable to the Group's activities, and laws and regulations regulating the securities markets, such as those with respect to securities offerings to the public and admission of securities to trading on a regulated market, transparency obligations for issuers of securities, and market abuse.

Other relevant authorities

European Supervisory Authorities

As part of the European System of Financial Supervision, three European Supervisory Authorities ("**ESAs**") were instituted through Regulations 2010/1093, 2010/1095 and 2010/1094 of the European Parliament and of the Council of 24 November 2010: the EBA for the banking sector, the European Securities and Markets Authority ("**ESMA**") for the financial markets sector, and the European Insurance and Occupational Pensions Authority ("**EIOPA**") for the insurance and occupational pensions sector.

The ESAs' main tasks are to contribute to the establishment of high-quality common regulatory and supervisory standards and practices, in particular by: providing opinions to EU institutions, developing guidelines, recommendations, and draft regulatory and implementing technical standards, and contributing to the consistent application of legally binding EU acts. The ESAs take a leading role in promoting transparency, simplicity and fairness in the market for consumer financial products or services across the internal market. In addition, the ESAs contribute to and participate actively in the development and coordination of effective and consistent recovery and resolution plans, procedures in emergency situations and preventive measures to minimise the systemic impact of any failure.

The ESAs' recommendations and guidelines are primarily directed to the national supervisory authorities, which are required to provide reasons for any deviations from the ESAs' supervisory practices under the 'comply or explain' principle. However, under specific circumstances, for example if a national supervisory authority fails to ensure that a financial firm complies with requirements directly applicable to it, the relevant ESA may adopt an individual decision addressed to such financial firm, requiring the necessary action to comply with its obligations under EU law.

By identifying and addressing what detriment clients may experience in their dealings with financial firms, the ESAs seek to foster client protection in financial services across the EU. The role and tasks of the ESAs related to consumer protection and financial activities include, among others: developing training standards for the industry, contributing to the development of common disclosure rules, monitoring existing and new financial activities, issuing warnings if a financial activity poses a serious threat, and temporarily prohibiting or restraining certain financial activities, provided certain conditions are met.

ACM

The ACM enforces both competition law and certain consumer protection laws in the Netherlands. Its activities include general competition oversight, regulation of the energy, telecommunications, postal services and transport markets, and consumer protection. See "Risk Factors—38. The regulatory environment to which the Group is subject gives rise to significant legal and compliance costs and management time, and non-compliance could result in monetary and reputational damages, all of which could have a material and adverse effect on the Group's business, financial condition and results of operations" for an example of the ACM's scrutiny of the SME loan market.

CBP

The CBP supervises the processing of personal data in order to ensure compliance with laws that regulate the use of personal data. The CBP not only supervises the collection, use and transfer of data, but it also assesses codes of conduct applicable to certain industries for the processing of personal data. The CBP maintains a public register with notifications of organisations that process certain data.

Sound and prudent business operations

Governance and risk management

Robust governance arrangements

Banks must have robust governance arrangements, which include (i) a clear organisational structure with well-defined, transparent and consistent lines of responsibility, (ii) effective processes to identify, manage, monitor and report the risks they are or might be exposed to, and (iii) adequate internal control mechanisms, including sound administration and accounting procedures and (iv) remuneration policies and practices that are consistent with and promote sound and effective risk management. The robust governance arrangements shall be comprehensive and proportionate to the nature, scale and complexity of the risks inherent in the business models and business activities of banks.

The governance arrangements mentioned above are further detailed in the EBA Guidelines on Internal Governance of 27 September 2011, which contain requirements on the corporate structure and organisation, the management body, the risk management framework and the internal control framework (which form the second and third line of a bank's three lines of defence model), and requirements relating to information systems and communication and business continuity management. Further guidance on governance principles was published by the Basel Committee in July 2015. The Basel Committee's guidance on governance principles includes principles on governance of group structures, risk management including risk identification, monitoring and controlling, and risk communication, compliance and internal audit.

Requirements and responsibilities of the managing board, supervisory board and board committees

Members of a bank's managing board and supervisory board must at all times be of sufficiently good repute and possess sufficient knowledge, skills and experience to perform their respective duties and act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the senior management, and oversee their decision-making. The managing board and the supervisory board must possess adequate collective knowledge, skills and experience to be able to understand the bank's activities, including the main risks. All members of the managing board and the supervisory board must commit sufficient time to perform their functions and must in particular devote sufficient time to consideration of risk issues. The management board and supervisory board must be actively involved and must ensure that adequate resources are allocated to the assessment of risks and shall establish reporting lines for all material risks and risk policies and changes thereof. The EBA is expected to publish guidelines on the above topics including on the notions of (i) adequate collective knowledge, skills and experience and (ii) sufficient time commitment.

The managing board shall retain overall responsibility for the bank's risks and is primarily responsible for defining and overseeing the implementation of the governance arrangements that ensure effective and prudent management, including the segregation of duties in the bank and the prevention of conflicts of interest. The managing board must in particular (i) have the overall responsibility of the bank and approve and oversee the implementation of the bank's strategic objectives, risk strategy and internal governance, (ii) approve and periodically review the strategies and policies for taking up, managing, monitoring and mitigating the risks the bank is or might be exposed to, including those posed by the macroeconomic environment in which it operates in relation to the status of the business cycle, (iii) ensure the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the law and relevant standards, (iv) oversee the process of disclosure and communications, (v) be responsible for effective oversight of senior management, and (vi) monitor and periodically assess the effectiveness of the bank's governance arrangements and take appropriate steps to remedy deficiencies.

The supervisory board must oversee the managing board and provides advice to it.

The supervisory board must establish a risk committee composed of members that have appropriate knowledge, skills and expertise to fully understand and monitor the risk strategy and the risk appetite of the bank. The risk committee must advise the managing board on the bank's overall current and future risk appetite and strategy and assist the managing board in overseeing the implementation by senior management of the strategy. The risk committee must review whether prices of liabilities and assets offered to clients take fully into account the bank's business model and risk strategy and present a remedy plan if needed.

The supervisory board must establish a remuneration committee responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the bank. Decisions by the remuneration committee should take into account long-term interests of shareholders, investors and other stakeholders and the public interest.

The supervisory board must establish a nomination committee responsible for identifying and recommending candidates to fill managing board and supervisory board vacancies, evaluate the balance of knowledge, skills, diversity and experience and prepare a description of the roles and capabilities for a particular appointment and assess the time commitment expected.

The supervisory board should consider setting up other specialised committees such as an audit committee and/or a governance or ethics or compliance committee.

See "Management, Employees and Corporate Governance" for a summary of certain information concerning the Managing Board and the Supervisory Board.

Integrity risks

Banks must have an adequate policy to ensure a sound pursuit of their business operations and must set up their business operations in such a way that sound business operations are ensured. To this end, they must, among other things, have an integrity policy, manage conflicts of interest, set up procedures to report breaches of applicable regulations and to report incidents to the supervisory authority, perform customer due diligence, and perform systematic analyses of their integrity risks. The integrity policy must at least cover the following topics (i) conflicts of interest, (ii) avoiding that the bank and or staff violate the law, or act in a way that could impair the public's trust in the bank or in the financial markets, and (iii) carrying out customer due diligence. The integrity policy must be set out in procedures and measures.

Financial risks

Banks must set up their business operations in such a way that they can ensure prudent business operations. To this end banks must have governance arrangements, processes and mechanisms taking into account the following financial risks: (i) credit and counterparty risk, (ii) residual risk, (iii) concentration risk, (iv) securitisation risk, (v) market risk, (vi) interest risk arising from non-trading book securities, (vii) operational risk and outsourcing risks, (viii) liquidity risk, (ix) the risk of excessive leverage, and (x) the risk related to large exposures.

Banks that are significant in any event are required to have a separate risk management function which is independent from the bank's operational functions, has sufficient authority, stature, resources and access to the managing board and supervisory board, and can if needed directly report to the supervisory board.

Banks must have in place sound, effective and comprehensive strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital that they consider adequate to cover the nature and level of the risks to which they are or might be exposed. This is referred to as the Internal Capital Adequacy Assessment Process ("**ICAAP**"). The ICAAP is subject to regular internal review to ensure that it remains comprehensive and proportionate to the nature, scale and complexity of the activities of the bank.

Banks must have in place an Internal Liquidity Adequacy Assessment Process ("**ILAAP**") through which they are required to evaluate their liquidity risk management (processes) and improve them if necessary.

Remuneration

Banks are required to have a remuneration policy that is consistent with and promotes sound and effective risk management, does not encourage risk-taking that exceeds the level of tolerated risk and is in line with the business strategy, objectives, values and long-term interests of the bank.

Banks with seat in the Netherlands are subject to a stricter bonus cap than the cap imposed by CRD IV. In the Netherlands the variable component of the remuneration may in principle not exceed 20% of the fixed component of the total remuneration.

Banks that benefit from exceptional government intervention, are subject to further restrictions relating to remuneration, these include the prohibition to pay variable remuneration to members of the managing board, and senior management one level below the managing board who are responsible for risk takers. See "Management, Employees and Corporate Governance—Remuneration".

SREP and pillar 2 measures

Under the SSM regulation, the ECB carries out supervisory reviews, including where appropriate in coordination with the EBA, and stress tests, in order to determine whether the arrangements, strategies, processes and mechanisms put in place by a bank and the own funds held by it ensure a sound management and coverage of its risks. The supervisory review of, among other things, a bank's ICAAP is referred to as the Supervisory Review and Evaluation Process (SREP).

On the basis of the supervisory review the ECB can, among other measures: (a) impose additional (i) own funds requirements in excess of pillar 1 requirements (referred to below), (ii) publication requirements, and (iii) liquidity requirements, and (b) require banks to (i) use net profits to strengthen own funds, (ii) restrict distributions to shareholders, (iii) restrict or limit business, and (iv) divest activities that pose excessive risk. These can be referred to as pillar 2 measures. See "Risk Factors—40. As a result of capital and liquidity requirements, the Group may not be able to manage its capital and liquidity effectively, which could have a material and adverse impact on the Group's financial condition, regulatory capital position and liquidity position and the Group may be forced to raise additional capital or restrict dividend payments".

Capital and liquidity requirements

Basel I, II, and III

The Basel Committee sets international minimum supervisory standards in relation to capital adequacy and liquidity. In July 1988, the Basel Committee adopted risk-based capital guidelines referred to as the Basel Capital Accord ("**Basel I**"). Basel I called for a minimum capital ratio of capital to risk-weighted assets of 8%. In November 1991, April 1995 and January 1996 Basel I was amended to among other things recognise the effects of bilateral netting of banks' credit exposures in derivative products and to incorporate capital requirements for market risks arising from exposures to foreign exchange, traded debt securities, equities, commodities and options.

In June 1999, the Basel Committee issued a proposal for a new capital adequacy framework to replace Basel I. This led to the release of the Revised Capital Framework in June 2004 ("**Basel II**"). Basel II comprised three pillars: (i) minimum risk-based capital requirements (pillar 1), which expanded the principles set out in Basel I, (ii) requirements for banks to assess the adequacy of their capital and a supervisory review of the bank's internal assessment process (pillar 2), and (iii) disclosure requirements to strengthen market discipline and encourage sound banking practices (pillar 3). On 13 July 2009, the Basel Committee issued proposals to enhance Basel II ("**Basel II Enhancements**"). The Basel II Enhancements have introduced, among other things: (i) a strengthened definition of hybrid capital, (ii) higher risk weights for re-securitisation exposures (among others collateralised debt obligations) to better reflect their inherent risks, (iii) supplementary guidance to pillar 2 by addressing the flaws in risk management practices, by raising standards for firm-wide governance and risk management, capturing the risk of off-balance sheet exposure and securitisation activities, managing risk concentrations, and providing incentives for banks to better manage risk and returns over the long term, and (iv) enhancements to pillar 3 (market discipline) by strengthening disclosure requirements for, among other things, securitisations, off-balance sheet exposures and trading activities.

In December 2009, the Basel Committee proposed a number of fundamental reforms to the regulatory capital framework in its document entitled "Strengthening the resilience of the banking sector". On 16 December 2010 (revised in June 2011) the Basel Committee published a framework referred to as Basel III: A global regulatory framework for more resilient banks and banking systems (the Basel III Framework). The Basel III Framework sets out requirements for higher and better quality capital, better risk coverage, the introduction of a non-risk based leverage ratio requirement, and the introduction of a liquidity standard and a stable funding requirement. The Basel Committee's package of reforms includes increasing the minimum common equity (or equivalent) requirement to 4.5 % (after the application of stricter regulatory adjustments). The total Tier 1 capital requirement has increased to 6%. In addition, banks will be required to maintain, in the form of common equity (or equivalent), a capital conservation buffer of 2.5% to withstand future periods of stress, bringing the total common equity (or equivalent) requirements to 7% (see "—Capital and liquidity requirements—Capital buffers"). If there is excess credit growth in any given country resulting in a system-wide build-up of risk, a countercyclical buffer of up to 2.5% of common equity (or other fully loss absorbing capital) may be applied as an extension of the conservation buffer. Furthermore, banks considered to have systemic importance should have loss absorbing capacity beyond these standards. The Basel Committee's reforms have introduced a non-risk leverage ratio of 3% in order to limit an excessive build-up of leverage on a bank's balance sheet and thus help to contain the cyclicality of lending. During the period 1 January 2013 to 1 January 2017 the Basel Committee will monitor banks' leverage data on a semi-annual basis in order to assess whether the proposed design and calibration of a minimum leverage ratio of 3% is appropriate over a full credit cycle and for different types of business models. This assessment will include consideration of whether a wider definition of exposures and an offsetting adjustment in the calibration would better achieve the objectives of the leverage ratio. The Basel Committee will also closely monitor accounting standards and practices to address any differences in national accounting frameworks that are material to the definition and calculation of the leverage ratio. The Basel Committee's reforms have also introduced two international minimum liquidity requirements (i) an LCR and (ii) an NSFR. The objective of the LCR is to strengthen the short-term resilience of the liquidity risk profile of banks. Banks are required to maintain an adequate buffer of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets into cash to meet banks' liquidity needs for a 30 day liquidity stress scenario. The NSFR (to be introduced on 1 January 2018), is a 'test' to promote resilience over a longer period by requiring banks to hold a minimum amount of stable sources of funding relative to the liquidity profiles of the assets and the potential contingent liquidity needs arising from off-balance sheet commitments.

On 22 December 2014, the Basel Committee has published consultations (informally referred to as Basel IV) for revised standardised RWA calculations and on the application of capital floors. As a result, it may be required that banks which apply advanced approaches to risk categories, apply the higher of (i) the RWA (REA) floor based on (new) standardised approaches and (ii) the RWA (REA) based on advanced approaches in the denominator of their ratios. Although timing for adoption, content and impact of these proposals remain subject to considerable uncertainty, the implementation of the standardised RWA (REA) floors would have a significant impact on the calculation of the Group's risk weighted assets due to the substantial difference in RWA (REA) calculated on the basis of advanced approaches and such calculation on the basis of new standardised rules for mortgages, and, to a lesser extent, exposures to corporates. The consultations are now closed. See "Risk Factors—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects" for more information on the impact that the proposals could have on the Group's capital requirements.

CRD, CRD II, CRD III, CRD IV and CRR

In 1989, the capital requirements set forth in Basel I were implemented in the European Economic Community mainly by Council Directive 89/299/EEC of 17 April 1989 on the own funds of credit institutions, defining own funds, and Council Directive 89/647/EEC of 18 December 1989 on a solvency ratio for banks setting forth the required ratio of own funds to risk-adjusted assets and off-balance sheet items ("**Capital Directives**"). In 1993, Council Directive 1993/6/EEC of 15 March 1993, on the capital adequacy of investment firms and credit institutions, was adopted ("**Directive 1993/6/EEC"**). In 2000, Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions ("**Directive 2000/12/EC**") was adopted. Directive 2000/12/EC repealed various previous directives, including the Capital Directives.

In 2006, the capital requirements set forth in Basel II were implemented in the EEA by Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions and Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (together "**CRD**"). CRD repealed Directive 1993/6/EEC and Directive 2000/12/EC. The rules on capital requirements reflect the flexible and risk based approach of Basel II. CRD was amended by, amongst others, Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC as regards banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements, and crisis management ("**CRD II**") and Directive 2010/76/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2006/48/EC and 2006/49/EC as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies ("**CRD III**") which implemented in the EEA the Basel II Enhancements and in addition introduced remuneration requirements.

In 2014, the strengthened capital, liquidity and leverage ratio requirements set forth in the Basel III Framework were implemented in the EEA by CRD IV and CRR. CRD IV replaced the preceding capital requirements directives and was transposed into Dutch law mainly by the Implementing law CRD IV and CRR (*Implementatiewet richtlijn en verordening kapitaalvereisten*) that came into force on 1 August 2014. CRR has applied to banks since 1 January 2014. CRR, as EU Regulation, is directly applicable in the EEA and does not require transposition into national law. Differences between the Basel III Framework on the one hand and CRD IV and CRR on the other do exist. Only CRD IV as transposed into Dutch law and CRR, as well as the regulations pursuant to that legislation, are binding on the Group. CRR has been amended by CDR with regard to the leverage ratio.

DNB has issued the Dutch CRD IV and CRR Regulation (*Regeling specifieke bepalingen CRD IV en CRR*), a regulation in which DNB has set out how it uses certain options and discretions which CRR grants to NCA and implements a number of (transitional) provisions set out in CRR including regarding the required CET1 capital ratio of 4.5% and Tier 1 capital ratio of 6%, confirming that these ratio's apply as of 1 January 2014, and the method for calculating the maximum distributable amount.

CRR establishes a single set of harmonised prudential rules which applies directly to all banks in the EEA as of 1 January 2014 with particular requirements being phased-in over a period of time, to be fully applicable by 2023. The harmonised prudential rules include minimum own funds requirements (4.5% CET1 capital ratio, 6% Tier 1 capital ratio and 8% total capital ratio, obtained by dividing the relevant capital measure by a risk exposure amount calculated on the basis of a standardised method or a more tailor made method using internal models and calculations in order to quantify the risks run by the bank which include credit risks, market risks and operational risks), an obligation to maintain a liquidity buffer (in such an amount to adhere to a LCR of 60% per 1 October 2015, 70% per 1 January 2016, 80% per 1 January 2017 and 100% per 1 January 2018) and reporting requirements relating to the liquidity buffer, and a requirement to report on the bank's funding (NSFR) allowing the competent supervisory authority to assess the availability of stable funding. CRR also includes the obligation to report on the bank's leverage ratio (this requirement is similar to the leverage ratio requirement set out in Basel III, however, CRR does not provide for a requirement to meet a minimum ratio but merely for a reporting requirement). The leverage ratio is a non-risk based ratio, defined as the Tier 1 capital (numerator) divided by an exposure measure (denominator). The exposure measure is calculated as the sum of the exposure values of all assets and off-balance sheet items in accordance with principles set out in CRR. On 18 January 2015, the CDR entered into force. The CDR amends the calculation of the leverage ratio calculated in accordance with CRR. Amongst other amendments the CDR specifies that when a clearing member guarantees the exchange traded derivative transactions of clients towards CCPs, it must include the guarantee in the exposure measure. In addition, while not yet implemented into Dutch law, the Dutch government has indicated that it intends to impose a minimum leverage ratio of 4% on banks that have systemic relevance. See "Risk Factors––40. As a result of capital and liquidity requirements, the Group may not be able to manage its capital and liquidity effectively, which could have a material and adverse impact on the Group's financial condition, regulatory capital position and liquidity position and the Group may be forced to raise additional capital or restrict dividend payments".

Capital buffers

Further to CRD IV a minimum combined buffer requirement will be imposed on top of the minimum CET1 capital requirement of 4.5% of a bank's RWA (REA). The Dutch legislator has implemented the combined buffer requirement in the FMSA and the implementing Decree on prudential rules Wft (*Besluit Prudentiële regels Wft*). The implementing rules entered into force on 1 August 2014.

The combined buffer requirement consists of the following elements:

- **Capital conservation buffer (*kapitaalconserveringsbuffer*)**: set at 2.5% of RWA (REA);

- **Bank-specific countercyclical capital buffer (*contracyclische kapitaalbuffer*)**: the bank-specific countercyclical capital buffer rate shall consist of the weighted average of the countercyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures are located; this rate will be between 0% and 2.5% of RWA (REA) (but may be set higher than 2.5%);

- **Systemic relevance buffer (*systeemrelevantiebuffer*)**: the systemic relevance buffer shall consist of a buffer for G-SIIs and for O-SIIs, to be determined by DNB. The buffer rate for O-SIIs can be up to 2.0% of RWA (REA). The buffer rate for G-SIIs can be between 1% and 3.5% of RWA (REA); and

- **Systemic risk buffer (*systeemrisicobuffer*)**: set as an additional loss absorbency buffer to prevent and mitigate long term non-cyclical systemic or macroprudential risks not covered by CRR, of a percentage between 1% and 3% of RWA (REA) (but may be set higher than 3%). The buffer rate will be reviewed annually by DNB.

When a bank is subject to a systemic relevance buffer and a systemic risk buffer, either (i) the higher of these buffers applies or (ii) these buffers are cumulative, depending on the location of the exposures which the systemic risk buffer addresses.

The combined buffer requirement must be met with CET1 capital and will be gradually phased-in in quartiles from 1 January 2016 to fully apply as per 1 January 2019.

If a bank fails, or as a result of a distribution of dividend would fail, to meet the combined capital buffer requirement, it is prohibited from making distributions in connection with its CET1 capital. In addition, banks may be prohibited from distributing more than the maximum distributable amount calculated in accordance with the Dutch CRD IV and CRR Regulation. See "Risk Factors—40. As a result of capital and liquidity requirements, the Group may not be able to manage its capital and liquidity effectively, which could have a material and adverse impact on the Group's financial condition, regulatory capital position and liquidity position and the Group may be forced to raise additional capital or restrict dividend payments".

National liquidity requirements

Until full phase in of the LCR liquidity requirement of CRR, DNB applies an NLCR with a required ratio of 100% as of 1 October 2015. The NLCR corresponds to the CRR LCR with the exception that the netting of inflows and outflows for cash pooling products is under certain conditions allowed. Furthermore, banks must continue to report on the basis of the previous Dutch national liquidity requirements until the end of 2016. Under these requirements, the liquidity of a bank is sufficient if the existing liquidity at least equals the required liquidity. The required liquidity of a bank is the total of the weighted outgoing cash flows based on the scheduled items, plus the weighted entrusted funds and other items not included in the maturity schedule that can be called up or could lead to a payment obligation during the weekly period (first seven calendar days following the reporting date (date of the day directly preceding the reporting period)) or the monthly period (first calendar month following the reporting day) respectively. The required liquidity consists of the aggregate of estimated contingent calls on potential liquidity needs as derived from amounts maturing on expiry of a contractual term, withdrawals of deposited funds without a contractual term, and the possible utilisation of committed or conditionally committed funds.

Structural supervision

Declaration of no objection for transactions performed by a bank

The FMSA provides that banks with seat in the Netherlands must obtain a declaration of no objection from DNB before, among other things: (i) acquiring or increasing a qualifying holding (a 'qualifying holding' is a direct or indirect holding of 10% or more of the issued share capital of an enterprise, or the ability to exercise directly or indirectly 10% or more of the voting rights in an enterprise, or the ability to exercise directly or indirectly a comparable degree of control in an enterprise) in a bank, investment firm or insurer with its corporate seat in a state which is not part of the EEA, or in a financial institution that has not obtained a supervisory status certificate, if the balance sheet total of that bank, investment firm, insurer, or financial institution at the time of the acquisition or increase amounts to more than 1% of the bank's consolidated balance sheet total, (ii) acquiring or increasing a qualifying holding in an enterprise, that is not a bank, investment firm, financial institution or insurer with its corporate seat in or outside the Netherlands, if the amount paid for the acquisition or increase, together with the amounts paid for a previous acquisition or increase of a holding in such enterprise, amounts to more than 1% of the consolidated available equity capital of the bank, (iii) taking over, directly or indirectly, all or a substantial part of the assets and liabilities of another enterprise or institution, if the total amount of the assets or the liabilities to be taken over amounts to more than 1% of the bank's consolidated balance sheet total, (iv) merging with another enterprise or institution, if the balance sheet total of the enterprise or institution involved in the merger exceeds 1% of the consolidated balance sheet total of the bank, or (v) proceeding with a financial or corporate reorganisation.

Declaration of no objection for a qualifying holding in a bank

In addition, each person is required to obtain a declaration of no objection from the ECB (if it concerns a bank) or DNB (in other cases) before it can hold, acquire or increase a qualifying holding in among others a bank or investment firm, or exercise any voting power in connection with such holding. See "Description of Share Capital—Declaration of No Objection for a Qualifying Holding in a Bank". The FMSA further provides that DNB must be notified in advance of any change in a qualifying holding in among others a bank or investment firm (i) as a result of which the size of this holding increases beyond the following thresholds: 20, 33, or 50%, or as a result of which the bank or investment firm concerned becomes a subsidiary, or (ii) as a result of which the size of this holding falls below 10, 20, 33, or 50% or as a result of which the bank or investment firm ceases to be a subsidiary. The above requirement to obtain a declaration of no objection for a qualifying holding in a bank implements the requirements relating to qualifying holdings in banks as set out in CRD IV.

Supervision of banking services and activities

General

The FMSA provides for a comprehensive framework for the conduct of business requirements that must be met by banks providing financial products and services, including investment services, in or from the Netherlands. The competent authority responsible for carrying out conduct of business supervision in the Netherlands is the AFM.

Also in the interest of the stability of the financial system, conduct-of-business supervision focuses on ensuring orderly and transparent financial market processes, proper relationships between market participants and the exercise of due care by financial firms in dealing with clients.

Information obligations

The FMSA, the Decree on Conduct of Business Supervision of Financial Firms FMSA (*Besluit Gedragstoezicht financiële ondernemingen Wft*) and other regulations, including rules issued by the AFM, provide for detailed requirements in respect of the information that must be made available to clients, such as in relation to the contents and presentation thereof. A substantial part of the regulations implements European legislation, such as the Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC ("**MiFID**"), the Directive 2007/64/EC of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC ("**PSD**") and the directives on consumer credit and mortgage lending. Banks are required to comply with these information obligations when providing financial services including investment services.

Duty of care

A financial firm, in dealing with its clients must comply with specific rules relating to duty of care provided by the Decree on Conduct of Business Supervision of Financial Firms FMSA. Financial firms must, among other things, inform clients about costs that will be charged upon termination of agreements.

On 1 January 2014, a general obligation to take into account clients' and other beneficiaries' interests came into force. Under this new obligation provided for in the FMSA, banks advising on certain financial products such as consumer credit must act in the interest of the client. The AFM has the possibility to enforce this obligation only in case of evident abuse (*evidente misstanden*) that may harm clients' confidence in the bank or the financial markets generally. See also "Risk Factors—36. The Group is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties, including in relation to the sale of interest rate derivatives. A negative outcome of proceedings, settlements, action taken by supervisory or other authorities, legislation, sector-wide measures, and other arrangements for the benefit of clients and third parties could substantially adversely affect the Group's business, reputation, results of operations, financial condition and prospects".

Knowledge and competence requirements for staff

Banks must ensure that their staff possess and keep up-to-date an appropriate level of knowledge and competence required for the provision of financial services and investment services.

Ban on inducements

In the Netherlands an inducement ban applies, to the extent inducement fees are not paid directly by a client, to (i) advising and providing intermediary services relating to specific complex financial products or other products such as mortgage loans, and (ii) the provision of certain investment services provided to non-professional investors in particular impacting: (a) individual portfolio management, (b) investment advice, and (c) execution-only services, all in relation to financial instruments. See also "Risk Factors—47. Restrictions on the payment of inducements and distribution fees may reduce fee and commission income and could adversely impact the Group's businesses and results of operations".

Retail and Private banking

Savings and deposit taking

Dutch law does not provide for specific regulation relating to savings or deposit taking by banks. However, banks are subject to the general information and duty of care obligations when advising or offering savings or deposit taking products.

Consumer lending

Banks offering consumer credit are subject to specific regulations applicable to the offering of consumer credit in addition to the general obligations relating to duty of care and, among others, the provision of information.

Prior to the conclusion of an agreement that entails consumer credit banks offering such credit must provide the client with information which the client needs for an adequate assessment of the offer.

Prior to the conclusion of a credit agreement, a bank offering consumer credit must obtain information on the client's financial situation and assess, in order to prevent over-indebtedness, whether concluding the credit agreement is sensible from the client's point of view. If a client is provided with credit advice, the bank providing such advice must collect information about the client's financial position, knowledge, experience, objectives and risk tolerance, insofar as this is reasonably relevant for the advice. The provided advice, insofar as reasonably possible, must be based on the collected information and it must explain the considerations underlying the advice insofar as this is necessary for a proper understanding of the advice.

During the term of the credit agreement, the bank offering consumer credit must in a timely fashion supply to the client information on, among other things, essential changes in the information initially supplied, insofar as those changes are reasonably relevant to the client.

The compensation banks may receive for offering consumer credit (costs of credit) is restricted by law.

If the consumer credit is less than EUR 40,000 additional rules apply to the offering of such credit. These rules are set out in the Consumer Credit Act (*Wet op het consumentenkrediet*) and include requirements applicable to the credit agreement.

Mortgage lending

Banks offering mortgage loans to consumers are subject to specific regulations applicable to the offering of mortgage loans to consumers, in addition to the general obligations relating to the provision of information and duty of care applicable to consumer credit.

Banks offering mortgage loans to consumers must amongst other things (i) offer mortgage loans that are based on actual fixed and long term income information from the client (ii) take into account loan-to-income requirements set by the Temporary Regulation on Mortgage Loans (*Tijdelijke regeling hypothecair krediet*) and (iii) take into account loan-to-value requirements. As of 1 January 2015, the maximum loan-to-value is 103%. This will gradually decrease to 100% as per 1 January 2018.

As of implementation of the Mortgage Credit Directive (which is due on 21 March 2016), when granting, intermediating or advising on consumer mortgage credit, banks must (i) act honestly, fairly, transparently and professionally, taking into account the rights and interests of their prospective and existing clients, (ii) provide their services based on information about the prospective client's or client's circumstances, any disclosed information and on reasonable assumptions about risks to the client's situation over the term of the mortgage credit agreement, (iii) provide the consumer with the personalised information (presented in the European Standardised Information Sheet) needed to compare the credits available on the market, assess their implications and make an informed decision on whether to conclude a credit agreement, and (iv) ensure that, before concluding a credit agreement, a thorough assessment of the consumer's creditworthiness is made. The directive also imposes requirements on early repayment. Consumers must have the right to discharge fully or partially their obligations under a credit agreement prior to its expiry. In such cases, the consumer shall be entitled to a reduction in the total cost of the credit, such reduction consisting of the interest and the costs for the remaining duration of the contract. The law implementing the Mortgage Credit Directive into Dutch law has been introduced to Parliament by the Dutch Minister of Finance on 24 September 2015.

In addition, specific requirements will apply in respect of remuneration of staff involved in the mortgage lending business. The remuneration policy for (i) staff responsible for the assessment of creditworthiness of prospective clients must include measures to avoid conflicts of interest, in particular by providing that remuneration is not contingent on the number or proportion of mortgage loan applications accepted, and (ii) staff providing advisory services must not prejudice their ability to act in the consumer's best interest and in particular must not be contingent on sales targets.

In addition, the maximum loan amount for government-guaranteed mortgage loans (*Nationale Hypotheek Garantie (NHG)*) has been reduced from EUR 265,000 to EUR 245,000 as from 1 July 2015. Separately, the transfer tax on house purchases has been lowered from 6% to 2% to stimulate the housing market. To promote competition in the mortgage market, new transparency rules have been introduced. These rules require creditors to publish their interest rates on their websites and to provide specific information on offers and renewal of offers to new and existing clients. The regulation on tax deductibles has been amended. To be eligible for tax deductibility, new mortgage loans must be redeemed fully (100%) during the term of the loan based on an annuity or linear scheme. For all mortgage loans, new and existing, tax deductibility will be gradually reduced in the next 28 years from a maximum of 52% to a maximum of 38% (see also "Risk Factors—7. Changed legislation applicable to mortgages in the Netherlands may have a significant impact on the Group's mortgage business. This could adversely affect the Group's businesses, financial condition, results of operations and prospects").

The Basel Committee is currently designing proposals that increase the risk sensitivity of real estate exposures, which could have a significant impact on the calculation of the Group's risk weighted assets. See "Risk Factors—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects" and "Risk Factors—40. As a result of capital and liquidity requirements, the Group may not be able to manage its capital and liquidity effectively, which could have a material and adverse impact on the Group's financial condition, regulatory capital position and liquidity position and the Group may be forced to raise additional capital or restrict dividend payments".

Payment services and payment accounts

In 2009, European legislation on payment services mainly set out in the PSD, aimed at opening up payment services to competition from newly licensed payment institutions and increasing consumer protection by introduction of information requirements and uniform operational rules for payment service providers was implemented in the Netherlands. The new PSD had laid the foundation for the creation of a single market in payments and constitutes the legal framework for a single euro payments area (SEPA). A revised European payment services directive ("**PSD II**") introduces additional requirements with respect to payment services in the EEA. PSD II supports the emergence of new players in the payment services area and the development of innovative mobile and internet payments in Europe. Banks will be obliged to allow access to the accounts of their customers for the so called third party payment services providers offering payment initiation services or account information services. The Regulation on interchange fees, accompanying PSD II, introduces, among other things, maximum levels of interchange fees for transactions based on consumer debit and credit cards.

Directive 2014/92/EU of 23 July 2014 provides for the right of European citizens to open a basic payment account anywhere in the EU, and improves the transparency of bank account fees as well as the process of switching accounts. Under the directive, banks may only refuse consumers a basic payment account in specific, limited cases. To improve the transparency of bank account fees, banks will need to make standardised information on fees available. Furthermore, a detailed procedure for consumers who want to switch their account from one bank to another is provided for. Implementation of the directive is due on 18 September 2016.

Insurance brokerage

The IDD regulates brokers and other intermediaries selling insurance products. In contrast to the Insurance Mediation Directive, the scope of the IDD will be extended to all sellers of insurance products, focussing especially on market integration, fair competition between distributors of insurance products and policyholder protection. It is expected that the IDD will be endorsed by the European Parliament and Council by the end of 2015 and will enter into force in 2016. Subsequently, Member States will have two years to implement the IDD into national legislation.

Key proposals are, among other things, mandatory disclosure requirements obliging insurance intermediaries to disclose to their customers the nature of remuneration they receive, including any contingent commissions, and in case the remuneration is directly payable by the customer the amount of the remuneration, or if the full amount of remuneration cannot be calculated, the basis of its calculation. Insurers carrying out direct sales will be required to comply with information and disclosure requirements and certain conduct of business rules, including a general obligation to act honestly, fairly and professionally in accordance with customers' best interests.

MiFID, MiFID II, MiFIR, PRIIPS

On 21 April 2004, MiFID was adopted. MiFID regulates the provision of investment services and investment activities and replaced the Council Directive 93/22/EEC of 10 May 1993 on investment services in the securities field, which established the single European passport for investment firms. MiFID provides a harmonised regime for investment services and investment activities and aims to increase competition and reinforce investor protection. It streamlines supervision on the basis of home country control and enhances the transparency of markets. Furthermore, MiFID has harmonised conduct of business rules, including best execution, conflicts of interest, client order handling rules, rules on inducements and introduced a suitability test and an appropriateness test. When advising a client or performing portfolio management activities a bank must: (i) in the interest of the client, obtain information about the latter's financial position, knowledge, experience, objectives and risk tolerance, insofar as this is reasonably relevant to the advice or the portfolio management, and (ii) ensure that its advice or manner of managing the portfolio, insofar as reasonably possible, is based on the information referred to under (i) (suitability test). When providing other investment services than advice or portfolio management, the bank must perform an appropriateness test relating to the client's knowledge and experience in the investment field relevant to the specific investment service. However, when transmitting and executing client orders at their initiative, and the orders relate to specific (non-complex) financial instruments such as (i) shares admitted to trading on a regulated market, and (ii) instruments normally traded on the money market (this is the execution-only regime), the appropriateness test does not have to be performed. MiFID was implemented into the FMSA on 1 November 2007.

On 15 May 2014, MiFID II and MiFIR were adopted by the European Parliament and the Council. This legislation is not only relevant for the Group's retail and private banking operations, but, among others, also for the Group's clearing business. MiFID II and MiFIR introduce new rules that among other things

- regulate high frequency trading by requiring among other things (i) firms engaged in high frequency trading to be authorised to perform their activities, and (ii) trading venues to set limits on the order to trade ratio and set minimum tick sizes in shares and similar financial instruments,

- enhance the levels of client protection by (i) prohibiting investment firms to receive payments (inducements) from third parties when providing independent advice and portfolio management, (ii) limiting the list of (non-complex) financial instruments in respect of which the execution-only regime without appropriateness test is available: execution only services can, for example, no longer be performed in respect of structured UCITS and (iii) extending the information requirements in relation to the best execution obligations,

- extend the organisational requirements and conduct rules by introducing product governance arrangements such as a product approval process and prohibiting title transfer collateral arrangements in relation to retail clients' dealings in financial instruments,

- extend the application of certain organisational requirements and conduct rules to selling of and advising on structured deposits,

- extend and amend the current market structures by introducing (i) a new trading platform, the organised trading facility (OTF), (ii) a trading obligation for derivatives subject to the EMIR clearing obligation, transactions in these derivatives will be required to take place on a regulated market, a multilateral trading facility (MTF) or an OTF, if the derivative is sufficiently liquid, and (iii) a trading obligation for shares that have been admitted for trading on a regulated market, an MTF or OTF unless exceptions apply, for instance where the transaction does not involve a retail counterparty and the transaction does not contribute to the price formation process,

- increase market transparency by extending the pre- and post-trade transparency regime to non-equities,

- enhance the availability and quality of trading data, and

- extend the scope of the reporting obligation to financial instruments traded on an MTF or OTF and financial instruments having an instrument traded on a regulated market as an underlying, and require additional information to be included in the transaction reports.

The exact scope and substance of most of MiFID II's rules will be clarified in delegated acts, *i.e.*, secondary legislation. MiFID II and MiFIR will be applicable from 3 January 2017 onwards.

On 26 November 2014, Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPS Regulation) was adopted. Packaged retail and insurance-based investment products (PRIIPs) include an investment, where, regardless of the legal form of the investment, the amount repayable to the retail investor is subject to fluctuations because of exposure to reference values or to the performance of one or more assets which are not directly purchased by the retail investor, or an insurance-based investment product (an insurance product which offers a maturity or surrender value and where that maturity or surrender value is wholly or partially exposed, directly or indirectly, to market fluctuations). Before a PRIIPS is made available to retail investors, the PRIIPs manufacturer must draw up for that product a key information document and publish it on its website. The key information document must comply with specific requirements set out in the PRIIPS Regulation. Also persons advising on or selling PRIIPS must provide retail investors with the key information document before a retail investor is bound by any contract or offer. Competent authorities have amongst other powers the power to prohibit or suspend the marketing of a PRIIPS, or impose substantial administrative fines. The PRIIPS Regulation applies from 31 December 2016.

Funds distribution

With respect to open-ended collective investment schemes, the original Undertakings for Collective Investment in Transferable Securities Directive 85/611/EEC ("**UCITS Directive**") set out the original regulatory framework, which has since been amended by Directives 2001/107/EC and 2001/108/EC. The first amending directive extended the range of assets in which a UCITS is permitted to invest, and the second allowed UCITS management companies to operate throughout the EU on the basis of a European passport. These amendments to the UCITS Directive were initiated to increase the efficiency of the European investment fund industry. Directive 2009/65/EC ("**UCITS IV**") is a full recast of the UCITS directives. Amongst others, it has introduced the requirement to make available a key investor information document. UCITS IV was implemented in the FMSA on 22 July 2011. Directive 2014/91/EU ("**UCITS V**") introduces an obligation for management companies to establish and maintain for those categories of staff whose professional activities have a material impact on the risk profiles of the UCITS that they manage, remuneration policies and practices that are consistent with sound and effective management, and further harmonises the tasks and duties of depositaries.

Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers ("**AIFM Directive**"), together with the underlying AIFM Regulation 231/2013 of 19 December 2012, establishes a framework for the regulation and supervision of the alternative investment fund ("**AIF**") industry, particularly hedge funds and private equity funds, but essentially covering all non-UCITS investment funds. The AIFM Directive was implemented in the FMSA on 22 July 2013.

When directly or indirectly offering units or shares of AIFs to, or placing such units or shares with investors, banks and investment firms must ascertain whether the units or shares are being marketed in accordance with the FMSA.

The proposed Money Market Funds Regulation ("**MMFR**") introduces new rules aimed at making money market funds ("**MMFs**") more resilient to crises and at the same time securing their financing role for the economy. MMFs are either UCITS or AIFs that invest in short-term financial instruments and have specific objectives. The MMFR aims to make MMFs safer and provide for more transparency, investor information and investor protection by requiring MMFs to diversify their asset portfolios, invest in higher-quality assets, follow strict liquidity and concentration requirements and have sound stress testing processes in place. The MMFR is currently in the European legislative process.

In addition, the Group is subject to local regulation in jurisdictions outside of the EU where it engages in funds distribution, such as Singapore and Hong Kong.

Corporate banking

Corporate lending, lease and commercial finance

Dutch regulation does not provide for specific regulations relating to corporate lending, leasing and commercial finance services. However, when providing corporate lending, leasing and commercial finance services an entity may be deemed to provide other services that are regulated services such as insurance mediation services.

MiFID II

In addition to the provisions in MiFID II set out above, the following MiFID II provisions are in particular relevant to the Group's merchant banking, clearing and ECT business.

MiFID II introduces requirements for providing direct electronic access (*i.e.*, where a member, participant or client of a trading venue permits a person to use its trading code so the person can electronically transmit orders directly to the trading venue, and that includes either arrangements which involve the use by a person of the infrastructure of the member, participant or client, or any connecting system provided by the member, participant or client, to transmit the orders (direct market access) or arrangements where such an infrastructure is not used (sponsored access)). Providing direct electronic access is subject to assessment, control and monitoring obligations such as the obligation to have in place effective systems and controls which ensure a proper assessment and review of the suitability of clients using the service. Direct electronic access not compliant with these obligations is prohibited.

MiFID II furthermore provides that an investment firm that acts as a general clearing member for other persons must have in place effective systems and controls to ensure clearing services are only applied to persons who are suitable and meet clear criteria and that appropriate requirements are imposed on those persons to reduce risks to the investment firm and to the market. The investment firm must ensure that there is a binding written agreement between the investment firm and the person regarding the essential rights and obligations arising from the provision of that service.

MiFID II narrows the exemptions applicable to proprietary traders and firms trading in commodity derivatives, extends the definition of financial instruments to emission allowances and physically settled commodity derivative contracts traded on an OTF excluding commercial commodity derivative contracts having gas or electricity as an underlying. MiFID II furthermore introduces requirements applicable to the trading of commodity derivatives. Trading venues for commodity derivatives are required to monitor and control position limits set by the authorities. Trading venues as well as investment firms/banks trading in OTC commodity derivatives, are required to report their own and their members' or clients respective positions in commodity derivatives.

The exact scope and substance of most of MiFID II's rules will be clarified in delegated acts, *i.e.*, secondary legislation.

EMIR

EMIR aims to reduce counterparty risks related to OTC derivatives trading and increases the transparency within the OTC derivatives market by requiring OTC derivatives which are declared subject to a clearing obligation to be cleared through central counterparties (CCPs), and by requiring counterparties to implement certain risk mitigation requirements with respect to non-centrally cleared OTC derivative transactions. EMIR also requires all derivatives transactions (OTC or traded on a regulated market) to be reported to registered trade repositories. EMIR applies directly to any entity (financial or non-financial) established in the EU that has entered into a derivatives contract, and applies indirectly to non-EU counterparties trading with EU parties. For non-centrally cleared OTC derivatives, the Group will need to comply with certain operational risk management requirements, including timely confirmation, portfolio reconciliation, record keeping and (in future) the increased exchange of collateral. The implementation of EMIR increases reporting requirements on outstanding and new derivative contracts. As from 12 February 2014, an obligation to report both exchange traded and OTC derivatives transactions to a registered trade repository or (where no trade repository is available to record the details of a derivative contract) to ESMA has been in place.

Securities financing transactions

On 17 June 2015, the European Commission, the European Parliament and the Council reached agreement on a regulation on reporting and transparency of securities financing transactions, to improve the transparency of securities lending and repurchase transactions. The proposed regulation aims to enhance financial stability by ensuring that information on securities financing transactions is reported to central databases and to investors in collective investment undertakings. On 29 October 2015, the European Parliament adopted the agreed text. Formal adoption of the regulation by the Council and publication are expected by the end of 2015.

Recovery and resolution

On 2 July 2014 the BRRD came into force. The BRRD has largely been applicable from 1 January 2015 and will be fully applicable from 1 January 2016 onwards. The BRRD sets out a set of tools available to competent authorities to intervene sufficiently early and quickly in an unsound or failing bank so as to ensure the continuity of the bank's critical financial and economic functions, while minimising the impact of the bank's failure on the economy and financial system.

For "significant" groups, such as the Group, the competent authority for drawing up the Group's resolution plan and applying the tools set forth by the BRRD is the SRB. As provided for by the SRM Regulation, the SRB works in close cooperation with DNB which has been designated as NRA in the Netherlands.

Recovery and resolution plans

Banks are required to draw up and maintain a recovery plan. This plan must provide for a wide range of measures that could be taken to restore a bank's financial condition in case it significantly deteriorates. Banks must submit the plan to the competent supervisory authority for review and update the plan annually or after changes in their legal or organisational structure, business or financial situation that could have a material effect on the recovery plan. Recovery measures could include the strengthening of the bank's capital or divesting part of the business.

The SRB will draw up a resolution plan for the Group providing for resolution actions it may take if the Group fails or is likely to fail. In drawing up the resolution plan, the SRB will identify any material impediments to the resolvability. Where necessary, the SRB may require the removal of such impediments. The SRB may also require a bank to issue additional liabilities. The BRRD requires that banks at all times meet a robust minimum requirement for own funds and eligible liabilities (MREL). The required level of MREL is set on a case by case basis by the SRB based on criteria set forth in the BRRD and further detailed in the EBA FINAL Draft Regulatory Technical Standards on criteria for determining the minimum requirement for own funds and eligible liabilities under Directive 2014/59/EU (issued on 3 July 2015) ("**RTS on MREL**") and depend on the assessment of the level of MREL that is required to successfully implement the resolution plan. On 9 November 2015 the Financial Stability Board ("**FSB**") issued a set of principles and a detailed term sheet on the adequacy of loss-absorbing and recapitalisation capacity of G-SIBs ("**FSB term sheet on TLAC**"). The EBA expects that the RTS on MREL will be broadly compatible with the FSB term sheet on TLAC, and where there are differences resulting from the nature of the EBA's mandate under the BRRD, as well as the fact that the BRRD MREL requirement applies to banks which are not G-SIBs, these differences do not prevent resolution authorities from implementing the MREL for G-SIBs consistently with the international FSB framework.

Early intervention

If a bank would infringe or, due to a rapidly deteriorating financial condition, would be likely to infringe capital or liquidity requirements in the near future, the ECB will have the power to impose early intervention measures on groups that are in scope of the SSM, such as the Group. A rapidly deteriorating financial condition could, for example, occur in case of a deterioration of the liquidity situation, increasing level of leverage and non-performing loans. Intervention measures include the power to require changes to the legal or operational structure of a bank, or the business strategy, and the power to require the managing board to convene a general meeting, failing which the ECB can directly convene a general meeting, in both cases with the power of the ECB to set the agenda and require certain decisions to be considered for adoption by the general meeting.

Pre-resolution measures and resolution measures

If a bank reaches a point of non-viability, the SRB in close cooperation with the NRA could take pre-resolution measures. These measures include the write-down and cancellation of shares or depositary receipts for shares, and the conversion of capital instruments such as a bank's Tier 2 instruments into shares or depositary receipts for shares.

If a bank meets the conditions for resolution, the SRB may take a resolution measure. Conditions for resolution are: (i) the bank fails or is likely to fail (point of non-viability), (ii) having regard to the circumstances, there is no reasonable prospect that any alternative private sector or supervisory action would, within a reasonable timeframe, prevent the bank from failing, and (iii) the resolution measure is in the public interest. A bank is considered to fail or likely to fail if there are objective elements to support a determination that in the near future the bank will infringe capital requirements, the bank's liabilities will exceed its assets, the bank will infringe regulatory liquidity requirements or the bank will be unable to pay debts and liabilities as they fall due.

Resolution tools of the SRB will include a sale of a business or part of a business, an asset separation tool and a bail-in tool that would enable the write-down and conversion of debt into equity to strengthen the financial condition of the failing bank and allow it to continue as a going concern subject to appropriate restructuring.

Resolution fund

A bank is only eligible for contribution by the Single Resolution Fund after a resolution action is taken, if the holders of instruments of ownership such as the DR Holders, the holders of relevant capital instruments and the holders of other eligible liabilities have made a contribution (by means of a write-down, conversion or otherwise) to loss absorption and recapitalisation equal to an amount not less than 8% of the total liabilities (including own funds and measured at the time of the resolution action). Banks will have to contribute to the Single Resolution Fund through ex-ante contributions to be paid annually to the NRA. The ex-ante contribution amount of Dutch banks is based, pro rata, on the amount of their liabilities less covered deposits, with respect to the aggregate liabilities less covered deposits of all the relevant institutions in the Netherlands. The contributions may be adjusted in proportion to the risk profile of the bank. If the ex-ante contributions are insufficient to cover the losses, costs or other expenses incurred by the use of the Single Resolution Fund, an extraordinary ex post contribution may be levied. The extraordinary ex-post contribution may not be higher than three times the annual ex-ante contribution.

Intervention Act

Through the coming into force of the Dutch Intervention Act, DNB had been granted the power to take various measures in respect of banks and insurance companies if it perceives signs of a dangerous development regarding the entity's own funds, solvency or liquidity and it can reasonably be foreseen that this development cannot be sufficiently or timely reversed. The national framework for intervention by DNB will be amended by the law implementing the BRRD. The scope of the intervention measure to transfer shares, assets or liabilities on the basis of a transfer plan will be limited to insurance companies (and thus no longer apply to banks). However, the scope of the powers granted to the Dutch Minister of Finance under the Dutch Intervention Act is likely to remain as is. The Dutch Minister of Finance may, with immediate effect, take measures or expropriate assets of or securities issued by or with the cooperation of a financial firm (*financiële onderneming*) or its parent, in each case if it has its corporate seat in the Netherlands, if in the Minister's opinion the stability of the financial system is in serious and immediate danger as a result of the situation in which the firm finds itself. Provisions of Dutch law and the firm's articles of association may be set aside. Examples of immediate measures include the suspension of voting rights or the suspension of board members. The measures may only be used if other measures would not or no longer work, or would be insufficient. In addition, to ensure such measures are utilised appropriately, the Dutch Minister of Finance must consult with DNB in advance. A decision by the Dutch Minister of Finance to intervene must be taken in agreement with the Dutch Prime Minister. The Dutch Minister of Finance must further inform the AFM of his intentions, whereupon the AFM must give an instruction to Euronext Amsterdam to suspend trading in any securities that are expropriated. In the case of expropriation, the beneficiary of the relevant asset will be compensated for any damage that directly and necessarily results from the expropriation. It is unlikely that such compensation will cover all losses of the relevant beneficiary.

Emergency regime

The FMSA provides for an emergency regime (*noodregeling*) which the court can declare in respect of a bank at the request of DNB if the latter perceives signs of a dangerous development regarding the bank's own funds, solvency or liquidity and it can reasonably be foreseen that this development cannot be sufficiently or timely reversed. As of the date of the emergency, only the court appointed administrators have the authority to exercise the powers of the representatives of the bank. In addition, the emergency regime provides for special measures for the protection of the interests of the creditors of the bank. A bank can also be declared bankrupt by the court.

Deposit guarantee scheme

The deadline for the transposition of the majority of provisions of DGSD into national law was 3 July 2015. In the Netherlands the provisions of DGSD have not yet been implemented and a decree implementing the DGSD is expected to be adopted by the Dutch Minister of Finance before the end of 2015. The Dutch Ministry of Finance has indicated to Parliament that should an insolvency event occur, the rules and procedures in accordance with DGSD will be followed to the fullest extent possible. The funding of the current DGS will be amended from an ex-post funded system to a partially ex-ante funded system. This means that participating banks will have to contribute to the scheme on a periodic basis rather than facing charges only when an actual insolvency event occurs requiring them to compensate the clients of the affected banks. The available means in the DGS system will in principle need to be 0.8% of the amount of covered deposits held with the participating banks in 2024. Contributions will be based on the covered deposits of the bank and risk based contributions, but Member States may also impose minimum contributions to compensate clients of the affected bank. Additional requirements of the DGSD include a broadening of the scope of clients for whom the deposit guarantee will be available (in addition to consumer deposits, deposits of businesses will be included, whereas currently only companies that are allowed to publish abridged annual accounts fall within its scope), transparency and information requirements to customers and the shortening of the period for making payments under the DGS from 20 working days to 7 working days.

Investor compensation scheme

The FMSA provides for an investor compensation scheme which aims to compensate persons that have entrusted money or financial instruments to, among others, banks or investment firms, in the event that the financial firms concerned are unable to fulfil their obligations ensuing from claims relating to investment services or ancillary services.

The Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantee FMSA (*Besluit bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft*) provides for rules requiring, among others, banks and investment firms to bear the costs of the investor compensation scheme. The amount due is mainly calculated on the basis of the amount of moneys and number of financial instruments held.

The investor compensation scheme can be invoked by private individuals and small undertakings (*i.e.*, undertakings which may publish an abridged balance sheet). The following entities can, among others, not invoke the investor compensation scheme (i) private individuals who are managing board members of the defaulting bank or investment firm or shareholders who have an interest of 5% or more in the defaulting bank or investment firm (or a group company of the defaulting bank or investment firm), or their immediate family members, (ii) professional investors (such as, among others, banks, investment funds, insurance companies, pension funds and large undertakings), and (iii) professional market parties.

Claims with respect to money or securities (i) that cannot be returned to the investor because the bank or the investment firm concerned is unable to perform its obligations, and (ii) related to the performance of certain investment services, are eligible for compensation. The investor compensation scheme guarantees an amount not exceeding EUR 20,000 per person.

Supervision of insurance activities

As from 1 January 2016, the insurance companies in the Group (in the Netherlands, Belgium, France, and Luxembourg) must comply with a new solvency framework and prudential regime commonly referred to as "**Solvency II**". Solvency II consists of a Directive (2009/138/EC) to be implemented in Dutch law as per 1 January 2016, a Delegated Regulation ((EU) 2015/35) and a number of technical standards and guidelines issued by EIOPA. Solvency II completely overhauls the solvency framework and prudential regime currently applicable to insurers and requires them to make adaptions in many areas to comply with this new regime.

Solvency II consists of three pillars. The first pillar is made up of quantitative requirements, most importantly introducing a risk-based solvency capital requirement calculated on the basis of a market value consistent balance sheet and taking into account the actual risks run by the insurer and their interconnectedness. Only own funds that meet strict requirements are eligible to meet the solvency capital requirement. The second pillar complements the first with qualitative requirements regarding the governance of insurers. Rules in this pillar most importantly relate to the internal organisation of insurers including rules on key functions, risk management and the internal control of insurers. In the area of risk management the requirement of an own risk and solvency assessment (ORSA) is introduced requiring insurers to undertake a self-assessment of their risks, corresponding solvency requirements, and adequacy of own funds. The third pillar introduces a greater level of transparency than currently, requiring extensive reporting to supervisory authorities and a solvency and financial condition report to be made public.

Insurers are also subject to conduct of business rules that are very similar to those applicable to banks. See "—Supervision of banking services and activities—General". Insurers are furthermore subject to the PRIIPS Regulation and EMIR and will also become subject to the IDD once implemented in Dutch law. See "—Supervision of banking services and activities—Retail and Private banking—MiFID, MiFID II, MiFIR, PRIIPS", "—Supervision of banking services and activities—Retail and Private banking—EMIR" and "—Supervision of banking services and activities-Retail and Private banking—Insurance brokerage". If insurers offer mortgage credit, they are also subject to the rules on mortgage lending. See "—Supervision of banking services and activities—Retail and Private banking/Mortgage lending". Anyone acquiring a qualifying holding in an insurer must comply with rules on structural supervision as is the case with respect to banks. See "—Sound and prudent business operations—Structural supervision—Declaration of no objection for a qualifying holding in a bank".

As is the case with respect to banks, Dutch insurers are subject to certain rules on recovery and resolution. For life insurers the FMSA provides for a relief scheme (*opvangregeling*) that can be deployed by DNB in certain specific circumstances. The relief can consist of obligatory reinsurance of all or part of the life insurer's portfolio or obligatory transfer of the life insurer's portfolio. As already set out above, insurers are also subject to the Dutch Intervention Act: see "—Recovery and resolution—Intervention Act". In case DNB perceives signs of a dangerous development regarding the insurer's own funds, solvency or technical provisions and it can reasonably be foreseen that this development cannot be sufficiently or timely reversed, DNB may request the court to declare the insurer subject to an emergency regulation (*noodregeling*). The rules on emergency regulation are similar to those applying to banks. See "—Recovery and resolution—Emergency regulation".

Dutch Data Protection Act

This section is applicable to all Group businesses that are processing personal data in the Netherlands.

The Dutch Data Protection Act (*Wet bescherming persoonsgegevens*, the "**WBP**") entered into force on 1 September 2001. The legislation implemented EU Directive 95/46/EC of 4 October 1995 on the protection of individuals with regard to the processing of personal data and the free movement of such data and imposes restrictions on the collection, use and other forms of processing of personal data. Under the WBP, personal data may only be processed if the criteria for making data processing legitimate are met. If the data processing is indeed legitimate (*i.e.*, if the statutory criteria apply), then such processing must at all times comply with the rules set out in the WBP.

In the Netherlands, the Dutch Banking Association and the Dutch Association of Insurers prepared a code of conduct for the processing of personal data by financial institutions. This code was approved by the CBP on 13 April 2010 for a period of five years. While this approval lapsed, no announcements were made regarding compliance with this code of conduct until approval of a new code.

In January 2012, a formal draft of the new General Data Protection Regulation was issued by the European Commission. The General Data Protection Regulation will be directly binding for EU member states and is expected to come into force in 2018. The new regulation aims to (a) better protect personal data of EU citizens, (b) replace the current (national) legislation and (c) adjust it to twenty-first century requirements and technology.

Latest developments

On 30 September 2015 the European Commission published an action plan on building a Capital Markets Union ("**CMU**"). The key objectives of the CMU are to improve the free movement of capital by removing the barriers for cross-border investments and to diversify the sources of funding. The CMU aims to complement Europe's tradition of bank financing by (i) unlocking more investments from the EU and the rest of the world, (ii) connecting financing more effectively to investment projects across the EU, (iii) making the financial system more stable, (iv) reinforcing financial integration and (v) increasing competition. In addition the European Commission published proposals for establishing a framework for simple, transparent and standardised securitisations and new regulatory capital requirements for securitisations for banks in CRR. Also, the European Commission has started a public consultation on covered bonds. By the end of 2015 the European Commission intends to review the Prospectus Directive (Directive 2003/71/EC) to reduce barriers for the listing of smaller firms and publish a Green Paper on retail financial services to boost consumer choice and competition in cross border retail financial services and insurance. From 2016 and in subsequent years, the European Commission intends to support access to finance, increase investments and removing barriers to cross border investments.

International regulation

FATCA

On 18 December 2013, the US and the Netherlands entered into an intergovernmental agreement (an "**IGA**") to facilitate the implementation of the provisions of US tax law commonly known as FATCA. All jurisdictions in which the Group operates have substantially concluded IGAs with the US. The Group intends to be fully compliant with FATCA and any applicable IGA, and expects FATCA and IGAs to have a continuous impact on client on-boarding processes, client administration and reporting systems.

Sanction regulation

Sanctions are political instruments in the foreign and security policy of countries and international organisations (such as the United Nations and EU). Sanctions regimes imposed by governments, including those imposed by the European Union, US, including the Office of Foreign Assets Control, or other countries or international bodies prohibit the Group and its clients from engaging in trade or financial transactions with certain countries, businesses, organizations and individuals. These legislative, regulatory and other measures include anti-terrorism measures, international sanctions, blockades, embargoes, blacklists and boycotts imposed by, amongst others, the EU, the United States and the United Kingdom, but also by individual countries. Violation of sanction regimes may have material implications such as criminal penalties, administrative fines and the prohibition to do business in the country that proclaimed the sanctions.

MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

This section summarises certain information concerning the Managing Board, the Supervisory Board and the Group's employees. This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the Articles of Association, the Relationship Agreement, the Rules of Procedure of the Managing Board (as defined below), the Rules of Procedure of the Supervisory Board (as defined below) and the relevant provisions under Dutch corporate law. The Articles of Association, the Rules of Procedure of the Managing Board and the Rules of Procedure of the Supervisory Board are available in the governing Dutch language and an unofficial English translation thereof on the Group's website (www.abnamro.com). The Relationship Agreement (in the governing English language) is also available on the Group's website.

Management Structure

The Company has a two-tier board structure consisting of the Managing Board and the Supervisory Board. The Managing Board is the statutory executive body (*bestuur*) and is responsible for the day-to-day management of the Company. The Supervisory Board (*raad van commissarissen*) supervises and advises the Managing Board. In the Relationship Agreement, it has been agreed that the managing board of ABN AMRO Bank will comprise of the same persons as the Managing Board and that the supervisory board of ABN AMRO Bank will comprise of the same persons as the Supervisory Board.

As from the listing, the Company will be subject to the provisions in the DCC referred to as the 'structure regime' (*structuurregime*). Currently, the Company applies the 'mitigated structure regime', which mitigated regime is available for the Company as long as its issued share capital is (indirectly) wholly-owned by the Dutch State. The difference between the mitigated structure regime and the structure regime is that in the mitigated regime, members of the Managing Board are appointed and dismissed by the General Meeting, whereas under the structure regime they are appointed, suspended and dismissed by the Supervisory Board. As from listing, the structure regime will apply to the Company. Under Dutch law, a 'structure company' (*structuurvennootschap*) is a company that meets the following criteria: (i) according to the balance sheet with explanatory notes the sum of the issued share capital of the company and its reserves amounts to at least EUR 16,000,000, (ii) the company or a dependent company has, pursuant to a legal obligation, established a works council, and (iii) the company and its dependent companies together normally employ at least 100 employees in the Netherlands. The members of the Supervisory Board are appointed according to a special procedure (see "—Supervisory Board—Composition, term and removal") in which not only the Supervisory Board and the General Meeting, but also the Company's Works Council plays an important role.

Managing Board

Powers and function

The Managing Board is responsible for the management of the Company's operations, subject to the supervision of the Supervisory Board. The Managing Board's responsibilities include, among other things, defining and attaining the Company's objectives, determining the corporate strategy and risk appetite, and day-to-day management of the Company's operations. The Managing Board may perform all acts necessary or useful for achieving the Company's objectives, with the exception of those acts that are prohibited by law or by the Articles of Association. In performing its duties, the Managing Board is required to be guided by the interests of the Company which include the interests of the business associated with it (which include but are not limited to the legitimate interests of the customers, the savers and deposit holders, the Shareholders, the DR Holders, the employees, and the society in which the Company carries out its activities). Pursuant to the Articles of Association, the Rules of Procedure of the Managing Board, the Rules of Procedure of the Supervisory Board (both as defined below) and the Relationship Agreement, the Managing Board must submit certain important decisions to the Supervisory Board, to the General Meeting or to NLFI for approval, as more fully described below.

Unless the law provides otherwise, the Managing Board as a whole is authorised to represent the Company. In addition, two members of the Managing Board, or one member of the Managing Board and a holder of a power of attorney (*procuratiehouder*) for that purpose, acting jointly, have the authority to represent the Company.

For ABN AMRO Bank, the power to represent vests in (i) the managing board of ABN AMRO Bank as a whole, (ii) two members of the managing board of ABN AMRO Bank acting jointly and (iii) one member of the managing board of ABN AMRO Bank acting together with the holder of a power of attorney who has been authorised to do so. In addition, ABN AMRO Bank can be represented by holders of a power of attorney with due observance of the restrictions attached to the powers granted to them, whereby ABN AMRO Bank's principle is that representation should always take place by two individuals acting jointly.

Rules of Procedure of the Managing Board

The Managing Board has adopted rules regarding its functioning and internal organisation on 6 November 2015 (the "**Rules of Procedure of the Managing Board**").

Composition, appointment and removal

The Articles of Association provide that the Supervisory Board determines the number of members of the Managing Board. The Supervisory Board may appoint one of the members of the Managing Board as chairman. As of the date of this Prospectus, the Managing Board consists of seven members.

The Supervisory Board appoints the members of the Managing Board. The Supervisory Board shall inform the General Meeting of a contemplated appointment of a member of the Managing Board. Only candidates that meet the fit and proper requirements provided for in the FMSA are eligible for appointment.

Pursuant to the Relationship Agreement, the Supervisory Board shall give NLFI the opportunity to advise on the decision to appoint or reappoint a member of the Managing Board and on the decision to appoint the chairman of the Managing Board, until NLFI directly or indirectly holds less than 10% of the issued share capital of the Company.

The Supervisory Board may at all times suspend a member of the Managing Board. If the Supervisory Board fails to adopt a resolution on his or her dismissal or extension of the suspension within three months after suspension of a member of the Managing Board, the suspension shall be terminated. The suspension may only be extended once for a maximum term of three months. The suspended member shall be given the opportunity to account for his or her actions at the General Meeting in which the General Meeting shall be given the opportunity to advise on the intended dismissal and he or she may arrange for an adviser to be present for assistance in that meeting.

The Managing Board has established a number of committees that are responsible for the preparation of decision-making on certain subjects and for advising the Managing Board on certain matters. These committees include three risk-related committees: the Group Risk Committee, the Group Asset & Liability Committee and the Central Credit Committee. In addition, the Managing Board has installed the Group Disclosure Committee responsible for advising on disclosures of the Group, the Group Regulatory Committee responsible for maintaining insight and oversight on changing (inter)national laws and regulations and the Group Transitional Management Committee responsible for coordinating a number of bank-wide projects.

Terms

Members of the Managing Board are appointed for a term which ends at the close of the first General Meeting that is held after the end of a period of four years following the last appointment of the respective member of the Managing Board, unless a shorter period was determined at the appointment. A member of the Managing Board may be reappointed with due observance of the provisions in the preceding sentence. The Supervisory Board will draw up a retirement schedule for the members of the Managing Board. With the exception of Mr Van Dijkhuizen, who was appointed in 2013 for a period of four years, all members of the Managing Board were reappointed in the General Meeting, held on 10 April 2014, for a period of four years. The Managing Board members were reappointed, taking into due consideration their performance during the previous four year term and the strategic goals of the Group in the upcoming years.

The below overview shows the terms of appointment of the members of the Managing Board:

Name	Member as of	Date of reappointment (at General Meeting)	End of mandate
Gerrit Zalm	1 April 2010	10 April 2014	2018
Johan van Hall	18 December 2009	10 April 2014	2018
Kees van Dijkhuizen	1 May 2013	2017	2017[(1)]
Caroline Princen	1 April 2010	10 April 2014	2018
Wietze Reehoorn	1 April 2010	10 April 2014	2018
Chris Vogelzang	1 April 2010	10 April 2014	2018
Joop Wijn	1 April 2010	10 April 2014	2018

(1) Year of end of current mandate assuming no reappointment at the General Meeting of 2017.

Succession planning

The Group has succession planning in place for both the Managing Board positions and members positioned in three layers below the Managing Board level (the "**Management Group**"). In case of vacancies the Group's preference is to appoint internal candidates. In 2014, 10% of the Management Group members left the Management Group in good consultation (both the individual member and the Management Group were satisfied with the change of position of the individual member, *i.e.*, from Management Group member to non-Management Group member), and 30% was placed in a different position within the Management Group. During 2011-2014, the number of Management Group members that decided to leave ABN AMRO Bank for an opportunity outside ABN AMRO Bank was limited. There was no perceivable direct link between external outflow of members of the Management Group and the various remuneration restrictions, such as the variable compensation cap at 20% of base salary for Management Group members in accordance with Wbfo restrictions (see also "—Restrictions on Remuneration").

Board meetings and decisions

The Managing Board must obtain the approval of the General Meeting for resolutions entailing a significant change in the identity or nature of the Company or its business. This includes in any event: (i) the transfer of all or substantially all business of the Company to a third party, (ii) entering into or terminating a long-term collaboration by the Company or a subsidiary with another legal entity or company or as fully liable partner in a limited or general partnership, if the collaboration or the termination of the collaboration is of material importance to the Company, and (iii) the Company's or a subsidiary taking or divesting a participating interest in the capital of a company with a value of at least one-third of the Company's equity, according to the consolidated balance sheet including explanatory notes in the most recently adopted annual accounts. Pursuant to the Articles of Association, approval of the General Meeting is also required for (among other matters, as described in the Articles of Association) changes to the Company's name, statutory seat or objectives, and the Managing Board requires the approval of the General Meeting for resolutions to vote on the Company's shares in the capital of ABN AMRO Bank in respect of resolutions at the level of ABN AMRO Bank regarding amendments of its articles of association, dissolution, issuances of shares, capital reduction and share transfers. Certain resolutions of the General Meeting (among other matters, as described in the Articles of Association) require a qualified majority. See for more information on the additional approval rights of NLFI "Shareholder Structure and Related Party Transactions—Relationship Agreement".

Certain (other) important resolutions of the Managing Board identified in the Articles of Association, the Rules of Procedure of the Supervisory Board and the Rules of Procedure of the Managing Board require the approval of the Supervisory Board. The Managing Board shall, among other matters, submit to the Supervisory Board for approval resolutions regarding (i) the risk appetite (at least once a year and any material changes to the risk appetite in the interim), (ii) entering into or terminating a long-term collaboration, either between the Company or a dependent entity and another legal entity or company, or in its capacity as fully liable partner in a limited or general partnership if such collaboration or terminating is of material significance for the Company, (iii) a proposal to take a participating interest in the capital of a company or to make an investment of at least fifty million euro (EUR 50,000,000) or if lower, to take a participating interest or make an investment equal to at least one quarter of the sum of the issued share capital and the reserves of the Company, as shown in the Company's balance sheet with explanatory notes, as well as a far-reaching increase or reduction of such a participating interest, (iv) a proposal to dissolve the Company, (v) an application for bankruptcy and for suspension of payments, and (vi) a termination of the employment of a considerable number of employees of the Company or of a dependent company at the same time or within a short time span. The Supervisory Board may resolve that other resolutions require its approval. The absence of approval by the General Meeting or the Supervisory Board, respectively, of a resolution as referred to above does not affect the authority of the Managing Board or its members to represent the Company.

Conflict of interest

Dutch law provides that a member of the Managing Board of a Dutch public limited liability company or Dutch private limited liability company may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal conflict of interest. This rule also applies to the Company. If no resolution can be taken as a consequence of all members of the Managing Board having a conflict of interest, the resolution concerned will be adopted by the Supervisory Board. In addition, if a member of the Managing Board does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and this member may be held liable towards the Company. Every member of the Managing Board shall notify the chairman of the Supervisory Board and all other members of the Managing Board of any (potential) conflict of interest and shall provide all relevant information.

Temporary management

In case one or more members of the Managing Board are prevented from acting or are absent, the remaining members of the Managing Board are temporarily in charge of the management of the Company. The Supervisory Board may appoint a temporary member of the Managing Board that replaces the member of the Managing Board that is prevented from acting or absent. In case all members are prevented from acting or are absent, the Supervisory Board will temporarily assume management of the Company. In such an event, the Supervisory Board is authorised to designate one or more temporary members of the Managing Board.

Members of the Managing Board

At the date of this Prospectus, the members of the Managing Board are:

Name	Business experience and activities
Gerrit Zalm	Mr Zalm (1952) is a Dutch national. He was appointed as Chairman to the managing board of ABN AMRO Bank N.V. (pre-merger with Fortis Bank (Nederland) N.V.) on 9 April 2009 and to the managing boards of ABN AMRO Group N.V. and Fortis Bank (Nederland) N.V. (as per 1 July 2010 merged with ABN AMRO Bank N.V.) on 1 April 2010. Before joining the bank, Mr Zalm was Dutch Minister of Finance of the Netherlands (from 1994-2002), chairman of the VVD Liberal Party in the Lower House (2002) and Dutch Minister of Finance (2003-2007). Prior to this, he was head of the Netherlands Bureau for Economic Policy Analysis, a professor at Vrije Universiteit Amsterdam and held various positions at the Dutch Ministry of Finance and Economic Affairs. Between serving as Dutch Minister of Finance and joining ABN AMRO, he was Chief Economist (July 2007-January 2008) and CFO (January 2008-December 2008) at DSB Bank N.V. Mr Zalm was appointed to the managing board of the former ABN AMRO Bank N.V. (later renamed to RBS N.V.) on 1 January 2009 in the role of vice-chairman and on 28 February 2009 he became chairman until 1 April 2010. Additionally, from 28 February 2009 to 1 April 2010, he was appointed chairman of the managing board of ABN AMRO Holding N.V. From 1 January 2009 to 1 April 2010, he also became chairman of the team responsible for the integration of ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. Mr Zalm has furthermore held positions as chairman of the supervisory board of Nederlands Dans Theater from November 2008 to May 2011, chairman of the Trustees of the International Accounting Standards Board from October 2007 to August 2010 and member of the Supervisory Board Nationaal Fonds Kunstbezit from September 2007 to July 2013. Mr Zalm studied General Economics at Vrije Universiteit Amsterdam and received an Honorary Doctorate in Economics from this university. Currently, Mr Zalm is non-executive director of Royal Dutch Shell, chairman of the advisory council “Wigo-4it” (a cooperative effort on IT of the social assistance organisations of the four largest cities in the Netherlands), board member of the Dutch Banking Association, and chairman of the board of governors of the National Academy for Finance and Economics.
Johan van Hall	Mr van Hall (1960) is a Dutch national. He was appointed to the managing board of ABN AMRO Bank N.V. (pre-merger with Fortis Bank (Nederland) N.V.) on 9 April 2009, to the managing board of ABN AMRO Group N.V. on 18 December 2009 and to the managing board of Fortis Bank (Nederland) N.V. (as per 1 July 2010 merged with ABN AMRO Bank N.V.) on 1 April 2010. Mr van Hall is the chief operating officer responsible for Technology, Operations & Property Services. As per 1 June 2013, Mr van Hall is the vice-chairman of the Managing Board. Mr van Hall joined ABN AMRO in 1982, where he started his career in audit. His last role in that field was global head of IT audit. Early 2004, he became member of the Management Team of Business Unit Netherlands, responsible for Services Region NL. After the acquisition of ABN AMRO Holding N.V. by the Consortium in October 2007, Mr van Hall became Chief Operating Officer of the Dutch acquired businesses and was responsible for the separation of the Dutch state acquired business. From 28 February 2009 to 1 April 2010, he was appointed to the managing boards of the former ABN AMRO Bank N.V. (later renamed to RBS N.V.) and the ABN AMRO Holding N.V. In February 2009 he also joined the team responsible for the integration of ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. where he focused on IT, Operations, property and procurement. Mr van Hall studied Chartered Accountancy at NIVRA and holds an IT Audit degree from Vrije Universiteit Amsterdam. Currently, Mr van Hall is member of the supervisory board of Equens SE (pan-European processor of payments and cards), vice-chairman of the Central Committee for Statistics, member of the supervisory council of Christelijk Voortgezet Onderwijs Baarn/Soest, board member of Nyenrode Europe India Institute, member of the NBA Signaleringsraad (Dutch professional organisation for accountants) and chairman of the Stichting ABN AMRO Support for SUPPORT.
Kees van Dijkhuizen	Mr van Dijkhuizen (1955) is a Dutch national. He was appointed to the managing boards of ABN AMRO Group N.V. and ABN AMRO Bank N.V. on 1 May 2013 and became Chief Financial Officer on 1 June 2013. Mr van Dijkhuizen held various positions at the ministries of Finance and Economic Affairs. In 1999 he became Director General of the Budget at the Ministry of Finance. From 2000 to 2005, Mr van Dijkhuizen was appointed Treasurer General. He was chief financial officer of NIBC Bank NV from 2005 to 2013, as well as its vice-chairman from September 2009 to 2013.

Name	Business experience and activities
	Furthermore, Mr van Dijkhuizen was a member of the supervisory council of TNO from November 2009 to November 2014. Mr van Dijkhuizen studied General Economics at Vrije Universiteit Amsterdam.
	Currently, Mr van Dijkhuizen is member of the supervisory council of Museum Meermanno, member of the board of Stichting Duisenberg School of Finance, member of the board of Stichting Bewind (Protector and administrator, testamentary duties, regarding separated capital for part of the House of Oranje-Nassau), member of the AFM Capital Market Committee, chairman of the committee on supervision of the Dutch Banking Association and chairman of the Government Committee on Export, Import and Investment Guarantees.
Caroline Princen	Ms Princen (1966) is a Dutch national. She was appointed to the managing boards of ABN AMRO Group N.V., ABN AMRO Bank N.V. (pre-merger with Fortis Bank (Nederland) N.V.) and Fortis Bank (Nederland) N.V. (as per 1 July 2010 merged with ABN AMRO Bank N.V.) on 1 April 2010 and is responsible for People, Regulations & Identity.
	Ms Princen started her career in 1992 as an advisor with YDL Management Consultants. She became partner in 1996 and was appointed managing partner in 2001. Ms Princen became Chief Executive Officer of Nedstaal B.V. in 2005. She joined ABN AMRO in 2009 and became member of the team responsible for the integration of ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. In this function, Ms Princen was responsible for HR, legal, compliance, communication and sustainability. Ms Princen studied Organisational Psychology at Rijksuniversiteit Utrecht. Furthermore, Ms Princen was a member of the supervisory board of Nedstaal B.V. from April 2009 to July 2012, a member of the supervisory board of WIFS (Women in Financial Services) from September 2010 to October 2014 and a member of the supervisory council of Universiteit Utrecht from November 2010 to January 2014.
	Currently, Ms Princen is member of the supervisory councils of EYE Film Institute and Universitair Medisch Centrum Utrecht, member of the supervisory board of Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A., board member of Stichting Steun Alzheimercentrum VUmc, and chairperson of Stichting ABN AMRO Foundation. With effect of 1 January 2016, Ms Princen will be a member of IMD Foundation Board.
Wietze Reehoorn	Mr Reehoorn (1962) is a Dutch national. He was appointed to the managing boards of ABN AMRO Group N.V., ABN AMRO Bank N.V. (pre-merger with Fortis Bank (Nederland) N.V.) and Fortis Bank (Nederland) N.V. (as per 1 July 2010 merged with ABN AMRO Bank N.V.) on 1 April 2010 as Chief Risk Officer responsible for Risk Management & Group Strategy.
	Mr Reehoorn joined ABN AMRO in 1988 as a trainee and held several senior management positions in wholesale, commercial & corporate banking and risk management in Business Unit Netherlands and Europe. In 2000, he was appointed corporate executive vice-president responsible for financial restructuring & recovery and in 2001 he also became a member of the management team of Business Unit Netherlands responsible for risk management. In 2002, he became head of corporate development responsible for group strategy and M&A. Mr Reehoorn re-joined the management team of Business Unit Netherlands in 2004, responsible for Corporate Clients, and later became head of commercial and corporate banking. After the acquisition of ABN AMRO Holding N.V. by the Consortium in October 2007, Mr Reehoorn was appointed CEO merchant banking for the combined commercial and corporate banking businesses in the Netherlands. In 2009, he joined the team responsible for the integration of ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. In this function, Mr Reehoorn was responsible for risk management & strategy. Mr Reehoorn studied Dutch Law at Rijksuniversiteit Groningen. Mr Reehoorn was a member of the supervisory board of Amsterdam Bright City from April 2009 to September 2013 and a member of the council of members of The Royal Tropical Institute from September 2008 to May 2013.
	Currently, Mr Reehoorn is member of the supervisory council of Rijksuniversiteit Groningen, member of the supervisory board of Stichting Amsterdam Institute of Finance, member of the supervisory council of Stichting Topsport Community and board member of the Abe Bonnema Stichting.
Chris Vogelzang	Mr Vogelzang (1962) is a Dutch national. He was appointed to the managing board of ABN AMRO Bank N.V. (pre-merger with Fortis Bank (Nederland) N.V.) on 9 April 2009, and to the managing boards of ABN AMRO Group N.V. and Fortis Bank (Nederland) N.V. (as per 1 July 2010 merged with ABN AMRO Bank N.V.) on 1 April 2010 and is responsible for Retail and Private Banking.
	Mr Vogelzang began his career in 1988 with Royal Dutch Shell Group. While there, he held senior management positions in sales, oil trading and marketing and had various international positions in a number of countries in Africa and Europe. He joined ABN AMRO in 2000 as a

Name	Business experience and activities
	corporate executive vice president, responsible for retail marketing and later became head of business development Netherlands. He was subsequently named head of consumer banking Netherlands, and was a member of the management team of ABN AMRO Netherlands. In 2007, Mr Vogelzang was appointed senior executive vice president, responsible for Business Unit private clients. He also served as the chief executive officer of Fortis private banking in 2008. From 28 February 2009 to 1 April 2010, he was appointed to the managing boards of the former ABN AMRO Bank N.V. (later renamed to RBS N.V.) and ABN AMRO Holding N.V. In February 2009, he also joined the team responsible for the integration of ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. In this function, Mr Vogelzang was responsible for retail and private banking. Mr Vogelzang studied Business Economics at Rijksuniversiteit Groningen. Mr Vogelzang was a member of the board of Vereniging voor de Effectenhandel from January 2010 to January 2013, a member of the board of Stichting Steun Emma Kinderziekenhuis from August 2004 to March 2014, a member of the board of the Marketing Advisory Board Rijksmuseum from September 2003 to January 2015 and a member of the board of Stichting Fotografiemuseum Amsterdam (FOAM) from September 2011 to September 2015.
	Currently, Mr Vogelzang is member of the supervisory board of Hespri Holding B.V., member of the supervisory councils of Stichting Prins Bernhard Cultuurfonds and the Rijksmuseum, board member of the Dutch Banking Association, board member of Alumnifonds (Ubbo Emmius Fonds) of Rijksuniversiteit Groningen and treasurer within the board of Stichting Aanwending Loterijgelden Nederland.
Joop Wijn	Mr Wijn (1969) is a Dutch national. He was appointed to the managing boards of ABN AMRO Group N.V., ABN AMRO Bank N.V. (pre-merger with Fortis Bank (Nederland) N.V.) and Fortis Bank (Nederland) N.V. (as per 1 July 2010 merged with ABN AMRO Bank N.V.) on 1 April 2010 and is responsible for Corporate Banking.
	Mr Wijn joined ABN AMRO as investment manager private equity in 1994. In 1998, he was elected as a Member of Parliament and in 2002 was appointed State Secretary of Economic Affairs after which he became State Secretary of Finance. In 2006 he was appointed Cabinet Minister of Economic Affairs. From 2007 until 2009, Mr Wijn was senior executive vice president at Rabobank for SME and agricultural clients. In 2009, he joined the team responsible for the integration of ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. In this function, Mr Wijn was responsible for commercial and merchant banking. Mr Wijn studied Dutch Law and Economics at the Universiteit van Amsterdam. Mr Wijn was a member of the board of the International Chamber of Commerce of the Netherlands from October 2009 to October 2013 and a member of the board of Stichting American European Community Association (Nederland) from April 2007 to August 2015.
	Currently, Mr Wijn is member of the supervisory boards of Schiphol Group, Jaarbeurs Utrecht and Stadsherstel Amsterdam N.V., chairman of the board of Stichting Oranje Fonds, member of the executive board of Vereniging VNO-NCW and chairman of Stichting Kunst & Historisch Bezit ABN AMRO.

The business address of the members of the Managing Board is the Company's registered address, Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands.

Potential conflict of interest and other information

Other than as disclosed below in respect of Managing Board member Johan van Hall, the Company is not aware of any potential conflicts of interests between the private interests or other duties of each of the members of the Managing Board on the one hand and the interests of the Company on the other hand. According to best practice provision II.3.2 of the Dutch Corporate Governance Code (the "**Code**"), an intended transaction by the Company with another legal entity, in which a Managing Board member has a supervisory board position, constitutes a conflict of interest for such Managing Board member. The Company has entered into an agreement on 3 November 2015 with Worldline, which relates to a transaction that is expected to close in the first half of 2016. This transaction meets the description in the Code, which has been copied into the Rules of Procedure of the Managing Board, and therefore constitutes a conflict of interest under the Code and the Rules of Procedure of the Managing Board for Johan van Hall, who is a supervisory director at the aforementioned company. The procedure as imposed by the Code and the Rules of Procedure of the Managing Board, respectively, in case of a conflict of interest is strictly adhered to and accordingly Johan van Hall has not and will not participate in the related Managing Board deliberations and decisions. The Company will report on this conflict of interest in its annual report in accordance with the Code. There is no family relationship between any member of the Managing Board and any member of the Supervisory Board.

The Company is aware that the brother of Managing Board member Caroline Princen is a trustee in bankruptcy of Imtech N.V. in which the Company holds shares and to which the Company has extended credit. See "Business—Legal, regulatory and arbitration proceedings—Imtech".

During the last five years, none of the members of the Managing Board (i) has been convicted of fraudulent offenses, (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation or (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer. Mr Zalm was Chief Economist (2007-2008) and CFO (2008) at DSB Bank N.V. shortly before its bankruptcy on 19 October 2009.

The Company is not aware of any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any member of the Managing Board was selected as a member of such management body of the Company. All members of the Managing Board have been appointed, or re-appointed as the case may be, after consultation with NLFI on their nomination, in accordance with the consultation rights as set out in the memorandum of understanding between the Company and NLFI (which memorandum of understanding will cease to have effect on Settlement).

Supervisory Board

Powers and function

The Supervisory Board supervises the conduct and policies of the Managing Board and the general course of affairs of the Company and its business. The Supervisory Board also provides advice to the Managing Board. In performing their duties, the members of the Supervisory Board are required to be guided by the interests of the Company which includes the interests of the business associated with it, which include but are not limited to the legitimate interests of the customers, the savers and deposit holders, the Shareholders, the DR Holders, the employees and the society in which the Company performs its activities. These interests are, among other things, represented by pursuing a controlled remuneration policy. The Managing Board must provide the Supervisory Board in good time with the information it needs to carry out its duties. The Supervisory Board has drawn up a profile for its size and composition taking into account the nature of its business, its activities and the desired expertise and background of its members. The Supervisory Board is obliged to discuss the profile at its adoption and subsequently with each change in the General Meeting and with the Works Council. The profile was discussed with the General Meeting and with the Works Council and pursuant to the Relationship Agreement, the adoption of and any amendment to the profile for the Supervisory Board is subject to prior approval of NLFI as long as NLFI holds 10% or more of the issued share capital of the Company. The chairman of the Supervisory Board is appointed by the Supervisory Board from among its members. Pursuant to the Relationship Agreement, the Supervisory Board shall give NLFI an opportunity to advise on the decision to appoint the chairman of the Supervisory Board, until NLFI directly or indirectly holds less than 10% of the issued share capital of the Company.

Composition, appointment and removal

Pursuant to the Articles of Association, the Supervisory Board shall consist of at least three members**.** The Supervisory Board determines the number of members of the Supervisory Board. The members of the Supervisory Board are appointed by the General Meeting. Such appointment is based on a nomination by the Supervisory Board, which nomination must specify the reasons justifying the nomination. The Supervisory Board shall notify the General Meeting and the Works Council simultaneously of its nomination. The General Meeting may reject the nomination with an absolute majority of the votes cast which majority represents at least one-third of the issued share capital. If an absolute majority has rejected the nomination, but the majority did not represent at least one-third of the issued share capital, a new meeting can be convened to vote on the nomination, whereby the nomination can be rejected by an absolute majority of the votes cast (irrespective of the issued share capital present or represented at the meeting and irrespective of the percentage of the issued share capital that that majority represents). In the event that the General Meeting does not appoint the person nominated and does not resolve to reject the nomination, the Supervisory Board shall appoint the person nominated.

The General Meeting and the Works Council may recommend candidates to the Supervisory Board to be nominated as members of the Supervisory Board. The Supervisory Board is required to nominate a candidate recommended by the Works Council in respect of one-third of the members of the Supervisory Board. The Supervisory Board must accept such recommendation of the Works Council, unless it is of the opinion that the candidate recommended is expected to be unsuitable to fulfil the duties of a member of the Supervisory Board or that the Supervisory Board would not be properly composed if the appointment were made as recommended. If the Supervisory Board objects to the recommendation on these grounds, it must notify the Works Council of its objections stating its reasons. The Supervisory Board should consult with the Works Council without delay, with the aim of achieving agreement on the nomination to be made. If it is apparent to the Supervisory Board that no agreement can be reached between the Supervisory Board and the Works Council, a designated representative of the Supervisory Board will request the Enterprise Court to declare the Supervisory Board's objections valid (*gegrond*). If the Enterprise Court declares the Supervisory Board's objections invalid (*ongegrond*), the Supervisory Board will nominate the candidate recommended by the Works Council for appointment. If the Enterprise Court declares the Supervisory Board's objections valid, the Works Council will have an opportunity to make a new recommendation.

All current members of the Supervisory Board meet the fit and proper requirements of the FMSA. The Company intends to comply with provisions III.2.1 and III.2.2 of the Code regarding independence of the Supervisory Board.

The Supervisory Board may suspend any of its members at all times. The suspension shall lapse by law if the Company, represented by the Supervisory Board, has not requested the Enterprise Court within one month after commencement of the suspension to dismiss the suspended Supervisory Director on the grounds mentioned by law. The

General Meeting can dismiss the Supervisory Board in its entirety for reasons of lack of confidence, by an absolute majority of the votes cast, representing at least one-third of the issued share capital (whereby the possibility to hold a second General Meeting in which no quorum applies is excluded). The resolution to dismiss the Supervisory Board shall have immediate effect and the Managing Board is required to request the Enterprise Court without delay to appoint one or more members to the Supervisory Board on a temporary basis.

Terms of appointment

Members of the Supervisory Board are appointed for a maximum term of four years, provided that, unless a member of the Supervisory Board resigns at an earlier date, his or her term of office lapses on the close of the first annual General Meeting to be held in the fourth year after the year of his or her appointment. A retiring member of the Supervisory Board can be re-appointed twice, each for a further term of four years. To allow for more diversity in the expiry dates of the appointments, several resolutions on the re-appointment of the Supervisory Board members were taken in April 2014. Consequently, Mr De Haan was re-appointed until the General Meeting of 2016, Ms Roobeek and Mr Wakkie were re-appointed until the General Meeting of 2017. Mr Wakkie resigned from his position as member of the Supervisory Board in March 2015. Mr Ten Have, Mr Meerstadt and Ms Oudeman were re-appointed until the General Meeting of 2018. Ms Oudeman has since resigned from her position as member of the Supervisory Board in September 2015. Mr Van Slingelandt was re-appointed as member of the Supervisory Board until the General Meeting of 2016 and was appointed as chairman of the Supervisory Board for the same period. Mr Lindenbergh decided not to apply for re-appointment. Ms Zoutendijk was appointed as a member to the Supervisory Board effective as of 1 July 2014, until the General Meeting of 2018. The Supervisory Board currently has two vacancies following the resignation of Ms Oudeman and Mr Wakkie. The suitability screening procedure by DNB and ECB (ECB as primary competent supervisory authority is ultimately charged with supervision of compliance with the fit and proper requirements for Supervisory Board and Management Board members) for two potential candidates to fill current vacancies on the Supervisory Board is pending. In addition, Mr van Slingelandt and Mr de Haan have indicated that they will not apply for re-appointment at the end of their current term at the General Meeting of Shareholders in May 2016. A third individual is currently the subject of review by DNB and ECB to allow the Company to propose this individual as candidate for appointment to the Supervisory Board as successor to Mr De Haan. The process for finding a candidate to replace Mr van Slingelandt has also been initiated. Potential candidates who do not pass the suitability screening procedures may not be appointed as Supervisory Board members. Should that occur, the Company will need to look for other candidates to fill the vacancies on the Supervisory Board.

The below overview shows the terms of appointment of the members of the Supervisory Board:

Name	Member as of	Date of reappointment	End of current term[1]	Mandatory end of membership[2]
D.J.M.G. Baron van Slingelandt	27 October 2010	10 April 2014	10 April 2016	2022
O.L. Zoutendijk	1 July 2014	—	1 July 2018	2026
H.P. de Haan	18 December 2009	2 April 2015	2 April 2016	2021
S. ten Have	30 March 2010	10 April 2014	10 April 2018	2022
A. Meerstadt	30 March 2010	10 April 2014	10 April 2018	2022
J.M. Roobeek	30 March 2010	10 April 2014	10 April 2017	2022

1) A member of the board will resign on the first General Meeting after this date.

2) On the basis of the possibility of appointment for a period of maximum twelve years.

Meetings and decisions

The Supervisory Board has adopted rules governing its internal organisation at its meeting of 6 November 2015 (the "**Rules of Procedure of the Supervisory Board**").

Pursuant to the Rules of Procedure of the Supervisory Board, resolutions of the Supervisory Board are validly adopted if the majority of the members are present or represented. Resolutions of the Supervisory Board can also be adopted without holding a meeting, provided that this is done in writing, the subject concerned has been brought to the attention of all members of the Supervisory Board and none of the members of the Supervisory Board has opposed this decision-making procedure.

The Supervisory Board can adopt resolutions by an absolute majority. In a tie vote, the chairman of the Supervisory Board shall have a casting vote.

Conflict of interest

Similar to the rules that apply to the members of the Managing Board described above, Dutch law also provides that a member of the supervisory board of a Dutch public limited liability or a Dutch private limited liability company may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal conflict of interest. This rule also applies to the Company. If no resolution can be taken as a consequence hereof, the resolution concerned will be adopted by the General Meeting. If a member of the Supervisory Board does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and this member may be held liable towards the Company. Every member of the Supervisory Board shall notify the chairman of the Supervisory Board of any (potential) conflict of interest that is material to the Company or the relevant member of the Supervisory Board and shall provide all relevant information. The chairman of the Supervisory Board shall notify and provide relevant information to the vice-chairman of the Supervisory Board of any (potential) conflict of interest.

Pursuant to the Rules of Procedure of the Supervisory Board, in case of a conflict of interest, as defined in the Rules of Procedure of the Supervisory Board, between the Company and a member of the Supervisory Board, the conflicted member of the Supervisory Board will not take part in the discussion and in the decision-making process on a subject or transaction in which he or she has a conflict of interest. Resolutions to enter into transactions, in relation to which a member of the Supervisory Board has a conflict of interest, require the approval of the Supervisory Board. All transactions in which there are conflicts of interest with members of the Supervisory Board shall be agreed on terms that are customary in the sector concerned and shall be disclosed in the Annual Report.

Members of the Supervisory Board

At the date of this Prospectus, the members of the Supervisory Board are:

Name	Business experience and activities
Rik van Slingelandt	Mr van Slingelandt (1946) is a Dutch national. He was appointed to the Supervisory Board on 27 October 2010 and was the vice-chairman from 1 January 2011 to 10 April 2014, when he was appointed chairman of the Supervisory Board. Mr van Slingelandt joined De Nationale Investeringsbank in 1971. He then went on to become Treasurer at Rijn Schelde Verolme and CFO of Verolme Estaleiros in Rio de Janeiro, Brazil. Mr van Slingelandt was appointed CFO of Rodamco in 1985, chairman of Rabobank International from 1989 to 1996 and board member of Rabobank from 1996 to 2006. He was chairman of the Supervisory Board of Kas Bank from 2006 to 2010 and a member of the board of Stichting Neyenburgh from 2009 to July 2015. Mr van Slingelandt was an advisor of Redevco B.V. from July 2005 to December 2011 and chairman of the supervisory council Save the Children Nederland from November 2006 to December 2014. Mr van Slingelandt studied Business Economics at Rijksuniversiteit Groningen. Currently, Mr van Slingelandt is chairman of the supervisory board at Kahn Holding B.V.
Olga Zoutendijk	Ms Zoutendijk (1961) is a Dutch national. She was appointed to the Supervisory Board on 01 July 2014. Ms Zoutendijk was appointed as vice-chairman of the Supervisory Board as of 20 August 2015. Ms Zoutendijk began her career in 1986 with Algemene Bank Nederland N.V. in the International Career Bankers programme. During 15 years with the bank, she was based in New York as a Client Banker to the US pharmaceutical industry, in Dublin as Deputy CEO of ABN AMRO Ireland, in Sydney as Deputy CEO of the combined operations of ABN AMRO and BZW Australia and in Lisbon as CEO of ABN AMRO Portugal. In 2001, Ms Zoutendijk joined Westpac Banking Corporation in Australia as General Manager of Business & Consumer Banking Products and a member of the Retail Banking Executive Committee. In 2002, Ms Zoutendijk was appointed Group General Manager of Corporate & Institutional Banking and member of the Westpac IB global Executive Committee. In 2007, Ms Zoutendijk joined Standard Chartered Bank as Senior Managing Director and Group Head of Wholesale Banking, Asia and a member of the Wholesale Banking global Executive Committee. Ms Zoutendijk was also a member of the Board of Directors of Standard Chartered Bank (China) Limited from December 2008 to June 2011, Standard Chartered Bank (Hong Kong) Limited from May 2008 to June 2011, Standard Chartered Bank (Taiwan) Limited from December 2009 to November 2010 and Standard Chartered Securities (Hong Kong) Limited from January 2009 to January 2011. Ms Zoutendijk obtained a Bachelor of Science (International Business) from San José State University, USA and a Master of International Management (Finance) from Thunderbird School of Global Management, USA.
Hans de Haan	Mr de Haan (1944) is a Dutch national. He was appointed to the Supervisory Board on 18 December 2009. Mr de Haan was appointed vice-chairman of the Supervisory Board from 2 April 2015 until 20 August 2015. Mr de Haan was a chartered accountant (*registeraccountant*) until April 2015 and was a partner at Ernst & Young Accountants until 1 October 2000. From 2001 to 2005, he advised the AFM on the supervision of large financial institutions and was a member of the first advisory committee of DNB for the Regulation of management and organisation of banks. Mr de Haan was also silent liquidator (*stille curator*) with financial institutions. In December 2005, Mr De Haan was co-liquidator (*medecurator*) in the bankruptcy of Van der Hoop bankiers N.V. through to the liquidation in 2013. From end September 2008 until the beginning of 2011 (after the liquidation of its banking operations) he was co-liquidator in the bankruptcy of Indonesische Overzeese Bank N.V. (Indover Bank). Mr de Haan was board member of Stichting Achmea Hypotheekbank from 2003 to July 2015. He was an external specialist/examiner at the post-graduate accountancy course of the Universiteit van Amsterdam and the Royal Dutch Institute of Chartered Accountants (*Koninklijk Nederlands Instituut van Registeraccountants,* or NIVRA). Mr de Haan studied Chartered Accountancy at NIVRA.

Name	Business experience and activities
	Currently, Mr de Haan is chairman of the board of Stichting Lehman Brothers Treasury Co and a member of the board of editors and author of the financial institutions section for *Compendium voor de jaarrekening* of Kluwer.
Steven ten Have	Mr ten Have (1967) is a Dutch national. He was appointed to the Supervisory Board on 30 March 2010. Mr ten Have started his career with Berenschot Groep B.V. as an advisor in strategy and management, later to become vice-chairman of the board. In 2004 he co-founded Ten Have Change Management. In addition, he became professor of Strategy and Change Management at Vrije Universiteit Amsterdam in 2003. Mr Ten Have was chairman of the supervisory board of CITO B.V. from January 2006 to January 2015 and chairman of the supervisory board of AFC Ajax N.V from July 2011 to March 2012. Mr ten Have studied Psychology and Law at Rijksuniversiteit Utrecht, Business Administration at Nyenrode Business Universiteit and has a PhD in Business Administration from Universiteit Twente. Currently, Mr ten Have is still a partner in Ten Have Change Management and full professor of Strategy and Change Management at Vrije Universiteit Amsterdam. Also, he is chairman of the supervisory board of Software Improvement Group (SIG), director of the MSc-programme Change Management at Vrije Universiteit Amsterdam, member of the Education Council of the Netherlands (*Onderwijsraad*), board member of the Dutch Quality Institute (Stichting Instituut Nederlandse Kwaliteit, or INK) and chairman of Stichting Center for Evidence Based Management.
Bert Meerstadt	Mr Meerstadt (1961) is a Dutch national. He was appointed to the Supervisory Board on 30 March 2010. Mr Meerstadt began his career at McKinsey & Company as a business analyst in 1986. He later co-founded and became managing partner of CONSULT Marketing and Brand Strategies in 1992. In 1995, he started as chairman of Young & Rubicam Groep Netherlands and later became CEO of Young & Rubicam Europe, Middle East and Africa in 1998. In 2001, Mr Meerstadt became executive director and vice-chairman of N.V. Nederlandse Spoorwegen (Netherlands Railways) and later moved on to become chairman of the managing board until October 2013. From April 2014 until August 2015 he was the CEO of Baarsma Wine Group Holding. Mr Meerstadt was chairman of the Marketing Advisory Board of the Rijksmuseum from October 2003 to January 2015, member of the board of VNO/NCW from October 2009 to November 2013 and chairman of the board of the Spoorwegmuseum from March 2006 to January 2010. Mr Meerstadt studied Architectural Engineering at Delft University of Technology and Business Administration at INSEAD European Business School. Currently, Mr Meerstadt is the board advisor of Baarsma Wine Group Holding, vice-chairman of the supervisory board of Lucas Bols Holding N.V. and non-executive director of Talgo, chairman of the board of Vereniging Friends of Concertgebouw and Royal Concertgebouw Orchestra, member of the board of Society for Prevention and Salvation of Drowning Victims and chairman of the board of Stichting Blinden-Penning (Foundation for the Blind and Visually Impaired).
Annemieke Roobeek	Ms Roobeek (1958) is a Dutch national. She was appointed to the Supervisory Board on 30 March 2010. Ms Roobeek is professor of strategy and transformation management at Nyenrode Business Universiteit. She is also director and owner of MeetingMoreMinds B.V., owner of Open Dialogue B.V. and co-owner of XL Labs B.V. She is a member of the supervisory boards of Abbott Healthcare Products B.V. and KLM N.V., member of the board of Vereniging REFILL, member of the advisory board of Vereniging Koninklijke Horeca Nederland, chairperson of the PGGM advisory board for Responsible Investment and chairperson of Stichting INSID for sustainability and innovation realisation, directed by His Royal Highness Prince Carlos Bourbon de Parme. Ms Roobeek is also a member of the advisory board (Raad van Eigen Wijzen) of CPI Governance and a member of the international advisory board of Howaldt & Co. Ms Roobeek was previously professor of Technology and Economics (Universiteit Nyenrode), held the Wibaut Chair for Metropolitan Affairs and Urban planning (University of Amsterdam) and was professor of Complexities in Corporate Strategy and Public Policy (University of Amsterdam) between 1989 and 2002. She was also a member of the supervisory board of Amsterdam RAI from September 2007 to July 2013, a member of the supervisory board of Draka Holding N.V. from March 2005 to April 2010 and a member of the supervisory board of DIGH (Stichting Dutch International Guarantees for Housing) from June 2011 to December 2013, chairperson of the national Centre for Science and Technology / NEMO Science Centre from June 2005 to June 2013, vice-chairperson of the board of Stichting VUmc fonds Amsterdam from January 2003 to September 2015, a member of the VROM Council and later the RLI Council from April 2009 to March 2012, a member and treasurer of NexusLabs Foundation from May 2012 to September 2013 and a member of Sirius Leading Expert for Excellence in Higher Education from October 2011 to January 2015. Ms Roobeek studied Political Sciences—International Relations at Universiteit van Amsterdam and has a PhD in Economics from Vrije Universiteit Amsterdam.

Potential conflicts of interest and other information

The Company is not aware of any potential conflicts of interests between the private interests or other duties of the Supervisory Board on the one hand and the interests of the Company on the other hand. There is no family relationship between any member of the Supervisory Board and any member of the Managing Board.

During the last five years, none of the members of the Supervisory Board (i) has been convicted of fraudulent offenses, (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation, or (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

The Company is not aware of any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any member of the Supervisory Board was selected as a member of such management body of the Company. Annemieke Roobeek and Steven ten Have were appointed to the Supervisory Board pursuant to the enhanced recommendation right (*versterkt aanbevelingsrecht*) of the Works Council. All other Supervisory Board members have been appointed, or re-appointed as the case may be, after consultation with NLFI on their nomination, in accordance withthe consultation rights as set out in the memorandum of understanding between the Company and NLFI (which memorandum of understanding will cease to have effect on Settlement).

Supervisory Board Committees

The Supervisory Board has an Audit Committee, a Risk and Capital Committee and a Remuneration, Selection and Nomination Committee. In accordance with the Rules of Procedure of the Supervisory Board, the Supervisory Board has drawn up rules on each committee's principles and best practices. The committees consist of members of the Supervisory Board. Pursuant to the Rules of Procedure of the Supervisory Board, the chairman of the Supervisory Board may not serve as chairman of a Supervisory Board committee. They report their findings to the Supervisory Board, which is ultimately responsible for all decision-making.

Audit Committee

The Audit Committee is responsible for supervising (and advising the Supervisory Board) with respect to (i) the assessment of all issues related to the principles of valuation and determination of results for the financial statements, (ii) internal control and financial reporting functions, (iii) internal audit, (iv) external audit, (v) risk assessment of issues that could impact the financial reporting and (vi) compliance with applicable laws and regulations, (vii) mediation between internal and external auditors and between management and external auditors in relation to any issues in the financial statements, (viii) reporting to the Supervisory Board by submitting the minutes, (ix) reporting to the Supervisory Board, in which all issues are identified where action or improvement is deemed necessary, and in which recommendations are made regarding measures to be taken.

The responsibilities of the Audit Committee include, among other things (i) monitoring the integrity of the annual accounts of the Company and the adequacy of official announcements with regard to current or expected financial results, (ii) monitoring the principles of valuation and determination of result, including the policies for fiscal planning, (iii) monitoring, through group wide processes for consolidated risk- and control reporting, the continuous process of identification, evaluation and control of significant risks within the Company, (iv) monitoring and verifying once a year audit coverage, nature of the activities and effectiveness of Group Audit, (v) assessing quarterly reports, findings and recommendations of Group Audit with regard to the control of important operational risks, (vi) assessing the independence of the Group Audit function, (vii) concur with the chief audit executive's appointment and dismissal, (viii) monitor the independence and objectivity of the external auditor, (ix) advising the Supervisory Board with regard to the (re-)appointment and dismissal of the external auditor, and (x) assessing the reports of the external auditor, composed for the Managing Board, Supervisory Board and Audit Committee, including the management letter and the auditor's report.

The Audit Committee consists of Hans de Haan (chairman), Bert Meerstadt, Rik van Slingelandt and Olga Zoutendijk.

The rules for the Audit Committee are an annex to the Rules of Procedure of the Supervisory Board.

Risk and Capital Committee

The Risk & Capital Committee is responsible for and advises the Supervisory Board with regard to (i) risk management and risk control, (ii) compliance, (iii) (the allocation of) capital and liquidity and (iv) prepares the Supervisory Board's decision-making in this area.

The responsibilities of the Risk & Capital Committee include (i) advising the Supervisory Board with respect of the risk appetite of the bank and its consistency with the commercial interests of the bank, applicable laws and regulations, the financial projections for the coming year and the capital allocation and liquidity, (ii) assessing at strategic level whether business activities fit within the risk appetite of the bank, including the assessment of risk policies insofar as these mean a major impact on the risk profile of the bank, (iii) assessing periodically the actual risk profile of the bank, based on reports on market-, credit-, liquidity-, compliance- and regulatory risks, as well as an overview of major new products and activities, (iv) reviewing whether pricing policies of liabilities and assets offered to clients take into account the institution's business model and risk strategy. Where prices do not properly reflect risks in accordance with the business model and risk strategy, the risk committee will ensure that a remedy plan is made, (v) supervising and advising the Managing Board with regard to compliancy with laws and regulations including codes of conduct and internal procedures, (vi) supervising of the functioning of the risk management functions within the bank. In particular, the committee needs to ensure that these functions have sufficient staff capacity and resources, receive adequate remuneration and get the necessary support from other departments of the Company, (vii) in order to assist in the establishment of sound remuneration policies and practices and without prejudice to the tasks of the remuneration committee, examining whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood and timing of earnings, (viii) examining the risk appetite framework of the Company, including the organisational structure of risk management and risk decision-making, (ix) reviewing the Compliance Charter and Compliance Plan and monitoring its implementation, (x) examining decisions and major changes in the company that have a material impact on the allocation of capital, liquidity and/or the risk profile of the bank, such as those related to loans, capital and funding transactions, (des)investments, alliances, mergers, acquisitions and outsourcing of activities, (xi) in conjunction with the Managing Board and the full Supervisory Board, disseminate the importance of compliance and monitoring the communication about the importance of compliance, (xii) assessing that risk awareness in the organisation is sufficient, that the culture of compliance is developing according to plan and that Managing Board members have sufficient knowledge of risk management, and (xiii) proposing corrective and/or disciplinary measures against members of the Managing Board in the event of breach of applicable laws and regulations and to supervise its implementation.

The Risk & Capital Committee consists of Olga Zoutendijk (chairman), Hans de Haan, Annemieke Roobeek and Rik van Slingelandt.

The rules for the Risk and Capital Committee are an annex to the Rules of Procedure of the Supervisory Board.

Remuneration, Selection and Nomination Committee

The Remuneration, Selection and Nomination Committee is responsible for and advises the Supervisory Board with respect to remuneration policies, nominations and appointments, taking into account (inter)national laws and regulations, the Company strategy and risk appetite, targets and values and the long-term interests of the Company, the relevant international context and wider societal acceptance.

The responsibilities of the Remuneration, Selection and Nomination Committee include to (i) make proposals to the Supervisory Board with regard to remuneration policies and execution thereof for members of the Managing Board, the Supervisory Board, selected members of senior management responsible for the control functions and other Identified Staff (as defined in "—Restrictions on Remuneration—Variable pay for Identified Staff"), (ii) prepare the selection and (re-)appointments regarding the Supervisory Board and the Managing Board, (iii) prepare and periodically review succession plans of the Supervisory Board and the Managing Board, (iv) periodically assess the performance of the members of both boards, (v) periodically asses the size and composition of the Supervisory Board and the Managing Board, (vi) give advice on the desired size and composition of the Managing Board and Supervisory Board, (vii) make proposals on the profile of the Supervisory Board, (viii) report on the execution of the remuneration policies through a remuneration report.

The Remuneration, Selection and Nomination Committee consists of Steven ten Have (chairman), Rik van Slingelandt and Bert Meerstadt. Currently, there is one vacancy in the Remuneration, Selection and Nomination Committee.

The rules for the Remuneration, Selection and Nomination Committee are an annex to the Rules of Procedure of the Supervisory Board.

Maximum Number of Positions of Members of the Managing Board and Supervisory Board

Under CRD IV, all members of the management body (including non-executive members or supervisory board members acting in their role of overseeing and monitoring management decision-making) of banks, must commit sufficient time to allow them to perform their functions and to be able to understand the business of the bank. In respect of significant banks, such as ABN AMRO Bank, Article 91 of CRD IV contains a specific regulation for the limitation of the number of executive and non-executive directorships such members may hold (which rules have been implemented in Dutch law through Section 3:8-3 FMSA). This regulation is relevant for both the members of the Managing Board and the Supervisory Board of ABN AMRO Bank and the Company. The rules in the Code are also relevant for ABN AMRO Bank and the Company, but are not as strict as the rules under CRD IV. Section 3:8-3 FMSA provides that the limitation rules of the DCC for certain large companies are not applicable with respect to significant banks.

Under CRD IV, the members of the management body may not hold more than one of the following combinations of directorships at the same time: (a) one executive directorship with two non-executive directorships, (b) four non-executive directorships. The term non-executive director also refers to the position of a supervisory board member. Directorships within the same group will count as a single directorship. Directorships held within undertakings (including non-financial entities) in which the institution holds a qualifying holding, also count as a single directorship. Directorships in organisations which do not pursue predominantly commercial objectives do not count as a directorship for the purpose of the limitation regulation. It is possible to request the competent authority (ECB) to authorise one additional non-executive directorship.

It is also provided in CRD IV that individual circumstances and the nature, scale and complexity of the bank's activity should be taken into account. CRD IV provides that the EBA will issue guidelines on the interpretation of this notion by 31 December 2015. In addition, such guidelines will be issued on other notions, such as sufficient time commitment, adequate collective knowledge, skills and experience, which play a role in the CRD IV requirements that apply to the composition and functioning of the management body of banks.

Currently, all members of the Managing Board and Supervisory Board comply with the aforementioned rules under CRD IV and the Code. However, with respect to Ms Roobeek a request is pending with the ECB for authorisation of one additional non-executive directorship that she currently holds.

Diversity

Dutch law requires Dutch public limited liability companies and Dutch private limited liability companies that qualify as a Large Company (as the Company does), to pursue a policy of having at least 30% of the seats on the Managing Board and Supervisory Board held by men and at least 30% of the seats on the Managing Board and Supervisory Board held by women. The Company is required to take this allocation of seats into account in connection with the (nomination for the) appointment of members of the Managing Board and Supervisory Board. In addition, the EBA will also issue guidelines on the notion of diversity to be taken into account for the selection of the members of the Managing Board and Supervisory Board.

The Company currently meets the requirements for the Supervisory Board, but does not meet these gender diversity targets for the Managing Board (1 out of 7 is female: 14%). The Company will continue to strive for meeting the gender target set by Dutch law for future (re-)appointments in the Managing Board, in line with the Group's diversity policy, while safeguarding the required continuity in the discharge of the Managing Board's collective tasks and responsibilities. If the Company continues to fail to meet the gender diversity targets for the Managing Board over the remainder of 2015, it will explain in its 2015 Annual Report (i) why the seats are not allocated in a well-balanced manner as aforesaid, (ii) how the Company has attempted to achieve a well-balanced allocation, and (iii) how the Company aims to achieve a well-balanced allocation in the future.

Remuneration

Managing Board

The Supervisory Board establishes the remuneration of the individual members of the Managing Board, in accordance with the Managing Board remuneration policy as proposed by the Supervisory Board and adopted by the General Meeting. In accordance with the Articles of Association, the Supervisory Board shall submit to the General Meeting, for its approval, a proposal regarding arrangements for remuneration in the form of shares or rights to subscribe for shares. Please also see "—Restrictions on Remuneration—Controlled remuneration policy pursuant to the Articles of Association" below.

In principle, the compensation package for the Managing Board consists of an annual base salary and a variable remuneration component. In addition, benefits such as participation in the Dutch all employee pension plan and the use of a company car and chauffeur are applicable. On 4 February 2009, the Dutch Minister of Finance granted Mr Zalm, as part of his remuneration package upon appointment, the right to receive a long-term bonus linked to the completion of the exit of the Dutch State. Such long-term bonus was granted in lieu of Mr Zalm's right to receive variable compensation amounts pursuant to his status as Identified Staff (as defined below) and as set out in the Group's remuneration policy. Mr Zalm was not granted the right to receive variable remuneration. In January 2014, Mr Zalm waived his right to the long-term bonus. Regardless of the applicability of the variable remuneration restrictions set out below, Mr Zalm remains ineligible to any variable remuneration.

Members of the Managing Board may not accept personal loans or guarantees from the Company, other than in the normal course of business and subject to the prior approval of the Supervisory Board, as permitted by the Code. Please see "Shareholder Structure and Related Party Transactions—Related Party Transactions—Managing Board and Supervisory Board" for more information on the loans granted by the Company to members of the Managing Board as at the date of this Prospectus.

Pursuant to the Dutch Act on limitation of liability DNB and AFM and bonus prohibition for state-supported enterprises (*Wet aansprakelijkheidsbeperking DNB en AFM en bonusverbod staatsgesteunde ondernemingen*, the "**Bonus Prohibition Act**") that became effective in 2011, remuneration restrictions for the members of the Managing Board have become applicable, including in particular a prohibition on payment of variable remuneration. As a result, as from 2011, Managing Board members would not be eligible to receive the contractually agreed variable remuneration during the period of state support through shareholding by the Dutch State.

After careful consideration and with due observance of the one-off transition arrangement included in the Bonus Prohibition Act, the Supervisory Board decided in 2012 to award the members of the Managing Board a temporary fixed allowance. This was approved by the General Meeting on 16 May 2012. This allowance of EUR 100,000 (gross) applies effectively as from 1 January 2012 for as long as the Bonus Prohibition Act is applicable to the Group. The chairman of the Managing Board is not entitled to this allowance. The six eligible Managing Board Members have waived their entitlement to this allowance for the calendar year 2012 and 2013. In June 2014 it was decided to pay out this allowance, effective from 1 January 2014. On 29 March 2015 the members of the Managing Board, following a highly publicised debate, decided to waive their entitlement to the allowance and the related pension contributions irrevocably for the year 2014 and beyond. Managing Board members appointed in the future are also not entitled to this temporary fixed allowance.

On 7 February 2015 the Wbfo came into force. Pursuant to this Act, which amended the FMSA, the remuneration restrictions of the Bonus Prohibition Act were extended to senior management as defined in the Wbfo. Accordingly, these senior managers may also not be granted any variable compensation until NLFI, on behalf of the Dutch State, no longer has an interest in the Group. Furthermore, under the FMSA the remuneration restrictions introduced in the FMSA by the Bonus Prohibition Act (including the prohibition on payment of variable remuneration) shall, because of the state support through the holding of an interest by the Dutch State (through NLFI), apply until the Dutch State no longer has an interest in the Group. Accordingly, the Managing Board members and the relevant senior management shall not be entitled to variable remuneration until the Dutch State no longer has an interest in the Group.

Remuneration for the Managing Board 2014

The table below provides an overview of the remuneration of each member of the Managing Board for the financial year 2014 as disclosed in the 2014 Annual Report. The table below will subsequently be updated in the 2015 Annual Report to reflect the decision of the members of the Managing Board to waive their entitlement to the allowance for a temporary fixed income and the related pension contributions irrevocably for the year 2014 and beyond until the Dutch State no longer has an interest in the Group (as described above).

(In thousands)	Base salary	Variable remuneration[1]	Pension costs[2]	Severance payments	Temporary fixed income[3]	Total
2014						
G. Zalm	759		303			1,062
J. van Hall	608		222		100	930
C. van Dijkhuizen	608		214		100	922
C.E. Princen	608		252		100	960
W. Reehoorn	608		224		100	932
C.F.H.H. Vogelzang	608		226		100	934
J.G. Wijn	608		254		100	962
Total	**4,407**	**0**	**1,695**	**0**	**600**	**6,702**

1. As a consequence of the applicability of the Bonus Prohibition Act the Managing Board Members were not entitled to receive variable compensation.
2. Pension costs exclusively comprise service costs for the year computed on the basis of the amended pension accounting standard IAS 19 (for the DB-pensionscheme until 12-06-2014) and employer contribution to the pension fund (for the CDC-pension scheme as of 12-06-2014).
3. Allowance during the applicability of the Bonus Prohibition Act.

Annual base salary

The annual base salary in 2014 was equal to the base salary in 2013. Salary adjustments for the Managing Board follow the developments in the collective labour agreement for the banking industry (*CAO Banken*), which did not result in any increase for 2014. The annual base salary for the members of the Managing Board amounted to EUR 607,500. The salary of the chairman of the Managing Board was EUR 759,375 in 2014.

Variable remuneration

Although the remuneration package for the members of the Managing Board provides for a variable compensation component, pursuant to the Bonus Prohibition Act, the FMSA does not allow such compensation for board members of financial firms that fall under the scope of the FMSA. The members of the Managing Board are therefore not entitled to receive variable compensation until NLFI, on behalf of the Dutch State, no longer has an interest in the Group. As a consequence, the Managing Board members cannot participate in the ABN AMRO Variable Compensation Plan that applies to all Identified Staff (as defined below) within the Group (see also "—Restrictions on Remuneration—Variable pay for

Identified Staff"). See also "Risk Factors—32. The Group's ability to retain members of its Managing Board and management group and key employees at any level in the Group as well as its ability to retain and attract other qualified employees are critical to the success of its business and the failure to do so could have a material adverse effect on the Group's performance. Dutch and European limitations on remuneration may create a competitive disadvantage for the Group for retaining and recruiting management and other key employees". Currently, as mentioned above, the Managing Board members are not entitled to receive variable remuneration. Once the Dutch state no longer holds an interest in the Group the members of the Managing Board will become eligible again for variable remuneration, taking into account the then applicable restrictions, such as the cap currently imposed by the Wbfo. Currently, it is expected that the performance criteria for the Managing Board members will then be mainly (currently approximately 80%) based on collective financial and non-financial performance indicators. It is expected that the remainder (approximately 20%) will be based on individual criteria, subdivided in financial and non-financial performance indicators. The individual criteria relate to the area of responsibility of the individual Managing Board member, individual leadership and cooperation between the different fields of interests.

Pensions for the Managing Board

The chairman and members of the Managing Board participate in the Group's pension plan as applicable to all Dutch employees. The changes made to the pension plan in 2014 therefore also apply to all seven Managing Board members ("—Pension Plans—Settlement of the Dutch defined benefit plan"). See also "—Trade Union Relations".

In addition to pension benefits, Managing Board members are eligible for benefits such as the use of a company car and a chauffeur.

Managing Board share participation plans

As a consequence of the Bonus Prohibition Act and for as long as NLFI holds an interest in the Group, the members of the Managing Board are not eligible to receive variable remuneration and also cannot participate in the Variable Compensation Plan (including in the form of any other share participation plan).

Supervisory Board

The remuneration of members of the Supervisory Board is set by the General Meeting based on a proposal of the Supervisory Board. The remuneration of Supervisory Board members is proportional to the time and effort required to perform their duties linked to the membership of the Supervisory Board and the relevant Supervisory Board committees and is independent of the Group's financial results. The Company does not grant any variable remuneration or Shares or options for Shares to Supervisory Board members in lieu of remuneration. The remuneration as such has not changed since 2010. The General Meeting decided however that as of 10 April 2014 the remuneration for Supervisory Board committee memberships will be limited to two such memberships. Members of the Supervisory Board may not accept personal loans or guarantees from the Company, other than in the normal course of business and subject to the prior approval of the Supervisory Board. Please see "Shareholder Structure and Related Party Transactions—Related Party Transactions—Managing Board and Supervisory Board" for more information on the loans granted by the Company to members of the Supervisory Board as at the date of this Prospectus.

Remuneration for the Supervisory Board

The table below provides an overview of the remuneration of each member of the Supervisory Board for the financial year 2014.

(In thousands)	2014[1]
D.J.M.G. van Slingelandt[2]	91
J.H.M. Lindenbergh[3]	28
H.P. de Haan	78
S. ten Have	60
A. Meerstadt	63
M.J. Oudeman	68
J.M. Roobeek	63
P.N. Wakkie	75
O.L. Zoutendijk[4]	38
Total	**564**

1. Remuneration amounts excluding VAT.
2. D.J.M.G. van Slingelandt was appointed as Chairman of the Supervisory Board as of 10 April 2014.
3. J.H.M. Lindenbergh stepped down as Chairman and Member of the Supervisory Board as of 10 April 2014.
4. O.L. Zoutendijk was appointed to the Supervisory Board as of 1 July 2014.

The fixed allowances for Supervisory Board committee memberships are as follows:

	2014	
(In thousands)	Chair	Member
Membership Supervisory Board	65	50
Audit committee	15	13
Risk and Capital committee	15	13
Remuneration, Selection and Nomination Committee	13	10

The Company may reimburse travel costs and other out-of-pocket expenses for Supervisory Board members living outside the Netherlands, which reimbursements are not included in the table above. The total remuneration of the Supervisory Board in 2014 was EUR 564,000. At the date of this Prospectus, the Company has not provided any personal loans, advances or guarantees to Supervisory Board members, except for former Supervisory Board member Mr Wakkie (see Related Party Transactions).

Pensions for the Supervisory Board

At the date of this Prospectus, there are no amounts reserved or accrued by the Company or its subsidiaries to provide pension, benefit, retirement or similar benefits in relation to current members of the Supervisory Board. The members of the Supervisory Board are not entitled to pension benefits.

Restrictions on Remuneration

Controlled remuneration policy pursuant to the Articles of Association

The Articles of Association specify what the "interest of the Company" is understood to be. The relevant provision refers to the justified interests of the customers, the savers and deposit holders, the Shareholders, the DR Holders, the employees and the society in which the Company performs its activities. These interests are, among other things, represented by pursuing a "controlled remuneration policy" (*beheerst beloningsbeleid*).

Variable pay constraints

As from 1 January 2011, the Group must comply with variable pay constraints that follow from the third amended European Capital Requirements Directive (also designated as CRD III) as implemented in the Decree on Sound Remuneration Policies (*Besluit beheerst beloningsbeleid Wft*) and DNB's Regulation on Sound Remuneration Policies 2011 (*Regeling beheerst beloningsbeleid Wft 2011*). As from 1 January 2014, CRD III has been amended and replaced by CRD IV, introducing, among other things, a bonus maximum of 100% of the annual fixed salary. As a consequence, DNB's Regulation on Sound Remuneration Policies 2011 was updated (*Regeling beheerst beloningsbeleid Wft 2014*) and became effective as from 1 August 2014, which together with the Decree on Sound Remuneration Policies is referred to as "DNB Regulations". The abovementioned rules and regulations should be considered in conjunction with the Guidelines on Remuneration Policies and Practices as formally adopted on 10 December 2010 by the Committee of European Banking Supervisors (and continued by the EBA, the "**EBA Guidelines**"). These variable pay constraints are applicable to all operations of credit institutions and investment firms based in Member States (including their operations outside the EU). The EBA has published a consultation on new Draft Guidelines on Sound Remuneration Policy on 4 March 2015 and will publish the final guidelines in the near future.

In addition, the Group complies with the relevant governance rules and guidelines on remuneration found in the Dutch banking code (the "**Banking Code**") (see "—Banking Code") and the Code, and uses best efforts to comply with all relevant future legal restrictions for remuneration, as applicable from time to time. The Dutch government has implemented further restrictions on remuneration in the financial industry, most recently through the Wbfo and transitional arrangements. New restrictions in the FMSA, as introduced by the Wbfo, include the introduction of a 20% maximum for variable remuneration for the financial sector and an extension of the provisions and target group of the Bonus Prohibition Act for state-supported banks (see "—Remuneration—Managing Board"). The Wbfo has a broader scope than the remuneration rules under CRD IV. For example, the bonus cap of 20% as introduced by the Wbfo does not only apply to Identified Staff, but in principle to all persons working under the responsibility of the entities within the Group. All applicable remuneration restrictions have been embedded in the Group's remuneration policy: the "Global Reward Policy", as revised and applicable from time to time. Furthermore, the ABN AMRO Variable Compensation Plan reflects remuneration restrictions that apply to Identified Staff within the Group (see also "—Restrictions on Remuneration—Variable pay for Identified Staff"). The Group applies the rules and principles set out in the Global Reward Policy and the ABN AMRO Variable Compensation Plan to comply with the applicable remuneration restrictions. As the application of such rules and principles may include an assessment and interpretation of the remuneration restrictions, it cannot be excluded that a competent supervisory authority takes a different view on the correct application thereof in specific cases (although there is no indication that the competent supervisory authority takes such position).

Adjustment and claw-back of bonuses

On 1 January 2014, the Dutch act on the revision and claw-back of bonuses and profit-sharing arrangements of directors and day-to-day management entered into force. The act applies to managing board members of Dutch public companies and financial firms as defined in the FMSA, which includes banks. Pursuant to the FMSA, and as introduced by the Wbfo, the scope of the provisions regarding the claw-back of bonuses of the FMSA has been extended to all group employees of financial firms. The rules provide for the possibility to: (a) revise a bonus prior to payment, if unaltered payment of the bonus would be unacceptable pursuant to the criteria of "reasonableness and fairness", and (b) claw-back (part of) a paid bonus, if payment took place on the basis of incorrect information on fulfilment of the bonus targets or conditions for payment of the bonus. In accordance herewith a company's supervisory board has discretionary power to adjust any variable compensation to a suitable amount if, in its opinion, payment of the compensation would be unacceptable under the principle of "reasonableness and fairness". A supervisory board is also authorised to reclaim any variable remuneration over any performance period if the award, calculation or payment has been based on incorrect data or if the performance conditions were not achieved in hindsight. The Rules of Procedure of the Supervisory Board provide, in addition, that the Supervisory Board has the discretionary power to reclaim any variable remuneration awarded to a member of the Managing Board on the basis of conduct in violation of the Group's established core values or the business principles adopted on the basis of such values. The recipient will then be obliged to repay said amount to such company. Pursuant to the FMSA, and as introduced by the Wbfo, a company's supervisory board must in any case adjust variable compensation downwards if a person (a) has not met appropriate standards of capability and correct behaviour or (b) was responsible for conduct which has led to a substantial deterioration of the Company's position including its financial position, and must in any case reclaim variable compensation paid to any such person.

In addition, Dutch law prescribes that, in case the value of shares or options granted as remuneration by a company to the respective members of the managing board increases during a period in which a public offer is made on the shares in the share capital of the company, the remuneration of that respective member of the managing board will be reduced by the amount by which the value of the shares or options granted by the company to such member has increased. Similar provisions apply in the situation of an intended legal merger or demerger, or if a company intends to enter into certain transactions that are of such significance to the company that the managing board requires the approval of the general meeting pursuant to Dutch law (transactions that fall within the scope of Section 2:107a DCC). At the date of this Prospectus, however, none of the members of the Managing Board has been granted any Shares or options for Shares and pursuant to the FMSA, and as introduced by the Dutch Bonus Prohibition Act, members of the Managing Board may not receive variable pay in the form of Shares or otherwise until the Dutch State no longer has an interest in the Group.

Variable pay for Identified Staff

Certain restrictions on remuneration also apply to staff whose professional activities could have a material impact on the Group's risk profile, such staff consists of members of the Managing and Supervisory Board, the Management Group, staff responsible for independent control functions, other risk takers (composition of this group follows from credit, market and liquidity risk analyses undertaken annually by the Group Risk Management Team on the basis of RWA (REA) thresholds, membership of certain Risk Committees, the level of P&L budget and responsibilities), other employees whose total remuneration takes them into the same remuneration bracket as senior managers and risk takers, and employees who qualify on the basis of the additional qualitative and quantitative criteria as laid down in the EBA Guidelines with retroactive effect to 1 January 2014 (together, the "**Identified Staff**").

In general, the remuneration package for Identified Staff has been structured in accordance with the various regulations and restrictions for the financial sector as described above. The remuneration package for Identified Staff generally consists of the following components: annual base salary, annual variable remuneration (with deferred payout), and benefits and other entitlements. The Group strives to position the level of total direct compensation for Management Group members just below market median levels. With effect from 2014, in anticipation of the implementation of the Wbfo, the variable compensation for Management Group members is capped at 20% of base salary. Performance is measured during a one-year performance period at three levels: group, business unit and individual level and by means of (partly) risk-adjusted financial and non-financial performance indicators. At least 50% of performance indicators for Identified Staff is based on non-financial performance indicators.

All variable remuneration awards for Identified Staff are subject to an ex ante risk assessment by way of collective quantitative risk adjustment mechanisms (such as the solvability check) and a qualitative individual check. This assessment results in advice to the Managing Board, which decides on whether variable compensation is granted to the relevant Identified Staff, subject to formal approval of the Supervisory Board upon advice of the Remuneration, Selection and Nomination Committee. Variable remuneration is awarded over time: 60% upfront and 40% deferred, which ratio the Group may at its sole discretion and in compliance with applicable remuneration restrictions increase with respect to the latter, each payment equally divided into cash and non-cash instruments. In compliance with the remuneration restrictions, a different ratio between the upfront and deferred payment may, however, be applied at the Company's sole discretion. Deferred variable remuneration vests in equal instalments in three years' time. The non-cash instrument portion, expressed in performance certificates, is subject to specific conditions: it fluctuates in line with the net asset value of the Group, a two year additional retention period applies, and for a specific group of Identified Staff, the settlement in cash of the non-cash instruments can be capped. The initial value of the performance certificates is based on the net asset value of the Group and will remain the same for the entire award cycle, which typically lasts six years. The relevant net asset values for the various performance periods are annually determined by the Supervisory Board at its sole discretion and in accordance with the plan rules of the ABN AMRO Variable Compensation Plan. An index percentage is used to multiply the initial performance certificate award value which will then determine the amount to be paid at the moment of settlement (*i.e.*, after the two year retention period following the moment that the initial award becomes unconditional). In 2014, variable remuneration awarded in the form of performance certificates amounted to EUR 5.67 million.

The Group also engages in ex post risk adjustment of Identified Staff variable remuneration. The Group's Control Functions Risk, Compliance, HR, Finance and Audit conduct a malus assessment on an annual basis to determine whether any information has come to light that would prevent the vesting of deferred remuneration components. The assessment takes into account the following factors: evidence of misconduct or serious error by the staff member (*e.g.*, breach of code of conduct or other internal rules, especially concerning risks), the institution and/or the business unit subsequently suffers a significant downturn in its financial performance (specific indicators are to be used), the institution and/or the business unit in which the staff member works suffers a significant failure of risk management, and significant changes in the institution's economic or regulatory capital base. The outcome of the malus assessment is subject to approval of the Managing Board and Supervisory Board.

The Supervisory Board concluded that, on the basis of the assessment as performed by the Control Functions, there was no reason to apply a collective or individual malus with respect to the vesting of (a) the third tranche of deferred variable compensation with respect to the 2011 performance period, (b) the second tranche of the deferred variable compensation with respect to the 2012 performance period, and (c) the first tranche of the deferred variable compensation with respect to the 2013 performance period. This means that one-third of each of the deferred variable compensation awards with respect to the three performance years mentioned above have been granted to the relevant employees.

The Group does not permit its employees to engage in personal hedging activities or obtain insurance linked to remuneration and liability in order to circumvent the risk control effects that have been embedded in the variable compensation plan.

The Variable Compensation Plan will remain in place after the Settlement Date, with the exception of the non-cash instrument portion (in the form of performance certificates), which as of the Settlement Date will provide for DRs in lieu of performance certificates in order to provide shareholder alignment. Up until the Settlement Date, the use of the non-cash instrument portion (in the form of performance certificates) will be continued and all outstanding performance certificates will be phased-out over time. The use of the non-cash instrument portion in the form of DRs will be linked to a full performance year in order to avoid using two different non-cash instrument portions reflecting variable remuneration awards for one and the same performance year. The Group believes that the use of DRs will result in an increased alignment between remuneration and shareholder value for all participants in the Variable Compensation Plan. Due to the Bonus Prohibition Act, Identified Staff in the top layers of the organisation are not eligible to receive variable income as long as the Dutch state holds an interest in the Group and therefore cannot participate in the Variable Compensation Plan.

Equity Holdings

At the date of this Prospectus, none of the current members of the Managing Board or of the Supervisory Board holds any Shares or options for Shares.

Share Plans

The Group currently has no employee share or share option plans in place. It does have in place the ABN AMRO Variable Compensation Plan for Identified Staff under which non-cash instruments in the form of DRs may be granted as of the Settlement Date, taking into account that the use of a non-cash instrument will be linked to a full performance year in order to avoid the use of two different types of non-cash instrument reflecting the variable remuneration awards for one and the same performance year (see also "—Restrictions on Remuneration—Variable pay for Identified Staff"). There are no other plans that foresee the use of DRs as remuneration.

Employment, Service and Severance Agreements

Managing Board contracts are governed by Dutch law and are generally aligned with the Code. Managing Board members are generally appointed in such capacity for a term of four years; however their contracts are entered into for an indefinite period of time. Subject to the provisions of Section 1:125 FMSA, the contracts contain a severance provision that equals a maximum of one gross annual salary in the event the Company takes the initiative to terminate the Managing Board Member's employment agreement under specific conditions. As agreed in his contract, Mr Zalm will not be entitled to a severance payment in the event of a termination of his appointment or employment whether voluntary or involuntary. The full terms and conditions of the contracts of the members of the Managing Board are recorded in individual contracts. The members of the Supervisory Board do not have an employment, service or severance contract with the Company.

Liability of Members of the Managing Board and the Supervisory Board

Under Dutch law, members of the Managing Board and Supervisory Board may be liable towards the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages towards the Company and towards third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

Insurance

Members of the Managing Board, Supervisory Board and certain other officers are insured under an insurance policy taken out by the Company against damages resulting from their conduct when acting in their capacities as members or officers.

Indemnification

Pursuant to the Articles of Association, and unless Dutch law provides otherwise, the following will be reimbursed to current and former members of the Managing Board and Supervisory Board, subject to certain limitations specified in the Articles of Association:

a. the reasonable costs of conducting a defence against claims based on acts or failures to act in the exercise of their duties or any other duties currently or previously performed by them at the company's request;

b. any damages or fines payable by them as a result of an act or failure to act as referred to under a;

c. the reasonable costs of appearing in other legal proceedings in which they are involved as current or former managing directors or supervisory directors, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf.

Pension Plans

The Group operates a number of pension plans. These plans are mainly defined contribution plans. As of 31 December 2014, defined benefit plans were in place in Belgium, France, Germany, Jersey, the Netherlands and Norway and had a total defined benefit obligation of EUR 187 million and assets of EUR 91 million. In 2014, with the exception of two small defined benefit plans, the pension plan for employees in the Netherlands has been changed to a collective defined contribution plan. See "—Settlement of the Dutch defined benefit plan".

A defined contribution plan is a post-employment benefit plan under which the Group pays yearly contributions determined by a fixed method. The Group has no legal or constructive obligation to pay any further contributions. Contributions are recognised directly in the income statement in the year to which they relate. Actuarial losses and investment risks are for the account of the participants in the plan.

A defined benefit plan is a post-employment benefit plan that is not a defined contribution plan. For defined benefit schemes, the net obligation of each plan is determined as the difference between the present value of the defined benefit obligations and the fair value of plan assets. The actuarial assumptions used in calculating the present value of the defined benefit obligation include discount rates based on high-quality corporate bonds, inflation rate, future salary increases, employee contributions, mortality assumptions and rates of employee turnover. The assumptions are based on available market data and management expectations at the end of the reporting period.

Plan assets are measured at fair value at the balance sheet date and are netted against the defined benefit obligation.

Pension costs recognised in the income statement for defined benefit plans consist of:

- service costs;
- net interest costs determined by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments; and
- curtailments or plan amendments.

Differences between the pension costs and the contributions payable are accounted for as provisions or prepayments.

Remeasurement

Remeasurements of the net defined benefit liability (asset) are actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments (*i.e.*, unexpectedly high or low rates of employee turnover) and are recognised in "Other comprehensive income" and will not be recycled to profit or loss in later periods. In determining the actual return on plan assets, the costs of managing the plan assets and any tax payable by the plan itself are deducted.

Other post-retirement benefits

Some Group companies provide post-retirement benefits to their retirees such as long-term service benefits and discounts on banking products. Entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. These obligations are calculated annually.

Plans in all countries comply with applicable local regulations concerning investments and minimum funding levels.

As of 31 December 2014, the Group recognised a provision for pension commitments in an amount of EUR 91 million.

Settlement of the Dutch defined benefit plan

In 2014, the Group reached agreement with the trade unions and the ABN AMRO Pension Fund on a new pension plan for its employees in the Netherlands as part of a new collective labour agreement. The new pension plan is a CDC plan.

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

The new Dutch CDC plan is effective as of 12 June 2014 and is a defined contribution plan based on an average salary plan with a yearly accrual ambition of 2.05% in 2014 and 1.875% as of 2015. The normal retirement age is set at 67 years. The contribution payable by pension fund participants will be lowered from 6.67% to 5.5% as from 2015. Under the new plan the annual pension contributions are calculated according to a fixed contribution calculation mechanism. The annual pension contribution is maximised at 35% of the pensionable salary, plus a fixed amount of EUR 25 million. For 2015, the pension expense for the Dutch CDC plan is estimated to be approximately EUR 290 million, which is lower than the maximum annual pension expense of the pensionable salary of approximately EUR 350 million.

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

At settlement date, the net defined benefit liability of the Dutch defined benefit plan amounted to EUR 449 million. During the second half of 2014 a final calculation was made and the Dutch benefit plan amounted to EUR 441 million. The following table presents the defined benefit obligation and plan assets for the Dutch pension plan.

(in millions)	**2014**
Defined benefits obligation	19,844
Plan assets	19,403
Net defined benefits liabilities (assets) Dutch defined benefit plan	**441**

The net defined benefit liability of EUR 441 million (EUR 330 million after tax) was released to profit or loss. Furthermore, the settlement payment of EUR 500 million (EUR 375 million after tax), and the EUR 200 million (EUR 150 million after tax) one-off contribution for catch-up indexation is recognised in profit or loss at the settlement date. For 2014, the cash contribution to the pension fund is based on the calculation mechanism of the defined benefit pension plan applicable until 12 June 2014. The difference with the contribution based on the new defined contribution calculation mechanism amounting to EUR 37 million (EUR 28 million after tax) is recognised as an additional settlement payment in profit or loss.

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

(in millions)	2014
Release of the net defined benefit liabilities	-441
Settlement payment	500
Contribution 2014 above defined contribution calculation	37
Contribution for the catch-up indexation	200
Losses/(gains) on settlement	**297**

Following the settlement of the Dutch pension plan, remeasurements previously recognised in Other comprehensive income relating to the Dutch pension plan amounting to EUR 4,799 million (EUR 3,599 million after tax) were transferred to "Other reserves".

Trade Union Relations

In the Netherlands, the trade unions (FNV Finance, De Unie, CNV Dienstenbond) and the bank together are responsible for negotiating and signing collective labour agreements ("**CLA's**"). As stated in the 'SER Fusiegedragsregels', trade unions are informed upfront by the Group in case of organisational changes such as mergers and outsourcing. In addition, unions pro-actively address issues in which large groups of employees are involved. The Group believes that a good relationship with trade unions is important in order to come to an effective and constructive dialogue.

The Group has collective labour agreements and/or social plans in place in the Netherlands, in Australia, Belgium, France, Germany, Japan, Luxembourg, UK and Spain. A CLA or a social plan is an agreement, negotiated between the Group and trade unions and/or the Works Council on behalf of the employees. The CLA sets out the terms and labour conditions of employees and the mutual obligations of employees and employer that result from these conditions. A new collective labour agreement for the Group's employees in the Netherlands for 2014 and 2015 was agreed between the Group and the unions. The Group is currently negotiating a new collective labour agreement for the Group's employees in the Netherlands. The agreement stipulates a 0% salary increase for Dutch employees in 2014 and 2015. Furthermore, as a consequence of new Dutch pension legislation, the pension plan changed as of 2014, resulting in a decrease in accrual and a higher pensionable age. In addition, the former defined benefit pension plan was changed with effect from mid-June 2014 into a so-called CDC scheme for the full pensionable income (see "—Pension Plans—Settlement of the Dutch defined benefit plan"). As a result of new Dutch pension legislation, as of 2015 it is no longer possible to build up gross pension amounts for any pensionable salary in excess of EUR 100,000. The Group has agreed in the CLA that employees will receive an allowance (30% of the excess in 2015) as compensation, which can be used (voluntarily) to build up a net pension in a defined contribution plan. The allowance will be set annually using the year-end interest of the preceding calendar year. The pension arrangements that have been agreed in the CLA also apply to the members of the Managing Board and the Management Group.

A social plan regulates consequences of collective dismissals as a result of reorganisations within the Group. The agreements are set for a certain period of time. The current CLA in the Netherlands has been in place since 2014. If the CLA is not renegotiated it is continued automatically.

Works Council (*Raad van Medewerkers*)

A works council is a body of employee representatives who have been elected by the employees. The Group's employees are represented by works councils at all levels of the Group. The Works Council deals primarily with topics that affect all parts of the Group's organisation. Certain of the Company's subsidiaries also have established works councils or other comparable employee representative bodies, depending on local legislation and the size of the workforce. In addition to the elected works council members, approximately 150 employees has subscribed as non-elected members and participate in small-group discussions on employee related topics in order to provide input to the Works Council.

Under Dutch law, the managing board of any company running an enterprise where a works council has been established must seek the non-binding advice of the works council before taking certain decisions with respect to the enterprise, such as those related to a major restructuring, a change of control, or the appointment or dismissal of a member of the managing board. Certain other decisions directly involving employment matters that apply either to all employees or certain groups of employees may only be taken with the works council's consent. The Works Council meets regularly with members of the Managing Board and Supervisory Board on various other occasions throughout the year.

Furthermore a European Staff Council ("**ESC**") exists. The ESC is a forum for information, consultation and dialogue on questions of an economic, financial and social nature likely, due to their strategic importance or European character, to be of interest to the Group. The ESC represents the interests of all European countries in which the Group is active (including the Netherlands). It represents the interests of employees of the business lines Corporate Banking and Private Banking International in transnational (effecting two or more countries) financial, economic and social bank-related subjects. The number of representatives per country depends on local legislation and the size of the workforce in the respective country. Each country that is subject to the ESC resolution has at least one representative. The board of the council is elected by the representatives and consists of three members and a chairman.

The Group makes sure the ESC is involved at an early stage in the decision-making process. The ESC is also involved with the national works councils; the ESC and the national work councils cannot replace each other.

Covenant with the Works Council (Raad van Medewerkers)

The Works Council and the Company have entered into an agreement pursuant to which the Works Council has been granted certain additional rights (the "**Works Council Covenant**"). Pursuant to the Works Council Covenant, the Works Council has the right of inquiry within the meaning of Section 2:346 DCC in the event of a "hostile situation".

The Works Council Covenant qualifies the following situations as hostile: (i) a public offer has been announced or is made in respect of Shares (or in respect of DRs) or there is a justified expectation that this will take place, without agreement first having been reached between the bidder and the Company, (ii) the exercise of the voting rights by a DR Holder or Shareholder would effectively be in conflict with the interest of the Company and its business, or (iii) any other situation in which the independence, continuity or identity of the Company and the enterprises associated with the Company could be harmed. Other situations can be qualified as hostile by agreement between the Works Council and the Company.

Furthermore, when the Selling Shareholder requests the consent, cooperation and/or a position statement of the Company in the event of a subsequent placement or a private sale of Shares or DRs, the Works Council will be requested by the Company to provide an advice within the meaning of articles 25 and 26 of the Works Councils Act (*Wet op de Ondernemingsraden*).

Employees

The table below provides an overview of the total numbers of employees the Group employed as at 30 September 2015, 31 December 2014 and 31 December 2013, subdivided per operating segment and geographic breakdown. These numbers are measured in FTEs.

Total FTE's per segment	Q3 2015	2014	2013
Retail Banking	5,885	6,258	6,503
Private Banking	3,684	3,599	3,442
Corporate Banking	5,013	4,995	5,022
Group Functions	7,518	7,362	7,321
Total	22,101	22,215	22,289

Geographic breakdown of FTE's	Q3 2015	2014	2013
Netherlands	18,001	18,250	18,550
Rest of Europe	2,663	2,622	2,456
Asia	893	854	751
USA	411	364	341
Rest of the world	132	124,49	191
Total	22,101	22,215	22,289

Since 30 September 2015 there have been no significant changes in the numbers of employees employed by the Group measured in FTEs.

Corporate Governance Code

The Code issued on 9 December 2003 and as amended as of 1 January 2009 applies to all Dutch companies listed on a government-recognised stock exchange, whether in the Netherlands or elsewhere. The Code contains a number of principles and best practice provisions in respect of managing boards, supervisory boards, shareholders and the general meeting, financial reporting, auditors, disclosure, compliance and enforcement standards. The Code requires a company to disclose in its annual report whether or not it applies the provisions of the Code and, if it does not apply those provisions, to explain the reasons why it does not.

Compliance with the Code

The Company complies with all principles and best practices of the Code, except for the deviations and nuances which are described below.

The Company applies best practice provisions I.2 and IV.3.9, which provide that (a) each substantial change in the corporate governance structure of the Company and in the compliance with the Code and (b) material changes in the Articles of Association and proposals to appoint members of the Supervisory Board (and members of the Managing Board, but this is not applicable to the Company), should be presented to the General Meeting as a separate discussion item or voting item, as applicable. The only exception to this practice is that the Managing Board and the Supervisory Board may decide to place certain topics on the agenda under one agenda item if that is justified because of the interrelation between the topics. The Company considers this a further substantiation of this best practice provision, which may be necessary due to the fact that in practice there can be a situation where proposals to amend the Articles of Association or the corporate governance structure of the Company are interrelated in such a way that separate votes on each of those proposals could lead to an imbalanced voting result and, as a consequence, to imbalance in the corporate governance structure.

The Company applies principle II.3, best practice provisions II.3.2 – II.3.4, principle III.6 and best practice provisions III.6.1 – III.6.3, dealing with actual and apparent conflicts of interest. However, the Company makes an exception with respect to conflicts of interest that are exclusively the result of the identical composition of the Managing Board of ABN AMRO Bank and the Company and the Supervisory Board of the respective entities.

The Company does not fully apply principle III.5. Instead of having a separate remuneration committee and selection and a nomination committee, these committees are combined into one committee.

The Company applies best practice provision III.5.4, which provides for the responsibilities of the audit committee. However, in deviation from this provision, the Company has decided to assign responsibility for supervising the functioning of the internal risk management system and the compliance with codes of conduct to the Risk & Capital Committee, instead of to the audit committee, since the Company has a separate Risk & Capital Committee.

Principle III.8 and best practice provision III.8.1 – III.8.4 are not applicable because the Company has a two-tier board.

The Company does not apply principle IV.2 (and best practice provision IV.2.8). In contradiction to this principle and provision, the issuing of depositary receipts is primarily used as a protective measure and not to prevent that as a result of shareholder absenteeism a minority of shareholders can control the decision making process at a general meeting. Regulatory considerations have been decisive in choosing a structure with depositary receipts as a protective measure. Only by means of the structure with the depositary receipts, the declarations of no objection can be obtained upfront. These declarations of no objection are required in connection with the (indirect) acquisition of a qualified holding in ABN AMRO Bank, and certain other regulated entities in which the Company holds an interest. Therefore, this structure provides the most possible certainty prior to the Offering on adequate protection of the Company against a hostile take-over. Although the issuing of DRs has been primarily set up as a protective measure and not to prevent absenteeism, the Foundation does aim to promote the exchange of information between the Company on the one hand and the DR Holders and Shareholders on the other hand, for example, by organising a meeting of DR Holders prior to every General Meeting. Please see “Description of Share Capital—the DRs” and “Description of Share Capital—the Foundation” for more information on the purpose and functioning of the DRs and the Foundation.

Compliance with best practice provisions IV.2.1 – IV.2.7 are a responsibility of the Foundation Board. In relation to best practice provision IV.2.5, the following applies. In normal circumstances, the Foundation will be guided by the interests of the holders of depositary receipts and will take into account the interest of the Company and the enterprises associated with it. In principle, the Foundation each time has the obligation to grant a power of attorney to the DR Holders to exercise the voting rights attached to the Underlying Shares and will not exercise voting rights on the Shares (unless DR Holders have requested the Foundation to do so), and therefore, this best practice provision does not apply. The foregoing can be different in Hostile Situations (as defined in “Description of Share Capital—The DRs—Governance rights attached to the DRs”). In such case, pursuant to the DR Terms, the Foundation should, when exercising the voting rights in accordance with the objects clause of the Foundation as laid down in the Foundation Articles, primarily focus on the interests of the Company and its business.

The Company applies principle IV.3, which deals with equal and simultaneous provision of information to shareholders, however, with the understanding that the Company will observe the Relationship Agreement with NLFI and the special position of the Foundation. In this respect, reference is made to the Company’s policy on bilateral contacts with the shareholders which can be found on the Company’s website (www.abnamro.com).

Policy for Bilateral Contacts with Shareholders

In accordance with best practice provision IV.3.13 of the Code, the Company has formulated a policy on bilateral contacts with shareholders (the “**Bilateral Contacts Policy**”). In the context of and according to the Bilateral Contacts Policy, “Shareholders” is understood to mean (potential) Shareholders and/or DR Holders. The Bilateral Contacts Policy was adopted by the Managing Board and approved by the Supervisory Board on 6 November 2015. The full text of the Bilateral Contacts Policy is published on the Company’s website (www.abnamro.com).

The Bilateral Contacts Policy does not apply to the contacts between the Company and NLFI. The relationship between the Company and NLFI is governed, among other things, by the Relationship Agreement (please see “Shareholder Structure and Related Party Transactions—Relationship Agreement” for more information on the Relationship Agreement and the Company’s website (www.abnamro.com) for the full text of the Relationship Agreement).

In the Bilateral Contacts Policy, the Company expresses its commitment to maintaining an open and constructive dialogue with its Shareholders. In this respect, the Bilateral Contacts Policy provides that:

(i) the Company aims to keep Shareholders updated by informing them equally, simultaneously, clearly and accurately about the Company's strategy, performance and other company matters and developments that could be relevant to investors' decisions;

(ii) the Company will always act in compliance with applicable law, including provisions on price-sensitive information, fair and non-selective disclosure and the equal treatment of Shareholders that are in the same position, taking into account the special position of the Foundation as described below; and

(iii) if price-sensitive information is inadvertently disclosed during any public or bilateral meeting or event, this information will be made public without delay.

With respect to conversations with Shareholders, the Bilateral Contacts Policy provides, among other things, that:

(i) those will primarily take place in General Meetings but may also be held on a bilateral basis (including with the Foundation);

(ii) the Company will determine at its sole discretion whether it will accept invitations to engage in bilateral contacts with Shareholders, but will take into serious consideration all reasonable requests from Shareholders;

(iii) the interests of the Company and all its stakeholders will be taken into account in the consideration to enter into a bilateral conversation;

(iv) the Company may request a Shareholder to provide (written) information prior to a bilateral conversation taking place; and

(v) bilateral meetings with Shareholders (with the exception of bilateral contacts with the Foundation) will not be held during "closed periods".

The Bilateral Contacts Policy also summarises the special position and purpose of the Foundation. Please see "Description of Share Capital—The Foundation" for more information on the purpose and functioning of the Foundation. The Bilateral Contacts Policy provides that the Company may have bilateral conversations and share information with the Foundation, if – in the opinion of the Company – this is in the best interest of the Company and its business. This may occur in particular if it is deemed necessary or advisable by the Company with a view to the Foundation making a well-informed decision (thereby also considering the Company's position on the matter at hand) with respect to (potentially) exercising its rights under section 2:118a DCC. Please see "Description of Share Capital—Governance rights attached to the DRs" for a description of those rights.

The Managing Board is authorised to adopt, revoke and amend the Bilateral Contacts Policy, subject to the approval of the Supervisory Board. The Managing Board, with the approval of the chairperson of the Supervisory Board, and the Supervisory Board retain the right to deviate from the Bilateral Contacts Policy.

Banking Code

In 2009, the Advisory Committee on the Future of Banks in the Netherlands made recommendations for improving the performance of the Dutch banking sector to help restore trust in banks. Dutch banks and the Dutch Banking Association teamed up to translate the Advisory Committee's recommendations into best practices, which are included in the Banking Code. The Banking Code came into effect on 1 January 2010 and sets out principles that banks should adhere to in terms of corporate governance, risk management, audit and remuneration. A Banking Code Monitoring Committee was set up to monitor and to report on the progress made by banks in implementing the Banking Code. As of 1 January 2015, the Dutch Banking Association has renewed the Dutch Banking Code, as advised by the Dutch Banking Code Monitoring Committee in March 2013, and introduced a Social Charter (*Maatschappelijk Statuut*). The measures along with the proposed Banker's Oath and disciplinary rules to be applicable to all employees of banks in the Netherlands, emphasise the social role of banks and their commitment to meeting the expectations of society at large.

As one of the banks involved in drawing up the Banking Code, the Company is committed to promoting compliance with the principles that it embodies, as they will play an important part in restoring trust in the banking industry. As such, the Company is dedicated to translating the principles of the Banking Code into policies, and then to putting these policies into practice. These policies are applied in full to all subsidiaries of the Group that have activities in or directed at the Netherlands with a banking licence granted by DNB (or, as of 4 November 2014, by the ECB), aiming to ensure that the intentions behind the Banking Code are properly reflected and adhered to in all parts of the organisation.

In view of the varying business activities, organisation and risk frameworks of the Group's subsidiaries, with their own banking licences, implementation of group-wide policies and standards may differ between subsidiaries. Compliance with the Banking Code is actively monitored by the Company and reported on in its annual report.

As of 1 April 2015, all supervisory directors, managing directors and employees of a bank must take an oath of good conduct (the "**Banker's Oath**"). The oath is a confirmation of the Company's existing policy, which is fully in line with the Business Principles and core values of the Group.

The Managing Boards and the managing boards of its subsidiaries work with their respective supervisory boards to ensure that the principles in the Banking Code are implemented and complied with throughout the organisation. Furthermore, the full text of the 'Declaration of Moral and Ethical Conduct' has been included in the terms of the employment contracts of all members of the Group's senior management in the Netherlands.

DESCRIPTION OF SHARE CAPITAL

This section summarises certain information concerning the Company's share capital and certain material provisions of the Articles of Association, the articles of the Foundation as included in the Foundation's deed of incorporation executed on 20 July 2015 (the "**Foundation Articles**"), the DR Terms and applicable Dutch law. This summary assumes the Company's articles of association have been amended in accordance with the resolution of the General Meeting adopted on 6 November 2015. The amendment of the articles of association will be effected by the execution of a deed of amendment on the Settlement Date.

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the Articles of Association, the Relationship Agreement, the Foundation Articles, the DR Terms and the relevant provisions of Dutch law as in force on the date of this Prospectus. The Articles of Association, the Foundation Articles and the DR Terms are available in the governing Dutch language and an unofficial English translation thereof on the Company's website (www.abnamro.com/ipo). The Relationship Agreement (in the governing English language) is also available on the Group's website. See also "Management, Employees and Corporate Governance" for a summary of certain material provisions of the Articles of Association and Dutch law relating to the Managing Board and the Supervisory Board.

General

The Company was incorporated on 18 December 2009. The Company is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands and has its statutory seat in Amsterdam, (telephone number +31 20 6289 393) the Netherlands and its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands. The Company is registered with the Trade Register of the Chamber of Commerce, Amsterdam office, the Netherlands (*handelsregister van de Kamer van Koophandel, vestiging Amsterdam, Nederland*) under number 34370515.

As mentioned in article 2.1.3 of the Articles of Association, the Company is a financial holding (*financiële holding*) within the meaning of section 1:1 FMSA and the Company is subject to the sector regulations (as defined in the Articles of Association) which among other things include regulations pursuant to the qualification as systemic bank (*systeembank*) and institution of public interest (*organisatie van openbaar belang*).

Corporate Purpose

Pursuant to article 2.2 of the Articles of Association, the corporate objective of the Company is (a) to cause the operation of the banking business, (b) financing third parties, providing security or binding the company for obligations of third parties, (c) participating in, taking an interest in another way in and managing other businesses, of whatever nature but in particular businesses and institutions which are active in the banking business, the insurance business and in other forms of financial services, and (d) the performance of all other acts and activities which are related or may be conducive thereto.

Pursuant to article 2.3 of the Articles of Association, the interest of the Company includes the interest of the business associated with it, including among other things the justified interests of the customers, the savers and deposit holders, the Shareholders, the DR Holders, the employees and the society in which the Company performs its activities. These interests are, among others things, represented by pursuing a controlled remuneration policy.

Share Capital

Authorised and issued share capital of the Company

As of the date of this Prospectus, the authorised capital of the Company amounts to EUR 3,751,000,000 and is divided into two classes of shares: 3,750,000,000 Ordinary Shares, with a nominal value of EUR 1.00 each and 100,000,000 ordinary shares B, with a nominal value of EUR 0.01 each ("**Ordinary Shares B**").

As of the moment of execution of the notarial deed pursuant to which the Articles of Association will become effective, the authorised capital of the Company will amount to EUR 4,700,000,000 and will be divided into two classes of shares: 4,500,000,000 Ordinary Shares, with a nominal value of EUR 1.00 each and 200,000,000 Ordinary Shares B, with a nominal value of EUR 1.00 each (the Ordinary Shares and Ordinary Shares B together, the "**Shares**").

Immediately prior to Settlement 940,000,001 Ordinary Shares will be issued and outstanding and no Ordinary Shares B will be issued and outstanding.

As of the date of the Prospectus, the Company and its subsidiaries do not hold Ordinary Shares or Ordinary Shares B. All issued Ordinary Shares are fully paid-up and are subject to, and have been created under, the laws of the Netherlands.

History of share capital

During the financial years 2012, 2013 and 2014, the following changes occurred in the Company's issued share capital:

- On 1 January 2012, the Company's authorised share capital amounted to EUR 4,000,000,000 and consisted of 3,750,000,000 ordinary shares with a nominal value of EUR 1 each, 240,000,000 non-cumulative preference shares A with a nominal value of EUR 1 each, 100,000,000 ordinary shares B with a nominal value of EUR 0.01 each and 900,000,000 preference shares B with a nominal value of EUR 0.01 each.

- On 1 January 2012, the Company's issued share capital amounted to EUR 1,015,000,000 and consisted of 940,000,000 ordinary shares and 75,000,000 non-cumulative preference shares A.

- On 29 June 2012, one ordinary share was issued to NLFI.

- On 11 March 2013, 75,000,000 non-cumulative preference shares A (held by ABN AMRO Preferred Investments B.V.) were repurchased by the Company. Aforementioned shares were cancelled as of 16 May 2013, as a consequence of which NLFI became the sole holder of all issued shares in the Company's share capital.

- On 16 May 2013, the Company's authorised share capital was changed to EUR 3,751,000,000, consisting of 3,750,000,000 ordinary shares with a nominal value of EUR 1 each and 100,000,000 ordinary shares B with a par value of EUR 0.01 each by way of an amendment to the articles of association.

Ordinary Shares and Ordinary Shares B

Each Ordinary Share and each Ordinary Share B must be paid up in full upon issuance. Each Ordinary Share and each Ordinary Share B confers the right to cast one vote in the General Meeting. The Ordinary Shares and the Ordinary Shares B are in registered form.

As the DR Terms do not allow the Foundation to take Ordinary Shares B into administration, the Ordinary Shares B, if and when issued, will be issued directly to investors, including for instance to recapitalise the Group in situations of financial stress with severe impact on the solvency of the Group. The Ordinary Shares B may also be issued by the Group to raise proceeds for the purpose of making coupon payments under the alternative coupon settlement mechanism under its EUR 1 billion Perpetual Bermudan Callable Tier 1 instrument. For an overview of the rights that attach to Ordinary Shares and Ordinary Shares B, see, in particular and among others, "—Issue of Shares", "—Pre-emptive Rights", "—Capital Reduction", "—Acquisition by the Company of its Shares or DRs", "—Form and Transfer of Shares or DRs", "—Dividends and Other Distributions", "—Dissolution and Liquidation", "—General Meeting and Voting Rights", and "—Amendment of the Articles of Association".

On 31 December 2014 and 1 January 2015, the Company's issued and outstanding share capital consisted of EUR 940,000,001, being 940,000,001 ordinary shares of EUR 1.00 each. The authorised share capital of the Company as of the date of this Prospectus amounts to EUR 3,751,000,000 and consists of two classes of Shares, being 3,750,000,000 Ordinary Shares, with a nominal value of EUR 1.00 each and 100,000,000 Ordinary Shares B, with a nominal value of EUR 0.01 each.

The DRs

As of the date of the Prospectus, NLFI is the sole Shareholder of the Company. NLFI was incorporated at the request of the Parliament to further a non-political governance of financial institutions under public ownership, including the Company, and to act as a standalone shareholder independently of the Dutch State, including the Dutch Ministry of Finance. NLFI exercises the shareholder rights attached to the Company's shares. Material and principal decisions of NLFI require the prior approval of the Dutch Minister of Finance, who can also give binding voting instructions to NLFI with respect to such decisions. The Group has been informed by NLFI that NLFI is not involved in the affairs conducted or contemplated by the Dutch Ministry of Finance or any other part of the Dutch State. NLFI may not transfer the Company's shares without the consent of the Dutch Minister of Finance. Distributions made on the Company's shares are paid by NLFI to the Dutch State.

Please also see "Shareholder Structure and Related Party Transactions" for more information regarding NLFI and its relationship with the Company.

In the context of the Offer, NLFI will sell part of its shareholding in the Company. This will not take place by means of a direct sale of Ordinary Shares. Instead, investors will be offered DRs. The DRs will be issued by the Foundation in respect of Ordinary Shares which will be held by the Foundation. The same approach will be followed for all subsequent sales of Ordinary Shares by NLFI. See also "Shareholder Structure and Related Party Transactions" for more information regarding the undertakings by NLFI in relation to subsequent sales of Ordinary Shares by NLFI.

The reasons for using this structure with DRs are further described below.

The purpose of creating DRs

The primary purpose of having the Foundation be the legal owner of the Underlying Shares (as defined below) and creating the DRs is that this structure can serve as a defence measure against circumstances or actions which threaten the continuity of the Company or its businesses or which are in conflict with the interests of the Company or its business, taking into account the interests of the relevant stakeholders (which circumstances or actions may include hostile public offer situations and shareholder activism). The Foundation can protect the Company against such circumstances or actions by limiting, excluding or revoking granted powers of attorney to DR Holders to vote on the Underlying Shares or by not observing voting instructions received from DR Holders for a period of no longer than two years. See also "—The DRs—Governance rights attached to the DRs" below for a summary of the actions that the Foundation can take in case of Hostile Situations (as defined therein).

In relation to its holding of Underlying Shares, the Foundation has obtained the Foundation DNO, which allows the Foundation to acquire (Underlying) Shares up to the Foundation DNO Maximum. Please see "Shareholder Structure and Related Party Transactions" and "Risk Factors—62. Future sales or the possibility of future sales of a substantial number of DRs by NLFI or their delay for regulatory reasons, may materially and adversely affect the market price of the DRs" for more information on the Foundation DNO and the (implications of the) Foundation DNO Maximum.

In addition to serving as a defence measure, the Foundation will promote the exchange of information between the Company on the one hand and the DR Holders and Shareholders on the other hand and to promote the acquisition of voting instructions from DR Holders, for example, by organising a meeting of DR Holders prior to every General Meeting of the Company. During a meeting of DR Holders, the Foundation could decide to inform the DR Holders of its views regarding the Company and to have discussions with the DR Holders regarding the items on the agenda of the General Meeting of the Company. The Foundation Board may advise the DR Holders as to how to exercise their voting rights.

Creating the DRs

DRs are issued by the Foundation in exchange for the delivery of Shares ("**Underlying Shares**"). The DRs are subject to, and have been created under, the laws of the Netherlands. By creating DRs, the economic rights attached to the Underlying Shares are separated from the voting rights attached thereto. One DR is issued for each Underlying Share. DRs represent the beneficial (economic) ownership of the Underlying Shares. Like the Underlying Shares, DRs are in registered form and no DR certificates will be issued.

The DR Holder is entitled towards the Foundation to all dividend payments and other distributions received by the Foundation on the Underlying Share (see also "—The DRs—Economic rights attached to the DRs" below).

As the DR Holder is not the legal holder of the Underlying Share, the DR Holder does, in principle, not have the right to vote on the Underlying Share. The voting rights are legally held by the Foundation. However, the Foundation each time has the obligation to (without request) grant a power of attorney to the DR Holder to exercise the voting rights at his own discretion (except in case of a Hostile Situation, as defined below). See also "—The DRs—Governance rights attached to the DRs" below.

The rights and obligations of the Foundation and the DR Holder are laid down in the Foundation Articles and the DR Terms. Pursuant to the Foundation Articles, the Foundation may not dispose of or encumber the Underlying Shares held by it, with the exception of transferring the Underlying Shares to the DR Holders (thereby terminating the DRs structure) or to a successor entity designated by the Company.

Economic rights attached to the DRs

As the legal holder, the Foundation will collect dividends and other distributions on the Underlying Shares from the Company. In such case, under the DR Terms, the Foundation has the obligation to make a corresponding distribution on the DRs, without charging costs. If the Company makes a distribution in kind on the Underlying Shares in the form of Ordinary Shares, the Foundation will make, to the extent possible, a corresponding distribution to the DR Holders in the form of DRs. If the Company declares a distribution which is in cash or in kind, at the option of the Shareholder, the Foundation will enable each DR Holder as much as possible to make the same choice. The Rule Book of Euronext Amsterdam requires the Foundation to enable each DR Holder as much as possible to express their choice. If the Foundation, as the legal holder of the Underlying Shares has a pre-emptive right on newly issued Ordinary Shares in the share capital of the Company, it will enable the DR Holders to exercise a corresponding pre-emptive right on DRs representing such newly issued Ordinary Shares.

Governance rights attached to the DRs

Under Dutch corporate law, holders of depositary receipts are to a large extent treated as shareholders. DR Holders have the right to attend the General Meeting and to speak at the meeting. The DR Holders also have the right to propose agenda items under the same conditions that apply for Shareholders (see also "—General Meetings and Voting Rights").

As the Foundation is the legal holder of the Underlying Shares, the voting rights attached to the Underlying Shares legally vest in the Foundation. However, pursuant to the Foundation Articles and the DR Terms, the Foundation each time has the obligation to (without request) grant a power of attorney to DR Holders to enable them to vote on the Underlying Shares at their own discretion (except in case of a Hostile Situation).

A DR Holder may use this power of attorney to vote on the Underlying Shares himself or may decide to grant the power of attorney (with or without voting instructions) to a third party. A DR Holder may also decide to request the Foundation to vote on the Underlying Shares on his behalf (with or without an instruction with regard to the relevant matter), and in case of such instruction this shall be binding for the Foundation. If a DR Holder requests the Foundation to vote on the Underlying Shares on his behalf, but does not provide a specific instruction as to the manner in which the voting rights should be exercised (a blank instruction), the Foundation will have freedom to decide how it will exercise its voting rights, thereby always taking into account that, pursuant to the Foundation Articles and the DR Terms, the Foundation should ensure that the interests of the DR Holders and the interests of the Company and of the enterprises maintained by the Company and by the companies associated with the Company in a group are optimally safeguarded. If a DR Holder decides not to make use of the power of attorney granted to him and decides not to give a voting instruction to the Foundation, the Foundation itself may not vote on the Underlying Shares held by it. This can be different in case of a Hostile Situation (as defined and described below). As long as NLFI holds one third (1/3) of the number of issued Shares, the Foundation may, subject to the permission of NLFI, limit or exclude the granting of powers of attorney or revoke powers of attorney and not comply with a voting instruction. After such permission of NLFI, the Foundation will have the freedom on how to utilise its shareholder rights.

Pursuant to section 2:118a DCC and the DR Terms, the powers of attorney (to be) granted by the Foundation to the DR Holders may only be limited, excluded or revoked by the Foundation (and the Foundation may only decide not to observe voting instructions received from DR Holders) if:

(i) a public offer has been announced or is made in respect of Shares (or in respect of DRs) or when there is a justified expectation that such an offer or announcement will be made without agreement first having been reached between the bidder and the Company;

(ii) a DR Holder or several DR Holders and Shareholders acting in concert together with subsidiaries or otherwise hold(s) Shares or DRs representing 25% or more of the issued share capital of the Company; or

(iii) in the opinion of the Foundation, the exercise of the voting rights by a DR Holder be fundamentally contrary to the interest of the Company and its business,

(each of these situations, a "**Hostile Situation**").

If a Hostile Situation occurs and the Foundation resolves to limit, exclude or revoke powers of attorney to DR Holders or to not observe voting instructions received from DR Holders, the Foundation can exercise the voting rights attached to the Underlying Shares. In such case, pursuant to the DR Terms, the Foundation should, when exercising the voting rights in accordance with the objectives clause of the Foundation as laid down in the Foundation Articles, primarily focus on the interests of the Company and of the enterprises maintained by the Company and by companies affiliated to the Company in a group. In doing so, the Foundation will always take into account the legitimate interests of the customers, the savers and deposit holders, the Shareholders, the DR Holders, the employees and the society in which the Company performs its activities. The Foundation shall deter any influence that could affect the independence, continuity or identity of the Company and the enterprises maintained by the Company and the companies affiliated to it in a group in conflict with the interests of the Company and those enterprises to the maximum of its abilities.

A limitation, exclusion or revocation by the Foundation of powers of attorney to the DR Holders may not exceed a time period of two years.

Pursuant to the DR Terms, the Foundation may only resolve to limit, exclude or revoke powers of attorney to the DR Holders and to not observe voting instructions with the consent of NLFI as long as NLFI holds one-third or more of the Company's issued share capital. Pursuant to the Trust Office Foundation for the Management of Financial Institutions Act (*Wet stichting administratiekantoor beheer financiële instellingen*, the "**NLFI Act**"), NLFI, in turn, requires the approval of the Dutch Minister of Finance to give this consent. Please see "Shareholder Structure and Related Party Transactions—Shareholder Structure" for a description of events in relation to which the Dutch Minister of Finance will inform the Dutch House of Representatives. Once the holding of NLFI has dropped below abovementioned threshold, the Foundation may limit, exclude or revoke the powers of attorney and resolve not to observe voting instructions without any prior approval being required.

The DR Terms; amendment

The DR Terms can be amended as follows:

(i) by the Foundation, if the amendment is necessary or desirable in connection with a change to the Underlying Shares;

(ii) by the Foundation with the approval of the Company, if the amendment relates to enabling a DR Holder to request that his DRs be exchanged for the Underlying Shares;

(iii) by the Foundation with the approval of the Company and the approval of the meeting of DR Holders, for amendments which do not relate to the matters referred to in (i) or (ii).

In addition, before an amendment of the DR Terms can enter into force, it should also be approved by Euronext Amsterdam.

As long as NLFI holds one-third or more of the Company's issued share capital, the Foundation requires NLFI's consent for a resolution of the Foundation to amend the DR Terms.

DR Terms; resolution

Resolution regimes may affect the rights and remedies of DR Holders. See also "Risk Factors—41. Resolution regimes may affect the rights and remedies of holders of Ordinary Shares or DRs—who risk losing their entire investment—as well as the Group's market value and may lead to lower credit ratings and possibly higher cost of funding, capital and other costs and could thereby have a material adverse effect on the Group's funding ability, financial condition and results of operations". The DR Terms also provide that both the Foundation and the DR Holders will meet the obligations and adhere to the restrictions imposed pursuant to resolutions of the resolution board as referred to in article 42 of the SRM Regulation (Regulation (EU) No. 806/2014, dated 15 July 2014), of DNB, as national resolution authority and/or of the ECB as European supervisory authority, all in accordance with the applicable provisions of the aforementioned regulation, the FMSA and implementation regulations, as they may read from time to time. The power of the resolution board and the national resolution authority includes among other things (i) the cancellation or transfer of Shares, (ii) the cancellation of DRs and/or (iii) the issue of Shares or rights to subscribe for Shares or the issue of DRs or rights to subscribe for DRs.

The Foundation

Legal form and objectives clause

The Foundation was incorporated on 20 July 2015 under the laws of the Netherlands and has its seat in the municipality of Amsterdam, the Netherlands and its registered office at 1097 JB Amsterdam, Prins Bernhardplein 200, the Netherlands. The Foundation is registered with the Trade Register of the Chamber of Commerce, Amsterdam office, the Netherlands (*handelsregister van de Kamer van Koophandel, vestiging Amsterdam, Nederland*) under number 63774356. The Foundation is a Dutch foundation (*stichting*) which is a legal form without shareholders or members. The Foundation has been formed for an indefinite period of time. The main corporate body of the Foundation is its board (*bestuur*) (the "**Foundation Board**"). In addition, the Foundation Articles provide for a corporate body called the 'meeting of DR Holders'.

Pursuant to the Foundation Articles, the objectives of the Foundation are:

(a) to acquire for the purpose of administration (*ten titel van beheer*) and administer Shares in exchange for DRs, and to exercise all rights attached to the Shares, including the voting rights and the right to receive distributions on the Shares subject to the obligation to pay these out on the DRs;

(b) to promote the exchange of information between the Company on the one hand and the DR Holders and Shareholders on the other hand; and

(c) to promote the acquisition of voting instructions from DR Holders, subject to the provisions of section 2:118a of the DCC,

as well as to perform all activities which are incidental or may be conducive to all of the foregoing.

Under the Foundation Articles, the Foundation shall exercise the rights attached to Shares in the Company's share capital in such a way to ensure that the interests of the DR Holders, of the Company and of the enterprises maintained by the Company and the companies affiliated to the Company in a group are optimally safeguarded. The Foundation shall deter any influence that could affect the independence, continuity or identity of the Company and those enterprises in conflict with the interests of the Company to the maximum of its abilities. In doing so, the Foundation will always take into account the legitimate interests of the customers, the savers and deposit holders, the Shareholders, the DR Holders, the employees, and the society in which the Company carries out its activities.

The Foundation has statutory rights as a shareholder of the Company to, among others and within the limits of the statutory law, convene a general meeting, to put an agenda item on the agenda of a general meeting or to make a request for an inquiry.

The Foundation Board

The Foundation Board will be composed of between three and five natural persons that are entirely independent from the Company, in accordance with detailed independence criteria which are included in the Foundation Articles. In addition, only persons who qualify as 'reliable' in the meaning of section 3:99 FMSA can be appointed to the Foundation Board. Members of the Foundation Board are appointed for a maximum term of four years. Members of the Foundation Board can be re-appointed, provided that their term of office does not exceed 12 years in total.

At the date of this Prospectus, the Foundation Board is composed of the following members: Peter Ingelse, Inge Brakman and Saskia Stuiveling. Their résumés are included below. Future members of the Foundation Board will be appointed by the Foundation Board. DR Holders can make recommendations to the Foundation Board in respect of members to be appointed to the Foundation Board.

Name	Business experience and activities
Peter Ingelse	Mr Ingelse (1945) is a Dutch national. He was appointed as a director of the Foundation on 20 July 2015. Mr Ingelse received a law degree from the University of Groningen in 1968. Mr Ingelse worked as an assistant professor at the University of Groningen and the University of Amsterdam from 1969 to 1978, before entering into private practice as a solicitor from 1973 to 1990. In 1991, Mr Ingelse became a judge at the Civil Chamber of the High Court of Amsterdam. From 1993 to 2015 he functioned as an appeal judge at the Amsterdam Court of Appeal, of which he was vice-president from 2001. From August 2009 until April 2015 he was president of the Enterprise Court. Mr Ingelse retired from this position in April 2015. Mr Ingelse is a member of the Advisory Board Zifo (Zuidas Institute for Financial Law and Corporate Law) since 2010 and the Advisory Board of International Business Law (IBL) Master programme of VU-University since 2013. Mr Ingelse is an associated mediator/arbitrator with Reuling Schutte since September 2015.
Inge Brakman	Ms Brakman (1961) is a Dutch national. She was appointed as a director of the Foundation on 20 July 2015. Ms Brakman studied law at the University of Amsterdam. Ms Brakman was deputy general secretary for the Nederlandse Vereniging voor Journalisten (Dutch Association of Journalists) from 1989 to 1999. She became member and chairman of the Commissariaat voor de Media (Dutch Regulatory Media Authority) from 1999 until 2009. From 2009 onwards, she has worked as an independent media advisor, chairman and supervisor. Ms Brakman is currently chairman of the Netherlands Red Cross, the Central Commission of Statitistics, trustees Staatsbosbeheer (State Nature Preserve), SKO (Foundation for Viewers Research) and the Monitoring Commission Dutch Banking Code. She is a board member of the Persvrijheidsfonds (Foundation Freedom of the Press) and a supervisory board member of DSM Nederland, Shell Nederland, IMK (Institute for SME) and Royal Duyvis Wiener. She is member of an investigation-commission housing ROC Leiden. Her previous supervisory functions include chairman of Foundation De Baak VNO-NCW from 2004 to 2013, the Board of Trustees University of Amsterdam from 2004 to 2012, supervisory board member of Fortis Bank Nederland from 2008 to 2010, member of the Foundation Preference Shares TMG (Telegraaf Media Groep) from 2010 to 2013, member of the board of trustees of Female Iceskaters to the top from 2011 to 2013 and a member of foundation fondsenbeheer Nederland from 2012 until June 2015. Her previous advisory functions include chairman of the Commission Future of Public Broadcasting from 2013 to 2014, member of the commission Regulering Kansspelen via Internet (Rules for Gambling on the Internet) in 2010 and a member of the Sustainability Advisory Board of the Group from March 2011 to June 2015.
Saskia J Stuiveling	Ms Stuiveling (1945) is a Dutch national. She was appointed as a director of the Foundation on 3 September 2015. Ms Stuiveling received an MBA degree at the Rotterdam School of Management (RSM) from Erasmus University Rotterdam (EUR) in 1972. Ms Stuiveling worked as an independent management consultant from 1972 to 1974, a management consultant for the Association of Dutch Municipalities from 1973 to 1974 and as the personal assistant to the mayor of the city of Rotterdam Mr Van der Louw from 1974 to 1981. Ms Stuiveling was state secretary for the finances of local and regional government from 1981 to 1982 and head of the research staff of the Parliamentary Enquiry Committee on shipbuilding subsidies of the Dutch parliament from 1983 to 1984. In 1984 she became a member of the board of the Netherlands Court of Audit, the independent Supreme Audit Institution (SAI) of the country. From 1999 until mid 2015 she was the President of the Netherlands Court of Audit. From 2011 until mid 2015 she also became vice-chair and later chair of EUROSAI.

Name	Business experience and activities
	Ms Stuiveling was a member of the board of the Salvador Allende Centre and Institute for The New Chile from 1975 to 1995, a board member of Plan Netherlands and Plan International from 1985 to 1997, a member of the supervisory board of Crédit Lyonnais Bank Netherlands and later Generale Bank Netherlands from 1988 to 1999, a member of the Foundation Preference Shares Financieele Dagblad from 1997 to 2009, a member of the supervisory board of RO theater from 2002 to 2012 and a member of the supervisory board of Museum Boijmans van Beuningen from 2005 to 2012. Ms Stuiveling is currently member of the board of Trust Fund Erasmus University Rotterdam, member of the supervisory board of International Architecture Biennale Roterdam, member of the supervisory board of National Museum Paleis Het Loo, member of the supervisory board of Trust Fund Rijksakademie for Fine Arts, and a member of the supervisory board of the foundation for Refugee Students UAF. Furthermore, Ms Stuiveling is a member of the advisory boards of the Rotterdam School of Management RSM of Erasmus University Rotterdam, Dordts Museum, the National Military Museum, the professional organisation of Chartered Accountants NBA and the Dutch Bar Association.

The Foundation Articles; amendment

The Foundation Articles can be amended by the Foundation Board. A resolution of the Foundation Board to amend the Foundation Articles can only be adopted in a meeting of the Foundation Board at which all members of the Foundation Board are present or represented or in writing in accordance with the Foundation Articles. The Company needs to approve the amendment. If the proposed amendment diminishes the rights or securities of DR Holders or imposes obligations on the DR Holders, the amendment also requires the approval of the meeting of DR Holders.

As long as NLFI holds one-third or more of the total number of outstanding Shares, NLFI's consent is required for a resolution of the Foundation Board to amend the Foundation Articles.

Issue of Shares

Shares can be issued either (a) if and to the extent the Managing Board has been designated by the General Meeting as the authorised corporate body to resolve to issue shares, pursuant to a resolution by the Managing Board, which (proposed) resolution has been approved by the Supervisory Board or (b) if and to the extent the Managing Board has not been designated as the authorised corporate body to resolve to issue shares, pursuant to a resolution by the General Meeting (adopted with a simple majority) on a proposal to that effect by the Managing Board, which proposal has been approved by the Supervisory Board. This also applies to the granting of rights to subscribe for Shares, such as options, but is not required for an issue of Shares pursuant to the exercise of a previously granted right to subscribe for Shares. A designation as referred to above will only be valid for a specific period of no more than five years and may from time to time be extended for a period of no more than five years. A valid resolution of the General Meeting to issue Shares or to designate the Managing Board to do so, shall require, in addition to the approval of the Supervisory Board, a prior or simultaneous resolution or approval by each group of Shareholders of the same class whose rights are prejudiced by the issue.

On 6 November 2015, the General Meeting designated the Managing Board as the body authorised, subject to the approval of the Supervisory Board, to issue Ordinary Shares, to grant rights to subscribe for Ordinary Shares and to exclude statutory pre-emptive rights in relation to such issuances of Ordinary Shares or granting of rights to subscribe for Ordinary Shares. Aforementioned authorisation of the Managing Board is limited to 10% of the total nominal issued share capital of the Company as of the Settlement Date, may not be used to distribute dividends in the form of Shares and not for issuance in connection with management or employee incentive plans, and is valid for a period of 18 months after the date of grant of the authorisation.

Pursuant to the Relationship Agreement, for as long as NLFI holds more than one-third of the Company's issued share capital, any issuance of (or granting of rights to acquire) Shares by the corporate body authorised by the General Meeting requires the prior approval of NLFI. The same applies to any issuance of (or granting of rights to acquire) shares in ABN AMRO Bank by the corporate body authorised by the general meeting of ABN AMRO Bank.

Pre-emptive Rights

Upon issue of Shares, each Shareholder shall have a pre-emptive right in proportion to the aggregate nominal amount of his Shares. Shareholders do not have pre-emptive rights in respect of Shares issued against contribution in kind or in respect of Shares issued to employees of the Company or a Group Company. The pre-emptive rights described above also apply in case of granting of rights to subscribe for Shares.

Pre-emptive rights may be limited or excluded by a resolution of the General Meeting, upon a proposal of the Managing Board which has been approved by the Supervisory Board, which resolution by the General Meeting requires a majority of at least two-thirds of the votes cast, if less than one half of the issued share capital is present or represented at the meeting. The General Meeting may delegate this authority to the Managing Board, which resolution also requires a majority of at least two-thirds of the votes cast, if less than one half of the issued share capital is present or represented at the meeting, and otherwise it requires an absolute majority vote. A designation as referred to above will only be valid for a specific period of no more than five years and may from time to time be extended for a period of no more than five years. A resolution by the Managing Board (if so designated by the General Meeting) to limit or exclude pre-emptive rights requires the approval of the Supervisory Board. As set out above, the Managing Board is currently authorised by the General Meeting to restrict or exclude pre-emptive rights accruing to Shareholders in relation to the issue of Ordinary Shares, subject to the approval of the Supervisory Board, until 6 May 2017.

Please see "—The DRs—Economic rights attached to the DRs" for a description of the rights of DR Holders in case of an issue of Shares in respect of which a pre-emptive right applies to the Foundation.

Capital Reduction

Subject to the provisions of Dutch law and the Articles of Association, the General Meeting may, upon a proposal by the Managing Board which has been approved by the Supervisory Board, resolve to reduce the issued share capital by (i) cancelling Shares or (ii) reducing the nominal value of the Shares through an amendment of the Articles of Association. A resolution to cancel Shares may only relate to Shares held by the Company itself or of which it holds the DRs. Cancellation of Shares with repayment, partial repayment or waiver of the payment obligation may also take place in respect of all Shares of a specific class. A resolution of the General Meeting to cancel Shares can only be adopted upon the proposal of the Managing Board which proposal is subject to the approval of the Supervisory Board. Partial repayment on Shares pursuant to a resolution to reduce their nominal value may also take place exclusively on Shares of a certain class.

A resolution of the General Meeting to reduce the share capital requires a majority of at least two-thirds of the votes cast, if less than half of the issued share capital is present or represented at the General Meeting, and otherwise it requires an absolute majority vote. A valid resolution of the General Meeting to reduce the share capital shall also require, in addition to the requirements listed above, a prior or simultaneous resolution or approval by each group of Shareholders of the same class whose rights are prejudiced by the capital reduction.

Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long as creditors have the right to oppose the resolution by filing a petition to that effect. The reduction of CET1 instruments, such as share capital, requires prior approval of the ECB.

Please also see "Shareholder Structure and Related Party Transactions—Related Party Transactions—Relationship Agreement" for a description of the rights of the General Meeting in relation to reduction of capital at the level of ABN AMRO Bank.

Acquisition by the Company of its Shares or DRs

The Company may, subject to prior approval by the competent supervisory authority, acquire fully paid-up Shares or DRs at any time for no consideration or, subject to certain provisions of Dutch law and the Articles of Association, if (i) the distributable part of the shareholders' equity is at least equal to the total purchase price of the repurchased Shares or DRs, (ii) the nominal value of the Shares or DRs which the Company acquires, holds or which are held by a subsidiary does not exceed 50% of the issued share capital and (iii) the Managing Board has been authorised by the General Meeting to repurchase Shares or DRs. The General Meeting's authorisation is valid for a maximum of 18 months. As part of the authorisation, the General Meeting must specify the number of Shares that may be acquired, the manner in which the Shares or DRs may be acquired and the price range within which the Shares or DRs may be acquired. A resolution of the Managing Board to repurchase Shares or DRs is subject to the approval of the Supervisory Board.

No authorisation from the General Meeting is required for the acquisition of fully paid up Shares or DRs for the purpose of transferring these Shares to employees pursuant to any share (option) plan.

The Company may not cast votes on, and is not entitled to dividends paid on, Shares held by it nor will such Shares be counted for the purpose of calculating a voting quorum.

On 6 November 2015, the General Meeting authorised the Managing Board to acquire, subject to the approval of the Supervisory Board, Ordinary Shares or DRs for a period of 18 months until 6 May 2017. The number of Ordinary Shares or DRs to be acquired by the Company under the authorisation is limited to 5% of the issued share capital not held by NLFI as at the Settlement Date. The Ordinary Shares or DRs may be acquired on the stock exchange or through other means at a price per share or DR between the nominal value of the Ordinary Shares and a price equal to the highest price at which the DRs traded on Euronext Amsterdam on the preceding trading day.

Form and Transfer of Shares and DRs

The Ordinary Shares and the Ordinary Shares B are in registered form. The shareholders' register is held at the Company's head office in Amsterdam, the Netherlands. No share certificates will be issued for Ordinary Shares or for Ordinary Shares B. The names and addresses of the holders of Shares in registered form and usufructuaries (*vruchtgebruikers*) in respect of such Shares are recorded in the register of shareholders of the Company and any other information prescribed by Dutch law.

The Foundation will keep a register regarding the holders of DRs, in accordance with the Foundation Articles and the DR Terms. According to the DR Terms, if DRs have been delivered to an intermediary for inclusion in a collective deposit or to the central institute for inclusion in the giro deposit (all within the meaning of the Act on Securities Transactions by Giro (*Wet giraal effectenverkeer*)), the name and the address of the intermediary or the central institute will be included in the register of DR Holders.

The transfer of Shares or DRs which are included in the giro system within the meaning of the Act on Securities Transactions by Giro, is effected in accordance with the provisions of the Act on Securities Transactions by Giro. The transfer of a Share or DR in registered form (not included in the giro system) requires a deed to that effect and acknowledgment by the Company or the Foundation, respectively.

Exchange Controls and Other Provisions relating to Non-Dutch shareholders

Under Dutch law, there are no exchange control restrictions on investments in, or payments on, Shares. There are no special restrictions in the Articles of Association or Dutch law that limit the right of Shareholders who are not citizens or residents of the Netherlands to hold or vote Shares. There are no special restrictions in the Articles of Association, the DR Terms or Dutch law that limit the right of DR Holders who are not citizens or residents of the Netherlands to hold DRs.

Dividends and Other Distributions

General

Distribution of profits only takes place following the adoption of the annual accounts from which it appears that the distribution is allowed. The Company may only make distributions to its Shareholders if its shareholders' equity exceeds the sum of the paid-in and called-up share capital plus the reserves as required to be maintained by Dutch law or by the Articles of Association.

Please also see "Dividend Policy" for a description of the Company's dividend and reservation policy and "—The DRs—Economic rights attached to the DRs" above for a summary of the rights of DR Holders in relation to distributions by the Company.

Right to reserve

The Managing Board may decide, subject to Supervisory Board approval, that any amount of profit shall be added to the reserves.

Dividend entitlement Ordinary Shares and Ordinary Shares B

Any amount remaining after the reservation of profits by the Managing Board shall be at the free disposal of the General Meeting, which may resolve to add the profits to the reserves or to distribute it among the holders of Ordinary Shares and the holders of Ordinary Shares B.

The amount of profit that will be distributed on each Share, will be calculated pro rata the obligatory payments on the nominal amount of the Shares.

Distribution of reserves

The General Meeting may upon the proposal of the Managing Board, subject to the approval of the Supervisory Board and subject to Dutch law and the Articles of Association, resolve to pay a distribution on the Ordinary Shares and the Ordinary Shares B from one or more of the reserves which do not need to be maintained pursuant to Dutch law and which are not attached to another class of Shares.

Interim distributions

Subject to the approval of the Supervisory Board and subject to Dutch law and the Articles of Association, the Managing Board may resolve to make an interim distribution to Shareholders or to holders of Shares of a certain class insofar as the Company's equity exceeds the amount of the paid-up part of the capital increased with the reserves that should be maintained pursuant to the law or the Articles of Association. For this purpose, the Managing Board must prepare an interim statement of assets and liabilities.

Distribution in the form of Shares

Both the Managing Board and the General Meeting upon a proposal by the Managing Board, in both cases subject to the approval of the Supervisory Board, are authorised to determine that a distribution on Shares will not be made in cash but in the form of Shares, or to determine that holders of Shares will be given the choice between the distribution in cash and/or in the form of Shares, all these distributions being made from the profits and/or from a reserve. The Managing Board may, subject to the approval of the Supervisory Board, determine the conditions under which such a choice may be made.

Limitations on the payment of dividends

The payment of dividends may be limited, restricted or prohibited, including by the competent supervisory authority, if this measure is required or deemed required to strengthen the Group's capital in view of prudential requirements such as amongst other things the combined buffer requirements, additional capital requirements as a result of the SREP, the leverage ratio, MREL and TLAC requirements. See "Risk Factors—40. As a result of capital and liquidity requirements, the Group may not be able to manage its capital and liquidity effectively, which could have a material adverse effect on the Group's financial condition, regulatory capital position and liquidity position and the Group may be forced to raise additional capital or restrict dividend payments" and "Risk Factors—41. Resolution regimes may affect the rights and remedies of holders of Ordinary Shares or DRs—who may risk losing their entire investment—as well as the Group's market value and may lead to lower credit ratings and possibly higher cost of funding, capital and other costs and could thereby have a material adverse effect on the Group's funding ability, financial condition and results of operations" for information on the relevant prudential requirements.

In addition, any payment of dividends can only be paid out of distributable items as defined in CRR.

Dissolution and Liquidation

The Company may only be dissolved by a resolution of the General Meeting upon proposal by the Managing Board, which has been approved by the Supervisory Board. A resolution of the General Meeting to dissolve the Company requires a majority of at least two-thirds of the votes validly cast which two-thirds represent more than half of the issued share capital. If the General Meeting has resolved to dissolve the Company, the members of the Managing Board will be charged with the liquidation of the Company, under the supervision of the Supervisory Board, unless the General Meeting decides otherwise. During liquidation, the provisions of the Articles of Association will remain in force as far as possible.

The balance of the assets of the Company remaining after all liabilities and the costs of liquidation have been paid shall be distributed among the holders of Ordinary Shares and Ordinary Shares B in proportion to the nominal amount of Ordinary Shares and Ordinary Shares B that each holder possesses.

General Meetings and Voting Rights

General Meetings

General Meetings must be held in Amsterdam, The Hague, Haarlemmermeer (Schiphol Airport), Rotterdam or Utrecht, the Netherlands. The annual General Meeting must be held ultimately on 30 June each year. Additional extraordinary General Meetings may also be held, whenever considered appropriate by the Managing Board or the Supervisory Board. In addition, one or more Shareholders or DR Holders, who solely or jointly represent at least one-tenth of the issued share capital, may request that a General Meeting be convened, the request setting out in detail matters to be considered. If no General Meeting has been held within eight weeks, the Shareholders or DR Holders requesting such General Meeting are authorised to request a District Court in summary proceedings to convene a General Meeting. Within three months of it becoming apparent to the Managing Board that the equity of the Company has decreased to an amount equal to or lower than one-half of the paid-up part of the capital, a General Meeting will be held to discuss any requisite measures. Pursuant to the Relationship Agreement, in the event that NLFI requests the Managing Board or the Supervisory Board to convene a General Meeting, the Managing Board or the Supervisory Board (as the case may be) will ensure that such meeting will be convened within 60 calendar days as of NLFI's request.

The convocation of the General Meeting must be published through an announcement by electronic means. The notice must be given no later than the 42nd day before the day of the General Meeting. The Articles of Association contain a transitional provision stating that a meeting concerning a resolution to issue Shares may be convened with a notice period of at least ten days if the share issue is necessary to prevent that the conditions for resolution as referred to in sector-related regulations are met. This provision enters into force when the Act implementing Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ 2014 L 173) enters into force.

The agenda for the annual General Meeting must contain certain subjects required by Dutch law and such subjects as specified in the Articles of Association, including, among other things, the adoption of the annual accounts and the appropriation of the profits or treatment of losses of the Company. In addition, the agenda shall include such items as have been included therein by the Managing Board. The agenda shall also include such items as one or more Shareholders or DR Holders, representing, pursuant to the Articles of Association, at least 3% of the issued share capital, have requested the Managing Board by a motivated request to include in the agenda, at least 60 days before the day of the convocation. No resolutions may be adopted on items other than those which have been included in the agenda.

If the Company, whether at its own initiative or following a request to that effect by one or more Shareholders or DR Holders holding an interest representing at least 10% of the Company's issued share capital, has performed an identification of its DR Holders and Shareholders within the meaning of the Act on Securities Transactions by Giro, DR Holders or Shareholders who, individually or with other DR Holders or Shareholders, hold DRs or Shares that represent at least 1% of the issued share capital or a market value of at least EUR 250,000, may request the Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting. The Company can only refuse disseminating such information, if received less than seven business days prior to the General Meeting, if the information gives or could give an incorrect or misleading signal or if, in light of the nature of the information, the Company cannot reasonably be required to disseminate it.

The General Meeting is chaired by the chairman of the Supervisory Board or by a person designated by the chairman of the Supervisory Board. Members of the Managing Board and of the Supervisory Board may attend a General Meeting. In these General Meetings, they have an advisory vote. The chairman of the General Meeting may decide at his discretion to admit other persons to the General Meeting.

Each Shareholder may attend the General Meeting, address the General Meeting and exercise voting rights pro rata to his shareholding, either in person or by proxy. Shareholders may exercise these rights, if they are the holders of Shares on the record date which is the 28th day before the day of the General Meeting, and they or their proxy have notified the Company of their intention to attend the General Meeting in writing at the address and by the date specified in the notice of the General Meeting. The convocation notice shall state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.

In the Relationship Agreement, the Company and NLFI have agreed on certain rights and obligations regarding the exchange of information between the Company and NLFI. Please see "Shareholder Structure and Related Party Transactions—Related Party Transactions—Relationship Agreement" for more information on those arrangements.

Please also see "—The DRs—Governance Rights attached to the DRs" above for a summary of the rights of DR Holders in respect of a General Meeting.

Voting rights

Each Ordinary Share and each Ordinary Share B confers the right to cast one vote in the General Meeting.

Subject to certain exceptions provided by Dutch law or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast. Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of Shares which are held by the Company. Nonetheless, the holders of a right of usufruct in respect of Shares held by the Company are not excluded from any right they may have to vote on such Shares, if the right of usufruct was granted prior to the time such Shares were acquired by the Company. The Company may not cast votes in respect of a Share in respect of which it holds a right of usufruct. Shares which are not entitled to voting rights will not be taken into account for quorum purposes.

Pursuant to the Articles of Association, the following resolutions of the General Meeting require a majority of at least two-thirds of the votes validly cast which two-thirds represent more than half of the Company's issued share capital:

(i) a resolution to amend the Company's articles of association, insofar this relates to a change of name, corporate seat and/or objectives of the Company;

(ii) a resolution to dissolve the Company;

(iii) a resolution to approve resolutions of the Managing Board of the Company regarding a significant change in the identity or nature of the Company or its business, including in any event:

a. the transfer of its business, or practically the entire business, to a third party;

b. concluding or cancelling a long-lasting cooperation of the Company or a subsidiary with another legal person or company or as a fully liable general partner in a partnership, provided that the cooperation or cancellation is of essential importance to the Company; and

c. acquiring or disposing of a participating interest in the capital of a company with a value of at least one-third (1/3) of the sum of the company's equity, as shown in the consolidated balance sheet with explanatory notes according to the last adopted annual accounts, by the Company or a subsidiary;

(iv) a resolution to approve resolutions of the Managing Board to cast a vote on shares that the Company holds in the capital of ABN AMRO Bank (or its successor by universal title) regarding a resolution:

a. to amend the articles of association of ABN AMRO Bank insofar as this relates to a change of name, corporate seat and/or objectives of ABN AMRO Bank;

b. to dissolve ABN AMRO Bank; and

(v) a resolution to amend the Company's articles of association, insofar this relates to the amendment of articles that prescribe a majority vote.

Please also see "Shareholder Structure and Related Party Transactions" for a summary of the relationship between the Company and its large Shareholder NLFI.

Amendment of the Articles of Association

The General Meeting may resolve to amend the Articles of Association upon a proposal of the Managing Board, which has been approved by the Supervisory Board. A resolution of the General Meeting to amend the Articles of Association, insofar this relates to a change of name, corporate seat and/or objectives of the Company or a resolution to amend the Company's articles of association, insofar this relates to the amendment of the Company's articles of association of articles that prescribe a majority, requires a majority of at least two-thirds of the votes validly cast, which two-thirds represent more than half of the issued share capital. Other resolutions of the General Meeting to amend the Articles of Association require a simple majority of the votes validly cast. A proposal to amend the Articles of Association must be included in the agenda. A copy of the proposal, containing the verbatim text of proposed amendment, must be lodged with the Company for the inspection of every Shareholder until the end of the General Meeting.

Annual and Semi-Annual Financial Reporting, and Interim Management Statements

Annually, within four months after the end of the financial year, the Company must publish an annual financial report, consisting of audited annual accounts, an auditor's statement, a management report and certain other information required under Dutch law. The annual accounts must be adopted by the General Meeting.

The Company must publish a semi-annual financial report as soon as possible, but at the latest two months after the end of the first six months of the financial year. If the semi-annual financial report is audited or reviewed, the independent auditor's statement must be published together with the semi-annual financial report.

During the period between ten weeks after the start and six weeks before the end of each half of the financial year, the Company must prepare an interim statement and make it publicly available. The interim statement includes an explanation of the important events and transactions that took place during the period between the start of the relevant period and publication of the interim statement and their impact on the financial position of the Company and its controlled undertakings. The interim statement also includes a general description of the financial position and the performance of the Company and its controlled undertakings during that period.

Rules Governing Obligations of Shareholders or Depositary Receipt Holders to Make a Public Offer

Pursuant to the FMSA, and in accordance with Directive 2004/25/EC, also known as the takeover directive, any shareholder or depositary receipt holder who (individually or jointly with (an)other shareholder(s) or depositary receipt holder(s)) directly or indirectly obtains control of a Dutch listed company is required to make a public offer for all issued and outstanding shares or depositary receipts in that company's share capital. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting or general meeting of depositary receipt holders of such listed company (subject to certain applicable grandfathering exemptions, such as shareholders or depositary receipt holders having control at the initial public offering of the shares).

A public offer for shares or depositary receipts of a listed company, such as the (DRs representing) Shares, may only be launched by way of publication of an offer document approved by the AFM. The public offer rules are among other things intended to ensure that in the event of a public offer, among other things, sufficient information will be made available to the holders of the shares or depositary receipts, the holders of the shares or depositary receipts will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offering period.

Squeeze-out Proceedings

A shareholder or depositary receipt holder who for his own account contributes at least 95% of a company's issued share capital may institute proceedings against a company's minority shareholders or depositary receipt holders jointly for the transfer of their shares or depositary receipts to him. The proceedings are held before the Enterprise Court and can be instituted by means of a writ of summons served upon each of the minority shareholders or depositary receipt holders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Court may only grant the claim for squeeze-out in relation to all minority shareholders or depositary receipt holders and will determine the price to be paid for the shares or depositary receipts, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Court on the value to be paid for the shares depositary receipts of the minority shareholders or depositary receipt holders. Once the order to transfer becomes final, the person acquiring the shares or depositary receipts shall give written notice of the date and place of payment and the price to the holders of the shares or depositary receipts to be acquired whose addresses are known to him. Unless the addresses of all such holders are known to him, he is required to publish the same in a daily newspaper with nationwide circulation.

The offeror under a public offer is also entitled to start specific squeeze-out proceedings if, following the public offer, the offeror contributes at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out needs to be filed with the Enterprise Court within three months following the expiry of the acceptance period of the offer. The Enterprise Court may only grant the claim for squeeze-out in relation to all minority shareholders or depositary receipt holders and will determine the price to be paid for the shares or depositary receipts, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Court on the value to be paid for the shares or depositary receipts of the minority shareholders or depositary receipt holders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

The DCC also entitles those minority shareholders or depositary receipt holders that have not previously tendered their shares or depositary receipts under an offer to transfer their shares or depositary receipts to the offeror, provided that the offeror has acquired at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. In regard to price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Court within three months following the expiry of the acceptance period of the offer.

Obligations to Disclose Holdings

Shareholders or DR Holders may be subject to notification obligations under the FMSA. Shareholders or DR Holders are advised to seek professional advice on these obligations.

Shareholders or DR Holders

Pursuant to the FMSA, any person who, directly or indirectly, acquires or disposes of an actual or potential interest in shares or voting rights of the Company must immediately notify the AFM, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in the Company reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

For the purpose of this notification requirement, the following instruments qualify as "shares": (i) shares, (ii) depositary receipts for shares (or negotiable instruments similar to such receipts), (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds), and (iv) options for acquiring the instruments under (i) or (ii).

A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the abovementioned thresholds as a result of a change in the Company's total outstanding share capital or voting rights. Such notification has to be made no later than the fourth trading day after the AFM has published the Company's notification of the change in its outstanding share capital.

The Company is required to notify the AFM immediately of the changes to its total share capital or voting rights if its issued share capital or voting rights changes by 1% or more since the Company's previous notification. The Company must furthermore quarterly notify the AFM within eight days after the relevant quarter, in the event its share capital or voting rights changed by less than 1% in that relevant quarter since the Company's previous notification.

In addition, every holder of 3% or more of the Company's share capital or voting rights whose interest at 31 December at midnight differs from a previous notification to the AFM must notify the AFM within four weeks.

Controlled entities, within the meaning of the FMSA, do not have notification obligations under the FMSA, as their, direct and indirect, interests are attributed to their (ultimate) parent. Any person may qualify as a parent for purposes of the FMSA, including an individual. A person who has a 3% or larger interest in the Company's share capital or voting rights and who ceases to be a controlled entity for these purposes must immediately notify the AFM. As of that moment, all notification obligations under the FMSA will become applicable to the former controlled entity.

Apart from the attribution of interests of controlled entities to their (ultimate) parent, the following other interests must, among other things, be taken into account for the purpose of calculating the percentage of capital interest or voting rights: (i) a (potential) right of pledge or right of usufruct in respect of shares, if the holder has, or can acquire, the right to vote on the shares; (ii) shares and voting rights held by (or acquired or disposed of) a third party for such person's account or voting rights held by a third party with whom such person has concluded an oral or written voting agreement; (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment; (iv) certain cash settled financial instruments, such as contracts for difference or total return swaps, whose value is (co-) determined by the value of shares and associated capital gains; (v) shares that must be acquired upon exercise of a put option by a counterparty; and (vi) shares which are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares. Special attribution rules apply to shares and voting rights which are part of the property of a partnership or other community of property.

Gross short positions in shares should also be notified to the AFM. For these gross short positions the same thresholds apply as for notifying an actual or potential interest in the shares of the Company, as referred to above.

In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of the Company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position attaining 0.5% of the issued share capital of the Company and any subsequent increase of that position by 0.1% will be made public by the AFM. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set-off. A short transaction in a share may only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located.

Management

The FMSA also provides for notification requirements in relation to capital interests or voting rights of the Company held by members of the Managing Board and the Supervisory Board. For the purpose of this notification requirement, the following instruments qualify as "shares": (i) shares, (ii) depositary receipts for shares (or negotiable instruments similar to such receipts), (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds), and (iv) options for acquiring the instruments under (i) or (ii).

These notification requirements relate to, among other things, (i) shares or voting rights held in the Company and in certain listed group companies or participations within two weeks after the appointment as member of the Managing Board or the Supervisory Board; (ii) each change in (the number and type of interest in) shares or voting rights in the Company and in certain listed group companies or participations which change must be notified immediately, and (iii) a resignation of a member of the Managing Board or the Supervisory Board.

In addition, pursuant to the FMSA, the following persons must notify the AFM of any transactions conducted for his own account relating to the shares or in financial instruments the value of which is co-determined by the value of the shares: any member of the Managing Board, any member of the Supervisory Board, and any other person with management responsibility and the power to make decisions for the Company affecting future developments and business prospects, which person may have regularly access to inside information relating, directly or indirectly, to the Company.

In addition, in accordance with the FMSA and the regulations promulgated thereunder, certain persons who are closely associated with any of the persons as described above are required to notify the AFM of any transactions conducted for their own account relating to the Shares or in financial instruments the value of which is co-determined by the value of the shares. The FMSA and the regulations promulgated thereunder cover, among other things, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse, (ii) dependent children, (iii) other relatives who have shared the same household for at least one year at the relevant transaction date, and (iv) any legal person, trust or partnership whose, among other things, managerial responsibilities are discharged by a person referred to under (i) to (iii) above or by the relevant member of the Managing Board, the Supervisory Board or other person with any power in respect of the Company as described above.

The AFM must be notified no later than the fifth business day following the relevant transaction date. Under certain circumstances, notification may be postponed until the date the value of the transactions performed for that person's own account, together with transactions carried out by the persons closely associated with that person, amounts to EUR 5,000 or more in the calendar year in question.

Non-compliance

Non-compliance with the notification obligations under the FMSA could lead to the imposition of criminal fines, administrative fines, imprisonment or other sanctions. In addition, non-compliance with some of the notification obligations under the FMSA may lead to civil sanctions, including suspension of the voting rights relating to the shares held by the offender for a period of not more than three years, voiding of a resolution adopted by the General Meeting in certain circumstances and ordering the person violating the disclosure obligations to refrain, during a period of up to five years, from acquiring shares and/or voting rights in shares.

Public registry

The AFM does not issue separate public announcements of the notifications. It does, however, keep a public register of all notifications under the FMSA on its website www.afm.nl. Third parties can request to be notified automatically by e-mail of changes to the public register in relation to a particular company's shares or a particular notifying party.

Identity of Shareholders

The Company may request Euroclear Nederland, admitted institutions, intermediaries, institutions abroad, and managers of an investment institution, to provide certain information on the identity of its Shareholders or DR Holders. Such request may only be made during a period of 60 days up to the day on which the General Meeting will be held. No information will be given on Shareholders with an interest of less than 0.5% of the issued share capital. A Shareholder who, individually or together with other Shareholders, holds an interest of at least 10% of the issued share capital may request the Company to establish the identity of its Shareholders. This request may only be made during a period of 60 days until (and not including) the 42^{nd} day before the day on which the General Meeting will be held.

Declaration of No Objection for a Qualifying Holding in a Bank

Each person who holds acquires or increases a qualifying holding in a bank or investment firm with corporate seat in the Netherlands, as a result of which certain thresholds are reached or passed, or exercises voting power (or similar control) related to such qualifying holding, requires a declaration of no objection from the ECB (in case of a bank) or DNB (if certain other financial firms, such as an investment firm or insurance company, are concerned). A 'qualifying holding' is a direct or indirect holding of 10% or more of the issued share capital of an enterprise, or the ability to exercise directly or indirectly 10% or more of the voting rights in an enterprise, or the ability to exercise directly or indirectly a comparable degree of control in an enterprise. See "Regulation of the Group—Structural supervision".

Market Abuse Rules

The FMSA provides for specific rules intended to prevent market abuse, such as insider trading, tipping and market manipulation. Pursuant to these rules, the Company has adopted rules governing the holding and carrying out of transactions in the DRs or in financial instruments the value of which is determined by the value of the DRs by members of the Managing Board and the Supervisory Board as well as rules on compliance and suspected abuse for its employees.

SHAREHOLDER STRUCTURE AND RELATED PARTY TRANSACTIONS

Shareholder Structure

As of the date of this Prospectus, all shares in the share capital of the Company are held by NLFI. NLFI is responsible for managing the Ordinary Shares and exercising all rights associated with these Ordinary Shares under Dutch law, including the voting rights. NLFI acts as a standalone shareholder independently from the Dutch State, including the Dutch Ministry of Finance. Material and principal decisions of NLFI require the prior approval of the Dutch Minister of Finance, who can also give binding voting instructions to NLFI with respect to such decisions. NLFI is not permitted to dispose of or encumber the Ordinary Shares, except pursuant to an authorisation from and on behalf of the Dutch Minister of Finance. In view of its standalone position, the Group has been informed by NLFI that NLFI is not involved in the affairs conducted or contemplated by the Dutch Ministry of Finance or any other part of the Dutch State.

As sole Shareholder, NLFI does not have special voting rights. Pursuant to the memorandum of understanding between the Company and NLFI, NLFI does have certain special rights as a Shareholder. The original agreed term of this memorandum of understanding was from 31 December 2013 until the moment in time when NLFI ceases to (indirectly) hold at least 75% of the issued share capital of the Company or until the parties jointly agree otherwise. In the Relationship Agreement, which will become effective on Settlement, NLFI and the Company have agreed that the memorandum of understanding will cease to have effect on Settlement.

NLFI has issued, without the cooperation of the Company, exchangeable depository receipts for Ordinary Shares it holds to the Dutch State. As of the date of this Prospectus, the Dutch State is the sole owner of all issued exchangeable depository receipts and therefore the Dutch State has an indirect economic interest of 100% in the Company. In connection with the Offering, the depositary receipts issued by NLFI to the Dutch State for the Offer Shares will be cancelled under the obligation for NLFI to forward the proceeds of the Offering to the Dutch State. The decision by the Dutch Minister of Finance to transfer the Offer Shares and Over-Allotment Shares to the Foundation needs to be published in the Official Gazette (*Staatscourant*) prior to such transfer.

Immediately after Settlement, NLFI will continue to hold 77.0% of the Ordinary Shares and 3.0% of the DRs, assuming 188,000,000 Offer DRs are sold in the offering and the Over-Allotment Option is not exercised. Including full exercise of the Over-Allotment Option, NLFI will continue to hold 77.0% of the Ordinary Shares in the share capital of the Company, assuming 188,000,000 Offer DRs are sold in the offering. The Dutch State will own the corresponding indirect economic interest in the Company. With respect to future listings and offerings by NLFI of additional DRs representing Ordinary Shares, to the extent possible, NLFI intends to avail itself of the exceptions of Section 5:4 paragraph 1(g) and Section 5:3 paragraph 1 of the Dutch Financial Markets Supervision Act and the exemption of article 54 paragraph 1(b) and (c) of the Exemption Regulation pursuant to the FMSA (*Vrijstellingsregeling Wft*) as a result of which a prospectus may not be made available on the occasion of such a listing and offering. NLFI will in such case issue a press release with information on the listing and offering, including details on any other information relevant for investors. The AFM may disallow the application of the exception provided in Section 5:4 paragraph 1(g) of the FMSA under the circumstances set out in Section 5:4 paragraph 2 of the FMSA. In addition, the exception provided in Section 5:4 paragraph 1(g) of the FMSA does not apply to depositary receipts representing ordinary shares, if these ordinary shares are issued after the Offering.

The Dutch Minister of Finance has indicated that he will inform the Dutch House of Representatives on a confidential basis prior to making a decision when (i) a party has made a specific offer to acquire 10% or more of the Company and he is considering to accept the offer, (ii) the interest of the Dutch State in the Company drops below 50%, and (iii) the Dutch Minister of Finance needs to take a decision on whether or not he qualifies an offer for the Company or shareholder activism as 'undesirable'.

The Dutch Minister of Finance has indicated that NLFI and the Dutch State will not cooperate in a bid for the Group, a (private) sale of Shares held by NLFI or shareholder activism, which the Dutch Minister of Finance qualifies as 'undesirable' (*onwenselijk*). In case of a bid or sale or shareholder activism, the Managing Board and the Supervisory Board will adopt a position on the desirability thereof. They will adequately substantiate their position and will consult with the Works Council, after which the Group will discuss this position and substantiation with NLFI. Based on the recommendation given by NLFI and the position adopted by the Group, the Dutch Minister of Finance will form a final opinion and send a letter to the Dutch House of Representatives. The Dutch Minister of Finance has indicated that the Group's position will weigh heavily in forming his opinion and that he will provide an explanation to the Group should his opinion deviate from the Group's position. After the Dutch Minister of Finance has consulted the Dutch House of Representatives, the Dutch Minister of Finance will make a final decision on the desirability of the bid.

After Settlement, based on the assumption that 188,000,000 Offer DRs are sold in the Offering and full exercise of the Over-Allotment Option, the Foundation will hold 23.0% of the Ordinary Shares in the share capital of the Company, for which the Foundation will have issued DRs. In relation to its holding of Shares, the Foundation has obtained the Foundation DNO in September 2015. The Foundation must within a three month period from the date on which the Foundation DNO was obtained, acquire at least 10% of the Company's issued share capital. Should NLFI, on behalf of the Dutch State, choose to sell (through the Foundation) its remaining interest in the Group in subsequent offerings that are not covered by the

Foundation DNO, in the sense that the Foundation will acquire a percentage of the Company's issued share capital in excess of the Foundation DNO Maximum, a confidential application for a new declaration of no objection for the Foundation will first need to be made and the acquisition by the Foundation of additional Ordinary Shares will not be possible in excess of the Foundation DNO Maximum until the new declaration of objection has been granted. The ECB applies a maximum of 92 working days to review a complete application. In addition, it should be assessed whether the Foundation would need to apply for new declarations of no objection from DNB in relation to its shareholding through the Company in the Company's non-banking subsidiaries and other authorisations with competent supervisory authorities in relevant jurisdictions. If the shareholding of the Foundation falls below 10%, the Foundation DNO will become null and void by operation of law.

Related Party Transactions

As part of its business operations, the Group frequently enters into transactions with related parties. Parties related to the Group include NLFI with control, the Dutch State with significant influence, associates, pension funds, joint ventures, the Managing Board, the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other related entities. Loans and advances to the Managing Board, the Supervisory Board and close family members, where applicable, consist mainly of residential mortgages granted under standard personnel conditions. See Note 41 of the Group's consolidated financial statements for the financial year ended 31 December 2012, Note 41 of the Group's consolidated financial statements for the financial year ended 31 December 2013, Note 33 of the Group's consolidated financial statements for the financial year ended 31 December 2014 and Note 20 of the Group's condensed consolidated interim financial statements for the nine months ended 30 September 2015.

Relationship Agreement

On 10 November 2015, the Company and NLFI have entered into the Relationship Agreement. The Relationship Agreement contains certain arrangements regarding the relationship between the Company and NLFI. The full text of the Relationship Agreement is available of the Company's website. Below is a summary of the main elements of the Relationship Agreement.

Duration and termination

The Relationship Agreement will terminate if and when NLFI directly or indirectly holds less than 10% of the Company's issued share capital, except for a limited number of clauses which will not terminate under any circumstances. The Agreement may not be terminated by any party.

Corporate Governance

The Company and NLFI have agreed that NLFI shall be given the opportunity to advise on the decision of the Supervisory Board to appoint or reappoint any member of the Managing Board and on the appointment (by the Supervisory Board) of the chairman of the Managing Board. NLFI shall furthermore be given the opportunity to advise on the appointment of the chairman of the Supervisory Board by the Supervisory Board. The adoption of and any amendment to the profile for the Supervisory Board is subject to prior approval of NLFI.

In the Relationship Agreement, it has been agreed that the managing board of ABN AMRO Bank will comprise of the same persons as the Managing Board and that the supervisory board of ABN AMRO Bank will comprise of the same persons as the Supervisory Board.

Furthermore, pursuant to the Relationship Agreement and subject to certain restrictions and limitations as set forth therein, NLFI has among other things a right of prior approval with respect to the following matters:

(a) for as long as NLFI holds 33 ⅓% of the Shares: any issuance of (or granting of rights to acquire) Shares or shares in ABN AMRO Bank by the corporate body thereto authorised by the relevant general meeting;

(b) (i) for as long as NLFI holds more than 50% of the Shares: any investments or divestments by the Company or any of its subsidiaries with a value of more than 5% of the equity of the Company, (ii) for as long as NLFI holds 50% or less but 33 ⅓% or more of the Shares: any investment or divestments by the Company or any of its subsidiaries with a value of more than 10% of the equity of the Company, whereby equity is taken to mean the equity (*eigen vermogen*) of the Company, according to the consolidated balance sheet including explanatory notes in the most recently adopted annual accounts;

as well as and only if and to the extent that there is no personal union with regard to both the management boards and supervisory boards of the Company and ABN AMRO Bank and as long as the Company holds all shares in ABN AMRO Bank and ABN AMRO Bank is the only direct subsidiary of the Company:

(a) the adoption or amendment of the remuneration policy of the members of the management board of ABN AMRO Bank;

(b) the remuneration of the supervisory directors of ABN AMRO Bank;

(c) any appointment, suspension and dismissal of the supervisory directors of ABN AMRO Bank; and

(d) the discharge of the members of the management board and the supervisory board of ABN AMRO Bank.

NLFI shall also be given the opportunity to advise on which statutory auditor the Managing Board will propose to the General Meeting for instruction.

If the Company intends to resolve or propose that the General Meeting resolve on any matter as the result of which NLFI will hold such a percentage of the Shares that it has to make a mandatory offer for the Company, the Company shall inform NLFI in order to enable NLFI to take such measures as are required for it not to have to make a mandatory offer. NLFI shall then sell such number of DRs to prevent the mandatory offer having to be made within 30 days. If such sale of DRs would only be possible after the Foundation has obtained a declaration of no objection of the ECB to increase such shareholding in the Company, the Company shall postpone any action that would result in the obligation to make a mandatory offer until the declaration of no objection has been obtained by the Foundation.

In the event that NLFI requests the Managing Board or the Supervisory Board to convene a General Meeting, the Managing Board or the Supervisory Board (as the case may be) will ensure that such meeting will be convened within 60 calendar days as of NLFI's request. The Relationship Agreement confirms that NLFI will have the right to put items on the agenda of a General Meeting, subject to the relevant provisions of the Articles of Association.

Sell downs by NLFI

The Dutch State intends to gradually reduce its interest (through NLFI) in the Company over a number of years. The Relationship Agreement provides that sell downs by NLFI will take place through the Foundation and in the form of DRs.

Orderly Market Arrangements

At any time after the lock-up period, NLFI will be entitled to sell any number of DRs, whether or not in the open market. NLFI will use reasonable efforts to conduct any sell down in an orderly manner.

If NLFI effects a sell down of DRs on Euronext Amsterdam, the aggregate number of DRs sold in any two-month period may not exceed 5% of the Shares. If NLFI wishes to sell DRs through a fully marketed offering, the Company will provide its reasonably requested cooperation. NLFI cannot request from the Company that there is more than one fully marketed offering per every nine months. NLFI will not sell and transfer DRs issued for 20% or more of the Shares through a bought deal or via an accelerated book built offering at once without the prior approval of the Company. There will be no more than one accelerated book built offering every three months, unless otherwise agreed between the parties. The terms 'fully marketed offering', 'bought deal' and 'accelerated book built offering' are defined and further described in the Relationship Agreement.

Information Rights

The Company and NLFI will agree that the Company shall timely provide NLFI with all information NLFI requires to enable it to properly fulfil its duties under the NLFI Act and exercise its shareholder's rights unless the Company has an important reason not to supply such information. The Relationship Agreement contains a further description of the information that the Company shall provide to NLFI. The information rights of NLFI under the Relationship Agreement apply for as long as NLFI holds at least one-third of the Shares. After that time, the Company and NLFI will discuss in good faith and agree on any remaining rights of NLFI to obtain information in respect of the Company and the Group, taking into account the position of NLFI and the Dutch State.

NLFI may only use the information provided to satisfy its obligations under relevant laws and regulations and its articles of association and to comply with any and all requests of the Dutch Minister of Finance.

The Dutch State

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

Once a year, the Dutch Minister of Finance may charge to the Group the share of the annual expenses of NLFI that relates to the Group for as long as NLFI holds 10% or more of the share capital in the Group, pursuant to the Decree on Cost of NLFI of 29 August 2011 (*Kostenbesluit*).

Managing Board and Supervisory Board

As of 30 September 2015, the total outstanding loans and advances to members of the Managing Board and Supervisory Board amounted to EUR 4.36 million. These mainly consist of residential mortgages granted under standard personnel conditions. Other loans and advances are subject to client conditions.

The following table summarises the outstanding loans to members of the Managing Board as of 30 September 2015.

Member of the Managing Board	Outstanding amount (in thousands)	Interest rate
J. van Hall	EUR 69	3.5%
C.E. Princen	EUR 794	3.1%
W. Reehoorn	EUR 1,429	3.8%
C.F.H.H. Vogelzang	EUR 1,418	1.9%
J.G. Wijn	EUR 650	2.0%

The following table summarises the outstanding loans to (former) members of the Supervisory Board as of 30 September 2015. Mr Wakkie resigned from his position as member of the Supervisory Board in March 2015.

Member of the Supervisory Board	Outstanding amount (in thousands)	Interest rate
P.N. Wakkie	EUR 953	4.3%

Others

Credit, loans and bank guarantees in the ordinary course of business may be granted by the Group to executive managers or to close family members of members of the Managing Board and Supervisory Board and close family members of executive managers. As of the date of the Prospectus, there were no outstanding credits, loans or bank guarantees, other than the ones included in the ordinary course of business.

THE OFFERING

Introduction

NLFI, on behalf of the Dutch State, is offering 188,000,000 Offer DRs representing 188,000,000 Offer Shares in the share capital of the Company. The Offer DRs will be issued by the Foundation in exchange for the Offer Shares and represent interests in a corresponding number of Offer Shares, transferred by NLFI to the Foundation.

The Offering consists of a public offering in the Netherlands to institutional and retail investors and a private placement to certain institutional and other investors that qualify under available offering exemptions in various other jurisdictions. The Offer DRs are being offered: (i) by private placement within the US, to persons reasonably believed to be QIBS as defined in, and in reliance on, Rule 144A under the US Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registrations requirements under the US Securities Act, and applicable state and other securities laws, and (ii) outside the US, where all offers and sales of the Offer DRs will be made in compliance with Regulation S. The Offering is made only in those jurisdictions where, and only to those persons to whom, offer and sales of the Offer DRs may be lawfully made.

The Selling Shareholder has granted the Joint Global Coordinators, on behalf of the Underwriters, an Over-Allotment Option, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require the Selling Shareholder to offer at the Offer Price up to 28,200,000 Over-Allotment DRs, comprising up to 15% of the total number of Offer DRs sold in the Offering, to cover short positions resulting from any over-allotments made in connection with the Offering or stabilisation transactions, if any.

The Company will not receive any proceeds from the sale of the Offer DRs and the Over-Allotment DRs, if any, the net amount of which will be received by NLFI.

Timetable

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below sets forth certain expected key dates for the Offering.

Event	Expected Date and Time	
Start of Offering Period	10 November 2015,	9.00 CET
End of Offering Period for retail investors	18 November 2015,	17.30 CET
End of Offering Period for institutional investors	19 November 2015,	14.00 CET
Expected pricing and Allocation	19 November 2015	
Commencement of trading on 'as-if-and-when-delivered' basis on Euronext Amsterdam	20 November 2015,	9.00 CET
Settlement (payment and delivery)	24 November 2015	

The Company, the Selling Shareholder and the Joint Global Coordinators may adjust the dates, times and periods given in the timetable and throughout this Prospectus. If any of them should decide to do so, the Company will make this public through a press release, which will also be posted on the Company's website. Any other material alterations will be published through a press release that will also be posted on the Company's website and in a supplement to this Prospectus (if required) that is subject to the approval of the AFM.

Any extension of the timetable for the Offering will be published in a press release at least three hours before the end of the original Offering Period, provided that any extension will be for a minimum of one full day. Any acceleration of the timetable for the Offering will be published in a press release at least three hours before the proposed end of the accelerated Offering Period. In any event, the Offering Period will be at least six business days.

Offer Price and Number of Offer DRs

At the date of this Prospectus, the Offer Price is expected to be in the range of EUR 16.00 to EUR 20.00 (inclusive) per Offer DR. The Offer Price Range is indicative. The Offer Price, which may be higher or lower than the initial Offer Price Range, and the exact number of Offer DRs offered will be determined by the Selling Shareholder (subject to the approval from the Dutch Minister of Finance), after the end of the Offering Period, including any acceleration or extension, on the basis of the results of a bookbuilding process and taking into account economic market conditions, a qualitative and quantitative assessment of demand for the Offer DRs and other factors deemed appropriate. The Offer Price, the exact number of Offer DRs and the maximum number of Over-Allotment DRs will be stated in the Pricing Statement which will be published through a press release that will also be posted on the Company's website and filed with the AFM.

Prior to the Allocation, the number of Offer DRs can be increased or decreased, and the Offer Price Range can be changed. Any change of the Offer Price Range on the last day of the Offering Period will result in the Offering Period being extended by at least two business days; any change of the Offer Price Range on the day prior to the last day of the Offering

Period will result in the Offering Period being extended by at least one business day. In this case, if the Offering Period for Dutch Retail Investors (as defined below) would already have closed, this Offering Period for Dutch Retail Investors would be reopened. Accordingly, all investors, including Dutch Retail Investors, will have at least two business days to reconsider their subscriptions. Any such change in the number of Offer DRs and/or the Offer Price Range will be announced in a press release that will also be posted on the Company's website. Upon a change of the number of Offer DRs, references to Offer DRs in this Prospectus should be read as referring to the amended number of Offer DRs and references to Over-Allotment Shares and Over-Allotment DRs should be read as referring respectively to the amended number of Over-Allotment Shares and the amended number of Over-Allotment DRs.

Offering Period

Subject to acceleration or extension of the timetable for the Offering, prospective institutional investors may subscribe for Offer DRs during the period commencing at 9:00 CET on 10 November 2015 and ending at 14:00 CET on 19 November 2015 and prospective retail investors may subscribe for Offer DRs during the period commencing at 9:00 CET on 10 November 2015 and ending at 17.30 CET on 18 November 2015. In the event of an acceleration or extension of the Offering Period, pricing, allotment, admission and first trading of the Offer DRs, as well as payment (in euro) for and delivery of the Offer DRs in the Offering may be advanced or extended accordingly. If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer DRs arises or is noted before the Settlement Date, a supplement to this Prospectus will be published, the Offering Period may be extended and investors who have already agreed to purchase Offer DRs may withdraw their subscriptions within two business days following the publication of the supplement.

Subscription and Allocation

Dutch Retail Investors can only subscribe on a market order (*bestens*) basis. This means that Dutch Retail Investors will be bound to purchase and pay for the Offer DRs indicated in their application, to the extent allocated to them, at the Offer Price, even if the Offer Price Range has been changed. Dutch Retail Investors are entitled to cancel or amend their application, at the financial intermediary where their original application was submitted, at any time prior to the end of the Offering Period for Dutch Retail Investors (if applicable, as amended or extended), for any reason, including an upward amendment of the Offer Price Range. Dutch Retail Investors can submit their subscriptions through their own financial intermediary. The financial intermediary will be responsible for collecting subscriptions from Dutch Retail Investors and for submitting their subscriptions to ABN AMRO Bank N.V. as the retail coordinator (the "**Retail Coordinator**"). The Retail Coordinator will consolidate all subscriptions of Dutch Retail Investors submitted on an aggregate basis by financial intermediaries and inform the Joint Global Coordinators, the Company and the Selling Shareholder. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the purchase of Offer DRs will be determined by the financial intermediaries in accordance with their usual procedures or as otherwise notified to the Dutch Retail Investors. The Company, the Foundation and the Selling Shareholder are not liable for any action or failure to act by a financial intermediary in connection with any subscription purchase, or purported purchase, of Offer DRs.

For further information on the subscription and allocation process, Dutch Retail Investors can send an email to corporate.broking@nl.abnamro.com.

The Allocation is expected to take place after the end of the Offering Period on or about 19 November 2015, subject to acceleration or extension of the timetable for the Offering. The Allocation will be determined by the Selling Shareholder after consultation with the Company and following recommendations from the Joint Global Coordinators. The Selling Shareholder, in turn, requires the approval of the Dutch Minister of Finance for the Allocation, which approval right the Dutch Minister of Finance can renounce. Subject to the overall objectives of achieving an institutional investor base with an appropriate mix of institutional investors (including type, style and geographical location) and an orderly secondary market in the DRs, orders from institutional investors with the following characteristics, among other things, will be given key consideration in the Allocation process: timeliness of submission of orders, price leadership, consistency of order size during the process and interest in the Company, and detail and quality of feedback including granular views on the valuation of the Company.

Allotment to investors who applied to subscribe for Offer DRs will be made on a systematic basis using both quantitative and qualitative measures of the above criteria. Nevertheless, the Selling Shareholder (subject to the approval from the Dutch Minister of Finance) reserves the right to exercise full discretion as to whether or not and how to allot the Offer DRs. There is no maximum or minimum number of Offer DRs for which prospective investors may subscribe and multiple (applications for) subscriptions are permitted. In the event that the Offering is over-subscribed, investors may receive fewer Offer DRs than they applied for. The Selling Shareholder, the Company and the Joint Global Coordinators may, at their own discretion and without stating the grounds therefor, reject any subscriptions wholly or partly, even if any or all of the abovementioned criteria are met. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investors' risk. The Joint Global Coordinators will notify investors of any allotment of Offer DRs to them.

It is intended that Dutch Retail Investors will benefit from preferential allocation, for up to 10% of the Offer DRs, assuming no exercise of the Over-Allotment Option. See "—Preferential Retail Allocation". Apart from the preferential retail allocation, the Selling Shareholder, after consultation with the Company, retains full flexibility to change the intended allocation.

Investors participating in the Offering will be deemed to have checked whether and to have confirmed they meet the requirements of the selling and transfer restrictions in "Selling and Transfer Restrictions". If in doubt, investors should consult their professional advisers.

The Joint Bookrunners will communicate to institutional investors the number of Offer DRs allocated to them on the date that follows the date of Allocation.

Preferential Retail Allocation

There will be a preferential allocation of Offer DRs to Dutch Retail Investors in accordance with applicable law and regulations (the "**Preferential Retail Allocation**"). Each Dutch Retail Investor will, in principle, be allocated the first 250 Offer DRs (or fewer) for which such investor applies. However, if the total number of Offer DRs subscribed for by Dutch Retail Investors under the Preferential Retail Allocation would exceed 10% of the total number of the Offer DRs, assuming no exercise of the Over-Allotment Option, the preferential allocation to each Dutch Retail Investor may be reduced pro rata to the first 250 Offer DRs (or fewer) for which such investor applies. As a result, Dutch Retail Investors may not be allocated all of the first 250 Offer DRs (or fewer) for which they apply. The exact number of Offer DRs allocated to Dutch Retail Investors will be determined after the Offering Period has ended.

The Preferential Retail Allocation will only be made in relation to Offer DRs comprising up to 10% of the total number of Offer DRs, not including the Over-Allotment DRs. The Selling Shareholder, after consultation with the Company and following recommendations of the Joint Global Coordinators, has full discretion as to whether or not and how to allocate the remainder of the Offer DRs applied for (*i.e.*, the number of Offer DRs subscribed for exceeding 250 Offer DRs), including in aggregate allocating Offer DRs to Dutch Retail Investors in excess of 10% of the total number of the Offer DRs, assuming no exercise of the Over-Allotment Option.

For the purpose of the Preferential Retail Allocation, a Dutch Retail Investor is either: (i) a natural person resident in the Netherlands; or (ii) a special investment vehicle having its seat in the Netherlands which is a legal entity established for the express and sole purpose of providing asset management and/or retirement planning services for a natural person.

To be eligible for the Preferential Retail Allocation, Dutch Retail Investors must place their subscriptions during the period commencing on 10 November 2015 at 9:00 CET and ending on 18 November 2015 at 17:30 CET through financial intermediaries. Different financial intermediaries may apply deadlines before the closing time of the Offering Period.

The Retail Coordinator will communicate to the financial intermediaries the aggregate number of Offer DRs allocated to their respective Dutch Retail Investors. It is up to the financial intermediaries to notify Dutch Retail Investors of their individual allocations. Although the financial intermediaries will be instructed to adhere to the subscription and allocation principles described in this prospectus, the Retail Coordinator, the other Underwriters, the Selling Shareholder and the Company cannot control and are accordingly not responsible for adherence thereto by individual financial intermediaries. The definitive allocation to Dutch Retail Investors may therefore vary depending on the financial intermediary through which they apply for Offer DRs.

Payment

Payment (in euros) for the Offer DRs, and payment (in euros) for the Over-Allotment DRs pursuant to the Over-Allotment Option, if such option has been exercised prior to the Settlement Date, is expected to take place on the Settlement Date. Taxes and expenses, if any, must be borne by the investor (for more information see "Taxation"). Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date (or earlier in the case of an early closing of the Offering Period and consequent acceleration of pricing, Allocation, commencement of trading and Settlement).

Delivery, Clearing and Settlement

The Offer DRs will be delivered in book-entry form through the facilities of Euroclear Nederland. Application has been made for the Offer DRs and Over-Allotment DRs to be accepted for clearance through the book-entry facilities of Euroclear Nederland. Euroclear Nederland has its offices at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

Delivery of the Offer DRs, and Over-Allotment DRs pursuant to the Over-Allotment Option, if this option has been exercised prior to the Settlement Date, will take place on the Settlement Date, which is expected to take place on or about 24 November 2015, through the book-entry facilities of Euroclear Nederland, in accordance with their normal settlement procedures applicable to equity securities and against payment (in euro) for the Offer DRs in immediately available funds.

Prior to the Offering, there has been no public market for the DRs. Application has been made to list the Offer DRs and the Over-Allotment DRs on Euronext Amsterdam under the symbol "ABN" with ISIN code NL 0011540547. Subject to acceleration or extension of the timetable for the Offering, trading on an 'as-if-and-when-delivered' basis in the Offer DRs is expected to commence on or about 20 November 2015. Trading on an 'as-if-and-when-delivered' basis means that the trading is made on a conditional basis because the DRs (representing existing Ordinary Shares) will have been authorised, but will not yet have been delivered.

Payment (in euro) for, and delivery of, the Offer DRs (Settlement) is expected to take place, on or about 24 November 2015, which is the Settlement Date. The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement entered into by the Company, the Selling Shareholder and the Underwriters on 10 November 2015 are not satisfied or waived or occur on or prior to such date. Such conditions include, among others, (i) the Selling Shareholder, after consultation with the Company, agreeing on the Offer Price and the exact number of Offer DRs, (ii) the receipt of customary documentation and the satisfaction of customary conditions, (iii) confirmation that the Offer DRs and the Over-Allotment DRs will be admitted to listing and trading on Euronext Amsterdam at the relevant time, and (iv) the DR Lending Agreement (as defined in "Plan of Distribution") having been entered into on or before the date of the pricing agreement which is expected to be entered into on 19 November 2015 between the Company, Selling Shareholder and the Underwriters (the "**Pricing Agreement**"). See also "Plan of Distribution".

If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer DRs will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in DRs prior to Settlement are at the sole risk of the parties concerned. Neither the Company, the Foundation, the Selling Shareholder, the Underwriters, the Listing and Paying Agent, the Financial Advisers nor Euronext Amsterdam N.V. accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transactions in Offer DRs on Euronext Amsterdam.

Ranking and Dividends

The Offer DRs and, if the Over-Allotment Option will be exercised, any Over-Allotment DRs will, upon issue, rank equally in all respects. The Offer DRs will carry dividend rights as of the date of issue. See "Dividend Policy".

Disclosure on Future Listings and Offerings by NLFI

With respect to future listings and offerings by NLFI of additional DRs representing Ordinary Shares, to the extent possible, NLFI intends to avail itself of the exceptions of Section 5:4 paragraph 1(g) and Section 5:3 paragraph 1 of the Dutch Financial Markets Supervision Act and the exemption of article 54 paragraph 1(b) and (c) of the Exemption Regulation pursuant to the FMSA (*Vrijstellingsregeling Wft*) as a result of which a prospectus may not be made available on the occasion of such a listing and offering. NLFI will in such case issue a press release with information on the listing and offering, including details on any other information relevant for investors. The AFM may disallow the application of the exception provided in Section 5:4 paragraph 1(g) of the FMSA under the circumstances set out in Section 5:4 paragraph 2 of the FMSA. In addition, the exception provided in Section 5:4 paragraph 1(g) of the FMSA does not apply to depositary receipts representing ordinary shares, if these ordinary shares are issued after the Offering.

No participation of Managing Board members and Supervisory Board members in the Offering

The members of the Managing Board and Supervisory Board of the Company (and persons closely associated with the members of the Managing Board and Supervisory Board) will not subscribe to the Offer DRs, because they wish to avoid any semblance of a potential conflict of interest. Any purchase by members of the Managing Board and Supervisory Board of the Company (and persons closely associated with them) after the listing of the Offer DRs and Over-Allotment DRs would be subject to the rules that the Company has adopted governing the holding and carrying out of transactions in DRs and other financial instruments of the Group by members of the Managing Board and Supervisory Board and notification requirements in accordance with the FMSA. See "Description of Share Capital—Obligations to Disclose Holdings—Management" and "Description of Share Capital—Market Abuse Rules".

Listing and Paying Agent

ABN AMRO Bank N.V. is the Listing and Paying Agent with respect to the DRs on Euronext Amsterdam.

Retail Coordinator

ABN AMRO Bank N.V. is the Retail Coordinator with respect to the Preferential Retail Allocation.

Stabilisation Agent

Morgan Stanley & Co. International plc is the stabilisation agent (the "**Stabilisation Agent**") with respect to the DRs on Euronext Amsterdam.

Governing Law and Competent Courts

This Prospectus and the Offering are governed by Dutch law. All disputes arising in connection with this Prospectus and the Offering shall be subject to the non-exclusive jurisdiction of the courts in Amsterdam, the Netherlands.

PLAN OF DISTRIBUTION

ABN AMRO Bank N.V., Deutsche Bank AG, London Branch and Morgan Stanley & Co. International plc are the Joint Global Coordinators for the Offering.

Underwriting Agreement

On the terms of and subject to the conditions set forth in the Underwriting Agreement, the Selling Shareholder has agreed to transfer the Offer Shares for which the Offer DRs will be issued to the Foundation, which will issue the Offer DRs to the Selling Shareholder. Each of the Underwriters has severally (and not jointly or jointly and severally) agreed to purchase or cause one of its affiliates to purchase at the Offer Price the proportion of Offer DRs set forth below.

Underwriters	Underwriting Commitment of Offer DRs
ABN AMRO Bank N.V.	15.4%
Deutsche Bank AG, London Branch	15.4%
Morgan Stanley & Co. International plc	15.4%
Barclays Bank PLC	7.7%
Citigroup Global Markets Limited	7.7%
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.	7.7%
ING Bank N.V.	7.7%
J.P. Morgan Securities plc	7.7%
Merrill Lynch International	7.7%
RBC Europe Limited (trading as RBC Capital Markets)	3.8%
Stifel Nicolaus Europe Limited (trading as Keefe, Bruyette & Woods)	3.8%

In consideration of the agreement by the Underwriters to purchase the Offer DRs at the Offer Price and subject to the Offer DRs being sold as provided for in the Underwriting Agreement, the Selling Shareholder may in its sole and absolute discretion decide to award to some or all of the Joint Global Coordinators, Joint Bookrunners and other Underwriters a discretionary commission in aggregate at a level to be determined by the Selling Shareholder of up to EUR 4,500,000. Neither the Selling Shareholder nor the Company shall pay any other commission to the Underwriters in respect of the Offering. The Selling Shareholder has also agreed to reimburse the Underwriters for documented costs and expenses relating to pre-deal investor education incurred by them in relation to the Offering, subject to a cap.

Offers and sales of Offer DRs in the United States will be made by the Underwriters, their affiliates or agents, who are registered US broker-dealers, pursuant to applicable US securities laws.

Underwriting Agreement—Representations and Warranties, Indemnities and Termination

In the Underwriting Agreement, the Company and the Selling Shareholder make certain representations and warranties. In addition, the Company will indemnify the Underwriters against certain liabilities in connection with the Offering.

The obligations of the Underwriters under the Underwriting Agreement are subject to the fulfilment, or discretionary waiver by the Underwriters of a number of conditions for the benefit of the Underwriters, including but not limited to (i) the absence of any material adverse change in the Group's business, (ii) receipt of opinions on certain legal matters from legal counsels of the Company and the Underwriters, (iii) the execution of documents relating to the Offering and such documents being in full force and effect, (iv) the entering into the Pricing Agreement, (v) the admission of the Offer DRs and the Over-Allotment DRs to listing and trading on Euronext Amsterdam, and (vi) certain other customary closing conditions. The Underwriters have the right to waive the satisfaction of any such conditions or part thereof.

Upon the occurrence of certain events, such as any of the conditions precedent not being satisfied or waived or any of the events referred to in "The Offering—Delivery, Clearing and Settlement" occurring, the Underwriters have the right to terminate the Underwriting Agreement. See "The Offering—Delivery, Clearing and Settlement" for the consequences of such termination.

Potential Conflicts of Interests

The Underwriters and the Financial Advisers are acting exclusively for the Selling Shareholder and/or the Company and for no one else and will not regard any other person (whether or not a recipient of this Prospectus) as their respective clients in relation to the Offering and will not be responsible to anyone other than to the Selling Shareholder and/or the Company for providing the protections afforded to clients, giving advice in relation to the Offering and for the listing and trading of the DRs and/or any other transaction or arrangement referred to in this Prospectus.

The Underwriters and the Financial Advisers (and/or their respective affiliates) have from time to time been engaged, and may in the future engage, in commercial banking, investment banking and financial advisory and ancillary transactions in the ordinary course of their business with the Group (or any parties related to the Group) for which they have received or may receive customary compensation, fees and/or commission. The Underwriters and their respective affiliates may provide such services for the Group and its Group Companies in the future. These services may include, without limitation, issuing or creating and trading in the Group's securities and financial products, acting with Group Companies in debt or equity syndicates, providing investment banking, corporate banking or lending services with and to the Group, credit and rate flows with Group Companies, securities financing set-ups, acting as domestic payments provider for Group Companies, holding cash management accounts for Group Companies, providing treasury services, such as repo, securities finance and portfolio management for liquidity management purposes and providing trading services such as credits, rates and foreign exchange, commercial paper and certificate of deposit services and fixed income and treasury sales. Additionally, Underwriters and the Group may get involved in the same actual or threatened litigation. Additionally, the Underwriters and the Financial Advisers and/or their affiliates, in the ordinary course of their business, hold, have held and/or may in the future hold a broad array of investments and actively trade the Group's debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, including securities in relation to which Underwriters may be exercising voting power over the Group's securities on behalf of third parties. The Underwriters and the Financial Advisers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of securities and/or financial instruments of the Company, its affiliates and/or affiliates of the Selling Shareholder and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In respect of the above, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by applicable rules and regulations (including those issued by the AFM). As a result of these transactions, these parties may have interests that may not be aligned, or could potentially conflict, with the interests of holders of DRs, or with the interests of the Group. In addition, ABN AMRO Bank, a subsidiary of the Company, as a Joint Global Coordinator in this Offering will act as an underwriter and purchase Offer DRs for initial distribution to investors and may have interests that may not be aligned, or could potentially conflict with the interests of the rest of the Group.

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer DRs in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer DRs or related investments and may offer or sell such Offer DRs or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Offer DRs being offered or placed should be read as including any offering or placement of Offer DRs to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of DRs. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

As a result of acting in the capacities described above, the Underwriters may have interests that may not be aligned, or could potentially conflict, with investors' and the Group's interests.

Lock-up Arrangements

Company lock-up

In connection with the Offering, the Company has agreed that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, except as set forth below, without the prior consent of the Joint Global Coordinators (acting on behalf of the Underwriters), which prior consent shall not be unreasonably withheld, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares (including DRs) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of DRs or Shares, whether any such transaction described in paragraph (i) or (ii) above is to be settled by delivery of DRs, Shares or such other securities, in cash or otherwise.

The foregoing sentence shall not apply: (i) in the context of any employee remuneration, incentive or saving plans as applicable to the Company or any of its subsidiaries; (ii) to any issuance for the purpose of acquiring any company or undertaking; (iii) in respect of executions of collateral made in the ordinary course of business in respect of client positions should such positions include DRs; (iv) if the Company is required by a Competent Authority to recapitalise on the basis of inter alia Directive 2013/36/EU, Regulation (EU) No 575/2013, Directive 2014/59/EU, or Regulation (EU) 806/2014, if applicable as implemented in Dutch law, or is required to take necessary measures to address breaches of requirements of Directive 2013/36/EU or Regulation (EU) No 575/2013 or to address evidence that the Company is likely to breach any requirements of Directive 2013/36/EU or Regulation (EU) No 575/2013; and (v) if the Company is required to take capital raising measures in order for state aid to be declared compatible on the basis of Article 107 (3) of the Treaty on the Functioning of the European Union.

Selling Shareholder lock-up

In connection with the Offering, the Selling Shareholder has agreed that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, except as set forth below, without the prior consent of the Joint Global Coordinators (acting on behalf of the Underwriters), which prior consent shall not be unreasonably withheld, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares (including DRs) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of DRs or Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of DRs or Shares or such other securities, in cash or otherwise.

The foregoing sentence shall not apply to: (i) the sale of Offer DRs under the Underwriting Agreement; (ii) the lending of DRs under the DR Lending Agreement (as defined below); (iii) the transfer of DRs by the Selling Shareholder to an affiliate or the Dutch State, provided the transferee provides undertakings to the Joint Global Coordinators equivalent to those described above; (iv) the sale, transfer or other disposal of DRs or Shares in the capital of the Company by way of acceptance of a public takeover offer, merger or similar business combination with a third party in respect of all of the issued DRs or Shares or by way of acceptance of a partial public takeover as permitted by Dutch law; and (v) the sale or disposal of DRs or Shares where required by law or competent authority.

Over-Allotment and Stabilisation

In connection with the Offering, Morgan Stanley & Co. International plc, as Stabilisation Agent, or any of its agents, on behalf of the Underwriters may (but will be under no obligation to), to the extent permitted by applicable law, over-allot DRs or effect other transactions with a view to supporting the market price of the DRs at a higher level than that which might otherwise prevail in the open market. The Stabilisation Agent is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange (including Euronext Amsterdam) or otherwise and may be undertaken at any time starting on the First Trading Date and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilisation Agent or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Save as required by law or regulation, neither the Stabilisation Agent nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions under the Offering. The Stabilisation Agent may, for stabilisation purposes, over-allot DRs up to a maximum of 15% of the total number of Offer DRs sold in the Offering.

In connection with the Over-Allotment Option, up to a maximum of 15% of the total number of Offer DRs will be made available by the Selling Shareholder through a securities loan to be entered into on or around the date of the Pricing Agreement (the "**DR Lending Agreement**") to the Stabilisation Agent.

None of the Company, the Foundation, the Selling Shareholder or any of the Underwriters and the Financial Advisers makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the DRs or any other securities of the Company. In addition, none of the Company, the Foundation, the Selling Shareholder or any of the Underwriters and the Financial Advisers makes any representation that the Stabilisation Agent will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

SELLING AND TRANSFER RESTRICTIONS

No action has been taken by the Company, the Foundation, the Selling Shareholder, the Underwriters or the Financial Advisers that would permit, other than pursuant to the Offering, an offer of the Offer DRs or possession or distribution of this Prospectus or any other offering material in any jurisdiction where action for that purpose is required. The distribution of this Prospectus and the offer of the Offer DRs in certain jurisdictions may be restricted by law.

Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

United States

The Offer DRs have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the US and may not be offered or sold within the US unless the Offer DRs are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. In the US the Offer DRs will be sold only to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A under the US Securities Act or another exemption from, or in a transaction not subject to, the registration requirement under the US Securities Act and applicable state securities laws. All offers and sales of the Offer DRs outside the US will be made in compliance with Regulation S.

In addition, until the end of the 40^{th} calendar day after commencement of the Offering, an offering or sale of Offer DRs within the US by a dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the US Securities Act.

Notice to Rule 144A investors

Each purchaser of the Offer DRs within the US purchasing pursuant to Rule 144A under the US Securities Act will be deemed to have represented and agreed that it has received a copy of the Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- the purchaser acknowledges that the Offer DRs have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the US and that the Offer DRs may not be offered, sold, pledged or otherwise transferred, directly or indirectly, other than in accordance with paragraph (D) below;

- such purchaser (i) is a QIB, and (ii) is aware, and each beneficial owner of the Offer DRs has been advised that the sale to it is being made in reliance on Rule 144A; (iii) is acquiring the Offer DRs for its own account or for the accounts of one or more QIBs; and (iv) is acquiring the Offer DRs for investment purposes, and not with a view to further distribution of such Offer DRs in the United States in violation of US securities laws;

- the Offer DRs are "restricted securities" within the meaning of Rule 144(a)(3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer DRs;

- if, in the future, such purchaser decides to offer, resell, pledge or otherwise transfer such Offer DRs, such Offer DRs may be offered, sold, pledged or otherwise transferred only (i) to a person who is reasonably believed to be a QIB in a transaction meeting the requirements of Rule 144A, (ii) in compliance with Regulation S, or (iii) in accordance with Rule 144 under the US Securities Act (if available), in each case in accordance with all applicable securities laws of the US;

- the purchaser will not deposit or cause to be deposited such Offer DRs into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Offer DRs are "restricted securities" within the meaning of Rule 144(a)(3); and

- the Company shall not recognise any offer, sale, pledge or other transfer of the Offer DRs made other than in compliance with the above-stated restrictions.

Notice to Regulation S investors

Each purchaser of the Offer DRs pursuant to Regulation S will be deemed to have represented and agreed that it has received a copy of the Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- the Offer DRs have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the US;
- such purchaser is purchasing the Offer DRs in an "offshore transaction" (as defined in Regulation S);
- the purchaser is aware of the restrictions on the offer and sale of the Offer DRs pursuant to Regulation S described in this Prospectus; and
- the Company shall not recognise any offer, sale, pledge or other transfer of the Offer DRs made other than in compliance with the above-stated restrictions.

European Economic Area

In relation to each state which is a party to the agreement relating to the EEA (an "**EEA State**") and which has implemented the Prospectus Directive (a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, an offer to the public of any Offer DRs which are the subject of the Offering contemplated by this Prospectus may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Offer DRs which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State of any Offer DRs may be made at any time under the following exemptions under the Prospectus Directive:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive;
- to investors who acquire securities for a total consideration of at least EUR 100,000 per investor, for each separate offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive

provided that no such offer of Offer DRs shall require the Company or any Joint Global Coordinator to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer DRs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offer DRs to be offered so as to enable an investor to decide to purchase any Offer DRs, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

In the case of any Offer DRs being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Offer DRs acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Offer DRs to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined. The Company the Foundation, the Selling Shareholder, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Dubai International Financial Centre (DIFC)

This prospectus relates to an Exempt Offer in accordance with the Markets Rules 2012 of the DFSA. This prospectus is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The Offer DRs to which this prospectus relates may be illiquid and/

or subject to restrictions on their resale. Prospective purchasers of the Offer DRs offered should conduct their own due diligence on the Offer DRs. If you do not understand the contents of this prospectus you should consult an authorised financial advisor.

In relation to its use in the DIFC, this Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

Japan

The Offer DRs have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "**FIEL**"). This Prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

The Offer DRs may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer DRs or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering, the Company, the Offer DRs have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Offer DRs will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of Offer DRs has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Offer DRs.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Australia

This Prospectus:

- does not constitute a prospectus or other disclosure document (under Chapter 6D.2 of the Corporations Act 2001 of Australia (the "**Corporations Act**"));
- has not been and will not be, lodged with, or registered by, the Australian Securities and Investments Commission ("**ASIC**"), as a prospectus or a disclosure document for the purposes of the Corporations Act and does not purport to include the information required for a prospectus or other disclosure document under Chapter 6D.2 of the Corporations Act; and

- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, or exempt investors, available under section 708 of the Corporations Act.

The Offer DRs may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Offer DRs may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer DRs may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer DRs, you represent and warrant to us that you are an Exempt Investor.

As any offer of Offer DRs under this Prospectus will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Offer DRs you undertake to us that you will not, for a period of 12 months from the date of issue of the Offer DRs, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Singapore

The Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "**SFA**") and, accordingly, the Offer DRs may not be offered or sold, nor may the Offer DRs be the subject of an invitation for subscription or purchase, nor may the Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Offer DRs be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under section 274 of the SFA, (ii) to a relevant person pursuant to section 275(1), or any person pursuant to section 275(1A), and in accordance with the conditions specified in section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the Offer DRs are acquired by persons who are relevant persons specified in section 275 of the SFA, namely:

(A) a corporation (which is not an accredited investor (as defined in section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(B) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer DRs pursuant to an offer made under section 275 of the SFA except:

   (i) to an institutional investor or to a relevant person defined in section 275(2) of the SFA, or to any person arising from an offer referred to in section 275(1A) or section 276(4)(i)(B) of the SFA;

   (ii) where no consideration is or will be given for the transfer;

   (iii) where the transfer is by operation of law;

   (iv) as specified in section 276(7) of the SFA; or

   (v) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Offer DRs and Debentures) Regulations 2005 of Singapore.

Hong Kong

The Offer DRs have not been offered or sold and will not be offered or sold in Hong Kong by means of any document other than to (a) professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) ("**SFO**") and any rules made thereunder ("**Professional investor**"), or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) ("**CWUMPO**") or which do not constitute an offer or invitation to the public for the purposes of the CWUMPO or the SFO, and (ii) no person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, this Prospectus or any other advertisement, invitation or document relating to the Offer DRs which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer DRs which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional investors.

Kingdom of Saudi Arabia

This Prospectus may not be distributed in the Kingdom of Saudi Arabia ("**KSA**"), except to such persons as are permitted under the Saudi Regulations issued by the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 ("**CMA**").

The CMA does not make any representation as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective investors of the Offer DRs should conduct their own due diligence on the accuracy of the information relating to the Offer DRs. If a prospective purchaser does not understand the contents of this Prospectus, he or she should consult an authorised financial adviser.

The Offer DRs must not be advertised, offered or sold and no memorandum, information circular, brochure or any similar document has or will be distributed, directly or indirectly, to any person in the KSA other than to Sophisticated Investors within the meaning of Article 10 of the Saudi Regulations.

The offer of Securities in the KSA shall not, therefore, constitute a "public offer" pursuant to the Saudi Regulations. Prospective investors are informed that Article 17 of the Saudi Regulations places restrictions on secondary market activity with respect to the Offer DRs. Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the above stated jurisdictions shall not be recognised by Citadele.

Kuwait

The Offer DRs have not been licensed for offering in Kuwait by the Ministry of Commerce and Industry or the Central Bank of Kuwait or any other relevant Kuwaiti government agency. Therefore the Offer DRs have not been and will not be offered, sold, promoted or advertised in Kuwait except on the basis that an offer is made in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities. No private or public offering of the Offer DRs is being made in Kuwait, and no agreement relating to the sale of the Offer DRs will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Offer DRs in Kuwait.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Prospectus has not been approved by or filed with the UAE Central Bank, the SCA or any other authorities in the UAE, nor have the Managers received authorisation or licensing from the UAE Central Bank, SCA or any other authorities in the UAE to market or sell the DRs within the UAE. No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE and no subscription to DRs may or will be consummated within the UAE. It should not be assumed that any of the Underwriters is a licensed broker, dealer or investment advisor under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products. The DRs may not be offered or sold directly or indirectly to the public in the UAE. This does not constitute a public offer of securities in the UAE in accordance with the Companies Law or otherwise.

Qatar

The Offer DRs have not been offered or sold, and will not be offered or sold or delivered, directly or indirectly, in the State of Qatar including the Qatar Financial Centre, other than on the basis that an offer is made:

(i) in compliance with all applicable laws and regulations of the State of Qatar including the Qatar Financial Centre; and

(ii) through persons or corporate entities authorised and licenced to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Bahrain

The Offer DRs have not been offered or sold, and will not be offered or sold to any person in the Kingdom of Bahrain except on a private placement basis to persons who are "accredited investors".

For this purpose, an "accredited investor" means:

(i) an individual holding financial assets (either singly or jointly with a spouse) of USD 1,000,000 or more;

(ii) a group, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than USD 1,000,000; or

(iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Oman

This Prospectus does not constitute a public offer of securities in the Sultanate of Oman, as contemplated by the Commercial Companies Law of Oman (Royal Decree No. 4/1974) or the Capital Market Law of Oman (Royal Decree No. 80/1998) and Ministerial Decision No.1/2009 ("**Capital Markets Law**") or an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of the Capital Markets Law.

This Prospectus is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to make an offer to Citadele to enter into commitments to invest in the Offer DRs outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

Additionally, this Prospectus is not intended to lead to the making of any contract within the territory or under the laws of the Sultanate of Oman.

The Capital Market Authority and the Central Bank of Oman take no responsibility for the accuracy of the statements and information contained in this Prospectus or for the performance of Citadele with respect to the Offer DRs nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

TAXATION

Taxation in the Netherlands

This section is intended as general information only and it does not present any comprehensive or complete description of all aspects of Dutch tax law which could be of relevance to a (prospective) DR Holder. For Dutch tax purposes, a DR Holder may include an individual who or an entity that does not have the legal title of the DRs, but to whom nevertheless the DRs are attributed, based either on such individual or entity owning a beneficial interest in the DRs or based on specific statutory provisions. These include statutory provisions pursuant to which DRs are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the DRs.

Prospective holders of DRs should consult their own tax adviser regarding the tax consequences of any acquisition, holding or disposal of DRs.

This paragraph is based on Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

For the purpose of this paragraph, "**Dutch Taxes**" shall mean taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities. The Netherlands means the part of the Kingdom of the Netherlands located in Europe.

Any reference hereafter made to a treaty for the avoidance of double taxation concluded by the Netherlands includes the Tax Regulation for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*), the Tax Regulation for the country of the Netherlands (*Belastingregeling voor het land Nederland*) and the Agreement between the Taipei Representative Office in the Netherlands and the Netherlands Trade and Investment Office in Taipei for the avoidance of double taxation.

This section does not describe the possible Dutch tax considerations or consequences that may be relevant to a DR Holder:

(i) who is an individual and for whom the income or capital gains derived from the DRs are attributable to employment activities, the income from which is taxable in the Netherlands;

(ii) who has, or that has a (fictitious) substantial interest in the Company within the meaning of Section 4 of the Dutch Income Tax Act 2001 (*Wet op de inkomstenbelasting 2001*);

(iii) that is an entity which is not subject to Dutch corporate income tax or is in full or in part exempt from Dutch corporate income tax (such as pension funds);

(iv) that is an investment institution (*beleggingsinstelling*) as described in article 6a and 28 of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*, "**CITA**") respectively; or

(v) that is entitled to the participation exemption (*deelnemingsvrijstelling*) or the participation credit (*deelnemingsverrekening*) with respect to the DRs (as defined in articles 13 CITA and 13aa CITA respectively).

Withholding Tax

A DR Holder is generally subject to Dutch dividend withholding tax at a rate of 15% on dividends distributed by the Company. Generally, the Company is responsible for the withholding of such dividend withholding tax at source; the dividend withholding tax is for the account of the DR Holder.

Dividends distributed by the Company include, but are not limited to:

(i) distributions of profits in cash or in kind, whatever they be named or in whatever form;

(ii) proceeds from the liquidation of the Company, or proceeds from the repurchase of Shares by the Company, in excess of the average paid-in capital recognised for Dutch dividend withholding tax purposes;

(iii) the par value of Shares issued to a Shareholder or an increase in the par value of Shares, if and to the extent that no related contribution, recognised for Dutch dividend withholding tax purposes, has been made or will be made; and

(iv) partial repayment of paid-in capital, that is not recognised for Dutch dividend withholding tax purposes, or recognised for Dutch dividend withholding tax purposes, to the extent that the Company has "net profits" (*zuivere winst*), unless

(a) the General Meeting has resolved in advance to make such repayment, and

(b) the par value of the Shares concerned has been reduced with an equal amount by way of an amendment to the articles of association of the Company.

The term "net profits" includes anticipated profits that have yet to be realised.

Subject to certain exceptions under Dutch domestic law, the Company may not be required to transfer to the Dutch tax authorities the full amount of Dutch dividend withholding tax withheld in respect of dividends distributed by the Company, if the Company has received a profit distribution from a qualifying foreign subsidiary (as described in article 11 of the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965* ("**DWTA**")), which distribution (i) is exempt from Dutch corporate income tax and (ii) has been subject to a foreign withholding tax of at least 5%. The amount that does not have to be transferred to the Dutch tax authorities can generally not exceed the lesser of (a) 3% of the dividends distributed by the Company on which Dutch dividend withholding tax has been withheld and (b) 3% of the profit distributions the Company received from qualifying foreign subsidiaries in the calendar year in which the Company distributes the dividends (up to the moment of such dividend distribution) and the two previous calendar years; further limitations and conditions apply. The Company will, upon request, provide DR Holders with information regarding the Dutch dividend withholding tax that was not transferred to the Dutch tax authorities by the Company.

If a DR Holder is resident or deemed to be resident in the Netherlands, such DR Holder is generally entitled to an exemption or a full credit for any Dutch dividend withholding tax against his Dutch (corporate) income tax liability and to a refund of any residual Dutch dividend withholding tax.

If a DR Holder is resident in a country other than the Netherlands, under circumstances exemptions from, reduction of or refunds of, Dutch dividend withholding tax may be available pursuant to Dutch domestic law or treaties for avoidance of double taxation.

If a DR Holder:

(i) is resident in another member state of the European Union or a designated state of the EEA, *i.e.*, Iceland, Liechtenstein or Norway, according to the tax laws of that state and, under the terms of a double taxation agreement concluded by that state with a third state, is not considered to be resident for tax purposes outside the European Union, Iceland, Liechtenstein or Norway; and

(ii) owns an interest in the Company to which the participation exemption or the participation credit (as described above) would be applicable if the holder was resident in the Netherlands,

such holder will generally be eligible for an exemption from or full refund of Dutch dividend withholding tax on dividends distributed by the Company, unless such holder carries out duties or activities comparable to an investment institution as described in article 6a and 28 CITA respectively.

In addition, if a DR Holder:

(i) is an entity which is resident for Dutch tax purposes in a member state of the European Union, in Iceland, Liechtenstein or Norway, or is a Qualifying Holder (as defined below) resident elsewhere;

(ii) is not subject to a profit tax levied by that state; and, in case the holder is not resident in the Netherlands,

(iii) would not have been subject to Dutch corporate income tax had the holder been resident in the Netherlands for Dutch tax purposes,

provided a valid request has been filed with the Dutch tax authorities, such DR Holder will generally be eligible for a full refund of Dutch dividend withholding tax on dividends distributed by the Company, unless such holder carries out duties or activities comparable to an investment institution as described in article 6a and 28 CITA respectively.

For purposes of the above, a "**Qualifying Holder**" is an entity that (i) is resident for Dutch tax purposes in a jurisdiction which has an arrangement for the exchange of tax information with the Netherlands and (ii) holds its DRs as a portfolio investment, *i.e.*, such DRs are not held with a view to establish or maintain lasting and direct economic links between the DR Holder and the Company and the DRs do not allow the holder to participate effectively in the management or control of the Company.

A DR Holder who is considered to be resident in the United States (a "**US DR Holder**") and is entitled to the benefits of the 1992 Double Taxation Treaty between the US and the Netherlands, as amended most recently by the Protocol signed 8 March 2004 (the "**Treaty**"), will be entitled to an exemption from or a reduction of Dutch dividend withholding tax as follows:

- if the US DR Holder is an exempt pension trust as described in article 35 of the Treaty or an exempt organisation as described in article 36 of the Treaty, the US DR Holder will be exempt from Dutch dividend withholding tax;
- if the US DR Holder is a company that holds directly at least 80% of the voting power in the Company and certain other conditions are met, the US DR Holder will also be exempt from Dutch dividend withholding tax; and
- if the US DR Holder is a company which holds directly at least 10% but less than 80% of the voting power in the Company, the US DR Holder will be subject to Dutch withholding tax at a rate not exceeding 5%.

According to Dutch domestic anti-dividend stripping rules, no credit against Dutch (corporate) income tax, exemption from, reduction of or refund of, Dutch dividend withholding tax will be granted if the recipient of the dividends paid by the Company is not considered to be the beneficial owner (*uiteindelijk gerechtigde*) of such dividends as meant in these rules.

The DWTA provides for a non-exhaustive negative description of a beneficial owner. According to the DWTA, a Shareholder will among other things not be considered the beneficial owner of the dividends for this purpose if:

- as a consequence of a combination of transactions, a person other than the Shareholder wholly or partly directly or indirectly benefits from the dividends;
- whereby such other person retains or acquires, directly or indirectly, an interest similar to that in the Shares on which the dividends were paid; and
- that other person is entitled to a credit, reduction or refund of dividend withholding tax that is less than that of the Shareholder.

Taxes on Income and Capital Gains

Residents in the Netherlands

The description of certain Dutch tax consequences in this paragraph is only intended for the following holders of DRs:

(i) individuals who are resident or deemed to be resident in the Netherlands for Dutch income tax purposes ("**Dutch Individuals**"); and

(ii) entities that are subject to the CITA and are resident or deemed to be resident in the Netherlands for corporate income tax purposes ("**Dutch Corporate Entities**").

Dutch Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities

Dutch Individuals are generally subject to income tax at statutory progressive rates with a maximum of 52% (2015) with respect to any benefits derived or deemed to be derived from Dutch Enterprise DRs (as defined below), including any capital gains realised on the disposal thereof.

"**Dutch Enterprise DRs**" are DRs, or rights to derive benefits from DRs:

(i) that are either attributable to an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder / holder of depositary receipts); or

(ii) the benefits of which are attributable to miscellaneous activities (*resultaat uit overige werkzaamheden*), including, without limitation, activities which are beyond the scope of active portfolio investment activities.

Dutch Individuals not engaged or deemed to be engaged in an enterprise or in miscellaneous activities

Generally, a Dutch Individual who owns DRs, excluding Dutch Enterprise DRs, will be subject annually to an income tax imposed on a fictitious yield on such DRs. The DRs held by such Dutch Individual will be taxed under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income or capital gains realised, the annual taxable benefit of all the assets and liabilities of a Dutch Individual that are taxed under this regime, including the DRs, is set at a fixed amount. The fixed amount equals 4% of the fair market value of the assets (including, as the case may be, the DRs) reduced by the liabilities and measured, in general, exclusively on 1 January of every calendar year. The tax rate under the regime for savings and investments is a flat rate of 30% (2015). Taxation only occurs if and to the extent the fair market value of the assets, including the DRs, reduced by the liabilities exceeds a certain threshold (*heffingvrij vermogen*).

Dutch Corporate Entities

Dutch Corporate Entities are generally subject to corporate income tax at statutory rates up to 25% (2015) with respect to any benefits derived or deemed to be derived (including any capital gains realised on the disposal thereof) of the DRs. A reduced rate of 20% (2015) applies to the first EUR 200,000 of taxable profits.

Non-residents in the Netherlands

A DR Holder other than a Dutch Individual or a Dutch Corporate Entity will not be subject to any Dutch Taxes on income or capital gains in respect of the purchase, ownership and disposal or transfer of the DRs, other than withholding tax as described above, except if:

(i) the DR Holder, whether an individual or not, derives profits from an enterprise, whether as entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder / holder of depositary receipts, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which the DRs are attributable;

(ii) the DR Holder is an individual and derives benefits from miscellaneous activities carried out in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*) in respect of the DRs, including (without limitation) activities which are beyond the scope of active portfolio investment activities;

(iii) the DR Holder is not an individual and is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of enterprise, other than by way of securities, which enterprise is effectively managed in the Netherlands and to which enterprise the DRs are attributable; or

(iv) the DR Holder is an individual and is entitled to a share in the profits of an enterprise, other than by way of securities, or through an employment relationship, which enterprise is effectively managed in the Netherlands and to which enterprise the DRs are attributable.

Gift Tax or Inheritance Tax

No Dutch gift tax or inheritance tax is due in respect of any gift of the DRs by, or inheritance of the DRs on the death of, a DR Holder, except if:

(i) at the time of the gift or death of the DR Holder, the holder is resident, or is deemed to be resident, in the Netherlands;

(ii) the DR Holder passes away within 180 days after the date of the gift of the DRs and is not, or not deemed to be, at the time of the gift, but is, or deemed to be, at the time of his death, resident in the Netherlands; or

(iii) the gift of the DRs is made under a condition precedent and the DR Holder is resident, or is deemed to be resident, in the Netherlands at the time the condition is fulfilled.

Other Taxes and Duties

No other Dutch Taxes, including value added taxes and taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by or on behalf of a the DR Holder by reason only of the purchase, ownership and disposal of the DRs.

Residency

A DR Holder will not become resident, or deemed resident, in the Netherlands for tax purposes by reason only of holding the DRs.

FATCA

The Netherlands and the US have entered into an intergovernmental agreement with regard to FATCA requiring the exchange of certain information. This intergovernmental agreement has been implemented in Dutch legislation. See also "Risk Factors—39. Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects".

US Federal Income Tax Considerations

The following is a description of certain US federal income tax consequences to the US Holders described below of owning and disposing of Offer DRs, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a particular person's decision to acquire the Offer DRs. This discussion applies only to a US Holder that acquires the Offer DRs in this offering and holds the Offer DRs as capital assets for US federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of a US Holder's particular circumstances, including alternative minimum tax consequences, any aspect of the provisions of the Revenue Code commonly known as the Medicare tax on net investment income and tax consequences applicable to US Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding Offer DRs as part of a "straddle" or integrated transaction or persons entering into a constructive sale with respect to the Offer DRs;
- persons whose functional currency for US federal income tax purposes is not the US dollar;
- entities classified as partnerships for US federal income tax purposes;
- tax-exempt entities, "individual retirement accounts" or "Roth IRAs";
- persons that own or are deemed to own 10% or more of the Company's voting stock; or
- persons holding Offer DRs in connection with a trade or business conducted outside of the United States.

If an entity (or arrangement) that is classified as a partnership for US federal income tax purposes owns Offer DRs, the US federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Offer DRs and partners in such partnerships should consult their tax advisers as to the particular US federal income tax consequences of owning and disposing of the Offer DRs.

This discussion is based on the Revenue Code, administrative pronouncements, judicial decisions, final and proposed Treasury regulations and the Treaty, changes to any of which subsequent to the date of this offering may affect the tax consequences described herein.

For purposes of this discussion, a "**US Holder**" is a person who, for US federal income tax purposes, is a beneficial owner of Offer DRs and is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to US federal income taxation regardless of its source.

US Holders should consult their tax advisers concerning the US federal, state, local and foreign tax consequences of owning and disposing of the Offer DRs in their particular circumstances.

Except as described below, this discussion assumes that the Company is not, and will not become, a passive foreign investment company ("**PFIC**") for US federal income tax purposes.

Treatment of Offer DRs

It is relatively common for depository receipts representing a Dutch company's principal class of shares, such as the Offer DRs, to be publicly traded in lieu of the Dutch company's shares. Although there is little authority addressing how such depository receipts should be treated for US federal income tax purposes, certain articles of the Treaty and guidance thereunder disregard the share certificates for the underlying shares and treat the depository receipts as shares of the Dutch company and the Company believes the Offer DRs should be so treated for US federal income tax purposes. However, alternative treatments may be possible. Potential purchasers of Offer DRs should consult their tax advisers as to the appropriate treatment of the Offer DRs for US federal income tax purposes, including possible alternative treatments and the consequences, including the possible reporting consequences, thereof. The balance of this disclosure assumes that an owner of Offer DRs will be treated as an owner of Shares for US federal income tax purposes.

Taxation of Distributions

Distributions paid on the Offer DRs (including the amount of any Dutch taxes withheld, excluding any amount not paid to the Dutch tax authorities, as described below) generally will be treated as dividends to the extent paid out of our current or accumulated earnings and profits as determined under US federal income tax principles. Because we do not maintain calculations of our earnings and profits under US federal income tax principles, it is expected that distributions generally will be reported to US Holders as dividends.

Dividends generally will be treated as foreign-source dividend income for foreign tax credit purposes and will not be eligible for the dividends-received deduction generally available to US corporations under the Revenue Code. Subject to applicable limitations, dividends paid to certain non-corporate US Holders of Offer DRs may be taxable at the favorable tax rates applicable to “qualified dividend income”. Non-corporate US Holders should consult their tax advisers regarding the availability of these favorable rates on dividends in their particular circumstances. Dividends will generally be included in a US Holder’s income on the date of receipt by the Foundation. Generally, the amount of dividend paid in Euros will be the US dollar amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into US dollars. If the dividend is converted into US dollars on the date of receipt, a US Holder should not be required to recognise foreign currency gain or loss in respect of the amount received. US Holders may have foreign currency gain or loss if the dividend is converted into US dollars after the date of receipt, and any such gain or loss will be US-source ordinary income or loss.

Subject to applicable limitations, some of which vary depending upon each US Holder’s circumstances, Dutch income taxes withheld from dividends paid to US Holders on Offer DRs at a rate not exceeding any applicable Treaty rate will be creditable against a US Holder’s US federal income tax liability. As described in “—Taxation in the Netherlands—Withholding Tax”, upon making a distribution to shareholders, the Company may be permitted to retain a portion of the amounts withheld as Dutch dividend withholding tax. The amount of Dutch withholding tax that the Company retains reduces the amount of dividend withholding tax that the Company is required to pay to the Dutch tax authorities, but does not reduce the amount of tax the Company is required to withhold from dividends paid to US Holders. In these circumstances, it is likely that the portion of dividend withholding tax that the Company retains with respect to dividends distributed to US Holders would not qualify as a creditable tax for US foreign tax credit purposes. The rules governing foreign tax credits are complex, and US Holders should consult their tax advisers regarding the creditability of Dutch taxes in their particular circumstances. Subject to applicable limitations, in lieu of claiming a foreign tax credit, a US Holder may elect to deduct foreign taxes, including any Dutch taxes, in computing its taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the relevant taxable year.

Sale or Other Taxable Disposition of Offer DRs

For US federal income tax purposes, gain or loss realised on the sale or other taxable disposition of the Offer DRs generally will be capital gain or loss, and will be long-term capital gain or loss if the US Holder held the Offer DRs for more than one year. The amount of the gain or loss will equal the difference between the US Holder’s tax basis in the Offer DRs disposed of and the amount realised on the disposition, in each case as determined in US dollars. This gain or loss will generally be US-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

Passive Foreign Investment Company Rules

A foreign corporation will be a PFIC for any taxable year in which either (i) at least 75% of its gross income is “passive income” or (ii) at least 50% of the average quarterly value of its assets is attributable to assets which produce passive income or are held for the production of passive income. If the corporation owns, directly or indirectly, at least 25% by value of the shares of another corporation, it will be treated as if it holds directly its proportionate share of the assets and receives directly its proportionate share of the income of that other corporation. “Passive income” generally includes interest, dividends, rents, royalties and gains from commodities and securities transactions. Proposed Treasury regulations applicable to active foreign banks provide for exceptions for certain income derived in the active conduct of a banking business. Based on those proposed Treasury regulations, the Company does not expect to be a PFIC for its current taxable year or in the foreseeable future. However, because the proposed regulations have not yet been finalised, the manner of the application of the proposed regulations is not entirely clear, and the composition of the Company’s income and assets will vary over time, there can be no assurance that the Company will not be a PFIC for any taxable year. If the Company were a PFIC for any taxable year during which a US Holder held Offer DRs, certain adverse US federal income tax consequences could apply to such US Holder, including increased tax liability on gains from dispositions of Offer DRs and certain excess distributions, and a requirement to file annual reports with the US Internal Revenue Service (IRS). In addition, if the Company were a PFIC for any taxable year in which it pays a dividend or the preceding taxable year, the favorable tax rates that may otherwise be applicable to distributions to certain non-corporate US Holders would not apply.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain US-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the US Holder establishes that it is a corporation or other exempt recipient or (ii) in the case of backup withholding, the US Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the holder's US federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Certain US Holders who are individuals (and under proposed regulations, certain entities controlled by individuals) may be required to report information relating to their ownership of the Offer DRs (and the accounts through which they are held if maintained by non-US financial institutions). US Holders should consult their tax advisers regarding their reporting obligations relating to the Offer DRs (and potential penalties for failure to comply).

INDEPENDENT AUDITORS

KPMG Accountants N.V. ("**KPMG**") has audited the Group's consolidated financial statements as of and for the three years ended 31 December 2014, 31 December 2013 and 31 December 2012, and has issued unqualified auditor's reports thereon, which are included (relating to the 31 December 2014 consolidated financial statements) and incorporated by reference into this Prospectus (relating to the 31 December 2013 and 2012 consolidated financial statements). The independent auditor of the Company has no interest in the Company.

KPMG has reviewed the Group's condensed consolidated interim financial statements as of and for the nine months ended 30 September 2015 and has issued an unqualified review report thereon, which is included in this Prospectus.

KPMG is an independent registered accounting firm. The address of KPMG is Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands. The auditor who signs on behalf of KPMG is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

KPMG has given, and has not withdrawn, its consent to the inclusion and/or incorporation by reference of its reports in this Prospectus in the form and context in which they are included. As the Depository Receipts have not been and will not be registered under the Securities Act, KPMG have not filed and will not file a consent under the Securities Act.

The Company confirms that the information in the auditor's reports included (relating to the 31 December 2014 consolidated financial statements) and incorporated by reference in this Prospectus (relating to the 31 December 2013 and 2012 consolidated financial statements) has been accurately reproduced and that as far as the Company is aware and able to ascertain from information published by the auditors, no facts have been omitted which would render the auditor's reports inaccurate or misleading.

In connection with the mandatory auditor rotation requirement under Dutch law, the Group decided on 2 April 2015 to appoint Ernst & Young Accountants LLP as the Group's independent auditor for the reporting year 2016 to succeed KPMG.

GENERAL INFORMATION

Significant Change in the Company's Financial or Trading Position

No significant change in the financial or trading position of the Group has occurred since 30 September 2015. The Group notes that, as disclosed in the Prospectus, the Group excepts total regulatory levies for 2015 to amount to approximately EUR 246 million, which levies will be recorded in the fourth quarter of 2015 and will be charged to the income statement. For more information, please see "Operating and Financial Review—Regulatory developments".

Expenses of the Offering

The expenses related to the Offering incurred in 2014 and 2015 that are payable by the Company are estimated at approximately EUR 8.8 million (excluding VAT) and include, among other items, the fees due to the AFM and Euronext Amsterdam, regulatory approval expenses, the fees due to the Company's accountants and legal, communications and independent financial advisors, administrative and regulatory expenses, as well as publication costs.

In consideration of the agreement by the Underwriters to purchase the Offer DRs at the Offer Price and subject to the Offer DRs being sold as provided for in the Underwriting Agreement, the Selling Shareholder may in its sole and absolute discretion decide to award to some or all of the Joint Global Coordinators, Joint Bookrunners and other Underwriters a discretionary commission in aggregate at a level to be determined by the Selling Shareholder of up to EUR 4,500,000. Neither the Selling Shareholder nor the Company shall pay any other commission to the Underwriters in respect of the Offering. The Selling Shareholder has also agreed to reimburse the Underwriters for documented costs and expenses relating to pre-deal investor education incurred by them in relation to the Offering, subject to a cap. See also "Reasons for the Offering and Use of Proceeds".

Availability of Documents

Subject to applicable laws, the following documents (or copies thereof) may be obtained free of charge from the Company's website (www.abnamro.com/ipo) and during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Company at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands, telephone: +31 20 344 2000; e-mail: corporate.broking@nl.abnamro.com from the date of this Prospectus until at least the Settlement Date.

- This Prospectus.
- The Group's consolidated financial statements prepared in accordance with EU IFRS for the financial year ended 31 December 2012, and the independent auditor's report dated 28 February 2013, relating thereto.
- The Group's consolidated financial statements prepared in accordance with EU IFRS for the financial year ended 31 December 2013, and the independent auditor's report dated 7 March 2014, relating thereto.
- The Articles of Association, as they will read on the Settlement Date.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents some of which have previously been published are incorporated in this Prospectus by reference and, as such, form part of this Prospectus. The incorporation by reference extends to the parts indicated below and the English language versions of the documents only, unless otherwise indicated below. Non-incorporated parts of the documents listed below are either not relevant for the investor or covered elsewhere in this Prospectus.

- The Group's audited consolidated annual financial statements as of and for the year ended 31 December 2013, and the independent auditor's report dated 7 March 2014, relating thereto, and certain audited disclosures that are an integral part of these audited annual financial statements which are included in the risk & capital management section (pages 123 to 242 of the Annual Report for the year 2013). The disclosures incorporated by reference from the risk & capital management section are labelled as "Audited" in the respective headings and are covered by the audit opinion dated 7 March 2014.

- The Group's audited consolidated annual financial statements as of and for the year ended 31 December 2012, and the independent auditor's report dated 28 February 2013, relating thereto and certain audited disclosures that are an integral part of these audited annual financial statements which are included in the risk & capital management section (pages 125 to 214 of the Annual Report for the year 2012). The disclosures incorporated by reference from the risk & capital management section are labelled as "Audited" in the respective headings and are covered by the audit opinion dated 28 February 2013.

- The Articles of Association, as they will read on the Settlement Date.

- The Foundation Articles.

- The DR Terms.

These documents (or copies thereof) may be obtained free of charge from the Company's website (www.abnamro.com/ipo).

No Incorporation of Website

The contents of the Company's website not mentioned in the section above, including any websites accessible from hyperlinks on the Company's website, do not form part of and are not incorporated by reference into this Prospectus.

DEFINITIONS

The following definitions are used in this Prospectus:

AA Advisors	ABN AMRO Advisors
AAAM funds	ABN AMRO Asset Management funds
AAHG	ABN AMRO Hypotheken Groep B.V.
AA Luxembourg	ABN AMRO Bank (Luxembourg) SA
AA Mellon JV	ABN AMRO Mellon Global Securities N.V.
ABN AMRO Bank	ABN AMRO Bank N.V.
ABN AMRO Clearing	ABN AMRO Clearing Bank N.V.
ABN AMRO Commercial Finance	ABN AMRO Commercial Finance Holding B.V.
ABN AMRO Funding USA	ABN AMRO Funding USA LLC
ABN AMRO Lease	ABN AMRO Lease N.V.
ABN AMRO Levensverzekering	ABN AMRO Levensverzekering N.V.
ABN AMRO Pensions	APG—ABN AMRO Pensioeninstelling N.V.
ABN AMRO Verzekeringen	Delta Lloyd ABN AMRO Verzekeringen Holding B.V. (a joint venture with Delta Lloyd N.V.)
ACM	The Netherlands Authority for Consumers and Markets
AFM	The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*)
AIF	Alternative investment fund
AIFM Directive	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers
Alfam	Alfam Holding N.V.
Allocation	The allocation of the Offer DRs
ALM	Asset & liability management
Annual Report	The Group's annual report
Articles of Association	The articles of association of the Company as they will read following their amendment on the Settlement Date, and any further amendments from time to time
ASIC	The Australian Securities and Investments Commission
ATMs	Automated teller machines
AuM	Assets under management
AQR	Asset Quality Review

Banker's Oath	As of 1 April 2015, all supervisory directors, managing directors and employees of a bank must take an oath of good conduct. The oath is a confirmation of the Company's existing policy, which is fully in line with the Business Principles and core values of the Group
Banking Code	The banking code for Dutch banks as adopted on 9 September 2009, as binding by the Board of the Netherlands Banking Association, in response to the recommendations for improving the performance of the Dutch Banking sector to help restore trust in banks of the Advisory Committee on the Future of Banks in the Netherlands
Banking Communication	The amended European banking communication that entered into force on 1 August 2013
Banking Union	The EU's response to correct the perceived shortcomings by establishing a banking union with three key areas, referred to in this Prospectus as the three pillars, a SSM, a SRM and harmonised prudential rules (Single Rulebook)
Bank Taxes or **Bank Tax**	Additional charges to the financial services industry introduced by several countries following the 2008 financial crisis, commonly known as bank taxes.
Basel I	Basel Capital Accord of 1988
Basel II	Revised Capital Framework
Basel II Enhancements	Proposed enhancements to the Basel II framework
Basel III Framework	Global regulatory framework for more resilient banks and banking systems which was implemented in the EEA through CRD IV and CRR
Basel Committee	Basel Committee on Banking Supervision
Bethmann Bank	Bethmann Bank AG
Bilateral Contacts Policy	The Company's policy on bilateral contacts with shareholders
Bonus Prohibition Act	Dutch Act on limitation of liability DNB and AFM and bonus prohibition for state-supported enterprises (*Wet aansprakelijkheidsbeperking DNB en AFM en bonusverbod staatsgesteunde ondernemingen*)
BRRD	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012
Capital Directives	Council Directive of 17 April 1989 on the own funds of credit institutions (89/299/EEC) and Council Directive of 18 December 1989 on a solvency ratio for credit institutions (89/647/EEC)
CADM	Chief Architecture & Data Management, one of three TOPS departments
Capital Markets Law	Capital Markets Law of Oman (Royal Decree No. 80/1998) and Ministerial Decision No. 1/2009
CBP	Dutch Data Protection Authority (*College Bescherming Persoonsgegevens*)
CCPs	Central counterparties
CDC	Collective Defined Contribution

CDR	Commission Delegated Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the leverage ratio
CET	Central European Time
CET1	Common Equity Tier 1
CISA	The Swiss Federal Act on Collective Investment Schemes
CITA	Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*)
CLA's	Collective labour agreements
CMA	The Capital Markets Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008
CMU	The Capital Markets Union
Code	The Dutch corporate governance code issued on 9 December 2003 and as amended as of 1 January 2009
Cognizant	Cognizant Technology Solutions Benelux B.V.
Co-Lead Managers	RBC Europe Limited (trading as RBC Capital Markets) and Stifel Nicolaus Europe Limited (trading as Keefe, Bruyette & Woods) are acting as co-lead managers for the Offering
COO Departments	The three chief operating officer departments that are linking pins between respectively Retail Banking, Private Banking, Corporate Banking and Group Functions.
Company	ABN AMRO Group N.V.
Consortium	The consortium of banks consisting of The Royal Bank of Scotland Group plc, Fortis N.V. and Fortis SA/N.V., through its subsidiary FBNH, and Banco Santander S.A. which acquired ABN AMRO Holding N.V. in October 2007
Corporations Act	The Corporations Act 2001 of Australia
CRD or **EC Directive 2006/48** and **EC Directive 2006/49**	Capital Requirements Directives (2006/48/EC and 2006/49/EC); or EC Directive 2006/48: Directive 2006/48/EC of the European Parliament and the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast); and Directive 2006/49: Directive 2006/49/EC of the European Parliament and the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (recast)
CRD II	Capital Requirements Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC as regards banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements, and crisis management
CRD III	Capital Requirements Directive 2010/76/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2006/48/EC and 2006/49/EC as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies

CRD IV	Capital Requirements Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC
Credit Umbrella	In connection with the EC Remedy, the Group provided a financial guarantee covering part of the potential credit losses on the portfolio that existed at the time of closing the sale under the EC Remedy
CRM	Central Risk Management
CRR	Capital Requirements Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012
CSA	Consortium shareholders agreement of 28 May 2007
CVA	Credit Value Adjustments
CWUMPO	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
DBNV	Deutsche Bank Nederland N.V.—parts of the former ABN AMRO group and Hollandsche Bank-Unie were demerged to New HBU II N.V., subsequently sold to Deutsche Bank AG and renamed Deutsche Bank Nederland N.V.
DCC	Dutch Civil Code (*Burgerlijk Wetboek*)
DDOS	Distributed denial of service
DFSA	Dubai Financial Services Authority
DGS	Deposit guarantee scheme(s)
DGSD	Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (recast)
Directive 1993/6/EEC	Council Directive 93/6/EEC of 15 March 1993 on the capital adequacy of investments firms and credit institutions
Directive 2000/12/EC	Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions
DNB	Dutch Central Bank (*De Nederlandsche Bank N.V.*)
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010
DPM	Discretionary portfolio management
DR Holder(s)	Holder(s) of DRs
DR Lending Agreement	The DR lending agreement expected to be dated on or about 19 November 2015 between the Selling Shareholder and the Stabilisation Agent
DRs	Depositary receipts representing Ordinary Shares
DR Terms	The terms and conditions governing the DRs as adopted by the Foundation Board and which will be laid down in a notarial deed to be executed on Settlement
DSB	DSB Bank N.V.

Dutch Corporate Entities	Entities that are subject to the CITA and are resident or deemed to be resident in the Netherlands for corporate income tax purposes
Dutch CRD IV and CRR Regulation	The Regulation of the DNB of 9 December 2013 relating to the implementation of specific provisions of the CRD IV and CRR (*Regeling specifieke bepalingen CRD IV en CRR*)
Dutch Enterprise DRs	DRs or any right to derive benefits from DRs which are attributable to an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) or of which the benefits are taxable in the hands of a Dutch Individual as benefits from miscellaneous activities including, without limitation, activities which are beyond the scope of active portfolio investment activities
Dutch Individuals	Individuals who are resident or deemed to be resident in the Netherlands for Dutch income tax purposes
Dutch Intervention Act	Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*) of 13 June 2012
Dutch Retail Investor	An eligible retail investor in the Netherlands. For the purpose of the Preferential Retail Allocation, a Dutch retail investor is either: (i) a natural person resident in the Netherlands; or (ii) a special investment vehicle having its seat in the Netherlands which is a legal entity established for the express and sole purpose of providing asset management and/or retirement planning services for a natural person
Dutch Taxes	Taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities
DVA	Debt Value Adjustments
DWTA	the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*)
EBA	European Banking Authority
EBA Guidelines	The Guidelines on Remuneration Policies and Practices as formally adopted on 10 December 2010 by the Committee of European Banking Supervisors (and continued by the EBA)
ECB	European Central Bank
ECM	Equity capital markets
EC Remedy	A prerequisite imposed by the European Commission's competition requirement
ECT Clients	Clients that are internationally active in the sectors energy, commodities and transportation
ECT	Energy, commodities and transportation
EEA	The European Economic Area
EEA State	A state which is a party to the agreement relating to the EEA
EIOPA	European Insurance and Occupational Pensions Authority
EM	Etesco Millennium
EMIR	Regulation of the European Parliament and of the Council of 4 July 2012 (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories

Enterprise Court	The Dutch enterprise court of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*)
ESC	The European Staff Council
ESMA	European Securities and Markets Authority
EU	European Union
EU IFRS	International Financial Reporting Standards as adopted by the European Union
EUR or **euro** or **€**	The lawful currency of the European Economic and Monetary Union
Euroclear Nederland	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.
Euronext Amsterdam	Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.
Equens	Equens SE
ESAs	European Supervisory Authorities
ETDs	Exchange traded derivatives
EIOPA	European Insurance and Occupational Pensions Authority
FATCA	US Foreign Account Tax Compliance Act
FBNH	Fortis Bank Nederland (Holding) N.V.
FFI	Non-US (foreign) financial institution
FFI Agreement	An agreement with the IRS under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements
FIEL	Financial Instruments and Exchange Law, as amended
Financial Advisers	Rothschild and Lazard & Co., Limited
Financial Promotion Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
First Trading Date	The date on which trading on an "as-if-and-when-delivered" basis in the DRs on Euronext Amsterdam commences, which is expected to be 20 November 2015
FMSA	Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*)
former ABN AMRO group	The former ABN AMRO Holding N.V. and its subsidiaries
Foundation	Stichting Administratiekantoor Continuïteit ABN AMRO Group
Foundation Articles	The articles of the Foundation as included in the Foundation's deed of incorporation executed on 20 July 2015
Foundation Board	The board of the Foundation
Foundation DNO	The declaration of no objection from the ECB obtained by the Foundation on 25 September 2015 in relation to its shareholding through the Company in, amongst others, ABN AMRO Bank
Foundation DNO Maximum	The maximum of up to 33% of the Company's issued share capital that the Foundation is allowed to acquire and hold following the Foundation DNO

FR&R	Financial Restructuring & Recovery
FSB	The Financial Stability Board
FSB term sheet on TLAC	The set of principles and a detailed term sheet on the adequacy of loss-absorbing and recapitalisation capacity of G-SIBs issued by the FSB on 9 November 2015
FTEs	Full-time equivalents of the Group's employees, excluding temporary staff
FTP	Funds transfer pricing
FTT	Proposed directive for a common Financial Transaction Tax, published by the EC in February 2013 and to be implemented by 11 Participating Member States, being Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain
Fully-loaded	On the basis of full applicability of the relevant capital requirements
FVA	Funding Value Adjustment
GDP	Gross domestic product
GE	Group Economics
General Data Protection Regulation	A formal draft of the new regulation on the protection of individuals with regard to the processing of personal data and on the free movement of such data issued by the European Commission in January 2012
General Meeting	General meeting of the Company, being the corporate body, or where the context so requires, the physical meeting of that body
GMSA	The Global Master Services Agreement entered into on August 31, 2005, by ABN AMRO Bank and IBM
Group	The group within the meaning of Section 2:24b DCC to which the Company belongs; for purposes of the Company's financial reporting "Group" shall be determined in accordance with IFRS 10 as adopted by the European Union
Group Company	Subsidiaries of the Company within the meaning of Section 2:24b of the Dutch Civil Code
G-SIBs	Global systemically important banks
G-SIIs	Global systemically important institutions
Havensteder	Stichting Havensteder
Historical Financial Information	The audited consolidated financial information of the Group as of and for the years ended 31 December 2014, 31 December 2013 and 31 December 2012 and the reviewed consolidated financial information of the Group as of and for the nine months ended 30 September 2015
Hostile Situation	Each of the following situations: (i) a public offer has been announced or is made in respect of Shares (or in respect of DRs) or when there is a justified expectation that this will take place, without agreement first having been reached between the bidder and the Company; (ii) a DR Holder or several DR Holders and Shareholders acting in concert together with subsidiaries or otherwise hold(s) Shares or DRs representing 25% or more of the issued share capital of the Company; or (iii) in the opinion of the Foundation, the exercise of the voting rights by a DR Holder would effectively be in conflict with the interest of the Company and its business
IAS 19	International Accounting Standard 19

IASB . . . . International Accounting Standards Board

IBM . . . . IBM Nederland B.V.

IBNI . . . . Incurred but not identified

IBS . . . . TOPS International Business Services

ICAAP . . . . Internal Capital Adequacy Assessment Process

ICS . . . . International Card Services

ICT . . . . Information and communications technology

Identified Staff . . . . Staff whose professional activities could have a material impact on the Group's risk profile; such staff consists of members of the Managing and Supervisory Board, the Management Group, staff responsible for independent control functions, other risk takers (composition of this group follows from credit, market and liquidity risk analyses undertaken annually by the Group Risk Management Team on the basis of RWA (REA) thresholds, membership of certain Risk Committees, the level of P&L budget and responsibilities), other employees whose total remuneration takes them into the same remuneration bracket as senior managers and risk takers; and employees who qualify on the basis of the additional qualitative and quantitative criteria as laid down in the EBA Guidelines with retroactive effect to 1 January 2014

IDD . . . . The Insurance Distribution Directive, formerly known as the Insurance Mediation Directive II

IGA . . . . Inter-governmental agreement between a local government and the US to facilitate the implementation of FATCA

ILAAP . . . . Internal Liquidity Adequacy Assessment Process

Infosys . . . . Infosys Limited

Insurance Mediation Directive . . . . Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation

Interest expense . . . . The interest the Group pays

Interest income . . . . The Group's earned interest

IRS . . . . United States Internal Revenue Service

IT . . . . Information Technology

JCPOA . . . . A joint comprehensive plan of action of the United States and the European Union

Joint Bookrunners . . . . ABN AMRO Bank N.V., Deutsche Bank AG, London branch, Morgan Stanley & Co. International plc, Barclays Bank PLC, Citigroup Global Markets Limited, Rabobank, ING Bank N.V., J.P. Morgan Securities plc and Merrill Lynch International in their capacity as joint bookrunners

Joint Global Coordinators . . . . ABN AMRO Bank N.V., Deutsche Bank AG, London Branch and Morgan Stanley & Co. International plc in their capacity as joint global coordinators

KID . . . . Key information document, required by a regulation on key information documents for PRIIPS and to be provided when offering PRIIPS to certain clients

KSA . . . . The Kingdom of Saudi Arabia

KPMG . . . . KPMG Accountants N.V.

LCR	Liquidity Coverage Ratio
Listing and Paying Agent	ABN AMRO Bank N.V.
Managing Board	The managing board (*bestuur*) of the Company
Management Group	Members positioned in three management layers below the Managing Board level
Mellon	Mellon Bank N.A.
Member States	EU Member States and where relevant other states that are party to the EEA Agreement
MiFID	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC
MiFID II	The revised Directive on markets in financial instruments, Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast)
MiFIR	Regulation of the European Parliament and of the Council on markets in financial instruments and amending Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories
MLA	Mandated Lead Arrangers
MMFR	Money Market Funds Regulation
MMFs	Money market funds
Mortgage Credit Directive	Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010
MREL	The minimum requirement for own funds and eligible liabilities
M&A	Mergers and acquisitions
National Resolution Funds	The national resolution funds, provided for by the BRRD
Nazca	Nazca Floatel B.V.
NCA	National Competent Authorities
Neuflize OBC	Banque Neuflize OBC S.A.
Neuflize Vie	Neuflize Vie S.A.
New DBNV	On 27 September 2014, the business of DBNV was demerged into a newly incorporated entity
NHG	The government mortgage loans guarantee (*Nationale Hypotheekgarantie*)
NII	Net interest income
NLCR	National LCR requirement

NLFI	stichting administratiekantoor beheer financiële instellingen (*NL Financial Investments*)
NLFI Act	Trust Office Foundation for the Management of Financial Institutions Act (*Wet stichting administratiekantoor beheer financiële instellingen*)
NOI	Neuflize OBC Investissements
NRAs	National resolution authorities
NSFR	Net Stable Funding Ratio
OFAC	The US Treasury Department's Office of Foreign Assets Control
Offer DRs	The depositary receipts that will be offered by the Selling Shareholder in the Offering
Offer Price	The offer price per Offer DRs
Offer Price Range	The expected price range of EUR 16.00 to EUR 20.00 (inclusive) per Offer DR
Offer Shares	The Ordinary Shares represented by the Offer DRs that will be offered by the Selling Shareholder in the Offering
Offering	The public offering of the Offer DRs to institutional and retail investors in the Netherlands and private placement to certain institutional and other investors that qualify under available offering exemptions in various other jurisdictions
Offering Period	The period during which the Offering will take place, commencing at 9:00 CET on 10 November 2015 and ending at 14:00 CET on 19 November 2015 for prospective institutional investors and from 9:00 CET on 10 November 2015 until 17.30 CET on 18 November 2015 for prospective retail investors, subject to acceleration or extension of the timetable for the Offering
Ordinary Shares	The ordinary shares in the Company's share capital, with a nominal value of EUR 1.00 per share
Ordinary Shares B	The ordinary shares B in the Company's share capital, with a nominal value of EUR 1.00 per share
O-SIIs	Other systemically important institutions
OTC	Over-the-counter
Over-Allotment DRs	The additional DRs representing the Over-Allotment Shares
Over-Allotment Option	The option to be granted to the Joint Global Coordinators, on behalf of the Underwriters, exercisable within 30 calendar days after the Settlement Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require the Selling Shareholder to sell Over-Allotment Shares at the Offer Price
Over-Allotment Shares	The additional Ordinary Shares that may be made available pursuant to the Over-Allotment Option
Parliament	The Dutch Parliament
Participating Member State(s)	11 participating member states of the European Union, being Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain, which would together constitute the FTT-Zone
PFIC	A passive foreign investment company
PR&I	People, Regulations and Identity

Preferential Retail Allocation	The preferential allocation of Offer DRs to Dutch Retail Investors
PRIIPs	Packaged retail and insurance-based investment products
PRIIPS Regulation	Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products
Pricing Agreement	The pricing agreement between the Company, the Foundation and the Joint Global Coordinators (on behalf of the Underwriters) expected to be entered into on 19 November 2015
Pricing Statement	The pricing statement detailing the Offer Price and the exact number of Offer DRs, which will be filed with the AFM
Private Banking International	Private banking activities abroad
Private Banking Netherlands	Private banking activities in the Netherlands under the brand name ABN AMRO MeesPierson
Professional investor	Professional investors within the meaning of Part I of Schedule 1 to the SFO (Cap. 571) and any rules made thereunder
Prospectus	This prospectus dated 10 November 2015
Prospectus Directive	Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU
PSD	Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC
PSD II	Revised PSD
Q3 2015 Report	The Group's report for the nine months ended 30 September 2015
Qualifying Holder	An entity that (i) is resident for Dutch tax purposes in a jurisdiction which has an arrangement for the exchange of tax information with the Netherlands and (ii) holds its DRs as a portfolio investment, i.e., such DRs are not held with a view to establish or maintain lasting and direct economic links between the holder of DRs and the Company and the DRs do not allow the holder to participate effectively in the management or control of the Company
QIBs	Qualified institutional buyers as defined in Rule 144A of the US Securities Act
Rabobank	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
RBS	RBS PLC and RBS N.V. together
RBS N.V.	The Royal Bank of Schotland N.V.
Regulation S	Regulation S under the US Securities Act
Relationship Agreement	Relationship agreement dated 10 November 2015 between the Company and NLFI
Relevant Member State	Each EEA State which has implemented the Prospectus Directive
Relevant Persons	A relevant person within the meaning of the Order
Renewed Joint Statement	Joint statement, signed by 10 Participating Member States on 27 January 2014, following the ECOFIN Council meeting.

Retail Coordinator	ABN AMRO Bank N.V.
Revenue Code	The Internal Revenue Code of 1986, as amended
RM CB	Risk Management Corporate Banking
RM R&PB ORMC	Risk Management Retail & Private Banking and Operational Risk Management and Control
RM&S	Risk Management & Strategy
Return on equity or **ROE**	The return on equity on Group level for any given year/period is based on the underlying net profit attributable to shareholders for that period divided by average shareholders' equity over the same period. The underlying net profit attributable to shareholders is calculated as follows: the annualised underlying net profit for the period, after deduction of (net) reserved payments for capital instruments which are treated as equity instruments for accounting purposes, and after deduction of non-controlling interest
Rothschild	N M Rothschild & Sons Limited
RTS on MREL	Technical Standards on criteria for determining the minimum requirement for own funds and eligible liabilities under Directive 2014/59/EU (issued on 3 July 2015)
Rules of Procedure of the Managing Board	The rules adopted by the Managing Board on 6 November 2015 regarding its functioning and internal organisation
Rules of Procedure of the Supervisory Board	The rules adopted by the Supervisory Board on 6 November 2015 regarding its functioning and internal organisation
RWA (REA)	Risk Weighted Assets or Risk Exposure Amount (REA)
S&CD	Strategy & Corporate Development
SEC	US Securities and Exchange Commission
Selling Shareholder	NLFI
Sentinel	Sentinel Management Group, Inc.
Settlement	Payment (in euro) for, and delivery of, the Offer DRs
Settlement Date	The date on which Settlement occurs, which is expected to be on or about 24 November 2015, subject to acceleration or extension of the timetable for the Offering
SFO	Securities and Futures Ordinance of Hong Kong
SFA	Securities and Futures Act of Singapore
Shareholder(s)	Holder(s) of any Shares
Shares	The Ordinary Shares and the Ordinary Shares B
Single Resolution Fund	The single resolution fund, provided for by the SRM
Single Rulebook	One of the three pillars of the Banking Union that aims to provide a single set of harmonised prudential rules which banks throughout the EU must comply with.
SIX	The SIX Swiss Exchange
SMEs	Small and medium business enterprises

Solvency II . . . . A new solvency framework and prudential regime. Solvency II consists of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance to be implemented in Dutch law as per 1 January 2016, Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance and a number of technical standards and guidelines issued by the European Insurance and Occupational Pensions Authority (EIOPA)

Special Items . . . . The Group adjusts its EU IFRS reported results to exclude the impact of certain special items in order to derive its underlying results. Special Items are material and non-recurring items which are not related to normal business activities. Balance sheet, risk and capital information have not been adjusted for Special Items

SRB . . . . The Single Resolution Board provided for by the SRM

SREP . . . . Supervisory Review and Evaluation Process

SRM . . . . Single Resolution Mechanism, the framework in which the European regulation established uniform rules and a uniform procedure for the resolution of banks and certain investment firms on 19 August 2014

SRM Regulation . . . . Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010

SSM . . . . Single Supervisory Mechanism, introduced as per 4 November 2014

SSM Regulation . . . . Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions

Stabilisation Agent . . . . Morgan Stanley & Co. International plc

Stater . . . . Stater N.V.

Supervisory Board . . . . The supervisory board (*raad van commissarissen*) of the Company

Systemic Risk Buffer Regulation . . . . "Wijziging van de Regeling specifieke bepalingen CRD IV en CRR in verband met introductie van systeemrisicobuffer en enkele technische aanpassingen" of 18 August 2015

Tax Transparency Package . . . . A package of tax transparency measures presented by the European Commission on 18 March 2015 as part of its agenda to tackle corporate tax avoidance and harmful tax competition in the EU

TCS . . . . Tata Consultancy Services Limited

The Netherlands . . . . The part of the Kingdom of the Netherlands located in Europe

TLAC . . . . A global standard for minimum amounts of Total Loss Absorbency Capacity to be held by G-SIBs. The standard was defined in a consultative document issued by the Financial Stability Board on 10 November 2014

TLTRO . . . . the Targeted Long-Term Refinancing Operations

TOPS . . . . Technology, Operations & Property Services

Treaty . . . . Double Taxation Treaty between the US and the Netherlands, as amended most recently by the Protocol signed 8 March 2004

UBP	Union Bancaire Privée S.A.
UCITS IV	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)
UCITS V	Directive 2014/91/EU of the European Parliament and of the Council of 23 July 24 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions
UCITS Directive	Council Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)
Underlying Shares	The underlying Shares representing the DRs issued by the Foundation
Underwriters	Each of the Joint Global Coordinators, Joint Bookrunners and Co-Lead Managers
Underwriting Agreement	Underwriting agreement dated 10 November 2015 between the Company, NLFI and the Joint Global Coordinators
US	United States of America
US dollars or **US$** or **USD** or **$**	The US Dollar, the lawful currency in the US
US DR Holder	A DR Holder who is considered to be resident in the United States
US Exchange Act	The United States Exchange Act of 1934, as amended
US Holder	A person who, for US federal income tax purposes, is a beneficial owner of Offer DRs and is: (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States, any state therein or the District of Columbia; or (iii) an estate or trust the income of which is subject to US federal income taxation regardless of its source
US Securities Act	The United States Securities Act of 1933, as amended
Wbfo	The Dutch Act on Remuneration Policies for Financial Firms (*Wet Beloningsbeleid Financiële Ondernemingen*)
WBP	The Dutch Data Protection Act (*Wet bescherming persoonsgegevens*)
Works Council	The central works council (*ondernemingsraad*, also referred to as *Raad van Medewerkers*) of the Company
Works Council Covenant	The agreement between the Works Council and the Company pursuant to which the Works Council has been granted certain additional rights
WGMC	Bill on processing of data related to safety and integrity of vital ICT systems and cybersecurity, reintroduced in January 2015 and currently pending review by Raad van State (*Wet gegevensverwerking en meldplicht cybersecurity*)

INDEX TO THE FINANCIAL STATEMENTS

Q3 2015 FINANCIAL STATEMENTS:

THE GROUPS CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014:

Condensed consolidated income statement

(in millions)	Note	Q3 2015	Q3 2014	Nine months 2015	Nine months 2014
Income					
Interest income		3,305	3,316	10,029	10,015
Interest expense		1,782	1,786	5,449	5,611
Net interest income		**1,524**	**1,530**	**4,580**	**4,403**
Fee and commission income		779	663	2,290	1,981
Fee and commission expense		330	244	915	720
Net fee and commission income		**449**	**419**	**1,375**	**1,260**
Net trading income		48	33	103	142
Share of result in equity accounted investments		2	18	14	47
Other operating income		86	9	332	57
Operating income	4	**2,109**	**2,009**	**6,403**	**5,910**
Expenses					
Personnel expenses		619	591	1,852	2,035
General and administrative expenses		571	584	1,719	1,784
Depreciation and amortisation of tangible and intangible assets		44	40	128	122
Operating expenses	5	**1,234**	**1,214**	**3,700**	**3,941**
Impairment charges on loans and other receivables		94	287	381	990
Total expenses		**1,329**	**1,501**	**4,081**	**4,931**
Operating profit/(loss) before taxation		**781**	**508**	**2,322**	**978**
Income tax expense	6	272	125	670	245
Profit/(loss) for the period		**509**	**383**	**1,652**	**734**
Attributable to:					
Owners of the company		509	383	1,652	734
Non-controlling interests		-1		1	-1

Condensed consolidated statement of comprehensive income

(in millions)	Q3 2015	Q3 2014	Nine months 2015	Nine months 2014
Profit/(loss) for the period	**509**	**383**	**1,652**	**734**
Other comprehensive income:				
Items that will not be reclassified to the income statement				
Remeasurement gains / (losses) on defined benefit plans	-1		-5	-187
Items that will not be reclassified to the income statement before taxation	**-1**		**-5**	**-187**
Income tax relating to items that will not be reclassified to the income statement			-1	-47
Items that will not be reclassified to the income statement after taxation	**-1**		**-4**	**-141**
Items that may be reclassified to the income statement				
Currency translation reserve	-60	56	57	72
Available-for-sale reserve	46	89	92	258
Cash flow hedge reserve	108	145	94	391
Share of other comprehensive income of associates	-12	-1	6	7
Other changes		10	-4	15
Other comprehensive income for the period before taxation	**82**	**299**	**246**	**744**
Income tax relating to components of other comprehensive income	38	60	45	160
Other comprehensive income for the period after taxation	**45**	**239**	**201**	**584**
Total comprehensive income/(expense) for the period after taxation	**553**	**622**	**1,850**	**1,177**
Total comprehensive income attributable to:				
Owners of the company	553	622	1,849	1,178
Non-controlling interests	-1		1	-1

Condensed consolidated statement of financial position

(in millions)	Note	30 September 2015	31 December 2014
Assets			
Cash and balances at central banks		20,738	706
Financial assets held for trading	7	8,592	9,017
Derivatives	8	20,695	25,285
Financial investments	9	40,412	41,466
Securities financing	10	35,475	18,511
Loans and receivables – banks	12	17,794	21,680
Residential mortgages	13	151,670	151,998
Consumer loans	13	14,790	15,398
Corporate loans	13	88,028	87,866
Other loans and receivables – customers	13	7,254	6,648
Equity accounted investments		768	1,136
Property and equipment		1,356	1,412
Goodwill and other intangible assets		259	255
Tax assets		410	504
Other assets		5,047	4,986
Total assets		**413,287**	**386,867**
Liabilities			
Financial liabilities held for trading	7	2,940	3,759
Derivatives	8	24,624	30,449
Securities financing	10	25,901	13,918
Due to banks	15	18,487	15,744
Demand deposits	16	115,956	109,753
Saving deposits	16	94,233	88,655
Time deposits	16	18,183	17,459
Other due to customers	16	156	144
Issued debt	17	79,126	77,131
Subordinated liabilities	17	9,660	8,328
Provisions	18	1,148	1,003
Tax liabilities		583	175
Other liabilities		5,196	5,473
Total liabilities		**396,193**	**371,990**
Equity			
Share capital		940	940
Share premium		12,970	12,970
Other reserves (incl. retained earnings/profit for the period)		2,792	1,769
Other comprehensive income		-613	-814
Equity attributable to owners of the parent company		**16,089**	**14,865**
Capital securities		993	
Equity attributable to non-controlling interests		12	12
Total equity		**17,094**	**14,877**
Total liabilities and equity		**413,287**	**386,867**
Committed credit facilities	19	20,018	16,164
Guarantees and other commitments	19	13,887	15,335

Condensed consolidated statement of changes in equity

(in millions)	Share capital	Share premium reserve	Other reserves including retained earnings	Other compre-hensive income	Net profit/ (loss) attributable to share-holders	Total	Capital securities	Non-controlling interests	Total equity
Balance at 1 January 2014	**940**	**12,970**	**3,392**	**-4,909**	**1,162**	**13,555**		**13**	**13,568**
Total comprehensive income			15	428	734	1,178		-1	1,177
Transfer			1,162		-1,162				
Dividend			-200			-200			-200
Reclassification post-employment benefit plan			-3,606	3,606					
Increase/(decrease) of capital									
Balance at 30 September 2014	**940**	**12,970**	**763**	**-875**	**734**	**14,532**		**12**	**14,544**
Balance at 1 January 2015	**940**	**12,970**	**635**	**-814**	**1,134**	**14,865**		**12**	**14,877**
Total comprehensive income			-4	201	1,652	1,849		1	1,850
Transfer			1,134		-1,134				
Dividend			-625			-625			-625
Increase/(decrease) of capital							993		993
Other changes in equity								-1	-1
Balance at 30 September 2015	**940**	**12,970**	**1,140**	**-613**	**1,652**	**16,089**	**993**	**12**	**17,094**

Specification of other comprehensive income is as follows:

(in millions)	Remeasurement gains / (losses) on post-retirement benefit plans	Currency translation reserve	Available-for-sale reserve	Cash flow hedge reserve	Share of OCI of associates and joint ventures	Total
Balance at 1 January 2014	**-3,502**	**-64**	**59**	**-1,467**	**65**	**-4,909**
Reclassification post-employment benefit plan	3,606					3,606
Net gains/(losses) arising during the period	-187	72	258	352	7	502
Less: Net realised gains/(losses) included in income statement				-40		-39
Net gains/(losses) in equity	-187	72	258	391	7	541
Related income tax	-47	-3	65	98		113
Balance at 30 September 2014	**-37**	**12**	**252**	**-1,174**	**72**	**-875**
Balance at 1 January 2015	**-38**	**36**	**329**	**-1,223**	**82**	**-814**
Net gains/(losses) arising during the period	-5	57	109	59	6	226
Less: Net realised gains/(losses) included in income statement			17	-35		-19
Net gains/(losses) in equity	**-5**	**57**	**92**	**94**	**6**	**245**
Related income tax	-1		21	24		44
Balance at 30 September 2015	**-42**	**93**	**400**	**-1,152**	**88**	**-613**

2015

Total comprehensive income of EUR 1,850 million includes EUR 1,652 million profit for the first nine months of 2015. Transfer includes allocation of the profit of the prior period to Other reserves.

In September 2015 ABN AMRO Bank N.V. issued EUR 1 billion in Capital Securities including a premium discount of EUR 7 million. The capital securities qualify as Additional Tier 1 capital as described in CRD IV and CRR. The capital securities are perpetual, unsecured and deeply subordinated. Redemption is discretionary to ABN AMRO Bank N.V. on the interest reset date in year 5 subject to regulatory approval. The securities can be called on a yearly basis after year 5. There is a fixed interest coupon of 5.75%, payable semi-annually. Interest is non-cumulative and fully at the discretion of ABN AMRO Bank N.V. No interest will be paid if there are insufficient distributable items and/or maximum distributable amount (MDA) restrictions are constraining. ABN AMRO Bank N.V. will give due consideration to the hierarchy of the instrument with regard to distribution.

A final dividend of EUR 275 million was paid out to ordinary shareholders, bringing the total dividend for 2014 to EUR 400 million. An interim dividend of EUR 350 million was paid to shareholders in August 2015.

2014

Total comprehensive income of EUR 1,177 million includes EUR 734 million profit for the first nine months of 2014. Transfer includes allocation of the profit of the prior period to Other reserves.

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

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

Condensed consolidated statement of cash flows

(in millions)	Nine months 2015	Nine months 2014
Profit/(loss) for the period	**1,652**	**734**
Adjustments on non-cash items included in profit:		
(Un)realised gains/(losses)	26	204
Share of profits in associates and joint ventures	-20	-57
Depreciation, amortisation and accretion	233	395
Provisions and impairment losses	455	1,035
Income tax expense	670	245
Changes in operating assets and liabilities:		
Assets held for trading	517	-280
Derivatives – assets	4,557	-8,817
Securities financing - assets	-15,914	-18,239
Loans and receivables – banks	6,054	4,138
Residential mortgages	370	275
Consumer loans	675	87
Corporate loans	328	-1,680
Other loans and receivables – customers	-272	-2,267
Other assets	-113	-85
Liabilities held for trading	-1,000	357
Derivatives – liabilities	-5,834	9,334
Securities financing – liabilities	11,362	15,729
Due to banks	2,652	4,333
Demand deposits	5,514	4,933
Saving deposits	5,536	2,468
Time deposits	502	-916
Other due to customers	13	-213
Liabilities arising from insurance and investment contracts	-148	-119
Net changes in all other operational assets and liabilities	187	-1,184
Dividend received from associates	44	35
Income tax paid	-214	-62
Cash flow from operating activities	**17,832**	**10,382**

continued >

Investing activities:		
Purchases of financial investments	-12,200	-18,350
Proceeds from sales and redemptions of financial investments	13,466	7,867
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures	-23	-98
Divestments of subsidiaries (net of cash sold), associates and joint ventures	132	74
Purchases of property and equipment	-191	-177
Proceeds from sales of property and equipment	117	75
Purchases of intangible assets	-30	-107
Cash flow from investing activities	**1,271**	**-10,714**
Financing activities:		
Proceeds from the issuance of debt	30,012	22,040
Repayment of issued debt	-28,535	-32,239
Proceeds from subordinated liabilities issued	2,839	
Repayment of subordinated liabilities issued	-1,653	-51
Proceeds from capital securities	993	
Dividends paid to the owners of the parent company	-625	-200
Cash flow from financing activities	**3,030**	**-10,450**
Net increase/(decrease) of cash and cash equivalents	22,133	-10,782
Cash and cash equivalents as at 1 January	4,212	15,319
Effect of exchange rate differences on cash and cash equivalents	72	117
Cash and cash equivalents as at 30 September	**26,417**	**4,654**
Supplementary disclosure of operating cash flow information		
Interest paid	5,513	5,892
Interest received	10,768	9,880
Dividend received from investments	51	63

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

(in millions)	30 September 2015	30 september 2014
Cash and balances at central banks	20,738	815
Loans and receivables banks (less than 3 months)[1]	5,679	3,839
Total cash and cash equivalents	**26,417**	**4,654**

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

notes to the Condensed Consolidated Interim Financial Statements

1 Accounting policies

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

Corporate information

ABN AMRO Group N.V. (referred to as 'ABN AMRO Group') is the parent company of ABN AMRO Bank N.V. and a related consolidated group of companies (referred to as 'the Group' or 'ABN AMRO'). ABN AMRO Group is a public limited liability company, incorporated under Dutch law on 18 December 2009, and registered at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands.

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

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

The Condensed Consolidated Interim Financial Statements of ABN AMRO Group for the nine months ending on 30 September 2015 incorporate financial information of ABN AMRO Group N.V., its controlled entities, interests in associates and joint ventures. The Condensed Consolidated Interim Financial Statements were prepared by the Managing Board and authorised for issue by the Supervisory Board and Managing Board on 6 November 2015.

Basis of presentation

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

The Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with ABN AMRO Group's 2014 Consolidated Annual Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting policies used in these Condensed Consolidated Interim Financial Statements are consistent with those set out in the notes to the 2014 Consolidated Annual Financial Statements of ABN AMRO Group, except for the changes in accounting policies described below.

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

Changes in accounting policies

In the first nine months of 2015 ABN AMRO adopted the following amendments and interpretations:

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

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

New accounting standards and amendments

The IASB did not issued any new standards or amendments in the third quarter of 2015.
The following standards and amendments are still subject to endorsement by the European Union and therefore not open for early adoption.

IFRS 9 Financial Instruments

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

IFRS 15 Revenue from Contracts with customers

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

Narrow scope amendments

The IASB has issued amendments to several standards, all of which have an effective date of 1 January 2016 and are expected to be endorsed before the effective date. These amendments were assessed and are not expected to have a significant impact on ABN AMRO's Condensed Consolidated Interim Financial Statements.

Accounting treatment client clearing

The client clearing of exchange traded derivatives is an evolving area in global financial markets and very relevant to ABN AMRO for its clearing member activities. Also the accounting treatment of clearing activities continues to generate discussion in the sector. The analysis of whether a clearing member has become party to one or more financial instruments as a result of the client clearing transactions is complex and is further complicated by the pace of change in the market around the global clearing processes. This involves among others the assessment of recognition of derivatives as well as the possible subsequent derecognition or offsetting of positions. Going forward, ABN AMRO will continue to stay abreast of the changing market practices and will make the resulting accounting changes needed, if any, to ensure that the accounting treatment remains appropriate.

2 Segment reporting

Retail Banking

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

Private Banking

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

Corporate Banking

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

- Commercial Clients serves business clients with revenues from EUR 1 million up to EUR 250 million, and clients active in Commercial Real Estate (excluding publicly listed companies, which are served by the International Clients sub-segment). ABN AMRO's Lease and Commercial Finance activities are also part of this sub-segment;
- International Clients serves business clients with revenues exceeding EUR 250 million, as well as Energy, Commodities & Transportation (ECT) Clients, Diamond & Jewellery Clients, Financial Institutions and Listed Commercial Real Estate clients;
- Capital Markets Solutions serves clients by providing products and services related to financial markets. This sub-segment includes Clearing.

Group Functions

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

Segment income statement for the first nine months of 2015

						Nine months 2015
(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Special items and divestments	Total
Net interest income	2,497	440	1,597	45		4,580
Net fee and commission income	395	470	565	-55		1,375
Net trading income	6	46	146	-96		103
Share of result in equity accounted investments	16	11	-16	2		14
Other operating income	-2	23	94	217		332
Operating income	**2,912**	**992**	**2,385**	**114**		**6,403**
Personnel expenses	367	382	510	594		1,852
General and administrative expenses	257	194	198	1,071		1,719
Depreciation and amortisation of tangible and intangible assets	6	18	14	90		128
Intersegment revenues/expenses	861	178	634	-1,672		
Operating expenses	**1,490**	**771**	**1,356**	**83**		**3,700**
Impairment charges on loans and other receivables	90	-10	309	-8		381
Total expenses	**1,580**	**761**	**1,665**	**75**		**4,081**
Operating profit/(loss) before taxation	**1,333**	**231**	**720**	**39**		**2,322**
Income tax expense	334	43	148	145		670
Underlying profit/(loss) for the period	**999**	**188**	**572**	**-106**		
Special items and divestments						
Profit/(loss) for the period	**999**	**188**	**572**	**-106**		**1,652**
Attributable to:						
Owners of the company	999	188	572	-106		1,652
Non-controlling interests						1

Segment income statement for the first nine months of 2014

	Nine months 2014					
(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Special items and divestments	Total
Net interest income	2,494	441	1,473	-5		4,403
Net fee and commission income	397	404	471	-11		1,260
Net trading income	5	29	101	7		142
Share of result in equity accounted investments	31	13	-7	9		47
Other operating income	-9	4	20	41		57
Operating income	**2,918**	**892**	**2,058**	**42**		**5,910**
Personnel expenses	374	337	460	576	288	2,035
General and administrative expenses	254	176	169	985	201	1,784
Depreciation and amortisation of tangible and intangible assets	6	14	12	90		122
Intersegment revenues/expenses	804	158	606	-1,568		
Operating expenses	**1,438**	**684**	**1,247**	**83**	**489**	**3,941**
Impairment charges on loans and other receivables	361	35	619	-25		990
Total expenses	**1,799**	**719**	**1,866**	**58**	**489**	**4,931**
Operating profit/(loss) before taxation	**1,119**	**173**	**192**	**-17**	**-489**	**978**
Income tax expense	279	28	38	-28	-72	245
Underlying profit/(loss) for the period	**840**	**145**	**154**	**11**	**-417**	
Special items and divestments				-417	417	
Profit/(loss) for the period	**840**	**145**	**154**	**-406**		**734**
Attributable to:						
Owners of the company	840	145	154	-406		734
Non-controlling interests			-1			-1

Retail Banking

Net interest income, at EUR 2,497 million, remained nearly stable compared with the same period of the previous year. Improved margins on mortgages resulting from the gradual re-pricing of the mortgage book were offset by lower lending volumes. Interest income on deposits remained stable. Higher average savings volumes were offset by decreasing margins as market rates declined at a faster pace than client savings rates did.

Net fee and commission income, at EUR 395 million in the first nine months of 2015, was marginally lower than in the same period of the previous year.

Share of result in equity accounted investments decreased due to lower results of our insurance joint venture Delta Lloyd.

Personnel expenses decreased by EUR 7 million or 2% due to lower average FTE levels, following a further reduction in branches. This was partly offset by higher pension expenses.

Intersegment expenses were up EUR 57 million to EUR 861 million in the first nine months of 2015, mainly attributable to increased mortgage production and higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes (including TOPS2020 and Retail Digitalisation programmes).

Impairment charges on loans and other receivables fell by EUR 271 million compared with the first nine months of 2014, to EUR 90 million in 2015. The decrease in impairments was visible in both the mortgage portfolio as well as the consumer loan portfolio. Improved circumstances in the housing market and the recovery of the Dutch economy contributed to a lower inflow and increased outflow of clients in the impaired portfolio and an improvement of the portfolio's risk profile.

In addition, the improvement of the Dutch economy and consequently the asset quality of the mortgage and consumer loan portfolios also led to releases from the IBNI allowances totalling EUR 73 million in the first nine months of 2015, while the previous year included an IBNI addition of EUR 40 million.

Private Banking

Net interest income amounted to EUR 440 million and was nearly stable compared with the same period in 2014.

Net fee and commission income increased by EUR 66 million, or 17% to EUR 470 million in the first nine months of 2015. Net fees increased due to higher client assets in the first half of 2015, benefiting from the strong stock market performance in that period. Private Banking also generated additional fee income from the acquired German activities.

Net trading income increased to EUR 46 million in the first nine months of 2015 compared with EUR 29 million in 2014. Other operating income in 2015 was EUR 19 million higher, due to the sale of premises in the first half of 2015.

Personnel expenses inceased by EUR 45 million to EUR 382 million in the first nine months of 2015. The increase in the international activities was mainly attributable to the acquired German activities, the restructuring provision for the announced integration of Jersey into ABN AMRO Guernsey, FTE growth and FX impact. In the Netherlands, personnel expenses increased due mainly to higher pension expenses.

Both General and administrative expenses and Intersegment expenses increased compared with the first nine months of 2014 by EUR 18 million and EUR 20 million respectively. This increase was primarily related to higher project costs related to enhancing client centricity and client documentation and continuous improvement of products, services and IT processes (including TOPS2020 programme). The same period in 2014 included project costs for the acquisition in Germany.

Impairment charges on loans and other receivables showed a net release of EUR 10 million, versus EUR 35 million impairment additions in the same period in 2014. The decrease in impairment charges is partially explained by a EUR 12 million IBNI release.

Corporate Banking

Net interest income increased by EUR 124 million to EUR 1,597 million. The improvement was seen in all of the sub-segments.

Commercial Clients posted a modest rise in net interest income of EUR 35 million to EUR 965 million in the first nine months of 2015. Commercial Clients benefited from higher margins on loans as well as higher average deposit volumes. Average loan volumes and deposit margins, however, decreased compared with the same period in 2014. The net positive impact of volumes and margin developments was partly offset by a negative one-off in Q3 2015.

Net interest income in International Clients increased by EUR 55 million to EUR 533 million, benefiting from growth in the ECT Clients loan portfolio and FX rate developments. This was partly offset by lower margins on deposits.

Net interest income in Capital Markets Solutions improved by EUR 34 million, mainly in Clearing, driven by increased market activity.

Net fee and commission income increased by EUR 94 million compared with the same period in 2014 to EUR 565 million. Fee growth was mainly driven by higher transaction volumes in Capital Markets Solutions resulting from increased volatility in the financial markets. Corporate Finance fees were also higher on the back of increased M&A activity.

Net trading income was up by EUR 45 million, rising to EUR 146 million in the first nine months of 2015. The increase was mainly driven by a higher CVA/DVA/FVA impact compared with the same period in 2014 which included the first-time application of the FVA. Total CVA/DVA/FVA impact was EUR 34 million positive in the first nine months of 2015 versus EUR 53 million negative in the first nine months of 2014. This was partly offset by a provision for possible derivative-related issues for a group of SMEs.

Other operating income increased to EUR 94 million in the first nine months of 2015, up by EUR 74 million on the first nine months in 2014 (EUR 20 million). Income improved by favourable revaluation and divestment results on the Equity Participations portfolio, which increased on the back of improved market conditions.

Personnel expenses amounted to EUR 510 million, up by EUR 50 million compared with the same period last year. Personnel expenses were impacted by higher pension expenses. Both 2014 and 2015 included restructuring provisions.

Both General and administrative expenses and Intersegment expenses increased compared with the first nine months of 2014 by EUR 29 million and EUR 28 million respectively. The increase was mainly related to higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes (including TOPS2020 programme).

Impairment charges on loans and other receivables amounted to EUR 309 million, down by 50% compared with the same period in 2014. Impairment charges on Commercial Clients decreased significantly in the first nine months of 2015 compared with the first nine months of 2014. International Clients had lower impairments.

Group Functions

Net interest income rose by EUR 50 million compared with the same period last year. The increase was mainly driven by lower funding costs due to lower spread levels paid on funding. This was partly offset by our tax-exempt non-recurring provision related to the part of the Securities Financing activities discontinued in 2009 and higher funding levels.

Net fee and commission income decreased by EUR 44 million, mainly driven by higher fees paid to Capital Markets Solutions related to Securities Financing activities.

Net trading income decreased mainly due to our tax-exempt provision related to the part of the Securities Financing activities discontinued in 2009, partly compensated by favourable CVA/DVA adjustments on the trading book loans (EUR 22 million positive in the first nine months of 2015 and EUR 8 million positive in the first nine months of 2014).

Other operating income increased by EUR 176 million to EUR 217 million due to hedge accounting ineffectiveness and economic hedge gains, and unrealised gains on Private Investment Products.

Personnel expenses, at EUR 594 million in the first nine months of 2015, went up by EUR 18 million compared with the same period in 2014. This increase was mainly driven by higher pension expenses and an increase in the number of FTEs.

General and administrative expenses increased by EUR 86 million compared with the same period in 2014. This was due mainly to the EUR 55 million settlement with Vestia and higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes (including TOPS2020 and Retail Digitalisation programmes), partly offset by a considerable VAT refund which was the result of discussions with the tax authorities related to the period 2007-2014. The same period in 2014 was impacted by AQR project expenses.Income tax expenses in the first nine months of 2015 were negatively impacted by our reassessment of our tax position and our tax-exempt Securities Financing provision.

Selected assets and liabilities by segment

					30 September 2015
(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Total
Assets					
Financial assets held for trading			8,666	-74	8,592
Derivatives		119	16,325	4,251	20,695
Securities financing		6	6,009	29,460	35,475
Residential mortgages	145,059	3,090	12	3,509	151,670
Consumer loans	8,262	5,872	655		14,790
Corporate loans	2,744	7,543	77,662	79	88,028
Other loans and receivables – customers		9	7,209	36	7,254
Other	1,553	6,277	16,552	62,400	86,783
Total assets	**157,618**	**22,917**	**133,090**	**99,662**	**413,287**
Liabilities					
Financial liabilities held for trading			2,940		2,940
Derivatives		103	16,888	7,633	24,624
Securities financing		67	2,243	23,591	25,901
Demand deposits	22,861	41,079	51,695	321	115,956
Saving deposits	71,023	19,120	4,090		94,233
Time deposits	5,112	6,466	4,557	2,048	18,183
Other due to customers			156		156
Other	58,622	-43,917	50,521	48,974	114,200
Total liabilities	**157,618**	**22,917**	**133,090**	**82,568**	**396,193**

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

3 Overview of financial assets and liabilities by measurement base

				30 September 2015
(in millions)	Amortised cost	Fair value through profit or loss	Available for sale financial assets	Total
Financial assets				
Cash and balances at central banks	20,738			20,738
Financial assets held for trading		8,592		8,592
Derivatives		20,695		20,695
Financial investments		802	39,610	40,412
Securities financing	35,475			35,475
Loans and receivables – Banks	17,794			17,794
Loans and receivables – Customers	261,742			261,742
Other assets		2,351		2,351
Total financial assets	**335,748**	**32,440**	**39,610**	**407,799**
Financial Liabilities				
Financial liabilities held for trading		2,940		2,940
Derivatives		24,624		24,624
Securities financing	25,901			25,901
Due to banks	18,487			18,487
Due to customers	228,529			228,529
Issued debt	77,376	1,749		79,126
Subordinated liabilities	9,660			9,660
Other liabilities		2,351		2,351
Total financial liabilities	**359,954**	**31,664**		**391,617**

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

4 Operating income

(in millions)	Q3 2015	Q3 2014	Nine months 2015	Nine months 2014
Net interest income	1,524	1,530	4,580	4,403
Net fee and commission income	449	419	1,375	1,260
Net trading income	48	33	103	142
Share of result in equity accounted investments	2	18	14	47
Other income	86	9	332	57
Total operating income	**2,109**	**2,009**	**6,403**	**5,910**

Third-quarter 2015 Operating income

Net interest income decreased by EUR 6 million to EUR 1,524 million in the third quarter of 2015 compared with the third quarter of 2014. Margins on the mortgage book improved due to the continued gradual re-pricing at higher margins, in particular mortgages that originated pre-crisis. The impact of re-pricing of the mortgage book in recent years continues to contribute to higher NII levels. This was partially offset by lower average mortgage loan volumes.

The average corporate loan volume grew compared with Q3 2014, mainly at International Clients. The increase was driven chiefly by volume growth in the ECT Clients loan portfolio (including currency developments). Average corporate loan volumes in Commercial Clients showed a limited decline. The margins on corporate loans were slightly higher than in Q3 2014.

These developments were, however, offset by several negative one-offs in Q3 2015 compared with Q3 2014.

Net fees and commissions improved to EUR 449 million in Q3 2015, up by EUR 30 million compared with Q3 2014. The increase was primarily recorded in Corporate Banking (Clearing) and, to a lesser extent, Private Banking.

Net trading income increased by EUR 15 million in Q3 2015 compared with Q3 2014 due to less negative CVA/DVA/FVA results (EUR 18 million negative in Q3 2015 versus EUR 35 million negative in Q3 2014).

Share of results decreased by EUR 16 million comparing Q3 2015 with Q3 2014. This can largely be attributed to the lower results at our insurance joint venture.

Other income improved to EUR 86 million in Q3 2015 compared with EUR 9 million in Q3 2014. This increase was mainly related to favourable hedge accounting-related results at Group Functions as a result of interest rate developments and economic hedge gains. In addition, other income was positively impacted by unrealised gains on Private Investment Products, favourable revaluation results and divestments at Equity Participations on the back of improved market conditions.

Operating income for the first nine months of 2015

Net interest income rose by EUR 177 million to EUR 4,580 million in the first nine months of 2015. The increase was primarily driven by improved margins on loans (mainly mortgages and, to a lesser extent, corporate loans) and higher average corporate loan volumes. In addition, lower funding costs due to lower credit spreads were partly offset by higher funding volumes and several non-recurring interest provisions in the first nine months of 2015.

Net fee and commission income, at EUR 1,375 million in the first nine months of 2015, was EUR 115 million higher than in the first nine months of 2014. The increase was primarily recorded in Private Banking, due to a favourable stock market performance in the first half of 2015, and in Corporate Banking on higher transaction volumes in Clearing.

Total net trading income decreased by EUR 39 million to EUR 103 million in the first nine months of 2015 compared with the same period of the previous year. This decline was due to our one-off tax-exempt provision in Group Functions related to the part of the Securities Financing activities discontinued in 2009 and a one-off provision in Corporate Banking for an identified group of SMEs with possible interest rate derivative-related issues. This was partially offset by the favourable effect of CVA/DVA/FVA results (EUR 56 million positive in the first nine months of 2015 versus EUR 46 million negative in the first nine months of 2014).

Other income rose to EUR 332 million for the first nine months of 2015, up by EUR 275 million compared with the same period of the previous year. This increase was due to favourable hedge accounting-related results at Group Functions as a result of interest rate developments and economic hedge gains. In addition, Other Income was positively impacted by gains on Private Investment Products and higher revaluation and divestment results at Equity Participations on the back of improved market conditions.

5 Operating expenses

(in millions)	Q3 2015	Q3 2014	Nine months 2015	Nine months 2014
Personnel expenses	619	591	1,852	2,035
General and administrative expenses	571	584	1,719	1,784
Depreciation and amortisation of tangible and intangible assets	44	40	128	122
Total operating expenses	**1,234**	**1,214**	**3,700**	**3,941**

Third quarter 2015 Operating expense

Personnel expenses amounted to EUR 619 million in Q3 2015, up by EUR 28 million compared with Q3 2014. More details are provided under Personnel expenses.

General and administrative expenses decreased by EUR 13 million in Q3 2015 compared with Q3 2014 as a result of a EUR 55 million settlement with Vestia, which was more than offset by a considerable VAT refund which was the result of discussions with the tax authorities related to the period 2007-2014. Higher project costs related to enhancing client centricity and continuous improvements of products, services and IT processes (including TOPS2020 and Retail Digitalisation programmes) were higher compared with Q3 2014.

Operating expense for the first nine months of 2015

Total operating expenses decreased by EUR 241 million to EUR 3,700 million during the first nine months of 2015 compared with the same period of 2014, driven by lower Personnel expenses (EUR 183 million) and lower General and administrative expenses (EUR 65 million).

Personnel expenses came down by EUR 183 million in the first nine months of 2015 compared with the same period of the previous year. More details are provided under Personnel expenses.

General and administrative expenses decreased by EUR 65 million in the first nine months 2015 compared with the first nine months in 2014. This decline was due mainly to a VAT refund which was the result of discussions with the tax authorities related to the period 2007-2014 and the SNS levy recorded in 2014 (EUR 201 million). The decrease was partially offset by higher project costs related to enhancing client centricity and continuous improvements of products, services and IT processes (including TOPS2020 and Retail Digitalisation programmes) and a settlement with Vestia (EUR 55 million).

Personnel expenses

(in millions)	Q3 2015	Q3 2014	Nine months 2015	Nine months 2014
Salaries and wages	433	416	1,290	1,242
Social security charges	62	60	180	182
Pension expenses relating to defined benefit plans	-7	18	5	402
Defined contribution plan expenses	89	68	245	98
Other	43	29	132	110
Total personnel expenses	**619**	**591**	**1,852**	**2,035**

Third-quarter 2015 Personnel expenses

Personnel expenses amounted to EUR 619 million in Q3 2015, an increase of EUR 28 million compared with Q3 2014. The third quarter of 2015 was impacted by EUR 18 million higher pension expenses within the defined contribution plan, driven by lower discount rates. In addition, a restructuring provision was recorded related to the announced integration of the Jersey activities into ABN AMRO Guernsey. The same period in 2014 included an additional charge related to the change from the defined benefit plan.

Personnel expenses for the first nine months

Personnel expenses amounted to EUR 1,852 million in the first nine months of 2015, EUR 183 million lower compared with the same period of the previous year. The decrease was mainly due a settlement of the Dutch defined benefit plan replaced by a collective defined contribution plan last year (EUR 288 million). This decline was partly offset by higher pension expenses as a result of lower discount rates and reorganisation provisions at Corporate Banking and Private Banking.

6 Income tax expense

(in millions)	Q3 2015	Q3 2014	Nine months 2015	Nine months 2014
Income tax expense	272	125	670	317

Income tax expense increased by EUR 147 million in Q3 2015, up to EUR 272 million, comparing with Q3 2014. This was mainly the result of a higher operating profit and an increase in the effective tax rate. The effective tax rate of 35% in Q3 2015 was negatively impacted by our reassessment of our tax position.

Income tax expense amounted to EUR 670 million in the first 9 months of 2015, up EUR 353 million compared with the same period of the previous year. This was mainly the result of a higher operating profit and an increase in the effective tax rate. The effective tax rate in the first nine months of 2015, at 29%, was negatively impacted by our reassessment of our tax position and a tax-exempt non-recurring provision related to the part of the Securities Financing activities discontinued in 2009.

7 Financial assets and liabilities held for trading

Financial assets held for trading

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

(in millions)	30 September 2015	31 December 2014
Trading securities:		
Government bonds	6,229	2,326
Corporate debt securities	1,494	924
Equity securities	52	4,946
Total trading securities	**7,775**	**8,196**
Trading book loans	817	821
Total assets held for trading	**8,592**	**9,017**

Financial assets held for trading amounted to EUR 8.6 billion as at 30 September 2015, down by EUR 0.4 billion, or 5%, compared with EUR 9.0 billion at 31 December 2014. This decrease was mainly due to the discontinuation of the equity derivatives activities (EUR 4.9 billion), which was largely offset by higher positions in government bonds (EUR 3.9 billion).

The increase was mainly related to ABN AMRO's primary dealership for Government bonds. Most of these contracts were hedged with short government bond positions (see also increase in government bonds in Financial liabilities held for trading).

The increase in Corporate debt securities was mainly related to primary dealership in the European Stability Mechanism.

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

Financial liabilities held for trading

(in millions)	30 September 2015	31 December 2014
Bonds	2,835	1,710
Equity securities	47	2,016
Total short security positions	**2,882**	**3,725**
Other liabilities held for trading	58	34
Total liabilities held for trading	**2,940**	**3,759**

Financial liabilities held for trading amounted to EUR 2.9 billion at 30 September 2015, a decrease of EUR 0.8 billion or 22% compared with EUR 3.8 billion at 31 December 2014. This decline was mainly due to the wind-down of the equity derivatives portfolio in the US (EUR 2.0 billion) resulting from the strategic review of Capital Markets Solutions.

The increase in short positions in Bonds (EUR 1.1 billion) was mainly related to Dutch, German and French Government bonds.

8 Derivatives

Derivatives comprise derivatives held for trading and derivatives held for risk management purposes. Derivatives held for trading are closely related to facilitating the needs of our clients. Derivatives held for risk management purposes include all derivatives that qualify for hedge accounting and derivatives included in an economic hedge.

Derivatives comprise the following:

										30 September 2015
	Derivatives held for trading			Economic hedges			Hedge accounting			Total derivatives
(in millions)	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	Currency	Other	
Exchange traded										
Fair value assets	7		16			1				24
Fair value liabilities	6		23			1				31
Notionals	402	12	202			1,642				2,258
Over-the-counter										
Central counterparties										
Fair value assets										
Fair value liabilities										
Notionals	641,825			100			65,315			707,240
Other bilateral										
Fair value assets	13,327	2,047	317	273	444	25	3,626	611		20,671
Fair value liabilities	12,106	2,274	308	174	815	41	8,848	26		24,593
Notionals	206,762	226,558	2,409	3,267	22,598	1,754	78,322	1,475		543,145
Total										
Fair value assets	13,334	2,047	334	273	444	26	3,626	611		20,695
Fair value liabilities	12,112	2,274	331	174	815	43	8,848	26		24,624
Notionals	848,988	226,570	2,611	3,367	22,598	3,396	143,636	1,475		1,252,643

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

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

The notional amount of the interest derivatives held for trading as at 30 September 2015 amounted to EUR 849 billion, an increase of EUR 91.8 billion, or 12%, compared with EUR 758 billion at 31 December 2014. This increase was mainly due to higher client activity. As at 30 September 2015, the fair value of this interest rate derivative was lower, mainly due to the increase in long-term interest rates compared with year-end 2014.

The notional amount of currency derivatives held for trading as at 30 September 2015 amounted to EUR 226.5 billion, an increase of EUR 63.2 billion, or 38.7%, compared with EUR 163.3 billion at 31 December 2014. This increase was mainly due to the growth in client activity caused by increased volatility of the foreign exchange market compared with year-end 2014.

The total notional amount of Derivatives held for trading – other as at 30 September 2015 amounted to EUR 2.6 billion, a decrease of EUR 6.3 billion, or 71%, compared with EUR 8.9 billion at 31 December 2014. This decrease was mainly due to the wind-down of the equity derivatives portfolio resulting from the strategic review of Capital Markets Solutions.

9 Financial investments

Financial investments break down as follows:

(in millions)	30 September 2015	31 December 2014
Financial investments:		
Available-for-sale	39,633	40,898
Held at fair value through profit or loss	802	589
Total, gross	**40,435**	**41,487**
Less: Available-for-sale impairment allowance	23	21
Total financial investments	**40,412**	**41,466**

Financial investments amounted to EUR 40.4 billion at 30 September 2015, a decrease of EUR 1.1 billion or 3% compared with EUR 41.5 billion at 31 December 2014. This decrease was mainly caused by redemptions and sales of Mortgage- and other asset-backed securities (EUR 0.8 billion).

An amount of EUR 0.3 billion in venture capital investments was reclassified from Equity accounted associates to Financial investments in 2015. Since initial recognition, these investments are accounted for at fair value through profit or loss by use of the venture capital exemption for investments that otherwise would be classified as associates.

Financial investments available-for-sale

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

(in millions)	30 September 2015	31 December 2014
Interest-earning securities:		
Dutch government	6,440	6,884
US Treasury and US government	2,645	1,939
Other OECD government	20,691	20,779
Non OECD government	313	471
European Union	1,491	1,494
Mortgage- and other asset-backed securities	2,441	3,243
Financial institutions	5,337	5,824
Non financial institutions	28	37
Subtotal	**39,386**	**40,670**
Equity instruments	247	228
Total investment available-for-sale	**39,633**	**40,898**

Most of these instruments are part of the liquidity buffer and are held for liquidity contingency purposes. More information on the liquidity buffer composition can be found in the Funding section of the Quarterly Report for the third quarter of 2015.

10 Securities financing

	30 September 2015		31 December 2014	
(in millions)	Banks	Customers	Banks	Customers
Assets				
Reverse repurchase agreements	5,382	14,327	936	6,518
Securities borrowing transactions	4,279	7,748	3,363	6,116
Unsettled securities transactions	1,571	2,167	163	1,415
Total	**11,233**	**24,242**	**4,462**	**14,049**
Liabilities				
Repurchase agreements	1,844	18,439	1,736	7,457
Securities lending transactions	1,419	2,500	672	2,779
Unsettled securities transactions	535	1,165	256	1,018
Total	**3,798**	**22,103**	**2,663**	**11,254**

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

11 Fair value of financial instruments

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

The internal controls of fair value measurement, the valuation techniques and the inputs used for these valuation techniques are consistent with those set out in the notes to ABN AMRO's 2014 Consolidated Annual Financial Statements.

Fair value hierarchy

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

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

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

Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

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

				30 September 2015
(in millions)	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs	Total fair value
Assets				
Financial assets held for trading	7,775	817		8,592
- of which Government bonds and Corporate debt securities	7,723			7,723
- of which Equity securities	52			52
- of which Other financial assets held for trading		817		817
Derivatives held for trading	23	15,624	67	15,715
Derivatives not held for trading	1	4,932	48	4,980
Available-for-sale interest earning securities	35,967	2,126	1,293	39,386
Available-for-sale equities	97	46	81	224
Financial investments designated at fair value through profit or loss	206		596	802
Unit-linked investments	1,621	730		2,351
Total financial assets	**45,691**	**24,274**	**2,085**	**72,050**
Liabilities				
Financial liabilities held for trading	2,882	58		2,940
- of which Bonds	2,835			2,835
- of which Equity securities	47			47
- of which Other financial liabilities held for trading		58		58
Derivatives held for trading	30	14,688		14,718
Derivatives not held for trading	29	9,830	47	9,906
Issued debt		1,749		1,749
Unit-linked for policyholders	1,621	730		2,351
Total financial liabilities	**4,562**	**27,055**	**47**	**31,664**

Financial assets and liabilities held for trading valued by quoted market prices in active markets consisted mainly of equity securities, exchange traded derivatives and corporate debt securities (see note 7 Financial assets and liabilities held for trading). Financial assets and liabilities held for trading where valuation techniques based on observable inputs have been used mainly comprise OTC derivatives.

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

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

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

Transfers between levels 1 and 2

There were no material transfers between levels 1 and 2.

Transfers from levels 1 and 2 into level 3

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

Movements in level 3 financial instruments measured at fair value

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

	Assets				Liabilities
(in millions)	Financial investments available for sale	Financial investments designated at fair value through profit or loss	Derivatives held for trading	Derivatives not held for trading	Derivatives not held for trading
Balance at 1 January 2014	**1,125**	**121**		**75**	**73**
Purchases	5	174			
Sales		-20			
Redemptions	-116				
Gains/(losses) recorded in profit and loss[1]		1			
Unrealised gains/(losses)	6	-6		-9	-9
Other movements[1]	648	2			
Balance at 31 December 2014	**1,668**	**271**		**66**	**64**
Purchases	3	45			
Sales	-73	-49	-9		
Redemptions	-210	-26			
Gains/(losses) recorded in profit and loss[1]	-2	10			
Unrealised gains/(losses)	-18	47	-10	-18	-17
Transfer between levels	7		86		
Other movements[2]	-2	298			
Balance at 30 September 2015	**1,374**	**596**	**67**	**48**	**47**

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

Level 3 sensitivity information

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

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

(in millions)	Valuation technique	Unobservable data	Carrying value	Minimum range	Maximum range	Weighted average	Reasonably possible alternative assumptions: Increase in fair value	Decrease in fair value
30 September 2015								
Equity shares	Private equity-valuation	EBITDA multiples	53	5.0	9.8	6.5	18	-18
Equity shares	Private equity-valuation	Net asset value	624					
Interest earning securities – Government bonds	Discounted cash flow	Liquidity and credit spread	396	72 bps	129 bps	110 bps	20	-10
Interest earning securities – other	Discounted cash flow	Prepayment rate	897	8.0%	10.0%	8.8%	7	-10
Derivatives held for trading	Discounted cash flow	Probability of default	67	6.0%	100.0%	36.2%	5	-19
Derivatives not held for trading – assets/liabilities (net)	Discounted cash flow	Prepayment rate	1	8.0%	10.0%	8.8%		
31 December 2014								
Equity shares	Private equity-valuation	EBITDA multiples	65	5.0	9.8	7.0	20	-20
Equity shares	Private equity-valuation	Net asset value	286					
Interest earning securities – Government bonds	Discounted cash flow	Liquidity and credit spread	410	77 bps	145 bps	111 bps	17	-17
Interest earning securities – other	Discounted cash flow	Prepayment rate	1,178	0.0%	10.0%	8.0%	52	-9
Derivatives not held for trading – assets/liabilities (net)	Discounted cash flow	Prepayment rate	2	0.0%	10.0%	8.0%		

Equity shares

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

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

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

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

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

Interest earning securities

Government bonds

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

Other

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

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

Derivatives

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

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

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

Financial assets and liabilities not carried at fair value

The methods and assumptions applied to estimate the fair values of financial instruments not carried at fair value are consistent with those set out in note 20 of the Consolidated Annual Financial Statements 2014.

						30 September 2015
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	20,738		20,738		20,738	
Securities financing	35,475		35,475		35,475	
Loans and receivables – banks	17,794			17,794	17,794	
Loans and receivables – customers	261,742		1,571	269,183	270,754	9,012
Total	**335,748**		**57,784**	**286,977**	**344,761**	**9,012**
Liabilities						
Securities financing	25,901		25,901		25,901	
Due to banks	18,487			18,487	18,487	
Due to customers	228,529			228,529	228,529	
Issued debt	77,376	32,513	45,719		78,233	-856
Subordinated liabilities	9,660	5,180	4,685		9,865	-205
Total	**359,954**	**37,694**	**76,305**	**247,015**	**361,014**	**-1,061**

						31 December 2014
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	706		706		706	
Securities financing	18,511		18,511		18,511	
Loans and receivables – banks	21,680			21,680	21,680	
Loans and receivables – customers	261,910		2,346	266,819	269,164	7,254
Total	**302,807**		**21,563**	**288,499**	**310,062**	**7,254**
Liabilities						
Securities financing	13,918		13,918		13,918	
Due to banks	15,744			15,744	15,744	
Due to customers	216,011			216,011	216,011	
Issued debt	75,150	18,632	57,961		76,593	-1,443
Subordinated liabilities	8,328	6,588	2,232		8,820	-493
Total	**329,150**	**25,220**	**74,111**	**231,754**	**331,085**	**-1,935**

12 Loans and receivables - banks

(in millions)	30 September 2015	31 December 2014
Interest-bearing deposits	6,197	3,560
Loans and advances	8,709	11,382
Mandatory reserve deposits with central banks	250	6,724
Other	2,640	15
Subtotal	**17,796**	**21,680**
Less: loan impairment allowance	3	
Loans and receivables - banks	**17,794**	**21,680**

Interest-bearing deposits increased by EUR 2.6 billion to EUR 6.2 billion at 30 September 2015 mainly due to higher outstanding balances held by international financial institutions.

Loans and advances decreased by EUR 2.7 billion to EUR 8.7 billion at 30 September 2015 mainly due to lower pledged cash collateral related to derivatives contracts.

Mandatory reserve deposits with central banks decreased by EUR 6.5 billion to EUR 0.3 billion at 30 September 2015.

Other Loans and receivables – banks increased by EUR 2.6 billion mainly due to a reclassification of trade bills.

13 Loans and receivables - customers

(in millions)	30 September 2015	31 December 2014
Residential mortgages (excluding fair value adjustment)	148,535	148,402
Fair value adjustment from hedge accounting on residential mortgages	3,509	4,134
Residential mortgages, gross	**152,044**	**152,536**
Less: loan impairment allowances – residential mortgage loans	374	538
Residential mortgages	**151,670**	**151,998**
Consumer loans, gross	15,409	16,052
Less: loan impairment allowances – consumer loans	620	654
Consumer loans	**14,790**	**15,398**
Corporate loans	84,618	84,694
Fair value adjustment from hedge accounting on corporate loans	1,519	1,605
Financial lease receivables	3,505	3,357
Factoring	1,916	1,648
Corporate loans, gross	**91,557**	**91,305**
Less: loan impairment allowances – corporate loans	3,530	3,439
Corporate loans	**88,028**	**87,866**
Government and official institutions	1,487	1,971
Other loans	5,768	4,806
Other loans and receivables customers, gross	**7,255**	**6,777**
Less: loan impairment allowances - other	1	129
Other loans and receivables customers	**7,254**	**6,648**
Loans and receivables - customers	**261,742**	**261,910**

Residential mortgages (excluding fair value adjustment) was relatively stable at EUR 148.5 billion. A higher inflow of new Residential mortgages (EUR 9.1 billion), reflecting the improvement of the housing market in the Netherlands, was offset by higher Residential mortgages redemptions and voluntary repayments.

Corporate loans were flat at EUR 88.0 billion. Taking into account a reclassification of the trade bills to Loans and receivables – banks, the increase was EUR 2.5 billion, mainly in term loans.

Other loans and receivable – customers increased by EUR 0.6 billion to EUR 7.3 billion.

Information on loan impairments is provided in the Credit risk section of the Quarterly Report for the third quarter of 2015.

14 Acquisitions and divestments

	Nine months 2015		Nine months 2014	
(in millions)	Acquisitions	Divestments	Acquisitions	Divestments
Net assets acquired/Net assets divested	**23**	**-103**	98	-58
Cash used for acquisitions/received for divestments	**-23**	**132**	**-98**	**74**

The acquisitions and divestments made in the first nine months of 2015 were related to equity accounted investments. As from Q3 2015, ABN AMRO no longer has an associate interest in RFS Holdings B.V. as the underlying assets and liabilities have been transferred.

15 Due to banks

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

(in millions)	30 September 2015	31 December 2014
Deposits from banks:		
Demand deposits	4,746	3,024
Time deposits	2,931	3,399
Other deposits	10,756	9,276
Total deposits	**18,433**	**15,699**
Other Due to banks	54	45
Total Due to banks	**18,487**	**15,744**

Demand deposits increased by EUR 1.7 billion to EUR 4.8 billion mainly due to overnight positions with international credit institutions.

The increase in Other deposits of EUR 1.5 billion to EUR 10.8 billion was mainly driven by higher outstanding balances with international central banks.

16 Due to customers

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

(in millions)	30 September 2015	31 December 2014
Demand deposits	115,956	109,753
Saving deposits	94,233	88,655
Time deposits	18,183	17,459
Total deposits	**228,372**	**215,867**
Other due to customers	156	144
Total due to customers	**228,529**	**216,011**

Due to customers rose by EUR 12.5 billion to EUR 228.5 billion at 30 September 2015, mainly as a result of an increase in Demand deposits (EUR 6.2 billion) and Saving deposits (EUR 5.6 billion).

Demand deposits increased by EUR 6.2 billion to EUR 116.0 billion, mainly due to higher outstanding of current accounts held by large corporates (EUR 3.2 billion) and private enterprises (EUR 2.7 billion).

Saving deposits increased by EUR 5.6 billion to EUR 94.2 billion, driven mainly by higher volume within Commercial Clients and Retail Banking. The increase in Retail Banking includes a growth in deposits at MoneYou outside the Netherlands.

Time deposits increased by EUR 0.7 billion to EUR 18.1 billion, mainly because of the higher outstanding deposits held by insurers and other financial institutions within Corporates.

17 Issued debt and subordinated liabilities

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

(in millions)	30 September 2015	31 December 2014
Bonds and notes issued	65,604	66,349
Certificates of deposit and commercial paper	11,714	8,729
Saving certificates	59	72
Total at amortised cost	**77,376**	**75,150**
Designated at fair value through profit or loss	1,749	1,981
Total issued debt	**79,126**	**77,131**
- of which matures within one year	22,908	20,347

The Issued debt as at 30 September 2015 amounted to EUR 79.1 billion, up EUR 2.0 billion or 3% compared with EUR 77.1 billion at 31 December 2014. This growth was due to the increase of EUR 3.0 billion in Certificates of deposit and Commercial paper and mainly due to the increase of EUR 3.1 billion in Unsecured medium-term notes, offset by 3.4 billion in externally RMBS notes which were called. The development of these debt instruments is a continuous process of redemption and issuance of long-term and short-term funding.

The amounts of issued debt issued and redeemed during the period are shown in the Condensed consolidated statement of cash flows.

Further details on the funding programmes are provided in the Liquidity risk and Funding sections in the Quarterly Report of the third quarter of 2015.

Financial liabilities designated at fair value through profit or loss

The cumulative change of the fair value of the structured notes attributable to change in credit risk amounted to EUR 7 million (31 December 2014: EUR 13 million).

The following table specifies the issued and outstanding subordinated liabilities.

(in millions)	30 September 2015	31 December 2014
Perpetual loans	1,251	1,285
Other subordinated liabilities	8,409	7,043
Total subordinated liabilities	**9,660**	**8,328**

Subordinated liabilities at 30 September 2015 amounted to EUR 9.7 billion, up EUR 1.3 billion or 16.0% compared with EUR 8.3 billion at 31 December 2014. This increase was driven mainly a EUR 1.5 billion newly issued subordinated loan at 2.875%. The maturity date of this loan is June 2025, with a possible call in June 2020. Furthermore, a new USD 1.5 billion 4.75% subordinated loan was issued. The maturity date of this loan is July 2025. Finally, in Q3 ABN AMRO decided to call a EUR 1.65 billion Tier 2 loan which was provided by the Dutch State Treasury Agency.

Issued and outstanding loans qualifying as subordinated liabilities are subordinated to all other unsubordinated liabilities.

18 Provisions

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

(in millions)	30 September 2015	31 December 2014
Insurance fund liabilities	148	183
Provision for pension commitments	97	91
Restructuring	193	233
Other staff provision	173	182
Other	537	314
Total provisions	**1,148**	**1,003**

Total provisions increased by EUR 145 million to EUR 1,148 million at 30 September 2015 compared with EUR 1,003 million at 31 December 2014. This increase was mainly related to Other, partly offset by utilisation of existing provisions.

The increase in Other was due mainly to the recording of a tax provision, a provision for interest rate derivatives for small and medium-sized enterprises (SME) clients and a provision for mortgage administration inconsistencies.

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

Provision for Interest rate derivatives to SME clients

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

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

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

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

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

Provision for mortgage administration inconsistencies

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

19 Commitments and contingent liabilities

(in millions)	30 September 2015	31 December 2014
Committed credit facilities	20,018	16,164
Guarantees and other commitments:		
Guarantees granted	2,569	2,592
Irrevocable letters of credit	5,442	5,499
Recourse risks arising from discounted bills	5,876	7,243
Total guarantees and other commitments	**13,887**	**15,335**
Total	**33,905**	**31,498**

Commitments and contingent liabilities as at 30 September 2015 amounted to EUR 33.9 billion, an increase of EUR 2.4 billion or 8% as compared to EUR 31.5 billion as at 31 December 2014. This increase was mainly caused by an increase of EUR 3.9 billion in the Committed credit facilities offset by a decrease of EUR 1.4 billion in the recourse risks arising from discounted bills.

The increase in Committed credit facilities of EUR 3.9 billion to EUR 20.0 billion is mainly related to the credit lines granted to corporate clients (EUR 3.7 billion).

Other contingencies

ABN AMRO is involved in a number of legal proceedings which relate to the ordinary course of business in a number of jurisdictions. In presenting the Condensed Consolidated Interim Financial Statements, management makes estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable. Charges other than those taken periodically for defence costs are not established for matters when losses cannot be reasonably estimated.

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

Cross liability

Section 2:334t of the Dutch Civil Code requires that in the event of an entity being divided into two or more parts through a legal demerger, each part remains liable to the creditors of the other demerged part. Such liabilities relate only to obligations existing as at the date of the legal demerger. As explained in more detail in Note 32 of the 2014 Consolidated Annual Financial Statements, ABN AMRO was subject to one demerger in 2010, with RBS N.V.

Indemnity agreement with the Dutch State

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

20 Related parties

As part of its business operations, ABN AMRO frequently enters into transactions with related parties. Parties related to ABN AMRO include NLFI with control, the Dutch State with significant influence, associates, pension funds, joint ventures, the Managing Board, the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other related entities. Loans and advances to the Managing Board, the Supervisory Board and close family members, where applicable, consist mainly of residential mortgages granted under standard personnel conditions. For further information see note 34 of the Annual Financial Statements 2014. ABN AMRO has applied the partial exemption for government-related entities as described in IAS 24 paragraphs 25-27.

Balances with joint ventures, associates and other

(in millions)	Joint ventures	Associates	Other	Total
30 September 2015				
Assets	216	380		597
Liabilities	449	895		1,344
Irrevocable facilities		29		29
Nine months 2015				
Income received	26	35		61
Expenses paid	12	19	212	243
31 December 2014				
Assets	20	325		345
Liabilities	161	749		910
Irrevocable facilities		40		40
Nine months 2014				
Income received	24	34		58
Expenses paid		19	372	391

Balances with the Dutch State

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

(in millions)	30 September 2015	31 December 2014
Assets:		
Financial assets held for trading	2,893	897
Financial investments – available for sale	6,440	6,884
Loans and receivables – customers	1,079	1,606
Other assets	99	22
Liabilities:		
Due to customers	1,799	1,968
Subordinated loans		1,654
	Nine months 2015	Nine months 2014
Income statement:		
Interest income	113	110
Interest expense	89	97
Net trading income	-12	6
Net fee and commission income	1	-3
Other income	1	1

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

In the first nine months of 2015, a final dividend of EUR 275 million was paid to NLFI, bringing the total dividend for 2014 to EUR 400 million; in addition, EUR 350 million interim dividend was paid to NLFI. In the first nine months of 2014, only a final dividend for 2013 of EUR 200 million was paid to NLFI.

Due to customers at 30 September 2015 is related to liabilities the Dutch State acquired from Ageas on 3 October 2008 (EUR 1.8 billion).

Subordinated loans to the Dutch State were fully redeemed in July 2015 (EUR 1.6 billion).

Financial assets held for trading increased by EUR 2.0 billion to EUR 2.9 billion at 30 September 2015 as a result of primary dealership and client facilitation activities.

As from Q3 2015, ABN AMRO no longer has an associate interest in RFS Holdings B.V. as the underlying assets and liabilities have been transferred.

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

21 Post balance sheet events

The AFM has reviewed five client files of non-professional SMEs that bought interest rate derivatives between October 2010 and January 2013. The AFM concluded with respect to these files that the Group has insufficiently looked after the interests of its clients (breach of duty of care) and that the recordkeeping of the Group with respect to these files was inadequate. The AFM imposed two fines in relation to these findings. One fine with respect to recordkeeping is an amount of EUR 2 million and was made public on 23 October 2015. The second fine, dated 20 October 2015, is an amount of EUR 750,000 and concerns the AFM's finding that the Group from 25 October 2010 up to and including 10 January 2013 in an insufficiently honest, fair and professional manner promoted the interests of its clients when it provided investment services. This results in a breach of article 4:90 FMSA. The Group will object against this second fine. The fines could lead to increased litigation in respect of interest rate derivatives sold to SMEs.

In October 2015, DNB imposed a fine of EUR 625,000 related to its Private Banking operations in Dubai because the Group did not comply with its obligations pursuant to article 2 of the Dutch Anti-Money Laundering and Counter-Terrorist Financing Act to make sure that its branch in Dubai would carry out customer due diligence equivalent to the customer due diligence set out in the Dutch Anti-Money Laundering and Counter-Terrorist Financing Act. The Group's Head Office oversight of the branch was insufficient as it was based on an insufficient identification of inherent money laundering risks at the Dubai branch in relation to its Private Banking clients.The DFSA imposed a related fine of USD 640,000.

risk, funding & capital information

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

Key developments

Key figures

	30 September 2015	30 June 2015	31 December 2014
Total assets	413,287	410,661	386,867
Of which Residential mortgages	151,670	151,770	151,998
Of which Consumer loans	14,790	15,084	15,398
Of which Corporate loans	88,028	91,502	87,866
Total Exposure at Default (EAD)	376,828	377,587	350,762
Total RWA (REA)/total EAD	29.4%	30.4%	31.3%
Regulatory capital			
Total RWA (REA)	110,602	114,930	109,647
Of which Credit risk[1]	88,564	92,742	87,667
Of which Operational risk	16,227	16,227	16,168
Of which Market risk	5,810	5,961	5,811
Fully-loaded CET1 ratio	14.8%	14.0%	14.1%
Fully-loaded leverage ratio	3.5%	3.1%	3.7%
Credit quality indicators			
Forbearance ratio	3.4%	3.4%	3.1%
Past due ratio	1.6%	1.7%	2.1%
Cost of risk (year to date, in bps) - reported[2]	19	21	45
Cost of risk (year to date, in bps) - underlying[2]	19	21	45
Coverage ratio	56.5%	57.3%	53.6%
Impaired ratio	1.6%	1.6%	1.8%
Liquidity and funding indicators			
Loan-to-Deposit ratio	110.2%	111.1%	116.5%
LCR	>100%	>100%	>100%
NSFR	>100%	>100%	>100%

1 RWA (REA) for credit value adjustment (CVA) is included in credit risk. CVA per 30 September 2015 amounted to EUR 1.1 billion (30 June 2015 EUR 1.2 billion; 31 December 2014 EUR 1.3 billion).
2 Cost of risk consists of annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

Third-quarter developments

The Dutch economy continued to perform well in the third quarter of 2015. Exports, investments and household consumption contributed to growth. In addition, sentiment among both consumers and producers remained positive. Given the lower oil prices and cheaper euro, providing increased buoyancy, ABN AMRO's current forecast for GDP growth in the Netherlands for the full year is estimated at 2.3%[1]. Although our baseline scenario does not assume a hard landing of the Chinese economy, downside risks to the growth outlook for China and other emerging markets have increased.

Continued improved economic conditions combined with consistently stringent credit monitoring of our clients and a well balanced portfolio intake are reflected in a substantial decline in impairment charges, releases for IBNI allowances and lower amounts in arrears.

1 Source: Dutch Economy in Focus (ABN AMRO Group Economics, 10 September 2015).

Total impairment charges on loans and other receivables declined by EUR 193 million to EUR 94 million in Q3 2015, compared with EUR 287 million in the same period last year. This decline was mainly the result of low impairment charges in the Corporate loans portfolio. As a result of low impairment charges in Q2 2015 and Q3 2015, the cost of risk further declined to 19bps for the first nine months of 2015.

The Residential mortgage portfolio including fair value adjustment for hedge accounting remained relatively stable, amounting to EUR 151.7 billion at 30 September 2015. The Consumer loans portfolio declined marginally to EUR 14.8 billion at 30 September 2015. The Corporate loans portfolio decreased to EUR 88.0 billion at 30 September 2015, compared with EUR 91.5 billion at 30 June 2015. This decline was mainly the result of lower lending within Clearing and ECT Clients, largely due to lower commodity prices.

The forbearance ratio remained stable in the third quarter, at 3.4% at 30 September 2015, and the past due ratio decreased slightly to 1.6% at 30 September 2015 compared with 1.7 % at 30 June 2015. The coverage ratio decreased to 56.5%, compared with 57.3% at 30 June 2015. The impaired ratio remained stable at 1.6% at 30 September 2015, mainly as a result of a declined client lending portfolio.

Total RWA (REA) decreased by EUR 4.3 billion, amounting to EUR 110.6 billion at 30 September 2015, compared with EUR 114.9 billion at 30 June 2015. This movement was allocated mainly to credit risk. The decline in RWA (REA) was mainly the result of a decrease of EUR 2.1 billion in Corporate Banking and EUR 1.8 billion in Group Functions. The decline in Corporate Banking was due mainly to lower business volume in the third quarter of 2015. Group Functions declined due chiefly to new EBA guidelines regarding deferred tax assets.

Total Exposure at Default amounted to EUR 376.8 billion at 30 September 2015, compared with EUR 377.6 billion at 30 June 2015. The increase of EUR 3.8 billion within Group Functions, which was mainly due to a rise in deposits at central banks, was offset by lower business volume within Corporate Banking and Retail Banking.

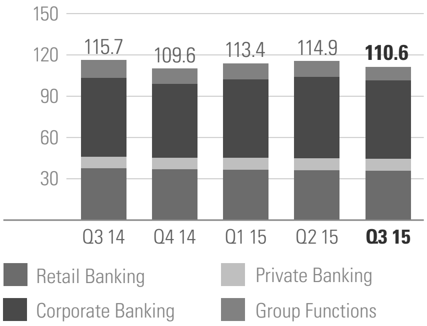
The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) both remained above 100% at 30 September 2015.

The Loan-to-Deposit (LtD) ratio slightly improved to 110% at 30 September 2015 compared with 111% at 30 June 2015. The ratio improved mainly to a large increase in client deposits in all segments in the first half year.

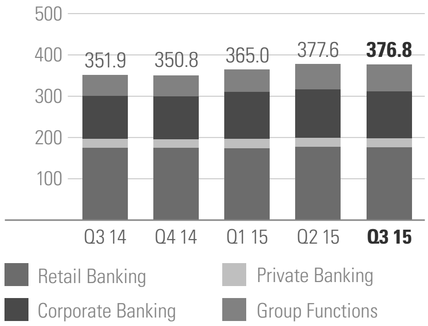
The fully-loaded Common Equity Tier 1 ratio has increased to 14.8% at 30 September 2015 and remains comfortably above regulatory minimum requirements. The fully-loaded CDR leverage ratio increased to 3.5% at 30 September 2015. The improvement was mainly driven by the EUR 1.0 billion Additional Tier 1 issuance in September 2015 and profit accumulation. The fully-loaded total capital ratio increased to 18.4% at 30 September 2015.

Quarterly developments

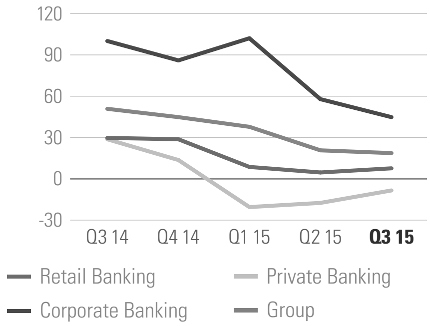
RWA (REA) per business segment
(end-of-period, in billions)



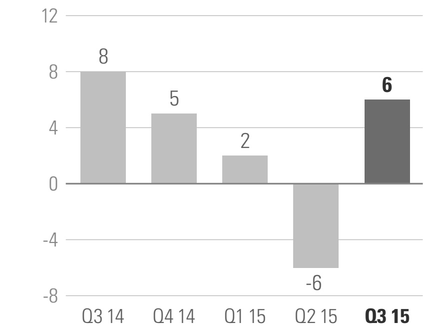
EAD per business segment
(end-of-period, in billions)



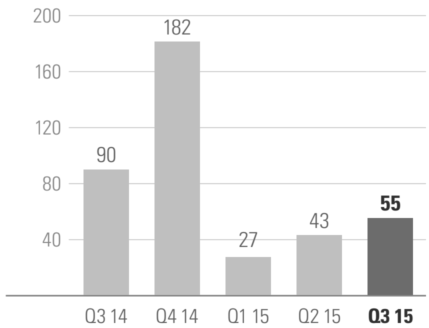
Cost of risk per business segment
(end-of-period, in bps)



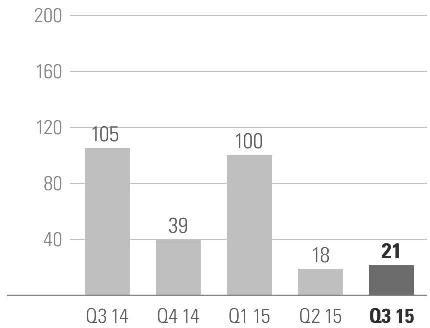
Underlying cost of risk per product
Residential mortgages (in bps)



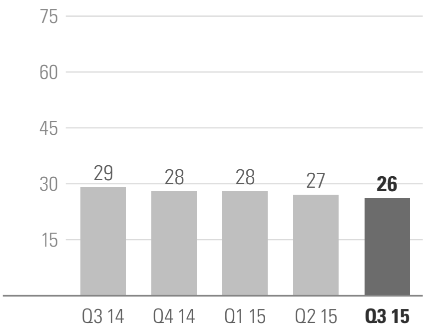
Consumer loans (in bps)



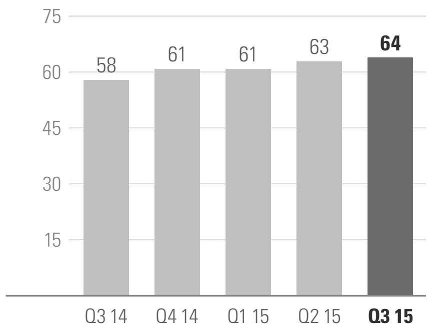
Corporate loans (in bps)



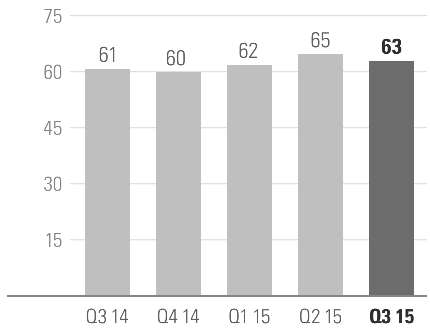
Coverage ratio
Residential mortgages (in %)



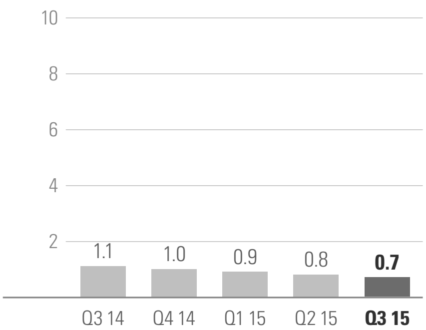
Consumer loans (in %)



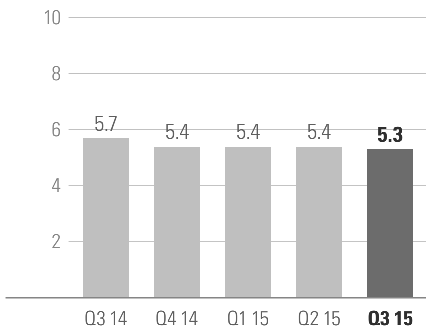
Corporate loans (in %)



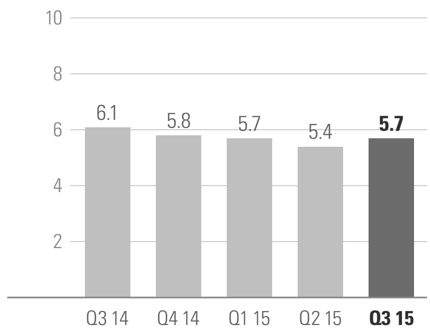
Impaired ratio
Residential mortgages (in %)



Consumer loans (in %)



Corporate loans (in %)



Developments in the first nine months

In the first nine months of 2015, the underlying cost of risk declined to 19bps compared with 51bps for the first nine months of 2014. The decline in cost of risk was driven mainly by lower impairment charges in the Corporate loans, Residential mortgages and, to a lesser extent, Consumer loans portfolios.

Impairment charges for Corporate loans decreased mainly as a result of a decline within the Commercial Clients portfolio. This decline was driven by several measures which had been taken in the past to raise risk awareness, while acceptance criteria were tightened, and files with a higher risk profile were proactively managed. Also the upturn in the economic environment contributed to the decline in impairment charges. Furthermore, total impairment charges declined due to an IBNI release of EUR 199 million.

The Residential mortgage portfolio including fair value adjustment for hedge accounting declined EUR 0.3 billion, coming to EUR 151.7 billion at 30 September 2015 compared with EUR 152.0 at year-end 2014. Excluding the fair value adjustment for hedge accounting, the Residential mortgage portfolio remained relatively stable. The Consumer loans portfolio also decreased to EUR 14.8 billion at 30 September 2015, down from EUR 15.4 billion at 31 December 2014. The Corporate loans portfolio remained fairly stable at EUR 88.0 billion at 30 September 2015 compared with year-end 2014.

The forbearance ratio rose slightly to 3.4% compared with 3.1% at year-end 2014. This increase was due to the inflow of new forborne Corporate loans, mainly as a result of modifications to performing contracts. Past due ratio declined to 1.6% in the first nine months of 2015 from 2.1% at year-end 2014 , due mainly to the combination of our stringent credit monitoring and the upturn of the Dutch economy. The coverage ratio increased to 56.5% compared with 53.6% at year-end 2014. The impaired ratio decreased to 1.6% at 30 September 2015 compared with 1.8 % at year-end 2014.

Total RWA (REA), which is mainly related to credit risk, increased by EUR 1.0 billion, coming to EUR 110.6 billion at 30 September 2015, compared with EUR 109.6 billion at 31 December 2014. The increase in RWA (REA) was mainly the result of a rise in Corporate Banking, partly offset by a decline in RWA (REA) in Retail Banking and Group Functions.

Total Exposure at Default increased to EUR 376.8 billion at 30 September 2015, compared with EUR 350.8 billion at 31 December 2014, representing an increase of EUR 26.0 billion. This increase was largely driven by a EUR 14.9 billion rise in Group Functions, caused mainly by increased deposits at central banks and a EUR 9.5 billion rise in Corporate Banking due chiefly to increased business volume.

Credit risk

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

RWA (REA) decreased to EUR 88.6 billion at 30 September 2015 from EUR 92.7 billion at 30 June 2015, mainly due to Corporate Banking and Group Functions. In Corporate Banking, the decline was mainly accountable to lower business volume, while the decline at Group Functions was largely caused by new EBA guidelines regarding deferred tax assets.

Credit risk mitigation

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

30 September 2015

(in millions)	Carrying amount	Collateral received: Master netting agree-ment[3]	Financial instru-ments	Property & equipment	Other collateral and guaran-tees	Total risk mitigation	Surplus collateral[4]	Net exposure[5]
Loans and receivables – banks	**17,794**	**8,217**	**334**		**2**	**8,553**		**9,241**
Loans and receivables – customers								
Residential mortgages[1]	151,670		81	209,411	4,655	214,148	74,231	11,754
Consumer loans	14,790		4,290	5,181	33	9,505	1,142	6,427
Corporate loans[1]	82,715	3,104	20,130	39,309	13,737	76,280	18,012	24,447
Other loans and receivables – customers[2]	12,567	1,057	4,540	2,981	1,626	10,204	2,631	4,994
Total Loans and receivables – customers	**261,742**	**4,161**	**29,042**	**256,882**	**20,051**	**310,136**	**96,017**	**47,622**
Total Loans and receivables	**279,536**	**12,378**	**29,376**	**256,882**	**20,053**	**318,690**	**96,017**	**56,863**
Other assets	133,752	18,313	37,451	36	154	55,955	5,352	83,149
Total assets	**413,287**	**30,691**	**66,828**	**256,918**	**20,207**	**374,645**	**101,369**	**140,011**

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

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

30 June 2015

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

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

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

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

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

Third quarter developments Reviewed

Total net exposure of Total Loans and receivables - customers in Q3 2015 decreased to EUR 47.6 billion at 30 September 2015 down by EUR 3.1 billion from EUR 50.7 billion at 30 June 2015.

Total risk mitigation for residential mortgages increased by EUR 0.9 billion, amounting to EUR 214.1 billion at 30 September 2015, compared with EUR 213.2 billion at 30 June 2015. This increase was mainly the result of recovering house prices.

The carrying amount for Corporate loans decreased to EUR 82.7 billion at 30 September 2015, a decline of EUR 3.5 billion compared with 30 June 2015, due mainly to lower lending volumes at Clearing and ECT Clients. As a result of the decrease in lending, total risk mitigation also decreased. In Q3 2015, there was a reclassification of collateral, causing a shift of EUR 4 billion from Financial instruments to Other collateral and guarantees.

The net exposure of Other loans and receivables - customers declined by EUR 0.6 billion, coming out to EUR 5.0 billion at 30 September 2015.

Developments over the first nine months Reviewed

Total net exposure of Total Loans and receivables - customers decreased to EUR 47.6 billion at 30 September 2015 down by EUR 7.6 billion, from EUR 55.2 billion at 31 December 2014, while the carrying amount remained stable.

Total risk mitigation for Residential mortgages increased to EUR 214.1 billion as at 30 September 2015 up by EUR 3.2 billion compared with year-end 2014. This increase was mainly the result of recovering house prices.

Compared with 31 December 2014, total risk mitigation within Corporate loans rose EUR 7.8 billion, arriving at EUR 76.3 billion at 30 September 2015. The increase primarily resulted from an increase of EUR 8.6 billion in Property & equipment, as collateral reporting improved. The rise in other collateral and guarantees and the decline in financial instruments was partly due to a reclassification of collateral of approximately EUR 4 billion.

The net exposure of Other loans and receivables - customers increased by EUR 2.0 billion, amounting to EUR 5.0 billion at 30 September 2015.

Management of forborne, past due and impaired loans

Forborne loans

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

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

Overview forbearance as at 30 September 2015 Reviewed

											30 September 2015
		Performing assets				Non-performing assets				Total	
(in millions)	Gross carrying amount	Temporary modification	Permanent modification	Refinancing	Total	Temporary modification	Permanent modification	Refinancing	Total	Total forborne assets	Forbearance ratio
Loans and receivables – banks	**17,796**										**0.0%**
Loans and receivables – customers											
Residential mortgages	152,044	1,125	14	195	1,334	401	25	39	464	1,798	1.2%
Consumer loans	15,409	152	68	156	377	120	65	52	238	614	4.0%
Corporate loans[1]	86,136	1,272	1,270	1,739	4,280	719	1,006	990	2,715	6,995	8.1%
Other loans and receivables – customers[2]	12,676	99	24		123	117	71	5	193	316	2.5%
Total Loans and receivables – customers	**266,266**	**2,649**	**1,376**	**2,090**	**6,114**	**1,357**	**1,166**	**1,087**	**3,610**	**9,724**	**3.7%**
Total[1]	**284,063**	**2,649**	**1,376**	**2,090**	**6,114**	**1,357**	**1,166**	**1,087**	**3,610**	**9,724**	**3.4%**

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

Overview forbearance as at 30 June 2015 Reviewed

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

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

Overview forbearance as at 31 December 2014 Reviewed

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

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

Third quarter developments Reviewed

The total forborne assets remained fairly stable, amounting to EUR 9.7 billion as at 30 September 2015, compared with 30 June 2015.

Total forborne Residential mortgages remained fairly stable compared with 30 June 2015. Total forborne Consumer loans increased marginally as at 30 September 2015 compared with 30 June 2015.

Total forborne Corporate loans increased slightly, amounting to EUR 7.0 billion at 30 September 2015, compared with EUR 6.9 billion at 30 June 2015. This limited increase was mainly the result of an increase in temporary modifications within the non-performing portfolio and related to the industrial goods & services sector and, to a lesser extent, the oil & gas sector.

Total forborne for Other loans and receivables - customers decreased slightly to EUR 0.3 billion at 30 September 2015, compared with EUR 0.4 billion at 30 June 2015.

Developments over the first nine months Reviewed

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

Total forborne residential mortgages remained fairly stable compared with year-end 2014. Consumer loans increased slightly, amounting to EUR 0.6 billion at 30 September 2015, compared with EUR 0.5 billion at year-end 2014. This increase mainly resulted from an inflow of new forborne clients, the majority of which related to temporary modifications within the performing portfolio.

Total forborne Corporate loans increased to EUR 7.0 billion at 30 September 2015 from EUR 6.7 billion at year-end 2014, with a forbearance ratio of 8.1% as at 30 September 2015. This increase mainly resulted from an inflow of new forborne clients and particularly relates to permanent modifications within the performing portfolio. The rise in forborne exposure for Corporate loans was for the largest part driven by increases in the food & beverage sector and the oil & gas sector.

Past due loans

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

								30 September 2015
	Carrying amount		Days past due					
(in millions)	Gross	Assets not classified as impaired	< 30	> 30 days & < 60	> 60 days & < 90	> 90	Total past due but not impaired	Past due ratio
Loans and receivables – banks	**17,796**	**17,795**						**0.0%**
Loans and receivables – customers								
Residential mortgages[1]	152,044	150,906	2,565	376	94		3,035	2.0%
Consumer loans	15,409	14,599	334	123	45	201	702	4.6%
Corporate loans[1]	86,136	81,186	578	135	56	452	1,221	1.4%
Other loans and receivables – customers[2]	12,676	12,455	32	5	2	20	58	0.5%
Total Loans and receivables – customers	**266,266**	**259,145**	**3,508**	**638**	**197**	**672**	**5,016**	**1.9%**
Total Loans and receivables	**284,063**	**276,940**	**3,508**	**638**	**197**	**672**	**5,016**	**1.8%**
Other assets	37,468	37,443	55	50	4	5	113	0.3%
Total assets	**321,530**	**314,383**	**3,563**	**688**	**201**	**677**	**5,129**	**1.6%**

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

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

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

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

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

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

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

Third quarter developments Reviewed

Total Loans and receivables past due as at 30 September 2015 amounted to EUR 5.0 billion, decreasing by EUR 0.4 billion from EUR 5.4 billion at 30 June 2015, mainly as a result of lower past due exposure in the Corporate loans portfolio.

Residential mortgages past due increased slightly to EUR 3.0 billion at 30 September 2015 from EUR 2.9 billion at 30 June 2015. However, the past due remains at a low level.

Corporate loans past due declined to EUR 1.2 billion at 30 September 2015 from EUR 1.7 billion at 30 June 2015. This decline resulted from a combination of effective credit monitoring and the upturn of the economy.

Developments over the first nine months Reviewed

Compared with year-end 2014, total past due but not impaired for total loans and receivables showed a decrease of EUR 1.1 billion and amounted to EUR 5.0 billion at 30 September 2015.

The total Residential mortgages past due dropped EUR 0.6 billion, from EUR 3.6 billion at year-end 2014 to EUR 3.0 billion at 30 September 2015, as a result of successful active management of the portfolio in arrears, coaching of clients that run a higher risk of running into arrears and improved economic conditions.

The Corporate loans past due improved to 1.4% as at 30 September 2015, compared with 2.0% as at 31 December 2014, due to a combination of succesful credit monitoring of our clients and the upturn of the economy.

Impaired loans

Coverage and impaired ratio as at 30 September 2015 Reviewed

(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
					30 September 2015
Loans and receivables – banks	**17,796**	**2**	**-2**	**100.0%**	**0.0%**
Loans and receivables – customers					
Residential mortgages[1]	152,044	1,139	-295	25.9%	0.7%
Consumer loans	15,409	811	-520	64.2%	5.3%
Corporate loans[1]	86,136	4,950	-3,123	63.1%	5.7%
Other loans and receivables – customers[2]	12,676	222	-96	43.4%	1.7%
Total Loans and receivables – customers	**266,266**	**7,121**	**-4,034**	**56.6%**	**2.7%**
Total Loans and receivables[3]	**284,063**	**7,123**	**-4,036**	**56.7%**	**2.5%**
Securities financing	35,485	10	-10	100.0%	0.0%
Total on- and off-balance sheet	**436,829**	**7,171**	**-4,052**	**56.5%**	**1.6%**

1 Gross carrying amount includes fair value adjustments from hedge accounting.
2 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
3 Amounts excluding Incurred But Not Identified (IBNI).

Coverage and impaired ratio as at 30 June 2015 Reviewed

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

1 Gross carrying amount includes fair value adjustments from hedge accounting.
2 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
3 Amounts excluding Incurred But Not Identified (IBNI).

Coverage and impaired ratio as at 31 December 2014 Reviewed

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

1 Gross carrying amount includes fair value adjustments from hedge accounting.
2 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
3 Amounts excluding Incurred But Not Identified (IBNI).

Third quarter developments Reviewed

Impaired exposures to total Loans and receivables continued to decline, reaching EUR 7.1 billion at 30 September 2015 compared with EUR 7.2 billion at 30 June 2015. Allowances for impairments were also slightly lower in this period. As a result, the coverage ratio for the total Loans and receivables - customers portfolio was 56.6% at 30 September 2015, compared with 57.4% at 30 June 2015. The impaired ratio increased slightly in this period, arriving at 2.7% at 30 September 2015, compared with 2.6% at 30 June 2015, mainly as a result of the decline in the total Loans and receivables - customers portfolio.

At portfolio level, Residential mortgages showed the largest decrease in the impaired exposures. This was caused by a continued decline in the inflow into, and a rise in the outflow from, the impaired portfolio. The high outflow is the result of increased outflow of clients to the performing portfolio as well as a higher demand for houses, which enables faster settlement of files in long-term arrears. As a result, the impaired ratio further declined to 0.7%. The coverage ratio decreased slightly to 25.9%.

The Consumer loans portfolio also showed lower impaired exposures and allowances for impairments, which resulted in a slightly improved impaired ratio of 5.3% at 30 September 2015, compared with 5.4% at 30 June 2015. The coverage ratio increased to 64.2%.

The decrease in impaired exposure in the Residential mortgage and Consumer loans portfolios was partly offset by an increase in the Corporate loans portfolio. The impaired exposure increased as a result of a few files, resulting in a higher impaired ratio; 5.7% as at 30 September compared with 5.4% as at 30 June 2015.

Developments over the first nine months Reviewed

Since year-end 2014, the size of the impaired portfolio gradually decreased from EUR 7.6 billion to EUR 7.1 billion as at 30 September 2015. At the same time, the Allowances for impairments remained fairly stable. As a result, the coverage ratio for the total loans and receivables - customers portfolio was 56.6% at 30 September 2015, up from 53.6% at year-end 2014.

The decline in impaired exposure is largely attributable to the Residential Mortgage portfolio. Residential Mortgages has seen a gradually reducing impaired portfolio, since inflow maintained its downward trend, while outflow from the impaired portfolio is still high. Allowances for impairments decreased following the upturn of the Dutch housing market. These movements result in a slightly lower coverage ratio of 25.9% at 30 September 2015, compared with 27.6% at 31 December 2014, and an improved impaired ratio of 0.7% at 30 September 2015 compared with year-end 2014.

The impaired ratio for the Consumer loan portfolio improved slightly, coming down to 5.3% at 30 September from 5.4% at year-end 2014. Coverage ratio increased to 64.2% at 30 September 2015. No material changes were noted in this portfolio.

The impaired Corporate loans portfolio remained fairly stable, while the allowance for impairments increased as lower recovery levels were observed for files that were already impaired. As a result, the coverage ratio increased to 63.1% at 30 September 2015, compared with 60.5% at year-end 2014. The impaired ratio improved slightly to 5.7%.

Loan impairment charges and allowances Reviewed

						Q3 2015
(in millions)	Securities financing	Banks	Corporate loans	Residential mortgages	Consumer loans	Total
Balance as at begin of period	**10**		**3,627**	**402**	**640**	**4,680**
Impairment charges for the period		1	214	46	46	307
Reversal of impairment allowances no longer required			-165	-18	-14	-196
Recoveries of amounts previously written-off				-7	-10	-17
Total impairment charges on loans and other receivables		**1**	**50**	**22**	**21**	**95**
Amount recorded in interest income from unwinding of discounting			-12	-12	-2	-27
Currency translation differences			-7			-7
Amounts written-off (net)			-145	-38	-41	-223
Reserve for unearned interest accrued on impaired loans			21		1	22
Other adjustments		2	-2			-2
Balance as at end of period	**10**	**3**	**3,531**	**374**	**620**	**4,537**
Reconciliation from reported to underlying impairment charges						
Total reported on-balance sheet impairment charges on loans and other receivables		**1**	**50**	**22**	**21**	**95**
Total underlying on-balance sheet impairment charges on loans and other receivables		**1**	**50**	**22**	**21**	**95**

(in millions)	Securities financing	Banks	Corporate loans	Residential mortgages	Consumer loans	Total
						Q3 2014
Balance as at begin of period	**22**		**3,887**	**649**	**649**	**5,207**
Impairment charges for the period			369	74	59	501
Reversal of impairment allowances no longer required	-14		-133	-42	-15	-204
Recoveries of amounts previously written-off			-3	-2	-8	-13
Total impairment charges on loans and other receivables	**-14**		**233**	**29**	**36**	**285**
Amount recorded in interest income from unwinding of discounting			-12	-42	-3	-57
Currency translation differences	1		58			59
Amounts written-off (net)			-321	-48	-51	-420
Reserve for unearned interest accrued on impaired loans			11	8	-5	14
Other adjustments			-33	1	18	-14
Balance as at end of period	**10**		**3,822**	**599**	**644**	**5,074**
Reconciliation from reported to underlying impairment charges						
Total reported on-balance impairment charges on loans and other receivables	**-14**		**233**	**29**	**36**	**285**
Total underlying on-balance impairment charges on loans and other receivables	**-14**		**233**	**29**	**36**	**285**

(in millions)	Q3 2015	Q3 2014
On-balance sheet	95	285
Off-balance sheet		3
Total impairment charges on loans and other receivables	**94**	**287**

Third quarter developments Reviewed

In the third quarter of 2015, total on-balance sheet impairment charges declined by EUR 190 million, arriving at EUR 95 million when compared to the same period of the previous year. The decrease in impairment charges was driven by stringent credit monitoring, balanced porfolio intake and improved economic circumstances, which also led to an IBNI release of EUR 61 million.

The improved housing market resulted in lower impairment charges for Residential Mortgages, which came down to EUR 22 million in the third quarter of 2015 from EUR 29 million in the same period last year.

The Impairment charges mainly declined in the Corporate loan portfolio and included an IBNI release of EUR 55 million, which was taken to reflect lower backward looking losses in the Corporate Banking portfolio. Within Corporate banking, the Commercial Clients portfolio slowly improved as the exposures on special monitoring (‘watch’) are gradually declining. At the same time, the inflow into Financial Restructuring & Recovery (FR&R) for Commercial Clients is gradually reducing as well. Impairment charges for International Clients have remained fairly stable, despite one single large specific impairment charge noted in ECT Clients.

Impairment charges for the Consumer loan portfolio dropped to EUR 21 million in the third quarter of 2015, down from EUR 36 million in the same period last year. This decline included an IBNI release of EUR 4 million.

Loan impairment charges and allowances over the first nine months [Reviewed]

(in millions)	Securities financing	Banks	Corporate loans	Residential mortgages	Consumer loans	Total
						Nine months 2015
Balance as at 1 January	**11**		**3,568**	**538**	**654**	**4,771**
Impairment charges for the period		1	783	114	135	1,033
Reversal of impairment allowances no longer required	-1		-456	-87	-55	-599
Recoveries of amounts previously written-off			-6	-18	-30	-55
Total impairment charges on loans and other receivables	**-1**	**1**	**321**	**8**	**50**	**379**
Amount recorded in interest income from unwinding of discounting			-35	-40	-8	-83
Currency translation differences	1		48			49
Amounts written-off (net)			-405	-128	-102	-636
Reserve for unearned interest accrued on impaired loans			48		10	58
Other adjustments		2	-14	-5	16	-2
Balance as at 30 September	**10**	**3**	**3,531**	**374**	**620**	**4,537**
Reconciliation from reported to underlying impairment charges						
Total reported on-balance sheet impairment charges on loans and other receivables	**-1**	**1**	**321**	**8**	**50**	**379**
Total underlying on-balance sheet impairment charges on loans and other receivables	**-1**	**1**	**321**	**8**	**50**	**379**

(in millions)	Securities financing	Banks	Corporate loans	Residential mortgages	Consumer loans	Total
						Nine months 2014
Balance as at 1 January	**24**		**3,778**	**585**	**612**	**4,999**
Impairment charges for the period	1		970	348	229	1,548
Reversal of impairment allowances no longer required	-16		-289	-166	-50	-521
Recoveries of amounts previously written-off			-6	-6	-29	-40
Total impairment charges on loans and other receivables	**-16**		**675**	**177**	**150**	**986**
Amount recorded in interest income from unwinding of discounting			-35	-51	-8	-94
Currency translation differences	1		61			63
Amounts written-off (net)			-649	-140	-125	-914
Reserve for unearned interest accrued on impaired loans			29	27	-4	51
Other adjustments			-37	1	19	-18
Balance as at 30 September	**10**		**3,822**	**599**	**644**	**5,074**
Reconciliation from reported to underlying impairment charges						
Total reported on-balance sheet impairment charges on loans and other receivables	**-16**		**675**	**177**	**150**	**986**
Total underlying on-balance sheet impairment charges on loans and other receivables	**-16**		**675**	**177**	**150**	**986**

(in millions)	Nine months 2015	Nine months 2014
On-balance sheet	379	986
Off-balance sheet	2	4
Total impairment charges on loans and other receivables	**381**	**990**

Developments over the first nine months Reviewed

The underlying on-balance sheet impairment charges in the first nine months of 2015 declined by EUR 607 million, amounting to EUR 379 million compared with EUR 986 million in the same period last year. The decline clearly reflects the result of our stringent credit monitoring and well-balanced portfolio intake alongside the improved Dutch economy, which also resulted in lower IBNI levels.

The first nine months included an IBNI release of EUR 199 million. It also resulted in an overall decline of the impaired portfolio, with more outflow to the performing portfolio than inflow into the non-performing portfolio.

In absolute terms, the large drop in the impairment charges was mainly attributable to the Corporate loans portfolio, and to a lesser extent, the Residential mortgage and Consumer loans portfolio.

Impairment charges of the Corporate loans portfolio dropped by EUR 354 million, arriving at EUR 321 million in the first nine months of 2015, compared with EUR 675 million in the same period last year. This decline was mainly the result of a drop in the Commercial Clients portfolio, resulting from our strict credit monitoring, our balanced portfolio intake and the upturn of the economy. Impairment charges for the Corporate loans portfolio included an IBNI release of EUR 122 million.

Impairment charges for the Residential Mortgages portfolio dropped EUR 169 million, coming down to EUR 8 million for the first nine months of 2015 from EUR 177 million for the same period in 2014. This material decrease was due to the upswing in the housing market, which resulted in a lower impaired volume. The impairment charges for the Residential mortgage portfolio included an IBNI release of EUR 52 million.

For Consumer loans, the impairment charges declined to EUR 50 million in the first nine months of 2015, compared with EUR 150 million in the first nine months of 2014. The decline was also the result of the improvements in the Dutch economy and an IBNI release of EUR 22 million.

Impaired loans by industry

	30 September 2015		30 June 2015		31 December 2014	
(in millions)	Impaired exposures	Allowances for impairments for identified credit risk	Impaired exposures	Allowances for impairments for identified credit risk	Impaired exposures	Allowances for impairments for identified credit risk
Industry sector						
Banks	12	-12	12	-12	10	-10
Financial services[1]	853	-702	782	-702	813	-693
Industrial goods and services	1,077	-607	1,128	-618	1,328	-703
Real estate	665	-343	683	-348	793	-390
Oil and gas	222	-103	169	-96	119	-76
Food and beverage	538	-248	494	-252	544	-245
Retail	497	-310	548	-347	630	-355
Basic resources	286	-214	237	-181	212	-152
Healthcare	192	-159	181	-144	65	-39
Construction and materials	385	-266	399	-265	371	-254
Travel and leisure	184	-98	205	-99	202	-119
Other[2]	363	-195	334	-209	220	-136
Subtotal Industry Classification Benchmark	**5,273**	**-3,258**	**5,173**	**-3,275**	**5,308**	**-3,170**
Private individuals (non-Industry Classification Benchmark)	1,897	-795	2,043	-861	2,324	-918
Subtotal non-Industry Classification Benchmark	**1,897**	**-795**	**2,043**	**-861**	**2,324**	**-918**
Total[3]	**7,171**	**-4,052**	**7,216**	**-4,136**	**7,632**	**-4,089**

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

Third quarter developments

At industry level, movements were noted for Financial services, which had a few new impaired files. Industrial Goods and Services reported a decrease in impaired exposure, caused by a combination of write-offs and a few releases following effective restructuring.

Within Oil and gas, increase in impaired exposure was mainly related to a single file in the ECT Clients portfolio that became impaired during the third quarter of 2015. However, on account of the secured structure of the transaction, the allowance for impairment is relatively low. Furthermore, one larger impaired file was sold during the quarter, resulting in a write-off in the allowance for impairments.

Impaired exposure for Food and beverage increased mainly due to one large file and several other smaller movements. The increase was offset by a material release in provisions for a single client.

Developments over the first nine months

The impaired exposure declined by EUR 461 million to EUR 7.2 billion as at 30 September 2015 compared with EUR 7.6 billion at year-end 2014. The Allowance for impairments remained fairly stable at EUR 4.1 billion in this period.

Impaired exposure of Industrial goods and services reported a decrease of EUR 251 million, which was the combination of write-offs and a few releases following a successful restructuring. Impaired exposure for real estate decreased as a result of several files due to write-offs.

Increase in Oil and Gas impaired exposures was related to one single file in the ECT Clients portfolio that became impaired during the third quarter of 2015, as a result of the structure of the transaction, the allowance for impairment is relatively low. Furthermore, one larger impaired file was sold during the third quarter, resulting in a write off of the allowance for impairments.

As a result of several files which were recovered in the Retail industry, the impaired exposures in this industry decreased. The impaired exposure in the healthcare sector increased due to a single large file.

Furthermore, a number of smaller amounts were re-classified to other industry sectors in the course of 2015.

Developments in specific portfolios

Residential mortgages

The Dutch housing market continued to improve in the third quarter of 2015. The improvement applied to all Dutch regions and all price categories, indicating a lasting trend. The number of transactions in the Dutch housing market went up by 29% compared with the third quarter of 2014 and increased by 23% in the first nine months of 2015 compared with the same period last year, according to Statistics Netherlands (CBS). The CBS housing price index was 1.3% higher in the third quarter of 2015 than it was in the second quarter of 2015.

For ABN AMRO, the production volume of new mortgages was 24% higher in the third quarter of 2015 when compared with the second quarter of 2015 and 48% higher when comparing the first nine months with the same period last year. The higher level of production was driven by the continued economic recovery and low interest rates for residential mortgage loans. Stricter income calculations had no significant effect on the housing market. The NHG lowered the limit to EUR 245,000 as of 1 July 2015, leading to a decrease of the NHG proportion of the new mortgage production to 39% in the third quarter of 2015, compared with 46% in the first as well as the second quarter of 2015.

Total redemptions in the third quarter of 2015 amounted to EUR 3.2 billion, compared with EUR 2.6 billion in the second quarter of 2015 and EUR 8.4 billion in the first nine months of 2015, compared with EUR 6.6 billion in the same period last year.

Contractual repayments are gradually growing, following new tax regulations. Additional repayments, which had been exceptionally high in the last quarter of 2014 due to the ending of the temporary elevated gift tax exemption, have returned to the same levels as previous years levels. In the third quarter of 2015, additional repayments amounted to EUR 0.4 billion, which was equal to the third quarter of 2014. Incentives for the current additional redemptions are low interest rates on savings and an increased awareness among homeowners of the possibility of residual debt at the end of their loan term.

Key residential mortgage indicators

(in millions)	30 September 2015	30 June 2015	31 December 2014
Gross carrying amount excl. fair value adjustment from hedge accounting	148,535	148,642	148,402
Of which Nationale Hypotheek Garantie (NHG)	39,003	38,502	37,540
Gross carrying amount	152,044	152,173	152,536
Exposure at Default[1]	164,663	165,177	160,291
Risk-weighted assets/ risk exposure amount[1]	22,044	21,865	22,062
RWA (REA)/EAD	13.4%	13.2%	13.8%
Forbearance ratio	1.2%	1.2%	1.2%
Past due ratio	2.0%	1.9%	2.4%
Cost of risk (year to date, in bps)	1	-2	13
Coverage ratio	25.9%	26.6%	27.6%
Impaired ratio	0.7%	0.8%	1.0%
Average Loan-to-Market-Value	81%	82%	83%
Average Loan-to-Market-Value - excluding NHG	77%	78%	79%
Total risk mitigation	214,148	213,244	210,925
Total risk mitigation/carrying amount	140.8%	140.1%	138.3%

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

The gross carrying amount of the residential mortgage portfolio excluding the fair value adjustment was relatively stable, amounting to EUR 148.5 billion at 30 September 2015 (30 June 2015: EUR 148.6 billion, 31 December 2014: EUR 148.4 billion). New mortgage production is still at a high level, although it is partly offset by redemptions. NHG-guaranteed loans account for 26% of the residential mortgage portfolio.

The RWA (REA) for the Residential mortgage portfolio remained relatively stable at EUR 22.0 billion at 30 September 2015. EAD slightly decreased to EUR 164.7 billion at 30 September 2015.

The forbearance ratio remained stable at 1.2%.

At 30 September the past due ratio is marginally higher at 2.0% compared with 1.9% at 30 June 2015. The mortgage portfolio in arrears was slightly higher at EUR 3.0 billion, compared with EUR 2.9 billion at 30 June 2015 and significantly lower compared with EUR 3.6 billion at 31 December 2014. The past due ratio remains at a low level.

Coverage ratio for the residential mortgages portfolio decreased slightly, declining to 25.9% at 30 September 2015 from 26.6% at 30 June 2015. Both the impaired portfolio and allowances for credit risk decreased. The allowances decreased mainly due to the upswing in the housing market and improved economic circumstances, which have led to an improved recovery rate.

The impaired ratio continued to decline, coming down to 0.7% at 30 September 2015 from 0.8% at 30 June 2015 and 1.0% at 31 December 2014. This was caused by a lower inflow into the impaired portfolio and a continued high level of outflow from the impaired portfolio. The high outflow is the result of increased outflow of clients to the performing portfolio as well as a higher demand for houses, which enables faster settlement of files in long-term arrears.

Annualised cost of risk (year to date) remained low at 1 bps. This was the result of the upswing in the Dutch housing market, a succesfull active management of the portfolio and the improved Dutch economy, which resulted in a lower impaired volume.

The increase in house prices and restrictions on the maximum Loan to Market Value (LtMV) for new residential mortgages resulted in a further improvement of the average LtMV of the mortgage portfolio to 81% at 30 September 2015, compared with 82% at 30 June 2015 and 83% at 31 December 2014. The same trend can be noted for the LtMVs excluding NHG.

Additional repayments on residential mortgage loans have a small impact on the highest LtMV categories. Approximately 17% of the extra repayments is related to mortgages with an LtMV > 100%.

Residential mortgages to indexed market value

(in millions)	30 September 2015 Gross carrying amount	Percentage of total	- of which guaranteed	- of which unguaranteed	30 June 2015 Gross carrying amount	Percentage of total	- of which guaranteed	- of which unguaranteed	31 December 2014 Gross carrying amount	Percentage of total	- of which guaranteed	- of which unguaranteed
LtMV category[1]												
<50%	24,332	16.4%	1.7%	14.6%	24,089	16.2%	1.7%	14.5%	23,707	16.0%	1.7%	14.3%
50% - 80%	38,328	25.8%	4.6%	21.2%	37,450	25.2%	4.4%	20.8%	36,927	24.9%	4.2%	20.7%
80% - 90%	17,645	11.9%	3.3%	8.6%	16,962	11.4%	3.0%	8.4%	16,488	11.1%	2.8%	8.3%
90% - 100%	23,485	15.8%	6.1%	9.7%	22,209	14.9%	5.4%	9.5%	20,396	13.7%	4.5%	9.2%
100% - 110%	20,635	13.9%	5.6%	8.3%	21,308	14.3%	5.9%	8.4%	21,455	14.5%	5.8%	8.7%
110% - 120%	14,229	9.6%	3.2%	6.4%	15,118	10.2%	3.5%	6.7%	16,280	11.0%	3.8%	7.2%
>120%	7,525	5.1%	1.7%	3.4%	8,833	5.9%	2.0%	4.0%	10,885	7.3%	2.5%	4.8%
Unclassified	2,356	1.6%			2,673	1.8%			2,264	1.5%		
Total	**148,535**	**100%**			**148,642**	**100%**			**148,402**	**100%**		

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

The gross carrying amount of mortgages with an LtMV above 100% decreased to EUR 42.4 billion at 30 September 2015, down by EUR 2.9 billion compared with 30 June 2015 and EUR 6.2 billion compared with 31 December 2014.

The number of mortgages in the higher LtMV bucket range is decreasing mainly due to indexation of the value of the underlying collateral and the absence of new inflow into these buckets as a result of current regulations for tax deductions.

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

Breakdown of residential mortgage portfolio by loan type

(in millions)	30 September 2015 Gross carrying amount	Percentage of total	30 June 2015 Gross carrying amount	Percentage of total	31 December 2014 Gross carrying amount	Percentage of total
Interest only (partially)	48,488	33%	48,578	33%	48,936	33%
Interest only (100%)	32,800	22%	33,231	22%	34,081	23%
Redeeming mortgages (annuity/linear)	17,203	12%	15,209	10%	11,956	8%
Savings	21,975	15%	22,448	15%	23,243	16%
Life (investment)	18,619	13%	19,218	13%	20,279	14%
Other[1]	9,449	6%	9,958	7%	9,908	7%
Total	**148,535**	**100%**	**148,642**	**100%**	**148,402**	**100%**

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

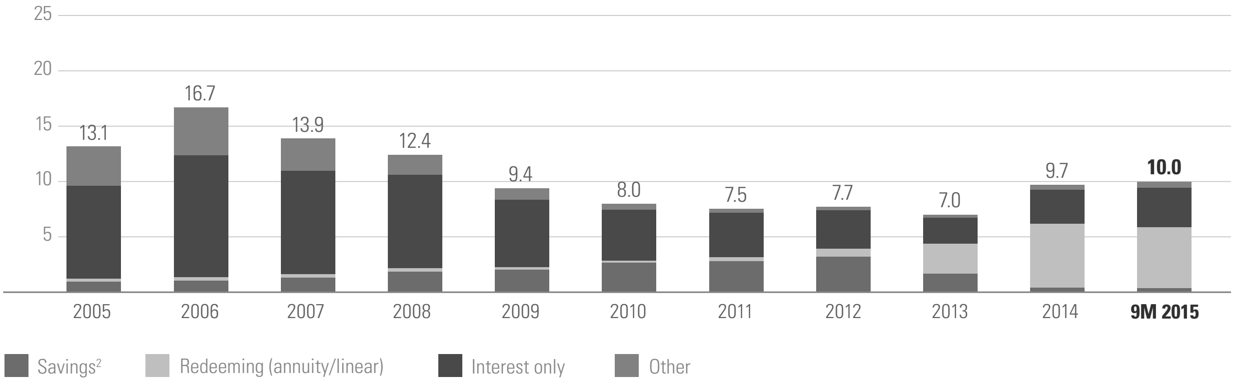
In the past, residential mortgages in the Netherlands were composed of different types of mortgages, e.g. a combination of interest-only and savings mortgages.

Under current tax regulations, new residential mortgages need to be 100% redeemable in order to be eligible for tax deduction. As a result, new mortgages are usually redeeming mortgages.

A gradual shift of the mortgage portfolio to redemption types continued. Redeeming mortgages increased to 12% of the residential mortgage portfolio, up from 10% at 30 June 2015 and 8% at 31 December 2014. 'Redeeming mortgages' is the only category that increased in volume.

The risk profile of the residential mortgage portfolio proved to be low in recent years and the improvement that started in 2014 has proven to be sustainable in 2015. This is evidenced by low impairments across the average loan book. The long-term LtMV of the bank's portfolio is expected to decrease further, as a result of the regulatory reduction of the maximum LtMV on mortgage loans, recovering house prices and redemptions. Furthermore, thanks to the improved housing market, average residual debt on foreclosures continued to decline in Q3 2015.

Breakdown of residential mortgage origination by loan type[1]
(in billions)



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

As of 2012, the Dutch tax regime only allows a tax deduction for interest on redeeming mortgage loans. In the first nine months of 2015, mortgage loan type origination (defined as new production and mortgages with a loan type modification) consisted of 36% interest-only mortgages (2012: 45%), 55% redeeming mortgages (2012: 10%) and 4% savings mortgages (2012: 42%). Interest-only and savings mortgages can still occur due to new clients refinancing their loans.

Energy, Commodities & Transportation Clients

ECT on- and off-balance sheet exposure

	30 September 2015				30 June 2015				31 December 2014
(in billions)	Energy	Commod-ities	Transpor-tation	Total ECT clients	Energy	Commodi-ties	Transpor-tation	Total ECT clients	Total ECT clients
On-balance sheet exposure	**4.5**	**11.6**	**8.5**	**24.6**	**4.4**	**12.8**	**8.0**	**25.2**	**22.2**
Guarantees and letters of credit	0.6	5.6	0.2	6.4	0.7	5.8	0.2	6.6	7.7
Subtotal	**5.1**	**17.2**	**8.7**	**31.0**	**5.1**	**18.5**	**8.2**	**31.9**	**29.9**
Undrawn committed credit facilities	2.4	2.2	1.4	6.0	2.7	2.9	1.7	7.3	5.2
Total on- and off-balance sheet exposure	**7.5**	**19.4**	**10.1**	**37.0**	**7.8**	**21.4**	**9.9**	**39.2**	**35.0**

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

ECT Clients' controlled growth strategy is based on this sector knowledge and focuses on monitoring and managing the credit risk profile of the portfolio in line with the respective market sentiment, trends and economic cycles. Dedicated credit policies are in place for the three ECT Clients sectors, including criteria for transaction structures, type of clients, advance rates, sustainability requirements and exclusion of certain types of transactions, obligors and markets. Core components of ECT Clients' risk management include regular contact and client intimacy at various levels in the client organisation, adherence to a strict client acceptance procedure, monthly credit monitoring meetings for clients with an increased risk ('watch') as well as frequent updates and deep dives into the portfolio and market developments. The majority of the loan book is US-dollar denominated and secured by either commodities for which liquid markets exist, first priority ship mortgages, or pledged contracted project cash flows. Conservative advance rates are applied, taking into account through-the-cycle asset values.

The ECT Clients' total loan portfolio amounted to an equivalent of EUR 24.6 billion on-balance sheet exposure at 30 September 2015, compared with EUR 25.2 billion at 30 June 2015 and EUR 22.2 billion at year-end 2014. The on-balance sheet exposure of the ECT Clients portfolio decreased by 2.4% in the third quarter of 2015. This decrease was mainly attributable to a decrease in Commodities Clients, caused by low commodity prices as well as a slightly weaker US dollar. The decrease was partially offset by growth in the Energy and Transportation sectors.

Over the first nine months of 2015, the on-balance sheet exposure of the ECT Clients portfolio increased by 10.7%, primarily due to the appreciation of the US dollar against the euro, by 8.3% since the start of this year. Growth was realised in the Energy Clients and Transportation Clients sectors, and offset by a lower utilisation of facilities in the Commodities Clients sector due to the low commodity prices.

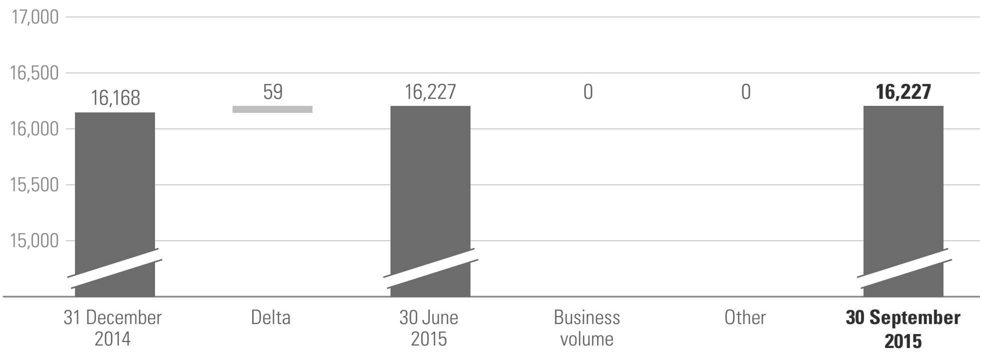
The composition of the ECT Clients loan portfolio in terms of on-balance sheet exposure changed in the third quarter, reflecting further growth in Energy and Transportation and the decrease in the Commodities sector. Commodities Clients remains the largest sector and accounted for 47% of the ECT Clients loan portfolio (down from 51% at the end of Q2 2015 and 52% at year-end 2014). Loans to clients in the Transportation Clients sector now account for 35% (up from 32% at the end of Q2 and 31% at year-end 2014). Energy Clients share in the on-balance exposure is now 18% (up from 17% at the end of Q2 and 17% at year-end 2014).

The off-balance sheet exposure, consisting mainly of short-term letters of credit secured by commodities, guarantees and availability under committed credit lines, decreased to EUR 12.4 billion at 30 September 2015, compared with EUR 14.0 billion at 30 June 2015 and EUR 12.8 billion at year-end 2014.

In the third quarter of 2015, the impairment charges amounted to EUR 62 million, compared with EUR 5 million in the same period last year. This increase was mainly attributable to a specific large impairment charge on a single client as well as an increase in the IBNI allowance. The impairment charges amounted to EUR 97 million for the first nine months of 2015, compared with EUR 17 million in the same period last year. Mainly due to the specific large file, the level of impairment charges in 2015 is high compared with the long-term average of ECT Clients, but should also be seen in relation to the portfolio size.

Operational risk

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



RWA (REA) for operational risk is calculated based on the Standardised Approach (TSA). To calculate the required capital, once a year the gross income is multiplied by a percentage (predefined by the directives).

Third-quarter developments

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

In the third quarter of 2015, the downward trend of operational losses reversed as a result of historical claims against the bank.

After the reporting date, early Q4 2015, ABN AMRO submitted the application for the Advanced Measurement Approach (AMA) status to the supervisor for approval.

Developments in the first nine months

RWA (REA) remained stable in the first nine months of this year.

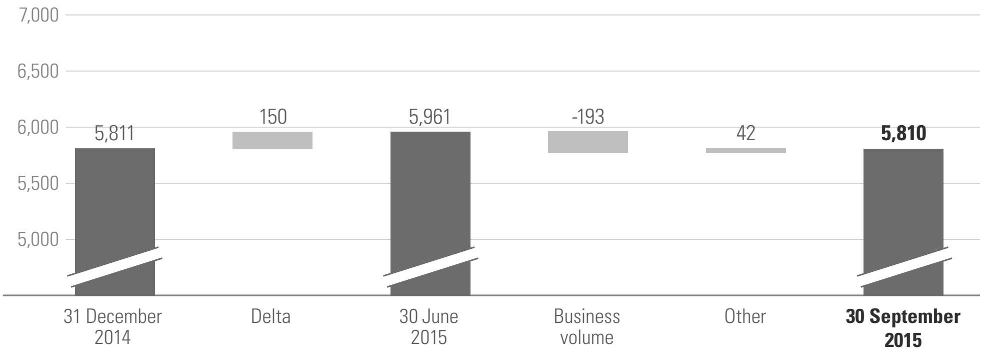
Market risk

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

Market risk in the trading book

ABN AMRO has limited exposures in the trading book.

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



RWA (REA) remained fairly stable at EUR 5.8 billion at 30 September 2015 compared with 30 June 2015 and 31 December 2014.

The Internal Model Approach (IMA) application was submitted to the regulator in October 2014. The regulator is currently reviewing this application.

Internal aggregated diversified and undiverisified VaR for all trading positions

	Q3 2015		Q3 2014		Q2 2015	
(in millions)	Diversified	Undiversified	Diversified	Undiversified	Diversified	Undiversified
VaR at last trading day of period	6.3	8.4	1.1	2.2	5.8	6.7
Highest VaR	8.5	14.4	1.6	2.8	12.7	14.8
Lowest VaR	3.5	4.6	0.8	1.7	4.7	6.6
Average VaR	5.6	7.3	1.0	2.0	7.2	9.2

In the third quarter of 2015, the diversified VaR increased by EUR 5.2 million compared with the same period in 2014, when the average diversified VaR increased by EUR 4.6 million. The increase was due, among other things, to a particularly low interest rate environment, an intensification of market volatility and an increase of client-driven interest rate risk positions in the trading book.

The average VaR for the third quarter of 2015 is EUR 1.6 million lower than the average of the previous quarter. This is mainly due to the unwinding of positions and reduced market volatility.

Market risk in the banking book

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

Interest rate risk metrics

	30 September 2015	30 June 2015	31 December 2014
NII-at-risk (in %)	2.2	3.1	2.2
Duration of equity (in years)	3.4	3.0	4.0
VaR banking book at last trading day of period[1] (in millions)	798	701	959

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

NII-at-Risk is defined as the worst outcome of two scenarios: a gradual increase in interest rates and a gradual decline in interest rates by 200bps. A floor on interest rates is assumed in the falling rates scenario.

In an increasing interest rate scenario, NII would reduce by 0.3% (EUR 20 million). In an decreasing interest rate scenario, NII would reduce by 2.2% (EUR 130 million).

The short-term sensitivity of net interest income to a further change in the yield curve remains limited. NII-at-Risk in Q3 decreased to 2.2% and, like in the previous quarter, reflects sensitivity to the falling rates scenario. In a scenario in which interest rates rise, the sensitivity is even more limited.

Duration of equity increased moderately to 3.4 years, driven by business developments.

VaR in the banking book showed a limited increase to EUR 798 million.

Liquidity risk

Liquidity indicators

	30 September 2015	30 June 2015	31 December 2014
Loan-to-Deposit ratio	110%	111%	117%
LCR	>100%	>100%	>100%
NSFR	>100%	>100%	>100%
Survival period (moderate stress)	>12 months	>12 months	>12 months
Available liquidity buffer (in billions)	85.4	81.8	73.9

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

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

Loan-to-Deposit ratio

(in millions)	30 September 2015	30 June 2015	31 December 2014
Loans and receivables - customers	261,742	266,776	261,910
Net adjustments	-2,918	-3,926	-2,975
Adjusted loans and receivables - customers	**258,824**	**262,850**	**258,935**
Due to customers	228,529	230,322	216,011
Net adjustments	6,358	6,177	6,196
Adjusted due to customers	**234,887**	**236,500**	**222,207**
Loan-to-Deposit ratio	**110%**	**111%**	**117%**

In the third quarter of 2015, the Loan-to-Deposit (LtD) ratio slightly improved to 110% at 30 September 2015 compared with 111% at 30 June 2015. In the first nine months of 2015, the LtD ratio improved to 110% at 30 September 2015 compared with 117% at 31 December 2014. The ratio improved mainly on a large increase in client deposits in all segments in the first half of the year.

Liquidity buffer composition

	30 September 2015		30 June 2015		31 December 2014	
(in billions)	Liquidity buffer	of which LCR eligible	Liquidity buffer	of which LCR eligible	Liquidity buffer	of which LCR eligible
Cash & central bank deposits[1]	18.9	18.9	13.3	13.3	5.3	5.3
Government bonds	26.3	27.2	25.4	26.4	27.3	28.3
Covered bonds	1.5	1.3	1.6	1.4	2.0	1.8
Retained RMBS	31.2		33.3		31.8	
Third party RMBS	0.7	0.6	0.9	0.8	1.0	0.8
Other	6.7	3.7	7.4	4.4	6.5	3.7
Total liquidity buffer	**85.4**	**51.8**	**81.8**	**46.3**	**73.9**	**40.0**
- of which in EUR	94.2%		94.1%		92.7%	
- of which in other currencies	5.8%		5.9%		7.3%	

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

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

The liquidity buffer increased by EUR 3.6 billion to EUR 85.4 billion at 30 September 2015 compared with EUR 81.8 billion at 30 June 2015. The increase was mainly due to higher Cash & central bank deposits as client loans decreased at a higher pace than client deposits did. In the first nine months of 2015, the liquidity buffer increased by EUR 11.5 billion to EUR 85.4 billion at 30 September 2015, up from EUR 73.9 billion at 31 December 2014. The increase was due to a growth in client deposits (Due to customers).

Funding

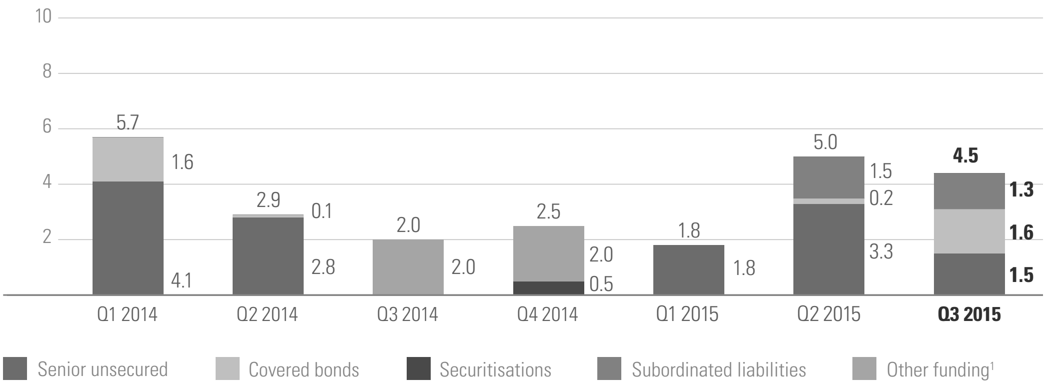
ABN AMRO's funding strategy is based on the bank's moderate risk profile. It aims to optimise and diversify the bank's funding sources in order to maintain its targeted long-term funding position and liquidity profile while also ensuring compliance with regulatory requirements. We aim to strike a balance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

Client deposits (payable to customers) comprise a sound core funding base and serve as the main source of funding, complemented by wholesale funding. Client deposits amounted to EUR 228.5 billion on 30 September 2015, decreasing by EUR 1.8 billion from EUR 230.3 billion on 30 June 2015. In the third quarter of 2015, loans and receivables - customers decreased by EUR 5 billion, resulting in a net deposit growth of EUR 3.2 billion.

Funding raised

Long-term funding raised in the third quarter of 2015 amounted to EUR 4.5 billion, 38% of which was raised in non-euro currencies. This includes EUR 1.4 billion of subordinated liabilities. Total long-term funding raised in the first nine months of the year increased to EUR 11.2 billion. In addition EUR 1 billion of AT1 capital was issued in September 2015. The EUR 11.2 billion of long-term funding issued in the first nine months of 2015 matches the EUR 11.2 billion of maturing long-term funding.

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



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

Total wholesale funding (issued debt and subordinated liabilities) decreased by EUR 0.8 billion, arriving at EUR 88.8 billion on 30 September 2015 from EUR 89.6 billion on 30 June 2015. This partially offsets the EUR 4.1 billion wholesale funding increase observed in the first half of 2015. In the first nine months of 2015, total wholesale funding increased by EUR 3.3 billion.

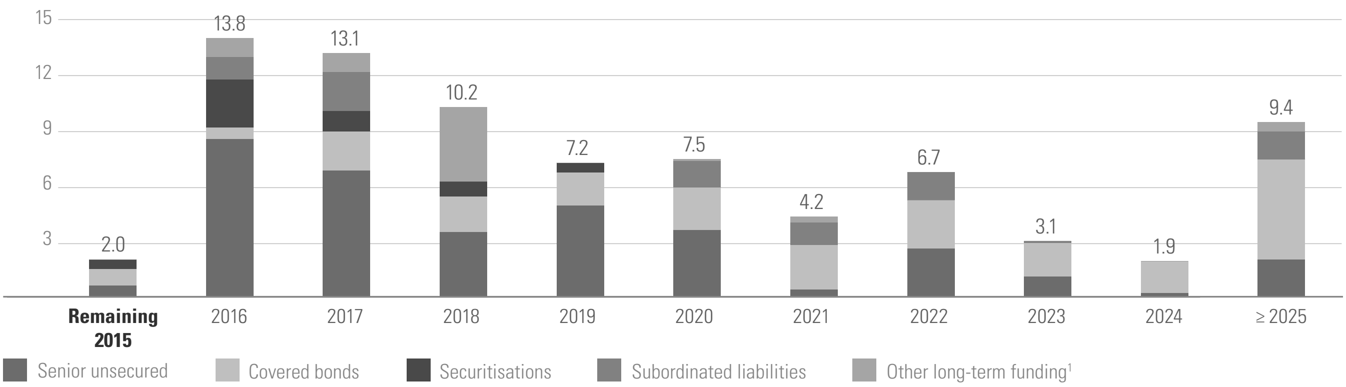
Overview of funding types

(in millions)	30 September 2015	30 June 2015	31 December 2014
Euro Commercial Paper	2,798	2,304	1,706
London Certificates of Deposit	4,119	5,369	1,436
French Certificats de Dépôt	357	787	1,517
US Commercial Paper	4,440	4,391	4,070
Total Commercial Paper/Certificates of Deposit	**11,714**	**12,850**	**8,729**
Senior unsecured (medium-term notes)	35,403	34,276	32,252
Covered bonds	26,482	26,970	27,077
Securitisations	5,468	5,468	9,001
Saving certificates	59	60	72
Total issued debt	**79,126**	**79,626**	**77,131**
Subordinated liabilities	9,660	9,938	8,328
Total wholesale funding	**88,786**	**89,564**	**85,458**
Other long-term funding[1]	6,798	6,931	6,900
Total funding instruments[2]	**95,584**	**96,494**	**92,358**
- of which CP/CD matures within one year	11,714	12,850	8,729
- of which funding instruments (excl. CP/CD) matures within one year	13,422	15,917	11,618
- of which matures after one year	70,448	67,727	72,012

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

Maturity calendar

Maturity calendar at 30 September 2015
(notional amounts, in billions)



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

Maturity calendar

30 September 2015

(notional amounts, in billions)	Remaining 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	≥ 2025
Senior unsecured	0.6	8.5	6.8	3.5	4.9	3.6	0.4	2.6	1.1	0.2	2.0
Covered bonds	0.9	0.6	2.1	1.9	1.8	2.3	2.4	2.6	1.8	1.7	5.4
Securitisations	0.5	2.6	1.1	0.8	0.5						
Subordinated liabilities		1.2	2.1			1.4	1.2	1.5	0.1		1.5
Other long-term funding[1]		1.0	1.0	4.0		0.1	0.3				0.5
Total	**2.0**	**13.8**	**13.1**	**10.2**	**7.2**	**7.5**	**4.2**	**6.7**	**3.1**	**1.9**	**9.4**

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

The remaining maturity of the total outstanding long-term wholesale funding increased slightly from 4.4 to 4.6 years.

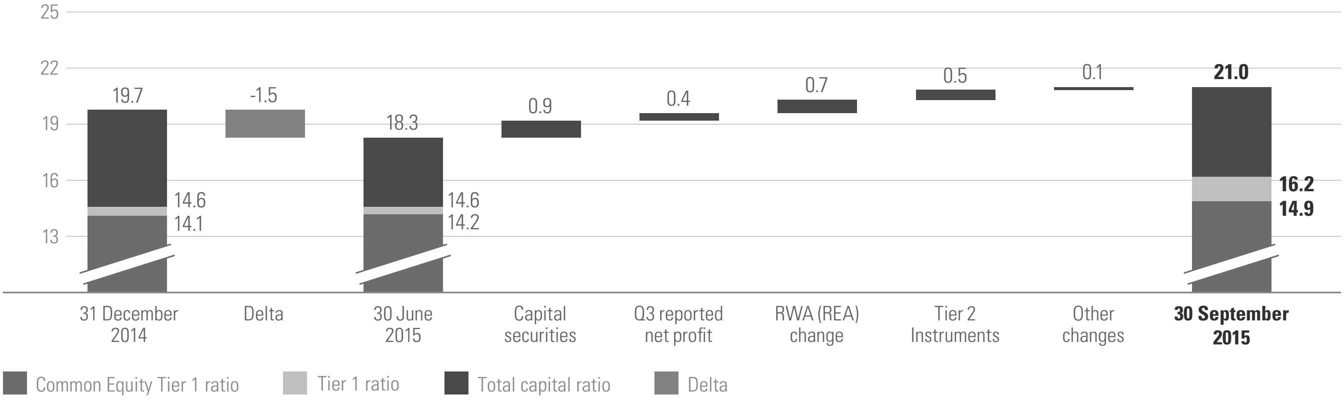
Capital management

ABN AMRO's solid capital position ensures that the bank is already compliant with the more stringent fully-loaded capital requirements of Basel III. The overall capital base substantially increased over the third quarter due to accumulated profit and Additional Tier 1 and Tier 2 issuances. The bank strives to optimise its capital structure in anticipation of upcoming regulatory requirements. The capital structure consists mainly of highly loss-absorbing capital to cover unexpected losses. The subordination in specific capital elements provides further protection to senior creditors.

Regulatory capital structure

(in millions)	30 September 2015	30 June 2015	31 December 2014
Total equity (EU IFRS)	**17,094**	**15,899**	**14,877**
Cash flow hedge reserve	1,152	1,233	1,223
Dividend reserve	-312	-457	-275
Capital securities	-993		
Other regulatory adjustments	-436	-394	-399
Common Equity Tier 1	**16,505**	**16,281**	**15,426**
Innovative hybrid capital instruments	700	700	800
Capital securities	993		
Other regulatory adjustments	-237	-243	-241
Tier 1 capital	**17,961**	**16,738**	**15,985**
Subordinated liabilities Tier 2	4,885	4,260	5,502
Excess Tier 1 capital recognised as Tier 2 capital	300		200
Other regulatory adjustments	30	-8	-39
Total regulatory capital	**23,177**	**20,990**	**21,648**
Total risk-weighted assets (risk exposure amount)	**110,602**	**114,930**	**109,647**
Common Equity Tier 1 ratio	14.9%	14.2%	14.1%
Tier 1 ratio	16.2%	14.6%	14.6%
Total capital ratio	21.0%	18.3%	19.7%
Common Equity Tier 1 capital (fully-loaded)	16,380	16,121	15,435
Common Equity Tier 1 ratio (fully-loaded)	14.8%	14.0%	14.1%
Tier 1 capital (fully-loaded)	17,373	16,121	15,435
Tier 1 ratio (fully-loaded)	15.7%	14.0%	14.1%
Total capital (fully-loaded)	20,311	17,691	20,746
Total capital ratio (fully-loaded)	18.4%	15.4%	18.9%

Developments impacting capital ratios in Q3 2015
(in %)



As of the 30 September 2015, the phase-in CRD IV Common Equity Tier 1, Tier 1 and Total Capital ratios were 14.9%, 16.2% and 21.0% respectively, showing an increase when compared with Q2 2015. All capital ratios were well above regulatory minimum requirements and in line with the bank's risk appetite and strategic ambitions. ABN AMRO's capital position has strengthened over the past quarter, as a result of profit accumulation and the issuance of capital instruments. ABN AMRO issued a EUR 1.0 billion Additional Tier 1 instrument in September. In addition, ABN AMRO issued a USD 1.5 billion Tier 2 instrument in July 2015, supporting the capital base and providing compensation for the call of a grandfathered EUR 1.65 billion Tier 2 instrument in July 2015. The Tier 2 issuance led to an increase in Total Capital of EUR 1.3 billion at 30 September 2015, while the call had a negative impact of EUR 0.7 billion at that date, resulting in a net increase of the Total Capital ratio of 0.5 percentage points at 30 September 2015 compared with 30 June 2015.

Furthermore, capital ratios are supported by a decrease in group level RWA (REA) as compared with June 2015. Total RWA (REA) decreased by EUR 4.3 billion, amounting to EUR 110.6 billion at 30 September 2015, compared with EUR 114.9 billion at 30 June 2015. This decrease was primarily caused by lower credit risk in Corporate Banking and Group Functions. More information on RWA (REA) is provided in the risk sections of this report.

The fully-loaded Common Equity Tier 1, fully-loaded Tier 1 and fully-loaded Total Capital ratio have increased to 14.8%, 15.7% and 18.4% respectively over the past quarter.

Since 31 December 2014, the fully-loaded Total Capital ratio has decreased by 0.5 percentage point. This decrease can be attributed to the fact that the ECB informed ABN AMRO in August that certain Tier 2 instruments of ABN AMRO Bank were to be excluded from the total capital calculation. The exclusion applies to Tier 2 instruments that had been issued after year-end 2011 (the CRR cut-off date) and before revocation of the 403-liability statement of ABN AMRO Group that had been issued on behalf of ABN AMRO Bank. These Tier 2 instruments no longer meet the requirements of the Capital Requirements Regulation (CRR). Furthermore, three other instruments became subject to the grandfathering regime and their Tier 2 eligibility amortises annually. The change in Tier 2 eligibility caused the Total Capital ratio to decrease, although profit accumulation, capital issuances and a decrease in RWA (REA) have partly offset these developments.

Dividend

Over the full year 2015, ABN AMRO intends to pay a dividend of 40% of the reported net profit, of which EUR 350 million has already been paid out as interim dividend.

MREL

The Group is monitoring upcoming regulatory requirements in relation to MREL and TLAC and aims for equal or above 8% MREL by year-end 2018 (through subordinated debt and profit retention) and pre-position for TLAC through subordinated debt and profit retention. The final requirements for MREL and TLAC will determine the precise measures to be undertaken to achieve the MREL requirement. At 30 September 2015, the Group had a fully-loaded leverage ratio of 3.5%, and 6.4% MREL (based on Own Funds and Other subordinated liabilities).

Leverage ratio

	30 September 2015		30 June 2015	31 December 2014
	Phase-in	Fully-loaded	Fully-loaded	Fully-loaded
Tier 1 capital	**17,961**	**17,373**	**16,121**	**15,435**
Exposure measure (under CDR)				
On-balance sheet exposures	413,287	413,287	410,661	386,867
Off-balance sheet items	28,269	28,269	28,468	26,702
On-balance sheet netting	31,228	31,228	44,729	37,709
Derivative exposure	47,216	47,216	51,869	-11,783
Securities financing exposures	1,440	1,440	1,758	1,078
Other regulatory measures	-18,871	-18,802	-19,971	-19,262
Exposure measure	**502,570**	**502,639**	**517,514**	**421,311**
Leverage ratio (CDR)	**3.6%**	**3.5%**	**3.1%**	**3.7%**

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

The fully-loaded CDR leverage ratio amounted to 3.5% at 30 September 2015, increasing from 3.1% at 30 June 2015. The leverage ratio benefitted from an increase in Tier 1 capital, driven by retained earnings and the newly issued AT1 instrument. Additionally, the exposure measure declined and benefitted from a decline of the notional pooling and derivative exposure position.

The fully-loaded CDR leverage ratio as at 30 September 2015 shows a decrease of 0.2 percentage point when compared to the 2014 year-end level of 3.7%. In Q2 2015 a revised calculation method for the exposure measure for clearing services was implemented, causing an exposure measure increase of approximately EUR 53 billion[1]. If the fully-loaded leverage ratio had been calculated consistently using this revised calculation method, the leverage ratio would have amounted to 3.2% at 31 December 2014.

[1] As set out in Commission Delegated Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the leverage ratio ("CDR").

Regulatory capital developments

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

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

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

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

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

Review report

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial information as at 30 September 2015 of ABN AMRO Group N.V., Amsterdam, which comprises the condensed consolidated statement of financial position as at 30 September 2015, the condensed consolidated income statement and the condensed consolidated statement of comprehensive income for the three months period and nine months period ended 30 September 2015 and the condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine months period ended 30 September 2015 and the notes. The Managing Board of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

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

Conclusion

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

Amstelveen, 6 November 2015

KPMG ACCOUNTANTS N.V.
D. Korf RA

Consolidated income statement

(in millions)	Note	2014	2013	2012
Income				
Interest income		13,376	13,383	13,979
Interest expense		7,353	8,003	8,951
Net interest income	4	**6,023**	**5,380**	**5,028**
Fee and commission income		2,693	2,639	2,552
Fee and commission expense		1,002	996	996
Net fee and commission income	5	**1,691**	**1,643**	**1,556**
Net trading income	6	174	106	263
Share of result in equity accounted investments		51	46	74
Other operating income	7	117	149	417
Operating income		**8,055**	**7,324**	**7,338**
Expenses				
Personnel expenses	8	2,684	2,357	2,151
General and administrative expenses	9	2,450	2,171	2,269
Depreciation and amortisation of tangible and intangible assets	22	204	242	266
Operating expenses		**5,338**	**4,770**	**4,686**
Impairment charges on loans and other receivables		1,171	983	1,228
Total expenses		**6,509**	**5,753**	**5,914**
Operating profit/(loss) before taxation		**1,546**	**1,571**	**1,424**
Income tax expense	10	412	411	271
Profit/(loss) for the year		**1,134**	**1,160**	**1,153**
Attributable to:				
Owners of the company		1,134	1,162	1,153
Non-controlling interests			-2	

Consolidated statement of comprehensive income

(in millions)	2014	2013	2012
Profit/(loss) for the year	**1,134**	**1,160**	**1,153**
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Remeasurement gains/(losses) on defined benefit plans	-179	-291	-4,379
Items that will not be reclassified to the income statement before taxation	**-179**	**-291**	**-4,379**
Income tax relating to items that will not be reclassified to the income statement	-44	-73	-1,095
Items that will not be reclassified to the income statement after taxation	**-135**	**-218**	**-3,284**
Items that may be reclassified to the income statement			
Currency translation reserve	96	-68	-1
Available-for-sale reserve	360	45	377
Cash flow hedge reserve	326	541	-243
Share of other comprehensive income of associates	17	4	61
Other changes	5	-4	-22
Other comprehensive income for the period before taxation	**804**	**518**	**172**
Income tax relating to components of other comprehensive income	168	146	39
Other comprehensive income for the period after taxation	**636**	**372**	**133**
Total comprehensive income/(expense) for the period after taxation	**1,635**	**1,314**	**-1,998**
Total comprehensive income attributable to:			
Owners of the company	1,635	1,316	-1,998
Non-controlling interests		-2	

Consolidated statement of financial position

(in millions)	Note	31 December 2014	31 December 2013	31 December 2012
Assets				
Cash and balances at central banks	11	706	9,523	9,796
Financial assets held for trading	12	9,017	12,019	7,089
Derivatives	13	25,285	14,271	21,349
Financial investments	15	41,466	28,111	21,730
Securities financing	16	18,511	18,362	28,793
Loans and receivables - banks	18	21,680	23,967	32,183
Residential mortgages	19	151,998	153,439	158,666
Consumer loans	19	15,398	15,629	16,200
Commercial loans	19	87,866	85,268	86,391
Other loans and receivables - customers	19	6,648	2,692	1,195
Equity accounted investments	21	1,136	1,082	1,011
Property and equipment	22	1,412	1,426	1,519
Goodwill and other intangible assets	22	255	195	223
Tax assets	10	504	910	1,519
Other assets	23	4,986	5,128	6,094
Total assets		**386,867**	**372,022**	**393,758**
Liabilities				
Financial liabilities held for trading	12	3,759	4,399	3,722
Derivatives	13	30,449	17,227	27,508
Securities financing	16	13,918	12,266	19,521
Due to banks	24	15,744	11,626	16,935
Demand deposits	25	109,753	100,151	93,682
Saving deposits	25	88,655	87,448	81,384
Time deposits	25	17,459	19,638	26,196
Other due to customers	25	144	347	343
Issued debt	26	77,131	88,682	95,048
Subordinated liabilities	26	8,328	7,917	9,736
Provisions	27	1,003	1,550	1,915
Tax liabilities	10	175	90	146
Other liabilities	29	5,473	7,113	4,739
Total liabilities		**371,990**	**358,454**	**380,875**
Equity				
Share capital		940	940	1,015
Share premium		12,970	12,970	13,105
Other reserves (incl. retained earnings/profit for the period)		1,769	4,554	3,811
Other comprehensive income		-814	-4,909	-5,067
Equity attributable to owners of the parent company	30	**14,865**	**13,555**	**12,864**
Equity attributable to non-controlling interests		12	13	19
Total equity		**14,877**	**13,568**	**12,883**
Total liabilities and equity		**386,867**	**372,022**	**393,758**
Committed credit facilities	32	16,164	13,764	17,635
Guarantees and other commitments	32	15,335	16,103	16,777

Consolidated statement of changes in equity

(in millions)	Share capital	Share premium reserve	Other reserves including retained earnings	Other compre-hensive income	Net profit/ (loss) attributable to share-holders	Total	Non-controlling interests	Total equity
Balance at 1 January 2012	**1,015**	**11,505**	**2,078**	**-1,938**	**665**	**13,325**	**20**	**13,345**
Total comprehensive income			-22	-3,129	1,153	-1,998		-1,998
Transfer			665		-665			
Dividend			-63			-63		-63
Increase/(decrease) of capital	0[1)]							
MCS conversion		2,000				2,000		2,000
Ageas settlement		-400				-400		-400
Other changes in equity							-1	-1
Balance at 31 December 2012	**1,015**	**13,105**	**2,658**	**-5,067**	**1,153**	**12,864**	**19**	**12,883**
Total comprehensive income			-4	158	1,162	1,316	-2	1,314
Issue of share capital								
Share based payments								
Transfer			1,153		-1,153			
Dividend			-412			-412		-412
Increase/(decrease) of capital	-75	-135	-3			-213		-213
Other changes in equity							-4	-4
Balance at 31 December 2013	**940**	**12,970**	**3,392**	**-4,909**	**1,162**	**13,555**	**13**	**13,568**
Total comprehensive income			5	496	1,134	1,635		1,635
Transfer			1,162		-1,162			
Dividend			-325			-325		-325
Reclassification post-employment benefit plan[2)]			-3,599	3,599				
Increase/(decrease) of capital								
Balance at 31 December 2014	**940**	**12,970**	**635**	**-814**	**1,134**	**14,865**	**12**	**14,877**

1 In connection with the MCS conversion, ABN AMRO Group NV issued one class A ordinary share (nominal value of EUR 1.00) to NLFI.

2. Reclassification of EUR 3,599 million (EUR 4,799 million gross and EUR 1,200 tax) from Remeasurement gains/(losses) to Other reserves including retained earnings following the change of pension scheme.

Other comprehensive income is specified as follows:

(in millions)	Remeasurement gains/(losses) on post-retirement benefit plans	Currency translation reserve	Available-for-sale reserve	Cash flow hedge reserve	Share of OCI of associates and joint ventures	Total
Balance at 1 January 2012		**6**	**-253**	**-1,691**		**-1,938**
Net gains/(losses) arising during the period2	-4,379	-1	411	-355	61	-4,263
Less: Net realised gains/(losses) included in income statement			34	-112		-78
Net gains/(losses) in equity	-4,379	-1	377	-243	61	-4,185
Related income tax	-1,095		100	-61		-1,056
Balance at 31 December 2012	-3,284	5	24	-1,873	61	-5,067
Net gains/(losses) arising during the period	-291	-68	88	416	4	149
Less: Net realised gains/(losses) included in income statement			43	-125		-82
Net gains/(losses) in equity	-291	-68	45	541	4	231
Related income tax	-73	1	10	135		73
Balance at 31 December 2013	**-3,502**	**-64**	**59**	**-1,467**	**65**	**-4,909**
Reclassification post-employment benefit plan[2)]	3,599					3,599
Net gains/(losses) arising during the period	-179	96	357	274	17	566
Less: Net realised gains/(losses) included in income statement			-2	-52		-54
Net gains/(losses) in equity	**-179**	**96**	**360**	**326**	**17**	**620**
Related income tax	-44	-3	89	81		124
Balance at 31 December 2014	**-38**	**36**	**329**	**-1,223**	**82**	**-814**

[1] Reclassification of EUR 3,599 million (EUR 4,799 million gross and EUR 1,200 million tax) from Remeasurement gains/(losses) to Other reserves including retained earnings following the change of pension scheme.

2014

Total comprehensive income includes EUR 1,134 million profit for 2014.

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

A final dividend of EUR 200 million was paid out to the shareholder, bringing the total dividend for full-year 2013 to EUR 350 million. An interim dividend of 125 million was paid to the shareholder in November 2014.

ABN AMRO reached a negotiated result with the trade unions and the ABN AMRO Pension Fund on a new pension scheme for its employees in the Netherlands as part of the new collective labour agreement. The new pension scheme is a collective defined contribution (CDC) plan. This scheme will cover all existing and future pension obligations of ABN AMRO in the Netherlands.

The settlement resulted in a reclassification of EUR 3,599 million (EUR 4,799 million gross and EUR 1,200 million tax) from Remeasurement gains/(losses) on post-retirement benefit plans to Other reserves including retained earnings. More information is provided in note 28.

2013

ABN AMRO adopted IAS 19 Employee Benefits as per 1 January 2013 and has adjusted the 2012 figures accordingly.

In 2013, a final dividend of EUR 250 million for the year 2012 was paid to the shareholder and EUR 12 million to holders of preference shares A. An interim dividend of EUR 150 million was paid to the shareholder in 2013.

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

Share of Other comprehensive income of associates and joint ventures is related to the movement in Other comprehensive income of the associates and joint ventures of ABN AMRO.

2012

Due to the conversion of the EUR 2.0 billion Mandatory Convertible Securities, the share premium reserve increased by EUR 2.0 billion. In connection with this settlement, ABN AMRO Group N.V. issued one share (nominal value of EUR 1) to NLFI.

The settlement of all legal proceedings between ABN AMRO and the Dutch government on the one side and Ageas on the other side on 28 June 2012 led to a one-off cash payment by ABN AMRO to Ageas of EUR 400 million. This transaction is characterised as a shareholder's transaction under IFRS; therefore the amount of EUR 400 million was charged directly to equity (deduction from the share premium reserve).

Total equity decreased by EUR 0.5 billion, mainly driven by the abovementioned EUR 1.6 billion increase in equity following the MCS conversion/Ageas settlement, EUR 1.2 billion profit for the year 2012 and the loss related to impact of the amended pension accounting standard IAS 19 of EUR 3.1 billion.

In 2012, a final dividend of EUR 50 million for the year 2011 was paid to ordinary shareholders and EUR 13 million to holders of preference shares A.

Consolidated statement of cash flows

(in millions)	2014	2013	2012
Profit/(loss) for the period	**1,134**	**1,160**	**1,153**
Adjustments on non-cash items included in profit:			
(Un)realised gains/(losses)	152	-591	1,144
Share of profits in associates and joint ventures	-73	-55	-82
Depreciation, amortisation and accretion	357	372	412
Provisions and impairment losses	1,334	1,128	1,340
Income tax expense	412	411	271
Changes in operating assets and liabilities:			
Assets held for trading	3,150	-4,995	8,212
Derivatives - assets	-10,994	7,072	-2,878
Securities financing - assets	1,258	9,940	15,248
Loans and receivables - banks	-1	9,715	2,241
Residential mortgages	1,310	4,833	-83
Consumer loans	326	158	-673
Commercial loans	-1,361	-118	-6,776
Other loans and receivables - customers	-3,721	-1,596	40
Other assets	-17	872	-799
Liabilities held for trading	-872	747	-5,605
Derivatives - liabilities	13,209	-10,276	1,244
Securities financing - liabilities	818	-6,963	-18,367
Due to banks	4,018	-5,007	-1,928
Demand deposits	7,844	6,864	3,747
Saving deposits	1,147	6,085	6,648
Time deposits	-2,575	-6,394	2,444
Other due to customers	-210	21	-96
Liabilities arising from insurance and investment contracts	-140	-263	-243
Net changes in all other operational assets and liabilities	-1,428	1,795	150
Dividend received from associates	104	58	66
Income tax paid	-56	73	-581
Cash flow from operating activities	**15,121**	**15,046**	**6,249**

continued >

(in millions)	2014	2013	2012
Investing activities:			
Purchases of financial investments	-22,986	-14,308	-4,952
Proceeds from sales and redemptions of financial investments	12,206	7,150	3,547
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures	241	-95	-73
Divestments of subsidiaries (net of cash sold), associates and joint ventures	82	-187	67
Purchases of property and equipment	-258	-238	-268
Proceeds from sales of property and equipment	73	110	64
Purchases of intangible assets	-120	-21	-24
Other changes			-5
Cash flow from investing activities	**-10,762**	**-7,589**	**-1,644**
Financing activities:			
Proceeds from the issuance of debt	23,890	43,881	79,014
Repayment of issued debt	-39,108	-47,919	-83,232
Proceeds from subordinated liabilities issued			2,794
Repayment of subordinated liabilities issued	-51	-1,497	-23
Ageas settlement			-400
Preference shares settlement		-210	
Dividends paid to the owners of the parent company	-325	-412	-63
Repayment of capital (including non-controlling interests)		-3	
Cash flow from financing activities	**-15,595**	**-6,160**	**-1,910**
Net increase/(decrease) of cash and cash equivalents	-11,236	1,297	2,695
Cash and cash equivalents as at 1 January	15,319	14,091	11,404
Effect of exchange rate differences on cash and cash equivalents	128	-69	-8
Cash and cash equivalents as at 31 December	**4,212**	**15,319**	**14,091**
Supplementary disclosure of operating cash flow information			
Interest paid	7,519	7,697	8,057
Interest received	13,259	12,466	13,099
Dividend received from investments	71	38	59

The following table shows the determination of cash and cash equivalents at 31 December.

(in millions)	31 December 2014	31 December 2013	31 December 2013
Cash and balances at central banks	706	9,523	9,796
Loans and receivables banks (less than 3 months)[1]	3,506	5,796	4,295
Total cash and cash equivalents	**4,212**	**15,319**	**14,091**

1 Loans and receivables banks with a maturity less than 3 months is included in Loans and receivables - banks. See note 18.

notes to the Annual Financial Statements

1 Accounting policies

The notes to the consolidated Annual Financial Statements including the audited sections in the Risk & Capital Report are an integral part of these Annual Financial Statements.

This section describes ABN AMRO's significant accounting policies and critical accounting estimates or judgements relating to the Financial Statements and notes as a whole. If an accounting policy or a critical accounting estimate relates to a specific note, it is included within the relevant note.

Corporate information

ABN AMRO Group N.V. (referred to as ABN AMRO Group) is the parent company of ABN AMRO Bank N.V. and a related consolidated group of companies (referred to as the Group or ABN AMRO). ABN AMRO Group is a public limited liability company, incorporated under Dutch law on 18 December 2009, and registered at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands.

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

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

The Consolidated Annual Financial Statements of ABN AMRO Group for the annual period ended 31 December 2014 incorporate financial information of ABN AMRO Group N.V., its controlled entities, interests in associates and joint ventures. The Annual Financial Statements were prepared by the Managing Board and authorised for issue by the Supervisory Board and Managing Board on 19 March 2015.

Statement of compliance

The Consolidated Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). They also comply with the financial reporting requirements included in Title 9 of Book 2 of the Dutch Civil Code, as far as applicable.

Basis of preparation

The Consolidated Annual Financial Statements are prepared in accordance with IFRS (as endorsed by the European Union) on the basis of a mixed valuation model as follows:

- Fair value is used for:
  - derivative financial instruments;
  - financial assets and liabilities held for trading or designated as measured at fair value through profit or loss;
  - available-for-sale financial assets;
  - investments in associates of a private equity nature.
- Other financial assets (including loans and receivables) and liabilities are valued at amortised cost less any impairment, if applicable;
- The carrying value of assets and liabilities measured at amortised cost included in a fair value hedge relationship is adjusted with respect to fair value changes resulting from the hedged risk;
- Non-financial assets and liabilities are generally stated at historical cost;
- Equity-accounted investments are accounted for using the net equity method.

The Annual Financial Statements are prepared under the going concern assumption. The Annual Financial Statements are presented in euros, which is the reporting currency of ABN AMRO, rounded to the nearest million (unless otherwise stated).

ABN AMRO aims to improve the relevance and understandability of its external reporting. In line with the Disclosure Initiative objective of the IASB, ABN AMRO improved the relevance of the Statement of financial position and the Income statement. These changes have impacted the Statement of cash flows accordingly. ABN AMRO believes that the amended presentation aligns better with its business model.

The changes are limited to presentation only and do not impact total equity, total assets or net profit. The main change is the addition of several new line items in the Statement of financial position. The new line items are listed below:

- Derivatives. This line item comprises derivatives held for trading (formerly reported as part of Financial assets held for trading) and derivatives held for risk management purposes (formerly reported as part of Other assets). In combination with our note 13 Derivatives, this provides the reader a more comprehensive overview of all derivatives held and the different management purposes for which they are held;
- Securities financing. This line item consists of sale and repurchase transactions and other similar secured borrowing and lending transactions with customers and banks. These contracts were reported as liabilities Due to banks and customers and Loans and receivables from banks and customers respectively in the 2013 Consolidated statement of financial position. Securities financing transactions are by nature different, for instance regarding risk characteristics and maturity;
- Loans and receivables - customers. These have been divided into four separate line items. These are Residential mortgages, Consumer loans, Commercial loans and Other loans and receivables. These product classes reflect our core businesses and are individually significant; and
- Due to customers. This line item is divided into four separate line items. These are Demand deposits, Saving deposits, Time deposits and Other due to customers, and reflect our core business.

ABN AMRO has aggregated current and deferred tax, and has aggregated assets held for sale, accrued income and prepaid expenses with other assets. We consider these line items not to be significant to warrant separate presentation on the face of the Statement of financial position. In addition, current and deferred tax liabilities and other liabilities are aggregated accordingly.

In addition to the changes made in the Statement of financial position, a change has been made to the Income statement. The line item Results from financial transactions is no longer presented separately but is now a component of Other income. The reason for the change is that these results are not one of ABN AMRO's primary sources of income and therefore do not require separate presention in the income statement.

As a result of these changes, ABN AMRO has chosen to present two comparative years.

Disclosures

To combine disclosures where possible and to reduce duplication, we have integrated some IFRS disclosures into our Managing Board report. These are:

- IFRS 7 Risk disclosures of financial instruments. These are disclosed in the Risk & Capital Report;
- IAS 1 Risk and financial instrument disclosures. These are part of the Risk & Capital Report.

IFRS disclosures in the Risk & Capital Report on pages 87 to 210 are labelled as 'audited'. These disclosures are an integral part of the Consolidated Annual Financial Statements and are covered by the Audit opinion.

Changes in accounting policies

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

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

The aforementioned standards have been adopted in accordance with the transitional requirements as set out in these standards.

Consolidation is required when there is control that is defined as a combination of power, exposure to variability in returns and a link between the two. The application of IFRS 10, 11 and the amendments to IFRS 10, 11 and 12: Transitional guidance did not result in significant changes in ABN AMRO's consolidated financial statements. IFRS 12 includes disclosure requirements for interests in and risks arising from subsidiaries, joint arrangements, associates and structured entities. These disclosures are included in note 21.

Other amendments adopted

IAS 32 Offsetting financial assets and financial liabilities. These amendments clarify the offsetting requirements for financial assets and financial liabilities. ABN AMRO has concluded that the amendment has no significant impact on its offsetting policies.

IAS 36 Recoverable amount disclosures for non-financial assets. These amendments address disclosure requirements for recoverable amount information if this amount is based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014.

IAS 39 Financial instruments: Novation of Derivatives and Continuation of Hedge Accounting. This amendment allows hedge accounting to continue in a situation where a derivative, designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations. The amendment has no significant impact on ABN AMRO's results or financial position.

IFRIC 21 Levies. This IFRS interpretation applies to all government related levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The timing of charging levies to the income statement is clarified according to IAS 37. The interpretation has no significant impact on ABN AMRO's results or financial position.

New accounting standards and interpretations

Annual improvements to IFRSs (2011-2013). In December 2013 the IASB issued the annual improvements to IFRSs 2011-2013 cycle, which were endorsed by the EU in December 2014. The amendments are required to be applied for annual periods beginning on or after 1 July 2014. The impact of the amendments is expected to be insignificant. The amendments are listed below.

- IFRS 1 First-time adoption of International Financial Reporting Standards – Meaning of 'effective IFRSs';
- IFRS 3 Business Combinations – Scope exceptions for joint ventures;
- IAS 40 Investment Property – Clarifying the interrelationship between IFRS 3;
- IAS 40 when classifying property as investment property or owner-occupied property.

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

IFRS 9 Financial Instruments: In July 2014 the IASB published the final version of the new standard that replaces IAS 39 Financial instruments: Recognition and Measurement. The mandatory effective date of IFRS 9 will be for annual periods beginning on or after 1 January 2018. In comparison with IAS 39, IFRS 9 has changed requirements for Classification and measurement, Impairment and Hedge accounting, in addition to containing extensive new disclosure requirements. Although the implementation of all changed requirements will take a considerable effort, ABN AMRO expects that the changes to the impairment model will have the largest impact on the Financial Statements. IFRS 9 replaces the 'incurred loss' model with the 'expected credit loss model'. The main difference is that IFRS 9 requires entities to recognise expected credit losses in profit and loss for all financial assets not measured at fair value through profit and loss, even for those that are newly originated or acquired. IAS 39 only allows the recognition of a loss if a loss event has occurred. This difference in approach will result in higher loan loss impairments and corresponding lower equity. Because of the size of the project, the impact of the assessment on the Financial Statements will continue well into 2015.

IFRS 11 Joint Arrangements: Accounting for acquisitions of interest in joint operations (Amendments). The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments are required to be applied to acquisitions occurring from the start of the first annual period beginning on or after 1 January 2016.

IFRS 15 Revenue from contracts with customers: This standard was issued in May 2014. It establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017. ABN AMRO is currently making an assessment on the impact on the Financial Statements.

Annual improvements to the IFRS 2010-2012 cycle - This cycle of annual improvements comprises a total of eight amendments related to seven standards. The standards amended are as follows.
- IFRS 2 Share-based payment – Definition of vesting condition;
- IFRS 3 Business combinations – Accounting for contingent consideration in a business combination;
- IFRS 8 Operating segments – Aggregation of operating segments. Reconciliation of the total of reportable segments' assets to the entity's assets;
- IFRS 13 Fair value measurement – Short-term receivables and payables;
- IAS 16 Property, plant and equipment – Revaluation method – proportionate restatement of accumulated depreciation;
- IAS 38 Intangible assets – Revaluation method – proportionate restatement of accumulated amortisation.

The requirements of this set of amendments are to be applied for annual periods beginning on or after 1 July 2014.The impact of these amendments has been assessed and the outcome had no impact.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain estimates. It also 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 decisions and estimates based on judgement. Accounting policies for most significant areas requiring management to make judgements and estimates that affect reported amounts and disclosures are disclosed in the following sections:

Impairment losses on loans and receivables	Risk & Capital Report
Fair value of financial instruments	note **17**
Income taxes	note **10**
Impairment of available-for-sale instruments	note **15**
Provisions	note **27**

Assessment of risk and rewards

Whenever ABN AMRO is required to assess risks and rewards, when considering the recognition and derecognition of assets or liabilities and the consolidation and deconsolidation of subsidiaries, ABN AMRO may sometimes be required to use judgement. Although management uses its best knowledge of current events and actions in making assessments of expected risk and rewards, actual risks and rewards may ultimately differ.

Significant accounting policies

Basis of consolidation

The Consolidated Financial Statements of ABN AMRO Group N.V. include the financial statements of the parent company and its controlled entities. It incorporates assets, liabilities, revenues and expenses of ABN AMRO Group N.V. and its subsidiaries. Non-controlling interests (held by third parties) in both equity and results of group companies are presented separately in the Consolidated Financial Statements.

Subsidiaries are included using the same reporting period and consistent accounting policies. Intercompany balances and transactions, and any related unrealised gains and losses, are eliminated in preparing the Consolidated Financial Statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of ABN AMRO's interest in the entities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

Foreign currency

The Consolidated Financial Statements are stated in euros, which is the presentation and functional currency of ABN AMRO.

Foreign currency differences

ABN AMRO applies IAS 21 The effect of changes in foreign exchange rates. Transactions and balances in foreign currencies are translated into euros at the rate prevailing on the transaction date. Foreign currency balances are translated into euros at the period end exchange rates. Exchange gains and losses on such balances are recognised in the income statement. The Group's foreign operations may have different functional currencies. The functional currency is the currency that best reflects the economic substance of the underlying event and circumstances relevant to that entity. Prior to consolidation (or equity accounting), the assets and liabilities of non-euro operations are translated at the closing rate and items of the income statement and other comprehensive income are translated into euros at the rate prevailing on the transaction dates. Exchange differences arising on the translation of foreign operations are included in the currency translation reserve within equity. These are transferred to the income statement when the Group loses control, joint control or significant influence over the foreign operation.

Financial assets and liabilities

ABN AMRO classifies financial assets and liabilities based on the business purpose of entering into these transactions.

Classification of financial assets

Financial assets are classified as assets held for trading, financial investments or loans and receivables and are based on the criteria in IAS 39 Financial Instruments: Recognition and measurement.

Their measurement and income recognition depends on the classification of the financial assets. The following four groups are identified:

- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They generally arise when money or services are directly provided to a customer with no intention of trading or selling the loan. They are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.
- Held-to-maturity investments are non-derivative financial assets that consist of instruments quoted on an active market with fixed or determinable payments and fixed maturity for which the positive intent and ability to hold to maturity is demonstrated. They are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.

- Financial assets at fair value through profit or loss include:
  - financial assets held for trading;
  - financial assets that ABN AMRO irrevocably designated at initial recognition as held at fair value through profit or loss when the instruments are held to reduce an accounting mismatch, are managed on the basis of its fair value or include terms that have substantive derivative characteristics in nature.
- Available-for-sale financial assets are those assets that are otherwise not classified as loans and receivables, held-to-maturity investments or financial assets designated at fair value through profit or loss. They are initially measured at fair value with subsequent changes recognised in other comprehensive income.

Classification of financial liabilities

Financial liabilities are classified as liabilities held for trading, due to banks, due to customers, debt certificates, subordinated liabilities and other borrowings. Their measurement and recognition in the income statement depends on the classification of the financial liabilities.

- Financial liabilities at fair value through profit or loss include:
  - financial liabilities held for trading;
  - financial liabilities that ABN AMRO has irrevocably designated at initial recognition as held at fair value through profit or loss when the instruments are held to reduce an accounting mismatch are managed on the basis of its fair value or include terms that have substantive derivative characteristics in nature.

Other financial liabilities are initially measured at fair value (including transaction costs). Subsequent changes are measured at amortised cost using the effective interest rate method with the periodic amortisation recorded in the income statement.

Classification of assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking;
- a trading derivative (except for a derivative that is a designated and effective hedging instrument).

Recognition and derecognition

Traded instruments are recognised on the trade date, defined as the date on which ABN AMRO commits to purchase or sell the underlying instrument. In the event that settlement terms are non-standard, the commitment is accounted for as a derivative between trade and settlement date. Loans and receivables are recognised when they are acquired or funded by ABN AMRO and derecognised when settled. Issued debt is recognised when issued and deposits are recognised when the cash is deposited with ABN AMRO. Other financial assets and liabilities, including derivatives, are recognised in the Statement of financial position when ABN AMRO becomes a party to the contractual provisions of the asset or liability.

Financial assets are generally derecognised when ABN AMRO loses control and the ability to obtain benefits over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or substantially all risk and rewards are transferred. Financial assets are also derecognised in the case that the bank has neither transferred nor retained substantially all risks and rewards of ownership but control has passed to the transferee.

Financial instruments continue to be recognised in the balance sheet, and a liability recognised for the proceeds of any related funding transaction, unless a fully proportional share of all or specifically identified cash flows are transferred to the lender without material delay and the lender's claim is limited to those cash flows and substantially all the risks and rewards and control associated with the financial instruments have been transferred, in which case that proportion of the asset is derecognised.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

ABN AMRO has protected assets through synthetic securitisations. Through a synthetic securitisation a substantial part of the credit risk related to these assets is transferred, while actual ownership of the assets remains with ABN AMRO.

A restructuring of a financial asset with the same lender on substantially different terms, qualitative and quantitative - generally a 10% difference in the present value of the cash flows - is accounted for as an expiration of the financial asset and recognition of a new financial asset. The difference between the former carrying amount and the carrying amount of the new financial asset is included in Impairment charges on loans and other receivables in profit or loss.

Financial liabilities are derecognised when the liability has been settled, has expired or has been distinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms, qualitative and quantitative - generally a 10% difference in the present value of the cash flows - is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the former carrying amount and the consideration paid is included in Other income in the income statement. Any subsequent resale is treated as a new issuance.

ABN AMRO provides clearing and settlement services to its clients. As a general clearing member ABN AMRO guarantees the performance of its clients towards the Central Counterparty (CCP). As such, ABN AMRO is exposed to the risk of non-performance by its clients, but ABN AMRO is not liable to clients for the non-performance of the CCP. ABN AMRO receives and collects any settlement amounts due from or to clients, and remits them to the relevant CCP or client in whole or in part. In the event of non-performance by a client, ABN AMRO closes out the client's position and accesses available margining. ABN AMRO reflects its exposure to non-performance risk of the client through the recognition of margin payables or receivables to clients and CCPs, but does not reflect the client's underlying securities or derivative contracts in its Annual Financial Statements.

Offsetting

Financial assets and liabilities are offset and the net amount reported on the Statement of financial position if there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Statement of cash flows

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, freely available balances with central banks and other banks, net credit balances on current accounts with other banks, with less than three months maturity from the date of acquisition.
The Statement of cash flows, based on the indirect method of calculation, gives details of the

source of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operations, including banking activities, investment activities and financing activities. Movements in loans and receivables and interbank deposits are included in the cash flow from operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments, as well as investments in, and sales of, subsidiaries and associates, property and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities. Cash flows arise from foreign currency transactions are translated into the functional currency using the exchange rates at the date of the cash flows.

2 Segment reporting

Accounting policy for segment reporting

The segment reporting is in accordance with IFRS 8 Operating Segments. The segments are reported in a manner consistent with the internal reporting provided to the Managing Board, which is responsible for allocating resources and assessing performance and has been identified as chief operating decision-maker. All transactions between segments are eliminated as intersegment revenues and expenses in Group Functions.

Geographical data is presented according to management view.

ABN AMRO has made a number of changes to its client segmentation in order to better cater to clients' needs. As a result, ABN AMRO has amended its business segmentation, which will also improve transparency of the business segments. As of the third quarter of 2014, ABN AMRO presents four reporting segments: Retail Banking, Private Banking, Corporate Banking and Group Functions. The new segmentation has no effect on the historical overall group results or financial position of the bank.

The main changes are listed below:

- Commercial & Merchant Banking has been renamed Corporate Banking, with all clients benefiting from a sector-based approach;
- Diamond & Jewelry Clients, previously part of Private Banking, is now a part of Corporate Banking, as this client group requires similar products and services;
- YourBusiness Banking clients (SMEs with revenues up to EUR 1 million) are now served by Retail Banking instead of Commercial Clients, leveraging on Retail Banking's self-directed service capabilities on mobile and the internet;
- To improve collateral management and strengthen the bank-wide liquidity function, the Securities Financing activities have been moved to ALM/Treasury (part of Group Functions).

The comparitive figures have been adjusted accordingly.

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

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

There is no revenue from transactions with a single external client or counterparty exceeding 10% of the bank's total revenue in 2014, 2013 or 2012.

Retail Banking

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

Private Banking

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

Corporate Banking

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

- Commercial Clients serves business clients with revenues from EUR 1 million up to EUR 250 million, and clients active in Commercial Real Estate (excluding publicly listed companies, which are served by the International Clients sub-segment). ABN AMRO's Lease and Commercial Finance activities are also part of this sub-segment;
- International Clients serves business clients with revenues exceeding EUR 250 million, as well as Energy, Commodities & Transportation (ECT) Clients, Diamond & Jewelry Clients, Financial Institutions and Listed Commercial Real Estate clients;
- Capital Markets Solutions serves clients by providing products and services related to financial markets. This sub-segment includes ABN AMRO Clearing.

Group Functions

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

Segment income statement for the year 2014

(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Special items and divest-ments	Total
						2014
Net interest income	3,379	597	2,019	28		6,023
Net fee and commission income	522	544	646	-21		1,691
Net trading income	7	40	117	10		174
Share of result in equity accounted investments	51	19	-30	11		51
Other operating income	-16	-8	87	54		117
Operating income	**3,942**	**1,193**	**2,839**	**82**		**8,055**
Personnel expenses	560	460	618	758	288	2,684
General and administrative expenses	396	251	298	1,303	201	2,450
Depreciation and amortisation of tangible and intangible assets	8	48	18	131		204
Intersegment revenues/expenses	1,071	205	800	-2,075		
Operating expenses	**2,035**	**964**	**1,734**	**117**	**489**	**5,338**
Impairment charges on loans and other receivables	460	23	717	-28		1,171
Total expenses	**2,495**	**986**	**2,450**	**89**	**489**	**6,509**
Operating profit/(loss) before taxation	**1,447**	**206**	**388**	**-7**	**-489**	**1,546**
Income tax expenses	368	46	91	-21	-72	412
Underlying profit/(loss) for the period	**1,079**	**160**	**298**	**14**	**-417**	
Special items and divestments				-417	417	
Profit/(loss) for the year	**1,079**	**160**	**298**	**-402**		**1,134**
Attributable to:						
Owners of the company	1,079	160	298	-402		1,134
Non-controlling interests						

Retail Banking

Net interest income increased by EUR 264 million to EUR 3,379 million driven by margins on deposits and, to a lesser extent, increased deposit volumes. Net interest income on mortgages improved due to gradual re-pricing of the mortgage book at higher margins as mortgages originated pre-crisis had lower margins. In addition, 2013 was negatively impacted by a correction for interest accruals. Net interest income on consumer lending decreased as lower average lending volumes more than offset the higher margins.

Net fee and commission showed a limited decline of EUR 25 million to EUR 522 million. The decline was largely attributable to the switch to an all-in fee model for investment products in the Netherlands.

Personnel expenses increased by EUR 44 million to EUR 560 million due to a restructuring provision of EUR 60 million. Excluding the restructuring provision, personnel expenses decreased modestly resulting from a decline in the number of FTEs following a further reduction in the number of branches in the Netherlands.

Intersegment revenues/expenses rose by EUR 44 million, which is mainly attributable to higher allocation of IT project costs incurred for the improvement of core IT systems and processes in the coming years.

Impairment charges on loans and other receivables were considerably lower, dropping EUR 219 million to EUR 460 million. The decline was driven by lower impairments on mortgages and, to a lesser extent, lower impairments on the consumer lending portfolio. The improved conditions in the housing market and recovery of the Dutch economy contributed to lower inflow of clients in the impaired portfolio, increased outflow of clients to the performing portfolio and more final settlements of impaired exposures, all of which had a positive impact on the impairment level of mortgages in 2014.

Private Banking

Net interest income amounted to EUR 597 million, up by 13%. This increase was largely driven by higher volume and improved margins on deposits in the Netherlands. Margins of the international activities improved as well.

Net fee and commission rose by 2% to EUR 544 million. Net fees internationally increased mainly as a result of the acquisition of private banking activities in Germany and higher assets under management. Net fees in the Netherlands declined primarily due to the switch to an all-in fee model for investment products, despite the growth in assets under management.

Personnel expenses increased by EUR 18 million and general and administrative expenses increased by EUR 30 million. The increase was mainly related to the integration of the private banking activities in Germany. Depreciation and amortisation of tangible and intangible assets rose by EUR 28 million, mainly due to a goodwill impairment of EUR 28 million. Intersegment revenues/expenses increased by EUR 30 million, partly due to higher allocation of IT costs incurred for the improvement of the core IT systems and processes in the coming years.

Impairment charges at EUR 23 million improved sharply compared with 2013. In 2013, the international portfolio was impacted by several large impairment charges.

Corporate Banking

Net interest income showed a marked increase of EUR 167 million to EUR 2,019 million. Commercial Clients increased due to margin improvements from re-pricing abilities on both loans and deposits. Average lending volumes showed a limited decline, while average deposit volumes were virtually flat. International Clients benefitted from growth in the ECT Clients loan portfolio. Capital Markets Solutions increased, among other things, at Clearing.

Net fee and commission increased by EUR 46 million to EUR 646 million mainly due to higher commitment fees at ECT Clients and Commercial Clients as well as higher M&A fees at Corporate Finance.

Net trading income decreased to EUR 117 million. The FVA impact, recorded for the first time this year, amounted to EUR 52 million negative. CVA/DVA results were EUR 18 million lower compared with 2013 (EUR 3 million positive in 2013 and EUR 15 million negative in 2014). Other operating income increased to EUR 87 million driven by Clearing recording a gain of EUR 40 million resulting from the partial sale of its share in Holland Clearing House.

Personnel expenses were EUR 618 million, rising by EUR 18 million mainly due to a restructuring provision following the strategic review of Capital Markets Solutions. Intersegment revenues/expenses showed an increase of EUR 57 million mainly due to higher allocated IT project costs.

Impairment charges on loans and other receivables amounted to EUR 717 million, a significant decrease of 16%, or EUR 134 million. Commercial Clients recorded substantially lower loan impairments at small clients (turnover of EUR 1 million to EUR 30 million) while loan impairments on medium-sized and large clients (turnover of EUR 30 million to EUR 250 million) increased. Loan impairments at International Clients increased and loan impairments at Capital Markets Solutions remain negligible.

Group Functions

Net interest income increased sharply by EUR 143 million compared with 2013. The rise was largely attributable to the improved ALM interest result, in part as a result of re-allocation of the liquidity buffer costs (approximately EUR 80 million mainly allocated to Corporate Banking and for a small part to Retail Banking).

Personnel expenses remained virtually stable compared with 2013. General and administrative expenses increased by EUR 17 million partly due to expenses incurred in connection with the Asset Quality Review. This was offset by a higher release related to the DSB deposit guarantee scheme (EUR 66 million release in 2014 versus EUR 31 million release in 2013).

Depreciation and amortisation of tangible and intangible assets decreased by EUR 64 million, mainly due to accelerated depreciations in 2013 of EUR 52 million. Intersegment revenues grew by EUR 129 million. The increase was mainly driven by a change in allocation method of IT costs, as all IT costs are now allocated to the business segments (approximately EUR 100 million of which 50% allocated to Retail Banking, 40% to Corporate Banking and 10% to Private Banking).

Special items and divestments

Special items in 2014 included a EUR 288 million charge for the transition to a new pension scheme and the levy for the nationalisation of SNS Reaal amounted to a total of EUR 201 million in operating expenses.

Segment income statement for the year 2013

(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Special items and divestments	Total
						2013
Net interest income	3,115	529	1,852	-115		5,380
Net fee and commission income	547	532	600	-37		1,643
Net trading income	-0	30	219	-21	-122	106
Share of result in equity accounted investments	39	14	-9	3		46
Other operating income	-10	13	68	77		149
Operating income	**3,691**	**1,118**	**2,730**	**-93**	**-122**	**7,324**
Personnel expenses	516	442	600	762	37	2,357
General and administrative expenses	376	221	288	1,286		2,171
Depreciation and amortisation of tangible and intangible assets	9	20	18	195		242
Intersegment revenues/expenses	1,027	175	743	-1,946		
Operating expenses	**1,929**	**858**	**1,649**	**297**	**37**	**4,770**
Impairment charges on loans and other receivables	679	141	851	-4	-684	983
Total expenses	**2,608**	**998**	**2,500**	**293**	**-647**	**5,753**
Operating profit/(loss) before taxation	**1,082**	**119**	**230**	**-386**	**525**	**1,571**
Income tax expenses	282	16	83	-87	117	411
Underlying profit/(loss) for the period	**800**	**104**	**147**	**-299**	**408**	
Special items and divestments			-109	517	-408	
Profit/(loss) for the year	**800**	**104**	**38**	**218**		**1,160**
Attributable to:						
Owners of the company	800	104	40	218		1,162
Non-controlling interests			-2			-2

Retail Banking

Net interest income increased by EUR 357 million, or 13%, to EUR 3,115 million. This was primarily due to improved margins on mortgages, increasing deposit volumes and a change in the methodology for determining the internal liquidity compensation applied to deposits in 2013, which resulted in an improved margin on deposits. Additionally, as of 2013, staff benefits on mortgage rates are charged by Retail Banking as interest income rather than as compensation under operating expenses. This has led to an increase in both net interest income and operating expenses within Retail Banking. Net fee and commission remained almost unchanged at EUR 547 million.

Personnel expenses increased by EUR 103 million due to higher pension expenses. General and administrative expenses remained stable. Intersegment expenses increased by EUR 42 million mainly due to the abovementioned change made to the booking of staff benefits on mortgages. Impairment charges on loans and other receivables increased by EUR 224 million to EUR 679 million. Approximately half of the increase was attributable to mortgages; the other was attributable to the consumer lending portfolio.

Private Banking

Net interest income increased by EUR 45 million to EUR 529 million, The increase was due to improved margins (mainly margins on deposits) and higher volumes. Net fee and commission income increased by 6% to EUR 532 million and benefited from higher client activity as well as increased assets under management. Other operating income declined by EUR 15 million primarily due to a release on divested activities booked in 2012.

Personnel expenses increased by EUR 38 million resulting from higher pension costs. General and administrative expenses increased slightly to EUR 221 million. Intersegment expenses were EUR 30 million lower and benefited from lower project costs. Impairment charges on loans and other receivables increased by EUR 67 million to EUR 141 million caused by a single client case in the international network.

Corporate Banking

Net interest income rose by EUR 160 million to EUR 1,852 million. The increase was primarily due to higher volumes and margins in the Commercial Clients business (including higher margins on loans and higher volumes and margins on deposits) and International Clients business (including higher margins and volumes on loans). Net fee and commission income decreased by EUR 48 million to EUR 600 million. This decrease was primarily due to the divestment of part of the insurance activities. Fee income also declined as a result of a reclassification of interbank payment fees from expenses to negative fee income. This decline was offset, in part, by higher transaction fees. Both Trading income and Other operating income decreased considerably compared with 2012. This was primarily due to the strategic decision to terminate the non-client related part of the CMS business and challenging market circumstances. Income related to Private Equity was also lower (both valuation and exits).

Personnel expenses increased by 14% to EUR 600 million primarily due to higher pension costs. General and administrative expenses remained stable. Intersegment expenses decreased by EUR 88 million, partly impacted by the changed methodology for staff mortgages. Impairment charges on loans and other receivables decreased by EUR 50 million to EUR 851 million. The decline was mainly due to released provisions in the International Clients business in 2013 on a limited number of clients, and a significant provision booked at Capital Markets Solutions business for a single client in 2012.

Group Functions

Net interest income for the year declined by EUR 210 million to a loss of EUR 115 million. This was mainly due to changes in liquidity compensation. The mismatch result increased due to lower short-term interest rates. The costs of funding as well as capital increased somewhat as maturing debt issued before the crisis was refinanced at higher spread levels. Net fee and commission income increased by EUR 103 mainly due to a reallocation of fees paid for interbank payments to the segments. Net trading Income and other operating income increased both primarily due to revaluations of the investment and trading portfolios as well as higher own debt valuation.

Personnel expenses increased in 2013 by EUR 131 million mainly resulting from higher pension costs. General and administrative expenses were EUR 156 million higher in 2013, given that the Group had received compensation for certain expenses in 2012 from external parties under a service level agreement that the Group had entered into in connection with certain EC Remedy-related portfolio divestments. Additionally, there were higher costs for change projects. This was offset by slightly lower depreciation costs of EUR 28 million.

Special items and divestments

In 2013 special items were recorded in operating income for the reassessment of discontinued Securities Financing activities (loss EUR 70 million) and the costs of winding down non-client-related Equity Derivatives activities (loss EUR 52 million). Operating expenses included a restructuring provision (EUR 37 million), and the Greek releases (EUR 432 million) and Madoff releases (EUR 252 million) were included in impairment charges on loans and other receivables.

Segment income statement for the year 2012

(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Special items and divestments	Total reported 2012
Net interest income	2,758	484	1,692	95		5,028
Net fee and commission income	546	502	648	-140		1,556
Net trading income	-0	28	300	-65		263
Share of result in equity accounted investments	36	12	9	16		74
Other operating income	1	28	140	34	215	417
Operating income	**3,341**	**1,055**	**2,788**	**-60**	**215**	**7,338**
Personnel expenses	413	404	525	631	178	2,151
General and administrative expenses	377	217	284	1,130	262	2,269
Depreciation and amortisation of tangible and intangible assets	7	19	17	213	10	266
Intersegment revenues/expenses	985	205	831	-2,021		
Operating expenses	**1,782**	**845**	**1,656**	**-48**	**450**	**4,686**
Impairment charges on loans and other receivables	455	74	901	2	-203	1,228
Total expenses	**2,237**	**919**	**2,557**	**-46**	**247**	**5,914**
Operating profit/(loss) before taxation	1,104	135	231	-14	-32	1,424
Income tax expenses	279	12	5	48	-73	271
Underlying profit/(loss) for the period	**825**	**123**	**226**	**-62**	**41**	
Special items and divestments	-3	-9	-4	57	-41	
Profit/(loss) for the year	**822**	**114**	**222**	**-5**		**1,153**
Attributable to:						
Owners of the company	822	114	222	-5		1,153
Non-controlling interests						

Selected assets and liabilities by segment

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

(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Total
					31 December 2013
Assets					
Financial assets held for trading			12,138	-119	12,019
Derivatives	39	171	11,710	2,351	14,271
Securities financing		8	3,024	15,330	18,362
Residential mortgages	146,670	3,221	17	3,531	153,439
Consumer loans	9,437	5,291	901		15,629
Commercial loans	2,851	6,975	75,290	152	85,268
Other loans and receivables - customers		9	2,678	5	2,692
Other	1,633	4,942	12,051	51,716	70,342
Total assets	**160,630**	**20,617**	**117,809**	**72,966**	**372,022**
Liabilities					
Financial liabilities held for trading			4,399		4,399
Derivatives	38	130	10,636	6,423	17,227
Securities financing		3	1,176	11,087	12,266
Demand deposits	20,933	33,888	44,894	436	100,151
Saving deposits	68,802	17,331	1,315		87,448
Time deposits	3,669	8,245	5,111	2,613	19,638
Other due to customers			346	1	347
Other	67,188	-38,980	49,932	38,838	116,978
Total liabilities	**160,630**	**20,617**	**117,809**	**59,398**	**358,454**

(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Total
					31 December 2012
Assets					
Financial assets held for trading			7,192	-103	7,089
Derivatives	42	168	17,093	4,046	21,349
Securities financing		14	4,826	23,953	28,793
Residential mortgages	150,313	3,404	42	4,907	158,666
Consumer loans	9,989	5,203	1,008		16,200
Commercial loans	2,952	6,808	76,158	473	86,391
Other loans and receivables - customers			1,195		1,195
Other	2,072	5,063	15,126	51,814	74,075
Total assets	**165,368**	**20,660**	**122,640**	**85,090**	**393,758**
Liabilities					
Financial liabilities held for trading		6	3,716		3,722
Derivatives	42	178	17,356	9,932	27,508
Securities financing		2	613	18,906	19,521
Demand deposits	18,846	31,991	42,166	679	93,682
Saving deposits	63,771	16,285	1,328		81,384
Time deposits	4,594	10,517	7,903	3,182	26,196
Other due to customers			342	1	343
Other	78,115	-38,319	49,216	39,507	128,519
Total liabilities	**165,368**	**20,660**	**122,640**	**72,207**	**380,875**

Geographical segments

(in millions)	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total
						2014
Net interest income	5,162	568	103	157	33	6,023
Net fee and commission income	1,115	321	87	153	14	1,691
Net trading income	135	17	3	18		174
Share of result in equity accounted investments	32	17			2	51
Other operating income	112	1		3		117
Operating income	**6,556**	**925**	**194**	**331**	**48**	**8,055**
Personnel expenses	2,157	338	61	109	19	2,684
General and administrative expenses	2,112	243	31	49	14	2,450
Depreciation and amortisation of tangible and intangible assets	143	49	4	4	4	204
Intercountry revenues/expenses	-8	-8	4	19	-8	
Operating expenses	**4,405**	**623**	**99**	**181**	**30**	**5,338**
Impairment charges on loans and other receivables	1,085	65	9	8	3	1,171
Total expenses	**5,490**	**688**	**109**	**190**	**33**	**6,509**
Operating profit/(loss) before taxation	**1,066**	**237**	**86**	**141**	**16**	**1,546**
Income tax expenses	286	73	28	20	6	412
Profit/(loss) for the year	**780**	**165**	**58**	**121**	**10**	**1,134**
Attributable to:						
Owners of the company	781	165	58	121	10	1,134
Non-controlling interests						

(in millions)	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total
						2013
Net interest income	4,639	511	72	132	26	5,380
Net fee and commission income	1,109	306	83	131	14	1,643
Net trading income	138	-55	3	20		106
Share of result in equity accounted investments	31	13		2		46
Other operating income	119	22	1	1	6	149
Operating income	**6,036**	**797**	**159**	**286**	**46**	**7,324**
Personnel expenses	1,856	328	54	96	23	2,357
General and administrative expenses	1,855	233	29	43	11	2,171
Depreciation and amortisation of tangible and intangible assets	208	23	4	5	2	242
Intercountry revenues/expenses	-1	-18	4	19	-4	
Operating expenses	**3,918**	**566**	**91**	**163**	**32**	**4,770**
Impairment charges on loans and other receivables	981	-5	-1	6	2	983
Total expenses	**4,899**	**561**	**90**	**169**	**34**	**5,753**
Operating profit/(loss) before taxation	1,137	236	69	117	12	1,571
Income tax expenses	291	81	18	17	4	411
Profit/(loss) for the year	**846**	**155**	**51**	**100**	**8**	**1,160**
Attributable to:						
Owners of the company	848	155	51	100	8	1,162
Non-controlling interests	-2					-2

(in millions)	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total
						2012
Net interest income	4,347	474	62	118	27	5,028
Net fee and commission income	1,057	307	62	114	16	1,556
Net trading income	204	28	3	27	1	263
Share of result in equity accounted investments	60	11		1	2	74
Other operating income	345	73	1	-2		417
Operating income	**6,013**	**893**	**128**	**258**	**46**	**7,338**
Personnel expenses	1,670	331	48	90	12	2,151
General and administrative expenses	1,967	219	30	42	11	2,269
Depreciation and amortisation of tangible and intangible assets	233	25	3	3	2	266
Intercountry revenues/expenses	-29	15	2	14	-2	
Operating expenses	**3,841**	**590**	**83**	**149**	**23**	**4,686**
Impairment charges on loans and other receivables	1,077	127	2	-1	23	1,228
Total expenses	**4,918**	**717**	**85**	**148**	**46**	**5,914**
Operating profit/(loss) before taxation	1,095	176	43	110		1,424
Income tax expenses	242	2	11	17	-1	271
Profit/(loss) for the year	**853**	**174**	**32**	**93**	**1**	**1,153**
Attributable to:						
Owners of the company	853	174	32	93	1	1,153
Non-controlling interests						

3 Overview of financial assets and liabilities by measurement base

(in millions)	Amortised cost	Fair value through profit or loss - Trading	Fair value through profit or loss - Other	Available for sale financial assets	Total
					31 December 2014
Financial assets					
Cash and balances at central banks	706				706
Financial assets held for trading		9,017			9,017
Derivatives			25,285		25,285
Financial investments			589	40,877	41,466
Securities financing	18,511				18,511
Loans and receivables - Banks	21,680				21,680
Loans and receivables - Customers	261,910				261,910
Other assets			2,453		2,453
Total financial assets	**302,807**	**9,017**	**28,326**	**40,877**	**381,028**
Financial Liabilities					
Financial liabilities held for trading		3,759			3,759
Derivatives			30,449		30,449
Securities financing	13,918				13,918
Due to banks	15,744				15,744
Due to customers	216,011				216,011
Issued debt	75,150		1,981		77,131
Subordinated liabilities	8,328				8,328
Other liabilities			2,453		2,453
Total financial liabilities	**329,150**	**3,759**	**34,882**		**367,791**

(in millions)	Amortised cost	Fair value through profit or loss - Trading	Fair value through profit or loss - Other	Available for sale financial assets	Total
					31 December 2013
Financial assets					
Cash and balances at central banks	9,523				9,523
Financial assets held for trading		12,019			12,019
Derivatives			14,271		14,271
Financial investments			530	27,581	28,111
Securities financing	18,362				18,362
Loans and receivables - Banks	23,967				23,967
Loans and receivables - Customers	257,028				257,028
Other assets			2,171		2,171
Total financial assets	**308,880**	**12,019**	**16,972**	**27,581**	**365,452**
Financial Liabilities					
Financial liabilities held for trading		4,399			4,399
Derivatives			17,227		17,227
Securities financing	12,266				12,266
Due to banks	11,626				11,626
Due to customers	207,584				207,584
Issued debt	86,611		2,071		88,682
Subordinated liabilities	7,917				7,917
Other liabilities			2,171		2,171
Total financial liabilities	**326,004**	**4,399**	**21,469**		**351,872**

					31 December 2012
(in millions)	Amortised cost	Fair value through profit or loss - Trading	Fair value through profit or loss - Other	Available for sale financial assets	Total
Financial assets					
Cash and balances at central banks	9,796				9,796
Financial assets held for trading		7,089			7,089
Derivatives			21,349		21,349
Financial investments			375	21,355	21,730
Securities financing	28,793				28,793
Loans and receivables - Banks	32,183				32,183
Loans and receivables - Customers	262,452				262,452
Other assets			2,170		2,170
Total financial assets	**333,224**	**7,089**	**23,894**	**21,355**	**385,562**
Financial Liabilities					
Financial liabilities held for trading		3,722			3,722
Derivatives			27,508		27,508
Securities financing	19,521				19,521
Due to banks	16,935				16,935
Due to customers	201,605				201,605
Issued debt	92,727		2,321		95,048
Subordinated liabilities	9,736				9,736
Other liabilities			2,170		2,170
Total financial liabilities	**340,524**	**3,722**	**31,999**		**376,245**

4 Net interest income

Accounting policy for net interest income and expense

ABN AMRO applies IAS 39 Financial Instruments: Recognition and Measurement. Interest income and expenses are recognised in the income statement on an accrual basis for all financial instruments using the effective interest rate method except for those financial instruments held for trading. The effective interest rate method allocates interest, amortisation of any discount or premium or other differences, including transaction costs and qualifying fees and commissions over the expected lives of the assets and liabilities. The effective interest method requires the Group to estimate future cash flows, in some cases based on its experience of customer behaviour, considering all contractual terms of the financial instrument, as well as expected lives of the assets and liabilities. Due to the large number of products, there are no individual estimates that are material to the results or financial position. Interest income and expenses of trading balances are included in net trading income.

(in millions)	2014	2013	2012
Interest income	13,376	13,383	13,979
Interest expense	7,353	8,003	8,951
Net interest income	**6,023**	**5,380**	**5,028**

Net interest income

ABN AMRO applies fair value hedge accounting on individual hedged items (micro fair value hedging). As from 2014 these hedged items are based on gross amounts, which results in a change in presentation in Interest income and Interest expense. There is no impact on Net interest income.

Net interest income increased by EUR 643 million, or 12%, to EUR 6,023 million. Interest income improved across all businesses. The increase was driven mainly by improved margins on deposits as a result of enhanced re-pricing abilities. Interest income on mortgages also increased, despite a declining portfolio volume. The increase in interest income on commercial loans was driven by margin improvements in Commercial Clients and portfolio growth in ECT. ALM interest results also improved compared with 2013.

Interest income

The breakdown of Interest income by type of product for the years ended 31 December is shown in the following table.

(in millions)	2014	2013	2012
Interest income from:			
Cash and balances at central banks			5
Financial investments available-for-sale	734	693	591
Securities financing	256	270	320
Loans and receivables - banks	212	194	460
Loans and receivables - customers	10,281	10,490	10,967
Other	1,893	1,736	1,636
Total interest income	**13,376**	**13,383**	**13,979**

The decrease in the Interest income from Loans and receivables - customers was mainly due to lower interest revenues as a result of a slight decrease in the volume of the mortgage portfolio.

ABN AMRO applies fair value hedge accounting on individual hedged items (micro fair value hedging). As from 2014 these hedged items are based on gross amounts, which results in a change in presentation in Interest income. The comparitive figures have been adjusted as follows. Financial investments available-for-sale increased by EUR 466 million in 2013 and by EUR 240 million in 2012. Other increased by EUR 894 million in 2013 and by EUR 701 million in 2012.

Interest expense

The breakdown of Interest expenses by type of product for the years ended 31 December is shown in the following table.

(in millions)	2014	2013	2012
Interest expenses from:			
Securities financing	173	181	187
Due to banks	209	263	364
Due to customers	2,328	2,726	3,308
Issued debt	1,819	1,903	2,497
Subordinated liabilities	374	422	357
Other	2,450	2,508	2,238
Total interest expense	**7,353**	**8,003**	**8,951**

The decrease in Interest expenses from Due to customers was mainly due to lower interest paid.

Interest expenses from Issued debt decreased due to a decrease in volumes.

ABN AMRO applies fair value hedge accounting on individual hedged items (micro fair value hedging). As from 2014 these hedged items are based on gross amounts, which results in a change in presentation in Interest expense. Issued debt increased by EUR 780 million in 2013 and by EUR 615 million in 2012. Subordinated liabilities increased by EUR 114 million in 2013 and by EUR 86 million in 2012. Other increased by EUR 466 million in 2013 and by EUR 240 million in 2012.

5 Net fee and commission income

Accounting policy for net fee and commission income

ABN AMRO applies IAS 18 Revenue. Fees and commissions are recognised as the services are provided. The following fee types are identified:

- Service fees are recognised on a straight line basis over the service contract period; portfolio and other management advisory and service fees are recognised based on the applicable service contracts;
- Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised upon completion of the underlying transaction. Commission revenue is recognised when the performance obligation is complete. Loan syndication fees are recognised as revenue when the syndication has been completed.

Fees and commissions dependent on the outcome of a particular event or contingent upon performance are recognised when the relevant criteria have been met.

(in millions)	2014	2013	2012
Fee and commission income	2,693	2,639	2,552
Fee and commission expense	1,002	996	996
Net fee and commission income	**1,691**	**1,643**	**1,556**

Net fee and commission rose modestly, primarily due to higher commitment fees and corporate finance advisory fees. The switch to an all-in fee for investment products in the Netherlands had a negative impact at both Retail Banking and Private Banking. This was offset by a positive impact from the acquisition of the German private banking portfolio from Credit Suisse A.G. as from September 2014.

Fee and commission income

Fee and commission income for the years ended 31 December is specified in the following table.

(in millions)	2014	2013	2012
Fee and commission income from:			
Securities and custodian services	1,100	1,144	1,179
Payment services	667	680	648
Portfolio management and trust fees	521	452	362
Guarantees and commitment fees	171	142	134
Insurance and investment fees	80	79	94
Other service fees	153	142	135
Total fee and commission income	**2,693**	**2,639**	**2,552**

Securities and custodian services fees were lower mainly due to the switch of several securities fees to all-in management fees (EUR 96 million) and the sale of part of ABN AMRO's participation in European Multilateral Clearing (EUR 18 million). This was partially offset by higher fee income related to the Private Banking International portfolio as a result of the increase in sale of bonds and structured products (EUR 15 million) and by higher valuation and higher trading volumes within the Clearing business (EUR 51 million) and within Corporate Banking related to trades in the American debt and capital market (EUR 6 million).

Fees on Payment services decreased in line with the decline of the credit portfolio in Belgium (EUR 5 million) and lower volumes of card transactions and other settlements performed within Retail Banking (EUR 8 million).

Portfolio management and trust fees increased mainly as a result of the introduction of all-in management fees (EUR 76 million) and the purchase of the German private banking portfolio from Credit Suisse A.G. (EUR 6 million).

Guarantees and commitment fees increased due to higher fee income related to granted letters of credit to brokerage activities and mortgages (EUR 29 million).

Fee and commission expense

The components of Fee and commission expenses for the years ended 31 December are as follows:

(in millions)	2014	2013	2012
Fee and commission expenses from:			
Securities and custodian services	757	705	739
Payment services	153	162	168
Portfolio management and trust fees	58	68	40
Guarantees and commitment fees	8	8	9
Insurance and investment fees	25	23	18
Other service fees	2	30	22
Total fee and commission expense	**1,002**	**996**	**996**

Securities and custodian services expenses were higher mainly due to higher fee expenses within the Clearing business as a result of higher trading volumes and valuation of market securities (EUR 26 million).

Fees on Payment services decreased due to higher rebates in debit and credit cards (mainly MasterCard and Visa), for the application of adjusted ATM rates and lower settlements (EUR 9 million).

The decrease in Portfolio management and trust fees was driven by higher volume transactions and improved operations in relation to Assets under Management in the Private Banking portfolio, which jointly had a positive impact on the total commission margin variation (EUR 10 million).

6 Net trading income

Accounting policy for net trading income

In accordance with IAS 39, trading positions are held at fair value and Net trading income includes gains and losses arising from changes in the fair value of financial assets and liabilities held for trading, interest income and expenses related to trading balances, the change in fair value of derivatives used for risk management purposes that do not meet the requirements of IAS 39 for hedge accounting, dividends received from trading instruments and related funding costs.

Dividend income from trading instruments is recognised when entitlement is established. Net trading income also includes changes in fair value arising from changes in counterparty credit spreads and changes in ABN AMRO's credit spreads where these impact the value of ABN AMRO's trading liabilities. The Funding Valuation Adjustment incorporates the incremental cost of funding into the valuation of uncollateralised and partly collateralised derivatives. The charge related to the write-off of trading instruments is included in Net trading income.

(in millions)	2014	2013	2012
Interest instruments trading	26	148	293
Equity trading	-9	-200	98
Foreign exchange transaction results	272	239	91
Other	-116	-81	-219
Total net trading income	**174**	**106**	**263**

Net trading income increased mainly as a result of lower losses related to the Equity trading portfolio (EUR 191 million). This was partly offset by a lower valuation of the Interest instruments trading positions (EUR 122 million).

Interest instruments trading income decreased mainly due to lower volume and lower valuation of the portfolio, the latter caused by a decline of the yield curve in 2014 compared with 2013 (EUR 169 million). This was partially offset by lower valuation of government bonds in 2013 (EUR 52 million).

Equity trading income increased as a result of higher losses in 2013 determined by the lower valuation of the FX cross currency trades and the total return swap portfolio.

Foreign exchange transaction results increased due to higher valuation of FX spot deals and outrights (EUR 133 million). This was partially offset by a higher gain in 2013 in relation to the FX revaluation of cross currency trades in JPY (EUR 81 million) and high volatility in the FX trades closed in the Hong Kong market (EUR 33 million).

Other trading showed a higher loss mainly due to first-time application of the Funding Valuation Adjustments in 2014 in Capital Markets Solutions (EUR 52 million).

7 Other income

Accounting policy for other income

Other income includes all other banking activities such as leasing activities and results on the disposal of assets. In addition, it includes gains and losses on the sale of non-trading financial assets and liabilities, ineffectiveness of hedging programmes, fair value changes relating to assets and liabilities designated at fair value through profit or loss, and changes in the value of any related derivatives. For liabilities designated at fair value through profit or loss, it includes changes in ABN AMRO credit spreads. Dividend income from non-trading equity investments is recognised when entitlement is established.

(in millions)	2014	2013	2012
Leasing activities	22	21	19
Disposal of operating activities and equity accounted investments	60	28	34
Result from financial transactions	-41	-12	31
Other	76	112	333
Total other income	**117**	**149**	**417**

Disposal of operating activities and equity accounted investments increased as a result of the sale of 75% of the shares of Holland Clearing House (HCH) to Intercontinental Exchange Holdings. This was partly offset by lower income from divestments of associates and joint ventures (EUR 5 million).

Result from financial transactions showed a higher loss due to a higher hedge accounting ineffectiveness.

Other was lower mainly due to a gain realised on the sale of premises in 2013 (EUR 22 million).

8 Personnel expenses

Accounting policy for personnel expenses

Salaries and wages, social security charges and other salary-related costs are recognised over the period in which the employees provide the services to which the payments relate. The accounting policies for pensions and other post-retirement benefits are included in note 28.

(in millions)	2014	2013	2012
Salaries and wages	1,661	1,661	1,692
Social security charges	240	227	214
Pension expenses relating to defined benefit plans	405	224	31
Defined contribution plan expenses	170	33	35
Other	208	212	179
Total personnel expenses	**2,684**	**2,357**	**2,151**

Salaries and wages remained flat despite a small reduction of 74 FTEs.

Pension expenses relating to defined benefit plans increased mainly due to the EUR 297 million effect of the change to the pension scheme from a defined benefit plan to a collective defined contribution (CDC) plan. The pension expenses for the first half of 2014 was EUR 95 million (2013: full year EUR 224 million). More information is provided in note 28.

The defined contribution plan expenses increased by EUR 137 million between 12 June and 31 December 2014 due to the change of pension scheme.

Other consists mainly of additions to the restructuring provisions and other short-term benefit expenses.

9 General and administrative expenses

Accounting policy for general and administrative expenses

Costs are recognised in the period to which services have been provided and to which the payment relates.

(in millions)	2014	2013	2012
Agency staff, contractors and consultancy costs	643	537	612
Staff related costs	87	81	92
Information technology costs	879	848	899
Housing	199	200	211
Post, telephone and transport	68	77	93
Marketing and public relations costs	130	123	136
Regulatory charges	317	120	119
Other[1]	126	185	107
Total general and administrative expenses	**2,450**	**2,171**	**2,269**

1 The 2013 and 2012 figures have been adjusted reflecting the additioned line item regulatory charges

General and administrative expenses increased by EUR 279 million. The increase of EUR 106 million in Agency staff, contractors and consultancy costs was mainly due to additional large projects such as the Asset Quality Review and the acquisition of the German private banking portfolio from Credit Suisse A.G. The increase in information technology costs was mainly due to reorganisation costs and outsourcing projects.

Other decreased by EUR 59 million mainly due to a release of EUR 66 million of the provision related to the bankruptcy of DSB. This was partly offset by an additional legal provision.

A specification of the regulatory charges is as follows:

(in millions)	2014	2013	2012
Bank tax	91	106	112
SNS levy	201		
Other regulatory charges	25	14	7
Total regulatory charges	**317**	**120**	**119**

Fees paid to KPMG are included under Agency staff, contractors and consultancy costs. These fees are specified in the following table.

(in millions)	2014	2013	2012
Financial statements audit fees	7	6	6
Audit-related fees	4	4	4
Other fees			1
Total auditor's fee	**11**	**10**	**11**

10 Income tax expense, tax assets and tax liabilities

Accounting policy for income tax expense, tax assets and tax liabilities

ABN AMRO applies IAS 12 Income Taxes in accounting for taxes on income.

ABN AMRO is subject to income taxes in numerous jurisdictions. Income tax expense consists of current and deferred tax. Income tax is recognised in the income statement in the period in which profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates enacted at the balance sheet date.

Deferred tax is recognised for qualifying temporary differences. Temporary differences represent the difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are only offset when there is both a legal right to offset and an intention to settle on a net basis.

(in millions)	2014	2013	2012
Recognised in income statement:			
Current tax expenses for the current period	282	11	-93
Adjustments recognised in the period for current tax of prior periods	-24	7	60
Previously unrecognised tax losses, tax credits and temporary differences increasing (reducing) current tax expenses		2	
Total current tax expense	**257**	**20**	**-33**
Deferred tax arising from the current period	151	399	308
Deferred tax arising from the write-down or reversal of a write-down of a deferred tax asset	14	-6	53
Previously unrecognised tax losses, tax credits and temporary differences reducing deferred tax expense	-10	-2	-57
Total deferred tax expense	**155**	**391**	**304**
Total income tax expense	**412**	**411**	**271**

Reconciliation of the total tax charge

The effective rate was 26.7% in 2014 (2013: 26.2%; 2012: 17.7%) and differs from the theoretical rate that would arise using the statutory tax rate of the Netherlands. This difference is explained as follows:

(in millions)	2014	2013	2012
Profit/(loss) before taxation	1,546	1,571	1,424
Applicable tax rate	25.0%	25.0%	25.0%
Expected income tax expense	386	393	356
Increase/(decrease) in taxes resulting from:			
Tax exempt income	-43	-37	-91
Share in result of associates and joint ventures	-13	-6	-8
Non deductable Dutch bank tax	23	26	28
Other non deductable expenses	53	4	-51
Previously unrecognised tax losses and temporary differences	-8	4	-64
Write-down and reversal of write-down of deferred tax assets	11	-6	49
Foreign tax rate differential	18	25	-16
Adjustments for current tax of prior years	-24	7	60
Other	9	1	8
Actual income tax expense	**412**	**411**	**271**

ABN AMRO's effective tax rate in 2014 was mainly affected by profits and losses outside the Netherlands taxed against different corporate income tax rates than in the Netherlands, non-taxable gains and income, adjustments to prior years due to the fact that ABN AMRO continued to settle open issues with the tax authorities and a significant amount of non-deductible bank tax and non-deductible resolution levy.

Tax assets and liabilities

The most significant temporary differences arise from the revaluation of certain financial assets and liabilities including derivative contracts, allowances for loan impairment, provisions for pensions and business combinations.

The following table summarises the tax position at 31 December.

	31 December 2014		31 December 2013		31 December 2012	
(in millions)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Current tax	30	156	165	69	278	99
Deferred tax	473	19	745	21	1,241	47
Total tax assets and liabilities	**504**	**175**	**910**	**90**	**1,519**	**146**

The significant components and annual movements of deferred tax assets and deferred tax liabilities at 31 December are shown in the following tables.

(in millions)	As at 1 January 2014	Income statement	Equity	Other	As at 31 December 2014
Deferred tax assets:					
Assets held for trading and derivatives	501		-81	-9	410
Investments (Available-for-sale)	26	1	-24	11	14
Property and equipment	19	1		1	20
Intangible assets (excluding goodwill)	1	1			2
Loans and receivables - customers	4				4
Impairments on loans	25	-3			22
Issued debt and subordinated liabilities	1				
Provisions for pensions and post-retirement benefits	118	-132	48		34
Accrued expenses and deferred income	43	9		2	54
Unused tax losses and unused tax credits	37	-26	-1		11
Other	31	-4	2	6	36
Total deferred tax assets before offsetting	**807**	**-155**	**-57**	**10**	**605**
Offsetting DTA	62				132
Total deferred tax assets	**745**				**473**
Deferred tax liabilities related to:					
Assets held for trading and derivatives	3				3
Investments (Available-for-sale)	50	2	65	5	121
Property and equipment	3	-1		-1	1
Intangible assets (excluding goodwill)	3	-1			2
Loans and receivables - customers	11	-4		2	10
Issued debt and subordinated liabilities	1				
Deferred policy acquisition costs	1				1
Other	10	5	2	-5	13
Total deferred tax liabilities before offsetting	**83**		**67**	**1**	**151**
Offsetting DTL	62				132
Total deferred tax liabilities	**21**				**19**
Net deferred tax	724				454
Deferred tax through income statement and equity		**155**	**124**		

(in millions)	As at 1 January 2013	Income statement	Equity	Other	As at 31 December 2013
Deferred tax assets:					
Assets held for trading and derivatives	643	1	-143		501
Investments (Available-for-sale)	43		-16	-1	26
Property and equipment	18	1			19
Intangible assets (excluding goodwill)	1				1
Loans and receivables - customers	2	1		1	4
Impairments on loans	66	-41			25
Provisions for pensions and post-retirement benefits	396	-352	73	1	118
Accrued expenses and deferred income	77	-34			43
Unused tax losses and unused tax credits	271	-237		4	38
Other	38	-11	5	-1	31
Total deferred tax assets before offsetting	**1,555**	**-671**	**-81**	**4**	**807**
Offsetting DTA	314				62
Total deferred tax assets	**1,241**				**745**
Deferred tax liabilities related to:					
Assets held for trading and derivatives	2			1	3
Investments (Available-for-sale)	49		1		50
Property and equipment		3			3
Intangible assets (excluding goodwill)	3				3
Loans and receivables - customers	11				11
Issued debt and subordinated liabilities	16	-15			1
Provisions for pensions and post-retirement benefits	225	-225			
Deferred policy acquisition costs	1	1	-1		1
Other	54	-44		1	11
Total deferred tax liabilities before offsetting	**361**	**-280**		**2**	**83**
Offsetting DTL	314				62
Total deferred tax liabilities	**47**				**21**
Net deferred tax	1,194				724
Deferred tax through income statement and equity		**391**	**81**		

(in millions)	As at 1 January 2012	Income statement	Equity	Other	As at 31 December 2012
Deferred tax assets:					
Assets held for trading and derivatives	558	12	61	12	643
Investments (Available-for-sale)	126	-1	-78	-4	43
Property and equipment	16	1		1	18
Intangible assets (excluding goodwill)	2	-1			1
Loans and receivables - customers	6	-4			2
Impairments on loans	32	42		-8	66
Provisions for pensions and post-retirement benefits	19	-76	453		396
Accrued expenses and deferred income	6	71			77
Unused tax losses and unused tax credits	582	-304		-7	271
Other	-69	110		-3	38
Total deferred tax assets before offsetting	**1,278**	**-150**	**436**	**-9**	**1,555**
Offsetting DTA	139				314
Total deferred tax assets	**1,139**				**1,241**
Deferred tax liabilities related to:					
Assets held for trading and derivatives		2			2
Investments (Available-for-sale)	29	-3	22	1	49
Property and equipment	2	-2			
Intangible assets (excluding goodwill)		3			3
Loans and receivables - customers	15	-4			11
Impairments on loans	3	-3			
Issued debt and subordinated liabilities	9	7			16
Provisions for pensions and post-retirement benefits	86	139			225
Deferred policy acquisition costs	2	-1			1
Deferred expense and accrued income	2	-2			
Other	32	18		4	54
Total deferred tax liabilities before offsetting	**180**	**154**	**22**	**5**	**361**
Offsetting DTL	139				314
Total deferred tax liabilities	**41**				**47**
Net deferred tax	1,098				1,194
Deferred tax through income statement and equity		**304**	**-414**		

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. This is based on estimates of sufficient taxable income by jurisdiction in which ABN AMRO operates, available tax planning opportunities, and the period over which deferred tax assets are recoverable. Management considers this more likely than not. In the event that actual results differ from these estimates in future periods, and depending on the tax strategies that ABN AMRO may be able to implement, changes to the recognition of deferred tax assets could be required, which could impact ABN AMRO's financial position and net profit.

Tax losses

The total accumulated losses available for carry-forward at 31 December 2014 amounted to EUR 1,415 million (2013: EUR 1,337 million), of which EUR 32 million (2013: EUR 112 million) could be recognised for future tax benefits. The recorded deferred tax asset for tax losses carried forward amounted to EUR 11 million (2013: EUR 38 million).

Unrecognised tax assets

Deferred tax assets of EUR 258 million (2013: EUR 224 million) have not been recognised in respect of gross tax losses of EUR 1,383 million (2013: EUR 1,225 million) because taxable profits are not considered probable.

Tax credits and unrecognised tax credits

ABN AMRO had carry-forward tax credits of EUR 4 million at 31 December 2014 (2013: EUR 5 million) which are not recognised because offset to future tax benefits is not expected.

The following tables show when the operating losses and tax credits as at 31 December 2014 will expire.

Loss carry-forward 2014:

(in millions)	2015	2016	2017	2018	2019	After 5 years	No expiration	Total
Loss carry forward recognised						12	20	32
Loss carry forward not recognised							1,383	1,383
Total tax losses carry forward (gross)						**12**	**1,403**	**1,415**

Tax credits 2014:

(in millions)	2015	2016	2017	2018	2019	After 5 years	No expiration	Total
Tax credits recognised						2	3	4
Tax credits not recognised								
Total tax credits carry forward (gross)						**2**	**3**	**4**

As from 31 December 2014, ABN AMRO recognised net deferred tax assets of EUR 43 million (2013: EUR 709 million) that exceed deferred tax liabilities in entities which have suffered a loss in either 2014 or 2013.

Tax related to each component of other comprehensive income and tax related to equity can be found in the Consolidated statement of comprehensive income and in the Consolidated statements of changes in equity. As a result of the amended pension accounting standard IAS 19, the total deferred tax impact on equity is not equal to the tax impact on Other comprehensive income as shown in the Consolidated statement of comprehensive income. More information is provided in note 28 Pension and other post-retirement employee benefits.

Income tax consequences of dividend

The Managing Board proposes, subject to the approval of the Supervisory Board, to declare a final dividend of EUR 275 million for the ordinary shares. The dividend will be subjected to a withholding tax of EUR 41 million.

Country-by-country reporting

The following table provides an overview of total operating income, average number of FTEs, net profit/(loss) for the year, income tax expense and received government grants per country. In addition, the following table shows the principal subsidiary and main activity for each country. The full list of participating interests as referred to in Article 414, Book 2 of the Dutch Civil Code has been filed with the Trade Register.

As this regulation is only applicable as from 1 January 2014, no previous reporting dates are shown in this table.

						31 December 2014
	Principal subsidiary	Main activity	Total operating income (in millions)	Average number of FTEs	Operating profit/(loss) before taxation (in millions)	Income tax expense (in millions)
Netherlands	ABN AMRO Bank N.V.	Retail Banking	6,622	18,371	1,111	297
- of which international activities			66	159	45	11
France	Banque Neuflize OBC S.A.	Private Banking	316	972	68	20
Germany	Bethmann Bank AG	Private Banking	264	590	82	11
Belgium	ABN AMRO Bank N.V. Branch Belgium ID&JG	Private Banking	84	236	9	19
Luxembourg	ABN AMRO Bank (Luxembourg) S.A.	Private Banking	52	158	10	5
Great Britain	ABN AMRO Commercial Finance Plc	Corporate Banking	61	364	-1	
Jersey	ABN AMRO Bank N.V. Jersey Branch	Private Banking	44	63	24	
Norway	ABN AMRO Bank N.V. Oslo Branch	Corporate Banking	50	22	39	11
Guernsey	ABN AMRO (Guernsey) Ltd.	Private Banking	24	93	-17	
United States	ABN AMRO Clearing Chicago LLC	Corporate Banking	194	352	86	28
Brasil	ABN AMRO Brasil Participações	Corporate Banking	13	66	6	3
Singapore	ABN AMRO Bank N.V. Branch Singapore	Corporate Banking	149	430	72	10
Japan	ABN AMRO Clearing Tokyo Co. Ltd.	Corporate Banking	13	13	6	1
Hong Kong	ABN AMRO Bank N.V. Branch Hong Kong	Private Banking	114	294	37	6
United Arab Emirates	ABN AMRO Bank N.V. Branch UAE/DIFC	Private Banking	35	85	14	
Australia	ABN AMRO Clearing Sydney Pty Ltd.	Corporate Banking	16	49	8	3
Other			2	22	-6	-1
Total			**8,055**	**22,179**	**1,546**	**412**

No material government grants were received in 2014.

11 Cash and balances at central banks

This item includes cash on hand and available demand balances with central banks in countries in which the bank has a presence. Mandatory reserve deposits are disclosed in note 18 Loans and receivables – banks.

(in millions)	31 December 2014	31 December 2013	31 December 2012
Cash on hand and other cash equivalents	617	596	591
Balances with central banks readily convertible in cash other than mandatory reserve deposits	89	8,927	9,205
Total cash and balances at central banks	**706**	**9,523**	**9,796**

Cash and balances at central banks decreased by EUR 8.8 billion to EUR 706 million predominantly due to a decrease in overnight positions placed at DNB.

12 Financial assets and liabilities held for trading

Accounting policy for financial assets and liabilities held for trading

In accordance with IAS 39, all assets and liabilities held for trading are held at fair value with gains and losses in the changes of the fair value taken to Net trading income in the income statement.

Financial assets held for trading

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

(in millions)	31 December 2014	31 December 2013	31 December 2012
Trading securities:			
Government bonds	2,326	2,906	2,127
Corporate debt securities	924	873	799
Equity securities	4,946	6,471	2,539
Total trading securities	**8,196**	**10,250**	**5,465**
Trading book loans	821	1,032	1,118
Commodities		737	506
Total assets held for trading	**9,017**	**12,019**	**7,089**

The decrease in Total assets held for trading is mainly related to lower volume of the trading securities portfolio (EUR 2 billion). Equity securities declined as a result of the discontinuation of the equity derivatives portfolio (EUR 2 billion). This was partly offset by an increase in asset gathering on behalf of Securities financing activities (EUR 0.5 billion). Government bonds were lower mainly because the hedge related to the Short-Term Interest Rate Trading positions (EUR 0.3 billion) ceased and one Total Return Swap (TRS) portfolio which was terminated this year (EUR 0.3 billion). Trading book loans declined as a result of the reclassification of swaptions fees which are now reported as Derivatives - Over-the-counter (EUR 0.3 billion).

Contracts related to commodities have been reassessed as being financing activities and were reclassified to Loans and receivables - customers in 2014.

Financial liabilities held for trading

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

(in millions)	31 December 2014	31 December 2013	31 December 2012
Bonds	1,710	1,988	1,975
Equity securities	2,016	1,787	1,163
Total short security positions	**3,725**	**3,775**	**3,138**
Other liabilities held for trading	34	624	584
Total liabilities held for trading	**3,759**	**4,399**	**3,722**

Other liabilities held for trading were lower mainly due to the reclassification of swaptions fees which are now reported as Derivatives - Over-the-counter (EUR 0.6 million). The decrease in Short security positions - bonds is correlated with the decline of the long security positions (EUR 0.3 billion).

The fair value of assets pledged as security is shown in note 31.

13 Derivatives

Derivatives comprise derivatives held for trading and derivatives held for risk management purposes. Derivatives held for trading are closely related to facilitating the needs of ABN AMRO's clients. A significant part of the derivatives in the trading portfolio is related to serving clients in their risk management to hedge, for example, currency or interest rate exposures. Furthermore, ABN AMRO offers institutional and clients and governments products that are traded on the financial markets. Derivatives held for risk management purposes include the fair value of all derivatives qualifying as hedging instruments in fair value hedges and in cash flow hedges, hedge accounting derivatives, as well as the fair value of derivatives related to assets and liabilities designated as at fair value through profit or loss, economic hedges. A hedging instrument, for hedge accounting purposes, is a designated derivative whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item. From a risk perspective, the gross amount of trading assets must be associated together with the gross amount of trading liabilities, which are presented separately on the statement of financial position. However, IFRS does not allow netting of these positions in the statement of financial position.

Derivatives comprise the following:

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

	31 December 2013									
	Derivatives held for trading			Economic hedges			Hedge accounting			Total derivatives
(in millions)	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	Currency	Other	
Exchange traded										
Fair value assets	2		144			23				169
Fair value liabilities	2	1	143			30				176
Notionals	115	16	212			391				734
Over-the-counter										
Central counterparties										
Fair value assets										
Fair value liabilities										
Notionals	505,461	946					25			506,432
Other billateral										
Fair value assets	10,628	920	154	217	83	37	1,693	370		14,102
Fair value liabilities	8,713	767	223	152	381	24	6,787	4		17,051
Notionals	191,621	79,638	10,489	4,143	12,474	341	123,004	1,534		423,244
Total										
Fair value assets	10,630	920	298	217	83	60	1,693	370		14,271
Fair value liabilities	8,715	768	366	152	381	54	6,787	4		17,227
Notionals	697,198	80,600	10,701	4,143	12,474	732	123,029	1,534		930,411

										31 December 2012
	Derivatives held for trading			Economic hedges			Hedge accounting			Total derivatives
(in millions)	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	Currency	Other	
Exchange traded										
Fair value assets	4	7	279			11				301
Fair value liabilities	2	1	514			23				540
Notionals	1	251	3,222			240				3,714
Over-the-counter										
Central counterparties										
Fair value assets										
Fair value liabilities										
Notionals	496,037	12								496,049
Other billateral										
Fair value assets	16,126	596	242	281	111	131	3,099	462		21,048
Fair value liabilities	14,889	745	225	160	25	8	10,807	109		26,968
Notionals	209,334	51,664	14,516	5,171	10,358	376	136,143	1,590		429,152
Total										
Fair value assets	16,130	603	521	281	111	142	3,099	462		21,349
Fair value liabilities	14,891	746	739	160	25	31	10,807	109		27,508
Notionals	705,372	51,927	17,738	5,171	10,358	616	136,143	1,590		928,915

Over-the-counter derivatives are cleared with a CCP and there is no value on ABN AMRO's Statement of financial position.

Increase in Fair value assets and liabilities related to Derivatives held for hedging was mainly driven by the decline of the yield curve as a result of the rate cut and other liquidity measures provided by the European Central Bank (ECB). Furthermore, this increase was partially determined by accrued fee income (EUR 0.3 billion) and expense (EUR 0.6 billion) related to swaptions which were reported in the Trading book loans in 2013.

The notional amount of the Derivatives held for trading were higher due to the growth in client activity determined by the increased volatility of the exchange rates market.

The hedging strategies are explained in greater detail in note 14.

14 Hedge accounting

Accounting policy for hedge accounting (IAS 39)

ABN AMRO enters into various derivative and non-derivative instrument transactions with external parties to hedge risks on assets, liabilities, forecasted cash flows and net investments. The accounting treatment of the hedged item and the hedging instrument is dependent on whether the hedge relationship qualifies for hedge accounting. Qualifying hedges may be designated as either fair value hedges, cash flow hedges or hedges of net investments. A non-derivative financial asset or liability may be designated as a hedging instrument for hedge accounting purposes only if it hedges the risk of changes in foreign currency exchange rates.

The hedged item can be an asset, liability, highly probable forecasted transaction or net investment in a foreign operation that (a) exposes the entity to risk of changes in fair value or future cash flows and (b) is designated as being hedged. The risks being hedged (the hedged risks) are typically changes in interest rates or foreign currency rates. ABN AMRO may also enter into credit risk derivatives (sometimes referred to as credit default swaps) for managing portfolio credit risk. However, these are generally not included in hedge accounting relationships.

Both at the inception of the hedge and on an ongoing basis, ABN AMRO formally assesses whether the derivatives used in its hedging transactions have been highly effective in offsetting changes in the fair value or cash flows of the hedged item, by assessing and measuring whether changes in the fair value or cash flows of the hedged item are offset by the changes in the fair value or cash flows of the hedging instrument.

Hedge ineffectiveness and gains and losses on components of a derivative that are excluded from the assessment of hedge effectiveness are recorded directly in Results from financial transactions as part of Other income. ABN AMRO discontinues hedge accounting when the hedge relationship has ceased to be effective or is no longer expected to be effective, or when the derivative or hedged item is sold or otherwise terminated.

Adoption of EU carved out version IAS 39

Micro fair value hedges is hedging of separate hedged items which can be assets and liabilities. For micro fair value hedging, ABN AMRO uses the ‘carved out’ version of IAS 39 as adopted by the European Union, which means that negative credit spreads are included in the hedge relationship for micro fair value hedging.

Macro fair value hedging implies that a group of financial assets is reviewed in combination and jointly designated as the hedged item. However, the portfolio may, for risk management purposes, include assets and liabilities. In this context, the starting difference between the fair value and the carrying value of the hedged item at the designation of the hedging relationship is amortised over the remaining life of the hedged item. For macro fair value hedging, ABN AMRO uses the carved out version of IAS 39 as adopted by the European Union, which removes some of the limitations on fair value hedges and the strict requirements on the effectiveness of those hedges. In this context, the impact of changes in the estimates of the re-pricing dates is only considered ineffective if it leads to over-hedging.

Fair value hedges

Where a derivative financial instrument hedges the exposure to changes in the fair value of the hedged item, the hedged item is adjusted in relation to the risk being hedged. Gains or losses on re-measurement of both the hedging instrument and the hedged item are recognised in the Income statement within Results from financial transactions as part of Other income. Hedge effectiveness for fair value hedges is measured as the amount by which the changes in the fair value of the hedging instrument are different from changes in the fair value of the hedged item. When a fair value hedge of interest rate risk is terminated, any value adjustment to the carrying amount of the hedged item is amortised to profit or loss over the original designated hedging period, or taken directly to income if the hedged item is derecognised.

Cash flow hedges

When a derivative financial instrument hedges the exposure to variability in the cash flows from a hedged item, the effective part of any gain or loss on re-measurement of the hedging instrument is recognised directly in equity. Hedge effectiveness for cash flow hedges is measured as the amount by which the changes in the fair value of the derivative are in excess of changes in the fair value of the expected cash flow in the cash flow hedge. Any ineffective part of the cash flow hedge is recognised in Other income immediately. When a cash flow hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity.

The cumulative gains or losses recognised in equity is transferred to the income statement at the time when the hedged transaction affects net profit or loss and is included in the same line item as the hedged transaction. In the exceptional case that the hedged transaction is no longer expected to occur, the cumulative gains or losses recognised in equity are recognised in the Income statement immediately.

Forecasted transactions

When the hedging instrument effectively hedges a forecasted transaction or firm commitment, the changes in fair value of the hedging instrument are recognised in equity. Amounts deferred in equity are transferred to the income statement and classified as profit or loss in the periods during which the hedged firm commitment or forecasted transaction affects the income statement. If the hedge no longer meets the criteria for hedge accounting or is otherwise discontinued, but the hedged forecasted transactions or firm commitments are still expected to occur, hedge accounting is discontinued prospectively.

Hedging of net investments in foreign operations

ABN AMRO may enter into foreign currency derivatives and currency borrowings to hedge various net investments in foreign operations. For such hedges, currency translation differences arising on translation of the currency of these instruments to euros are recognised directly in the currency translation reserve in equity, insofar as they are effective. The cumulative gain or loss recognised in equity is transferred to the Income statement on the disposal of the foreign operation.

Hedges not qualifying for hedge accounting

The fair value changes of derivative transactions used to hedge against economic risk exposures that do not qualify for hedge accounting, or for which it is not cost beneficial to apply hedge accounting, are recognised directly through profit or loss.

Derivatives designated and accounted for as hedging instruments

The following results from ineffectiveness are recognised in Other income:

(in millions)	2014	2013	2012
Fair value hedges	-62	-5	1
Cash flow hedges	1	9	-16
Net investment hedging		1	-1
Total hedging results	**-62**	**5**	**-16**

The loss of EUR 62 million fair value hedges in 2014 is due to an increase of the hedge ineffectiveness as well as a refined methodology to measure this (in)effectiveness.

Overview of the fair value and notionals of hedging instruments

	Fair value hedges			Cash flow hedges			Economic hedges		
	Notional amount	Fair value		Notional amount	Fair value		Notional amount	Fair value	
(in millions)		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
31 December 2014									
Derivatives held for trading risk management									
Interest rate	87,970	2,602	8,594	46,292	1,989	2,949	3,853	254	191
Currency	1,399	452	15				27,794	215	469
Other							2,512	43	28
Total	**89,369**	**3,054**	**8,609**	**46,292**	**1,989**	**2,949**	**34,159**	**513**	**688**
31 December 2013									
Derivatives held for trading risk management									
Interest rate	84,687	1,190	5,119	38,342	503	1,668	4,143	217	152
Currency[1]	1,414	370	4	120			12,474	83	381
Other							732	60	54
Total	**86,101**	**1,560**	**5,123**	**38,462**	**503**	**1,668**	**17,349**	**360**	**587**
31 December 2012									
Derivatives held for trading risk management									
Interest rate	87,631	1,586	8,093	48,512	1,513	2,714	5,171	281	160
Currency[1]	1,406	461	109	184	1		10,358	111	25
Other							616	142	31
Total	**89,037**	**2,047**	**8,202**	**48,696**	**1,514**	**2,714**	**16,145**	**534**	**216**

1 Net investment hedge assets & notional amounts only occurred in 2013 and 2012. Because the amounts are relatively small these hedges have been presented on the currency lines in the Cash flow hedge columns.

Because the hedging derivatives are externalised through the Markets business line, some notional amounts were presented as Trading derivatives in 2013 and 2012. These data have been adjusted in the comparative 2013 and 2012 figures.

Fair value hedge accounting

ABN AMRO applies fair value hedge accounting on individual hedged items (micro fair value hedging) as well as on a portfolio of hedged items (macro fair value hedging).

Micro fair value hedge accounting

Hedging instruments designated in individual fair value hedge relationships principally consist of interest rate swaps, interest rate options and cross-currency interest rate swaps (only in 2012) that are used to protect against changes in the fair value of fixed rate assets and fixed rate liabilities due to changes in market interest rates.

For qualifying fair value hedges, all changes in the fair value of the derivative and in the fair value of the hedged item for the risk being hedged are recognised in the income statement.

Net effect of gains/(losses) arising from fair value hedge accounting:

(in millions)	2014	2013	2012
Gains/(losses) on the hedged assets attributable to the fair value hedged risk	1,859	-870	997
Gains/(losses) on hedging instruments used for the hedged assets	-1,947	848	-995
Gains/(losses) on the hedged liabilities attributable to the fair value hedged risk	-2,210	1,427	-2,173
Gains/(losses) on hedging instruments used for the hedged liabilities	2,252	-1,427	2,176
Net effect fair value hedge	**-46**	**-22**	**5**

Due to higher Euribor rates, the gains and losses on hedged items and hedging instruments in 2013 are opposite to those reportied in 2014 and 2012.

Macro fair value hedge accounting

ABN AMRO hedges interest rate exposures of fixed-rate mortgages on a portfolio basis using interest rate swaps. ABN AMRO applies a portfolio fair value hedge ('macro fair value hedge accounting') in which it designates interest rate swaps as hedging instruments and fixed-rate mortgages as hedged items. The hedge accounting relationship is reviewed and redesignated on a monthly basis.

As a result of the hedge, changes in the hedged item's fair value due to changes in the appropriate benchmark interest rate will be booked to the income statement and will be offset by changes in the fair value of the hedging derivative financial instrument.

Hedged mortgages are fixed-rate mortgages with the following features:

- denominated in local currency (euro);
- fixed term to maturity or re-pricing;
- pre-payable amortising or fixed principal amounts;
- fixed interest payment dates;
- no interest rate options;
- accounted for on an amortised cost basis.

Mortgages with these features form a portfolio of which the hedged item is designated in a fair value hedge accounting relationship. More than one group (or portfolio) of mortgages can be identified as the hedged item within the fixed-rate mortgage portfolio. Hedged items are designated on a monthly basis to maintain an effective hedge accounting relationship.

Mortgage cash flows are allocated to monthly time buckets based on expected maturity dates. ABN AMRO models the maturity dates of mortgages taking into account a prepayment rate applied to the contractual cash flows and maturity dates of the mortgage portfolio. If the swap notional exceeds 95% of the expected mortgage notional in any given month, then mortgages that mature one month earlier or one month later are designated to the swaps.

Changes in the fair value of mortgages which are attributable to the hedged interest rate risk are recorded under fair value adjustment from hedge accounting in order to adjust the carrying amount of the loan. The difference between the fair value attributable to the hedged interest rate risk and the carrying value of the hedged mortgages at de-designation of the hedge relationship is amortised over the remaining life of the hedged item.

(in millions)	2014	2013	2012
Gains/(losses) on the hedged assets attributable to the fair value hedged risk	948	-1,200	1,056
Gains/(losses) on hedging instruments used for the hedged assets	-964	1,217	-1,060
Net effect fair value hedge	**-16**	**17**	**-4**

Due to higher Euribor rates, the gains and losses on hedged items and hedging instruments in 2013 are opposite compared with 2014 and 2012.

Cash flow hedge accounting

ABN AMRO applies macro cash flow hedge accounting by which it designates interest rate swaps as hedging instruments and future cash flows on non-trading assets and liabilities as hedged items. The hedge accounting relationship is reviewed on a monthly basis and the hedging instruments and hedged items are de-designated or re-designated if necessary to maintain an effective hedge accounting relationship.

Future cash flows are derived from the projected balance sheet. This projected balance sheet is produced by Asset and Liability Management models and forms the basis for the management of interest rate risk. The model behind the projected balance sheet takes the contractual terms and conditions of financial assets and liabilities and combines these with estimated prepayments, growth rates and interest scenarios, based on statistical market and client data and an economic outlook. The primary interest-sensitive positions in the balance sheet stemming from the non-trading book are Loans and receivables, Liabilities due to banks and customers and Issued debt securities.

Within the projected balance sheet, new assets and liabilities and the future re-pricing of existing assets and liabilities are grouped based on their specific interest rate index on which they re-price (i.e. one month, three months, six months, one year). Per re-pricing index all assets and liabilities are allocated to monthly clusters in which they re-price up until their maturity. Interest rate swaps are designated to these clusters based on their re-pricing index and maturity.

The notional amounts of pay- or receive-floating swaps are designated to re-pricing all or a portion of current and forecasted assets and liabilities, respectively, in the clusters described above. These swap transactions are designated for hedge accounting purposes as a hedge of a gross position of a cluster of projected cash flows. In addition, the swap will only hedge the applicable floating swap rate portion of the interest re-pricing and re-investment risk of the cluster. The availability of projected cash flows in the clusters is not constant over time and therefore evaluated on a monthly basis. Changes in cash flow projections could lead to revision of the designation. Furthermore, back testing is performed on the interest rate risk sensitivity models. Historical data are used to review the assumptions applied.

Hedge accounting ineffectiveness recognised in the income statement related to cash flow hedging amounted to a profit of EUR 1 million in 2014 (2013: profit of EUR 9 million).

The maturity profile of forecast principal balances designated in the cash flow hedge is as follows:

(in millions)	Within 3 months	More than 3 months but within 1 year	More than 1 year but within 5 years	More than 5 years but within 10 years	More than 10 years
31 December 2014					
Assets	21,810	21,810	20,780		
Liabilities	24,302	20,835	6,585	6,585	3,500
Net assets/liabilities	**-2,492**	**975**	**14,195**	**-6,585**	**-3,500**
31 December 2013					
Assets	15,860	15,860	15,830		
Liabilities	22,482	22,482	6,585	6,585	3,500
Net assets/liabilities	**-6,622**	**-6,622**	**9,245**	**-6,585**	**-3,500**
31 December 2012					
Assets	17,551	16,749	12,005	2,325	
Liabilities	24,160	21,952	9,435	8,335	4,250
Net assets/liabilities	**-6,609**	**-5,203**	**2,570**	**-6,010**	**-4,250**

Net gains/(losses) on cash flow hedges transferred from equity to the income statement is as follows:

(in millions)	2014	2013	2012
Interest income	344	134	120
Interest expense	396	259	232
Subtotal	**-52**	**-125**	**-112**
Tax expense	-13	-31	-28
Total gains/(losses) on cash flow hedges	**-39**	**-94**	**-84**

Hedges of net investments in foreign operations

ABN AMRO limits its exposure to certain investments in foreign operations by hedging its net investment in its foreign operations with forward contracts.

15 Financial investments

Financial investments are classified as Available-for-sale or as held at fair value through profit or loss.

Accounting policy for available for sale investments

Available-for-sale assets are held at fair value with unrealised gains and losses recognised directly in Other comprehensive income, net of applicable taxes. Interest earned, premiums, discounts and qualifying transaction costs of interest earning available-for-sale assets are amortised to profit or loss on an effective interest rate basis. When available-for-sale assets are sold, collected or impaired, the cumulative gain or loss recognised in Other comprehensive income is transferred to Other income in the income statement.

Accounting policy for assets designated through profit and loss

Financial investments are designated at fair value through profit or loss when the instruments are held to reduce an accounting mismatch, are managed on the basis of its fair value, or include terms that have substantive derivative characteristics in nature.

The composition of financial investments is as follows:

(in millions)	31 December 2014	31 December 2013	31 December 2012
Financial investments:			
Available-for-sale	40,898	27,596	21,374
Held at fair value through profit or loss	589	530	375
Total, gross	**41,487**	**28,126**	**21,749**
Less: Available-for-sale impairment allowance	21	15	19
Total financial investments	**41,466**	**28,111**	**21,730**

The fair value of transferred assets is shown in note 31.

Investments available for sale

The fair value of ABN AMRO's Available-for-sale investments (including gross unrealised gains and losses) is specified as follows:

(in millions)	31 December 2014	31 December 2013	31 December 2012
Interest-earning securities:			
Dutch government	6,884	5,666	5,401
US Treasury and US government	1,939	1,495	1,548
Other OECD government	20,779	13,449	6,784
Non-OECD government	471	201	117
European Union	1,494	1,282	1,004
Mortgage and other asset-backed securities	3,243	3,544	3,731
Financial institutions	5,824	1,657	2,470
Non-financial institutions	37	89	123
Subtotal	**40,670**	**27,383**	**21,178**
Equity instruments	228	213	196
Total investment available-for-sale	**40,898**	**27,596**	**21,374**

The increase in available-for-sale investments was mainly related to further strengthening of the Liquidity Coverage Ratio (LCR) under Basel III.

Most of these instruments are part of the liquidity buffer and are held for liquidity contingency purposes. For this reason, the changes in the portfolio are mainly due to active management of the liquidity buffer.

Government bonds by country of origin

The government bonds by country of origin for 2014, 2013 and 2012 were as follows at 31 December:

(in millions)	31 December 2014			31 December 2013			31 December 2012		
	Gross unrealised gains/(losses) and fair value hedges gains/(losses)[1]	Impairments	Fair value	Gross unrealised gains/(losses) and fair value hedges gains/(losses)[1]	Impairments	Fair value	Gross unrealised gains/(losses) and fair value hedges gains/(losses)[1]	Impairments	Fair value
Dutch national government	869		6,884	369		5,666	742		5,401
French national government	402		4,420	184		4,734	204		2,220
German national government	553		4,016	208		1,654	325		1,305
Belgian national government	364		2,672	110		2,006	23		139
Finnish national government	233		2,165	25		1,044	62		678
Austrian national government	477		1,994	251		1,562	320		1,454
USA national government	8		1,939	9		1,495	28		1,548
Japanese national government			1,880			519			18
European Union bonds	192		1,494	82		1,282	90		1,004
Italian national government	122		974	29		534	14		370
Swiss national government			643			245			
Spanish national government			500			75			
Polish national government	119		410	54		345	60		350
Swedish national government	6		314			93			3
Great Britain national government	79		313	28		245	50		235
Danish national government			209			205			3
Hong Kong			194			76			39
Luxembourg national government	16		148			81			3
Brazil			143			64			
Singapore national government			134			61			78
Canadian national government	8		120			107			
Other national governments[2]									6
Total government bonds	**3,449**		**31,567**	**1,349**		**22,093**	**1,918**		**14,854**

[1] Of the total gross unrealised gains (losses), fair value hedge accounting was applied for an amount of EUR 3,1 billion as at 31 December 2014 (2013: EUR 1.4 billion; 2012: EUR 1.9 billion). Gains of EUR 288 million (2013: loss EUR 61 million; 2012: loss EUR 22 million) were recognised in Equity.
[2] In 2012 other national governments consists mainly of Australian bonds (EUR 5 million).

No impairment charges were recorded on these government bonds.

More information on country risk positions is provided in the Risk management section of this Annual Report.

Critical accounting estimates and judgements

Interest-bearing securities and equities classified as available-for-sale investments are assessed at each reporting date to determine whether they are impaired. For equities this review considers factors such as the credit standing and prospects of the issuer, any reduction in fair value below cost, its direction and whether the reduction is significant or prolonged. In general, ABN AMRO uses as triggers for a significant or prolonged decline in the fair value below cost 20% and 9 months respectively. An interest-bearing security is impaired and an impairment loss incurred if there is objective evidence that an event since initial recognition of the asset has adversely affected the amount or timing of future cash flows from the asset.

If, in a subsequent period, the fair value of a debt security classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss is reversed through the income statement.

Impairment losses recognised on equity instruments can never be reversed through the income statement.

The following table provides information on impairments on available-for-sale investments.

(in millions)	2014	2013	2012
Balance as at 1 January	**15**	19	16
Increase in impairments		3	4
Reversal on sale/disposal	-1	-7	-1
Foreign exchange differences and other adjustments	7		
Balance as at 31 December	**21**	**15**	**19**

Investments designated at fair value through profit or loss

The following table provides information at 31 December about the investments that are held at fair value and for which unrealised gains or losses are recorded through profit or loss.

(in millions)	31 December 2014	31 December 2013	31 December 2012
Government bonds	263	214	208
Corporate debt securities	2	13	5
Private equities and venture capital	246	121	134
Equity securities	78	182	28
Total investments held at fair value through profit or loss	**589**	**530**	**375**

In Corporate Banking, some private equity investments are measured at fair value through profit or loss, reflecting the business of investing in financial assets to benefit from their total return in the form of interest or dividend and changes in fair value.

16 Securities financing

Accounting policy for securities financing

Securities financing consists of securities borrowing and lending and sale and repurchase transactions. Securities borrowing and securities lending transactions are generally entered into on a collateralised basis, with securities usually advanced or received as collateral. The transfer of the securities themselves is not reflected in the statement of financial position unless the risks and rewards of ownership are also transferred. If cash is advanced or received, securities borrowing and lending activities are recorded at the amount of cash advanced (included in Loans and receivables) or received (Due to banks or customers). The market value of the securities borrowed or lent is monitored on a daily basis, and the collateral levels are adjusted in accordance with the underlying transactions. Fees and interest received or paid are recognised on an effective interest basis and recorded as interest income or interest expense.

Sale and repurchase transactions involve purchases (or sales) of investments with agreements to resell (or repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans and receivables to either banks or customers and are shown as collateralised by the underlying security.

Investments sold under repurchase agreements continue to be recognised in the Statement of financial position. The proceeds from the sale of the investments are reported as liabilities to either banks or customers. The difference between the sale and repurchase price is recognised over the period of the transaction and recorded as interest income or interest expense, using the effective interest method. If borrowed securities are sold to third parties, the proceeds from the sale and a liability for the obligation to return the collateral are recorded at fair value.

	31 December 2014		31 December 2013		31 December 2012	
(in millions)	Banks	Customers	Banks	Customers	Banks	Customers
Assets						
Reverse repurchase agreements	936	6,518	2,374	3,558	7,092	7,349
Securities borrowing transactions	3,363	6,116	4,570	5,710	6,484	4,552
Unsettled securities transactions	163	1,415	299	1,851	702	2,614
Total	**4,462**	**14,049**	**7,243**	**11,119**	**14,278**	**14,515**
Liabilities						
Repurchase agreements	1,736	7,457	3,032	5,500	3,097	12,148
Securities lending transactions	672	2,779	779	1,690	1,129	2,527
Unsettled securities transactions	256	1,018	396	869	143	477
Total	**2,663**	**11,254**	**4,207**	**8,059**	**4,369**	**15,152**

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

The increase in the professional securities took place mainly in the reverse repurchase agreements with customers. This increase was mainly due to onboarding of parties with significantly larger Agency Mortgage collaterals.The volume of these trades was larger and the spread captured was larger.

Items of securities financing transactions which ABN AMRO can repledge or resell are included in note 32 Transferred, pledged, encumbered and restricted assets.

17 Fair value of financial instruments carried at fair value

Accounting policy for fair value of financial instruments

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

For financial instruments that are actively traded and for which quoted market prices or market parameters are readily available, there is high objectivity in the determination of the fair value. However, when observable market prices and parameters do not exist, management judgement is necessary to estimate fair value.

For financial instruments where no active liquid market exists, or quoted prices are unobtainable, recent market transactions are used or the fair value is estimated using a variety of valuation techniques – including reference to similar instruments for which market prices do exist, or to valuation models such as discounted cash flow calculation or option pricing models (e.g. Black Scholes).

If portfolios of financial assets and liabilities are measured on the basis of the net exposure to market risks, then judgements are applied in determining appropriate portfolio level adjustments such as bid-ask spreads. Such adjustments are derived from observable bid-ask spreads for similar instruments and adjusted for factors specific to the portfolio. Similarly, when portfolios of financial assets and liabilities are measured on the basis of the net exposure to the credit risk of a particular counterparty, then any existing arrangements that mitigate the credit risk exposure (e.g. master netting agreements with the counterparty) are taken into account.

Unobservable inputs are estimated using a combination of management judgement, historical data, market practice and benchmarking to other relevant observable market data. The difference between the transaction price and the internal valuation at inception, calculated using a model, is reserved and amortised to profit or loss at appropriate points over the life of the instrument, typically taking account of the ability to obtain reliable external data, the passage of time and the use of offsetting transactions. Where inputs to the valuation of a new transaction cannot be reliably sourced from external providers, the transaction is initially recognised at its transaction price. Subsequent changes in fair value as calculated by the valuation model are reported as profit or loss or in equity.

In order to determine a reliable fair value, where appropriate, management applies valuation adjustments to the pricing information derived from the above sources. These adjustments reflect management's assessment of factors that market participants would consider in setting a price, to the extent that these factors have not already been included in the information from the above sources. The main valuation adjustments required to arrive at a fair value are as follows:

- Bid-ask adjustments. Bid-ask prices are derived from market sources, such as broker data;
- Credit and debit valuation adjustments. In addition to credit valuation for loans valued as at fair value through profit or loss, credit valuation adjustments and debit valuation adjustments are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and ABN AMROs' own credit quality respectively;
- Funding Valuation Adjustments. Funding Valuation Adjustment incorporates the incremental cost of funding into the valuation of uncollateralised and partially collateralised derivatives;
- Own credit adjustment. An own credit adjustment is applied to positions where it is believed that counterparties will consider ABN AMRO's creditworthiness when pricing trades;
- Model valuation adjustments for any known limitations. Management assesses the appropriateness of any model used on an ongoing basis. To the extent that the price provided by internal models does not represent the fair value of the instrument, for instance in highly stressed market conditions, management makes adjustments to the model valuation to calibrate to other available pricing sources.

We believe our estimates of the fair value are adequate. However, the use of different models or assumptions could result in changes to our reported results.

Internal controls over fair value

ABN AMRO has designated controls and processes for determining the fair value of financial instruments. A process has been designed to ensure there are formalised review protocols for independent review and validation of fair values separate from those businesses entering into the transactions. This includes specific controls to ensure consistent pricing policies and procedures, incorporating disciplined price verification for both market and counterparty risk trades.

The business entering into the transaction is responsible for the initial determination and recording of the fair value of the transaction. There are daily controls over the profit or loss recorded by trading and treasury front-office staff.

A key element of the control environment, segregated from the recording of the transaction's valuation, is the independent price verification process. Valuations are first calculated by the business. Such valuations may be current bid or offer prices in an active market, or may be derived using a model and variable model inputs. These valuations are reviewed, and if necessary amended, by the independent price verification process. This process involves a team independent of those trading the financial instruments performing a review of valuations in the light of available pricing evidence. Independent price verification is frequently performed by matching the business valuations with independent data sources. For liquid instruments the process is performed daily. The minimum frequency of review is monthly for trading positions, and six-monthly for non-trading positions. The independent price verification control includes formalised reporting and escalation to management of any valuation differences in breach of defined thresholds. When models are used to value products, those models are subject to a model review process. This process requires different levels of model documentation, testing and review, depending on the complexity of the model and the size of ABN AMRO's exposure to the model.

Valuation techniques

ABN AMRO uses a number of methodologies to determine the fair value of financial instruments for which observable prices in active markets for identical instruments are not available.

Values between and beyond available data points are obtained by interpolation and/or extrapolation. When using valuation techniques, the fair value can be significantly impacted by the choice of valuation model and underlying assumptions made concerning factors such as the amount and timing of cash flows, discount rates and credit risk. The principal inputs to these valuation techniques are listed below:

- bond prices – quoted prices are generally available for government bonds, certain corporate securities and some mortgage-related products;
- credit spreads – where available, these are derived from prices of credit default swaps (CDS) or other credit-based instruments, such as debt securities. For others, credit spreads are obtained from pricing services;
- interest rates – these are principally benchmark interest rates such as the interbank rates and quoted interest rates in the swap, bond and futures markets;
- foreign currency exchange rates – there are observable markets both for spot and forward contracts and futures in the world's major currencies;
- equity and equity index prices – quoted prices are generally readily available for equity shares listed on the world's major stock exchanges and for major indices on such shares;
- commodity prices – many commodities are actively traded in spot and forward contracts and futures on exchanges in London, New York and other commercial centres;
- price volatilities and correlations – volatility is a measure of the tendency of a price to change with time. Correlation measures the degree to which two or more prices or other variables are observed to move together. If they move in the same direction there is positive correlation; if they move in opposite directions there is negative correlation. Volatility is a key input in valuing options and the valuation of certain products such as derivatives with more than one underlying variable that are correlation dependent. Volatility and correlation values are obtained from broker quotations, pricing services or derived from option prices;
- prepayment rates – the fair value of a financial instrument that can be prepaid by the issuer or borrower differs from that of an instrument that cannot be prepaid. In valuing pre-payable instruments that are not quoted in active markets, ABN AMRO considers the value of the prepayment option;
- counterparty credit spreads – adjustments are made to market prices (or parameters) when the creditworthiness of the counterparty differs from that of the assumed counterparty in the market price (or parameters);
- recovery rates/loss given default - these are used as an input to valuation models and reserves for asset-backed securities as an indicator of severity of losses on default. Recovery rates are primarily sourced from market data providers or inferred from observable credit spreads.

ABN AMRO refines and modifies its valuation techniques as markets and products develop and as the pricing for individual products becomes more or less readily available. While ABN AMRO believes its valuation techniques are appropriate and consistent with other market participants, the use of different methodologies or assumptions could result in different estimates of the fair value at the reporting date.

Fair value hierarchy

ABN AMRO analyses financial instruments held at fair value in the three categories as described below.

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

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

Level 3 financial instruments are those valued using a valuation technique where at least one input, which has a significant effect on the instrument's valuation, is not based on observable market data. A significant effect on the instrument's valuation is considered to be present when the unobservable input accounts for at least 10% of the total instrument's fair value. The effect of fair value adjustments on the instrument's valuation is included in the assessment.

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

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

(in millions)	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs	Total fair value
				31 December 2013
Assets				
Financial assets held for trading	10,987	1,032		12,019
- of which Government bonds and Corporate debt securities	3,779			3,779
- of which Equity securities	6,471			6,471
- of which Other financial assets held for trading	737	1,032		1,769
Derivatives held for trading	146	11,702		11,848
Derivatives not held for trading		2,348	75	2,423
Available-for-sale interest earning securities	25,734	586	1,063	27,383
Available-for-sale equities	119	17	62	198
Financial investments designated at fair value through profit or loss	409		121	530
Unit-linked investments	1,557	614		2,171
Total financial assets	**38,952**	**16,299**	**1,321**	**56,572**
Liabilities				
Financial liabilities held for trading	3,775	624		4,399
- of which Bonds	1,988			1,988
- of which Equity securities	1,787			1,787
- of which Other financial liabilities held for trading		624		624
Derivatives held for trading	146	9,703		9,849
Derivatives not held for trading		7,305	73	7,378
Issued debt		2,071		2,071
Unit-linked for policyholders	1,557	614		2,171
Total financial liabilities	**5,478**	**20,317**	**73**	**25,868**

(in millions)	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs	Total fair value
				31 December 2012
Assets				
Financial assets held for trading	5,971	1,118		7,089
- of which Government bonds and Corporate debt securities	2,926			2,926
- of which Equity securities	2,539			2,539
- of which Other financial assets held for trading	506	1,118		1,624
Derivatives held for trading	290	16,964		17,254
Derivatives not held for trading		3,992	103	4,095
Available-for-sale interest earning securities	18,542	1,592	1,044	21,178
Available-for-sale equities	116	27	34	177
Financial investments designated at fair value through profit or loss	241		134	375
Unit-linked investments	1,478	692		2,170
Total financial assets	**26,638**	**24,385**	**1,315**	**52,338**
Liabilities				
Financial liabilities held for trading	3,144	578		3,722
- of which Bonds	1,975			1,975
- of which Equity securities	1,163			1,163
- of which Other financial liabilities held for trading	6	578		584
Derivatives held for trading	517	15,859		16,376
Derivatives not held for trading		11,032	100	11,132
Issued debt		2,321		2,321
Unit-linked for policyholders	1,478	692		2,170
Total financial liabilities	**5,139**	**30,482**	**100**	**35,721**

Transfers between levels 1 and 2

There were no material transfers between levels 1 and 2.

Transfers from levels 1 and 2 into 3

In 2014, interest earnings securities transferred from level 2 to level 3 for an amount of EUR 648 million. The main unobservable input became a significant component to the fair value measurement.

Movements in level 3 financial instruments measured at fair value

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

(in millions)	Financial investments available for sale	Financial investments designated at fair value through profit or loss	Derivatives not held for trading (Assets)	Derivatives not held for trading (Liabilities)
Balance at 31 December 2012	**1,078**	**134**	**103**	**100**
Purchases	6	21		
Sales		-7		
Redemptions	-8			
Unrealised gains/(losses)	26	-27	-28	-27
Other movements[2]	23			
Balance at 31 December 2013	**1,125**	**121**	**75**	**73**
Purchases	5	174		
Sales		-20		
Redemptions	-116			
Gains/(losses) recorded in profit and loss[1]		1		
Unrealised gains/(losses)	6	-6	-9	-9
Other movements[2]	641	2		
Balance at 31 December 2014	**1,668**	**271**	**66**	**64**

1 Included in Other operating income. All assets were held at balance sheet date.
2. During 2014 the interest earning securities were reassessed and consequently an amount of EUR 648 million was transferred from level 2 to level 3.

Level 3 sensitivity information

Equities designated at fair value through profit or loss

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

Private equity shares are designated at fair value through profit and loss and classified as level 3. In general, private equity investments cannot be valued directly from quoted market prices or by using valuation techniques supported by observable market data or other market data. The fair value is determined 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 companies.

The fair value of the private equity investments is based on earnings multiples of comparable listed companies. As a consequence, the fair value calculation of an investment is strongly linked with movements on the public (share) markets. The sensitivity is determined by stressing the earnings multiples in a positive and negative market scenario.

Government bonds - Corporate debt securities

ABN AMRO has a position in a Polish bond, denominated in EUR, for which the market is relatively illiquid. The bond is valued using a discounted cash flow model. The main inputs are the interest rate curve, liquidity spread and credit spread. The valuation spread is determined using an internal model and is therefore an unobservable input. The sensitivity analysis is performed by using a range of reasonable valuation spreads.

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

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

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

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

The following tables present the level 3 financial instruments carried at fair value at balance sheet date. The fair value is based on a valuation technique with one or more significant unobservable inputs. There may be uncertainty about a valuation resulting from the choice of the valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique or model. ABN AMRO has performed a sensitivity analysis for each level 3 instrument category. Reasonably possible alternative assumptions of the significant unobservable inputs are used to determine whether a change in the amount of these inputs would have a significant impact on total fair value.

(in millions)	Valuation technique	Unobservable data	Carrying value	Minimum range	Maximum range	Weighted average	Reasonably possible alternative assumptions: Increase in fair value	Reasonably possible alternative assumptions: Decrease in fair value
31 December 2014								
Equity shares	Private equity-valuation	EBITDA multiples	351	5.0%	9.8%	7.0%	20	-20
Interest earning securities - Government bonds	Discounted cash flow	Liquidity and credit spread	410	77 bps	145 bps	111 bps	17	-17
Interest earning securities - other	Discounted cash flow	Prepayment rate	1,178	0.0%	10.0%	8.0%	52	-9
Derivatives not held for trading - assets/liabilities (net)	Discounted cash flow	Prepayment rate	2	0.0%	10.0%	8.0%		
31 December 2013								
Equity shares	Private equity-valuation	EBITDA multiples	183	5.0%	10.0%	7.6%	21	-21
Interest earning securities	Discounted cash flow	Prepayment rate	1,063	0.0%	10.0%	5.0%	34	-34
Derivatives not held for trading - assets/liabilities (net)	Discounted cash flow	Prepayment rate	2	0.0%	10.0%	5.0%	2	-2
31 December 2012								
Equity shares	Private equity-valuation	EBITDA multiples	168	6.1%	10.3%	7.2%	20	-20
Interest earnings securities	Discounted cash flow	Prepayment rate	1,044	0.0%	10.0%	5.0%	34	-34
Derivatives not held for trading - assets/liabilities (net)	Discounted cash flow	Prepayment rate	3	0.0%	10.0%	5.0%	3	-3

18 Loans and receivables - banks

Accounting policy for loans and receivables from banks and customers

According to IAS 39 Financial Instruments, Loans and receivables from banks and customers are held at amortised cost, i.e. fair value at initial recognition adjusted for repayment and amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability.

(in millions)	31 December 2014	31 December 2013	31 December 2012
Interest-bearing deposits	3,560	15,971	21,483
Loans and advances	11,382	7,621	10,219
Mandatory reserve deposits with central banks	6,724	221	287
Other	15	154	194
Subtotal	**21,680**	**23,967**	**32,183**
Less: loan impairment allowance			
Loans and receivables - banks	**21,680**	**23,967**	**32,183**

Loans and receivables – banks declined by EUR 2.3 billion. This resulted from a decrease in the interest-bearing deposits and an increase in the loans and advances and the mandatory reserve deposits with central banks.

Interest-bearing deposits decreased by EUR 12.4 billion mainly as a result of the termination of the Tender loans by the ECB (EUR 10 billion).

Loans and advances increased by EUR 3.8 billion due to higher cash collateral positions.

The excess balance on the Mandatory reserve deposits with central banks is included in Cash and balances at central banks as this excess is readily convertible into cash. Mandatory reserve deposits with central banks are not available for use in the bank's day-to-day operations.

19 Loans and receivables - customers

The accounting policy for loans and receivables is included in note 18.

(in millions)	31 December 2014	31 December 2013	31 December 2012
Residential mortgages	148,402	150,493	154,129
Fair value adjustment from hedge accounting on residential mortgages	4,134	3,531	4,906
Residential mortgages, gross	**152,536**	**154,024**	**159,035**
Less: loan impairment allowances - residential mortgage loans	538	585	370
Residential mortgages	**151,998**	**153,439**	**158,665**
Consumer loans, gross	16,052	16,241	16,645
Less: loan impairment allowances - consumer loans	654	613	445
Consumer loans	**15,398**	**15,628**	**16,200**
Commercial loans	84,694	83,462	85,592
Fair value adjustment from hedge accounting on commercial loans	1,605	868	1,135
Financial lease receivables	3,357	3,184	3,045
Factoring	1,648	1,403	1,182
Commercial loans, gross[1]	**91,305**	**88,917**	**90,954**
Less: loan impairment allowances - commercial loans	3,439	3,672	4,594
Commercial loans	**87,866**	**85,245**	**86,360**
Government and official institutions	1,971	768	1,330
Other loans	4,806	2,053	
Other loans and receivables customers, gross	**6,777**	**2,821**	**1,330**
Less impairments:	129	105	103
Other loans and receivables customers	**6,648**	**2,716**	**1,227**
Loans and receivables - customers	**261,910**	**257,028**	**262,452**

1 Commercial loans, gross includes EUR 9,635 million for capital markets solutions (2013: EUR 9,798 million; 2012: EUR 11,949 million).

Loans and receivables – customers increased by EUR 4.9 billion, due mainly to an increase in other loans.

Residential mortgages decreased by EUR 2.1 billion to EUR 148.4 billion as increased new mortgage production was more than offset by higher additional redemptions, especially in the final quarter. The spike in extra repayments can partly be explained by the expiration of tax-beneficial mortgage-related gifts.

Commercial loans increased by EUR 1.2 billion and was positively influenced by growth in the ECT Clients loan book. Commercial loans to small commercial clients declined as the number of credit applications remained at low levels in 2014.

Government and official institutions increased by EUR 1.2 billion due to higher cash collaterals for derivatives.

Other loans increased by EUR 2.8 billion mainly as a result of increased commodity financing activities.

Details on loan impairments are provided in the Risk management section. See note 14 for details on fair value from hedge accounting.

20 Fair value of financial instruments not carried at fair value

The classification of financial instruments is determined in accordance with the accounting policies set out in Note 17.

The following methods and significant assumptions have been applied to estimate the fair values for the disclosures of financial instruments carried at amortised cost:

- The fair value of variable rate financial instruments and financial instruments with a fixed rate maturing within six months of the reporting date are assumed to approximate their carrying amounts. The fair value estimate of these financial instruments does not reflect changes in credit quality, as the main impact of credit risk is already recognised separately through the deduction of the allowances for credit losses from the carrying amount. Neither does the fair value of these financial instruments reflect changes in liquidity spreads or bid-ask adjustments. The fair value of fixed-rate loans and mortgages carried at amortised cost is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. The prepayment options are not included in the fair value;
- The fair value of demand deposits and savings accounts (both included under Due to customers) with no specific maturity is assumed to be the amount payable on demand at the reporting date;
- The fair value of the other loans to customers and loans to banks is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. The carrying amount equals the fair value;
- The fair value of issued debt securities and subordinated liabilities is based on quoted prices. If these are not available, the fair value is based on independent quotes from market participants for the debt issuance spreads above average interbank offered rates (at a range of tenors) which the market would demand when purchasing new senior or sub-debt issuances from ABN AMRO. Where necessary, these quotes are interpolated using a curve shape derived from CDS prices.

The following table presents, on the one hand, the valuation methods used in determining the fair value of financial instruments carried at amortised cost and, on the other hand, the carrying amount of financial assets and liabilities recorded at amortised cost to their estimated fair value, based on the abovementioned assumptions.

						31 December 2014
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	706		706		706	
Securities financing	18,511		18,511		18,511	
Loans and receivables - banks	21,680			21,680	21,680	
Loans and receivables - customers	261,910		2,346	266,819	269,164	7,254
Total	**302,807**		**21,563**	**288,499**	**310,062**	**7,254**
Liabilities						
Securities financing	13,918		13,918		13,918	
Due to banks	15,744			15,744	15,744	
Due to customers	216,011			216,011	216,011	
Issued debt	75,150	18,632	57,961		76,593	-1,443
Subordinated liabilities	8,328	6,588	2,232		8,820	-493
Total	**329,150**	**25,220**	**74,111**	**231,754**	**331,085**	**-1,935**

						31 December 2013
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	9,523		9,523		9,523	
Securities financing	18,362		18,362		18,362	
Loans and receivables - banks	23,967			23,967	23,967	
Loans and receivables - customers	257,028			260,931	260,931	3,903
Total	**308,880**		**27,885**	**284,898**	**312,783**	**3,903**
Liabilities						
Securities financing	12,266		12,266		12,266	
Due to banks	11,626			11,626	11,626	
Due to customers	207,584			207,584	207,584	
Issued debt	86,611	38,475	48,811		87,286	-675
Subordinated liabilities	7,917	6,023	2,418		8,441	-524
Total	**326,004**	**44,498**	**63,495**	**219,210**	**327,203**	**-1,199**

						31 December 2012
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	9,796		9,796		9,796	
Securities financing	28,793		28,793		28,793	
Loans and receivables - banks	32,183			32,183	32,183	
Loans and receivables - customers	262,452			264,755	264,755	2,303
Total	**333,224**		**38,589**	**296,938**	**335,527**	**2,303**
Liabilities						
Securities financing	19,521		19,521		19,521	
Due to banks	16,935			16,935	16,935	
Due to customers	201,605			201,605	201,605	
Issued debt	92,727	39,473	53,675		93,148	-421
Subordinated liabilities	9,736	5,925	3,611		9,536	200
Total	**340,524**	**45,398**	**76,807**	**218,540**	**340,745**	**-221**

21 Group structure

Accounting policy for business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. All items of consideration, including contingent consideration, transferred by ABN AMRO are measured and recognised at fair value as of the acquisition date. Transaction costs incurred by ABN AMRO in connection with the business combination, other than those associated with the issuance of debt and equity securities, do not form part of the cost of the business combination transaction but are expensed as incurred. The excess of the purchase consideration over ABN AMRO's share of the fair value of the identifiable net assets acquired (including certain contingent liabilities) is recorded as goodwill. ABN AMRO measures the identifiable assets acquired and the liabilities assumed at the fair value at the date of acquisition.

In a step acquisition, where a business combination occurs in stages and control of the business is obtained in stages, the identifiable assets and liabilities of the acquiree are recognised at fair value when control is obtained. A gain or loss is recognised in profit or loss for the difference between the fair value of the previously held equity interest in the acquiree and its carrying amount. Changes in interests in subsidiaries that do not result in a change of control are treated as transactions between equity holders and are reported in equity.

Assets and liabilities of acquisitions and divestments

The following table provides details on the assets and liabilities resulting from the acquisitions or disposals of subsidiaries and equity-accounted investments at the date of acquisition or disposal.

(in millions)	31 December 2014 Acquisitions	31 December 2014 Divestments	31 December 2013 Acquisitions	31 December 2013 Divestments	31 December 2012 Acquisitions	31 December 2012 Divestments
Assets and liabilities of acquisitions and divestments						
Cash and balances at central banks		-26		-4		
Financial investments						
Securities financing			11	-22		
Loans and receivables - banks		-22	2	-269		-11
Loans and receivables - customers	554					
Equity accounted investments	105	-58	85	-41	73	-40
Goodwill and other intangible assets			1			-1
Other assets			24	-3		-5
Due to banks		24		180		1
Due to customers	-900	12	-7	92		3
Tax liabilities						1
Other liabilities		1	-18	4		8
Non-controlling interests			-1	5		
Net assets acquired/Net assets divested	**-241**	**-70**	**97**	**-58**	**73**	**-44**
Result on divestments, gross		60		28		34
Cash used for acquisitions/received from divestments:						
Total purchase consideration/Proceeds from sale	241	130	-97	86	-73	78
Cash and cash equivalents acquired/divested		-48	2	-273		-11
Cash used for acquisitions/received from divestments	**241**	**82**	**-95**	**-187**	**-73**	**67**

Acquisitions and divestments include increases and decreases in the investments in several equity-accounted investments for 2014, 2013 and 2012.

Acquisitions in 2014

On 27 March 2014 ABN AMRO obtained the beneficial title to certain assets and liabilities in RFS Holdings B.V.

On 31 Augustus 2014 (the acquisition date), ABN AMRO completed the acquisition of the domestic private banking activities from Credit Suisse AG in Germany. The asset and liabilities purchase agreement between Bethmann Bank AG and Credit Suisse AG was signed in December 2013. With the acquisition of the assets and liabilities from Credit Suisse AG, ABN AMRO has further strengthened its private banking activities in Europe and positions Bethmann Bank, ABN AMRO's private bank in Germany, as the third largest private bank in Germany. Following this transaction Bethmann Bank will serve about 20,000 clients with approximately EUR 34 billion in Assets under Management.

The asset purchase consists of EUR 550 million of client receivables (loan book) and EUR 900 million of client liabilities (deposit and saving accounts). These assets and liabilities were settled in cash with Credit Suisse AG. Furthermore, ABN AMRO paid a preliminary purchase premium of EUR 92 million consisting of intangible assets and goodwill. The intangible assets with a fair value of EUR 57 million represent client relationships with a total asset base amounting to EUR 8.7 billion. The purchase premium is expected to be finalised in the course of 2015. As of the reporting date, the acquisition accounting has not been completed yet. The opening balance is still subject to finalisation. As of 31 December 2014, the preliminary amount of goodwill originating from the transaction amounted to EUR 35 million and is based on the synergies expected from integrating the private banking activities of Credit Suisse in Germany with those of Bethmann Bank.

Following the acquisition on 31 August 2014, the private banking activities purchased from Credit Suisse AG contributed insignificantly to ABN AMRO's income statement for 2014; therefore, the contributions of the purchased activities to the net income of ABN AMRO are not reported separately.

Divestments in 2014
The sale of Alcover A.G. to Royal Bank of Scotland N.V. was completed on 1 July 2014.

Divestments in 2014 consist of the decrease of ownership in Holland Clearing House B.V. from 100% to 25%. This divestment was completed on 3 December 2014. The remaining 25% interest in Holland Clearing House B.V. is accounted for as an associate.

Acquisitions in 2013
ABN AMRO completed the acquisition of Banco CR2 S.A. in Brasil on 31 July 2013.

Divestments in 2013
Divestments in 2013 consist of the decrease of ownership of European Multilateral Clearing Facility from 78% to 25% due to equal ownership of Depository Trust & Clearing Corporation, BATS Chi-X, Nasdaq OMX and ABN AMRO Clearing Bank in European Multilateral Clearing Facility. This divestment was completed on 5 December 2013.

Divestments in 2012
Divestments in 2012 consist of the sale of Solveon, which was completed on 1 December 2012.

The sale of the commercial insurance broker activities for corporate clients to Aon was completed on 2 July 2012. The insurance operations for small and medium-sized businesses were transferred to ABN AMRO Verzekeringen. ABN AMRO Verzekeringen is a joint venture between ABN AMRO Bank N.V. and Delta Lloyd Group, the latter holding 51% of the shares and ABN AMRO Bank N.V. having a 49% stake.

Composition of the group

Accounting policy for subsidiaries

ABN AMRO Group's subsidiaries are those entities which it directly or indirectly controls. Control over an entity is evidenced by ABN AMRO's ability to exercise its power in order to affect the variable returns that ABN AMRO is exposed to through its involvement with the entity. The existence and effect of potential voting rights that are currently exercisable are taken into account when assessing whether control exists.

The assessment of control is based on the consideration of all facts and circumstances. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control (power, exposure to variability in returns and a link between the two).

ABN AMRO sponsors entities, including certain special purpose entities, which may or may not be directly owned, for the purpose of asset securitisation transactions and other specific and well defined objectives. Particularly in the case of securitisations, these entities may acquire assets from ABN AMRO companies. Some of these entities hold assets that are not available to meet the claims of creditors of ABN AMRO or its subsidiaries. These entities are consolidated in ABN AMRO's financial statements when the substance of the relationship between ABN AMRO and the entity indicates that control is held by ABN AMRO.

ABN AMRO is mainly involved in securitisations of own originated assets such as various consumer and commercial financial assets. This process generally necessitates a sale of these assets to a special purpose entity (SPE), which in turn issues securities to investors. ABN AMRO's interests in securitised assets may be retained in the form of senior or subordinated tranches, issued guarantees, interest-only strips or other residual interests, together referred to as retained interest. In many cases, these retained interests convey control such that the SPE is consolidated and the securitised assets continue to be recognised in the Consolidated Statement of Financial Position.

The financial statements of subsidiaries and special purpose entities are included in the Consolidated Annual Financial Statements from the date on which control commences until the date on which control ceases.

Accounting policy for associates and joint ventures

Associates are those entities in which ABN AMRO has significant influence, but no control or joint control, over the operating and financial policies. Significant influence is generally presumed when ABN AMRO holds between 20% and 50% of the voting rights. Potential voting rights that are currently exercisable are considered in assessing whether ABN AMRO has significant influence. Among other factors that are considered to determine significant influence, representation on the board of directors, participation in the policy-making process and material transactions between the entity and the investee are considered.

A joint venture is an investment in which two or more parties have contractually agreed to share the control over the investment. Joint control only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control. The activities conducted through joint ventures include cash transfer, insurance, finance and leasing.

Investments in associates and joint ventures, including ABN AMRO's strategic investments, are accounted for using the equity method. Under this method the investment is initially recorded at cost and subsequently increased (or decreased) for post-acquisition net income (or loss), other movements impacting the equity of the investee and any adjustments required for impairment. ABN AMRO's share of the profit or loss of the investee is recognised in Other income in the income statement. When ABN AMRO's share of losses exceeds the carrying amount of the investment, the carrying amount is reduced to zero, including any other unsecured receivables, and recognition of further losses is discontinued except if ABN AMRO has incurred obligations or made payments on behalf of the investee.

Equity investments held without significant influence which are not held for trading or not designated at fair value through profit or loss are classified as Available-for-sale.

The following table provides an overview of the most significant investments in associates and joint ventures at 31 December.

			31 December 2014		31 December 2013		31 December 2012	
(in millions)	Principle place of business	Business line	Carrying amount	Equity interest (in %)	Carrying amount	Equity interest (in %)	Carrying amount	Equity interest (in %)
Joint ventures:								
Neuflize Vie	France	Private Banking	212	60%	206	60%	200	60%
Car Carriers Management B.V.	The Netherlands	Corporate Banking	27	50%	37	50%	45	50%
Richmond Preferente Aandelen C. B.V.	The Netherlands	Corporate Banking	25	50%	25	50%		
Aline Holding S.A.	Marshall Islands	Corporate Banking	35	50%	20	50%	17	50%
CM Bulk Ltd.	Bahamas	Corporate Banking	15	50%	14	50%	14	50%
Associates:								
Delta Lloyd ABN AMRO Verzekeringen Holding B.V.	The Netherlands	Retail Banking	235	49%	252	49%	248	49%
RFS Holdings B.V.	The Netherlands	Group Functions	77	0%				
Alma Maritime Ltd.	Marshall Islands	Corporate Banking	71	39%	74	39%	81	38%
Equens S.E.	The Netherlands	Group Functions	63	18%	62	18%	57	18%
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V.	The Netherlands	Group Functions	48	20%	45	20%	43	20%
Safe Ship Inv. Comp. S.C.A. SICAR	Luxembourg	Corporate Banking	24	48%	24	48%	29	49%
Poseidon Containers LLC	Marshall Islands	Corporate Banking	24	6%	21	6%		
Edda Accomodations DIS	Norway	Corporate Banking	29	20%	15	20%	12	20%
European Merchant Services B.V.	The Netherlands	Retail Banking	17	49%	15	49%	14	49%
Alcover A.G.	Switzerland	Group Functions			52	34%	50	34%
PJW 3000 LLC							26	33%
Private Equity Investments			116		128		102	
Other			118		92		73	
Total equity accounted investments			**1,136**		**1,082**		**1,011**	

Neuflize Vie is a joint venture whereby the power to govern the financial and operating policies of the economic activity is subject to joint control.

Although ABN AMRO has no legal ownership, the contribution in RFS Holdings B.V. is identified as an associate resulting from the beneficial title to certain assets and liabilities in RFS Holdings B.V. obtained as per 27 March 2014. ABN AMRO is involved (e.g. via consultation) in certain decisions – as contractually agreed – related to these assets and liabilities.

Although ABN AMRO has an 18% interest in Equens S.E., ABN AMRO has significant influence in Equens S.E. because of representation in the Supervisory Board. ABN AMRO therefore accounts for Equens S.E. as an associate.

Although ABN AMRO has a 6% interest in Poseidon Containers LLC, ABN AMRO has significant influence in Poseidon Containers LLC because of representation in the Board of Directors. ABN AMRO therefore accounts for Poseidon Containers LLC as an associate.

Other investments in associates and joint ventures represents a large number of associates and joint ventures with an individual carrying amount of less than EUR 15 million.

The combined financial information of the associates and joint ventures include the following assets and liabilities, income and expenses, and represent the proportionate share:

	31 December 2014			31 December 2013			31 December 2012		
(in millions)	Associ-ates	Joint ventures	Total	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Assets									
Financial assets held for trading	2,722		2,722	2,916		2,916	2,989		2,989
Financial investments	301	6,609	6,910	2,603	6,321	8,924	4,579	5,464	10,043
Loans and receivables-banks and customers	1,853	172	2,025	932	166	1,098	1,072	158	1,230
Property and equipment	557	242	799	527	200	727	394	104	498
Other assets	584	89	673	528	98	626	373	59	432
Total assets	**6,017**	**7,112**	**13,129**	**7,506**	**6,785**	**14,291**	**9,407**	**5,785**	**15,192**
Liabilities									
Financial liabilities held for trading		33	33	24	24	48	30		30
Due to banks and customers	1,764	114	1,878	3,423	206	3,629	5,642	53	5,695
Provisions	2,637	3,578	6,215	2,652	3,407	6,059	2,702	3,062	5,764
Other Liabilities	469	3,069	3,538	596	2,864	3,460	303	2,389	2,692
Total liabilities	**4,870**	**6,794**	**11,664**	**6,695**	**6,501**	**13,196**	**8,677**	**5,504**	**14,181**
Total operating income	774	56	830	452	43	495	737	40	777
Operating expenses	677	38	715	395	28	423	649	23	672
Operating profit/(loss)	**97**	**18**	**115**	**57**	**15**	**72**	**88**	**17**	**105**
Income tax expense	31	11	42	10	9	19	15	7	22
Profit/(loss) for the period	**66**	**7**	**73**	**47**	**6**	**53**	**73**	**10**	**83**

The majority of all assets of associates is held by Delta Lloyd ABN AMRO Verzekeringen Holding B.V. (EUR 2,949 million) and by ‘Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V. (EUR 1,213 million). Neuflize Vie holds the majority of assets under joint ventures (EUR 6,920 million).

The carrying amount of Simba Finance B.V. (Simba) and Pumbaa Finance B.V. (Pumbaa) was reduced to zero in 2014. Total assets and liabilities of these enitities are therefore no longer disclosed, resulting in a decrease in Financial investments and Due to banks and customers under associates.

Loans and receivables - banks and customers under Associates increased mainly due to the investment in RFS Holdings B.V.

Total income and expenses under Associates increased, mainly in one major entity.

Impairments on equity accounted investments

The following table shows the changes in impairments on equity-accounted investments.

(in millions)	2014	2013	2012
Balance as at 1 January		11	12
Increase in impairments	24	7	8
Release of impairments	-1		
Reversal of impairment allowances		-11	
Other	-6	-7	-9
Balance as at 31 December	**16**		**11**

The majority of the Group's equity-accounted investments are regulated entities. Their ability to transfer funds to the Group is therefore subject to regulatory approval.

The increase in impairments was mainly due to a lower carrying value than the fair value for a few ships that are the primary assets of some of ABN AMRO's associates.

The line Other represents the provision related to the increase of impairments, to avoid a negative value of the respective participations.

Structured entities

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

A structured entity has some or all of the following features or attributes:

- restricted activities;
- a narrow and well defined objective;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support;
- financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks;
- relevant activities are directed by contractual arrangements.

ABN AMRO is mainly involved in one type of structured entities: securitisations. ABN AMRO uses securitisation transactions primarily to diversify its funding sources and to manage its liquidity profile. ABN AMRO is mainly involved in securitisation transactions of its own originated assets. Financial assets included in these transactions are residential mortgages and loans to small and medium-sized enterprises (SME). All securitised assets are originated in the Netherlands by ABN AMRO (or one of its predecessors).

Consolidated structured entities

The total amount of assets securitised in true sale securitisations decreased to EUR 66.5 billion at 31 December 2014 (31 December 2013: EUR 71.4 billion; 31 December 2012: EUR 70.0 billion).

The amount of notes sold to external parties totalled EUR 9.0 billion at 31 December 2014, compared with EUR 12.3 billion at year-end 2013 (year-end 2012: EUR 16.1 billion). The difference was primarily caused by the calling of several residential mortgage backed securities (RMBS) notes. Furthermore, ABN AMRO issued a EUR 0.5 billion public securitisation out of a Dolphin Master Issuer structure.

The securitisation transactions are primarily used for funding and liquidity. The total REA relief is limited to EUR 0.2 billion at year-end 2014 (year-end 2013: EUR 0.3 billion; year-end 2012: EUR 0.3 billion).

The bank had only true sale (traditional) securitisation transactions outstanding in 2014. In a true sale securitisation transaction a foundation *(stichting)* incorporates a structured entity resulting in a bankruptcy remote structure. ABN AMRO sells a portfolio of receivables to the structured entity. The structured entity funds the purchase by issuing notes. In all securitisation transactions, ABN AMRO provides key ancillary roles such as swap counterparty.

Risks associated with the roles in the securitisation process

Credit risk

Credit risk relates to the risk of credit losses on securitised assets. ABN AMRO retains part of the credit risk by retaining notes and other securitisation positions such as liquidity facilities, swaps and first loss tranches. Regulatory capital is held for all retained securitisation positions in accordance with the applicable regulation.

Liquidity risk

Liquidity risk relates to the risk that ABN AMRO might incur additional cash outflows. Any potential future cash outflows relating to these positions, including collateral requirements, are taken into account within stress tests and are integrated into the liquidity ratios where required. This includes the potential impact of the liquidity facilities or swap agreements which are part of a number of securitisation transactions, most of which relate to transactions for which ABN AMRO is the originator of the underlying assets.

Approaches to calculating risk exposure amount

ABN AMRO does not achieve significant risk transfers for any of the mortgage securitisations. Therefore, the look-through approach is used and REA reduction is not applied.

Regarding the securitisation transaction with SME loans, ABN AMRO achieves significant risk transfer. For this transaction, the credit risk related to the securitised loans is transferred to the note holders and REAs for the related loans are set to zero. ABN AMRO can retain, however, certain securitisation positions such as notes, swaps and first loss tranches. The Internal Ratings-Based (IRB) approach of the CRD securitisation framework is used for calculating the capital requirements on these retained positions. Positions for which external ratings are available or for which ratings can be inferred are reported via the Ratings-Based Approach (RBA). Eligible external ratings on securitisation positions from Standard & Poor's, Moody's and Fitch Ratings are applied for the RBA.

Monitoring process

ABN AMRO periodically monitors changes in credit risk relating to securitisation exposures. The significance of the amount of credit risk transferred to third parties by securitisation of own originated assets is assessed on a monthly basis in accordance with the regulatory significant risk transfer test. For investments in third-party securitisations, the risk is monitored by reviewing the investor reports of these transactions. Additionally, third-party securitisation positions are included in the firm-wide comprehensive stress tests in which downgrade and default risk under stressed market conditions is assessed.

Overview of securitisation positions and securitised assets

The total amount of assets securitised in true sale securitisations decreased to EUR 66.5 billion (2013: EUR 71.4 billion; 2012: EUR 70.0 billion). Securitisation transactions for the purpose of capital relief were not originated in 2014.

Securitisation overview of own originated assets (overall pool size)

	31 December 2014			31 December 2013			31 December 2012		
	True sale securitisations		Total	True sale securitisations		Total	True sale securitisations		Total
(in millions)	Mortgage loans	SME loans		Mortgage loans	SME loans		Mortgage loans	SME loans	
Total assets securitised reported under the CRD framework		1,033	1,033		1,206	1,206		1,465	1,465
Total assets securitised not reported under the CRD framework	65,467		65,467	70,203		70,203	68,579		68,579
Total assets securitised	**65,467**	**1,033**	**66,499**	**70,203**	**1,206**	**71,409**	**68,579**	**1,465**	**70,044**

Details on retained and purchased securitisation positions

The tables in the following sections contain data of securitisation positions in which ABN AMRO acts as originator and/or investor. This table shows securitisations that are reported in accordance with the CRD framework; therefore, securitisations with own originated mortgages are not included. Amounts reported are based on the regulatory exposure values calculated in accordance with the regulatory guidelines. Note that this not only includes the notes issued under the securitisation, but also the credit equivalent of interest rate swaps and first loss positions.
The following table outlines the total amount of ABN AMRO's exposure value on securitisation positions in which ABN AMRO acts as originator and/or investor. The total securitisation position decreased slightly to EUR 2.4 billion at 31 December 2014 (31 December 2013: EUR 2.5 billion; 2012: EUR 2.8 billion).

Overview of retained, transferred and purchased securitisation positions

	31 December 2014			31 December 2013			31 December 2012		
	True sale securitisations		Total	True sale securitisations		Total	True sale securitisations		Total
(in millions, Exposure at Default)	Mortgage loans	SME loans		Mortgage loans	SME loans		Mortgage loans	SME loans	
Securitisation position in own originated transactions		1,150	1,150		1,369	1,369		1,595	1,595
Securitisation positions transferred		-171	-171		-171	-171		-181	-181
Retained securitisation positions		**979**	**979**		**1,198**	**1,198**		**1,414**	**1,414**
Securitisation position in purchased securitisations	1,456		1,456	1,313		1,313	1,397		1,397
Total securitisation positions	**1,456**	**979**	**2,434**	**1,313**	**1,198**	**2,511**	**1,397**	**1,414**	**2,811**

Of the EUR 2.4 billion retained and purchased securitisation positions as per 31 December 2014, EUR 1.5 billion is risk-weighted at 7% and EUR 0.9 billion is risk-weighted at 20%. Of the EUR 2.5 billion retained and purchased securitisation positions as per 31 December 2013, EUR 1.4 billion is risk-weighted at 7% and EUR 1.1 billion is risk-weighted at 20%. Of the EUR 2.8 billion retained and purchased securitisation positions as per 31 December 2012, EUR 2.8 billion is risk-weighted at 7%.

Details on securitised asset portfolios

The amount of assets securitised and sold partly externally totalled EUR 1 billion at 31 December 2014 (2013: EUR 1.2 billion; 2012: EUR 1.5 billion), of which EUR 85 million is impaired (2013: EUR 104 million; 2012: EUR 104 million).

Details on total notes outstanding per structured entity

The following table provides details on the outstanding notes issued by consolidated structured entities which were established by ABN AMRO for securitisation purposes, exceeding 0.1% of the bank's total assets.

	31 December 2014		31 December 2013		31 December 2012	
(in millions)	Total notes issued	% of total assets	Total notes issued	% of total assets	Total notes issued	% of total assets
Category						
Dolphin Master Issuer B.V.	30,472	7.88%	30,472	8.19%	30,412	7.72%
Oceanarium Master Issuer B.V.	12,146	3.14%	12,146	3.26%	14,631	3.72%
Fishbowl Master Issuer B.V.	7,139	1.85%	8,839	2.38%	9,840	2.50%
Goldfish Master Issuer B.V.	13,900	3.59%	15,000	4.03%	9,522	2.42%
Beluga Master Issuer B.V.	3,136	0.81%	3,136	0.84%	3,243	0.82%
European Mortgage Securities VIII B.V.			1,782	0.48%	1,967	0.50%
SMILE Securitisation Company 2007 B.V.1	1,065	0.28%	1,270	0.34%	1,488	0.38%
Total	**67,857**		**72,645**		**71,103**	

At present, there are no material, consolidated structured entities – not related to securitisation activities – exceeding 0.1% of the bank's total assets.

Support to consolidated structured entities

ABN AMRO did not provide support, financial or otherwise, to a consolidated structured entity including when ABN AMRO was not contractually obligated to do so, nor has ABN AMRO the intention to do so in the future.

Unconsolidated structured entities

ABN AMRO has invested EUR 1.5 billion in securitisations which were not set up by ABN AMRO (2013: EUR 1.3 billion; 2012: EUR 1.4 billion). These securitisations are part of the liquidity buffer. ABN AMRO does not consolidate the structured entities as the bank does not have control over these entities. As ABN AMRO has not engaged in any additional contractual obligations with these entities, the maximum exposure to these structured entities is the same as the invested amount.

To raise funding, ABN AMRO has interests in two structured entities: Simba Finance B.V. (Simba) and Pumbaa Finance B.V. (Pumbaa). Simba and Pumbaa are unconsolidated structured entities as ABN AMRO does not have the power to govern the variable returns of these entities. Although ABN AMRO is the main shareholder of these entities, it is not significantly exposed to the variability of these entities' returns as this is contractually diverted to third-party investors.

Sponsoring of unconsolidated structured entities.
An entity is considered a sponsor of an unconsolidated structured entity if it had a key role in establishing that entity so that the transaction, which is the purpose of the entity, could occur. No material sponsoring occurred in 2014.

22 Property and equipment, goodwill and other intangible assets

Accounting policy for property and equipment

In accordance with IAS 16, Property and equipment is stated at cost less accumulated depreciation and any amount for impairment. At each balance sheet date an assessment is performed to determine whether there is any indication of impairment. Subsequent costs are capitalised if these result in an enhancement to the asset. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property and equipment, and of major components that are accounted for separately. ABN AMRO generally uses the following useful lives in calculating depreciation:

- Land: not depreciated;
- Buildings: 30 years (2012: 50 years);
- Equipment: 5 years (2012: 10 years);
- Leasehold improvements: 10 years (2012: 25 years);
- Computer installations: 2 to 5 years (2012: 2 to 5 years).

Impairment losses are recognised in the income statement as a component of depreciation and amortisation expense. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

Depreciation rates and residual values are reviewed at least annually to take into account any change in circumstances. Capitalised leasehold improvements are depreciated in a manner that takes into account the term and renewal conditions of the related lease.

Assets for which the bank acts as a lessor in an operational lease contract are included in Property and equipment. The asset is depreciated on a straight-line basis over its useful life to its estimated residual value.

Accounting policy for intangible assets

Goodwill

Goodwill is determined in accordance with IFRS 3 Business Combinations and IAS 36 Impairments of Assets. Goodwill is capitalised and stated at cost, being the excess of the consideration paid over the fair value of ABN AMRO's share of the acquired entity's net identifiable assets at the date of acquisition, less any accumulated impairment losses. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. Goodwill is not amortised, but is reviewed annually for impairment or more frequently if there are indications that impairment may have occurred. In the test the carrying amount of goodwill is compared with the highest of the fair value less costs to sell and the value in use, being the present value of the cash flows discounted at a pre-tax discount rate that reflects the risk of the cash generating unit to which the goodwill relates. Impairment losses are recognised in the income statement as depreciation and amortisation expense and are irreversible.

Software and other intangible assets

The accounting policy for software and other intangible assets is determined by IAS 38 Intangible assets. Software is amortised over a period of three years unless the software is classified as core application software, which is depreciated over its estimated useful lifetime set at a maximum of seven years. Only the development phase is capitalised for own developed software. Other intangible assets include separately identifiable items arising from acquisition of subsidiaries, such as customer relationships, and certain purchased trademarks and similar items. In general, the estimated useful life does not exceed ten years. Amortisation rates and residual values are reviewed at least annually to take into account any change in circumstances.

The following table shows the carrying amount for each category of Property and equipment at 31 December.

(in millions)	31 December 2014	31 December 2013	31 December 2012
Land and buildings held for own use	820	852	895
Leasehold improvements	38	38	70
Equipment	522	505	523
Other	32	31	31
Total property and equipment	**1,412**	**1,426**	**1,519**

Total property and equipment decreased by EUR 14 million in 2014 (2013: EUR 93 million).

The following table shows the carrying amount for Goodwill and other intangible assets at 31 December.

(in millions)	31 December 2014	31 December 2013	31 December 2012
Goodwill	147	138	134
Purchased software	41	39	62
Internally developed software	5	8	14
Other	62	10	13
Total goodwill and other intangible assets	**255**	**195**	**223**

The book value of Property, equipment, intangible assets and goodwill changed as follows for the years 2014, 2013 and 2012:

								2014
(in millions)	Land and Buildings held for own use	Leasehold improvements	Equipment	Other property and equipment	Total	Goodwill	Other intangible assets	Total
Acquisition costs as at 1 January	**1,759**	**201**	**1,394**	**34**	**3,388**	**164**	**1,079**	**1,243**
Additions	43	10	205		258	35	85	120
Reversal of cost due to disposals	-52	-11	-151	-6	-219		-3	-3
Foreign exchange differences	3	2	7	2	14	6	2	9
Other	-12		-4	6	-10	-7	-1	-8
Acquisition costs as at 31 December	**1,742**	**203**	**1,451**	**36**	**3,432**	**198**	**1,162**	**1,360**
Accumulated depreciation/ amortisation as at 1 January	**-880**	**-163**	**-887**	**-3**	**-1,933**		**-1,003**	**-1,003**
Depreciation/amortisation	-52	-11	-148	-1	-212		-31	-31
Reversal of depreciation/amortisation due to disposals	31	11	108		150		3	3
Foreign exchange differences	-1	-1	-4		-6		-2	-2
Other	-9		4		-5		-1	-1
Accumulated depreciation as at 31 December	**-911**	**-165**	**-927**	**-4**	**-2,007**		**-1,034**	**-1,034**
Impairments as at 1 January	**-27**		**-2**		**-29**	**-26**	**-19**	**-45**
Increase of impairments charged to the income statement	-8				-8	-28	-2	-30
Reversal of impairments due to disposals	5				6			
Foreign exchange differences						-3		-3
Other	19				19	6		6
Impairments as at 31 December	**-11**		**-2**		**-13**	**-51**	**-21**	**-71**
Total as at 31 December	**820**	**38**	**522**	**32**	**1,412**	**147**	**108**	**255**

								2013
(in millions)	Land and Buildings held for own use	Leasehold improve-ments	Equipment	Other property and equipment	Total	Goodwill	Other intangible assets	Total
Acquisition costs as at 1 January	1,790	201	1,405	34	3,430	161	1,089	1,250
Acquisitions/divestments of subsidiaries			-1		-1	1	-1	
Additions	35	7	196		238	5	16	21
Reversal of cost due to disposals	-88	-8	-200		-296		-24	-24
Foreign exchange differences	-1	-1	-4		-6	-3	-1	-4
Other	23	2	-2		23			
Acquisition costs as at 31 December	**1,759**	**201**	**1,394**	**34**	**3,388**	**164**	**1,079**	**1,243**
Accumulated depreciation as at 1 January	-873	-131	-880	-3	-1,887		-981	-981
Acquisitions/divestments of subsidiaries			1		1		1	1
Depreciation	-50	-40	-166	-1	-257		-48	-48
Reversal of depreciation due to disposals	46	7	153		206		24	24
Foreign exchange differences		1	2		3		1	1
Other	-3		3	1	1			
Accumulated depreciation as at 31 December	**-880**	**-163**	**-887**	**-3**	**-1,933**		**-1,003**	**-1,003**
Impairments as at 1 January	-22		-2		-24	-27	-19	-46
Increase of impairments charged to the income statement	-9				-9			
Reversal of impairments due to disposals	5				5			
Foreign exchange differences						1		1
Other	-1				-1			
Impairments as at 31 December	**-27**		**-2**		**-29**	**-26**	**-19**	**-45**
Total as at 31 December	**852**	**38**	**505**	**31**	**1,426**	**138**	**57**	**195**

(in millions)	Land and Buildings held for own use	Leasehold improvements	Equipment	Other property and equipment	Total	Goodwill	Other intangible assets	Total
								2012
Acquisition costs as at 1 January	1,817	232	1,393	34	3,476	159	1,177	1,336
Acquisitions/divestments of subsidiaries							-2	-2
Additions	27	11	230		268		24	24
Reversal of cost due to disposals	-75	-21	-164		-260		-113	-113
Foreign exchange differences	1			1	2	2		2
Other	20	-21	-54	-1	-56		3	3
Acquisition costs as at 31 December	**1,790**	**201**	**1,405**	**34**	**3,430**	**161**	**1,089**	**1,250**
Accumulated depreciation as at 1 January	-833	-141	-851	-2	-1,827		-1,014	-1,014
Acquisitions/divestments of subsidiaries							1	1
Depreciation	-73	-18	-158	-1	-250		-79	-79
Reversal of depreciation due to disposals	50	16	116		182		112	112
Other	-17	12	13		8		-1	-1
Accumulated depreciation as at 31 December	**-873**	**-131**	**-880**	**-3**	**-1,887**		**-981**	**-981**
Impairments as at 1 January	-32	-5	-3		-40	-27	-19	-46
Increase of impairments charged to the income statement	-6		-1		-7			
Reversal of impairments credited to the income statement	1				1			
Reversal of impairments due to disposals	9	5	3		17			
Other	6		-1		5			
Impairments as at 31 December	**-22**		**-2**		**-24**	**-27**	**-19**	**-46**
Total as at 31 December	**895**	**70**	**523**	**31**	**1,519**	**134**	**89**	**223**

The fair value of Land and buildings held for own use is estimated at EUR 691 million at 31 December 2014 (2013: EUR 936 million; 2012: EUR 1,031 million). Of this fair value, 96% is based on external valuations performed in 2014 or 2013 and 4% is based on Dutch local government property tax valuations with a discount of 0% to reflect the current market situation. There are some properties that have a lower fair value than the recorded carrying value. No impairment is recorded because these properties are considered corporate assets. The value in use for the cash-generating units within ABN AMRO Group is sufficient to cover the total value of all these assets.

Additions to property and equipment increased by EUR 20 million, mainly due to higher investments in Equipment. Higher additions to Goodwill and other intangible assets are mainly due to the acquisition of the German private banking portfolio from Credit Suisse A.G. by Bethmann Bank.

Lessor

In its capacity as lessor, ABN AMRO leases out various assets, included in Equipment, under operating leases. Future minimum lease receipts under non-cancellable operating lease are EUR 357 million (2013: EUR 277 million; 2012: EUR 276 million), of which EUR 295 million (2013: EUR 207 million; 2012: EUR 207 million) matures within five years.

Impairment of goodwill

Impairment testing on goodwill is performed at least annually by comparing the recoverable amount of the cash-generating units (CGU) to their carrying amount. The CGU is the smallest identifiable group of assets that:

- generate cash inflows from continuing use; and
- are largely independent of the cash inflows from other assets or groups of assets.

Identification of an asset's cash-generating unit involves judgement. If the recoverable amount cannot be determined for an individual asset, an entity identifies the lowest aggregation of assets that generate largely independent cash inflows. The recoverable amount is determined by the highest of the value in use or fair value less costs to sell. The type of the acquired entity determines the definition of the type of CGU.

The value in use of a CGU is assessed through a discounted cash flow model of the anticipated future cash flows of the CGU. The discounted cash flow model uses assumptions which depend on various financial and economic variables, including the risk-free rate in a given country and a premium to reflect the inherent risk of the entity being evaluated. The values assigned to each key assumption reflect past experience that was modified based on management's expectation for the future and are consistent with external sources of information.

Besides the discount rates stated in the following table, calculation of the value in use was also based on cash flows, projected based on past experience, actual operating results and the 5-year budget plan. Cash flows for a further 5-year period were extrapolated using the long-term growth rate stated for the CGU.

	31 December 2014						31 December 2013	31 December 2012
(in millions)	Segment	Method used for recoverable amount	Discount rate	Long term growth rate	Impairment charges	Goodwill	Goodwill	Goodwill
Entity								
Bethmann Bank	Private Banking	Value in use	10.4%	1.5%		99	64	64
ABN AMRO (Guernsey)	Private Banking	Fair value	10.4%		25	25	48	49
ABN AMRO Commercial Finance Holding	Corporate Banking	Value in use	10.4%	2.0%		10	10	10
Banque Neuflize	Private Banking	Value in use	10.4%	0.0%		6	6	6
Banco ABN AMRO S.A.	Corporate Banking	Value in use	10.4%	2.0%		4	4	
Other					3	2	6	5
Total goodwill and impairment charges					**28**	**147**	**138**	**134**

In 2014 Bethmann Bank acquired the German private banking portfolio from Credit Suisse A.G. As a result, the goodwill at Betmann Bank increased by EUR 35 million.

The recoverable amount for ABN AMRO (Guernsey) has been determined based on the fair value less cost to sell, as calculated in accordance with IFRS. This is a level 3 valuation where mainly unobservable inputs are used. The fair value is based on transactions of recent Private Banking M&A transactions in which on top of the settlement of the net asset value, a sales premium is paid for the client assets sold. The calculated sales premium is based on parameters used from recent Private Banking M&A acquisitions customised to local circumstances. As a result, an impairment charge on goodwill of EUR 25 million was recognised at ABN AMRO (Guernsey).

An impairment charge on goodwill of EUR 3 million was recognised at MeesPierson Multi Management Investments as this company is in liquidation.

(in millions)	2014	2013	2012
Depreciation on tangible assets			
Land and buildings held for own use	52	50	73
Leasehold improvements	11	40	18
Equipment	71	90	80
Other	1	1	1
Amortisation on intangible assets			
Purchased software	23	40	63
Internally developed software	3	5	12
Other intangible assets	5	3	4
Impairment losses on tangible assets			
Land and buildings held for own use (incl. held for sale)	8	13	14
Equipment			1
Impairment losses on intangible assets			
Goodwill	28		
Purchased software	2		
Total depreciation and amortisation	**204**	**242**	**266**

Total depreciation and amortisation decreased by EUR 38 million in 2014 (decrease of EUR 24 million in 2013).

Residual value and useful life of an asset are reviewed at least annually to take into account any change in circumstances. ABN AMRO revised the estimated useful life of buildings, equipment and leasehold improvements in 2013.

Depreciation on Land and buildings held for own use remained almost stable at EUR 52 million in 2014.

Depreciation on Leasehold improvements increased by EUR 22 million in 2013. This was mainly due to the shortening of the estimated useful life. Depreciation charges decreased to EUR 11 million in 2014.

Depreciation on Equipment decreased by EUR 19 million in 2014, compared with an increase in 2013. This was mainly due to the shortening of the estimated useful life.

Amortisation of purchased software decreased by EUR 17 million in 2014.

Impairment losses on Land and buildings held for own use include no impairment losses for 2014 (2013: EUR 4 million; 2012: EUR 8 million) for assets held for sale.

23 Other assets

Accounting policy for non-current assets held for sale

In accordance with IFRS 5, non-current assets and/or businesses are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction planned to occur within 12 months, rather than through continuing use. Held-for-sale assets are not depreciated and are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities of a business held for sale are presented separately.

The following table shows the components of Other assets at 31 December.

(in millions)	31 December 2014	31 December 2013	31 December 2012
Accrued other income	567	698	776
Prepaid expenses	21	24	23
Assets held for sale	25	29	55
Unit-linked investments	2,453	2,171	2,170
Reinsurers share, trade and other receivables	1,339	1,460	1,496
Other	582	746	1,574
Total other assets	**4,986**	**5,128**	**6,094**

As part of the integration, several bank premises and bank shops were put up for sale. The held-for-sale property is valued at the lower of fair value less cost to sell and the carrying value.

At 31 December 2014, the total held-for-sale amount was EUR 25 million (2013: EUR 29 million and 2012: EUR 55 million). A total impairment of EUR 0.3 million (2013: EUR 4 million and 2012: EUR 8 million) was charged to the income statement. The sale of held-for-sale offices resulted in a EUR 9 million gain in 2014 (2013: EUR 25 million and 2012: EUR 3 million).

The fair value of these premises was EUR 37 million at year-end 2014 (2013: EUR 47 million and 2012: EUR 103 million). This value is based on external valuations.

Unit-linked investments are investments on behalf of insurance contracts of policyholders who bear the investment risk. Minimum guaranteed rates are agreed for certain contracts.

Reinsurers share, trade and other receivables include the amount of the receivables purchased by ABN AMRO (the factor) from its clients under contracts of non-recourse factoring.

Other assets in 2014 include a net receivable of EUR 168 million mainly related to the bankruptcy of DSB Bank (2013: EUR 379 million; 2012: EUR 433 million).

24 Due to banks

Accounting policy for Due to banks and Due to customers

According to IAS 39 Financial Instruments, amounts due to banks and customers are held at amortised cost. That is, fair value at initial recognition adjusted for repayment and amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability.

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

(in millions)	31 December 2014	31 December 2013	31 December 2012
Deposits from banks:			
Demand deposits	3,024	2,769	2,762
Time deposits	3,399	5,013	9,449
Other deposits	9,276	3,795	4,673
Total deposits	**15,699**	**11,577**	**16,884**
Other due to banks	45	49	51
Total due to banks	**15,744**	**11,626**	**16,935**

Due to banks increased by EUR 4.1 billion, mainly related to Targeted Long Term Refinancing Operations (TLTRO) reported as Other deposits.

Time deposits decreased by EUR 1.6 billion as a consequence of the low interest rate and matured contracts in Group Functions (decrease EUR 1.2 billion) and Private Banking International (decrease EUR 0.4 billion).

Other deposits increased by EUR 5.5 billion mainly as a consequence of new TLTRO deposits (EUR 4.2 billion). The remaining EUR 1.3 billion is due to collateral management for derivatives for which ABN AMRO received collateral from counterparties.

25 Due to customers

The accounting policy for Due to customers in included in note 24.

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

(in millions)	31 December 2014	31 December 2013	31 December 2012
Demand deposits	109,753	100,151	93,682
Saving deposits	88,655	87,448	81,384
Time deposits	17,459	19,638	26,196
Total deposits	**215,867**	**207,237**	**201,262**
Other due to customers	144	347	343
Total due to customers	**216,011**	**207,584**	**201,605**

Due to customers increased by EUR 8.5 billion mainly as a result of a rise in demand deposits by EUR 9.6 billion.

Demand deposits grew mainly due an increase in the current accounts of private enterprises and private individuals.

Saving deposits were EUR 1.2 billion higher mainly as a result of an increase in MoneYou (EUR 0.9 billion).

Time deposits were EUR 2.2 billion lower due to lower volumes and matured contracts for insurance, pension funds and other financial institutions. The low interest rate has a negative impact on the volume of time deposits and caused a shift towards demand deposits.

26 Issued debt and subordinated liabilities

Accounting policy for issued debt and subordinated liabilities

Issued debt securities and subordinated liabilities are recorded at amortised cost using the effective interest rate method, unless they are of a hybrid or structured nature and irrevocably designated at initial recognition to be held at fair value through profit or loss. The latter is applied when the instruments are held to reduce an accounting mismatch, are managed on the basis of its fair value or include terms that have substantive derivative characteristics in nature.

ABN AMRO applies IAS 32 Financial Instruments: Presentation to determine whether funding is either a financial liability or equity. Issued financial instruments or their components are classified as financial liabilities where the substance of the contractual arrangement results in ABN AMRO having a present obligation to deliver either cash or another financial asset or to satisfy the obligation other than by the exchange of a fixed number of equity shares. Preference shares that carry a non-discretionary coupon or are redeemable on a specific date or at the option of the holder are classified as liabilities. The dividends and fees on preference shares classified as a liability are recognised as interest expense.

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

The measurement of liabilities held at fair value includes the effect of changes in own credit spreads. The change in fair value applies to those financial liabilities designated at fair value where ABN AMRO's own credit risk would be considered by market participants. Exchange-traded own debt at fair value through profit or loss is valued against market prices.

The fair value changes are calculated based on a yield curve generated from observed external pricing for funding and quoted CDS spreads.

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

(in millions)	31 December 2014	31 December 2013	31 December 2012
Bonds and notes issued	66,349	70,649	70,960
Certificates of deposit and commercial paper	8,729	15,610	21,063
Saving certificates	72	352	704
Total at amortised cost	**75,150**	**86,611**	**92,727**
Designated at fair value through profit or loss	1,981	2,071	2,321
Total issued debt	**77,131**	**88,682**	**95,048**
- of which matures within one year	20,347	30,719	35,481

Total issued debt decreased by EUR 11.6 billion mainly due to the redemption of Certificates of deposits and commercial paper exceeding newly issued notes (EUR 6.9 billion). This portfolio has been reduced for liquidity management purposes.

The amounts of issued debt issued and redeemed during the period are shown in the Consolidated statement of cash flows.

Further details of the funding programmes are provided in the Risk & Capital Report.

Financial liabilities designated at fair value through profit or loss

(in millions)	31 December 2014	31 December 2013	31 December 2012
Cumulative change in fair value of the structured notes attributable to changes in credit risk	13	-3	-10
Change during the year in fair value of the structured notes attributable to changes in credit risk	16	7	29

For all financial liabilities designated at fair value through profit or loss, the amount that ABN AMRO would contractually be required to pay at maturity was EUR 1,891 million (2013: EUR 2,211 million; 2012: EUR 2,415 million). This is EUR 90 million (2013: EUR 140 million; 2012: EUR 94 million) less than the carrying amount at 31 December 2014.

The following table specifies the issued and outstanding subordinated liabilities at 31 December.

(in millions)	31 December 2014	31 December 2013	31 December 2012
Perpetual loans	1,285	1,303	1,215
Other subordinated liabilities	7,043	6,614	8,521
Total subordinated liabilities	**8,328**	**7,917**	**9,736**

Subordinated liabilities increased by EUR 411 million, mainly as a result of the positive effect of the FX valuation (EUR 277 million) and of hedge gains (EUR 189 million). The increase was partly offset by matured debt (EUR 51 million).

Total subordinated liabilities include EUR 1,077 million (2013: EUR 1,103 million) which qualifies as Tier 1 capital for capital adequacy purposes with the Dutch central bank (DNB), when taking into account remaining maturities. The Capital management section provides more information on the impact of Basel III on the capital position of ABN AMRO.

Other subordinated liabilities

Other subordinated liabilities comprise a loan held by the Dutch State. This loan (EUR 1,650 million) has an interest rate of 1.019% and matures in 2017. This subordinated loan is also part of the related parties mentioned in note 33.

27 Provisions

Accounting policy for provisions

A provision is recognised in the balance sheet when ABN AMRO has a legal or constructive obligation as a result of a past event, and it is more likely than not that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when an obligation exists. An obligation exists when ABN AMRO has approved a detailed plan and has raised a valid expectation in those affected by the plan by starting to implement the plan or by announcing its main features. Future operating costs are not provided for. Provisions for insurance risks are determined by actuarial methods, which include the use of statistics, interest rate data and settlement costs expectations.

Provisions are established for certain guarantee contracts for which ABN AMRO is responsible to pay upon default of payment.

The following table shows the breakdown of provisions at 31 December.

(in millions)	31 December 2014	31 December 2013	31 December 2012
Insurance fund liabilities	183	380	401
Provision for pension commitments	91	418	560
Restructuring	233	262	360
Other staff provision	182	174	182
Other	314	316	412
Total provisions	**1,003**	**1,550**	**1,915**

Insurance fund liabilities include the insurance companies' actuarial reserves, premium and claims reserves. The expected cash outflow for 2015 is approximately EUR 82 million and approximately EUR 67 million for the 2016-2019 period.

Provision for pension commitments includes early retirement benefits payable to non-active employees. More details on Provision for pension commitments are provided in note 28.

Restructuring provisions cover the costs of restructuring plans for which implementation has been formally announced. Restructuring provisions are related to the integration and to further streamlining of the organisation and infrastructure. Restructuring provisions include allowances for staff and other operating expenses. The pre-2014 restructuring programme is almost completed. The remaining balance relates to ongoing costs that are still payable based on the ABN AMRO Social Plan. In 2014 ABN AMRO announced a new restructuring plan for Retail Banking which is scheduled to be completed by the end of 2019. The financial settlement may take up to five years after completion.

Other staff provisions relate in particular to disability and other post-employee benefits.

Other provisions include provisions for tax litigation and legal litigation. The tax litigation and legal litigation provisions are based on best estimates available at year-end and taking into account the opinion of legal and tax specialists. The timing of the outflow of cash related to these provisions is by nature uncertain given the unpredictability of the outcome and the time involved in concluding litigations.

Other provisions include credit commitments. Provisions for credit commitments are provisions covering credit risk on credit commitments recorded in off-balance sheet items that have been identified individually or on a portfolio basis as impaired. The amount of the impairment is the present value of the cash flows which ABN AMRO expects to be required to settle its commitment.

Changes in provisions during the year are as follows:

(in millions)	Restructuring	Other staff provisions	Other	Total
At 1 January 2012	467	191	988	1,646
Increase of provisions	84	3	86	173
Reversal of unused provisions	-67	-9	-114	-190
Utilised during the year	-151	-3	-106	-260
Accretion of interest	5		2	7
Foreign exchange differences			1	1
Other	22		516	538
At 31 December 2012	**360**	**182**	**1,373**	**1,915**
Increase of provisions	120	12	47	179
Reversal of unused provisions	-58	-2	-55	-115
Utilised during the year	-166	-16	-126	-308
Accretion of interest	2		1	3
Foreign exchange differences			-1	-1
Other	4	-2	-125	-123
At 31 December 2013	**262**	**174**	**1,114**	**1,550**
Increase of provisions	133		48	180
Reversal of unused provisions	-41		-4	-45
Utilised during the year	-125		-224	-349
Accretion of interest	1		9	10
Foreign exchange differences			1	1
Other	4	7	-356	-344
At 31 December 2014	**233**	**182**	**589**	**1,003**

The change in the restructuring provision was caused chiefly by additions to the provisions, mainly for Retail Banking, release of unused provisions due to recalibration of existing provisions and utilisation of the Customer Excellence programme provisions.

The decrease of the other provisions was mainly due to releases and utilisation of Legal provisions, Remedy guarantees, Provisions for tax litigation, Contractual engagement provisions, Pension commitments, Insurance fund liabilities and Provision regarding interest benefit on personnel mortgages.

Other includes the change of pension scheme from a defined benefit plan to a defined contribution plan. Further details are provided in note 28.

28 Pension and other post-retirement benefits

Accounting policy for pension and other post-retirement benefits

ABN AMRO sponsors a number of pension schemes in the Netherlands and abroad and applies for the accounting of these schemes IAS 19. These schemes are mainly defined contribution plans. The majority of the beneficiaries of the benefit plans are located in the Netherlands.

Defined contribution plans

For defined contribution plans, ABN AMRO pays yearly contributions determined by a fixed method. ABN AMRO has no legal or constructive obligation to pay any further contributions. Contributions are recognised directly in the income statement in the year to which they relate. Actuarial and investment risk fall are for the account of the participants in the plan.

Defined benefit plans

For defined benefit schemes, the net obligation of each plan is determined as the difference between the present value of the defined benefit obligations and the fair value of plan assets.

The actuarial assumptions used in calculating the present value of the defined benefit obligation include discount rates based on high-quality corporate bonds, inflation rate, future salary increases, employee contributions, mortality assumptions and rates of employee turnover. The assumptions are based on available market data and management expectations at the end of the reporting period.

Plan assets are measured at fair value at the balance sheet date and are netted against the defined benefit obligation.

Pension costs recognised in the income statement for defined benefit plans consist of:
- service costs;
- net interest costs determined by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments; and
- curtailments or plan amendments.

Differences between the pension costs and the contributions payable are accounted for as provisions or prepayments.

Remeasurement

Remeasurements of the net defined benefit liability (asset) are actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments (i.e. unexpectedly high or low rates of employee turnover) and are recognised in Other comprehensive income and will not be recycled to profit or loss in later periods. In determining the actual return on plan assets, the costs of managing the plan assets and any tax payable by the plan itself are deducted.

Other post-retirement benefits

Some group companies provide post-retirement benefits to their retirees such as long-term service benefits and discounts on banking products. Entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. These obligations are calculated annually.

Plans in all countries comply with applicable local regulations concerning investments and minimum funding levels.

Settlement of the Dutch defined benefit plan

In 2014, ABN AMRO reached agreement with the trade unions and the ABN AMRO Pension Fund on a new pension scheme for its employees in the Netherlands as part of the new collective labour agreement. The new pension scheme is a collective defined contribution (CDC) plan.

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

The new Dutch CDC plan has an effective date of 12 June 2014 and is a defined contribution plan based on an average salary plan with a yearly accrual ambition of 2.05% in 2014 and 1.875% as of 2015. The normal retirement age is set at 67 years. The contribution payable by pension fund participants will be lowered from 6.67% to 5.5% as from 2015. Under the new plan the annual pension contributions are calculated according to a fixed contribution calculation mechanism. The annual pension contribution is maximised at 35% of the pensionable salary.

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

At settlement date, the net defined benefit liability of the Dutch defined benefit plan amounted to EUR 449 million. During the second half of 2014 a final calculation was made and the Dutch benefit plan amounted to EUR 441 million. The following table presents the defined benefit obligation and plan assets for the Dutch pension plan.

(in millions)	2014
Defined benefits obligation	19,844
Plan assets	19,403
Net defined benefits liabilities/(assets) Dutch defined benefit plan	**441**

This net defined benefit liability of EUR 441 million (EUR 330 million after tax) was released to profit or loss. Furthermore, the settlement payment of EUR 500 million (EUR 375 million after tax), and the EUR 200 million (EUR 150 million after tax) one-off contribution for catch-up indexation is recognised in profit or loss at the settlement date. For 2014, the cash contribution to the pension fund is based on the calculation mechanism of the defined benefit pension plan applicable until 12 June 2014. The difference with the contribution based on the new defined contribution calculation mechanism amounting to EUR 37 million (EUR 28 million after tax) is recognised as an additional settlement payment in profit or loss.

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

(in millions)	2014
Release of the net defined benefit liabilities	-441
Settlement payment	500
Contribution 2014 above defined contribution calculation	37
Contribution for the catch-up indexation	200
Losses/(gains) on settlement	**297**

Following the settlement, remeasurements previously recognised in Other comprehensive income relating to the Dutch pension plan amounting to EUR 4,799 million (EUR 3,599 million after tax) were transferred to Other reserves.

Amounts recognised in the income statement for pensions and other post-retirement benefits

(in millions)	2014	2013	2012
Current service cost	91	228	107
Interest cost	294	616	647
Interest income	-288	-608	-844
Administrative expenses impacting defined benefit obligations			1
Administrative expenses impacting plan assets	6	13	16
Past service cost		-18	151
Losses/(gains) on settlements and curtailment	297	-8	
Other	5	1	-47
Pension expenses relating to defined benefit plans	**405**	**224**	**31**
Defined contribution plans	170	33	35
Total Pension expenses	**575**	**257**	**66**

Pension expenses relating to defined benefit plans consist mainly of the Dutch defined benefit plan until settlement date. Pension expenses for defined contribution plans consist mainly of cash contributions by the employer to the new Dutch collective defined contribution plan.

Reconciliation to the statement of financial position and other comprehensive income

(in millions)	2014	2013	2012
Present value of defined benefit obligations - funded	140	18,125	17,875
Fair value of plan assets	91	17,719	17,281
	49	**406**	**594**
Present value of unfunded obligations	47	12	6
Other	-5		-40
Net recognised liabilities/(assets) at 31 December	**91**	**418**	**560**
Remeasurements arising from changes in demographic assumptions DBO	57	-159	-67
Remeasurements arising from changes in financial assumptions DBO	-1,765	294	-5,478
Remeasurements arising from changes in financial assumptions Plan assets.	1,511	-392	1,167
Reclassification post-employment benefit plan[1]	3,599		
Other	-1	1	-1
Remeasurements in Other comprehensive income	**3,400**	**-256**	**-4,379**

[1] Reclassification of EUR 3,599 million (EUR 4,799 million gross and EUR 1,200 tax) from Remeasurement gains/(losses) to Other reserves including retained earnings following the change of pension scheme.

Present value of unfunded obligations included EUR 32 million in 2014, which was reported in previous years on the line Present value of defined benefit obligations - funded.

Change in defined benefit obligation

(in millions)	2014	2013	2012
Defined benefit obligation as at 1 January	18,137	17,881	11,781
Current service cost	91	228	107
Interest cost	294	616	647
Past service cost		-18	151
Administrative expenses impacting defined benefit obligations			1
Losses/(gains) on settlements and curtailment	-19,845		
Participants' contributions	24	57	59
Benefits paid	-217	-466	-448
Remeasurements arising from changes in demographic assumptions defined benefit obligation	-57	159	67
Remeasurements arising from changes in financial assumptions defined benefit obligation	1,765	-294	5,478
Acquisitions and disposals of subsidiaries	2	-14	-7
Foreign exchange differences	1	-1	1
Other	-9	-11	44
Defined benefit obligation as at 31 December	**187**	**18,137**	**17,881**

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

Due to the change in discount rate from 3.6% to 3.12% for the period untill 12 June 2014, the Defined benefit obligation increased by EUR 1,765 million in 2014.

An experience gain of EUR 65 million was posted due to lower than expected indexation (actual 1.4% versus 1.8% expected).

The remeasurement gain of EUR 294 million in 2013 arising from changes in financial assumptions was mainly a result of the increase in the discount rate from 3.5% to 3.6%. The remeasurement loss of EUR 159 million in 2013 arising from changes in demographic assumptions was due to indexation of 3% instead of the anticipated 1.8%.

Change in fair value of plan assets

(in millions)	2014	2013	2012
Fair value of plan assets as at 1 January	17,719	17,281	15,022
Interest Income	288	608	844
Remeasurements arising from changes in financial assumptions plan assets	1,511	-392	1,167
Employer's contributions	173	649	625
Participants' contributions	25	60	60
Direct payments		-1	
Administrative expenses impacting defined plan assets	-6	-13	-16
Benefits paid	-217	-466	-447
Acquisitions and disposals of subsidiaries		-9	-6
Asset distributed on settlements	-19,404		
Foreign exchange differences	1	-2	
Other	1	4	32
Fair value of plan assets as at 31 December	**91**	**17,719**	**17,281**

The return of plan asset in 2014 was higher than the discount rate which resulted in a gain of EUR 1,511 million.

The remeasurement loss of EUR 392 million in 2013 arising from changes in financial assumptions plan assets was the result of a higher discount rate, which is incorporated into interest income, than the realised return on plan assets.

Plan participants' contributions in 2014 until 12 June 2014 amounted to EUR 25 million (2013: EUR 60 million). The compensating employer contribution of EUR 39 million (2013: EUR 41 million) is included in Salaries and wages.

Principal actuarial assumptions

	2014	2013	2012
Discount rate	2.1%	3.6%	3.5%
Indexation rate	1.8%	1.8%	1.8%
Expected return on plan assets as at 31 December	2.1%	3.6%	3.4%
Future salary increases	2.5%	2.5%	2.5%

The assumptions above are weighted by defined benefit obligations. The discount rate consists of a risk-free rate and a credit spread on AA-rated corporate bonds.

29 Other liabilities

The composition of Accrued expenses and other liabilities at 31 December was as follows:

(in millions)	31 December 2014	31 December 2013	31 December 2012
Accrued other expenses	1,196	1,303	1,458
Liability to unit-linked policyholders	2,453	2,171	2,170
Other borrowings			5
Sundry liabilities and other payables	1,824	3,639	1,106
Total other liabilities	**5,473**	**7,113**	**4,739**

Obligations to policyholders whose return is dependent on the return of unit-linked investments recognised in the balance sheet are measured at fair value with changes through income.

Sundry liabilities and other payables decreased as a result of higher volumes of securities transactions that were to be settled as per 31 December 2013.

30 Equity attributable to shareholders of the parent company

Share capital and other components of equity

Preference shares

Preference shares which are non-redeemable and upon which dividends are declared at the discretion of the Company are classified as equity.

Compound financial instruments

Components of compound financial instruments (liability and equity parts) are classified in their respective areas of the statement of financial position.

Other reserves

The other reserves mainly comprise retained earnings, the profit for the period and legal reserves.

Currency translation reserve

The currency translation reserve represents the cumulative gains and losses on the translation of the net investment in foreign operations, net of the effect of hedging.

Available-for-sale reserve

In this component, gains and losses arising from a change in the fair value of available-for-sale assets are recognised, net of taxes, excluding impairment losses recognised in the income statement and gains and losses on hedged financial instruments. When the relevant assets are sold or otherwise disposed of, the related cumulative gain or loss recognised in equity is recycled to the income statement.

Cash flow hedging reserve

The cash flow hedging reserve is comprised of the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of taxes, that will be recycled to the income statement when the hedged transactions affect profit or loss.

Net investment hedging reserve

The net investment hedging reserve is comprised of the currency translation differences arising on translation of the currency of these instruments to euros, insofar as they are effective.

Dividends

Dividends on ordinary shares and preference shares classified as equity are recognised as a distribution of equity in the period in which they are approved by shareholders.

The following table shows the composition of Equity attributable to shareholders of the parent company at 31 December 2014, 31 December 2013 and 31 December 2012.

(in millions)	31 December 2014	31 December 2013	31 December 2012
Share capital	940	940	1,015
Share premium	12,970	12,970	13,105
Other reserves (incl. retained earnings/profit for the period)	1,769	4,554	3,811
Other components of equity	-814	-4,909	-5,067
Equity attributable to shareholders of the parent company	**14,865**	**13,555**	**12,864**

At 31 December 2014, the authorised share capital of ABN AMRO Group N.V. amounted to EUR 3,751 million distributed over 3,750,000,000 ordinary shares and 100,000,000 class B ordinary shares. Ordinary shares have a nominal value of EUR 1.00 each and class B ordinary shares have a nominal value of EUR 0.01 each.

Each ordinary share entitles the shareholder to one hundred votes. Each class B ordinary share entitles the shareholder to one vote.

As at 31 December 2014, issued and paid-up capital by ABN AMRO Group N.V. consisted of 940,000,001 class A ordinary shares (EUR 940 million).

In 2014 ABN AMRO reached a negotiated result with the trade unions and the ABN AMRO Pension Fund on a new pension scheme for its employees in the Netherlands as part of the new collective labour agreement. The new pension scheme is a collective defined contribution (CDC) plan. This scheme will cover all of ABN AMRO's existing and future pension obligations. The settlement resulted in a reclassification of EUR 3,599 million (EUR 4,799 million gross and EUR 1,200 Tax) from Other components of equity to Other reserves including retained earnings.

In 2014, a final dividend of EUR 200 million for the year 2013 was paid to ordinary shareholders. An interim dividend of EUR 125 million was paid to the ordinary shareholders in November.

As described in the Consolidated statement of changes in equity, 75,000,000 class A non-cumulative preference shares were repurchased and cancelled in 2013, resulting in a decline in share capital and share premium of EUR 75 million and EUR 135 million respectively.

In 2013 a final dividend of EUR 250 million for the year 2012 was paid to the ordinary shareholders and EUR 12 million to the holders of preference shares A. An interim dividend of EUR 150 million was paid to the ordinary shareholders.

The following table shows the number of outstanding shares:

	Class A ordinary shares	Non-cumulative class A preference shares	Total shares outstanding
Number of shares at 1 January 2012	**940,000,000**	**75,000,000**	**1,015,000,000**
Issued during the year	1		1
Number of shares at 31 December 2012	**940,000,001**	**75,000,000**	**1,015,000,001**
Repurchased and cancelled during the year		-75,000,000	-75,000,000
Number of shares at 31 December 2013	**940,000,001**		**940,000,001**
Number of shares at 31 December 2014	**940,000,001**		**940,000,001**

31 Transferred, pledged, encumbered and restricted assets

Accounting policy for transferred, pledged, encumbered and restricted assets

Transferred financial assets are arrangements/transactions for which ABN AMRO has:

- transferred the contractual rights to receive the cash flows of the financial asset to a third party, or;
- retained the contractual rights to receive the cash flows of that financial asset, but assumes a contractual obligation to pay the cash flows to a third party, or;
- alternatively, transferred a financial asset when the counterparty has the right to re-pledge or to re-sell the asset.

Depending on the circumstances, these transfers may either result in financial assets that are not derecognised in their entirety or in assets that are derecognised in their entirety. More detailed information on our recognition and derecognition policy is provided in the paragraph Significant accounting policies under note 1, Accounting policies.

Pledged assets are assets pledged as collateral for liabilities or contingent liabilities and the terms and conditions relating to its pledge. Encumbered assets are those that are pledged or other assets which we believed to be restricted to secure, credit-enhance or collateralise a transaction.

In principle, pledged assets are encumbered assets. The following differences apply to ABN AMRO:
- Encumbered assets include mandatory reserve requirements with central banks and unit-linked investments (see note **23** Other assets);
- Encumbered assets exclude assets pledged for unused credit facilities with central banks at the statement of financial position date, i.e. mainly retained mortgage-backed securities.

Significant restrictions on assets may arise from statutory, contractual or regulatory requirements such as:
- those that restrict the ability of the parent or its subsidiaries to transfer cash or other financial assets to (or from) other entities within the group;
- guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid to other entities within the Group;
- protective rights of noncontrolling interests might restrict the ability of the Group to access and transfer assets freely to or from other entities within the Group and to settle liabilities of the Group.

Transferred financial assets

This disclosure provides insight into the relationship between these transferred financial assets and associated financial liabilities in order to understand which risks the bank is exposed to when the assets are transferred.

If transferred financial assets continue to be recognised on the balance sheet, ABN AMRO Group is still exposed to changes in the fair value of the assets.

Transferred financial assets that are not derecognised in their entirety

The following table shows transferred financial assets that are not derecognised in their entirety.

	31 December 2014			31 December 2013			31 December 2012		
(in millions)	Loans and receivables (at amortised cost)	Financial assets held for trading (at fair value through profit and loss)	Total	Loans and receivables (at amortised cost)	Financial assets held for trading (at fair value through profit and loss)	Total	Loans and receivables (at amortised cost)	Financial assets held for trading (at fair value through profit and loss)	Total
Securitisations									
Carrying amount Transferred assets	8,795		8,795	12,043		12,043	15,851		15,851
Carrying amount Associated liabilities	8,999		8,999	12,285		12,285	15,964		15,964
Fair value of assets	9,156		9,156	12,316		12,316	15,826		15,826
Fair value of associated liabilities	9,053		9,053	12,347		12,347	16,010		16,010
Net position	**103**		**103**	**-31**		**-31**	**-184**		**-184**
Securities financing									
Carrying amount Transferred assets		1,226	1,226		4,000	4,000		1,447	1,447
Carrying amount Associated liabilities		1,226	1,226		4,000	4,000		1,447	1,447
Fair value of assets		1,226	1,226		4,000	4,000		1,447	1,447
Fair value of associated liabilities		1,226	1,226		4,000	4,000		1,447	1,447
Net position									
Other									
Carrying amount Transferred assets		442	442		382	382		136	136
Carrying amount Associated liabilities		494	494		383	383		126	126
Fair value of assets		442	442		382	382		136	136
Fair value of associated liabilities		494	494		383	383		126	126
Net position		**-52**	**-52**		**-1**	**-1**		**10**	**10**
Totals									
Carrying amount Transferred assets	8,795	1,668	10,463	12,043	4,382	16,425	15,851	1,583	17,434
Carrying amount Associated liabilities	8,999	1,720	10,719	12,285	4,383	16,668	15,964	1,573	17,537
Fair value of assets	9,156	1,668	10,824	12,316	4,382	16,698	15,826	1,583	17,409
Fair value of associated liabilities	9,053	1,720	10,773	12,347	4,383	16,730	16,010	1,573	17,583
Net position	**103**	**-52**	**51**	**-31**	**-1**	**-32**	**-184**	**10**	**-174**

Securitisations

The bank uses securitisations as a source of funding whereby the Special Purpose Entity (SPE) issues debt securities. Pursuant to a securitisation transaction utilising true sale mechanics, the bank transfers the title of the assets to SPEs.When the cash flows are transferred to investors in the notes issued by consolidated securitisation vehicles, the assets (mainly residential mortgage loans) are considered to be transferred.

Securities financing

Securities financing transactions are entered into on a collateralised basis for mitigating the bank's credit risk exposure. In repurchase agreements and securities lending transactions, ABN AMRO gets the securities returned at maturity. The counterparty in the transactions holds the securities as collateral, but has no recourse to other assets of ABN AMRO. ABN AMRO transfers the securities and, if the counterparty has the right to re-sell or re-pledge them, the bank considers these assets transferred assets.

Continuing involvement in transferred financial assets that are derecognised in their entirety

The bank does not have any material transferred assets that are derecognised in their entirety, but where ABN AMRO has continuing involvement.

Pledged and Encumbered assets

Pledged and encumbered assets are no longer readily available to the Group to secure funding, satisfy collateral needs or be sold to reduce the funding requirement. The following activities conducted by ABN AMRO give rise to pledged assets:

- cash and securities provided as collateral to secure trading and other liabilities, mainly derivatives;
- mortgages and SME loans pledged to secure funding transactions such as covered bonds and securitisations;
- securities lent as part of repurchase and securities lending transactions;
- assets pledged as security to comply with the contractual terms regarding the cross-liability resulting from a sale under the EC Remedy. Further information is provided in note 32 Commitments and contingent liabilities.

The following table provides an overview of assets pledged as security and encumbered assets.

(in millions)	31 December 2014	31 December 2013	31 December 2012
Assets pledged			
Cash and balances at central banks	253	253	292
Financial assets held for trading	5,062	4,446	1,584
Financial investments available-for-sale		160	162
Loans and receivables - banks			
- Interest bearing deposits	9,817	7,193	10,219
Loans and receivables - Customers			
- Residential mortgages	102,646	111,596	110,956
- Commercial loans	5,644	6,208	6,795
Total assets pledged as security	**123,422**	**129,856**	**130,008**
Differences between pledged and encumbered assets			
Financial investments available-for-sale	133		
Loans and receivables – banks[1]	498	221	287
Loans and receivables – customers[2]	-52,928	-61,298	-56,085
Other assets[3]	2,453	2,171	2,170
Total differences between pledged and encumbered assets	**-49,844**	**-58,906**	**-53,628**
Total encumbered assets	**73,578**	**70,950**	**76,380**
Total assets	**386,867**	372,022	393,758
Total encumbered assets as percentage of total assets	19.0%	19.1%	19.4%

1 Includes mandatory reserve deposits.
2 Excludes mainly mortgage-backed securities.
3 Includes unit-linked investments.

We have aligned our definition for encumbered assets with the EBA, which provided guidance in 2014 stating that cash receivable in securities borrowing and reverse repurchase transactions are not encumbered. These are also no longer considered pledged. We have also adjusted the comparative figures for 2013 and 2012 to reflect the correct underlying trend.

Off-balance sheet collateral held as security for assets

Mainly as part of professional securities transactions, ABN AMRO obtains securities on terms which permit it to repledge or resell the securities to others. These transactions are conducted under terms that are usual and customary to standard professional securities transactions.

ABN AMRO controls credit risk associated with these activities by monitoring counterparty credit exposure and collateral value on a daily basis and requiring additional collateral to be deposited with or returned to the Group when deemed necessary.

(in millions)	31 December 2014	31 December 2013	31 December 2012
Fair value of securities received which can be sold or repledged	54,929	59,039	62,533
- of which: fair value of securities repledged/sold to others	27,988	28,463	49,027

ABN AMRO has an obligation to return the securities accepted as collateral to its counterparties.

Significant restrictions on the ability to access or use the Group's assets

ABN AMRO adopted IFRS 12 as of 1 January 2014. The purpose of disclosing assets with significant restrictions is to provide information that enables users of its consolidated financial statements to evaluate the nature and extent of significant restrictions on its ability to access or use assets, and settle liabilities, of the group.

At balance sheet date, the Group did not have any material non-controlling interests and therefore did not give rise to significant restrictions.

Restricted financial assets consist of assets pledged as collateral against an existing liability or contingent liability and encumbered assets. Other restrictions impacting the Group's ability to use assets:

- assets as a result of collateralising repurchase and borrowing agreements (2014: EUR 16,933 million, 2013: EUR 16,212 million, 2012: EUR 5,477 million);
- assets held in certain jurisdictions to comply with local liquidity requirements and are subject to restrictions in terms of their transferability within the Group (2014: EUR 1,199 million, 2013: EUR 745 million, 2012: EUR 780 million).

ABN AMRO Group in general is not subject to significant restrictions that would prevent the transfer of dividends and capital within the Group; except for regulated subsidiaries which are required to maintain capital to comply with local regulations (2014: EUR 957 million, 2013: EUR 867 million, 2012: EUR 789 million).

32 Commitments and contingent liabilities

Accounting policy for off-balance sheet items

Commitments

Loan commitments that allow for draw-down of a loan within the timeframe generally established by regulation or convention in the marketplace are not recognised as derivative financial instruments. Acceptances comprise undertakings by ABN AMRO to pay bills of exchange drawn on customers. ABN AMRO expects most acceptances to be settled simultaneously with the reimbursement from customers. Acceptances are not recognised in the balance sheet and are disclosed as commitments.

Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the outflow of economic resources is remote.

Committed credit facilities

Commitments to extend credit take the form of approved but undrawn loans, overdraft revolving and underwriting facilities. New loan offers have a commitment period that does not extend beyond the normal underwriting and settlement period.

Guarantees and other commitments

ABN AMRO provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These transactions have fixed limits and generally extend for periods of up to 5 years. Expirations are not concentrated in any particular period. ABN AMRO also provides guarantees by acting as a settlement agent in securities borrowing and lending transactions. In addition, ABN AMRO has entered into transactions to guarantee various liabilities with respect to insurance-related regulatory reserve financing transactions.

The contractual amounts of commitments and contingent liabilities are set out by category in the following table. The amounts stated in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if the relevant contract parties completely failed to perform as contracted.

Many of the contingent liabilities and commitments are expected to expire without being advanced in whole or in part. This means that the amounts stated do not represent expected future cash flows. Additionally, guarantees and letters of credit are supported by varying levels of collateral.

Aside from the items which are included in the Guarantees and other commitments, non-quantified guarantees have been given for ABN AMRO's securities custody operations and for interbank bodies and institutions. ABN AMRO or Group companies participate in collective guarantee schemes (e.g. deposit guarantees) applicable or mandatory in various countries. Furthermore, statements of liability within the meaning of Article 403 Book 2 of the Dutch Civil Code have been issued for a number of Group companies, including ABN AMRO Bank N.V.

The committed credit facilities, guarantees and other commitments at 31 December 2014, 2013 and 2012 are summarised in the following table.

					Payments due by period
(in millions)	Less than one year	Between one and three years	Between three and five years	After five years	Total
31 December 2014					
Committed credit facilities	**6,558**	**2,907**	**4,261**	**2,436**	**16,164**
Guarantees and other commitments:					
Guarantees granted	540	73	94	1,884	2,592
Irrevocable letters of credit	3,841	878	276	504	5,499
Recourse risks arising from discounted bills	6,940	275	16	12	7,243
Total guarantees and other commitments	**11,322**	**1,227**	**386**	**2,401**	**15,335**
Total commitments and contingent liabilities	**17,880**	**4,134**	**4,647**	**4,837**	**31,498**
31 December 2013					
Committed credit facilities	**5,623**	**3,110**	**2,268**	**2,763**	**13,764**
Guarantees and other commitments:					
Guarantees granted	440	1,091	102	1,901	3,534
Irrevocable letters of credit	4,125	772	186	332	5,415
Recourse risks arising from discounted bills	6,983	133	13	25	7,154
Total guarantees and other commitments	**11,548**	**1,996**	**301**	**2,258**	**16,103**
Total commitments and contingent liabilities	**17,171**	**5,106**	**2,569**	**5,021**	**29,867**
31 December 2012					
Committed credit facilities	**10,559**	**2,351**	**2,321**	**2,404**	**17,635**
Guarantees and other commitments:					
Guarantees granted	732	1,153	30	1,902	3,817
Irrevocable letters of credit	4,203	568	155	548	5,474
Recourse risks arising from discounted bills	7,383	89	6	8	7,486
Total guarantees and other commitments	**12,318**	**1,810**	**191**	**2,458**	**16,777**
Total commitments and contingent liabilities	**22,877**	**4,161**	**2,512**	**4,862**	**34,412**

The increase in Committed credit facilities was mainly related to the irrevocable credit lines granted to commercial clients.

The decrease in Guarantees granted was due to the change in cross liability structure, related to the buyback of Deutsche Bank Nederland NV. More details on this are provided in Cross liability.

Leasing

ABN AMRO mainly enters into leases classified as operating leases (including property rental). The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense. If it is decided that an operating lease will be terminated or vacated before the lease period has expired, the lesser of any penalty payments required and the remaining payments due once vacated (less sub leasing income) is recognised as an expense. If the lease agreement transfers substantially all the risks and rewards inherent to ownership of the asset, the lease is recorded as a finance lease and the related asset is capitalised.

Operating lease commitments

ABN AMRO leases various offices and other premises under non-cancellable operating lease arrangements. The leases have various terms, escalation and renewal rights. There are no contingent rents payable. ABN AMRO also leases equipment under non-cancellable lease arrangements. Total operating lease agreements amounted to EUR 467 million (2013: EUR 457 million), of which EUR 387 million (2013: EUR 383 million) is due within five years.

Transactions involving the legal form of a lease

ABN AMRO has entered into IT outsourcing arrangements that involve leases in form but not in substance. The contract periods of the arrangements vary between one and five years. The total amount of the lease payments was EUR 524 million for 2014 (2013: EUR 503 million).

Other contingencies

ABN AMRO is involved in a number of legal proceedings in the ordinary course of business in a number of jurisdictions. In presenting consolidated financial information, management makes estimates regarding the outcome of legal, regulatory and arbitration matters, and takes a charge to the income statement when losses with respect to such matters are more likely than not. Charges, other than those taken periodically for costs of defence, are not established for matters when losses cannot be reasonably estimated.

On the basis of information currently available, and having taken counsel with legal advisors, ABN AMRO is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position and the consolidated result of ABN AMRO.

In particular:

- Certain hedge funds initiated proceedings in Belgium and claimed an amount of EUR 1.75 billion plus 8.75% coupon until 7 December 2030 from four issuers, amongst which ABN AMRO, in relation to the conversion of Ageas mandatory convertible securities. On 23 March 2012, the Commercial Court in Brussels (Belgium) rejected all claims of the hedgefunds. This verdict underlines the verdict in the summary proceedings (kort geding) of November 2010. Certain hedge funds have filed an appeal against the verdict. ABN AMRO remains confident that has acted within its rights and therefore also continues to be positive about the outcome of the currently pending appeal proceedings.
- As previously reported, ABN AMRO, certain of its subsidiaries and some of their client funds had exposure to funds that suffered losses (in some cases, significant losses) as a result of the Madoff fraud. Provision of the custodial services has resulted in a number of legal claims, including by BLMIS' trustee in bankruptcy (Irving Picard), and liquidators of certain funds, as they pursue legal actions in attempts to recover payments made as a result of the Madoff fraud and/or to make good their alleged losses. Certain ABN AMRO subsidiaries are defendants in these proceedings. In light of the preliminary status of those claims and other arrangements that may mitigate litigation exposure, it is not possible to estimate the total amount of ABN AMRO's potential liability, if any. ABN AMRO is continuing to investigate and implement strategies for recovering the losses suffered. As previously reported, a total amount of EUR 16 million

(exclusive of costs) was recovered in the first half of 2009. In 2011, 2012 and 2013, one of ABN AMRO's subsidiaries was able to sell shares and limited partnership interests that were provided to it as collateral or which it had bought to hedge its exposure in the context of the collateralized loans and total return swap transactions referred to above. These sales resulted in proceeds of EUR 52, 78 and 253 million respectively and an equivalent amount provided for in 2008 was subsequently released.

- On 4 December 2013, Union Bancaire Privée S.A. commenced an ICC arbitration against ABN AMRO. In this arbitration UBP claims compensation for potential future damages as a result of two events. For these events, UBP considers ABN AMRO to be liable under the share purchase agreement between the two parties regarding the sale of ABN AMRO (Switzerland) AG. The sale of ABN AMRO (Switzerland) AG was concluded in 2011.

Cross liability

A legal demerger may cause so-called cross-liabilities. Pursuant to section 2:334t of the Dutch Civil Code, the acquiring company or companies and the demerging company, if it continues to exist, are jointly and severally liable for the obligations of the demerging company at the time of the demerger. The acquiring companies and the continuing demerged company will remain fully liable for indivisible obligations. For divisible obligations (e.g. monetary obligations) the acquiring company to whom the obligation transferred or, if the obligation remained where it was, the company that continued to exist is fully liable. However, if an obligation has not been transferred to or remained with a company, that company's liability for divisible obligations will be limited to the value of the assets acquired or retained in the demerger. A cross-liability is of a secondary nature. The company that did not acquire or retain the obligation is not required to perform until the company that did acquire or retain the obligation has failed to perform.

On 6 February 2010, the former ABN AMRO Bank N.V. demerged into two entities: RBS N.V. and ABN AMRO Bank N.V. (the '2010 Demerger'), giving rise to cross-liabilities similar to the cross-liabilities described above. If ABN AMRO Bank N.V. fails to perform its obligations existing at the time of the 2010 Demerger, RBS N.V. is liable for the performance; if RBS N.V. fails to perform its obligations existing at the time of the 2010 Demerger, ABN AMRO Bank N.V. is liable. RBS N.V.'s contingent liability for divisible obligations as a result of the 2010 Demerger is limited to EUR 4 billion, whereas ABN AMRO Bank N.V.'s contingent liability is limited to EUR 1.8 billion (which amount remained unchanged as per 31 December 2014). ABN AMRO Bank N.V. has put in place arrangements to mitigate the risks of such contingent liability and received collateral from RBS Plc amounting to EUR 949 million (2013: EUR 943 million). ABN AMRO Bank N.V. did not post any collateral with RBS N.V. or RBS Plc.

On 7 August 2008, the EC Remedy part of ABN AMRO Bank N.V. was demerged to New HBU II N.V. (the '2008 Demerger'), giving rise to cross-liabilities similar to the cross-liabilities as described above. If ABN AMRO Bank N.V. fails to perform its obligations existing at the date of the 2008 Demerger, New HBU II N.V. is liable for the performance; if New HBU II N.V. fails to perform its obligations existing at the date of the 2008 Demerger, ABN AMRO Bank N.V. is liable.

On 1 April 2010, New HBU II N.V. was transferred to Deutsche Bank AG and renamed Deutsche Bank Nederland N.V. As a result of the cross-liabilities described above, if RBS N.V. or ABN AMRO Bank N.V. fails to perform its obligations existing at the date of the 2008 Demerger, Deutsche Bank Nederland N.V. is liable for the performance. Deutsche Bank Nederland N.V.'s contingent liability in this regard is limited to EUR 950 million. On 27 September 2014, pursuant to a put option exercised by Deutsche Bank AG, the assets and liabilities of Deutsche Bank Nederland N.V., apart from the cross-liabilities created as a result of the 2008 Demerger, were demerged into a newly incorporated subsidiary of Deutsche Bank AG (the '2014 Demerger'). Deutsche Bank Nederland N.V. was subsequently acquired by ABN AMRO Bank and renamed Sumsare N.V. As a consequence, Deutsche Bank Nederland N.V.'s contingent liability under the 2008 Demerger is now held by Sumsare N.V., a wholly-owned subsidiary of ABN AMRO Bank N.V. Deutsche Bank AG indemnified Sumsare N.V. for any claims (including cross-liabilities) in connection with the 2014 Demerger.

Interest rate derivatives to SME clients

For some time now there has been a public debate in the Netherlands on a bank's duty of care towards SME's with respect to interest rate derivatives.

The bank has entered into (and continues to enter into) interest rate derivatives with its SME clients in combination with floating interest rate loans to its SME clients. The bank has 350,000 SME clients, of which approximately 4,500 have one or more interest rate derivatives. The bank's portfolio consists of approximately 6,000 interest rate derivatives primarily consisting of interest rate swaps and caps. The SME clients with a floating interest rate loan entered into an interest rate derivative with the purpose of fixing their interest rate risk. The combination of a floating interest rate loan together with an interest rate swap resulted in a lower interest rate for the client than the alternative of a loan with a fixed interest rate.

As a result of the decline in interest rates, the interest rate swaps have a negative mark-to-market value. There are no negative consequences for clients as long as the loan is not repaid, in whole or in part, prior to its maturity date.

Some SME clients needed or wanted to repay their floating interest rate loans prior to their maturity date. As a consequence, the interest rate swap needed to be unwound in order to assure that no overhedge was created. In that case, and in line with standard market practice, the SME clients had to pay the bank the negative mark-to-market value of the interest rate swap. The payment of a negative mark-to market value is comparable with the payment of a penalty interest upon early repayment of a fixed interest rate loan. The bank received a limited number of complaints. Some clients instigated legal proceedings. Most of the claims relate to the banks' alleged violation of its duty of care for instance that the bank did not properly inform them of the risks associated with interest rate swaps. In some of these cases the client's claim was denied. In other cases, the bank paid a compensation to the client. The financial impact for the bank is expected to be very limited.

At the request of the AFM, a dedicated project team within the bank, with the assistance of external specialists, has been reviewing our SME client files containing interest rate derivatives. The objective of this review is to determine whether the bank acted in accordance with the laws and regulations applicable at that time. The preliminary outcome of this review and the situation in respect of claims and litigation have not resulted in the recognition of a provision at balance sheet date as there is no present obligation for which it is probable that it will result in an outflow of resources embodying economic benefits.

33 Related parties

Parties related to ABN AMRO include NLFI with control, the Dutch State with significant influence, associates, pension funds, joint ventures, the Managing Board, the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other related entities. ABN AMRO has applied the partial exemption for government-related entities 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.

Total outstanding loans and advances to members of the Managing Board and Supervisory Board of ABN AMRO amounted to EUR 5.8 million in 2014 (2013: EUR 6.1 million; 2012: EUR 5.8 million). The outstanding loans and advances to members of the Managing Board and the Supervisory Board mainly consist of residential mortgages granted under standard personnel conditions. Other loans and advances have client conditions (further information is provided in the Remuneration report).

Credits, loans and bank guarantees in the ordinary course of business may be granted by ABN AMRO companies to executive managers or to close family members of Board members and close family members of executive managers. At 31 December 2014, there were no outstanding credits, loans or bank guarantees, other than the ones included in the ordinary course of business noted above.

Balances with joint ventures, associates and other

(in millions)	Joint ventures	Associates	Other[1]	Total
31 December 2014				
Assets	20	325		345
Liabilities	161	749		910
Irrevocable facilities		40		40
2014				
Income received	33	47		80
Expenses paid	15	10		25
31 December 2013				
Assets	13	372		385
Liabilities	178	2,156	357	2,691
Irrevocable facilities		22		22
2013				
Income received	34	46		80
Expenses paid	14	9	241	264
31 December 2012				
Assets	12	167	987	1,166
Liabilities	88	1,853		1,941
Irrevocable facilities		15		15
2012				
Income received	34	56		90
Expenses paid	14	3	334	351

1 The column Other includes the transactions related to the pension funds. For more information about the settlement of the pension plan, please refer to Note 28.

Liabilities with Associates decreased mainly as a result of losses related to two associate companies.

Liabilities with Other parties were nihil in 2014 due to the fact the pension scheme in the Netherlands is no longer a defined benefit plan, but a defined contribution plan. Therefore, the criteria for related parties was no longer met.

Balances with the Dutch State[1]

(in millions)	31 December 2014	31 December 2013	31 December 2012
Assets:			
Financial assets held for trading	897	1,262	821
Financial investments - available for sale	6,884	5,666	5,401
Loans and receivables - customers	1,606	377	815
Other assets	22	30	
Liabilities:			
Due to customers[2]	1,968	2,247	2,111
Subordinated loans[2]	1,654	1,654	1,650
	2014	2013	2012
Income statement:			
Interest income	147	142	160
Interest expense	106	112	130
Net trading income	3	64	297
Net fee and commission income	-3	-26	-26

1 Excluding balances related to tax positions
2. Part of Due to customers (EUR 1,9 billion) and the full amount of Subordinated loans are related to liabilities the Dutch State acquired from Ageas on 3 October 2008.

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

Transactions and balances related to taxation are included in note 10 Income tax expense, tax assets and tax liabilities. Most of the tax items in this note consist of transactions and balances with the Dutch tax authorities.

Financial assets held for trading decreased mainly as a result of lower Government bonds which used to be held as hedge for the Short-Term Interest Trading portfolio (EUR 0.3 billion) and a total return swap portfolio (EUR 0.3 billion).

Financial investments – available for sale increased mainly due to active management of the liquidity buffer. Debt Securities – financial investments increased by EUR 1.2 billion.

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

Due to customers decreased by EUR 0.3 billion, due to redemption of part of the loan (including accrued interest) acquired from the Dutch State related to Ageas on 3 October 2008.

Net trading income was lower in line with the decrease in trading positions (EUR 0.4 billion).

34 Remuneration of Managing Board and Supervisory Board

Remuneration of Managing Board

ABN AMRO's remuneration policy was formally approved by shareholders and adopted by the Supervisory Board.

The remuneration package for the Managing Board consists of the following components:
- annual base salary;
- benefits and other entitlements;
- severance payments.

The following statement summarises the income components for the individual Managing Board members for the year 2014.

(In thousands)	Base salary	Variable remuneration[1]	Pension costs[2]	Severance payments	Temporary fixed income[3]	Employer charges[4]	Total[5]
2014							
G. Zalm	759		303				1,062
J. van Hall	608		222		100		930
C. van Dijkhuizen	608		214		100		922
C.E. Princen	608		252		100		960
W. Reehoorn	608		224		100		932
C.F.H.H. Vogelzang	608		226		100		934
J.G. Wijn	608		254		100		962
Total	**4,407**	**0**	**1,695**	**0**	**600**	**0**	**6,702**
2013							
G. Zalm	759		310			98	1,167
J.C.M. van Rutte[6]	253		82			16	351
J. van Hall	608		139			73	820
C. van Dijkhuizen[7]	405		172			37	614
C.E. Princen	608		213			73	894
W. Reehoorn	608		144			73	825
C.F.H.H. Vogelzang	608		149			73	830
J.G. Wijn	608		222			73	903
Total	**4,457**	**0**	**1,431**	**0**	**0**	**516**	**6,404**

1 As a consequence of the applicability of the Bonus Prohibition Act the Managing Board Members were not entitled to receive variable compensation.
2. Pension costs exclusively comprise service costs for the year computed on the basis of the amended pension accounting standard IAS 19 (for the DB-pensionscheme until 12 June 2014) and employer contribution to the pension fund (for the CDC-pension scheme as of 12 June 2014).
3. Allowance during the applicability of the Bonus Prohibition Act.
4. The one-off Dutch wage tax imposed by the Dutch government *('crisisheffing')* payable by the employer for taxable wages above EUR 150,000 per employee amounted to a total of EUR 516,156 for the Managing Board members. These expenses were accrued in 2013 and were paid in 2014. The wage tax was imposed by the Dutch government in 2013 and 2012. In 2014 this wage tax was no longer applied.
5. Total includes employer charges.
6. J.C.M. van Rutte stepped down as member of the Managing Board as of 31 May 2013.
7. C. van Dijkhuizen was appointed to the Managing Board as of 1 May 2013.

After careful consideration and with due observance of the one-off transitional arrangement included in the Bonus Prohibition Act, the Supervisory Board decided to award the members of the Managing Board a temporary fixed allowance. This allowance of EUR 100,000 (gross), which represents 16.67% of the 2011 annual salary, applies effectively as from 1 January 2012 for as long as the Bonus Prohibition Act is applicable to ABN AMRO. The Supervisory Board decided that as from 2014 this allowance will be paid out to the six eligible Managing Board members.
The Chairman of the Managing Board is not entitled to this allowance as this is not part of his remuneration package.

Loans from ABN AMRO to Managing Board members

The following table summarises outstanding loans to the members of the Managing Board at 31 December 2014.

	2014		2013	
(In thousands)	Outstanding 31 December	Interest rate	Outstanding 31 December	Interest rate
C. van Dijkhuizen	308	2.8%	346	3.5%
J. van Hall	69	3.5%	69	3.5%
C.E. Princen	810	3.2%	827	3.3%
W. Reehoorn	1,429	3.8%	1,429	3.8%
C.F.H.H. Vogelzang	1,426	2.1%	1,438	2.1%
J.G. Wijn	761	2.1%	986	2.3%

Remuneration of the Supervisory Board

The following statement summarises the income components for the individual Supervisory Board members.

(In thousands)	2014[1]	2013
D.J.M.G. van Slingelandt[2]	91	88
J.H.M. Lindenbergh[3]	28	100
H.P. de Haan	78	78
S. ten Have	60	60
A. Meerstadt	63	63
M.J. Oudeman	68	60
J.M. Roobeek	63	63
P.N. Wakkie	75	75
O.L. Zoutendijk[4]	38	
Total	**564**	**587**

1 Remuneration amounts excluding VAT.
2. D.J.M.G. van Slingelandt was appointed as Chairman of the Supervisory Board as of 10 April 2014.
3. J.H.M. Lindenbergh stepped down as Chairman and Member of the Supervisory Board as of 10 April 2014.
4. O.L. Zoutendijk was appointed to the Supervisory Board as of 1 July 2014.

Loans from ABN AMRO to Supervisory Board members

The following table summarises the outstanding loans to the members of the Supervisory Board at 31 December 2014.

	2014		2013	
(In thousands)	Outstanding 31 December	Interest rate	Outstanding 31 December	Interest rate
P.N. Wakkie	971	4.3%	993	4.3%

35 Employee share option and share purchase plans

No employee share option plans are in place for the years 2014, 2013 and 2012.

36 Statutory financial statements of ABN AMRO Group N.V.

Accounting policies

The company financial statements of ABN AMRO Group N.V. have been prepared in accordance with the requirements in Title 9 Book 2 of the Dutch Civil Code. ABN AMRO Group N.V. prepares its Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS). ABN AMRO Group N.V. applies the exemption as included in section 2:362 paragraph 8. Participating interests in group companies are valued at net asset value determined on the basis of EU-IFRS. The share in the results of participating interests in group companies is reported in accordance with the principles of valuation and profit determination that apply to the Consolidated Financial Statements. Reference is made to the accounting policies section in the Consolidated Financial Statements and the respective notes.

Basis of preparation

The financial statements are presented in euros, which is the presentation currency of the company, rounded to the nearest million (unless otherwise stated). The statement of comprehensive income has been drawn up in accordance with Section 402, Book 2 of the Dutch Civil Code.

Statement of comprehensive income ABN AMRO Group N.V.

(in millions)	2014	2013	2012
Income:			
Share in result from participating interests after taxation	1,134	1,162	1,153
Profit/(loss) for the period	**1,134**	**1,162**	**1,153**
Other comprehensive income	501	154	-3,151
Total comprehensive income/expense for the year	**1,635**	**1,316**	**-1,998**

Share in result from participating interests decreased by EUR 51 million in 2014.

Other comprehensive income shows a gain of EUR 501 million (2013: gain of EUR 154 million; 2012: loss of EUR 3,151 million). The loss in 2012 was due to the amended pension accounting standards IAS 19. The gain in 2013 was mainly due to lower actuarial losses on defined benefit pension plans and higher cash flow hedge reserves (increase of EUR 588 million), partly offset by lower available-for-sale reserve (decrease of EUR 242 million). The gain in 2014 was mainly due to currency translation (EUR 169 million) and available-for-sale (EUR 235 million), partly offset by unfavourable cash flow hedges (EUR 162 million).

Statement of financial position ABN AMRO Group N.V.

(before appropriation of profit)

(in millions)	31 December 2014	31 December 2013	31 December 2012
Assets			
Participating interest in Group companies	14,865	13,555	12,864
Total assets	**14,865**	**13,555**	**12,864**
Equity			
Share capital	940	940	1,015
Share premium	12,970	12,970	13,105
Other reserves (incl. retained earnings/profit for the period)	744	3,534	2,787
Reserve participation	211	-3,889	-4,043
Total equity	**14,865**	**13,555**	**12,864**
Total liabilities and equity	**14,865**	**13,555**	**12,864**

Statement of changes in equity ABN AMRO Group N.V.

(in millions)	Share capital	Share premium reserve	Other reserves including retained earnings	Reserve participation	Total equity
Balance at 1 January 2012	**1,015**	**11,505**	**1,697**	**-892**	**13,325**
Total comprehensive income			1,153	-3,151	-1,998
Dividend			-63		-63
Increase of capital	0[1]				
MCS Conversion		2,000			2,000
Ageas settlement		-400			-400
Balance at 31 December 2012	**1,015**	**13,105**	**2,787**	**-4,043**	**12,864**
Total comprehensive income			1,162	154	1,316
Dividend			-412		-412
Increase/(decrease) of capital	-75	-135	-3		-213
Balance at 31 December 2013	**940**	**12,970**	**3,534**	**-3,889**	**13,555**
Total comprehensive income			1,134	501	1,635
Dividend			-325		-325
Reclassification post-employment benefit plan[2]			-3,599	3,599	
Balance at 31 December 2014	**940**	**12,970**	**744**	**211**	**14,865**

1 In connection with the MCS conversion, ABN AMRO Group NV issued one class A ordinary share (nominal value of EUR 1.00) to NLFI.
2 Reclassification of EUR 3,599 million (EUR 4,799 million gross and EUR 1,200 tax) from Remeasurement gains/(losses) to Other reserves including retained earnings following the change of pension scheme.

Reserve participation includes currency translation reserve, available-for-sale reserve and cash flow hedge reserve, which are non-distributable reserves.

Other reserves including retained earnings also includes a legal reserve for participating interests of EUR 75 million (2013: EUR 106 million; 2012: EUR 109 million) which relates to profits retained from participating interests. The legal reserve was calculated in accordance with the collective method. Legal reserves are non-distributable reserves.

Legal reserves also include a reserve for the positive revaluation of financial instruments through the income statement that are not traded on an active market, in accordance with Part 9, Book 2 of the Dutch Civil Code (BW 2, article 390(1)). If and to the extent that increases in the value of such assets must be included in a revaluation reserve, the net amount in unrealised changes in fair value as at December 2014, 2013 and 2012 did not give ABN AMRO Group N.V. reason to form a revaluation reserve.

Total comprehensive income includes EUR 1,134 million profit for 2014.

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

A final dividend of EUR 200 million was paid out to ordinary shareholders, bringing the total dividend for 2013 to EUR 350 million. An interim dividend of EUR 125 million was paid to ordinary shareholders in November 2014.

ABN AMRO reached a negotiated result with the trade unions and the ABN AMRO Pension Fund on a new pension scheme for its employees in the Netherlands as part of the new collective labour agreement. The new pension scheme is a collective defined contribution (CDC) plan. This scheme will cover all existing and future pension obligations of ABN AMRO in the Netherlands. The settlement resulted in a reclassification of EUR 3,599 million (EUR 4,799 million gross and EUR 1,200 million tax) from Reserve participation to Other reserves including retained earnings.

Participating interests in group companies

ABN AMRO Group N.V. has one subsidiary, ABN AMRO Bank N.V. ABN AMRO Group N.V. is the sole shareholder of ABN AMRO Bank N.V.

Movements in participating interests in group companies are shown in the following table.

(in millions)		2014		2013		2012
Balance as at 1 January		**13,555**		12,864		13,350
Increase/(decrease) of capital				-213		
Result from participating interests		1,134		1,162		1,153
Dividend upstream		-325		-412		-88
Actuarial gains/(losses) on defined benefit pension plans	-135		-218		-3,284	
Currency translation	100		-69		-1	
Available for sale	270		35		277	
Cash flow hedge	244		406		-182	
Share of OCI of associates and joint ventures	17		4		61	
Other	5		-4		-22	
Other comprehensive income		501		154		-3,151
MCS Conversion						2,000
Ageas settlement						-400
Balance as at 31 December		**14,865**		**13,555**		**12,864**

Issued capital and reserves

Issued capital

At 31 December 2014, the authorised share capital of ABN AMRO Group N.V. amounted to EUR 3,751 million distributed over 3,750,000,000 ordinary shares and 100,000,000 class B ordinary shares. The ordinary shares have a nominal value of EUR 1.00 each and the class B ordinary shares have a nominal value of EUR 0.01 each.

Each ordinary share entitles the shareholder to one hundred votes. Each class B ordinary share entitles the shareholder to one vote.

At 31 December 2014, issued and paid-up capital by ABN AMRO Group N.V. consisted of 940,000,001 class A ordinary shares (EUR 940 million).

In 2014, ABN AMRO reached a negotiated result with the trade unions and the ABN AMRO Pension Fund on a new pension scheme for its employees in the Netherlands as part of the new collective labour agreement. The new pension scheme is a collective defined contribution (CDC) plan. This scheme will cover all existing and future pension obligations of ABN AMRO in the Netherlands. The settlement resulted in a reclassification of EUR 3,599 million (EUR 4,799 million gross and EUR 1,200 million tax) from Reserve participation to Other reserves including retained earnings.

In 2014 a final dividend of EUR 200 million for the year 2013 was paid to ordinary shareholders. An interim dividend for 2014 of EUR 125 million was paid to ordinary shareholders.

Issued guarantees

For a few group companies established in the Netherlands, general guarantees have been issued within the scope of Article 403, Book 2 of the Dutch Civil Code by ABN AMRO Group N.V. (see Other information for a list of the major subsidiaries and associated companies of ABN AMRO Group N.V. for which a general guarantee has been issued).

37 Post balance sheet events

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

Other information

Major subsidiaries and participating interests

ABN AMRO Bank N.V.[1]		Amsterdam, The Netherlands
Retail Banking		
ABN AMRO Hypotheken Groep B.V.[1]		Amersfoort, The Netherlands
ALFAM Holding N.V.[1]		Bunnik, The Netherlands
APG - ABN AMRO Pensioeninstelling N.V.	70%	Amsterdam, The Netherlands
Delta Lloyd ABN AMRO Verzekeringen Holding B.V.	49%	Zwolle, The Netherlands
European Merchant Services B.V.	49%	Diemen, The Netherlands
International Card Services B.V.[1]		Diemen, The Netherlands
MoneYou B.V.[1]		Amsterdam, The Netherlands
Private Banking		
ABN AMRO Bank (Luxembourg) S.A.		Luxembourg, Luxembourg
ABN AMRO Life Capital Belgium N.V.		Brussels, Belgium
ABN AMRO Life S.A.		Luxembourg, Luxembourg
ABN AMRO Social Impact Investments B.V.		Amsterdam, The Netherlands
ABN AMRO Social Impact Fund B.V.		Amsterdam, The Netherlands
ABN AMRO (Guernsey) Ltd		St Peter Port, Guernsey, Channel Islands
Banque Neuflize OBC S.A.	99.86%	Paris, France
Bethmann Bank A.G.		Frankfurt am Main, Germany
Bethmann Liegenschaft K.G.	50%	Frankfurt am Main, Germany
Cofiloisirs S.A.	45%	Paris, France
Neuflize Vie S.A.	60%	Paris, France
Triodos MeesPierson Sustainable Investment Management B.V.	50%	Zeist, The Netherlands
Corporate Banking		
ABN AMRO Clearing Bank N.V.[1]		Amsterdam, The Netherlands
ABN AMRO Clearing Chicago LLC		Chicago, USA
ABN AMRO Clearing Hong Kong Ltd		Hong Kong, China
ABN AMRO Clearing Singapore Pte Ltd		Singapore, Singapore
ABN AMRO Clearing Sydney Pty		Sydney, Australia
ABN AMRO Clearing Tokyo Ltd		Tokyo, Japan
ABN AMRO Commercial Finance Holding B.V.[1]		's-Hertogenbosch, The Netherlands
ABN AMRO Commercial Finance N.V.[1]		's-Hertogenbosch, The Netherlands
ABN AMRO Commercial Finance GmbH		Köln, Germany
ABN AMRO Commercial Finance S.A.		Paris, France
ABN AMRO Commercial Finance (UK) Ltd		Haywards Heath, United Kingdom
ABN AMRO Effecten Compagnie B.V.[1]		Amsterdam, The Netherlands
ABN AMRO Groenbank B.V.[1]		Amsterdam, The Netherlands
ABN AMRO Investment Holding B.V.[1]		Amsterdam, The Netherlands
ABN AMRO Jonge Bedrijven Fonds B.V.[1]		Amsterdam, The Netherlands
ABN AMRO Lease N.V.[1]		Utrecht, The Netherlands
ABN AMRO Participaties Fund I B.V.[1]		Amsterdam, The Netherlands
ABN AMRO Participaties NPE Fund N.V.[1]		Amsterdam, The Netherlands
ABN AMRO Securities USA LLC		New York, USA
Aline Holding S.A.	50%	Majuro, Marshall Islands
Alma Maritime Ltd	38%	Majuro, Marshall Islands
Attema B.V.	93%	Gorinchem, The Netherlands
Banco ABN AMRO S.A.		São Paulo, Brasil

Bass Drill Alpha Ltd	26%	Hamilton, Bermuda
Car Carriers Management B.V.	50%	Breskens, The Netherlands
CM Bulk Ltd	50%	Nassau, Bahamas
Edda Accommodation Holding AS	20%	Oslo, Norway
European Central Counterparty N.V.	25%	Amsterdam, The Netherlands
Graig MCI Ltd	49%	Cardiff, United Kingdom
Holland Clearing House N.V.	25%	Amsterdam, The Netherlands
Holland Ventures B.V.	45%	Amsterdam, The Netherlands
HSM Products Ltd	47%	Majuro, Marshall Islands
Iceman IS	39%	Oslo, Norway
Icestar B.V.		Rotterdam, The Netherlands
Kuiken Groep B.V.	85%	Utrecht, The Netherlands
Maas Capital Investments B.V.[1]		Rotterdam, The Netherlands
Maas Capital Offshore B.V.		Amsterdam, The Netherlands
MP Solar B.V.		Amsterdam, The Netherlands
Poseidon Containers LLC	6%	Majuro, Marshall Islands
Principal Finance Investments Holding B.V.[1]		Amsterdam, The Netherlands
Richmont Preferente aandelen C B.V.	50%	Amsterdam, The Netherlands
Safe Ship Investment Company S.C.A. SICAR	49%	Luxembourg, Luxembourg
Group Functions		
ABN AMRO Arbo Services B.V.[1]		Amsterdam, The Netherlands
ABN AMRO Funding USA LLC		New York, USA
ABN AMRO Holding International AG		Zug, Switzerland
ABN AMRO Holdings USA LLC		New York, USA
Currence Holding B.V.	36%	Amsterdam, The Netherlands
Equens S.E.	18%	Utrecht, The Netherlands
Geldservices Nederland B.V.	33%	Amsterdam, The Netherlands
Nederlandse Financieringsmij voor Ontwikkelingslanden N.V.	20%	Den Haag, The Netherlands
Stater N.V.		Amersfoort, The Netherlands
Branches/Representative Offices		
ABN AMRO Bank N.V. (Belgium) Branch		Berchem, Belgium
ABN AMRO Bank N.V. Frankfurt Branch		Frankfurt am Main, Germany
ABN AMRO Bank N.V. (Hong Kong) Branch		Hong Kong, China
ABN AMRO Bank N.V. (Jersey) Branch		St Helier, Jersey, Channel Islands
ABN AMRO Bank N.V. (Money Lending Business)		Tokyo, Japan
ABN AMRO Bank N.V. (Norway) Branch		Oslo, Norway
ABN AMRO Bank N.V. (Singapore) Branch		Singapore, Singapore
ABN AMRO Bank N.V. Spanish Branch		Marbella, Spain
ABN AMRO Bank N.V. (UAE/DIFC) Branch		Dubai, United Arabic Emirates
ABN AMRO Bank N.V. (UK) Branch		London, United Kingdom
ABN AMRO Bank N.V. Representative Office (Dubai Multi Commodities Centre)		Dubai, United Arabic Emirates
ABN AMRO Bank N.V. Representative Office Greece		Piraeus, Greece
ABN AMRO Bank N.V. Representative Office Moscow		Moscow, Russia
ABN AMRO Bank N.V. Representative Office New York		New York, USA
ABN AMRO Bank N.V. Representative Office Shanghai		Shanghai, China
ABN AMRO Clearing Bank N.V. Frankfurt Branch		Frankfurt am Main, Germany
ABN AMRO Clearing Bank N.V. (Singapore) Branch		Singapore, Singapore
ABN AMRO Clearing Bank N.V. (UK) Branch		London, United Kingdom
International Card Services B.V. Branch Deutschland		Düsseldorf, Germany

1 A statement of liability within the meaning of Article 403, subsection 1, paragraph f, Book 2 of the Dutch Civil Code has been issued for these companies.

The interest is 100%, unless otherwise stated.

The full list of participating interests as referred to in Article 414, Book 2 of the Dutch Civil Code has been filed with the Trade Register.

Provisions of the Articles of Association concerning profit appropriation

The provisions regarding the reservation and distribution of profits are included in Article 38 of the Articles of Association. In accordance with the reserve and dividend policy and subject to the approval of the Supervisory Board, the Managing Board proposes to the General Meeting of Shareholders which part of the profit is to be reserved. The remainder of the profit shall be at the free disposal of the General Meeting of Shareholders, pursuant to a proposal to this end by the Management Board, subject to the approval of the Supervisory Board.

ABN AMRO announced its dividend policy in March 2011, which targets a payout ratio of 40% of the reported net annual profit. Even though ABN AMRO remains well capitalised under Basel III, the bank would like to further build up additional capital buffers in order to execute its strategic ambitions and manage the impact of new regulations.

For prudency reasons and in close consultation with the shareholder, ABN AMRO has, as stated in the 2013 Annual Report, adopted a temporary addition to the dividend policy which implies a temporary reduction of the dividend payout ratio. Pursuant to this temporary addition to the dividend policy, the targeted payout ratio will gradually increase again to a 40% payout ratio over the full-year 2015 net profit. ABN AMRO intends to make an interim dividend payment if the interim results of the respective year allow so. An interim dividend payment of EUR 125 million was paid on 20 November 2014.

Any distribution of dividend remains discretionary and deviations from the above policy may be proposed by the bank.

In accordance with Article 38.4 of the Articles of Association, the Managing Board proposes, subject to the approval of the Supervisory Board, to declare a final dividend of EUR 275 million on the shares for 2014.

As a result, the Managing Board proposes to the shareholder to pay out 35% (EUR 400 million) of the net reported profit of 2014 as dividend on the shares and add 65% of the net reported profit to the reserves.

risk & capital report

The Risk & Capital Report discloses comprehensive information on risk management, capital adequacy and funding. Some disclosures in the Risk & Capital Report contain audited information and are an integral part of the Annual Financial Statements.

introduction to risk & capital management

This section provides an introduction to the Risk & Capital Report. As the Risk & Capital Report includes information according to both EU IFRS and CRD IV/CRR, more information on scope differences and consolidation is given. This section also includes reference tables for Pillar 3 disclosures, EU IFRS disclosures and EDTF disclosures.

Contents

Risk & capital management

This chapter provides more information regarding the Group's approach to risk and capital management by describing strategy, policies, governance and valuation methods.

Risk & capital review EDTF 1

The portfolio composition and developments are described in the Risk & capital review section. This section also describes developments in the Group's major risk types and regulatory capital.

Additional risk & capital information EDTF 1

This chapter provides an overview of additional regulatory required disclosures.

Regulatory requirements Pillar 3 EDTF 1

The Risk & capital report incorporates the regulatory disclosure requirements enforced by the Financial Supervision Act (*Wet op financieel toezicht - Wft*), Capital Requirements Regulation, Title 9 Book 2 of the Dutch civil code and IFRS. Furthermore, ABN AMRO embraces the EDTF principles and recommendations. Reference tables of EU IFRS, Pillar 3 and EDTF disclosure requirements with compliance status are disclosed further in this section.

Pillar 3 disclosures EDTF 1

The objective of Pillar 3 disclosures is to inform existing and potential investors in ABN AMRO on how the organisation manages risk and capital adequacy. Pillar 3 disclosures are part of the Basel framework which is based on the three pillar concept. Pillar 1 details the minimum capital requirements, Pillar 2 relates to the internal capital adequacy measurement and the supervisory review, and Pillar 3 relates to disclosures on capital and risk to encourage market discipline. ABN AMRO incorporates the relevant Pillar 3 disclosures in this Annual Report.

The Pillar 3 disclosures are prepared in accordance with the Capital Requirements Regulation (CRR). The following table provides an overview of where information on each Pillar 3 requirement can be found in the Annual Report. Pillar 3 disclosures are labelled as 'Pillar 3' in the respective headings.

Overview of Pillar 3 requirements EDTF 1

Pillar 3 disclosure requirement	Reference	Additional information
Scope of consolidation	Introduction to Risk & capital report; page 96	Risk exposure measurement and scope differences, and regulatory reporting scope section
Capital structure	Risk & capital review - Capital; page 184	Capital structure and further information on share capital, dividend and capital instruments section
Capital adequacy	Risk & capital management - Capital management; page 125 Risk & capital review - Capital; page 184	Capital management framework (Capital measurement and allocation) and minimum capital requirement section
Leverage ratio	Risk & capital review - Capital; page 184	Leverage ratio section
Risk management objectives, governance and policies	Risk & capital management; page 98	Risk & capital management (strategy, profile, governance, measurement, mitigation, concentration, management of forborne, past due and impaired loans)
Credit risk	Risk & capital review - Credit risk; page 134 Additional risk & capital information; page 192	Overall credit risk exposure in credit risk exposure section with specific focus on overall exposure and concentration (geography and industry). Maturity distribution disclosure in additional risk & capital information section
-Standardised approach	Risk & capital management - Credit risk management; page 108 Risk & capital review - Credit risk; page 134 Additional risk & capital information; page 192	Scope and approach in Regulatory capital in Risk approach section, overall Standardised Approach (SA) in Risk & capital review - Credit risk section and detailed SA approach exposure in additional risk & capital information
-Internal Ratings-Based approach	Risk & capital management - Credit risk management; page 108 Risk & capital review - Credit risk; page 134 Additional risk & capital information; page 192	Scope and approach in Regulatory capital, overall Internal Ratings-Based (IRB) in Risk & capital review - Credit risk section and detailed IRB approach exposure in additional risk & capital information
-Other approaches	Risk & capital management - Credit risk management; page 108 Risk & capital management - Liquidity risk management; page 122 Risk & capital review - Credit risk; page 134 Additional risk & capital information; page 192	Counterparty scope and approach in Specific counterparty risk in Credit risk management section, counterparty credit risk in Credit risk exposure section in Risk & capital review - Credit risk section with additional details on over-the-counter (OTC) derivatives in additional risk & capital information section. Liquidity risk management approach in Liquidity risk management section contains the collateral posting policy by a downgrade of ABN AMRO
Equity positions not in the trading book	Additional risk & capital information; page 192 Annual Financial Statements; page 257 (note 7, note 15, note 21)	Exposure of equities not held for trading in additional risk & capital information section. Details on equities not held for trading in several notes to the Annual Financial Statements
Credit risk mitigation	Risk & capital management - Credit risk management; page 108 Risk & capital review - Credit risk; page 134 Additional risk & capital information; page 192	Credit risk mitigation policies and processes in Credit risk management section, Overall regulatory credit risk mitigation exposures in Credit risk exposure section in Risk & capital review - Credit risk and additional risk mitigation details on SA and IRB approach in additional risk & capital information section

Credit quality	Risk & capital management - Credit risk management; page 108 Risk & capital review - Credit risk; page 134 Additional risk & capital information; page 192	Accounting and risk policies in Management of forborne, past due and impaired loans in Credit risk management section. Credit quality, past due and impairment disclosures split by geography and industry in Management of forborne, past due and impaired in Risk & capital review - Credit risk section
Market risk	Risk & capital management - Market risk management; page 118 Risk & capital review - Market risk; page 174	Market risk (trading book) approach in Market risk management section and regulatory capital requirements in market risk (trading book) section in Risk & capital review - Market risk section
Operational risk	Risk & capital management - Operational risk management; page 116 Risk & capital review - Operational risk; page 173	Operational risk approach in Operational risk management section and regulatory capital requirements in Risk & capital review - Operational risk section
Interest rate risk not in the trading book	Risk & capital management - Market risk management; page 118 Risk & capital review - Market risk; page 174	Market risk (banking book) approach in Market risk management section and regulatory capital requirements in market risk (banking book) section in Risk & capital review - Market risk section
Securitisations	Annual Financial Statements; page 257 (note 21)	Note 21 to the Annual Financial Statements, Approach, role and details on securitisation positions in the integral Securitsation section
Remuneration	Governance Report - Remuneration Report; page 242 Annual Financial Statements; page 257 (note 34)	Remuneration policies, principles and quantitative information on remuneration broken down by Idenitied Staff in Remuneration Report. Remuneration of Managing Board and Supervisory Board in note 34 to the Annual Financial Statements
Additional Pillar 3 disclosures	Published on abnamro.com	Capital instruments Reconciliation IFRS to regulatory balance sheet Own funds Asset encumbrance Global Systemically Important Banks indicators

EU IFRS EDTF 1

Some disclosures in the Risk & capital report are an integral part of the Annual Financial Statement (AFS) and contain audited information. The audited parts concern disclosures on financial instrument risk (IFRS 7) and presentation of financial statements (IAS1). Audited information in these sections is labelled as 'Audited' in the respective headings.

IFRS disclosures EDTF 1

	Reference	Additional information
IAS 1 Financial Statements: Presentation		
Further information on selected items presented in the Statement of financial position	Additional risk & capital information; page 192	Maturity analysis of assets and liabilities
	Risk & capital review - capital; page 184	Capital structure, Capital instruments, Minimum capital requirements
	Risk & capital review - funding; page 179	Liability and equity breakdown, Breakdown of customer deposits, Available funding instruments
IFRS 7 Financial Instruments: Disclosures		
Information on risk types		
Explanation of exposures to risk and how they arise	Risk & capital management - Risk approach; page 99	Selected sections in Risk & capital management
Objectives, policies and process for managing the risk types and the methods to measure the risks	Risk & capital management - Risk approach; page 99	Selected sections in Risk & capital management
Information on credit risk		
Credit risk concentration	Risk & capital review - Credit risk - Credit risk concentration; page 139 Additional risk & capital information - European exposures; page 199	Credit risk concentration, including Geographic concentration and Industry concentration, European government and government-guaranteed exposures
Maximum exposure to credit risk	Risk & capital review - Credit risk - Credit risk exposure; page 134 Additional risk & capital information - Credit risk exposure; page 192	Maximum exposure to credit risk sections in Credit risk and additional risk & capital information
Credit risk mitigation	Risk & capital review - Credit risk - Credit risk mitigation; page 144	Offsetting, netting, and collateral & guarantees of financial assets and liabilities
Credit quality	Risk & capital review - Credit risk exposure; page 134	Credit quality by exposure class
	Risk & capital review - Management of forborne, past due and impaired loans; page 149	Ageing of past due not classified as impaired
	Risk & capital review - Management of forborne, past due and impaired loans; page 149 Risk & capital review - Management of forborne, past due and impaired loans; page 149	Coverage and impaired ratio, Coverage ratio, Impaired ratio, Loan impairment charges and allowances
	Risk & capital review - Management of forborne, past due and impaired loans; page 149 Additional risk & capital information - Additional information on forborne, past due and impaired loans; page 200	Overview of forborne assets in Risk & capital review. Forbearance credit quality, Forborne assets by geography, Forborne assets by business segment in Additional risk & capital information

Information on liquidity risk		
Maturity analysis for non-derivative financial liabilities (including financial guarantees) showing the remaining contractual maturities	Additional risk & capital information - Maturity analysis of assets and liabilities; page 204	Maturity based on contractual undiscounted cash flows
Maturity analysis for derivative financial liabilities, where essential for understanding the timing of the cash flows	Additional risk & capital information - Maturity analysis of assets and liabilities; page 204	Maturity based on contractual undiscounted cash flows
Liquidity risk management	Risk & capital management - Liquidity risk management; page 122 Risk & capital review - Liquidity risk - Liquidity risk management; page 177 Risk & capital review - Funding; page 179	Liquidity risk management in Risk & capital management section. Loan-to-Deposit ratio, Liquidity buffer composition, Liquidity buffer currency diversification and liquidity buffer monthly average in Liquidity risk review section.
Information on market risk		
Sensitivity analysis for each type of market risk	Risk & capital review - Market risk - Total market risk exposure; page 174	Market risk in the banking book, Internal aggregated diversified and undiversified VaR for all trading positions
Methods and assumptions	Risk & capital management - Market risk management; page 118	Market risk management trading book, Market risk measurement, Market risk in the banking book, Market risk (Foreign exchange risk), Market risk (Pension fund)

Enhanced Disclosure Task Force (EDTF) EDTF 1

The Enhanced Disclosure Task Force (EDTF) was formed in 2012 in order to enhance the risk disclosures of banks and other financial institutions. The EDTF is an industry work group with wide geographical representation, including senior executives from leading financial institutions. On 29 October 2012, the EDTF together with the Financial Stability Board (FSB) published a report with 32 recommendations on how to enhance risk disclosures. ABN AMRO embraces the EDTF principles and recommendations and has implemented the vast majority of the 32 recommendations. The following table provides an overview of where information on each EDTF recommendation can be found in the Annual Report. EDTF disclosures are labelled as 'EDTF' in the respective headings.

Overview of EDTF recommendations EDTF 1

	Brief description	Reference	Additional information
General			
1	Present all related risk information together in any particular report	Risk & Capital Report; page 87	All risk information provided in Risk & Capital Report; IFRS, Pillar 3 and EDTF. Reference tables for Pillar 3, IFRS and EDTF included
2	Define the bank's risk terminology and risk measures and present key parameter values used	Risk & capital management; page 98	Risk approach section and credit, operational, market, business and liquidity risk management sections. Funding and capital management sections
3	Describe and discuss top and emerging risks	Strategic Report - Key trends; page 10	Described in key trends section in the Strategic Report
4	Once the applicable rules are finalised, outline plans to meet each new key regulatory ratios	Risk & capital management - Liquidity management; page 122 Risk & capital management - Funding management; page 124 Risk & capital management - Capital management; page 125	Capital management strategy, funding management and liquidity strategy in the relevant subsections of Risk & capital management section
Risk governance and risk management strategies/business model			
5	Summarise prominently the bank's risk management organisation, processes and key functions	Risk & capital management - Risk approach; page 99	Risk approach in the Risk & capital management section
6	Provide a description of the bank's risk culture, and how procedures and strategies are applied to support the culture	Risk & capital management - Risk approach; page 99	Risk culture in Risk approach section. This includes a reference to the Remuneration Report in the Governance Report
7	Describe the key risks that arise from the bank's business models and activities, the bank's risk appetite in the context of its business models and how the bank manages such risks	Risk & capital management - Risk approach; page 99	Risk approach section describes risk taxonomy and key risks and Key developments are described in the Risk & capital review section
8	Describe the use of stress testing within the bank's risk governance and capital frameworks	Risk & capital management - Risk approach; page 99 Risk & capital management - Market risk management; page 118	Stress testing in Risk approach section and Stress testing in Market risk management section
Capital adequacy and risk exposure amount			
9	Provide minimum Pillar 1 capital requirements	Risk & capital review - Capital; page 184	Minimum capital requirements in the Capital section
10	Summarise the composition of capital based on templates adopted by the Basel committee	Risk & capital review - Capital; page 184	Regulatory capital structure in the Capital section
11	Present a flow statement of movements since the prior reporting date in regulatory capital, including changes in common equity tier 1, tier 1 and tier 2 capital	Risk & capital review - Capital; page 184	Regulatory flow statement and capital ratios developments in the in the Capital section
12	Qualitatively and quantitatively discuss capital planning	Risk & capital management - Capital management; page 125	Capital management strategy addressed in the Capital management section. Further refinement to be addressed in future disclosures
13	Provide granular information to explain how risk exposure amounts (REA) relate to business activities and related risks	Risk & capital review - Key developments; page 129	Key figures per business segment in the Key developments section

14	Present a table showing the capital requirements for each method used for calculating REA for credit risk, for each Basel asset class as well as for major portfolios within those classes	Risk & capital review - Credit risk; page 134 Risk & capital review - Capital; page 184	Overall Exposure at Default (EAD) and REA disclosure in Credit risk section describing EAD per methodology and subsequently minimum capital requirement section in Capital section presenting capital requirements per methodology. Further refinement to be addressed in future disclosures
15	Tabulate credit risk in the banking book showing average probability of default (PD) and LGD as well as exposure at default (EAD), total REA and REA density for Basel asset classes and major portfolios within the Basel asset classes	Risk & capital review - Credit risk; page 134 Additional risk & capital information; page 192	Credit risk exposure in Credit risk section and detailed Internal Ratings-Based (IRB) approach disclosures in additional risk & capital information section. Further refinement to be adressed in future disclosures
16	Present a flow statement that reconciles movements in REA for the period for each REA risk type	Risk & capital review - Credit risk; page 134 Risk & capital review - Operational risk; page 173 Risk & capital review - Market risk; page 174	REA flow statements in Credit risk section, Operational risk section and Market risk section. Regulatory capital in Market risk in the trading book and Regulatory capital in Operational risk section
17	Provide a narrative putting Basel Pillar 3 back-testing requirements into context, including how the bank has assessed model performance and validated its models against default and loss	Risk & capital management - Market risk management; page 118	Risk models and model validation section in Credit risk management and Market risk measurement section in Market risk management section
Liquidity			
18	Describe how the bank manages its potential liquidity needs and provide a quantitative analysis of the components of the liquidity reserve held to meet these needs	Risk & capital management; page 98	Strategy section and Liquidity risk management approach section in the Liquidity risk management section
Funding			
19	Summarise encumbered and unencumbered assets in a tabular format by balance sheet categories	Annual Financial Statements; page 257 (note 31)	Note 31 Transferred, pledged, encumbered and restricted assets. Further refinement to be adressed in future disclosures
20	Tabulate consolidated total assets, liabilities and off-balance sheet commitments by remaining contractual maturity at the balance sheet date.	Additional risk & capital information; page 192	Contractural maturity of assets and liabilities section
21	Discuss the bank's funding strategy, including key sources and any funding concentrations, to enable effective insight into available funding sources, reliance on wholesale funding, any geographical or currency risks and changes in those sources over time.	Risk & capital management - Funding management; page 124 Risk & capital review - Funding; page 179	Strategy in the Funding management section. Further details of sources and funding concentration in the Funding subsection in the Risk & capital review section
Market risk			
22	Provide information that facilitates users' understanding of the linkages between line items in the balance sheet and the income statement with positions included in the traded and non-traded market risk disclosures such as risk factor sensitivities, economic value and earnings scenarios and/or sensitivities	Risk & capital review; Market risk - page 174	Market risk exposure traded and non-traded risk in Market risk section

23	Provide further qualitative and quantitative breakdowns of significant trading and nontrading market risk factors beyond interest rates, foreign exchange, commodities and equity measures	Risk & capital management - Market risk management; page 118	Market risk exposure and Regulatory capital in Market risk trading & banking book. Given the materiality of market risk at ABN AMRO this requirement will be further addressed in future disclosures if material
24	Provide qualitative and quantitative disclosures that describe significant market risk measurement model limitations, assumptions, validation procedures, use of proxies, changes in risk measures and models through time and descriptions of the reasons for back-testing exceptions.	Risk & capital management - Market risk management; page 118	Market risk measurement sections in Market risk trading & banking book. Given the materiality of market risk at ABN AMRO this requirement will be further addressed in future disclosures if material
25	Provide a description of the primary risk management techniques employed by the bank to measure and assess the risk of loss beyond reported risk measures and parameters, such as VaR, earnings or economic value scenario results	Risk & capital management - Market risk management; page 118	Market risk measurement sections in Market risk trading & banking book. Given the materiality of market risk at ABN AMRO this requirement will be further addressed in future disclosures if material
Credit risk			
26	Provide information that facilitates users' understanding of the bank's credit risk profile, including any significant credit risk concentrations	Risk & capital review - Credit risk; page 134	Credit risk section, including granular exposure breakdowns, off-balance sheet commitments and concentrations of credit risk
27	Describe the policies for identifying impaired or non-performing loans, including how the bank defines impaired or non-performing, restructured and returned-to-performing (cured) loans as well as explanations of loan forbearance policies	Risk & capital management - Credit risk; page 134	Accounting & risk policies in Management of forborne, past due and impaired loans sections
28	Provide a reconciliation of the opening and closing balances of non-performing or impaired loans in the period and the allowance for loan losses	Risk & capital review - Credit risk; page 134	To be addressed in future disclosures. Current disclosure in loan impairment charges and allowances in Credit risk section presents opening and closing balance of impairment charges and allowances
29	Provide a quantitative and qualitative analysis of the bank's counterparty credit risk that arises from its derivatives transactions	Risk & capital management - Credit risk management; page 108 Risk & capital review - Credit risk; page 134	Specific counterparty credit risk section describing models used and Counterparty credit risk disclosure in Risk & capital review provides quantitative information
30	Provide qualitative information on credit risk mitigation, including collateral held for all sources of credit risk and quantitative information where meaningful	Risk & capital management - Credit risk management; page 108 Risk & capital review - Credit risk; page 134	Credit risk mitigation section describing mitigation management and quantitative disclosures in the risk & capital review section
Other risks			
31	Describe 'other risk' types based on management's classifications and discuss how each one is identified, governed, measured and managed	Risk & capital management; page 116 and 121	Operational risk management and Business risk management
32	Discuss publicly known risk events related to other risks, including operational, regulatory compliance and legal risks, where material or potentially material loss events have occurred	Risk & capital review - Operational risk; page 173 Annual Financial Statements; page 257 (note 32)	Information on operational risk events; page 173, Information on contingencies in note 32 to the Annual Financial Statements

Risk exposure measurement and scope differences Pillar 3

Risk measures differ depending on the purpose for which exposure is calculated: EU IFRS, determination of regulatory capital or economic capital (CRD IV/CRR). EU IFRS is mainly used to measure the bank's financial results and position. Regulatory and economic capital are more suitable for certain risk measurement purposes because of the following: EU IFRS classifies the financial position by class of product, whereas the objective of Basel reporting is to take a risk-sensitive view on the bank's portfolio and to ensure that sufficient capital buffers for unexpected losses and sufficient liquidity buffers are maintained. In addition, the financial position according to EU IFRS provides a liquidity view instead of a credit view. Collateral and other credit risk mitigants to which the bank has recourse should the counterparty default are not fully taken into account.

IFRS reporting scope EDTF 1

The consolidation scope of ABN AMRO is determined in accordance with IFRS 10 Consolidated Financial Statements and IFRS 11 Joint arrangements. More information can be found in note 1 to the Annual Financial Statements. Further details on reconciliation between EU IFRS and Basel exposures are provided in the Risk & capital review section.

Regulatory reporting scope Pillar 3

The scope of consolidation for the purpose of calculating regulatory and economic capital (based on the CRR and CRD IV) is generally the same as the consolidation scope under EU IFRS and includes subsidiaries directly or indirectly controlled by ABN AMRO that are active in the banking and finance sectors. However, subsidiaries consolidated under EU IFRS that are active in sectors other than banking and finance are excluded from the regulatory scope of consolidation. The table below describes the differences in consolidation for the purpose of calculating regulatory capital requirements and for the purpose of financial reporting under EU IFRS.

As ABN AMRO applies the CRD IV/CRR for determining its regulatory and economic capital, it is subject to reporting requirements to its home supervisors, the European Central Bank and De Nederlandsche Bank. The capital and related reporting requirements in the CRD IV/CRR apply to ABN AMRO at the following scopes:

- ABN AMRO Group N.V. consolidated;
- ABN AMRO Bank N.V. solo with its Dutch subsidiaries and foreign branches (solo consolidation);
- Sub-consolidated application for ABN AMRO Clearing Bank N.V., Neuflize Vie, Bethmann Bank A.G., ABN AMRO Bank (Luxembourg) S.A.

ABN AMRO has acquired waivers to apply the capital and related reporting requirements on a solo basis to its Dutch credit subsidiaries. These waived subsidiary credit institutions are included in ABN AMRO's solo consolidated scope. Sub-consolidated reporting is not applicable to the credit institution subsidiaries in the Netherlands, with the exception of ABN AMRO Clearing Bank N.V.

The Dutch credit institution subsidiaries are ABN AMRO Bank N.V., ABN AMRO Clearing Bank N.V., ABN AMRO Groenbank B.V., ABN AMRO Hypotheken Groep B.V. and International Card Services B.V.

Differences in scope of consolidation between EU IFRS and regulatory reporting Pillar 3

Entity	Financial reporting under EU IFRS	Capital treatment under the Capital Requirements Regulation	Main related entities
Insurance companies	Fully consolidated entities engaged in insurance activities.	The required capital is based on the equity investment in insurance entities.	ABN AMRO Captive N.V., White Rock Insurance (Gibraltar) PCC Limited/Cell, ABN AMRO Life Capital Belgium N.V., ABN AMRO Life S.A.
Subsidiairies engaged in non-banking and non-insurance subsidiairies	This category includes entities engaged in non-financial activities, which are consolidated in accordance with IFRS requirements.	The required capital is based on the equity investment in these subsidiaires.	Sumsare N.V., KEEP SPV LTD N-SHARE, ABN AMRO Arbo Services B.V., Landgoed Duin & Kruidberg B.V., ABN AMRO International Data Center SA.
Securitisation vehicles	This category includes securitisation special purpose vehicles, which are consolidated in accordance with IFRS requirements.	Securitisation vehicles that are treated under the securitisation framework are not consolidated for regulatory capital purposes, but are risk-weighted under the securitisation framework.	SMILE Securitisation Company 2007 B.V.
Associates, participations and joint ventures engaged in non-financial activities	Accounted for on an equity basis.	The required capital is based on the equity investment in non-financial associates, participations and joint ventures.	Delta Lloyd ABN AMRO Verzekeringen Holding B.V. (NC), AACBOF NEBO B.V. (INV), Alma Maritime Ltd., MP Solar B.V. (NC), Aline Holding S.A. (NC) (see note 21 to the Annual financial statements for more information).
Associates, participations and joint ventures engaged in financial activities[1)]			

1 These activities don't exceed the regulatory threshold and are therefore risk-weighted for their exposure.

risk & capital management

This section provides an overview of the Group's risk and capital management approach, including strategies, measurement approaches and risk governance framework. Portfolio developments are described in the Risk & capital review section.

Overview

The European Central Bank (ECB) took over the supervisory role of De Nederlandsche Bank (DNB) in November 2014. In preparing for the changeover, the ECB performed a comprehensive assessment which consisted of an Asset Quality Review and a stress test. The bank is pleased that its prudent risk management approach was confirmed, as ABN AMRO comfortably passed this assessment.

To ensure adequate management and to respond to bank-wide regulatory and supervisory changes, including additional requirements for disclosure of highly detailed risk information, the bank has installed the ECB DNB Risk and Finance Desk. The desk is composed of two joint supervisory teams (Risk and Finance). These two teams coordinate data and information requests from the regulators and are responsible for correctly assessing and executing their requests regarding risk and finance-related subjects.

The bank managed to further optimise the sector-based risk approach throughout the Risk Management organisation, which is focused on improved risk knowledge and awareness. The approach, which has been implemented since 2013, allows us to better monitor and manage portfolio intake and sector concentration.

In 2014, the bank implemented the Advanced Measurement Approach (AMA) for internal purposes to calculate the risk exposure for operational risk. The application for AMA status will be submitted to the regulators in 2015. As part of implementing the Advanced Measurement Approach, the bank further strengthened its bank-wide operational risk awareness through training and e-learning.

The bank formally applied for the Internal Model Approach (IMA) for market risk in the trading book at the end of 2014. Pending regulatory approval, this approach is already being used for internal risk management purposes, as well as for the computation of economic capital.

Risk approach

ABN AMRO is committed to being a well capitalised bank with sufficient liquidity that focuses on delivering sustainable value to our stakeholders. We are committed to maintaining a moderate risk profile and we thoroughly evaluate on an ongoing basis the long-term risk and return implications of our operations.

Based on the long-term strategy of ABN AMRO, the bank has defined five key objectives with regard to risk management, which are presented below:

Clean & strong balance sheet
- Loan portfolio matched by client deposits, long-term debt and equity
- International growth asset & liability matched
- Limited trading and client driven and investment banking activities
- Limited exposure on highly indebted sovereigns

Diversification & focus in portfolio
- Full-service bank in the Netherlands & focus on selective markets and client segments
- Understanding of business & clients needs
- Commercial loan portfolio diversified with appropriate concentration limits
- Only onboarding risks we understand
- International growth is capability led & focussed on core geographic markets
- Focus on collateralised lending, no exposure to CDOs or CLOs

Sustainability & transparancy
- Positively recognised position on sustainability & transparency
- Transparency in products, cost structure and our involvement in specific industries
- Long-term interests above short term gains
- Supporting policies, business rules, resources

Sound capital & liquidity management
- Position ourselves well above regulatory requirements in terms of capital ratios
- Compliance with regulatory requirements regarding leverage ratio, LCR, NSFR
- Manage on the basis of risk-adjusted return

Clear governance
- Corporate strategy & risk monitoring process are part of the Bank Risk Appetite
- Continue to invest in education on risk awareness and the 'Three Lines of Defence' principles
- Business line specific risk appetite statements further specify the Bank Risk Appetite at business line level

Risk management strategy Pillar 3

Risk profile Pillar 3 EDTF 2 EDTF 7

ABN AMRO is a Netherlands-based bank, with the majority of its activities performed in the domestic market. The bank's lending activities are largely asset-based. The bank is internationally active in Private Banking, the Diamond & Jewelry industry, Clearing, Energy, Commodity & Transportation (ECT), Commercial Finance (Factoring) and Lease. ABN AMRO has in-depth knowledge of and a proven track record in these specialised activities and serves foreign clients with operations in these specialised areas. In addition, ABN AMRO serves Dutch clients with activities abroad. Trading activities are client-facilitating in nature and have a limited contribution to the bank's overall risk profile.

The risk profile is managed based on an integrated risk management framework. In this framework, all risk type and cross-risk type issues and overarching issues are identified to provide one integrated view on the bank's risk profile and on the risk profile of the businesses. By looking at the overall, integrated risk profile, the bank strives to carefully balance actions that may be required to manage the risk profile within the moderate risk profile.

Senior management continuously monitors the bank's activities in light of the risk appetite. The status and outlook are discussed on a monthly basis in the Managing Board by means of the Enterprise Risk Management report. The Managing Board addresses the risk profile and reviews both the individual risk types and the integrated, bank-wide risk profile.

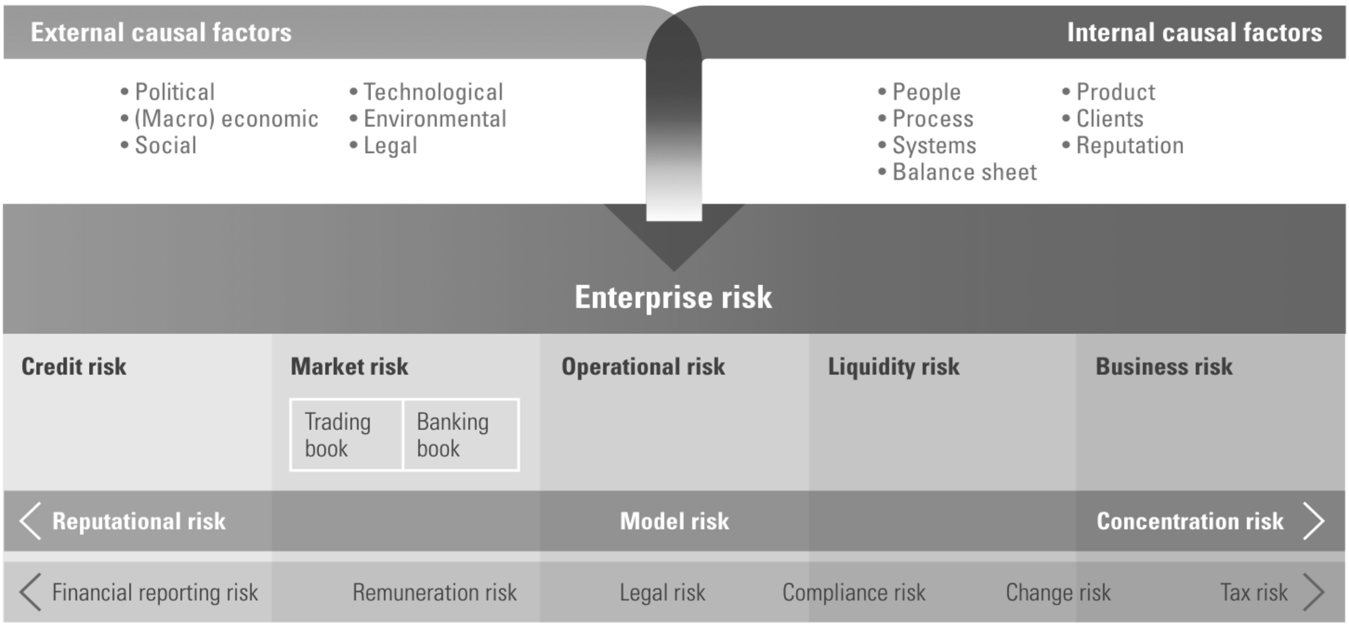
ABN AMRO uses a number of instruments to manage and control its risk profile. The following sections describe these instruments: the risk taxonomy that identifies the key risk types, the risk appetite that sets the limits for all these risk types, the risk measurement and reporting of the risk appetite that ensures monitoring of the risk factors within the defined thresholds and the risk culture, whereby each employee is responsible for the risks taken.

Risk taxonomy Audited

ABN AMRO's risk taxonomy is the classification of risks into risk types to which ABN AMRO is exposed. It is reviewed and updated on a yearly basis to ensure that all material risks are identified, defined and taken into account in the risk governance framework. The purpose of the risk taxonomy is to support effective and efficient risk management throughout the bank. It creates a common risk vocabulary, provides a checklist of types of risks for use in risk assessments, assists in assuring that all material risks are managed and that roles and responsibilities are identified. Furthermore, it allows for aggregation of risk assessments throughout the bank for structured analysis.

ABN AMRO's risk taxonomy is summarised in the following figure.

Risk taxonomy Audited EDTF 7



The main risk types are credit, market, operational, liquidity and business risk. These risks are discussed later in this section.

Intersecting risk types, such as reputational risk and model risk, are risk types that emphasise specific aspects applicable to several risk types in the risk taxonomy.

Risk appetite Audited

The risk appetite determines the level and nature of risk that the bank is willing to take in order to pursue its strategy, taking all stakeholders into consideration. The risks covered in the risk taxonomy are included in the risk appetite.

Risk appetite is, among other things, defined in terms of:
- minimum levels for capital ratios;
- risk-adjusted return measures;
- concentration limits for single counterparties;
- concentration limits for countries and industry sectors;
- liquidity ratios (Loan-to-Deposit ratio, LCR and NSFR);
- market risk ratios;
- operational risk ratios.

The bank-wide risk appetite is an integral part of the bank's corporate strategy and is in line with a moderate risk profile. Business line-specific risk appetite statements further specify the bank-wide risk appetite at business line level.

The risk appetite is monitored and discussed on a monthly basis by benchmarking the actual and forecasted risk profiles against the risk appetite. When a risk factor is near or in excess of its limit, corrective actions are defined and approved at the appropriate decision-making level in accordance with the risk governance. The Supervisory Board monitors and discusses the risk appetite on a quarterly basis.

The risk appetite is reviewed annually by the Managing Board and Supervisory Board and approved by the General Meeting of Shareholders and also serves as input for the budgeting process.

Risk culture EDTF 6

ABN AMRO aims to further increase risk awareness and make it an integral part of the bank-wide risk culture. The moderate risk profile is embedded in the risk culture by means of communication and training and is monitored through performance assessment.

Employees are expected to be aware of the drivers of our risk profile and should feel accountable for the risks they take. We introduced the Integrated Risk Management training in 2013, which is mandatory for all employees of the Risk Management department. The training emphasises the importance of taking a holistic view of risks. The training will also be introduced in 2015 to employees of the International Clients and Commercial Clients sub-segments. Furthermore, employees are expected to adhere to the ABN AMRO business principles. These principles are the basis of all the actions taken and describe how we act as a bank, how we make decisions, and how we deal with various dilemmas.

ABN AMRO places strong emphasis on sound risk control in our compensation policies. ABN AMRO's remuneration policy is in line with our risk profile. More details are provided in the Remuneration Report in the Governance Report section.

Risk governance Audited Pillar 3 EDTF 5

The risk governance framework is based on the risk strategy and appetite, which is embedded in the risk organisation, policies and methods. The framework is in place to safeguard and control the bank's risk profile, support efficient and effective risk management throughout and at all levels of the bank, and manage risk management processes in line with the risk appetite of the bank.

The Risk Management organisation operates under the direct responsibility of the Chief Risk Officer, who is a member of the Managing Board. The Managing Board has overall responsibility for the risks that ABN AMRO takes.

Three lines of defence

The three lines of defence principle provides a clear division of activities and responsibilities in risk management at different levels in the bank and at different stages in the lifecycle of risk exposures. It aims to provide clarity for every employee within the bank, with regard to their role and the level of risk awareness that is expected.

The three lines of defence principle is summarised in the following figure.

Three lines of defence Audited Pillar 3

1 1st Line of Defence Business	2 2nd Line of Defence Risk control functions	3 3rd Line of Defence Audit
Risk ownership	**Risk control**	**Risk assurance**
Management within each business is primarily responsible for the risk that it takes, the results, execution, compliance and effectiveness of risk control.	Risk control functions are responsible for setting frameworks, rules and advice, and monitoring and reporting on execution, management, and risk control. The second line ensures that the first line takes risk ownership and has final approval authority on credit proposals above a certain threshold.	Group Audit evaluates the effectiveness of the governance, risk management and control processes and recommends solutions for optimising them. Group Audit coordinates matters with the external auditor and the Dutch central bank.

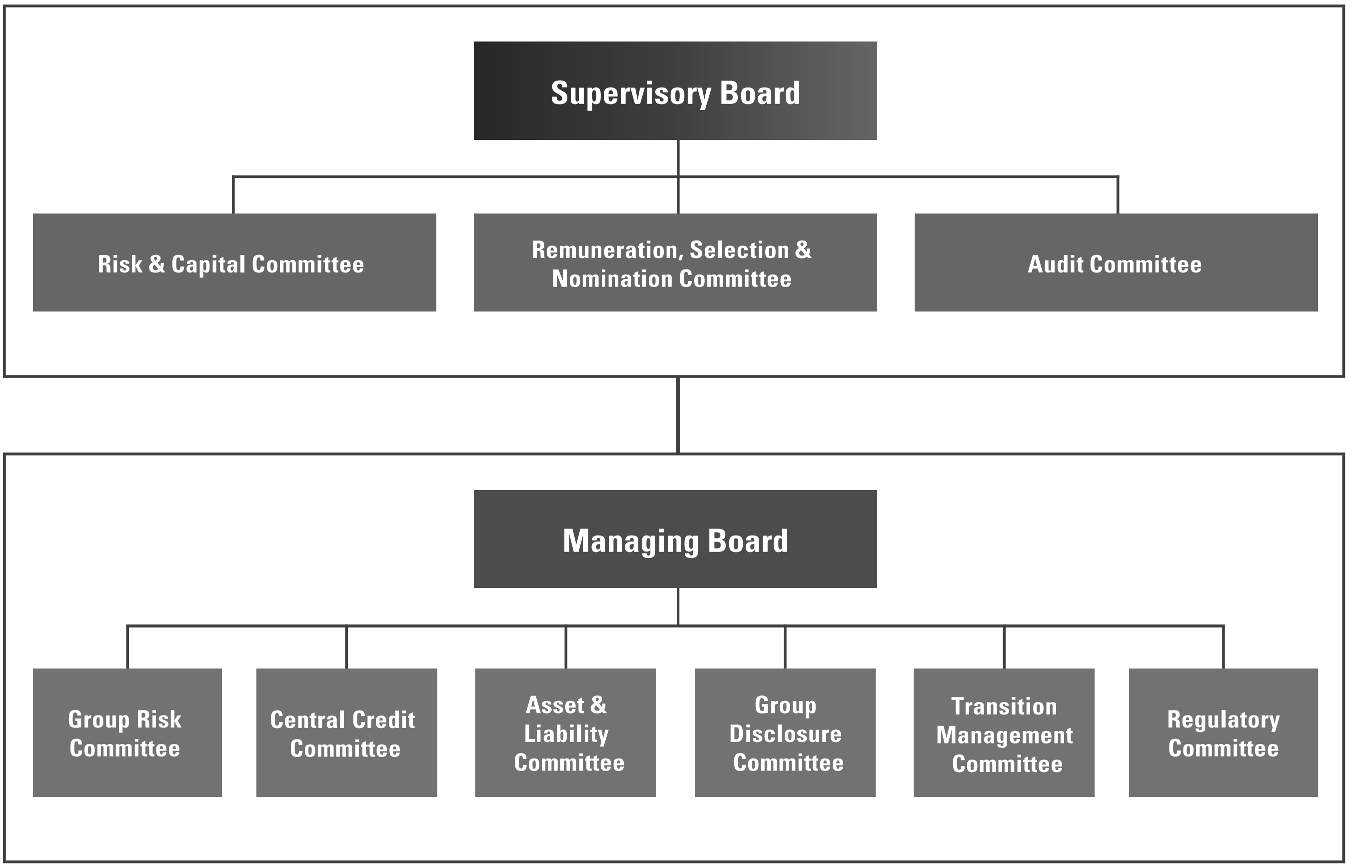
Risk decision framework

The Managing Board is ultimately responsible for a balanced assessment between the commercial interests of the bank and the risks to be taken within the boundaries of the risk appetite.

The Managing Board establishes clear lines of responsibility and authority within the bank to ensure sound risk governance. In the risk decision framework, the Managing Board is supported by three executive risk committees: Group Risk Committee, Central Credit Committee and Asset & Liability Committee, each of which is (jointly) chaired by a member of the Managing Board. In addition, the Managing Board itself takes decisions that are of material significance to the risk profile, capital allocation and liquidity of ABN AMRO.

The Supervisory Board is responsible for approving ABN AMRO's risk appetite statements and assesses whether the bank's commercial interests, capital allocation and liquidity requirements in general terms comply with the bank's risk appetite. The Supervisory Board also oversees the risk governance and execution of ABN AMRO's strategy as performed under the responsibility of the Managing Board.

Risk decision framework Audited Pillar 3



Group Risk Committee

The Group Risk Committee (GRC) is mandated by the Managing Board to monitor, assess and manage the bank's risk profile in relation to the risk appetite. The GRC is, for example, responsible for establishing a product approval process to ensure the bank only accepts risks that are understood and that serve the interests of clients, and for the adequate functioning of this process. The GRC may delegate specific approval authorities to subsidiary risk committees, but remains responsible on behalf of the Managing Board. The terms and conditions of the delegation of authority with respect to risk policies, methodologies and new products are specified in the risk policies.

Central Credit Committee

The Central Credit Committee (CCC) is mandated by the Managing Board to decide on credit proposals that have a significant impact on ABN AMRO's credit portfolio. In certain cases, the CCC decisions require final approval by the Managing Board.

Asset & Liability Committee

The Asset & Liability Committee (ALCO) is mandated by the Managing Board to decide on the interest profile, liquidity profile and solvency position of ABN AMRO within the risk appetite. The ALCO is responsible for the management of liquidity, market risk in the banking book and capital.

Group Disclosure Committee

The Group Disclosure Committee is responsible for advising and assisting the Managing Board in fulfilling its responsibilities for overseeing the integrity, accuracy and timelines of public disclosures and its associated processes.

Transition Management Committee

The Transition Management Committee (TMC) is mandated by the Managing Board to oversee the progress and monitor the cross-domain interdependencies of the bank's key programmes. In addition, the TMC functions as escalation instance for these programmes.

Regulatory Committee

The Regulatory Committee is responsible for maintaining oversight on the changing regulatory landscape and how the bank is adapting to it, taking care of and reporting on regulatory changes and the preparation of decision making related to such regulatory changes.

Risk measurement Pillar 3 EDTF 2

The bank uses internal models to quantify the various risk types. In most cases, quantification involves assessing the probability of an event, the exposure to this event and the impact on the exposure as a consequence of the event. This allows for measuring the level of risk and thus supports day-to-day decision-making as well as periodic monitoring and reporting on developments in the bank's portfolios and activities.

The following sections give a brief introduction of the different models used to measure credit, operational, market and liquity risk, and how these models are validated and approved. How these measures are used to calculate regulatory capital requirements and economic capital is described in subsequent sections, Regulatory capital and Economic capital.

Risk models and model validation Audited EDTF 17

ABN AMRO develops and uses risk models for most risk types in the risk taxonomy. The models for credit, market and operational risk are the most widely used. Models are developed by the central modelling department in close cooperation with the relevant business and risk experts. In principle, models are reviewed annually. The models are the basis for ABN AMRO's internal measures of risk (economic capital) and are at the same time key inputs for calculation of the minimum regulatory capital requirements according to the Basel framework.

All internal models are validated by the independent Model Validation department. Validation guidelines are specified to ensure objectivity, consistency, transparency and continuity. Models are validated according to these principles and reviewed against internal requirements and regulatory requirements.

Model results are back-tested against historical loss data. Where relevant, ABN AMRO uses external benchmark studies to support the calibration of parameters.

Models first require formal internal approval before implementation and use is allowed. Final internal approval for the (continued) use of a model is obtained from the Methodology Acceptance Group (MAG), a subsidiary committee of the Group Risk Committee. External approval is obtained from the regulator.

Credit risk models

The bank uses internal models to estimate Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) parameters. These models are embedded in the credit approval and internal reporting processes and are used to measure the credit risk in exposures to individual clients and portfolios. The same parameters are also used to calculate risk-adjusted return on capital, economic capital and the minimum regulatory capital requirements under the Basel Advanced Internal Ratings-Based (AIRB) approach.

Operational risk models

Operational risk loss events are systematically collected and analysed on a bank-wide basis. ABN AMRO has a framework in place to manage its exposure to operational risk. Operational risk assessments are key in systematically assessing operational risks in ongoing business and in proposed changes. Progress on outstanding operational risk issues is monitored through issue management and action tracking. Operational risk exposures are analysed and reported to senior management to support decision-making.

Market risk models

ABN AMRO uses Value-at-Risk (VaR) models to measure market risk of exposures in both the trading book and the banking book. Value-at-Risk is used for the internal monitoring and reporting of positions relative to the limits in place. In addition to VaR, other instruments to measure market risk are used as well, e.g. stress tests.

Capital

Regulatory capital (CRD IV/CRR) Audited Pillar 3

The Basel framework defines capital requirements for banks as the absolute minimum amount of capital required to cover the financial risks that a bank faces. For Pillar 1 this is expressed in risk exposure amount (REA) for the three major risk types. The capital requirements are stated as a percentage (set by the regulators) of the REA. Formal Advanced Internal Ratings-Based approval was obtained in 2013. The bank is also preparing for implementation of the Advanced Measurement Approach (AMA) for operational risk and the Internal Models Approach (IMA) Method for market risk. AIRB, AMA and IMA are the most sophisticated approaches available under the regulatory framework for credit risk, operational risk and market risk respectively. Applying the most sophisticated approaches allows usage of internal models and parameters for regulatory purposes.

Credit risk: Standardised and Internal Ratings-Based approach
More than 85% of the REA is calculated based on the AIRB approach. All exposure classes are reported under AIRB. A number of smaller portfolios are temporarily calculated based on the Standardised Approach (SA), as they are scheduled to be transferred to the AIRB approach at a later stage. Some portfolios are subject to permanent exemption (with the relevant portfolio following the SA on a permanent basis).

Portfolio items are allocated by ABN AMRO to the following exposure classes as defined within the EU Capital Requirements Regulation (CRR):

- Central governments and central banks (AIRB and SA): exposures to Central governments and central banks mainly include sovereign securities, deposits with central banks and exposures guaranteed by a sovereign;
- Multilateral development banks (SA): exposures to multilateral development banks that are created by a group of countries that provide financing and professional advising for the purpose of development;
- Exposures to international organisations (SA): exposures to certain organisations including the European Union and the International Monetary Fund;
- Institutions (AIRB and SA): exposures to Institutions mainly include exposures arising from transactions with credit institutions and investment firms;
- Corporates (AIRB and SA): exposures to Corporates mainly include lending and other exposures to corporate obligors, including specialised lending activities, small and medium-sized enterprises (SMEs) and private banking clients;
- Retail (AIRB and SA): exposures to individual persons as well as those to SMEs with an exposure not exceeding EUR 1 million. The exception is Retail mortgages where there is no exposure threshold. The exposures eligible for this category each represent one of a significant number of similarly managed exposures. The main subclasses of the Retail exposure class are Retail mortgages, Qualifying revolving exposures (for instance credit card exposures and part of the consumer exposures), and other retail exposures;
- Exposures secured by mortgages on immovable property (SA): exposures or any part of exposures fully secured by mortgage on residential or commercial immovable property;
- Equities not held for trading (AIRB): investments in equity both private and exchange traded equity;
- Exposures in the form of covered bonds (SA): bonds that are issued by a credit institution which has its registered office in an EU member state and that are subject by law to special public supervision designed to protect bond-holders;
- Securitisation positions (AIRB): exposures to securitisations, that consist of retained notes issued by Special Purpose Vehicles (SPVs) set up by ABN AMRO to securitise own originated assets;
- Notes issued by SPVs set up by third parties that fall under the securitisation framework. This also includes guarantees, liquidity facilities and swap positions where the counterparty is a securitisation vehicle;
- Exposures in default (SA): items where the obligor has defaulted either because it is unlikely to pay its credit obligations and/or is past due more than 90 days on any material credit obligation;
- Other non-credit obligation assets (AIRB): assets such as buildings, equipment;
- Other items (SA): items including prepayments and accrued income.

Operational risk: Standardised and Advanced Measurement Approach
ABN AMRO uses the Standardised Approach for operational risk as an intermediate step and rolled out the Advanced Measurement Approach framework. Application of AMA to regulatory capital is subject to supervisory approval. ABN AMRO aims to submit the application for the AMA status to the regulator for approval in 2015. The AMA approach is already in use for the calculation of economic capital.

Market risk: Standardised and Internal Models Approach
At present, ABN AMRO uses the Standardised Approach for market risk. The bank has implemented the Internal Models Approach for calculating market risk capital and has submitted the application for IMA to the regulator for approval.

Economic capital

In addition to regulatory required capital, ABN AMRO also calculates economic capital (EC) and uses this as the key metric for internal risk measurement and management. Economic capital is the amount of capital ABN AMRO needs to hold in order to achieve a sufficient level of protection against large unexpected losses that could result from extreme market conditions or events.

For the calculation of economic capital, ABN AMRO has internal models. With these models economic capital is calculated on a 99.95% confidence level and a one-year time horizon. This implies that the estimated capital figure for the coming year is sufficient to cover a level of loss that will be exceeded in only 0.05% of all possible situations.

Economic capital is aggregated for all risk types to determine the required capital and to support capital allocation, ex-post performance measurement (RARORAC) and risk appetite setting such as industry concentration risk limits. Economic capital figures are also used at transactional level in loan pricing tools. These tools act as a decision-making mechanism for assessing the profitability of a new or existing transaction, in terms of risk-adjusted return on capital.

Regulatory capital is limited to the risk types credit risk, operational risk and market risk in the trading book; economic capital is however calculated for the other material risk types as well. These risk types include market risk in the banking book, property risk, strategic equity risk and business risk.

The economic capital model for credit risk uses a Monte Carlo simulation to determine a full portfolio loss distribution taking into account specific portfolio characteristics and diversification effects. Loan facilities are valued on an economic value (mark-to-market) basis, so that loss estimates can occur not only due to defaults of the obligors, but also due to possible credit migrations and associated changes in the market values of loans.

The operational risk model for economic capital is a hybrid approach combining risk control self-assessment and scenario analysis data to model operational risk economic capital. Both sources deliver a forward-looking view on the operational risk profile for the coming year, taking into account the actual state of the business environment and the internal controls in the business lines. The result of this is combined in the model with industry loss data as well as internal data to produce an aggregated annual loss distribution, estimating the yearly aggregated expected loss amount.

Market risk economic capital is calculated for both the trading book and the banking book. Calculation of economic capital for market risk in the trading book is based on a daily Value-at-Risk (VaR) market risk measure and historical scenarios simulating stress events such as Black Monday and the financial markets crisis. For market risk in the banking book, ABN AMRO uses a VaR model to determine the economic capital needed to absorb losses due to adverse interest rate movements. The model also accounts for the potential impact of client behaviour such as prepayment on mortgages and withdrawal of deposits and savings balances.

Economic capital for business risk is defined as the maximum downward deviation of net operating profit from the expected net operating profit.

EC Quality Assessment

The EC models described above form the core of the Internal Capital Adequacy Assessment Process (ICAAP), but may not capture all risk. As part of the ICAAP, ABN AMRO therefore performs an annual EC Quality Assessment (ECQA). For each main risk type the calculated EC figure is evaluated in the following areas:

- risk coverage;
- responsiveness to internal and external developments;
- data quality;
- compliance with EC policy;
- validity of choices and assumptions.

If considered necessary, an additional capital buffer ('EC add-on') is taken to cater for shortcomings in the EC framework.

Stress testing Audited EDTF 8

Stress testing is an important risk management instrument used by ABN AMRO. The main objective of stress testing is to ensure that the bank retains a moderate risk profile, to increase risk awareness throughout the bank and to safeguard business continuity by means of proactive risk management and the review of potential future scenarios. Bank-wide stress testing, as applied by ABN AMRO, takes into account the effect of material plausible but unlikely events and developments on the bank. These events may be systemic (e.g. multi-year macroeconomic stress) or ABN AMRO-specific.

Stress testing purposes

The bank applies bank-wide stress testing based on internally defined scenarios for the following purposes:

- Risk appetite setting and monitoring: the outcome of stress testing is used for setting risk capacity, risk appetite limits and targets. Limits under stress are set to ensure the moderate risk profile. If the stress test outcome breaches the limits, mitigating actions will be undertaken to close the shortfall. The impact is taken into account in the capital plan;
- Contingency planning: stress testing is used to assess and strengthen the contingency plans' triggers and measures. To this end, reverse stress testing is executed to gain insight into events that put the continuity of ABN AMRO under heavy pressure.

The Group Risk Committee discusses and decides on scenario development, impact determination and management actions.

Stress testing as a management instrument

ABN AMRO uses stress testing as a key risk management tool. Stress testing is incorporated into strategic decision processes and tools such as risk appetite setting and capital planning.

Credit risk management

Credit risk is the risk that the value and/or the earnings of the bank decline due to uncertainty in a counterparty's ability or willingness to meet the terms of any financial contract.

Credit risk management within the bank is governed by the bank-wide central credit risk policy and further detailed in underlying specific credit risk policies. The primary responsibility for managing and monitoring credit risk lies with the business as the first line of defence. The business is required to identify, assess and manage, monitor and report potential weaknesses in the credit risk portfolios in line with the credit risk framework. Monitoring takes place on a permanent and ongoing basis to limit credit risk exposures to a level in line with the business line's risk appetite.

In addition, risk in the credit portfolio is measured and monitored at bank-wide level on a monthly basis and by quarterly and ad-hoc portfolio reporting and analysis, with specific attention for risk developments and concentrations.

Information on portfolio developments can be found in the Risk & capital review - Credit risk section

Credit risk management approach

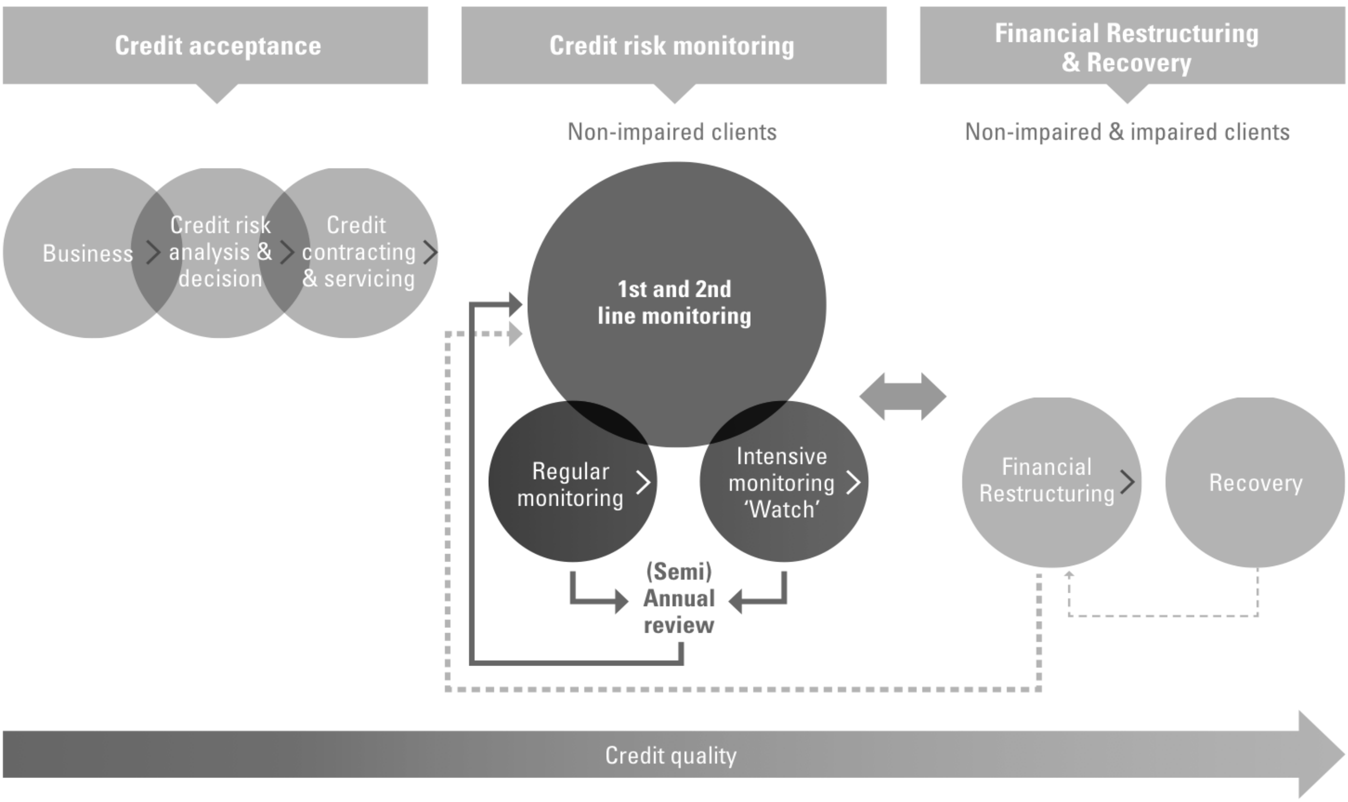
Audited | Pillar 3

ABN AMRO manages its credit risk either through customised lending to counterparties, whereby the risk assessment takes place on an individual basis, or through standardised products and processes, whereby risk criteria are assigned on a pooled basis. For most of its retail lending portfolios, including private individuals and most of the small and medium-sized enterprises, the bank manages the risks and exposures at a product portfolio level. For other portfolios, ABN AMRO applies credit risk management on an individual basis and ratings are assigned to counterparties and exposures.

The credit risk life cycle

The process of credit risk management, the credit risk life cycle, is illustrated in the following figure.

Credit risk life cycle



Credit acceptance

The credit acceptance phase of a credit proposal starts with an assessment of the credit proposal by the business line and Risk Management. All credit risk must be assessed qualitatively and quantitatively in detail before approval. Information must be provided on matters such as the purpose, details and structure of the proposed credit facility, information about the obligor and other counterparties, the industry, management and owners, and a financial and non-financial analysis. The credit decision is based on the independent assessments of both the commercial function and the credit risk function. The authority to approve the acceptance of credit risk is ultimately vested in the Managing Board. The Managing Board has partly delegated this authority to the Central Credit Committee (CCC), to business line-specific credit committees and to authorised persons who are defined in the risk governance charter.

Credit risk monitoring

Consistent and regular monitoring is designed to safeguard the bank's position in relation to all risks associated with the counterparty or portfolio. This allows the bank to identify, at an early stage, any development in the counterparty's or portfolio's position that might trigger an increase in its risk profile. The monitoring process consists mainly of credit reviews, monitoring of outstanding positions, early notice of limit excesses and monitoring of collateral. Monitoring starts the moment the credit facility has been provided and continues throughout the life cycle of the credit facility and the relationship with the counterparty.

A watch status may be assigned to individual counterparties with an identified increased risk due to political, social, economic, legal, industry or counterparty-specific developments. The watch status allows for more intensive monitoring, early detection of deterioration of the credit portfolio and appropriate follow-up measures.

Financial Restructuring & Recovery

Credit facilities with an identified high risk are transferred to the Financial Restructuring & Recovery department (FR&R). In the event of a default situation, transfer to FR&R is mandatory. Additionally, there can also be judgemental triggers that require a transfer to FR&R.

If a 'going concern' approach is applicable, the credit facility will be transferred to Financial Restructuring. Otherwise the credit facility will be transferred to Recovery. For Financial Restructuring clients' credit facilities, FR&R devises a plan for rehabilitation or to increase the likelihood of final repayment.

Credit risk measurement

Internal credit models are used to estimate PD, LGD and EAD parameters. The bank uses different modelling methodologies, ranging from pure statistical models in Retail Banking and a part of Corporate Banking to expert based models in other business segments, taking into account quantitative and qualitative risk drivers.

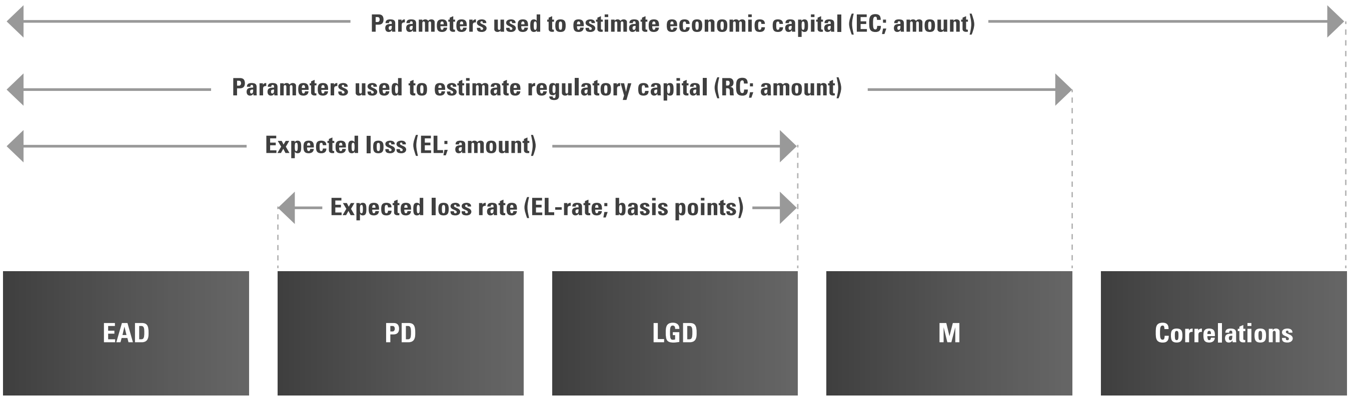
The section on credit risk measurement framework details the different credit risk parameters and their use in the calculation of regulatory capital, economic capital and expected loss.

Decisions which determine the level of credit risk accepted by the bank are not only based on quantitative information or model output, but also take into account the practical and conceptual limitations of metrics and models using a qualitative approach including expert, human judgement and critical analysis. For example, for non-retail clients the business and the credit approval authorities may have reasons to apply qualitative adjustments ('overrides') to a rating as obtained with the rating model. If external credit assessment institutions (ECAI) ratings are available for certain counterparties, these are used to benchmark internal rating model outcomes.

Credit risk measurement framework

The graph below is a simplified representation of the risk management framework for credit risk. Each of the risk parameters used in this framework is explained.

Risk parameters composing expected loss



Exposure at Default
Expected outstanding exposure amount at the time the counterparty defaults

Probability of Default
Likelihood that a counterparty fails to meet a financial obligation within a time horizon of 1 year

Loss Given Default
Percentage of the expected outstanding exposure that is not expected to be recovered (1-recovery rate)

Maturity
Remaining time until the maturity date of the loan or other credit facility

Correlations
Measures to what extent the risks in the various industry sectors and regions in the loan portfolio are related

Using the input variables, the Basel parameters PD, LGD and EAD are computed. The EAD is established on a monthly basis using actual limits and outstanding exposure data. The PD and LGD estimates are based on data needed as input for the appropriate selected model, and calculated at least annually.

Exposure at Default

Exposure at Default (EAD) models estimate the expected exposure at the time of a counterparty default. In the event that all or part of a facility is currently undrawn (the expected outstanding exposure is less than the limit), a percentage of this undrawn amount is added to the exposure to reflect the possibility that the facility is utilised differently in the event of a default situation. The exposure at the time of default might therefore differs from the current exposure.

Probability of Default

The internal definition of default is compliant with the definition of default outlined in the Basel framework. In short, the bank considers a default to have occurred when either of the following two events has taken place:

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

ABN AMRO makes an assessment of the probability that a counterparty will default, translated into an internal uniform counterparty rating (UCR). The UCRs range from 1 to 8. A probability of default (PD) is attached to each UCR grade, which is the probability that a counterparty will go into default within a one-year time horizon.

Internal rating scale mapped to external ratings

Grade Category	UCR (internal rating)		Low PD%	High PD%	Standard & Poor's equivalent		Moody's equivalent		Fitch equivalent	
	from	to			from	to	from	to	from	to
Investment grade	UCR 1	UCR 3-	0.000%	0.465%	AAA	BBB-	Aaa	Baa3	AAA	BBB-
Sub-investment grade	UCR 4+	UCR 6+	0.465%	100%	BB+	C	Ba1	C	BB+	C
Default without provision	UCR 6	UCR 6			D	D	D	D	D	D
Default with provision	UCR 7	UCR 7			D	D	D	D	D	D
Default (in liquidation)	UCR 8	UCR 8			D	D	D	D	D	D

The grade categories Investment grade and Sub-investment grade correspond to the equivalent classifications of these categories by rating agencies. The grade category Default without provision (UCR 6) pertains to exposures that are in default, but for which the bank has not, or not yet, established a provision, i.e. an impairment allowance. The grade categories Default with provision (UCR 7 and UCR 8) pertain to provisioned (impaired) exposures. Counterparties are assigned a UCR 8 when they are in liquidation.

Within Retail Banking and smaller credits that are part of Commercial Clients, products with the same characteristics are pooled and PDs are assigned to each pool.

Loss Given Default

Loss Given Default (LGD) models estimate the economic loss that may result from a credit facility in case the counterparty defaults. It is expressed as the ratio of the loss on an exposure to the amount outstanding at default. The specific facility characteristics (e.g. seniority) and collateral (secured LGD) assigned to the bank are used in the LGD calculations.

Maturity

The effective Maturity (M) is the remaining time from the estimation or reporting date to the contractual maturity of the financial instrument. Longer maturities result in higher capital figures.

Correlations

In the economic capital model, correlations (dependencies) between different combinations of regions and industry sectors are used to quantify the relationship of risk between, for instance, two industry sectors. The correlations measured are based on internal data as well as externally obtained equity returns. Higher correlations result in higher capital figures.

Specific counterparty credit risk

Pillar 3 | EDTF 2 | EDTF 29

Specific calculation methodologies are applied for counterparty credit exposure on over-the-counter (OTC) derivative instruments and for securities lending.

OTC derivative instruments

OTC derivatives are financial instruments used to cover current and/or future financial risks or to achieve additional return on an investment. They consist of transactions concluded between two parties and of which the value is based on a so-called underlying base value (e.g. interest rate swaps and equity options).

Securities financing transactions

Securities financing in the balance sheet refers to securities lending. Securities lending is the market activity whereby securities are temporarily transferred from a lender to a borrower, with the commitment to re-deliver the securities, usually in the short term. The borrower will collateralise the transaction with cash or other securities of equal or greater value than the lent securities in order to protect the lender against counterpart credit risk. As an intermediary between clients and the market, ABN AMRO acts both as lender and borrower.

In managing the risk of the securities lending activities, the bank makes a distinction based on the type of collateral:

- if the transaction is collateralised with securities, the lender is exposed to the counterparty risk of a potential default of the borrower. The lender is then entitled to close out the position by selling the securities in the market, where the usual risks of liquidity, valuation and volatility apply;
- if a transaction is secured by cash provided by the securities borrower, the lender is exposed to reinvestment risk of the cash deposit as well as the risk of rising asset values associated with the asset(s) lent to the borrower.

The bank monitors counterparty credit exposure from securities lending activities and value of collateral on a daily basis and requires additional collateral to be deposited in case of insufficient coverage.

Regulatory and economic exposure calculation for specific counterparty credit risk

The counterparty credit risk exposure calculation of OTC derivative instruments is based on the mark-to-market (MtM, i.e. current exposure) plus an add-on for potential future exposure. The add-on is calculated to cover 95% of the potential positive MtM movement in favour of the bank over the deal tenor. The add-on is determined by several parameters, such as type of derivative product (underlying), deal tenor, currency (pair) and the absence or presence of netting and collateral agreements. Under the bank's policy, add-on tables are updated periodically. The regulatory calculation methodology applied for calculation of the counterparty credit risk exposure value (EAD) for OTC derivative instruments is the mark-to-market method.

For securities lending, the Financial Collateral Comprehensive Method (FCCM) is used in the regulatory calculations. For internal counterparty exposure calculations, the FCCM is applied with additional conservatism.

Wrong-way risk

This type of risk refers to transactions where credit exposure to the counterparty will be high when the counterparty's probability of default is also high or, put differently, where the credit exposure increases when the credit quality of the counterparty deteriorates. In general, ABN AMRO does not engage in such specific wrong-way risk transactions. Furthermore, ABN AMRO is prudent in considering transactions where this correlation is less obvious, e.g. transactions where a general wrong-way risk component forms part of the deal, and a counterparty and the underlying issuer are in a similar industry, or in the same country or geographical region.

Credit risk concentration Audited Pillar 3

Credit concentration risk is a risk of loss due to insufficient diversification of risks within a portfolio caused by relatively large concentrations of exposures to positively and highly correlated counterparties. Concentrations are monitored against limits set in the bank's risk appetite. Credit risk concentration materialises in relation to a number of positively correlated counterparties, creating the potential effect of a significant loss due to a failure to pay. Positively correlated counterparties in this case are those counterparties that have a tendency to default under similar circumstances. Limiting excessive concentrations is fundamental to the credit risk strategy. The bank aims to keep the credit risk portfolio sufficiently granular and diversified.

To avoid excessive credit risk concentrations, Risk Management aims to diversify the credit risk and sets maximum levels for subgroups in each category:

- Single clients and groups of related clients (one obligor concentration);
- Countries (geographic concentration);
- Industry sectors (industry concentration).

One obligor concentration

Limit-setting is in place based on the one obligor exposure (OOE) principle. One obligor exposure is the total exposure on a group, including all drawn and undrawn facilities granted, plus all indirect exposure to the relationship, including guarantees and/or any other recourse claims. A 'group' is an interrelated group of counterparties (companies and/or persons) with a high degree of dependency. This interrelationship may be due to direct or indirect majority interests by the same shareholder or group of shareholders, and/or due to other relevant economic dependencies. Counterparty credit concentration risk is also monitored on the basis of a Loss at Default (LAD) per counterparty. The LAD is an estimate of how much money is expected to be lost if a counterparty defaults (LGD x EAD). The LAD of a counterparty above a certain threshold is reviewed by the Managing Board.

Geographic concentration

The bank has a number of offices located outside the Netherlands and clients who operate internationally. The bank is therefore exposed to country risk, i.e. the risk of credit losses due to country-specific events or circumstances. Management of country risk focuses on cross-border risk, i.e. the risk of country events impacting upon the creditworthiness of clients and hence their ability to meet their credit commitments to the bank. This also includes the risk that funds, goods or services cannot be transferred out of a risk country as a result of actions by the authorities of that country or by other events impeding the transfer. These risks are managed through the setting of country credit limits, based upon individual country analysis by economic and country risk experts. Country limits are reviewed at least once a year, with more frequent reviews for those higher risk countries where evolving risks are seen. Each country has an internal credit rating approved twice a year. The country rating is an important factor in managing country concentration risks. Approval of country risk policy and country limits is managed through the bank's senior risk committees, with some authority delegated to risk specialists.

Industry concentration

Industry concentration risk is a risk of loss arising from a relatively large aggregated credit exposure to counterparties active in a single industry. Industry concentration risk arises when deterioration in a specific industry has an effect on all credit exposures relating to that industry. ABN AMRO limits its industry concentrations by setting credit risk economic capital (EC) limits as a percentage of total credit risk EC per industry sector. In addition to these EC limits, EC concentration checkpoints are set to accommodate timely and sufficient management interventions to avoid breaching the limit.

Credit risk mitigation Pillar 3 EDTF 30

Credit risk mitigation mainly relates to collateral management and guarantees, offsetting financial assets and liabilities, and enforcing master netting agreements or similar instruments.

Collateral management and guarantees

Collateral are assets with material value over which security interest is vested, such as a mortgage, charge, pledge, lien on an asset, or right securing obligations under a credit facility or other exposure which gives the bank priority rights on the proceeds of that asset. Collateral is a way to mitigate or reduce credit risk associated with a credit facility or exposure. In addition, under certain predefined conditions, collateral can also provide a reduction in both regulatory capital and economic capital. All types of collateral should comply with defined eligibility criteria. Collateral is monitored regularly to ensure eligibility and sufficient value. The collateral value must be monitored on an annual basis at least. More frequent monitoring is required for all types of collateral in case of a considerable decrease in the value of the collateral, significant market changes or significant decrease of creditworthiness of the counterparty. The bank further uses third-party guarantees (i.e. from banks, governments, export credit agencies) to mitigate risks. The credit quality of guarantors is initially assessed and continuously monitored to ensure their value in risk mitigation.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported on the balance sheet if there is a legally enforceable right to set off the recognised amounts and there is either an intention to settle on a net basis or an intention to realise the asset and settle the liability simultaneously. The bank applies netting to the following items, provided they meet these criteria:

- debtor and creditor balances, such as current accounts and certain types of residential mortgages with clients' savings, where offsetting is justified by formal agreement with the client;
- derivative contracts for which a market settlement mechanism (i.e. an exchange or clearing house) exists which effectively accomplishes net settlement through daily cash margining processes.

Enforceable master netting agreements or similar instruments

Enforceable master netting arrangements take into account all agreements with provisions that make offsetting exercisable only in the event of default. In addition, agreements are enforceable when the bank has the right to offset and does not have any ability and/or intention to offset simultaneously. These arrangements include derivative clearing agreements, global master repurchase agreements and global master securities lending agreements.

Forborne, past due and impaired loans Audited EDTF 27

Loans at risk are primarily exposures for which signals have been detected indicating that the counterparty may become impaired in the future. Loans at risk are classified into different risk categories for individual counterparties and arrears buckets for groups of aggregated counterparties in order to optimise monitoring and review of these loans.

Forbearance Audited

It is often more beneficial, for the bank, as well as for the client, to restructure the loans rather than to recover the loans and take possession of the available collateral. The contracts of such clients may be modified at non-commercial terms to avoid foreclosure. The process of making concessions for clients, with the purpose of keeping them afloat, is referred to as 'forbearance'.

ABN AMRO considers a forborne asset to be a contract under which the counterparty experiences (or is about to face) financial difficulty and for which the terms and conditions of the contract have been modified or the contract has been refinanced by ABN AMRO due to these financial difficulties on such terms that the bank would not have agreed to (concession) if the counterparty had been financially healthy.

A counterparty is in financial difficulty if at least one of the following situations applies (this list is not exhaustive):

- a contract has been in default at least once during the last three months;
- a contract has had an amount in arrears for 30 days or more at least once during the last three months, unless the credit approval authority does not consider the counterparty to be in financial difficulty;
- a contract is assigned a watch status that requires immediate action because of recent developments that have an immediate impact on the financial position and/or financial stability of the client;
- a contract is considered to be in financial difficulty by the credit approval authority.

The rationale behind forbearance is that ABN AMRO shows leniency towards the counterparty by agreeing on modified terms that would not have been agreed if the client would not have been in financial difficulty. The objective is to give the counterparty the time and financial flexibility to solve its financial problems in the expectation that the counterparty will be able in due course to fulfil its financial obligations, and by doing so to maintain a sustainable relationship between the bank and the counterparty.

Forbearance measures can be applied to a contract that has defaulted on its obligations as well as to a contract that is still performing. A contract that is in the process of being recovered and for which the customer relationship will be discontinued is not considered forborne, irrespective of the application of restructuring measures or a previous forborne status.

A forborne asset will only cease to qualify as forborne once all of the following conditions are met:

- the contract is considered performing;
- a minimum probation period of two years has passed from the date the forborne contract was considered performing;
- regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period;
- the counterparty does not have any contract that is more than 30 days past due at the end of the probation period.

If a forbearance measure is applied to a performing client, the client stays forborn for at least two years. If a forbearance measure is applied to a non-performing client, the client stays forborne for at least three years. During this period, the asset will continue to be reported as forborne. ABN AMRO has implemented forbearance and related definitions and policies in alignment with the EBA Final Draft Implementing Technical Standards, as communicated in July 2014.

Past due credit exposures Audited Pillar 3

A financial asset is past due if a counterparty has failed to make a payment when contractually due or if it has exceeded an agreed limit. ABN AMRO starts counting days past due from the first day that a counterparty is past due on any financial obligation, regardless of the amount.

Impaired credit exposures Audited Pillar 3

A loan is impaired if there is objective evidence that the bank will not be able to collect all amounts due in accordance with the contractual terms (principal and interest). The objective evidence indicates that the borrower's credit quality has deteriorated and the estimated future cash flows of the financial assets are negatively impacted. An indication that a loan may be impaired is obtained through ABN AMRO's credit review processes.

Triggers for impairment include, but are not limited to, elements such as negative equity, regular payment problems, improper use of credit lines and legal action by other creditors. They could – but do not necessarily – result in the counterparty being classified as impaired.

Accounting policy on impairment of loans and receivables Audited

An indication that a loan may be impaired is obtained through ABN AMRO's credit review processes, which include monitoring customer payments and regular loan reviews depending on the rating of the facility. A loan is impaired if there is objective evidence that the bank will not be able to collect all amounts due in accordance with the contractual terms (principal and interest). The objective evidence indicates that the borrower's credit quality has deteriorated and the estimated future cash flows in the related financial assets are impacted. The amount of impairment loss is the difference between the carrying amount and the present value of estimated future cash flows.

Estimating the timing and amount of future cash flows requires significant judgment. The actual timing and amount of future cash flows may differ from these estimates and consequently actual losses incurred may differ from those recognised in the Consolidated Annual Financial Statements. The impact of changes in estimates and recoveries is recognised in Impairment charges on loans and other receivables in the income statement. Following impairment, interest income is recognised using the original interest rate and used in the estimated cash flow pattern of the impaired loan. There are two levels at which the loans are assessed for impairment: individual and collective. The collective assessments consists of both loan losses that are not assessed on an individual basis, and for loan losses that have been incurred but have not been identified at the reporting date.

Where possible, ABN AMRO seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and agreeing on revised loan conditions. Management continuously reviews renegotiated loans to ensure that all revised loan conditions are met and that future payments are likely to be made. The loans continue to be subject to an individual or collective impairment assessment.

ABN AMRO makes a distinction between three types of impairment losses:

- **Specific impairment losses for individual significant exposures:** If significant doubts arise over the customer's ability to meet its contractual obligations, management of the relationship is transferred to the Financial Restructuring & Recovery department (FR&R). FR&R reviews each credit facility at least once a year. Reviews of the credit facilities are performed on a continuous basis. Based on these reviews, ABN AMRO recognises specific impairment losses. The amount of the specific impairment loss is based on the discounted value of the best estimate of future cash repayments and the value of collateral. Recognised specific impairment losses are partly or fully released when the debt is repaid or expected future cash flows of the customer improve due to positive changes in economic or financial circumstances;
- **Collective impairment losses for individual not significant exposures:** Assets with similar credit risk characteristics are clustered in portfolios. These portfolios include personal loans, residential mortgages, credit cards, home improvement loans and small and medium-sized enterprises facilities. The assets in the portfolios are collectively assessed for impairment. In general, when payments (interest or principal) are 90 days past due, the loan is identified as impaired. The impairment assessment is based on historical loss experience adjusted for current economic conditions. Factors that are taken into account are average life, past loss experience and portfolio trends;
- **Incurred but not identified (IBNI):** IBNI impairment losses are recognised for credit exposures in the performing portfolio. The impairment losses have incurred but still have to be identified at the balance sheet date. Specific or collective impairment assessment has therefore not yet taken place. All financial assets that are not yet assessed for impairment are included in the IBNI impairment loss calculation. All related off-balance items such as credit commitments are also included. The IBNI calculation combines the Basel II concept of expected loss on a one-year time horizon adjusted for IFRS elements such as applying a loss identification period (LIP) and a cycle adjustment factor (CAF).

When a loan is deemed no longer collectible, it is written off against the related loan loss allowance. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the income statement line item Impairment charges on loans and other receivables. Assets acquired in exchange for loans to achieve an orderly realisation are reflected in the balance sheet as a disposal of the loan and an acquisition of a new asset, initially recorded at fair value.

Operational risk management Pillar 3 EDTF 31

Like every company, ABN AMRO is exposed to operational risk arising from the uncertainty inherent in all business undertakings and decisions. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Examples of operational risk are wrongful execution of an order, fraud, litigation for non-compliance with law, natural disasters and terrorism.

ABN AMRO has a framework in place to consistently manage and prevent operational risks.

Information on developments can be found in the Risk & capital review - Operational risk section

Framework for operational risk management and control Pillar 3

Management Control Statement

Strategic risk assessment

Operational risk management overview
- Operational risk appetite
- Reporting
- Operational risk capital

Operational risk assessments
- Business-as-usual (including scenarios)
- Changes

Monitoring
- Operational risk events
- Effectiveness of controls

Operational risk responses
- Mitigation
- Avoidance
- Transfer
- Risk acceptance

Operational risk management approach

Pillar 3

All day-to-day operations comprise operational risks. ABN AMRO employees are therefore expected and encouraged to be alert to and aware of the wide range of operational risks. In 2014, the bank further strengthened operational risk awareness through training and e-learning sessions. The operational risk appetite is part of the bank-wide risk appetite and is monitored by the Managing Board.

Business managers assess operational risk exposure and effectiveness of controls periodically, with the support of the second line. If a risk exceeds the risk appetite, the business manager takes appropriate action to mitigate the risk. Nevertheless, as is the case with all banks, not all operational losses can be avoided. In the event of an incident, the bank strives to minimise damage to an acceptable level. Once a year, senior management teams review their strategies and business objectives from a risk perspective. They take into account the periodic review of the state of control and take appropriate measures where the level of control can be improved. Based on the assessments performed, at the end of each year the senior management teams sign a Management Control Statement. ABN AMRO's Management Control Statement is included at the end of this section.

Operational risk management instruments

Pillar 3 EDTF 2

At the heart of the operational risk management and control framework, ABN AMRO applies various operational risk assessments to identify and assess risks in the bank's control environment, including scenarios for rare events. Assessments are executed for business-as-usual activities and for new initiatives. The bank systematically monitors and analyses operational risk events that happen. Periodically, effectiveness of controls is monitored and tested.

Operational risk response Pillar 3

The bank identifies four categories of risk response:

- **Risk mitigation**: in many cases, controls will be strengthened by taking additional measures to mitigate the risk;
- **Risk avoidance**: if mitigating measures are not effective, then the risk can be avoided by closing down operations or not starting operations;
- **Risk transfer**: if the risk cannot be mitigated or be avoided, the bank may decide to transfer risks to the insurance market. Group-wide insurance programmes are in place for specific operational risks. The Group Risk Committee reviews the global insurance programmes annually. In line with industry practices, ABN AMRO takes out the following group-wide insurance policies from third-party insurers: fraud and civil liability, directors' and officers' liability, property damage and general liability. In addition, several local insurance policies are taken out for the remaining local or specific risks;
- **Risk acceptance**: there may be situations in which management decides to consciously accept a risk.

Specific operational risk areas Pillar 3

The bank has a dedicated organisation in place for operational risk areas that require specific knowledge, such as information security and business continuity management.

Information security

Information is one of the bank's most valuable assets. ABN AMRO's clients are dependent on the proper functioning of the bank's information systems. These systems run in complex information infrastructures, connecting the bank's networks with public networks. As a result, banking processes and their supporting information systems can become vulnerable, threatening the security of client data and services. Examples of such threats are computer-assisted fraud, unauthorised disclosure of confidential information, virus infection, computer hacking and denial of service.

In recognition of the importance of protecting the bank's information and its associated assets, such as systems and infrastructure, at all times, ABN AMRO has established a structured information security approach to ensure the confidentiality, integrity and availability of information. This approach defines the organisational framework, management and staff responsibilities and information security directives that apply to ABN AMRO, its vendors and third parties with whom the bank exchanges information.

Business continuity management

Business continuity management ensures organisational resilience at all levels of the ABN AMRO organisation and the ability to respond effectively to threats, thus safeguarding stakeholders' interests and the organisation's reputation, brand and value-creating activities. Business continuity focuses on:

- Analysis of threats and business impact of calamities and crises;
- Determining strategies and solutions to be taken in case of a crisis to enable continuity of business operations, such as business recovery, crisis management, IT disaster recovery planning;
- Documentation, periodic assessment, and testing of these strategies and solutions.

Operational risk measurement Pillar 3 EDTF 2

ABN AMRO currently applies the standardised approach to calculating regulatory capital for operational risk. Over the past three years, the bank has implemented the Advanced Measurement Approach (AMA). As part of the implementation, the operational risk management framework was reviewed and strengthened. An important focus was on further integrating the approach into all types of operational risk (convergence) and strengthening awareness of operational risks among business managers (in line with the three lines of defence principle). The application of AMA to calculate regulatory capital is subject to supervisory approval. The application for AMA status will be submitted to the regulator in 2015. The AMA model is already used to calculate economic capital for operational risks and to calculate regulatory capital in a parallel run.

Market risk management

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

Information on developments can be found in the Risk & capital review - Market risk section

Market risk in the trading book

Market risk in the trading book is the risk of loss resulting from unfavourable market price movements which can arise from trading or holding positions in financial instruments in the trading book.

Market risk management trading book

Audited | Pillar 3

As part of its business strategy, ABN AMRO facilitates client orders, acts as a market maker in key markets and provides liquidity to clients. Execution of the business strategy involves management of trading risk. To provide assurance that the bank's trading activities are consistent with its client-focused business strategy and our moderate risk profile, a detailed risk management framework has been developed in order to control market risk in the trading book.

The limits framework

Market risk limits are strategic restrictions reflecting the bank's risk appetite and the nature of trading activities. Limits prevent the accumulation of market risk beyond the bank's appetite and reflect the mandates of trading units. Decisions with regard to limits are all taken by the relevant Risk authority.

For internal purposes, ABN AMRO measures and manages market risk daily, on a portfolio basis. The key indicators used are Value-at-Risk (VaR), a wide array of stress and scenario tests, sensitivity measures and notional limits. These metrics are measured and limited at global level and at business level. In addition, there are concentration limits at business level.

Valuation of trading risk positions

Positions held in the trading book are prudently valued daily on a mark-to-market or a mark-to-model basis, where the price is not directly observable in the market. All valuation models are independently validated and approved by Risk Management.

Periodic valuation adjustments are made whenever appropriate, e.g. because of parameter uncertainty and/or other model-related aspects. Credit valuation adjustments are also applied. In addition, the bank determines, on a monthly basis, whether additional value adjustments are required to arrive at the prudent value of those positions.

Market risk measurement

Audited | Pillar 3 | EDTF 2 | EDTF 17 | EDTF 24 | EDTF 25

VaR calculations involve taking the market price movements of the last 300 days and calculating the impact on profit and loss as a result of these movements. ABN AMRO applies a one-day 99% VaR, meaning that a VaR of EUR 1 million implies a 1% chance of a loss of more than EUR 1 million on any given business day.

In addition to daily VaR, ABN AMRO computes stressed VaR and incremental risk charge (IRC) numbers. Regulatory guidelines require a bank to calculate a stressed VaR measure calibrated to a continuous 12-month period of financial stress relevant to an institution's trading portfolio. The current relevant 12-month period in this context is the period from March 2008 to March 2009.

Back testing

VaR forecasts are compared with the calculated mark-to-market changes using daily market data variations. The number of outliers is benchmarked to determine the reliability of the VaR model. Back-testing measures the number of losses exceeding the VaR prediction given a confidence level of 99%. Such losses should occur only once every 100 business days. In 2014, the number of outliers was within the statistical model acceptance.

Stress and scenario testing EDTF 8

Stress and scenario testing is designed to focus specifically on tail events, e.g. events outside the VaR confidence interval. ABN AMRO runs daily stress tests for large moves in single risk factors. For specific portfolios, the latter will also be combined with shifts in the related volatility factors.

In addition, the impacts of extreme market events covering multiple risk factors are conducted. These extreme scenarios can either be historical, hypothetical or a combination of both.

Model review
New models are validated by an independent validation team and approved by duly authorised committees. Furthermore, existing risk models are reviewed and re-approved annually. As part of the review, models are assessed as to whether they behave appropriately under the current market conditions. If required, models are adjusted. Besides the formal validation and review of models, the daily explanation of risk reporting figures, periodic portfolio reviews and regular back testing are important tools to assure the adequacy of the models.

Market risk in the banking book Audited
Market risk in the banking book refers to the market value and earnings sensitivity of the banking book positions to market volatility. The market risk of the banking book is predominantly driven by the interest rate risk since the residual market risks in the banking book (e.g. FX risk) are limited mainly through hedging. The interest rate risk refers to the potential adverse impact of market rates movements on the bank's market value and earnings. Market value metrics and earnings metrics are measured for all currencies for banking book positions and reported on a consolidated level, translated into the reporting currency.

Market risk management banking book Pillar 3
In the banking book, interest rate risk translates into the potentially adverse impact of interest rate changes on net interest income and market value of equity. The overall objective of interest rate risk management is to protect the current and future earnings and stabilise the interest income over time.

The four main sources of interest rate risk are:
- re-pricing risk, which arises from timing differences in the maturity (fixed-rate) and re-pricing (floating-rate) of assets and liabilities;
- yield curve risk, which arises when unanticipated shifts of the yield curve have adverse effects on the income and underlying economic value;
- basis risk, which arises from imperfect correlation in the adjustment of rates earned and paid on different instruments with otherwise similar re-pricing characteristics (for example, swap rates and government bond yields);
- optionality risk, which arises from the options embedded (implicit or explicit) in assets and liabilities.

In addition, client behaviour is an important driver of the interest rate risk. Client behaviour with respect to savings and prepayment of mortgages may substantially alter the anticipated interest cash flow pattern. Interest rate risk is managed according to the Asset & Liability Management (ALM) framework as approved by the ALCO. This framework is designed primarily to transfer interest rate risk out of commercial business lines, enabling central monitoring and management. This mechanism allows for a clear demarcation between commercial business results and results on mismatch interest rate positions.
The execution of interest rate risk steering decisions and day-to-day management of positions is delegated to ALM/Treasury.

Market risk measurement
Pillar 3 EDTF 2 EDTF 8 EDTF 17 EDTF 24 EDTF 25

ABN AMRO measures, monitors and controls its interest rate risk, including the effectiveness of hedging, on a monthly basis using the following indicators: Net Interest Income-at-Risk (NII-at-Risk), duration of equity, absolute sensitivity and VaR. ABN AMRO's position is managed to ensure these metrics remain within defined limits under certain stress scenarios.

NII-at-Risk
Net interest income (NII) is the difference between revenues generated by interest-earning assets and the expenses of servicing (interest-burdened) liabilities. The NII consists of the commercial margin and the interest rate risk mismatch. The bank's interest result mainly depends on the commercial margin, which has a low correlation with the level of interest rates. For the part of the bank's interest result related to the mismatch position, the steepness of the curve is more important than the level of the curve.

The risk of changes in net interest income is measured on a scenario-based analysis. The NII-at-Risk metric indicates the change in net interest income during the coming 12 months, comparing the NII under a constant yield curve with the NII under a yield curve gradually shifted by 200 basis points. The NII is negatively impacted when rates rise, especially when the short end of the yield curve increases, since liabilities are re-priced more frequently and, therefore, interest expenses are upwardly adjusted more than interest income. The short-end positions are part of the money markets book and are monitored and managed on a daily basis.

Duration of equity

Duration of equity indicates the sensitivity of the market value of equity to a 1% parallel change in the yield curve. The risk appetite statement defines the outer limits of the duration of equity to be between zero and seven years, and ALCO determines a monthly bandwidth. The duration of equity is steered within the defined limits to reflect the pursued risk profile and optimise the mismatch position considering anticipated yield curve developments.

Absolute sensitivity

The absolute sensitivity reflects the sum of absolute values of the yield curve sensitivities along the tenors. Absolute sensitivity measures the market value and earnings sensitivity to non-parallel movements of the yield curve. VaR is used as a statistical measure for assessing interest risk exposure. It estimates potential losses and is defined as the predicted maximum loss that might be caused by changes in risk factors under normal circumstances, over a specified period of time and at a specified level of statistical confidence. A VaR for changes in the interest rate for the banking book is calculated at a 99% confidence level and a two-month holding period.

Market risk (Foreign exchange risk)

Audited EDTF 31

Foreign exchange (FX) risk reflects the potential adverse impact of unfavourable exchange rate developments on net income and capital ratios. ABN AMRO does not take FX risk in the banking book, except for positions resulting from capital hedging and residual positions occurring for operational reasons. FX risks on client-related positions in the banking book are transferred from business lines to ALM/Treasury via the funds transfer pricing framework. FX risk in relation to open currency positions is kept within limits through hedging. FX capital hedging is executed to protect capital adequacy from adverse FX movements.

Market risk (Pension fund) Audited EDTF 31

In 2014, the bank reached agreement with the trade unions and the ABN AMRO Pension Fund on a collective defined contribution (CDC) scheme for employees in the Netherlands. This agreement resulted in the release from all financial obligations arising out of the Dutch pension plan. Consequently, the Dutch pension plan has been removed from the balance sheet of ABN AMRO.

Under the new plan, annual pension contributions are calculated according to a fixed contribution calculation mechanism. This mechanism contains certain elements, for example interest rate levels.

As from the above agreement taking effect, pension liability risk is no longer considered to be a material market risk type.

More information can be found in note 28 to the Annual Financial Statements.

Business risk management EDTF 31

Business risk is the risk that business earnings and franchise value decline and/or deviate from expectations because of uncertainty in business income or in the expenses incurred to generate business income. The key criteria for classifying a risk as a business risk are:
- event outcome leads to uncertainty in present or future business earnings and/or franchise value;
- drivers are uncertainty in volumes, margins, fee and commission rates and/or business expenses.

Sensitivity to business risk drivers is mitigated by management practices that effectively and timely address developments in business risk drivers. A basic view of business risk mitigation is to address the risk that earnings will fall below the fixed cost base, due to changes in margins and volumes. The higher the variable part of the total costs, the better the ability to continue making a profit in the event of falling revenues. In addition to these management practices, business risk is mitigated by a capital buffer.

Liquidity risk management

Liquidity risk is the risk that actual (and potential) payments or collateral posting obligations cannot be met on a timely basis, or only at excessive costs. There are two types of liquidity risk:
- Funding liquidity risk is the risk of not being able to meet both expected and unexpected current and future cash outflows and collateral needs without affecting the bank's daily operations or its financial condition;
- Market liquidity risk is the risk that the bank cannot sell an asset in a timely manner without significantly affecting the market price due to insufficient market depth (insufficient supply and demand) or market disruption. As such, it is related to market risk. Market liquidity risk also includes the sensitivity in liquidity value of a portfolio due to changes in the applicable haircuts and market value. It also concerns uncertainty about the time required to realise the liquidity value of the assets.

Information on developments can be found in the Risk & capital review - Liquidity risk section

Strategy EDTF 4 EDTF 18 EDTF 21

To support us in maintaining a moderate risk profile, we have a liquidity risk management framework in place to ensure that even under severely adverse conditions the bank can meet its payment obligations at a reasonable cost. We have formulated a set of liquidity risk metrics and limits to manage the bank's liquidity position and ensure compliance with regulatory requirements at all times. By maintaining a long-term term maturity profile, limiting the dependence of wholesale funding and holding a solid liquidity buffer, we maintain our prudent liquidity profile.

Liquidity risk management approach

Audited Pillar 3 EDTF 2 EDTF 18

As we view the maturity transformation function as an integral part of our business model, we closely monitor our liquidity position and various resulting risks. To limit the risk of potential outflow of funds, we diversify our funding sources and funding tenors. Furthermore, we hold a portfolio of highly liquid assets that can be converted into cash or provide secured funding in the event of unforeseen interruption of cash flows.

Liquidity risk is managed centrally by Group Functions (ALM/Treasury). By means of funds transfer pricing, among other measures, we incorporate the liquidity cost into our day-to-day business activities. In managing liquidity risk, a clear distinction is made between going concern and liquidity contingency risk management.

Going concern liquidity management

Going concern liquidity management at ABN AMRO entails management of the day-to-day liquidity position within specified parameters to ensure all liabilities can be met on a timely basis. The most important metrics we use are:
- **Stress testing**: We conduct stress testing on a regular basis in which we evaluate the impact of cash in- and outflows under low probability yet plausible stress scenarios. Both market-wide and bank-specific scenarios are analysed. The goal of stress testing is twofold. First, it supports us in reviewing our liquidity risk framework, i.e. the liquidity buffer size, risk appetite and limits. Second, it allows us to identify areas in which we can reduce the potential net outflow in times of crisis.
- **Regulatory liquidity requirement**: The regulatory liquidity requirement measures the liquidity position in a one-month scenario of severe stress, defined by DNB. DNB requires the one-month liquidity position to always exceed the minimum required regulatory level.
- **Survival period**: The survival period indicates the period that the Group's liquidity position will remain positive in a situation where the wholesale funding markets close and there is an outflow of deposits from retail and commercial clients.
- **Loan-to-Deposit ratio**: The Loan-to-Deposit ratio (LtD ratio) measures the relationship between the loan book (Loans and receivables - customers) and deposits from clients (Due to customers). The ratio includes all client-driven loans and deposits, but excludes loans to and deposits from governments. As such, the LtD ratio gives an indication of our dependence on wholesale funding for financing of our non-institutional client loans. Due to the Dutch pension system, mortgage loans outweigh client savings balances in the Netherlands, driving up the LtD ratio.

Contingency liquidity risk management

Pillar 3

Contingency liquidity risk management aims to ensure that in the event of either a bank-specific or general market event, the bank is able to generate sufficient liquidity to withstand a short- and/or long-term liquidity crisis.

- **Contingency Funding Plan**: The Contingency Funding Plan (CFP) only comes into effect in the event the bank's liquidity position is threatened by internal or external circumstances which could lead to an imminent liquidity crisis. The CFP is aligned with our Recovery Plan, as required by DNB. It is designed to enable us to continue managing our liquidity sources without unnecessarily jeopardising the businesses, while limiting excessive funding costs in severe market circumstances. The CFP defines several stages based on the seriousness of liquidity threats and defines mitigating actions. The CFP stage is determined based on the internal liquidity risk profile in relation to our risk appetite and external market developments;
- **Collateral posting in the event of a rating downgrade**: In the event that ABN AMRO's credit rating is downgraded, certain additional amounts of collateral may need to be provided. To a limited extent, collateral needs to be provided for exposures in the trading book. More material amounts of collateral need to be provided in relation to secured funding and securitisation transactions. ABN AMRO monitors these potential additional collateral postings in its liquidity management framework;
- **Liquidity buffer**: ABN AMRO holds a liquidity buffer with sufficient collateral as a safety cushion in the event of severe liquidity stress. The liquidity buffer portfolio consists mainly of government bonds, retained RMBS and cash, all unencumbered.

Basel III/CRD IV

The Basel III framework includes two liquidity ratios: the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The objective of the LCR is to promote the short-term resilience of banks by ensuring sufficient high-quality liquid assets to survive a significant stress scenario lasting 30 calendar days. The objective of the NSFR is to promote resilience over a longer time horizon by creating additional incentives for banks to fund their activities with stable sources of funding on an ongoing basis. Regulatory minimum requirements for both the LCR and NSFR will be 100% under Basel III/CRD IV respectively per 2019 and 2018.

Funding management

Strategy

Deposits from Retail Banking, Private Banking and Corporate Banking clients form the main source of funding of ABN AMRO. Due to the characteristics of the Dutch retail market, where a substantial portion of consumer savings is placed in pension funds rather than in bank deposits, ABN AMRO's Loan-to-Deposit ratio is above 100%. The remainder of our funding is therefore raised mainly through long-term wholesale funding.

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

The funding strategy is executed taking into account the following guidelines:

- Maintain market access by diversification of funding sources;
- Decrease funding costs within the targets set for volumes and maturities;
- Be an active issuer in funding markets in Europe, the US and the Asia Pacific region;
- Maintain strong relationships with the investor base through active marketing and issuance;
- Strike an optimum balance between private placements and (public) benchmark deals;
- Build, maintain and manage credit curves in different funding programmes, currencies and investor bases;
- Continuously monitor attractive investment opportunities for investors.

Information on funding developments can be found in the Risk & capital review - Funding section

Capital management

Capital management strategy

Pillar 3 | EDTF 4 | EDTF 12

The primary objective of the capital management strategy is to ensure that capital adequacy requirements are met at all times and sufficient capital is available to support the bank's strategy. Capital is a necessary resource for doing business and defines the bank's commercial possibilities. The balance between available and required capital is managed centrally, optimising the use of available capital.

The basis of the capital management strategy is the bank's risk appetite and its business plans. Other important factors taken into account while managing the capital position are expectations and requirements of external stakeholders (such as regulators, investors, shareholders, equity analysts, rating agencies and clients), the bank's position in the market, market developments, contingent capital needs and the feasibility of capital management actions.

Although ABN AMRO manages its capital centrally, the group companies are sufficiently capitalised to comply with all local regulatory solvency requirements and to meet any local business needs.

ABN AMRO's banking activities are primarily carried out by legal entities that are located in the Netherlands. All substantial banking activities in the Netherlands are performed by legal entities that have been guaranteed by ABN AMRO Group N.V. with the so-called 403 declaration. They are also part of the Group's tax unit for corporate tax. This means that, apart from the prevailing legal and regulatory legislation, there are no specific material impediments to prompt the transfer of the bank's regulatory capital.

This governance ensures that subsidiaries that are required to report on a solo or sub-consolidated level are sufficiently capitalised on a continuous basis.

Capital measurement and allocation

Capital adequacy is measured and monitored on an ongoing basis against target capital ratios, derived from the bank's overall risk appetite and strategy. Capital projections and stress-test scenarios, both market-wide and bank-specific, are used to ensure that actual and future capital levels remain above the targets.

Capital is allocated to businesses in a way that optimises the long-term value of the bank while serving the bank's strategic objectives. In the capital allocation process both risk-based and non-risk-based return parameters are considered, taking into account economic and regulatory capital requirements. This process ensures that the bank's return targets are met while maintaining a moderate risk profile, in line with the bank's risk appetite.

Contingency capital management

Contingency plans are in place to address capital issues, if any. The Contingency Capital Plan provides a framework to detect capital adequacy stress by setting out various early warning indicators. The Contingency Capital Plan also sets out a range of available actions that could be undertaken based on the level of severity and urgency of the issues.

Information on developments can be found in the Risk & capital review - Capital section

Management Control Statement

Under best practice provisions II.1.4 and II.1.5 of the Dutch Corporate Governance Code, the ABN AMRO Managing Board is requested:

- to describe the main risks related to the strategy of ABN AMRO;
- to describe internal risk management and internal control for the main risks during the year;
- to describe any major shortcomings (if any);
- to substantiate the operation of internal risk management and internal control (related to financial reporting risks) during the year under review, and;
- to state its adequacy and effectiveness.

ABN AMRO's internal risk management and internal control is a process, effectuated by the Managing Board, management, and other personnel. It is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations;
- reliability of (financial) information;
- compliance with laws, regulations and internal policies with respect to the conduct of business;
- safeguarding of assets, identification and management of liabilities, and;
- strategic goals of ABN AMRO.

Different parts of the Risk & Capital Report elaborate on ABN AMRO's identified risks, such as credit risk, market risk, operational risk, liquidity risk and business risk.

Based on the process regarding internal control over financial reporting, the Managing Board of ABN AMRO Group N.V. makes the following statement regarding the group's financial reporting risks:

- ABN AMRO's internal controls provide reasonable assurance that ABN AMRO's consolidated financial statements do not contain any material inaccuracies;
- ABN AMRO's internal controls functioned properly in 2014;
- There are no indications to suggest that ABN AMRO's internal controls will not continue to function properly in 2015.

The internal risk management and control systems provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of ABN AMRO's published financial statements.

We have gained further insight in internal control effectiveness in the entire organisation as a result of the implementation of the operational risk management framework in 2014.

Based on risk assessments and monitoring and control activities, the Managing Board of ABN AMRO Group N.V. makes the following statement with regard to risks that may jeopardise ABN AMRO's business objectives for the short term:

- Within ABN AMRO risk management and internal controls are in place to provide reasonable assurance that ABN AMRO will not be hindered in achieving its business objectives or in the orderly and legitimate conduct of its business by circumstances which may reasonably be foreseen;
- Based on risk management and internal controls in place and barring unforeseen adverse external conditions, the Managing Board is of the opinion that there are no material elements within ABN AMRO that could significantly endanger the realisation of its business objectives;
- Regarding internal risk management and internal control, the Managing Board identified the following dependencies:
  - Economic developments seem to further improve in 2015. Core inflation is low and, though fragile, economic developments worldwide and in the Netherlands are more positive than in previous years. Despite the actual positive performance of the bank, there is uncertainty on profitability due to the dependency on the economic developments and more specifically the potential effects of the ECB Quantitative Easing (QE), the Greek situation, geo-political developments and the potential risk of deflation. An external negative influence on the profitability of the bank are non-traditional competitors entering markets for financial services for specific (niche) areas. Such developments may affect margins on savings, payment services, lending and mortgages;

  - Regulations in the financial sector are subject to discussions and rapid change. Due to the amount and complexity of new and changed regulations, more compliance breaches are a threat; e.g. requirements regarding regulatory reporting in combination with the complex IT environment and more demanding supervisors increase the risk of non-compliancy. Legal interpretation issues may lead to disputes with clients (for example related to duty of care requirements). Due to these developments, there is a risk of sanctions, litigations or reputational damage (with opportunity losses).
- The following improvement areas have been identified and agreed upon and are actively managed by senior management:
  - Key mitigant for the risk of non-compliance mentioned above is having accurate evidence to prove compliance to supervisors or in client disputes. Although in the last year data quality and documentation has improved, the effort and speed required to produce and disclose that data and documentation remains an attention point. In order to mitigate these risks further, amongst other things a Regulatory Office has been installed (to identify/ communicate the business impact of upcoming regulatory changes) and a 'Data Quality Board' has been established (to prioritise and monitor strategic and bank-wide DQ issues);
  - Improvements in the IT architecture (including decrease of complexity) are required to meet on business needs for service offering to our clients in the future. For this purpose, an extensive IT program is running;
  - Further improvements are required regarding Asset and Liability Management (ALM). In 2015 projects are running to enhance ALM.

The evaluation of the adequacy of internal risk management and internal control has been discussed with the Audit Committee, the Risk & Capital Committee and subsequently submitted to the Supervisory Board. Due to its inherent limitations, ABN AMRO's internal risk management and control systems do not provide complete assurance on the realisation of business objectives, and cannot at all times prevent inaccuracies, fraud and non-compliance with rules and regulations.

Risk & capital review

The following section provides a comprehensive overview of the different risks accross business segments and portfolios. Information on capital developments is also provided. More information about the Group's risk management strategy, framework, governance and policies is provided in the section. Additional mandatory disclosures are provided in the section.

Overview

2014 was characterised by a further recovery of the Dutch economy despite worldwide geopolitical tensions. The Dutch economy remained on a modest growth path thanks to higher exports and increased private consumption. Furthermore, the housing market continued its upward trend.

The recovery of the Dutch economy combined with more effective monitoring and portfolio intake is reflected in a decrease in loan impairments, primarily in mortgages and small-sized Commercial Clients.

The bank further solidified its liquidity position in 2014. The LCR rose above 100% while the NSFR remained comfortably above 100%. In addition, an increase in client deposits improved the LtD ratio and lowered the use of wholesale funding.

The transition to the collective defined contribution pension scheme largely eliminated future volatility in the regulatory capital position. In addition, the Dutch central bank assessed that the large majority of ABN AMRO's Tier 2 capital instruments are CRR compliant.

The bank's strong profit generation in 2014 enabled a final dividend proposal of EUR 275 million, bringing the total dividend over 2014 to EUR 400 million.

The outcome of the ECB AQR and stress test confirmed our prudent risk management approach. ABN AMRO considers itself to be generally conservatively provisioned given the minor effect of the AQR on our CET1 ratio. The stress test's results confirm that we are well capatalised and have sufficient buffers to absorb such losses and economic shocks.

The abovementioned developments are important elements in preparing the bank for the future. Moreover, these developments help further embed ABN AMRO's strategy of securing a sound risk/reward ratio based on a moderate risk profile.

Key developments

Driven by a modest recovery of the Dutch economy combined with strict monitoring and a balanced portfolio intake, loan impairments decreased significantly in 2014. Our prudent risk management approach was also confirmed by the outcome of the ECB Asset Quality Review: ABN AMRO comfortably passed this review and considers itself to be generally conservatively provisioned. No additional provisions related to the AQR were necessary.

ECB Asset Quality Review and stress test

The European Central Bank (ECB) took over the supervisory role of De Nederlandsche Bank (DNB) in November 2014. In preparing for the changeover, the ECB performed a comprehensive assessment which consisted of an Asset Quality Review (AQR) and a stress test.

The AQR aimed to enhance transparency of banks' balance sheets by reviewing asset quality, including the adequacy of asset and collateral valuations and related provisions. Under the AQR, the ECB reviewed selected portfolios covering at least 50% of a bank's risk exposure amount (REA). In ABN AMRO's case, the AQR covered over 60% of total REA and included large parts of our exposures in shipping, SMEs, real estate and mortgages.

ABN AMRO comfortably passed this review, with a minor impact of 0.12% on our 2013 CET1 capital ratio. This is not material, so we were therefore not required to make any restatements on our 2013 financials. Following this review, we have further investigated the findings as part of our standard processes. As a result, the Loss Emergence Period (LEP) applied to calculate the IBNI allowances increased from 4 to 6 months going forward. The financial impact amounted to EUR 40 million in the Retail Banking programme lending portfolios in 2014. With regard to specific provisions, ABN AMRO reviewed all individual files during the regular monitoring cycle which has led, if applicable, to an adjustment of the specific individual provision. In addition, the bank made minor adjustments to risk policies related to provisioning and to the definitions of performing and non-performing loans.

ABN AMRO considers itself to be generally conservatively provisioned, also given the minor effect of the AQR on our CET1 capital ratio. This attests to our prudent risk management approach.

Integrated risk management

ABN AMRO is committed to maintaining a moderate risk profile. As such, we need to strike the right balance between pursuing commercial interests and conducting responsible risk management. We do not take any risks we do not understand or that do not directly serve our clients' interests.

Under an integrated risk management approach, all of the bank's risks are analysed collectively and in relationship to one another. The complete risk profile of the bank is determined and monitored at a strategic level. The financial crisis has taught us the importance of viewing risks from a very wide perspective, both when granting credit and at a later stage in the credit life cycle.

Risk Management employees took an Integrated Risk Management training course in 2014. This course emphasises the importance of taking a holistic view of risks. Employees who have this knowledge and insight are more effective risk managers and give clients better advice, because they thoroughly understand the risks to which our clients are exposed. We need this level of expertise to be prepared for the future.

The stress test provided a view on the shock-absorption capacity under stress. ABN AMRO's CET1 ratio under the Adverse scenario amounted to 9.2% and was well above the minimum capital threshold of 5.5%. The stress test results confirm that ABN AMRO is well capitalised and has sufficient buffers to absorb such losses and economic shocks. ABN AMRO aims to maintain strong capital ratios, even under stress, as part of its moderate risk profile.

Key figures

(in millions)	31 December 2014	31 December 2013
Total assets	386,867	372,022
- of which Loans and receivables - banks[1]	21,680	23,967
- of which Loans and receivables - customers[1]	261,910	257,028
On-balance sheet maximum exposure to credit risk	375,007	358,480
Total Exposure at Default[2]	350,762	349,235
Risk exposure amount[2]		
Credit risk[3]	87,667	86,201
Operational risk	16,168	16,415
Market risk	5,811	6,396
Total risk exposure amount	**109,647**	**109,012**
Total risk exposure amount/total Exposure at Default[2]	31.3%	31.2%
	2014	**2013**
Cost of risk (in bps) - reported[4, 5]	45	37
Cost of risk (in bps) - underlying[4]	45	63

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 2013 figures are reported under Basel II and the 2014 figures are reported using the Basel III (CRD IV/CRR) framework. Under Basel III 2013 pro-forma figures are: EAD EUR 353,856 million; total REA EUR 115,442 million; credit risk REA EUR 92,631 million. No REA impact from CRD IV/CRR on market and operational risk.
3 REA for credit value adjustment (CVA) and default fund contribution (DFC) are included in credit risk. In 2014 CVA amounted to EUR 1.3 billion (2013: EUR 1.5 billion) and DFC amounted to EUR 0.9 billion.
4 Cost of risk consists of impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.
5 2013 includes a release of EUR 432 million following the sale of the remaining Greek government-guaranteed corporate exposures. Additionally, 2013 includes a release of EUR 252 million following the sale of collateral related to the Madoff files.

Key figures per business segment EDTF 7 EDTF 13

					31 December 2014
(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Total
Total assets	157,614	22,935	133,579	72,739	386,867
On-balance sheet maximum exposure to credit risk	157,047	19,597	127,187	71,176	375,007
Total Exposure at Default[1]	175,460	21,137	103,619	50,546	350,762
Risk exposure amount					
Credit risk[1]	31,291	6,754	43,939	5,683	87,667
Operational risk	5,550	1,558	3,712	5,348	16,168
Market risk			5,811		5,811
Total risk exposure amount	**36,841**	**8,312**	**53,462**	**11,031**	**109,647**
Total risk exposure amount/Total Exposure at Default	21.0%	39.3%	51.6%	21.8%	31.3%
					2014
Cost of risk (in bps) - reported[2]	29	14	86		45
Cost of risk (in bps) - underlying[2]	29	14	86		45

1 REA for credit value adjustment (CVA) and default fund contribution (DFC) are included in credit risk. In 2014 CVA amounted to EUR 1.3 billion (2013: EUR 1.5 billion) and DFC amounted to EUR 0.9 billion.
2 Cost of risk consists of impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

Key figures per business segment EDTF 7 EDTF 13

					31 December 2013
(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Total
Total assets	160,630	20,617	117,809	72,966	372,022
On-balance sheet maximum exposure to credit risk	160,139	17,736	109,870	70,735	358,480
Total Exposure at Default[1]	175,844	21,198	95,145	57,048	349,235
Risk exposure amount[1]					
Credit risk	28,772	7,247	45,610	4,572	86,201
Operational risk	5,512	1,555	4,025	5,323	16,415
Market risk			6,396		6,396
Total risk exposure amount	**34,284**	**8,802**	**56,031**	**9,895**	**109,012**
Total risk exposure amount/Total Exposure at Default	19.5%	41.5%	58.9%	17.3%	31.2%
					2013
Cost of risk (in bps) - reported[2, 3]	42	89	105		37
Cost of risk (in bps) - underlying[2]	42	89	105		63

1 The 2013 figures are reported using the Basel II (CRD IV/CRR) framework. Under Basel III 2013 pro-forma figures are: EAD EUR 353,856 million; total REA EUR 115,442 million; credit risk REA EUR 92,631 million. No REA impact from CRD IV/CRR on market and operational risk.
2 Cost of risk consists of impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.
3 2013 includes a release of EUR 432 million following the sale of the remaining Greek government-guaranteed corporate exposures. Additionally, 2013 includes a release of EUR 252 million following the sale of collateral related to the Madoff files.

Growth of the Dutch economy was more broadly based. During the recession, exports were the sole driver but in 2013 investment activity started to contribute to growth, followed by private consumption in the course of 2014. Domestic spending played a more important role, mainly due to accelerating private consumption.

The improved economic conditions are reflected in a decline of EUR 0.5 billion impairment charges. Total underlying impairment charges decreased to EUR 1.2 billion at 31 December 2014, compared with EUR 1.7 billion at 31 December 2013. The main contributor to the decline in impairment charges was the Commercial loans portfolio and, to a lesser extent, the Residential mortgage portfolio and Consumer loans portfolio. The decline in impairments is clearly reflected in the underlying cost of risk ratio.

On-balance maximum exposure to credit risk increased by EUR 16.5 billion to EUR 375.0 billion at year-end 2014, compared with EUR 358.5 billion at year-end 2013. This increase was mainly a result of a rise in Financial investments of EUR 13.4 billion and a rise in Derivatives of EUR 11.0 billion related to a shift in the interest curve resulting in changes to the valuation of interest rate derivatives. The abovementionend increases were partly offset by lower excess funds at deposits for central banks.

The risk exposure amount (REA), formerly reported as risk-weighted assets (RWA), increased by EUR 0.6 billion to EUR 109.6 billion at 31 December 2014 compared with EUR 109.0 billion at 31 December 2013. This movement consists of an increase of EUR 6.4 billion due to REA impact from Basel II to Basel III, offset by a decline of EUR 2.2 billion related to decreased business volume in Corporate Banking. Furthermore oil and gas-related exposures moved from the Standardised Approach to advanced approach treatment, resulting in a decrease in REA of EUR 1.2 billion, also related to Corporate Banking.

The Exposure at Default (EAD) increased by EUR 1.5 billion to EUR 350.8 billion at 31 December 2014 from EUR 349.2 billion at 31 December 2013. This increase was mainly impacted by EUR 4.6 billion as a result of the transition from Basel II to Basel III. This impact was partly offset by a decrease in Group Functions of EUR 6.5 billion. Corporate Banking also saw an increase in Exposure at Default related to ECT Clients of EUR 2.2 billion.

Economic and regulatory capital EDTF 7 EDTF 13

(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Total
31 December 2014					
Credit risk	2,503	540	3,515	455	7,013
Operational risk	444	125	297	428	1,293
Market risk			465		465
Regulatory capital[1]	**2,947**	**665**	**4,277**	**882**	**8,772**
Credit risk	4,298	450	4,069	889	9,706
Operational risk	294	199	808	285	1,586
Market risk			111		111
Business risk	381	298	455	9	1,143
Other risk types[2]	239	199	69	4,664	5,171
Economic capital	**5,212**	**1,146**	**5,512**	**5,847**	**17,717**
31 December 2013					
Credit risk	2,302	580	3,649	366	6,896
Operational risk	441	124	322	426	1,313
Market risk			512		512
Regulatory capital[1]	**2,743**	**704**	**4,482**	**792**	**8,721**
Credit risk	3,921	769	5,644	478	10,812
Operational risk	374	272	698	439	1,783
Market risk			116		116
Business risk	206	248	554	12	1,020
Other risk types[2]	322	191	93	4,073	4,679
Economic capital	**4,823**	**1,480**	**7,105**	**5,002**	**18,410**

1 Minimum regulatory capital (8% of total risk exposure amount), representing the absolute minimum amount of capital required by a bank to cover three major risk types a bank faces. However available total capital ratios are substantially higher, as explained in the capital section.
2 Other risk types include market risk banking book (including interest rate risk) and pension risk.

In 2014 total economic capital (EC) amounted to EUR 17.7 billion, a decrease of EUR 690 million compared with 31 December 2013. The main contributors to this decrease were credit risk (EUR 1.1 billion) and operational risk (EUR 197 million). These developments were partially offset by an increase of interest rate risk economic capital of EUR 808 million.

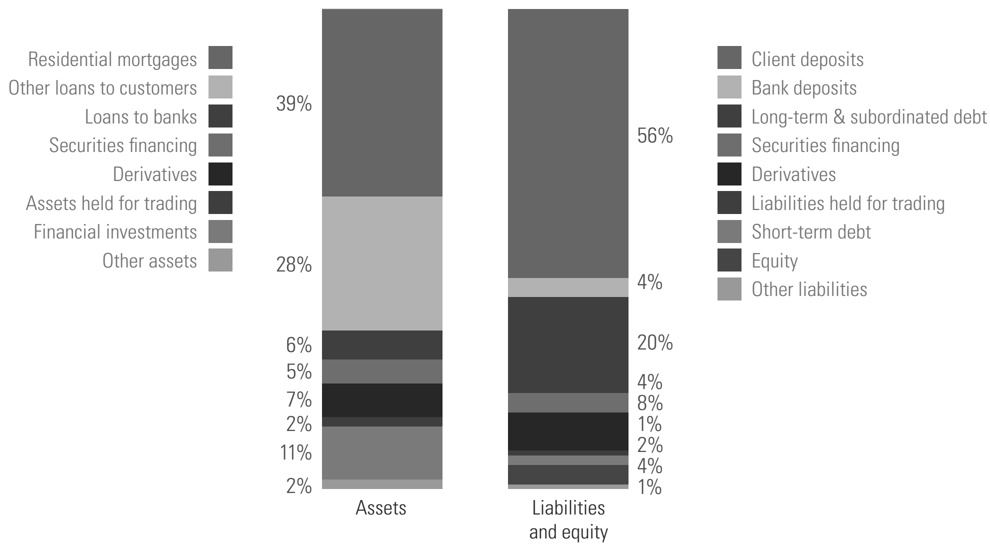
Credit risk EC declined as a result of regular updates in PD, LGD and EAD models, and due to an improvement in the overall quality of the portfolio. This improvement is a direct consequence of a better macroeconomic environment.

Operational risk EC decreased due to an update of Risk Control Self Assessments (RCSA) and the addition of a new set of scenario analysis data, external loss data and internal loss data. In addition, the correlation of operational risk with other risk types decreased (compared with 2013), which led to a higher diversification benefit.

Balance sheet composition

ABN AMRO is mainly active in the Dutch market and in international operations where we have specific expertise and hold leading market positions in selected activities. The balance sheet composition reflects the bank's moderate risk profile.

Balance sheet composition at 31 December 2014



- Approximately two-thirds of the bank's assets consist of lending to (mainly Dutch) clients and banks;
- The bank's lending activities are largely asset-based;
- There is no exposure to CDOs or CLOs;
- In terms of funding, the bank's loan portfolio is matched by client deposits, long-term debt & subordinated liabilities, and equity with limited reliance on short-term debt;
- Securities financing, by the nature of its business, is a fully collateralised activity, e.g. repo transactions and stock borrowing & lending activities;
- There is limited market risk and client-related trading portfolios;
- The bank's financial investments for liquidity management purposes consist mainly of high-quality liquid instruments used for liquidity management.

Credit risk EDTF 26

Credit risk exposure

Credit risk overview Audited

(in millions)		31 December 2014		31 December 2013		31 December 2012
Total assets		**386,867**		372,022		393,758
Less: items that are not subject to credit risk exposure[1]		11,860		13,542		10,699
On-balance sheet maximum exposure to credit risk		**375,007**		**358,480**		**383,059**
Off-balance sheet						
Committed credit facilities	16,164		13,764		17,635	
Guarantees and other commitments	15,335		16,103		16,777	
Revocable credit facilities	78,508		71,657		72,343	
Total Off-balance sheet credit facilities and guarantees		110,007		101,524		106,755
Maximum exposure to credit risk		**485,014**		**460,004**		**489,814**
Adjustments on assets[2]		-9,852		-7,636		-5,674
Valuation adjustments[3]		-11,563		-5,141		-11,403
Offsetting and netting		-23,508		-17,138		-31,461
Off-balance sheet credit facilities and guarantees		-110,007		-101,524		-106,755
Off-balance sheet exposure fraction expected to be drawn prior to default (Credit Conversion Factors)		20,677		20,670		25,521
Total Exposure at Default		**350,762**		**349,235**		**360,042**
Credit risk risk exposure amount/Total Exposure at Default		25.0%		24.7%		27.9%

1 Items that are not subject to credit risk: more details are provided in additional risk & capital information section, table 'Maximum exposure to credit risk EU IFRS.
2 Main adjustments on assets are equity instruments, selected financial assets held for trading and fair value adjustments from hedge accounting.
3 Adjustments on valuation include loan impairment allowances.

Overall credit risk EAD and REA Pillar 3 EDTF 14 EDTF 15

						31 December 2014
(in millions)	Original Exposure at Default	Netting/ Exposure at Default mitigation[3]	Exposure at Default	Average Exposure at Default	Risk exposure amount	Risk exposure amount/ Exposure at Default
Credit risk IRB						
Central governments and central banks	37,753	-4,332	42,085	40,154	2,020	4.8%
Institutions[1]	22,307	4,016	18,291	18,644	4,972	27.2%
Corporates	198,495	108,644	89,851	85,236	36,586	40.7%
Retail	179,884	6,273	173,611	164,309	28,646	16.5%
- of which secured by immovable property	156,386	-1,198	157,584	147,580	21,521	13.7%
- of which qualifying revolving exposures	13,125	5,990	7,135	7,081	3,702	51.9%
- of which other retail	10,373	1,481	8,892	9,648	3,423	38.5%
Credit valuation adjustment					1,264	
Securitisation positions	3,297	863	2,434	11,059	237	9.7%
Subtotal	**441,736**	**115,463**	**326,273**	**319,402**	**73,726**	**22.6%**
Equities not held for trading	1,124		1,124	955	5,009	445.6%
Other[2]	1,326		1,326	1,390	1,099	82.8%
Total IRB	**444,186**	**115,463**	**328,723**	**321,746**	**79,833**	**24.3%**
Credit risk SA						
Central governments and central banks	2,606		2,606	1,472	154	5.9%
Institutions[1]	6,288	2	6,286	6,239	344	5.5%
Corporates	6,973	2,367	4,606	11,333	3,758	81.6%
Retail	7,216	4,726	2,490	2,586	974	39.1%
Covered bonds						
Secured by mortgages on immovable property	2,728	22	2,706	1,836	541	20.0%
Exposures in default	690	573	117	83	156	134.1%
Other				5,033		
Subtotal	**26,501**	**7,690**	**18,811**	**28,581**	**5,927**	**31.5%**
Other[2]	3,228		3,228		1,907	59.1%
Total SA	**29,729**	**7,690**	**22,039**	**28,581**	**7,834**	**35.5%**
Total	**473,915**	**123,153**	**350,762**	**350,327**	**87,667**	**25.0%**

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Other includes non-credit obligation assets.
3 Consists mainly of netting, secured funding trades, guarantees, credit conversion factors, and impairments under the Standardised Approach.

Overall credit risk EAD and REA Pillar 3 EDTF 14 EDTF 15

(in millions)	Original Exposure at Default	Netting/ Exposure at Default mitigation[3]	Exposure at Default	Average Exposure at Default	Risk exposure amount	Risk exposure amount/ Exposure at Default
						31 December 2013
Credit risk IRB						
Central governments and central banks	46,474	1,454	45,020	43,480	528	1.2%
Institutions[1]	21,228	2,646	18,582	19,023	4,201	22.6%
Corporates	193,470	105,991	87,479	86,836	39,020	44.6%
Retail	182,255	8,057	174,198	174,007	27,212	15.6%
- of which retail mortgages	157,649	-254	157,903	157,589	19,326	12.2%
- of which qualifying revolving exposures	13,149	5,875	7,274	7,153	3,700	50.9%
- of which other retail	11,457	2,436	9,021	9,264	4,186	46.4%
Securitisation positions	2,511		2,511	2,642	286	11.4%
Subtotal	**445,938**	**118,148**	**327,790**	**325,988**	**71,247**	**21.7%**
Equities not held for trading	951		951	834	2,733	287.4%
Other[2]	1,452		1,452	1,473	1,490	102.6%
Total IRB	**448,341**	**118,148**	**330,193**	**328,295**	**75,470**	**22.9%**
Credit risk SA						
Central governments and central banks	303	-37	340	391	80	23.5%
Institutions[1]	2,116		2,116	2,008	425	20.1%
Corporates	10,249	3,611	6,638	11,512	5,930	89.3%
Retail	8,847	5,198	3,649	3,882	1,364	37.4%
- of which Retail mortgages	2,313	51	2,262	2,188	497	22.0%
- of which Other retail	6,534	5,147	1,387	1,694	867	62.5%
Subtotal	**21,515**	**8,772**	**12,743**	**17,793**	**7,799**	**61.2%**
Other[2]	6,299		6,299	5,576	2,932	46.5%
Total SA	**27,814**	**8,772**	**19,042**	**23,369**	**10,731**	**56.4%**
Total	**476,155**	**126,920**	**349,235**	**351,664**	**86,201**	**24.7%**

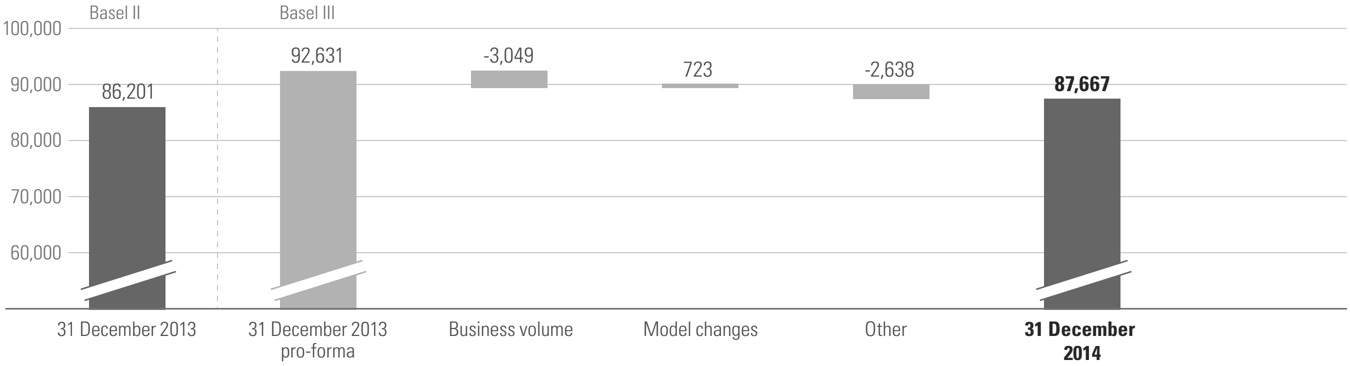
1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Other includes non-credit obligation assets.
3 Consists mainly of netting, secured funding trades, guarantees, credit conversion factors, and impairments under the Standardised Approach.

Exposure at Default was EUR 350.8 billion at 31 December 2014, an increase of EUR 1.5 billion compared with EUR 349.2 billion at 31 December 2013.

The total IRB portfolio grew by EUR 1.5 billion mainly as result of an increase of EUR 2.4 billion in Corporates driven by the ECT Clients portfolio. The increase was offset by a decrease of EUR 2.9 billion in Central governments and central banks and a decline in Retail of EUR 0.5 billion, mainly related to a decrease in the Residential mortgage portfolio.

The Standardised EAD portfolio increased by EUR 3.0 billion to EUR 22.0 billion at 31 December 2014, compared with EUR 19.0 billion at 31 December 2013. This was chiefly driven by the impact of the move from Basel II to Basel III.

REA flow statement credit risk EDTF 16
(in millions)



REA for credit risk was impacted by the change in calculation method from Basel II to Basel III, resulting in an increase of EUR 6.4 billion to EUR 92.6 billion.

At 31 December 2014, REA amounted EUR 87.7 billion. This decline was mainly the result of lower business volume for EUR 3.0 billion and a decrease in other items in the amount of EUR 2.3 billion. Other items consist of several smaller items, including declines in REA for residential mortgages due to lower amounts in arrears and due to better client ratings.

Credit quality by exposure class Audited Pillar 3

(in millions, Exposure at Default)	Investment grade	Sub-investment grade	Default without provision	Default with provision	Total
					31 December 2014
Central governments and central banks	41,815	270			42,085
Institutions[1]	17,867	418	7		18,291
Corporates	33,899	50,658	1,070	4,224	89,851
Retail	135,157	35,258		3,196	173,611
- of which secured by immovable property	129,370	25,931		2,284	157,585
- of which qualifying revolving exposures	2,483	4,310		341	7,134
- of which other retail	3,304	5,017		571	8,892
Securitisation positions	2,434				2,434
Total IRB[2]	**231,172**	**86,604**	**1,077**	**7,420**	**326,273**
Total SA[3]					18,811
Total					**345,084**

	Investment grade	Sub-investment grade	Default without provision	Default with provision	Total
					31 December 2013
Central governments and central banks	44,998	22			45,020
Institutions[1]	17,811	763		8	18,582
Corporates	28,999	52,775	1,290	4,415	87,479
Retail	135,764	35,202		3,232	174,198
- of which retail mortgages	130,112	25,444		2,347	157,903
- of which qualifying revolving exposures	2,322	4,687		265	7,274
- of which other retail	3,330	5,071		620	9,021
Securitisation positions	2,511				2,511
Total IRB[2]	**230,083**	**88,762**	**1,290**	**7,655**	**327,790**
Total SA[3]					12,743
Total					**340,533**

	Investment grade	Sub-investment grade	Default without provision	Default with provision	Total
					31 December 2012
Central governments and central banks	45,963	3			45,966
Institutions[1]					
Corporates	20,129	52,510	1,593	4,679	78,911
Retail	138,900	38,065		2,876	179,841
- of which retail mortgages	129,860	28,722		2,063	160,645
- of which qualifying revolving exposures	2,387	4,207		225	6,819
- of which other retail	6,653	5,136		588	12,377
Securitisation positions	2,811				2,811
Total IRB[2]	**207,803**	**90,578**	**1,593**	**7,555**	**307,529**
Total SA[3]					45,347
Total					**352,876**

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.
3 Exposure at Default does not include EAD calculated for other non-credit obligations.

The credit quality distribution of the total IRB portfolio improved slightly. The investment grade portfolio increased by EUR 1.1 billion to EUR 232.2 billion at 31 December 2014 compared with EUR 230.1 billion at 31 December 2013. The increase consists of a rise in the exposure class Corporates partly offset by a decline in the exposure class Central governments and central banks, as result of lower Deposits at central banks. Furthermore, a slight decrease in the investment grade portfolio for the exposure class Retail of EUR 0.6 billion at 31 December 2014 compared with 31 December 2013 was related to the mortgages portfolio, mainly as a result of a decline in the residential mortgage portfolio at year-end 2014.

The residential mortgage portfolio declined due to higher redemptions, which exceeded new production in 2014.

The sub-investment portfolio decreased by EUR 2.2 billion to EUR 86.6 billion at year-end 2014 compared with year-end 2013, a result of a decline in the exposure class Corporates.

The default portfolio declined by EUR 0.4 billion, mainly as a result of improved economic conditions.

Counterparty credit risk Pillar 3 EDTF 29

Counterparty risk by exposure class Pillar 3 EDTF 29

	31 December 2014			31 December 2013		
	Total	of which:		Total	of which:	
(in millions, Exposure at Default)		Derivatives	Securities financing transactions		Derivatives	Securities financing transactions
Credit risk						
Central governments and central banks	42,085	455	119	45,020	303	48
Institutions[1]	18,291	6,099	1,412	18,582	4,802	1,797
Corporates	89,851	4,704	968	87,479	3,748	635
Retail	173,611			174,198		
- of which secured by immovable property/retail mortgages	157,585			157,903		
- of which qualifying revolving exposures	7,134			7,274		
- of which other retail	8,892			9,021		
Securitisation positions	2,434			2,511		
Total IRB[2]	**326,273**	**11,258**	**2,499**	**327,790**	**8,853**	**2,480**
Total SA[3]	18,811	2,244	3,589	12,743	149	1,260
Total	**345,084**	**13,502**	**6,088**	**340,533**	**9,002**	**3,740**

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.
3 Exposure at Default does not include EAD calculated for other non-credit obligations.

Credit risk concentration Audited Pillar 3

Geographic concentration

The consolidated exposures in the table are allocated to the geographical regions where clients are domiciled. The bank monitors and manages country risk based on the country of risk. The country of ultimate risk may be different from the country of domicile, e.g. when financing a project in another country than where the borrower is domiciled.

Geographic concentration by EAD Pillar 3

(in millions, Exposure at Default)	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total
						31 December 2014
Central governments and central banks	19,348	18,172	1,959	2,309	297	42,085
Institutions[1]	5,795	6,273	2,230	3,590	403	18,291
Corporates	50,534	19,983	3,487	6,713	9,134	89,851
Retail	172,700	710	50	79	72	173,611
- of which secured by immovable property	156,990	448	42	60	45	157,585
- of which qualifying revolving exposures	7,043	75	3	4	9	7,134
- of which other retail	8,667	187	5	15	18	8,892
Securitisation positions	2,434					2,434
Total IRB[2]	**250,811**	**45,138**	**7,726**	**12,691**	**9,906**	**326,273**
Total SA[3]	9,168	7,701	1,177	284	481	18,811
Total	**259,979**	**52,839**	**8,903**	**12,975**	**10,387**	**345,084**
Percentage of total	75.3%	15.3%	2.6%	3.8%	3.0%	100.0%

	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total
						31 December 2013
Central governments and central banks	27,796	14,929	1,494	685	116	45,020
Institutions[1]	4,418	8,906	1,169	3,348	741	18,582
Corporates	55,033	17,910	1,980	5,721	6,835	87,479
Retail	174,198					174,198
- of which retail mortgages	157,903					157,903
- of which qualifying revolving exposures	7,274					7,274
- of which other retail	9,021					9,021
Securitisation positions	2,511					2,511
Total IRB[2]	**263,956**	**41,745**	**4,643**	**9,754**	**7,692**	**327,790**
Total SA[3]	7,746	3,240	1,195	330	232	12,743
Total	**271,702**	**44,985**	**5,838**	**10,084**	**7,924**	**340,533**
Percentage of total	79.8%	13.2%	1.7%	3.0%	2.3%	100.0%

	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total
						31 December 2012
Central governments and central banks	37,542	8,159	151	113	1	45,966
Institutions[1]						
Corporates	49,861	15,884	3,100	3,878	6,188	78,911
Retail	179,774	63	1	1	2	179,841
- of which retail mortgages	160,582	63				160,645
- of which qualifying revolving exposures	6,819					6,819
- of which other retail	12,373		1	1	2	12,377
Securitisation positions	2,811					2,811
Total IRB[2]	**269,988**	**24,106**	**3,252**	**3,992**	**6,191**	**307,529**
Total SA[3]	23,934	13,757	3,036	2,857	1,763	45,347
Total	**293,922**	**37,863**	**6,288**	**6,849**	**7,954**	**352,876**
Percentage of total	83.3%	10.7%	1.8%	1.9%	2.3%	100.0%

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Total Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.
3 Exposure at Default does not include EAD calculated for other non-credit obligations.

The geographical concentrations reflect the bank's business profile, with a large portfolio which is mainly concentrated in the Netherlands (75.3%), and an increasing share outside of the Netherlands which reflects the nature of ABN AMRO's business profile.

Businesses outside the Netherlands are primarly located in neighbouring countries in Europe, and specialised activities, such as Energy, Commodities & Transportation Clients (ECT Clients), Clearing, Securities Financing and Private Banking International, are located outside of Europe.

Industry concentration

ABN AMRO applies industry concentration limits following the Industry Classification Benchmark (ICB) categorisation. In the exposure table, non-material industry clusters are aggregated under Other. Industry concentration limits are established in the bank risk appetite. In the review of the risk appetite during 2013, thresholds for concentrations to each industry were re-assessed based on relative risk, importance of the industry to the Dutch economy and expert opinion.

Industry concentration is presented both in terms of original obligor and in terms of resultant obligor. Original obligor refers to the counterparty with whom ABN AMRO originally has the contractual relationship, often referred to as the borrower. The resultant obligor is the counterparty to which ABN AMRO has the ultimate credit risk, often referred to as the guarantor.

The industry view, based on original obligor, and resultant obligor differs significantly for the industries real estate, healthcare and public administration. The governement-guaranteed exposures are included in the original obligor view under the applicable industry sector. However in the resultant obligor view these exposures are included in the public administration industry sector, as they concern government-related exposures.

Industry concentration by EAD Audited Pillar 3

	31 December 2014			
(in millions, Exposure at Default)	Exposure at Default (original obligor)	Percentage of total	Exposure at Default (resultant obligor)	Percentage of total
Industry sector				
Banks	16,459	4.8%	14,453	4.2%
Financial services[1]	9,480	2.7%	9,497	2.8%
Industrial goods and services	18,747	5.4%	18,407	5.3%
Real estate	14,480	4.2%	11,221	3.3%
Oil and gas	10,529	3.1%	10,404	3.0%
Food and beverage	10,910	3.2%	10,823	3.1%
Retail	4,418	1.3%	4,304	1.2%
Basic resources	4,005	1.2%	3,992	1.2%
Healthcare	5,276	1.5%	5,126	1.5%
Construction and materials	2,922	0.8%	2,739	0.8%
Other[2]	23,915	6.9%	26,278	7.6%
Subtotal Industry Classification Benchmark	**121,141**	**35.1%**	**117,244**	**34.0%**
Private individuals (non-Industry Classification Benchmark)	186,704	54.1%	186,836	54.1%
Public administration (non-Industry Classification Benchmark)	37,239	10.8%	41,004	11.9%
Subtotal non-Industry Classification Benchmark	**223,943**	**64.9%**	**227,840**	**66.0%**
Exposure at Default[3]	**345,084**	**100.0%**	**345,084**	**100.0%**

1 Financial services include asset managers, credit card companies and providers of personal financial services and securities and brokers.
2 Other includes travel and leisure, utilities, personal and household goods, media, technology, automobile and parts, chemicals, telecommunication and insurance, in addition to unclassified.
3 Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.

Industry concentration by EAD Audited Pillar 3

(in millions, Exposure at Default)	Exposure at Default (original obligor)	Percentage of total	Exposure at Default (resultant obligor)	Percentage of total
				31 December 2013
Industry sector				
Banks	16,990	5.0%	16,983	5.0%
Financial services[1]	7,935	2.3%	7,949	2.4%
Industrial goods and services	18,024	5.3%	17,869	5.3%
Real estate	14,068	4.1%	12,326	3.6%
Oil and gas	7,581	2.2%	7,576	2.2%
Food and beverage	8,575	2.5%	8,508	2.5%
Retail	7,302	2.2%	7,181	2.1%
Basic resources	4,498	1.3%	4,486	1.3%
Healthcare	4,221	1.3%	4,046	1.2%
Construction and materials	3,196	0.9%	3,100	0.9%
Other[2]	45,831	13.5%	45,437	13.3%
Subtotal Industry Classification Benchmark	**138,221**	**40.6%**	**135,461**	**39.8%**
Private individuals (non-Industry Classification Benchmark)	181,011	53.1%	182,209	53.5%
Public administration (non-Industry Classification Benchmark)	21,301	6.3%	22,863	6.7%
Subtotal non-Industry Classification Benchmark	**202,312**	**59.4%**	**205,072**	**60.2%**
Exposure at Default[3]	**340,533**	**100.0%**	**340,533**	**100.0%**

1 Financial services include asset managers, credit card companies and providers of personal financial services and securities and brokers.
2 Other includes travel and leisure, utilities, personal and household goods, media, technology, automobile and parts, chemicals, telecommunication and insurance, in addition to unclassified.
3 Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.

Industry concentration by EAD Audited Pillar 3

	31 December 2012			
(in millions, Exposure at Default)	Exposure at Default (original obligor)	Percentage of total	Exposure at Default (resultant obligor)	Percentage of total
Industry sector				
Banks	14,597	4.1%	14,251	4.0%
Financial services[1]	10,136	2.9%	10,240	2.9%
Industrial goods and services	18,599	5.3%	18,447	5.2%
Real estate	14,688	4.2%	12,041	3.4%
Oil and gas	8,349	2.3%	8,350	2.4%
Food and beverage	9,093	2.6%	8,997	2.6%
Retail	7,712	2.2%	7,525	2.1%
Basic resources	4,445	1.3%	4,410	1.2%
Healthcare	4,514	1.3%	3,866	1.1%
Construction and materials	3,806	1.1%	3,714	1.1%
Other[2]	43,442	12.2%	43,055	12.2%
Subtotal Industry Classification Benchmark	**139,381**	**39.5%**	**134,896**	**38.2%**
Private individuals (non-Industry Classification Benchmark)	182,285	51.7%	182,391	51.7%
Public administration (non-Industry Classification Benchmark)	31,210	8.8%	35,589	10.1%
Subtotal non-Industry Classification Benchmark	**213,495**	**60.5%**	**217,980**	**61.8%**
Exposure at Default[3]	**352,876**	**100.0%**	**352,876**	**100.0%**

1 Financial services include asset managers, credit card companies and providers of personal financial services and securities and brokers.
2 Other includes travel and leisure, utilities, personal and household goods, media, technology, automobile and parts, chemicals, telecommunication and insurance, in addition to unclassified.
3 Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.

The industry concentration consists for 54% of credit risk exposures to private individuals (non-Industry Classification Benchmark), which consists mainly of residential mortgage loans and, to a lesser extent, consumer loans.

The industry sector industrial goods and services is composed of a broad variety of sub-sectors, including industrial transportation, support services and industrial engineering. The concentration remained fairly stable at 5.4%.

The concentration in the industry sector oil and gas increased 0.9% to 3.1% at year-end 2014, mainly due to more business volume in ECT Clients.

Due to a better allocation of exposures, the other category decreased to EUR 23.9 billion at year-end 2014 compared with EUR 45.8 billion at year-end 2013.

Credit risk mitigation Audited EDTF 30

Offsetting, netting, collateral and guarantees Audited EDTF 30

Financial assets: offsetting, netting and collateral & guarantees Audited EDTF 30

										31 December 2014
	Offset in the statement of financial position			Not offset in the statement of financial position						Net exposure[7]
(in millions)	Carrying amount before balance-sheet netting	Balance sheet netting with gross liabilities	Carrying amount	Master netting agreement[5]	Financial instruments collateral	Property & equipment	Other collateral and guarantees	Total risk mitigation	Surplus collateral[6]	
Financial assets held for trading	**4,071**		**4,071**				**136**	**136**		**3,935**
Derivatives held for trading	45,646	25,916	19,730	13,946				13,946		5,784
Non-trading derivative assets	8,642	3,087	5,555	5,533				5,533		22
Derivatives	**54,288**	**29,003**	**25,285**	**19,479**				**19,479**		**5,806**
Securities financing	**22,054**	**3,543**	**18,511**	**59**	**19,831**			**19,890**	**1,829**	**449**
Interest-bearing deposits	4,051	491	3,560	37				37		3,523
Loans and advances	13,178	1,796	11,382	9,813				9,813		1,569
Other	6,750	11	6,739							6,739
Total loans and receivables - banks[1]	**23,979**	**2,298**	**21,680**	**9,850**				**9,850**		**11,830**
Loans and receivables - customers										
Residential mortgages[2]	159,950	7,952	151,998	25	98	205,730	5,072	210,925	71,635	12,708
Consumer loans	15,936	538	15,398	139	4,361	5,260	48	9,807	1,422	7,013
Commercial loans[2, 3]	108,753	25,893	82,860	3,121	26,146	30,749	8,434	68,450	18,083	32,494
Other loans and receivables - customers[4]	12,681	1,027	11,654	1,585	4,008	2,866	2,488	10,946	2,287	2,994
Total Loans and receivables - customers[1]	**297,321**	**35,411**	**261,910**	**4,870**	**34,613**	**244,605**	**16,041**	**300,129**	**93,427**	**55,208**
Other assets	**1,926**		**1,926**		**2**		**52**	**54**		**1,872**
Total on-balance sheet subject to netting and pledged agreements	**403,639**	**70,255**	**333,383**	**34,258**	**54,446**	**244,605**	**16,229**	**349,538**	**95,256**	**79,101**
Assets not subject to netting and pledged agreements	53,484		53,484							53,484
Total assets	**457,123**	**70,255**	**386,867**	**34,258**	**54,446**	**244,605**	**16,229**	**349,538**	**95,256**	**132,585**
Total off-balance sheet	110,007		110,007	152	2,429	3,250	1,795	7,625	829	103,211
Total on- and off-balance sheet	**567,130**	**70,255**	**496,874**	**34,410**	**56,875**	**247,854**	**18,024**	**357,163**	**96,085**	**235,796**

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Carrying amount includes fair value adjustments from hedge accounting and loan impairment allowances.
3 As of 2014, a refined methodology for reporting of surplus collateral has been applied for ABN AMRO Clearing. This refinement has no impact on the net exposure amount.The historical information is adjusted for comparability purposes.
4 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
5 Master netting agreement includes cash collateral.
6 Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.
7 Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

Financial assets: offsetting, netting and collateral & guarantees Audited EDTF 30

										31 December 2013
	Offset in the statement of financial position			Not offset in the statement of financial position						Net exposure[7]
(in millions)	Carrying amount before balance-sheet netting	Balance sheet netting with gross liabilities	Carrying amount	Master netting agreement[5]	Financial instruments collateral	Property & equipment	Other collateral and guarantees	Total risk mitigation	Surplus collateral[6]	
Financial assets held for trading	**5,548**		**5,548**							**5,548**
Derivatives held for trading	24,210	12,362	11,848	7,670				7,670		4,178
Non-trading derivative assets	2,423		2,423	1,359				1,359		1,064
Derivatives	**26,633**	**12,362**	**14,271**	**9,029**				**9,029**		**5,242**
Securities financing	**21,129**	**2,767**	**18,362**	**593**	**20,806**			**21,399**	**3,712**	**675**
Interest-bearing deposits	16,477	507	15,970	18				18		15,952
Loans and advances	7,621		7,621	6,714				6,714	126	1,033
Other	856	480	376							376
Total loans and receivables - banks[1]	**24,954**	**987**	**23,967**	**6,732**				**6,732**	**126**	**17,361**
Loans and receivables - customers										
Residential mortgages[2]	160,892	7,453	153,439		212	208,018	5,410	213,640	73,178	12,977
Consumer loans	16,774	1,146	15,628		1,889	5,989	77	7,955	235	7,908
Commercial loans[2, 3]	121,618	40,959	80,659	1,574	20,008	28,921	9,086	59,589	10,900	31,970
Other loans and receivables - customers[4]	11,093	3,791	7,302	360	3,440	2,714	159	6,673	2,028	2,657
Total Loans and receivables - customers[1]	**310,377**	**53,349**	**257,028**	**1,934**	**25,549**	**245,642**	**14,732**	**287,857**	**86,341**	**55,512**
Other assets	**2,182**		**2,182**		**2**		**33**	**35**		**2,147**
Total on-balance sheet subject to netting and pledged agreements	**390,823**	**69,465**	**321,358**	**18,288**	**46,357**	**245,642**	**14,765**	**325,052**	**90,179**	**86,485**
Assets not subject to netting and pledged agreements	50,664		50,664							50,664
Total assets	**441,487**	**69,465**	**372,022**	**18,288**	**46,357**	**245,642**	**14,765**	**325,052**	**90,179**	**137,149**
Total off-balance sheet	101,524		101,524		247	1,898	2,173	4,318	306	97,512
Total on- and off-balance sheet	**543,011**	**69,465**	**473,546**	**18,288**	**46,604**	**247,540**	**16,938**	**329,370**	**90,485**	**234,661**

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Carrying amount includes fair value adjustments from hedge accounting and loan impairment allowances.
3 As of 2014, a refined methodology for reporting of surplus collateral has been applied for ABN AMRO Clearing. This refinement has no impact on the net exposure amount.The historical information is adjusted for comparability purposes.
4 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
5 Master netting agreement includes cash collateral.
6 Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.
7 Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

Financial assets: offsetting, netting and collateral & guarantees Audited EDTF 30

										31 December 2012
	Offset in the statement of financial position			Not offset in the statement of financial position						Net exposure[7]
(in millions)	Carrying amount before balance-sheet netting	Balance sheet netting with gross liabilities	Carrying amount	Master netting agreement[5]	Financial instruments collateral	Property & equipment	Other collateral and guarantees	Total risk mitigation	Surplus collateral[6]	
Financial assets held for trading	**4,550**		**4,550**							**4,550**
Derivatives held for trading	39,634	22,380	17,254	9,266				9,266		7,988
Non-trading derivative assets	4,095		4,095	1,961				1,961		2,134
Derivatives	**43,729**	**22,380**	**21,349**	**11,227**				**11,227**		**10,122**
Securities financing	**37,436**	**8,643**	**28,793**	**833**	**28,190**			**29,023**	**930**	**700**
Interest-bearing deposits	22,602	1,122	21,480				60	60		21,420
Loans and advances	10,219		10,219	9,437				9,437	27	809
Other	619	135	484		164			164		320
Total loans and receivables - banks[1]	**33,440**	**1,257**	**32,183**	**9,437**	**164**		**60**	**9,661**	**27**	**22,549**
Loans and receivables - customers										
Residential mortgages[2]	164,513	5,848	158,665		346	221,843	4,876	227,065	82,384	13,984
Consumer loans	17,085	885	16,200		1,822	6,716	67	8,605	20	7,615
Commercial loans[2, 3]	134,926	52,793	82,133	2,033	14,065	30,227	9,331	55,656	4,727	31,204
Other loans and receivables - customers[4]	10,555	5,101	5,454	810	2,893	2,537	209	6,449	1,718	723
Total Loans and receivables - customers[1]	**327,079**	**64,627**	**262,452**	**2,843**	**19,126**	**261,323**	**14,483**	**297,775**	**88,849**	**53,526**
Other assets	**2,560**		**2,560**		**2**		**36**	**38**		**2,522**
Total on-balance sheet subject to netting and pledged agreements	**448,794**	**96,907**	**351,887**	**24,340**	**47,482**	**261,323**	**14,579**	**347,724**	**89,806**	**93,969**
Assets not subject to netting and pledged agreements	41,871		41,871							41,871
Total assets	**490,665**	**96,907**	**393,758**	**24,340**	**47,482**	**261,323**	**14,579**	**347,724**	**89,806**	**135,840**
Total off-balance sheet	106,755		106,755		2,436	1,747	1,950	6,133	120	100,742
Total on- and off-balance sheet	**597,420**	**96,907**	**500,513**	**24,340**	**49,918**	**263,070**	**16,529**	**353,857**	**89,926**	**236,582**

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Carrying amount includes fair value adjustments from hedge accounting and loan impairment allowances.
3 As of 2014, a refined methodology for reporting of surplus collateral has been applied for ABN AMRO Clearing. This refinement has no impact on the net exposure amount. The historical information is adjusted for comparability purposes.
4 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
5 Master netting agreement includes cash collateral.
6 Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.
7 Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

The carrying amount of Residential mortgages declined by EUR 1.4 billion to EUR 152.0 billion at 31 December 2014 compared with 31 December 2013, while net exposure declined by EUR 0.3 billion to EUR 12.7 billion.

In Commercial loans, the carrying amount increased by EUR 2.2 billion. Total risk mitigation within Commercial loans increased by EUR 8.9 billion to EUR 68.5 billion at year-end 2014. The increase of total risk mitigation is mainly the result of the increase of surplus collateral. The net exposure increased by EUR 0.5 billion to EUR 32.5 billion in comparison with 31 December 2013.

Surplus collateral is over-collateralisation, and is an additional security if the collateral declines in value.

The total off-balance sheet exposure consists of committed credit facilities, guarantees and other commitments and revocable credit facilities. Revocable credit facilities, for which no collateral is in place, amounted to EUR 79 billion at year-end 2014 (year-end 2013: EUR 72 billion). Although not committed, ABN AMRO is of the opinion that revocable credit facilities are subject to credit risk. Therefore, the total off-balance sheet exposure is reported. Once there is exposure on these facilities, collateralisation will be in place for the vast majority of these facilities.

Financial liabilities: offsetting, netting and collateral & guarantees Audited

								31 December 2014
	Offset in the statement of financial position			Not offset in the statement of financial position				Net exposure
(in millions)	Carrying amount before balance-sheet netting	Balance sheet netting with gross assets	Carrying amount	Master netting agree-ment[1]	Financial instru-ments collateral	Surplus collateral	Total risk mitigation	
Financial liabilities held for trading	**3,759**		**3,759**					**3,759**
Derivatives held for trading	45,754	27,551	18,203	15,155			15,155	3,048
Non-trading derivative liabilities	13,698	1,452	12,246	12,238			12,238	8
Derivatives	**59,452**	**29,003**	**30,449**	**27,393**			**27,393**	**3,056**
Securities financing	**17,461**	**3,543**	**13,918**	**56**	**10,972**	**2,684**	**13,712**	**5,574**
Deposits	16,261	562	15,699	3,786			3,786	11,913
Other	45		45					45
Due to banks	**16,306**	**562**	**15,744**	**3,786**			**3,786**	**11,958**
Deposits	253,017	37,151	215,867	3,176			3,176	212,690
Other borrowings	144		144					144
Due to customers	**253,161**	**37,151**	**216,011**	**3,176**			**3,176**	**212,834**
Other liabilities	**5,470**	**-4**	**5,473**					**5,473**
Total liabilities subject to netting arrangements	**355,609**	**70,255**	**285,353**	**34,410**	**10,972**	**2,684**	**48,067**	**242,655**
Remaining liabilities not subject to netting	86,637		86,637					86,637
Total liabilities	**442,246**	**70,255**	**371,990**	**34,410**	**10,972**	**2,684**	**48,067**	**329,292**

1 Includes cash collateral.

Financial liabilities: offsetting, netting and collateral & guarantees Audited

								31 December 2013
	Offset in the statement of financial position			Not offset in the statement of financial position				Net exposure
(in millions)	Carrying amount before balance-sheet netting	Balance sheet netting with gross assets	Carrying amount	Master netting agreement[1]	Financial instruments collateral	Surplus collateral	Total risk mitigation	
Financial liabilities held for trading	**4,399**		**4,399**					**4,399**
Derivatives held for trading	22,211	12,362	9,849	7,113			7,113	2,736
Non-trading derivative liabilities	7,378		7,378	7,323			7,323	55
Derivatives	**29,589**	**12,362**	**17,227**	**14,436**			**14,436**	**2,791**
Securities financing	**15,033**	**2,767**	**12,266**	**594**	**13,919**	**2,299**	**16,812**	**52**
Deposits	12,720	1,143	11,577	1,782			1,782	9,795
Other	49		49					49
Due to banks	**12,769**	**1,143**	**11,626**	**1,782**			**1,782**	**9,844**
Deposits	260,415	53,178	207,237	1,476			1,476	205,761
Other borrowings	347		347					347
Due to customers	**260,762**	**53,178**	**207,584**	**1,476**			**1,476**	**206,108**
Other liabilities	**7,128**	**15**	**7,113**					**7,113**
Total liabilities subject to netting arrangements	**329,680**	**69,465**	**260,215**	**18,288**	**13,919**	**2,299**	**34,506**	**230,307**
Remaining liabilities not subject to netting	98,239		98,239					98,239
Total liabilities	**427,919**	**69,465**	**358,454**	**18,288**	**13,919**	**2,299**	**34,506**	**328,546**

1 Includes cash collateral.

Financial liabilities: offsetting, netting and collateral & guarantees Audited

	31 December 2012							
	Offset in the statement of financial position			Not offset in the statement of financial position				Net exposure
(in millions)	Carrying amount before balance-sheet netting	Balance sheet netting with gross assets	Carrying amount	Master netting agreement[1]	Financial instruments collateral	Surplus collateral	Total risk mitigation	
Financial liabilities held for trading	**3,722**		**3,722**					**3,722**
Derivatives held for trading	38,756	22,380	16,376	9,190			9,190	7,186
Non-trading derivative liabilities	11,132		11,132	11,093			11,093	39
Derivatives	**49,888**	**22,380**	**27,508**	**20,283**			**20,283**	**7,225**
Securities financing	**28,164**	**8,643**	**19,521**	**833**	**18,547**	**175**	**19,555**	**316**
Deposits	18,206	1,322	16,884	1,621			1,621	15,263
Other	51		51					51
Due to banks	**18,257**	**1,322**	**16,935**	**1,621**			**1,621**	**15,314**
Deposits	265,735	64,473	201,262	1,603			1,603	199,659
Other borrowings	343		343					343
Due to customers	**266,078**	**64,473**	**201,605**	**1,603**			**1,603**	**200,002**
Other liabilities	**4,828**	**89**	**4,739**					**4,739**
Total liabilities subject to netting arrangements	**370,937**	**96,907**	**274,030**	**24,340**	**18,547**	**175**	**43,062**	**231,318**
Remaining liabilities not subject to netting	106,845		106,845					106,845
Total liabilities	**477,782**	**96,907**	**380,875**	**24,340**	**18,547**	**175**	**43,062**	**338,163**

1 Includes cash collateral.

Management of forborne, past due and impaired loans

Forborne exposures Audited

The following table provides an overview of forborne assets, broken down into performing and non-performing assets, specified by type of forbearance measure. Clients in (potential) financial difficulty, where contract amendments have been made since 1 January 2012 which are considered to be a concession made by the bank, have been identified as forborne assets. A contract that is in a recovery phase at the reporting date is not considered forborne.

Overview of forborne assets Audited

31 December 2014

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

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Gross carrying amount includes fair value adjustments from hedge accounting.
3 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Overview of forborne assets Audited

31 December 2013

(in millions)	Gross carrying amount	Performing assets: Temporary modification	Performing assets: Permanent modification	Performing assets: Refinancing	Total performing forborne assets	Non-performing assets: Temporary modification	Non-performing assets: Permanent modification	Non-performing assets: Refinancing	Total non-performing forborne assets	Total forborne assets	Forbearance ratio
Loans and receivables - banks[1]	**23,967**										**0.0%**
Loans and receivables - customers											
Residential mortgages[2]	154,024	961	8	15	984	1,373	4	60	1,437	2,421	1.6%
Consumer loans	16,241	45	61	107	213	60	7	57	124	337	2.1%
Commercial loans[2]	84,330	789	710	2,542	4,041	356	673	1,203	2,232	6,273	7.4%
Other loans and receivables - customers[3]	7,408	40	36	15	91			69	69	160	2.2%
Total Loans and receivables - customers[1]	**262,003**	**1,835**	**815**	**2,679**	**5,329**	**1,789**	**684**	**1,389**	**3,862**	**9,191**	**3.5%**
Total	**285,970**	**1,835**	**815**	**2,679**	**5,329**	**1,789**	**684**	**1,389**	**3,862**	**9,191**	**3.2%**

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Gross carrying amount includes fair value adjustments from hedge accounting.
3 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Overview of forborne assets Audited

		Performing assets				Non-performing assets					31 December 2012
(in millions)	Gross carrying amount	Temporary modification	Permanent modification	Refinancing	Total performing forborne assets	Temporary modification	Permanent modification	Refinancing	Total non-performing forborne assets	Total forborne assets	Forbearance ratio
Loans and receivables - banks[1]	**32,183**										**0.0%**
Loans and receivables - customers											
Residential mortgages[2]	159,035	587	8	8	603	1,163	6	5	1,174	1,777	1.1%
Consumer loans	16,645	21	26	80	127	36	4	38	78	205	1.2%
Commercial loans[2]	86,727	703	517	1,896	3,116	248	318	899	1,465	4,581	5.3%
Other loans and receivables - customers[3]	5,557		15		15	20	64	10	94	109	2.0%
Total Loans and receivables - customers[1]	**267,964**	**1,311**	**566**	**1,984**	**3,861**	**1,467**	**392**	**952**	**2,811**	**6,672**	**2.5%**
Total	**300,147**	**1,311**	**566**	**1,984**	**3,861**	**1,467**	**392**	**952**	**2,811**	**6,672**	**2.2%**

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Gross carrying amount includes fair value adjustments from hedge accounting.
3 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Comparing year-end 2014 with year-end 2013, the total forborne exposure decreased slightly from EUR 9.2 billion to EUR 9.1 billion. This was mainly due to developments in the Residential mortgage and Commercial loan portfolios.

For the year-end 2013 figures, assumptions were applied to the Residential mortgages portfolio. In the first half of 2014, these assumptions were further refined. If we had applied these refined assumptions to the year-end 2013 figure, the forbearance exposure would have been EUR 0.5 billion lower.

The total forbearance exposure within Residential mortgages decreased by EUR 0.6 billion to EUR 1.8 billion at 31 December 2014 compared with EUR 2.4 billion at year-end 2013. Taking into account the refined assumptions for the year-end 2013 figures, the forbearance exposure would have decreased marginally.

The total forborne exposure for Residential mortgages at 31 December 2014 was mainly related to temporarily adjusted payment arrangements within the performing portfolio, whereas at 31 December 2013 it was mainly related to temporary modifications within the non-performing portfolio. This shift is mainly due to an inflow of new forborne clients into the performing portfolio and a reduction in the non-performing forborne portfolio as a result of the assignment of a recovery status to forborne clients.

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

The total forbearance exposure for Commercial loans increased by EUR 0.4 billion to EUR 6.7 billion at 31 December 2014, compared with EUR 6.3 billion at 31 December 2013, due to the inflow of new forborne clients. The rise of non-performing exposure was due to more performing forborne clients that were assigned the default status. The vast majority of forbearance measures were taken by the Financial Restructuring & Recovery (FR&R) department, as they manage most clients in, or potentially in, financial difficulties (both performing and non-performing).

Past due exposures Audited

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

Ageing of past due not classified as impaired Audited

31 December 2014

	Carrying amount		Days past due					
(in millions)	Gross	Assets not classified as impaired	< = 30	> 30 & <= 60	> 60 & <= 90	>90	Total past due but not impaired	Past due ratio
Securities financing	**18,521**	**18,511**						**0.0%**
Loans and receivables - banks[1]	**21,680**	**21,680**						**0.0%**
Loans and receivables - customers								
Residential mortgage[2]	152,536	151,058	3,057	463	118		3,639	2.4%
Consumer loans[3]	16,052	15,184	335	135	38	125	633	3.9%
Commercial loans[2]	86,299	81,310	924	182	51	590	1,747	2.0%
Other loans and receivables - customers[4]	11,783	11,518	72	8	3	12	94	0.8%
Total Loans and receivables - customers[1]	**266,670**	**259,070**	**4,388**	**788**	**210**	**727**	**6,114**	**2.3%**
Other assets	**1,932**	**1,920**	**202**	**19**	**8**	**24**	**253**	**13.1%**
Total	**308,804**	**301,181**	**4,590**	**807**	**218**	**750**	**6,366**	**2.1%**

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Gross carrying amount includes fair value adjustments from hedge accounting.
3 Consumer loans in the programme lending portfolio that are more than 90 days past due are immediately impaired.
4 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Ageing of past due not classified as impaired Audited

31 December 2013

	Carrying amount		Days past due					
(in millions)	Gross	Assets not classified as impaired	< = 30	> 30 & <= 60	> 60 & <= 90	>90	Total past due but not impaired	Past due ratio
Securities financing	18,386	18,363						0.0%
Loans and receivables - banks[1]	23,967	23,967						0.0%
Loans and receivables - customers								
Residential mortgage[2]	154,024	152,285	3,444	519	145		4,108	2.7%
Consumer loans[3]	16,241	15,354	461	115	78	231	885	5.4%
Commercial loans[2]	84,330	79,292	1,426	219	140	565	2,350	2.8%
Other loans and receivables - customers[4]	7,408	7,271	31	2	1	2	36	0.5%
Total Loans and receivables - customers[1]	262,003	254,202	5,362	855	364	798	7,379	2.8%
Other assets	2,187	2,174	48	25	7	9	89	4.1%
Total	306,543	298,706	5,410	880	371	807	7,468	2.4%

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Gross carrying amount includes fair value adjustments from hedge accounting.
3 Consumer loans in the programme lending portfolio that are more than 90 days past due are immediately impaired.
4 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Ageing of past due not classified as impaired Audited

	31 December 2012							
	Carrying amount		Days past due					
(in millions)	Gross	Assets not classified as impaired	< = 30	> 30 & <= 60	> 60 & <= 90	>90	Total past due but not impaired	Past due ratio
Securities financing	**28,821**	**28,797**						**0.0%**
Loans and receivables - banks[1]	**32,183**	**32,183**						**0.0%**
Loans and receivables - customers								
Residential mortgage[2]	159,035	157,531	2,957	518	169		3,644	2.3%
Consumer loans[3]	16,645	15,970	284	116	112	205	717	4.3%
Commercial loans[2]	86,727	80,441	2,766	605	190	694	4,255	4.9%
Other loans and receivables - customers[4]	5,557	5,437	10	1	1	2	14	0.3%
Total Loans and receivables - customers[1]	**267,964**	**259,379**	**6,017**	**1,240**	**472**	**901**	**8,630**	**3.2%**
Other assets	**2,564**	**2,551**	**55**				**55**	**2.1%**
Total	**331,532**	**322,910**	**6,072**	**1,240**	**472**	**901**	**8,685**	**2.6%**

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Gross carrying amount includes fair value adjustments from hedge accounting.
3 Consumer loans in the programme lending portfolio that are more than 90 days past due are immediately impaired.
4 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Comparing year-end 2014 with year-end 2013, the total past due decreased significantly to EUR 6.1 billion from EUR 7.4 billion in the total loans and receivables portfolio. This decrease was mainly due to a decline in the <30 day past due exposure for Commercial loans and Residential mortgages.

The decrease in past due exposures on Residential mortgages was the result of active management of the portfolio in arrears, coaching of clients that run a higher risk of getting into arrears and improved economic conditions.

Furthermore, stricter monitoring of Commercial loans and Consumer loans is reflected in a decline in the >30 day past due exposure.

Impaired exposures Audited

Coverage and impaired ratio Audited

(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
					31 December 2014
Securities financing	**18,521**	**10**	**-10**	**100.0%**	**0.1%**
Loans and receivables - banks[1]	**21,680**				**0.0%**
Loans and receivables - customers					
Residential mortgages[2]	152,536	1,478	-408	27.6%	1.0%
Consumer loans	16,052	868	-533	61.4%	5.4%
Commercial loans[2]	86,299	4,989	-3,017	60.5%	5.8%
Other loans and receivables - customers[3]	11,783	265	-115	43.2%	2.3%
Total Loans and receivables - customers[1]	**266,670**	**7,601**	**-4,073**	**53.6%**	**2.9%**
Other assets	**1,932**	**12**	**-5**	**43.7%**	**0.6%**
Total on-balance sheet	**308,804**	**7,622**	**-4,088**	**53.6%**	**2.5%**
Total off-balance sheet	110,011	9		-0.0%	0.0%
Total[4]	**418,815**	**7,632**	**-4,089**	**53.6%**	**1.8%**

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Gross carrying amount includes fair value adjustments from hedge accounting.
3 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
4 Amounts excluding Incurred But Not Identified (IBNI).

Coverage and impaired ratio Audited

(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
					31 December 2013
Securities financing	**18,386**	**23**	**-23**	**100.0%**	**0.1%**
Loans and receivables - banks[1]	**23,967**				
Loans and receivables - customers					
Residential mortgages[2]	154,024	1,739	-472	27.1%	1.1%
Consumer loans	16,241	887	-512	57.7%	5.5%
Commercial loans[2, 3]	84,330	5,038	-3,237	64.3%	6.0%
Other loans and receivables - customers[4]	7,408	137	-86	62.8%	1.8%
Total Loans and receivables - customers[1]	**262,003**	**7,801**	**-4,307**	**55.2%**	**3.0%**
Other assets	**2,187**	**13**	**-5**	**38.5%**	**0.6%**
Total on-balance sheet	**306,543**	**7,837**	**-4,335**	**55.3%**	**2.6%**
Total off-balance sheet	101,525	8			0.0%
Total[5]	**408,068**	**7,845**	**-4,335**	**55.3%**	**1.9%**

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Gross carrying amount includes fair value adjustments from hedge accounting.
3 Includes releases on Madoff and Greek government-guaranteed corporate exposures.
4 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
5 Amounts excluding Incurred But Not Identified (IBNI).

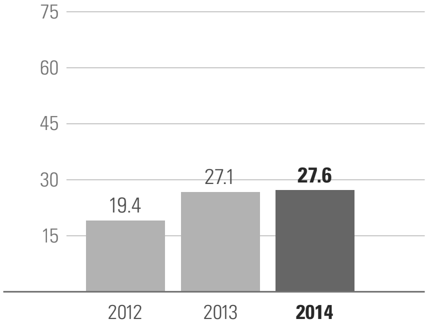
Coverage and impaired ratio Audited

(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
					31 December 2012
Securities financing	**28,821**	**24**	**-24**	**100.0%**	**0.1%**
Loans and receivables - banks[1]	**32,183**				
Loans and receivables - customers					
Residential mortgages[2]	159,035	1,504	-292	19.4%	0.9%
Consumer loans	16,645	675	-392	58.1%	4.1%
Commercial loans[2, 3]	86,727	6,286	-4,253	67.7%	7.2%
Other loans and receivables - customers[4]	5,557	120	-85	70.8%	2.2%
Total Loans and receivables - customers[1]	**267,964**	**8,585**	**-5,022**	**58.5%**	**3.2%**
Other assets	**2,564**	**13**	**-4**	**30.8%**	**0.5%**
Total on-balance sheet	**331,532**	**8,622**	**-5,050**	**58.6%**	**2.6%**
Total off-balance sheet	106,756	7			0.0%
Total[5]	**438,288**	**8,629**	**-5,050**	**58.5%**	**2.0%**

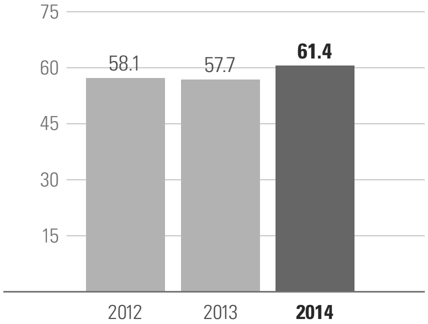
1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Gross carrying amount includes fair value adjustments from hedge accounting.
3 Includes releases on Madoff and Greek government-guaranteed corporate exposures.
4 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
5 Amounts excluding Incurred But Not Identified (IBNI).

Coverage ratio Audited

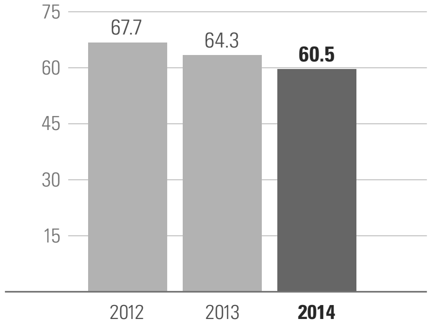
Residential mortgages (in %)



Consumer loans (in %)

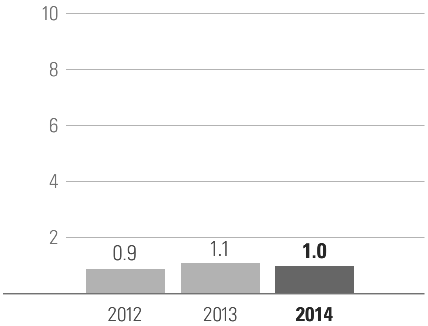


Commercial loans (in %)

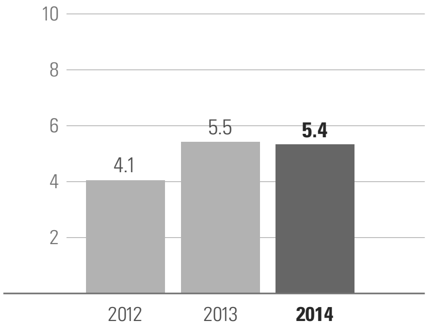


Impaired ratio Audited

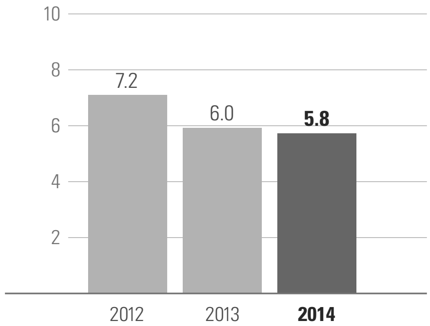
Residential mortgages (in %)



Consumer loans (in %)



Commercial loans (in %)



The coverage ratio for the on-balance sheet exposures declined to 53.6% at year-end 2014 compared with 55.3% at year-end 2013.

For Retail Mortgages the coverage ratio increased marginally to 27.6% at 31 December 2014 compared with 27.1% at 31 December 2013. Impaired exposures decreased in 2014, driven by both higher write-offs of older impaired files and transfers of clients from impaired to regular. At the same time, the Loss Emergence Period was adjusted from 4 to 6 months. On balance, this resulted in a small increase of the coverage ratio.

The coverage ratio for Consumer loans increased to 61.4% at 31 December 2014 from 57.7% at 31 December 2013. The increase in this ratio was related to a rise in allowances for impairments due to the change in the Loss Emergence Period. ABN AMRO adjusted the Loss Emergence Period to 6 months for all Programme Lending portfolios, following an own assessment triggered by the AQR results.

The coverage ratio for Commercial loans declined as a result of lower impaired exposures and, to a lesser extent, lower allowances for impairments. Both impaired exposures and the allowances for impairments were related to write-offs of matured files.

The impaired ratio declined slightly to 2.5% at year-end 2014, compared with 2.6% at year-end 2013. Marginal improvements were noted for Residential mortgages, Consumer loans and Commercial loans.

Loan impairment charges and allowances Audited

Loan impairment charges and allowances Audited Pillar 3 EDTF 28

(in millions)	Securities financing	Commercial loans	Residential mortgages	Consumer loans	Total
Balance as at 1 January 2014	**24**	**3,778**	**585**	**612**	**4,999**
Impairment charges for the period	1	1,359	436	340	2,135
Reversal of impairment allowances no longer required	-16	-583	-228	-81	-908
Recoveries of amounts previously written-off		-13	-11	-36	-60
Total impairment charges on loans and other receivables	**-15**	**763**	**197**	**223**	**1,168**
Amount recorded in interest income from unwinding of discounting		-47	-66	-11	-125
Currency translation differences	2	68			71
Amounts written-off (net)		-1,011	-196	-182	-1,389
Reserve for unearned interest accrued on impaired loans		37	39	-10	65
Other adjustments		-19	-20	22	-17
Balance as at 31 December 2014	**11**	**3,568**	**538**	**654**	**4,771**
Total reported on-balance impairment charges on loans and other receivables	**-15**	**763**	**197**	**223**	**1,168**
Greek releases					
Madoff releases					
Total underlying on-balance impairment charges on loans and other receivables	**-15**	**763**	**197**	**223**	**1,168**

Individual and collective loan impairment allowances Audited

					31 December 2014
(in millions)	Securities financing	Commercial loans	Residential mortgages	Consumer loans	Total
Individual impairment	10	2,847	26	223	3,106
Collective impairment	1	721	512	431	1,665
Balance at 31 December 2014	**11**	**3,568**	**538**	**654**	**4,771**
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	10	5,255	1,478	868	7,611

Loan impairment charges and allowances Audited Pillar 3 EDTF 28

(in millions)	Securities financing	Commercial loans[1]	Residential mortgages	Consumer loans	Total
Balance as at 1 January 2013	28	4,697	370	445	5,540
Impairment charges for the period		1,588	496	462	2,546
Reversal of impairment allowances no longer required	-4	-1,245	-135	-130	-1,514
Recoveries of amounts previously written off		-6	-5	-39	-50
Total impairment charges on loans and other receivables	**-4**	**337**	**356**	**293**	**982**
Amount recorded in interest income from unwinding of discounting		-30	-14	-9	-53
Currency translation differences		-32			-32
Amounts written off (net)		-1,281	-165	-152	-1,598
Reserve for unearned interest accrued on impaired loans		84	31	35	150
Other adjustments		3	7		10
Balance as at 31 December 2013	**24**	**3,778**	**585**	**612**	**4,999**
Total reported on-balance impairment charges on loans and other receivables	**-4**	**337**	**356**	**293**	**982**
Greek releases		432			432
Madoff releases		252			252
Total underlying on-balance impairment charges on loans and other receivables	**-4**	**1,021**	**356**	**293**	**1,666**

[1] Commercial loans includes a release for the Greek government-guaranteed corporate exposures and a release for the Madoff-related collateral.

Individual and collective loan impairment allowances Audited

					2013
(in millions)	Securities financing	Commercial loans	Residential mortgages	Consumer loans	Total
Individual impairment	23	2,996	78	228	3,325
Collective impairment	1	782	507	384	1,674
Balance at 31 December 2013	**24**	**3,778**	**585**	**612**	**4,999**
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	23	5,175	1,739	887	7,824

Loan impairment charges and allowances Audited Pillar 3 EDTF 28

(in millions)	Securities financing	Commercial loans[1]	Residential mortgages	Consumer loans	Total
Balance as at 1 January 2012	26	4,895	281	344	5,546
Impairment charges for the period	7	1,055	320	343	1,725
Reversal of impairment allowances no longer required	-5	-406	-67	44	-434
Recoveries of amounts previously written off		-16	-6	-39	-61
Total impairment charges on loans and other receivables	**2**	**633**	**247**	**348**	**1,230**
Amount recorded in interest income from unwinding of discounting		-35	-4	-7	-46
Currency translation differences		-2			-2
Amounts written off (net)		-775	-185	-329	-1,289
Reserve for unearned interest accrued on impaired loans		50	31	14	95
Other adjustments		-69		75	6
Balance as at 31 December 2012	**28**	**4,697**	**370**	**445**	**5,540**
Total reported on-balance impairment charges on loans and other receivables	**2**	**633**	**247**	**348**	**1,230**
Greek releases		125			125
Madoff releases		78			78
Total underlying on-balance impairment charges on loans and other receivables	**2**	**836**	**247**	**348**	**1,433**

1 Commercial loans includes a release for the Greek government-guaranteed corporate exposures and a a release for Madoff-related collateral.

Individual and collective loan impairment allowances Audited

					2012
(in millions)	Securities financing	Commercial loans	Residential mortgages	Consumer loans	Total
Individual impairment	24	4,055	56	191	4,326
Collective impairment	4	642	314	254	1,214
Balance at 31 December 2012	**28**	**4,697**	**370**	**445**	**5,540**
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	24	6,406	1,504	675	8,609

Loan impairment charges on- and off-balance sheet Audited

(in millions)	2014	2013	2012
On-balance sheet	1,168	982	1,230
Off-balance sheet	3	1	-2
Total impairment charges on loans and other receivables	**1,171**	**983**	**1,228**

Underlying impairment charges decreased by 30% to EUR 1.2 billion at year-end 2014 compared with EUR 1.7 billion at year-end 2013. This decline was primarily driven by lower impairments in Commercial loans for an amount of EUR 258 million and, to a lesser extent, in the mortgage portfolio. Including special items of EUR 684 million for Greek- and Madoff-related files, impairment charges increased to EUR 1.2 billion at 31 December 2014 from EUR 1.0 billion at 31 December 2013.

The decrease in impairments in the Commercial loans portfolio was mainly driven by declines in small Commercial Clients. For this portfolio, several measures were taken to increase risk awareness, acceptance criteria were tightened and files with a higher risk profile were proactively managed. However, the decrease in impairments was not visible across all industry sectors, as some sectors are struggling to adapt to structural changes, for example retail non-food, inland freight shipping and horticulture.

Impairments for Residential mortgages declined as a result of the improved Dutch housing market. In addition, we were able to successfully manage the files with long-term payment arrears, which also resulted in lower impairments.

Impairments for Consumer loans decreased from EUR 293 million at 31 December 2013 to EUR 223 million at 31 December 2014, although they are still at elevated levels. The decline was smaller than in other portfolios.

Forborne, past due and impaired loans split by geography and industry Pillar 3

Forborne, past due and impaired loans split by geography Pillar 3

(in millions)	Forborne exposure	Exposures past due, but not impaired	Impaired exposures	Allowances for impairments	Impairment charges for the period
					31 December 2014
The Netherlands	8,120	5,791	6,252	-3,074	1,036
Rest of Europe	518	449	646	-416	100
USA	17	3	60	-47	21
Asia	104	36	54	-29	-3
Rest of the world	314	87	611	-522	-3
Total On-balance	**9,074**	**6,366**	**7,622**	**-4,088**	**1,151**
Off-balance			9	-0	-0
Total[1]	**9,074**	**6,366**	**7,632**	**-4,089**	**1,151**

	Forborne exposure	Exposures past due, but not impaired	Impaired exposures	Allowances for impairments	Impairment charges for the period
					31 December 2013
The Netherlands	8,165	6,376	6,375	-3,224	1,362
Rest of Europe	648	857	672	-457	-366
USA	15	12	95	-90	-244
Asia	46	90	104	-63	52
Rest of the world	317	133	591	-501	3
Total On-balance	**9,191**	**7,468**	**7,837**	**-4,335**	**807**
Off-balance			8		
Total[1]	**9,191**	**7,468**	**7,845**	**-4,335**	**807**

1 Amounts excluding Incurred But not Identified (IBNI).

Total forborne, past due and impaired exposure decreased at year-end 2014 compared with year-end 2013.

In the Netherlands, impaired exposure and allowances for impairments in the Netherlands decreased slightly at year-end 2014 compared with year-end 2013. Impairment charges declined significantly to EUR 1.0 billion at 31 December 2014 from EUR 1.4 billion at 31 December 2013. This decline was mainly driven by small-sized Commercial Clients and, to a lesser extent, due to improvements in the Dutch Residential mortgage portfolio as a result of the improved housing market. Smaller movements were recorded in the regions outside the Netherlands.

The largest decline in forborne exposure is observed for the rest of Europe. Forborne exposure in rest of Europe declined by EUR 130 million to EUR 518 million at 31 December 2014 from EUR 648 million at 31 December 2013. Forborne exposure in Asia more than doubled, which was mainly due to the inflow of two new forborne files.

Past due exposure decreased to EUR 6.4 billion at year-end 2014 compared with EUR 7.5 billion at 31 December 2013. The main decline was recorded in the Netherlands, with a decrease of EUR 0.6 billion and to lesser extent the region rest of Europe, with a decline of EUR 0.4 billion. Decline in past due was mainly the result of active management of the portfolio in arrears, stricter monitoring of our clients and improved economic conditions.

Forborne, past due and impaired loans split by industry Pillar 3

	31 December 2014								
(in millions)	Exposure at Default	Forborne exposures	Forborne ratio (EaD)	Exposures past due, but not impaired	Past due ratio (EaD)	Impaired exposures	Impaired ratio (EaD)	Allowances for impairments for identified credit risk	Impairment charges for the period
Industry sector									
Banks	16,459		0.0%		0.0%	10	0.1%	-10	-15
Financial services[1]	9,480	127	1.3%	164	1.7%	813	8.6%	-693	-22
Industrial goods and services	18,747	1,838	9.8%	550	2.9%	1,328	7.1%	-703	289
Real estate	14,480	1,265	8.7%	234	1.6%	793	5.5%	-390	68
Oil and gas	10,529	467	4.4%	8	0.1%	119	1.1%	-76	27
Food and beverage	10,910	918	8.4%	400	3.7%	544	5.0%	-245	59
Retail	4,418	633	14.3%	184	4.2%	630	14.3%	-355	172
Basic resources	4,005	132	3.3%	37	0.9%	212	5.3%	-152	38
Healthcare	5,276	405	7.7%	16	0.3%	65	1.2%	-39	6
Construction and materials	2,922	448	15.3%	73	2.5%	371	12.7%	-254	43
Other[2]	23,915	614	2.6%	417	1.7%	422	1.8%	-255	77
Subtotal Industry Classification Benchmark	**121,141**	**6,845**	**5.7%**	**2,084**	**1.7%**	**5,308**	**4.4%**	**-3,170**	**742**
Private individuals (non-Industry Classification Benchmark)	186,704	2,211	1.2%	4,282	2.3%	2,324	1.2%	-918	409
Public administration (non-Industry Classification Benchmark)	37,239	18	0.0%		0.0%		0.0%	-0	
Subtotal non-Industry Classification Benchmark	**223,943**	**2,228**	**1.0%**	**4,282**	**1.9%**	**2,324**	**1.0%**	**-918**	**409**
Total[3), 4)]	**345,084**	**9,074**	**2.6%**	**6,366**	**1.8%**	**7,632**	**2.2%**	**-4,089**	**1,151**

1 Financial services include asset managers, credit card companies and providers of personal financial services and securities and brokers.
2 Other includes, personal and household goods, media, technology, automobiles and parts, chemicals, telecommunication and insurance, in addition to unclassified.
3 Amounts excluding Incurred But Not Identified (IBNI).
4 Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.

Forborne, past due and impaired loans split by industry Pillar 3

	31 December 2013								
(in millions)	Exposure at Default	Forborne exposures	Forborne ratio (EAD)	Exposures past due, but not impaired	Past due ratio (EAD)	Impaired exposures	Impaired ratio (EAD)	Allowances for impairments for identified credit risk	Impairment charges for the year
Industry sector									
Banks	16,990		0.0%		0.0%	23	0.1%	-23	-1
Financial services[1]	7,935	105	1.3%	110	1.4%	720	9.1%	-674	-149
Industrial goods and services	18,024	2,018	11.2%	414	2.3%	1,374	7.6%	-721	-104
Real estate	14,068	1,231	8.8%	442	3.1%	819	5.8%	-520	119
Oil and gas	7,581	357	4.7%	224	3.0%	105	1.4%	-104	26
Food and beverage	8,575	888	10.4%	392	4.6%	421	4.9%	-250	94
Retail	7,302	596	8.2%	235	3.2%	517	7.1%	-292	144
Basic resources	4,498	189	4.2%	185	4.1%	208	4.6%	-121	7
Healthcare	4,221	116	2.7%	21	0.5%	48	1.1%	-25	11
Construction and materials	3,196	344	10.8%	116	3.6%	381	11.9%	-271	76
Other[2]	45,831	850	1.9%	343	0.7%	652	1.4%	-413	18
Subtotal Industry Classification Benchmark	**138,221**	**6,694**	**4.8%**	**2,482**	**1.8%**	**5,268**	**3.8%**	**-3,414**	**241**
Private individuals (non-Industry Classification Benchmark)	181,011	2,482	1.4%	4,986	2.8%	2,577	1.4%	-921	566
Public administration (non-Industry Classification Benchmark)	21,301	15	0.1%		0.0%		0.0%		
Subtotal non-Industry Classification Benchmark	**202,312**	**2,497**	**1.2%**	**4,986**	**2.5%**	**2,577**	**1.3%**	**-921**	**566**
Total[3), 4)]	**340,533**	**9,191**	**2.7%**	**7,468**	**2.2%**	**7,845**	**2.3%**	**-4,335**	**807**

1 Financial services include asset managers, credit card companies and providers of personal financial services and securities and brokers.
2 Other includes, personal and household goods, media, technology, automobiles and parts, chemicals, telecommunication and insurance, in addition to unclassified.
3 Amounts excluding Incurred But Not Identified (IBNI).
4 Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.

Forborne, past due and impaired loans split by industry Pillar 3

								31 December 2012	
(in millions)	Exposure at Default	Forborne exposures	Forborne ratio (EAD)	Exposures past due, but not impaired	Past due ratio (EAD)	Impaired exposures	Impaired ratio (EAD)	Allowances for impairments for identified credit risk	Impairment charges for the year
Industry sector									
Banks	14,597		0.0%		0.0%	24	0.2%	-24	
Financial services[1]	10,136	81	0.8%	198	2.0%	1,237	12.2%	-1,101	-5
Industrial goods and services	18,599	1,540	8.3%	908	4.9%	2,275	12.2%	-1,422	12
Real estate	14,688	1,066	7.3%	664	4.5%	696	4.7%	-458	308
Oil and gas	8,349	19	0.2%	178	2.1%	106	1.3%	-106	5
Food and beverage	9,093	596	6.6%	878	9.7%	401	4.4%	-203	41
Retail	7,712	440	5.7%	360	4.7%	415	5.4%	-231	67
Basic resources	4,445	112	2.5%	92	2.1%	259	5.8%	-215	129
Healthcare	4,514	110	2.4%	165	3.7%	43	1.0%	-19	10
Construction and materials	3,806	246	6.5%	124	3.3%	360	9.5%	-247	73
Other[2]	43,442	520	1.2%	918	2.1%	661	1.5%	-354	89
Subtotal Industry Classification Benchmark	**139,381**	**4,730**	**3.4%**	**4,485**	**3.2%**	**6,477**	**4.6%**	**-4,380**	**729**
Private individuals (non-Industry Classification Benchmark)	182,285	1,853	1.0%	4,108	2.3%	2,095	1.1%	-617	356
Public administration (non-Industry Classification Benchmark)	31,210	89	0.3%	92	0.3%	57	0.2%	-53	24
Subtotal non-Industry Classification Benchmark	**213,495**	**1,942**	**0.9%**	**4,200**	**2.0%**	**2,152**	**1.0%**	**-670**	**380**
Total[3), 4)]	**352,876**	**6,672**	**1.9%**	**8,685**	**2.5%**	**8,629**	**2.4%**	**-5,050**	**1,109**

1 Financial services include asset managers, credit card companies and providers of personal financial services and securities and brokers.
2 Other includes, personal and household goods, media, technology, automobiles and parts, chemicals, telecommunication and insurance, in addition to unclassified.
3 Amounts excluding Incurred But Not Identified (IBNI).
4 Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.

Total forborne exposures decreased by EUR 117 million to EUR 9.1 billion at year-end 2014 from EUR 9.2 billion at year-end 2013. The main contributors to this reduction were the industry sectors industrial goods and services and private individuals (Non-ICB). This decrease in forborne exposure was partly offset by an increase in forborne exposure in the industry sector healthcare, which mainly reflects the inflow of one new forborne client.

Total impaired credit risk exposures, total allowances for impairments and impairment charges for the period changed slightly at year-end 2014 compared with year-end 2013. Concentration of the total impaired portfolio towards the Industrial goods and services industry decreased as a result of a combination of write-offs, releases and newly impaired clients. There were increases for existing impaired loans in the inland freight shipping industry. At the same time, there were write-offs for transport and logistics and a number of smaller exposures in the inland freight shipping industry. Following the development in the restructuring process, a material release was realised in this portfolio.

In the industry sector real estate write-offs were reported for fully provisioned files. At the same time, there was some inflow into the impaired real estate exposures.

The level of impairments as well as the size of the impaired portflio for clients active in the retail industry increased in 2014. Impairment charges were registered for new impaired files.

Developments in specific portfolios

The following section provides a more detailed overview of the developments in specific portfolios and products.

Residential mortgages

The housing market showed a strong recovery in 2014. The housing price index of Statistics Netherlands (CBS) increased by nearly 1%. According to CBS, the number of houses sold was up by more than 39% compared with 2013. The strong recovery in the Dutch housing market was supported by fiscal incentives, of which the elevated gift tax exemption had the most visible effect in the fourth quarter of 2014.

In 2014, the Dutch government further constrained the capacity to borrow. The maximum amount for government-guaranteed loans (NHG) was reduced from EUR 290,000 to EUR 265,000 at 1 July 2014 and will be further reduced to ultimately EUR 225,000 in 2016, which is considered to be the average house price. NHG introduced new conditions on 1 January 2014 that make it possible to refinance residual debt (on existing NHG loans). At the same time, an own risk for mortgage lenders of 10% was introduced for new NHG loans.

The government will further restrict home financing by reducing the maximum Loan-to-Market Value (LtMV) of a mortgage loan from 104% in 2014 to 100% in 2018. Since 2013, new mortgages must be redeemed fully (100%) during the term of the loan based on an annuity or linear scheme in order to be eligible for tax deductibility. Mortgage loans that existed at 31 December 2012 are not impacted by this new legislation.

For all mortgage loans, new and existing, tax deductibility will be gradually reduced in the next 27 years from a maximum of 52% to 38%. In 2015, the maximum bracket for deduction interest will be lowered to 51.0% (2014: 51.5%). So far the housing market has been able to absorb the restrictions.

The Dutch housing market showed a strong improvement and measures taken have been effective. However, further developments are contingent upon how the Dutch economic climate develops. ABN AMRO's new mortgage production volume in 2014 was EUR 8.7 billion, considerably higher than EUR 6.4 billion for the previous year. The NHG part of new production was 50% in 2014 (2013: 46%).

Contractual repayments are gradually starting to grow, reflecting the new fiscal regime. Redemptions rose due to house sales or refinancing. Redemptions also rose in the higher LtMV classes.

Extra repayments grew by 18% to EUR 2.7 billion, a historically high amount. A high amount of EUR 0.6 billion was recorded especially in December 2014. This month traditionally shows higher redemptions than the rest of the year. For 2014, significantly higher extra repayments can be explained by termination of the elevated gift tax exemption combined with our clients' desire to make extra repayments due to low savings interest rates and greater awareness among homeowners of the possibility of residual debt.

Residential mortgage indicators

(in millions)	31 December 2014	31 December 2013
Gross carrying amount	148,402	150,493
- of which Nationale Hypotheek Garantie (NHG)	37,540	35,603
Fair value adjustment from hedge accounting	4,134	3,531
Gross carrying amount including fair value adjustment from hedge accounting	152,536	154,024
Exposure at Default[1]	160,291	160,165
Risk exposure amount[1]	22,062	19,823
Total risk exposure amount/Exposure at Default	13.8%	12.4%
Forbearance ratio	1.2%	1.6%
Past due but not impaired	3,639	4,108
Past due ratio	2.4%	2.7%
Total risk mitigation	210,925	213,640
Average LtMV	83%	84%
Average LtMV - excluding NHG	79%	80%
Coverage ratio	27.6%	27.1%
Impaired ratio	1.0%	1.1%

1 2013 figures are reported under Basel II and 2014 figures are reported using the Basel III (CRD IV/CRR) framework. Under Basel III 2013 pro-forma figures are: EAD EUR 157,902 million; REA EUR 18,840 million.

The gross carrying amount of the Residential mortgage portfolio decreased by EUR 1.5 billion to EUR 152.5 billion at 31 December 2014 from EUR 154.0 billion at 31 December 2013. This decline was caused by high redemptions that exceeded new production volume. 25% of the mortgage portfolio consists of NHG-guaranteed loans.

The Exposure at Default remained faily stable at EUR 160.3 billion compared with year-end 2013. REA increased by EUR 2.2 billion, mainly as a result of a review and refinement of the risk parameters used for the residential mortgage portfolio, resulting in an increase of EUR 2.0 billion. The review and refinement was related to the method of calculating the Loss Given Default (LGD) for a part of the residential mortgage portfolio. A more conservative internal data source for loss data is being used, in which realised losses are recognised earlier. This has resulted in a higher LGD and an increase of REA. This way of loss recognition is in line with the leading loss administration for residential mortgages.
The remaining increase of EUR 0.2 billion consists of several minor movements.

The forbearance ratio declined to 1.2% at 31 December 2014, compared with 1.6% at 31 December 2013. This decline was mainly the result of refined assumptions with regard to forborne loans.

The number of clients that went into arrears was significantly lower and more clients were able to recover from arrears. The mortgage portfolio in arrears (past due up to 90 days) decreased to EUR 3.6 billion at 31 December 2014 from EUR 4.1 billion at 31 December 2013. This is the result of a combination of active management of the portfolio in arrears, coaching of clients that run a higher risk of getting into arrears and improved economic conditions.

The coverage ratio of the Residential mortgage portfolio rose slightly to 27.6% at 31 December 2014 from 27.1% at 31 December 2013. This increase was mainly the result of decreased impaired exposures driven by both higher write-offs of older impaired files and transfers of clients from impaired to regular. At the same time, the Loss Emergence Period was adjusted from 4 to 6 months. On balance, this resulted in a small increase of the coverage ratio.

The impaired ratio improved slightly to 1.0% at 31 December 2014 from 1.1% at 31 December 2013.

The increase in the residential property value of mortgages and extra repayments on mortgage loans resulted in a decrease in the average LtMV of the mortgage portfolio to 83% at 31 December 2014 from 84% at December 2013. Excluding NHG, the average LtMV decreased to 79% from 80% in 2014.

Breakdown of residential mortgage portfolio by loan type

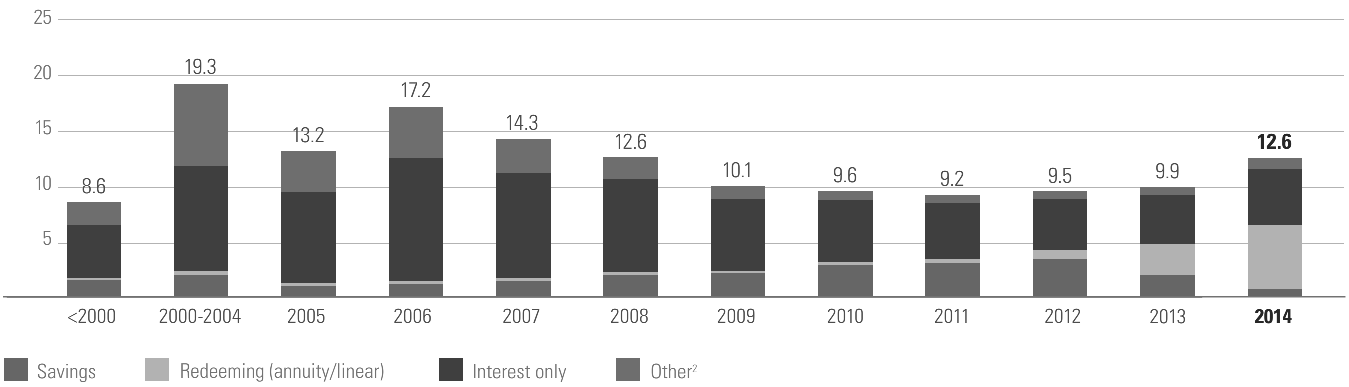
	31 December 2014		31 December 2013	
(in millions)	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total
Interest only (partially)	48,936	33%	50,521	34%
Interest only (100%)	34,081	23%	36,387	24%
Redeeming mortgages (annuity/linear)	11,956	8%	7,020	5%
Savings	23,243	16%	24,674	16%
Life (investment)	20,279	14%	22,248	15%
Other[1]	9,908	7%	9,643	6%
Total	**148,402**	**100%**	**150,493**	**100%**

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

The breakdown of the Residential mortgage portfolio is starting to reflect the impact of the adjusted fiscal regime. Interest-only mortgages decreased to 56% at year-end 2014 compared with 58% at year-end 2013. Redeeming mortgages increased to 8% of the mortgage portfolio at year-end 2014, up from 5% at year-end 2013.

The risk profile of our mortgage portfolio has remained low in recent years and improved further in 2014. This is evidenced by the relatively low impairments over the average loan book in 2014. The long-term LtMV of the bank's portfolio is expected to further decrease as a result of the regulatory reduction of the maximum LtMV on a mortgage loan. Furthermore, fewer customers are expected to face residual debt.

Breakdown of residential mortgage portfolio by year of last modification[1]
(in billions)



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

Historically, residential mortgages in the Netherlands have been composed of different types of mortgages, e.g. a combination of interest-only and savings mortgages. Under the present fiscal regime, new mortgages need to be 100% redeemable in order to be eligible for tax deduction. As a result, new production consists mainly of redemption mortgages. This has led to a gradual shift of the mortgage portfolio to safer redemption types.

Residential mortgages to indexed market value

(in millions)	Gross carrying amount	Percentage of total	- of which Guaranteed	- of which Unguaranteed
				31 December 2014
Loan-to-Market Value category[1]				
<50%	23,707	16.0%	1.7%	14.3%
50% - 80%	36,927	24.9%	4.2%	20.7%
80% - 90%	16,488	11.1%	2.8%	8.3%
90% - 100%	20,396	13.7%	4.5%	9.2%
100% - 110%	21,455	14.5%	5.8%	8.7%
>110%	27,165	18.3%	6.3%	12.0%
Unclassified	2,264	1.5%		
Total	**148,402**	**100%**		
				31 December 2013
<50%	23,726	15.8%	1.6%	14.2%
50% - 80%	36,175	24.0%	3.7%	20.3%
80% - 90%	15,583	10.3%	2.4%	8.0%
90% - 100%	18,842	12.5%	3.3%	9.2%
100% - 110%	21,346	14.2%	5.0%	9.2%
>110%	32,598	21.7%	7.7%	14.0%
Unclassified	2,223	1.5%		
Total	**150,493**	**100%**		

1 Loan-to-Market Value is calculated using the indexation of the CBS (Central Bureau of Statistics).

The increase in the residential property value of mortgages and repayments on mortgage loans with a high LtMV resulted in a decrease in the average LtMV. The number of clients with an indexed LtMV higher than 100% decreased to 32.8% at 31 December 2014 from 35.9% at 31 December 2013. However, LtMVs of more than 100% are not necessarily an indicator that the clients in question are having financial difficulties.

The gross carrying amount of mortgages with an LtMV above 110% decreased to EUR 27.2 billion at 31 December 2014, a decline of EUR 5.4 billion compared with 31 December 2013. The main reasons for these declines were redemptions and extra repayments, which were partly in the LtMV category >110%, together with higher indexed market values that had a positive influence on all LtMV categories. There was no new inflow into the highest LtMV categories because new production had a maximum LtMV of 104%.

Residential mortgages to indexed market value for 100% interest-only

	31 December 2014 Percentage of total	31 December 2013 Percentage of total
Loan-to-Market Value category[1]		
<50%	9%	9%
50% - 70%	7%	7%
70% - 100%	6%	6%
>100%	1%	2%
Total[2]	**23%**	**24%**

1 Loan-to-Market Value is calculated using the indexation of the CBS (Statistics Netherlands).
2 Percentages of the total mortgage portfolio.

The table above shows the breakdown of the LtMV for the 100% interest-only mortgage portfolio. There were fewer clients with interest-only (100%) mortgages. Of the 100% interest-only mortgage portfolio, 1.2% had an LtMV above 100% at 31 December 2014 (31 December 2013: 1.6%). This is a very small part of the total mortgage portfolio. The percentage decreased as a result of higher collateral values, the production in low LtMV classes and also because of voluntary repayments in this category.

Consumer loans

The Consumer loans portfolio (excluding residential mortgages) includes current account-related products, revolving and non-revolving credit facilities and credit cards. Consumer loans are predominantly sold within Retail Banking and Private Banking. This also includes the private labels Alfam and MoneYou for personal loans and International Card Services (ICS) for credit cards.

Consumer loans indicators

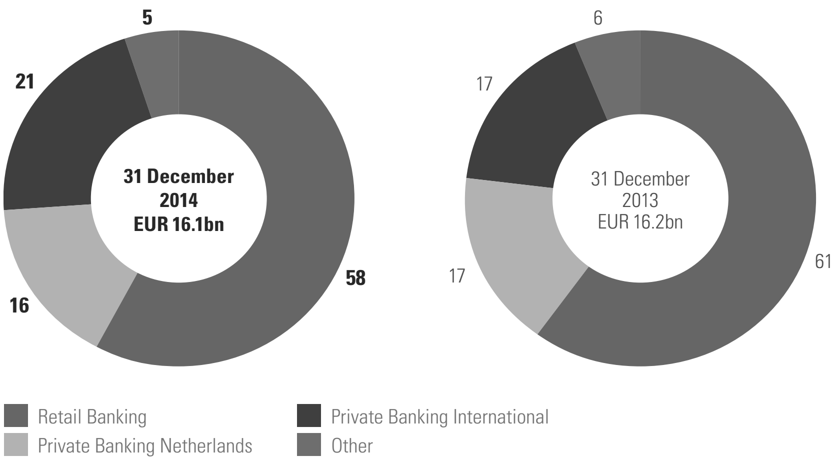
(in millions)	31 December 2014	31 December 2013
Gross carrying amount	16,052	16,241
Forbearance ratio	2.9%	2.1%
Past due but not impaired	633	885
Past due ratio	3.9%	5.4%
Coverage ratio	61.4%	57.7%
Impaired ratio	5.4%	5.5%
Total risk mitigation	9,807	7,955

The carrying amount for Consumer loans remained relatively stable at year-end 2014 compared with year-end 2013. Consumer loans represent around 6% of the total loans and receivables portfolio. The total forborne ratio of Consumer loans increased by 0.8% to 2.9% at 31 December 2014 compared with 2.1% at year-end 2013, due to inflow of new forborne clients.

The past due but not impaired part of the Consumer portfolio decreased to 3.9% at 31 December 2014 compared with 5.4% at 31 December 2013. This large decline was driven by the proactive recession management programme, which was designed to prevent payment problems for clients.

The coverage ratio for the Consumer loans portfolio increased to 61.4% at 31 December 2014, compared with 57.7% at 31 December 2013. The increase was due to the change in Loss Emergence Period. ABN AMRO adjusted the Loss Emergence Period to 6 months for all Programme Lending portfolios, following own assessment triggered by the AQR results.

Consumer loans breakdown
(in %)



Commercial loans

Commercial loans indicators

The Commercial loan portfolio grew to EUR 86.3 billion at 31 December 2014, compared with EUR 84.3 billion at 31 December 2013. The main development in this portfolio was an increase in the ECT Clients portfolio.

The forbearance ratio increased to 7.8% at 31 December 2014, compared with 7.4% at 31 December 2013, due to the inflow of new forborne clients.

The total past due exposure on Commercial loans is trending down as a result of stricter monitoring of our clients.

Real estate

The Dutch property market improved in 2014 due to high demand from investors. This demand resulted in an increase in investment volume as at year-end to the highest level since 2007. Investor demand focused on large portfolios of residential assets that were sold by housing corporations, in contrast to previous years when investor demand focused on prime assets (retail and offices). Investors were willing to buy non-prime assets, creating a great deal of liquidity in the Dutch market. However, demand from users remained subdued as the vacancy rate in retail continued to grow and the vacancy rate in the office segment remained at a structurally high level. Logistical real estate profited from an increase in demand as trade picked up.

ABN AMRO's real estate portfolio has relatively low Loan-to-Values. Loans are based almost exclusively on Dutch property. The loan portfolio consists mainly of investment loans diversified across different asset types. Exposures to office investments as well as land banks are limited. Real estate loans may include additional collateral, e.g. parent company guarantees.

At 31 December 2014, EAD of ABN AMRO's real estate financing as shown in the industry concentration table, according to the ICB Industry code real estate, amounted to EUR 14.5 billion (31 December 2013: EUR 14.1 billion).

Exposures to social housing corporations are included in the real estate exposure for an amount of EUR 4.7 billion, of which EUR 3.2 billion guaranteed by the *Waarborgfonds Sociale Woningbouw* (WSW, a state agency). WSW provides guarantees to lenders granting loans to housing associations for social housing projects and other properties with a social or public function.

The impaired exposure on real estate amounted to EUR 793 million at 31 December 2014. Specific loan impairment charges amounted to EUR 68 million in 2014 and were predominantly taken in the area of office investment. The coverage ratio for real estate was 49% at 31 December 2014 (31 December 2013: 63%).

Commercial Real Estate

Commercial Real Estate (CRE) is defined as 'land or property owned by project developers or investors with the purpose to develop, to trade or to rent the land or property. The credit quality of the counterparty depends on real estate-generating cash flows and income-producing real estate.'

Although largely overlapping, the real estate Industry Classification Benchmark (ICB) categorisation is not equal to Commercial Real Estate. The main differences between real estate and CRE are:

- social housing corporations are not included in CRE;
- corporate unsecured real estate financing is not included in CRE;
- private individual exposures are not included in real estate.

CRE is mainly originated by the businesses Corporate Banking and, to a lesser extent, Retail Banking and Private Banking:

- Corporate-based real estate CRE exposures consist of corporate lending to listed and non-listed institutional real estate investment companies, mainly active in residential and retail assets. In general, real estate collateral is not provided. The client risk is assessed based on overall corporate performance. The risk profile is generally investment grade;
- Asset-based real estate consists of asset-based lending to real estate investment and/or development companies, with fully secured senior loans and, generally, non-recourse. The risk profile materially depends on the credit quality of the client/underlying asset(s). The corporate-based real estate and asset-based real estate portfolios are managed by a dedicated department in;
- CRE exposures to small and medium-sized companies consists of loans collateralised by the underlying real estate asset(s). The risk profile materially depends on the credit quality of the parent and/or debtor;

- Private Banking exposure involves clients that invest in real estate, mainly for investment purposes both in Dutch property and, to a smaller extent, property outside of the Netherlands in countries where ABN AMRO is present. The Private Banking risk profile builds on a combination of the quality of the asset, the credit structure and the underlying credit quality of the wealthy private individual.

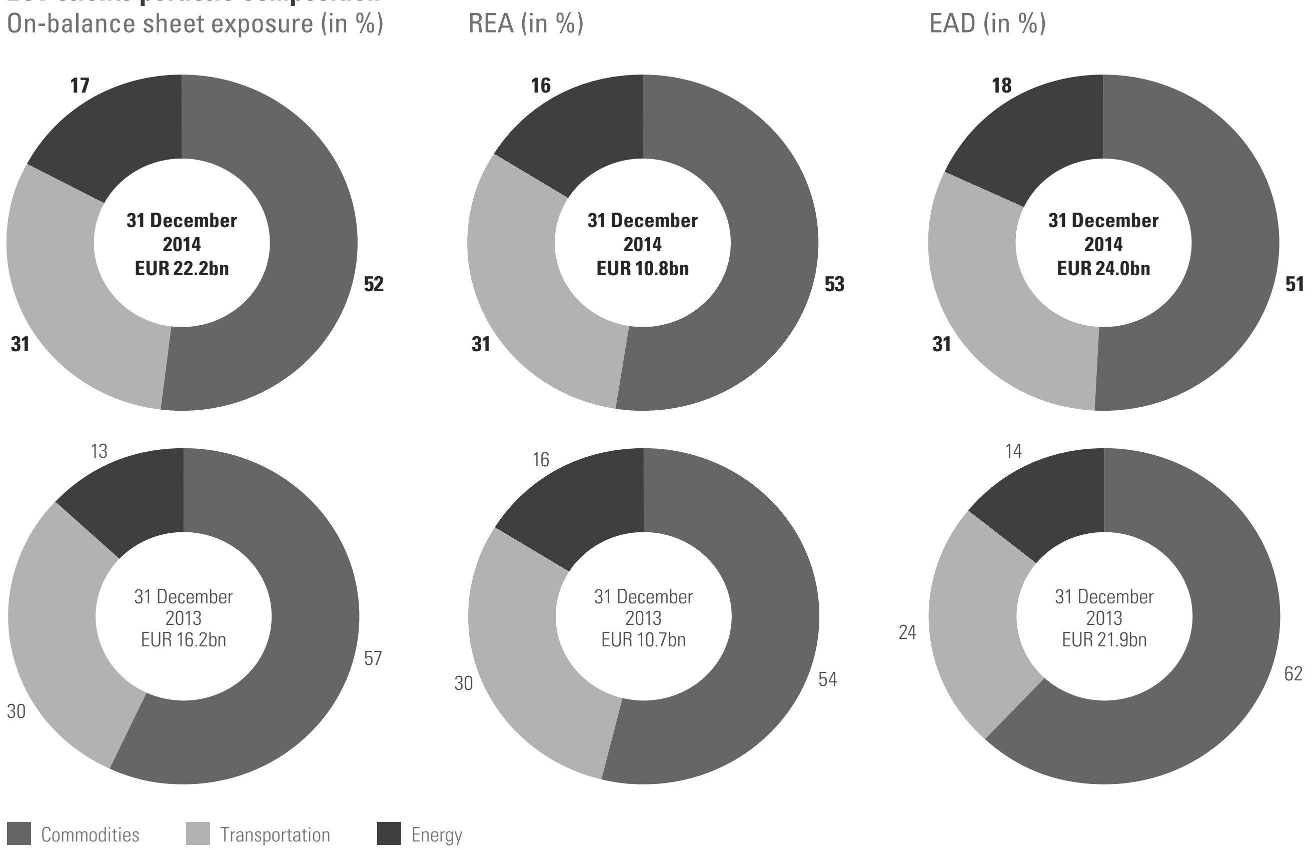
The ECB performed a detailed review of commercial real estate in 2014 during the Asset Quality Review. The outcome of the review, which focused on the adequacy of impairment allowances and REA for CRE, was positive and confirmed that both were adequate.

Energy, Commodities & Transportation Clients (ECT)
ABN AMRO has long-standing experience with financing in the energy, commodities and transportation sectors and provides financial solutions and support to clients across the entire value chain of the ECT industries. ABN AMRO's ECT Clients business benefits from in-depth sector knowledge and an active approach to risk and portfolio management that is embedded in all steps of the credit process. This approach has resulted in a portfolio characterised by low losses over the years. ABN AMRO maintains a controlled growth strategy for ECT Clients that is focused on monitoring and managing the credit risk profile of the portfolio in line with respective market sentiment and trends.

The Energy Clients portfolio consists of a diversified client base in the US upstream and midstream oil and gas sectors and worldwide off-shore services industries, typically characterised by long-term contracts with large oil companies. The Commodities Clients portfolio includes mainly short-term financing to companies active in the worldwide trade, processing and distribution of agricultural commodities (e.g. grains, coffee, cacao), energy commodities (i.e. oil and gas products) and metal commodities, such as iron ore and steel. The Transportation Clients portfolio is diversified in terms of segments with tankers, dry/wet bulk and container carriers. The main focus is on the deep sea shipping industry (in particular modern, economical ships) and the container box industry. The majority of the portfolio has been originated as from 2008, in a period when asset values were relatively low.

Loan impairment charges for ECT Clients as a whole amounted to EUR 54 million in 2014 (2013: EUR 41 million). Specific loan impairment charges were mainly incurred in Commodities and were relatively limited for Energy Clients and Transportation Clients. The cost of risk over 2014, expressed as annualised impairment charges for the period over the on-balance sheet outstanding amount, remained stable at 24bps (2013: 25bps).

ECT clients portfolio composition



The ECT Clients total loan portfolio is mainly USD denominated and amounted to an equivalent of EUR 22.2 billion in on-balance sheet exposure at 31 December 2014 (31 December 2013: EUR 16.2 billion). In line with the strategy to grow, the on-balance sheet business volume grew by EUR 6.0 billion, supported by the 14% appreciation of the US dollar over 2014. Growth was also realised in the off-balance sheet exposure, mainly consisting of guarantees and short-term letters of credit secured by commodities. Including the committed credit lines, the exposure amounted to EUR 12.8 billion at 31 December 2014 (31 December 2013: EUR 12.2 billion). In addition, uncommitted commodity trade finance facilities grew to EUR 21.2 billion at 31 December 2014 (31 December 2013: 16.7 billion).

In terms of on-balance sheet composition over the different ECT sectors, the share of Energy Clients increased and Transportation Clients increased slightly. Commodities Clients remains the largest sector and made up 52% of the ECT Clients loan portfolio, while the remainder comprised loans to Transportation Clients (31%) and Energy Clients (17%). The Principal Finance activities were transferred to the Equity Participations business as from 2014 and are therefore no longer included in the ECT Clients portfolio.

ABN AMRO Clearing

ABN AMRO Clearing is a large service provider in the global securities servicing industry. It caters predominantly to so-called professional trading participants such as market makers, liquidity providers, corporations that need to hedge price risk on futures markets, retail aggregators and financial institutions. The services that are provided include electronic execution, clearing, settlement, custody and asset servicing, securities borrowing and lending and inventory or margin financing. Third-party clearing (guaranteeing the performance of its clients to the Central Clearing Houses around the world) is the core service offering.

Sound risk management is a cornerstone in the ABN AMRO Clearing business model. Risk centres are operated in every time zone, and these local risk centres are supported and governed by various risk functions at the head office in Amsterdam. The local risk management staff monitors client activity on a daily and intraday basis to ensure that all clients remain within the risk parameters and limits that are approved by the bank's risk committees.

All client exposure is fully collateralised. For the potential exposures that result from client portfolios, clients need to deposit collateral with ABN AMRO Clearing which is re-assessed on a daily basis. These so-called margin requirements are based both on realised changes in the value of the client portfolios and on potential changes based on very conservative scenario analyses and stress tests that are conducted on a daily and intraday basis.

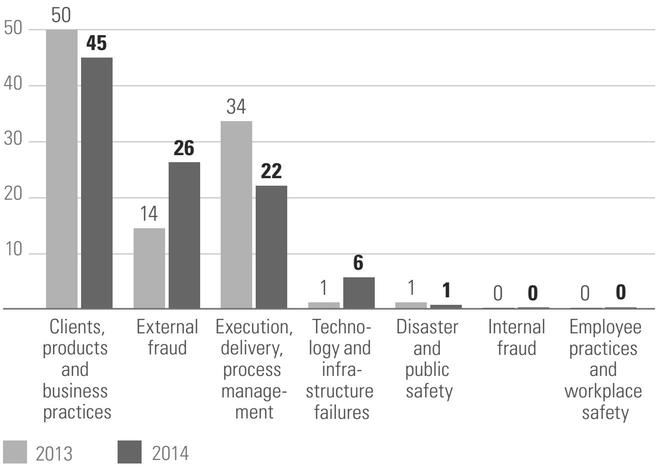
Due to the nature of ABN AMRO Clearing's activities, its financial assets and liabilities are generally of a short-term nature. ABN AMRO Clearing devotes a great deal of attention to the operational risk component of its business model. Dedicated staff members constantly monitor the operational risk profile of the global firm by keeping track of up-to-date operating procedures, potential operational losses, proper follow-up of audit points, security management, business continuity testing, etc.

The strong focus on all risk types has resulted in a very favourable track record, i.e. ABN AMRO Clearing has not suffered significant losses over the past few years. In 2014, the total credit loss was around 0.25bps on the total outstanding credit limits of EUR 27.1 billion.

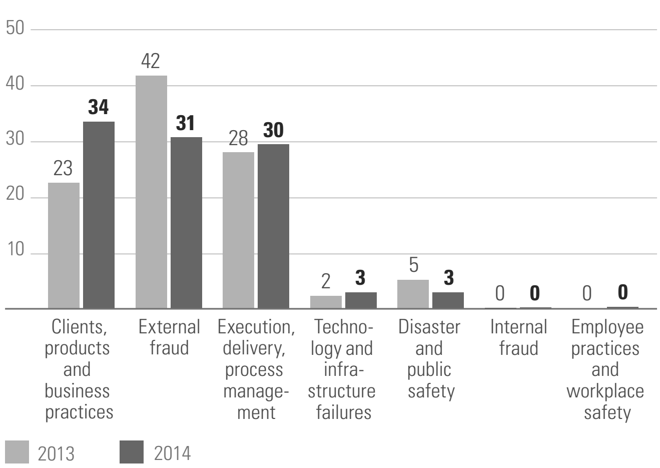
Operational risk EDTF 31

Operational risk by risk type

Operational losses by event category
% of total loss amount



% of total number of losses



Three event categories dominate the operational losses of ABN AMRO, as shown in the graphs above, which depict the relative portion of each category. In absolute amounts, losses in each of these three categories decreased significantly in 2014. The downward trend in the number of losses due to gas attacks, skimming, malware and phishing continued. This resulted in a decrease in the loss amount of external fraud. However, the decrease in loss amounts in the other two dominant event categories was stronger, and therefore the relative portion of external fraud has grown.

Cybercrime

ABN AMRO is faced with the constant threat of cybercrime by organised crime groups, activists and/or ill-intentioned employees. We therefore continuously monitor the cybercrime threat and adjust the bank's defences where necessary. In 2014, the volume of phishing, malware and card theft attacks remained substantial. The bank's security controls were further strengthened throughout the year, resulting in very low losses despite this persistent volume of attacks, and our customers did not experience any decrease in service availability due to cybercrime.

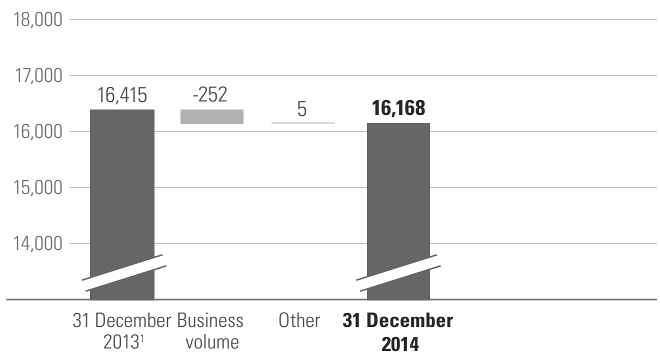
Business continuity

For incidents/crises threatening the continuity of critical business processes, business continuity mitigation controls are in place such as crisis management, business relocation plans and IT disaster recovery plans. During 2014, ABN AMRO's crisis management organisation proved to be stable and able to respond to incidents and crises – mainly IT outages – in order to assure recovery of these business processes within an acceptable timeframe.

Regulatory capital Pillar 3

The bank's own funds for operational risks in 2014 were calculated based on the Standardised Approach (TSA). Under the TSA, gross income figures are mapped to a set of prescribed Basel II business lines such as Retail, Payments and Trading & Sales. Depending on the business line, a percentage (predefined by the directives) is applied for calculating capital for that business line. The TSA capital for the bank is the sum of the TSA capital for each business line.

REA flow statement operational risk EDTF 16
(in millions)



[1] No REA impact from CRR/CRD IV on operational risk.

Market risk

ABN AMRO is exposed to market risk in its trading book and banking book. The following table represents the market risk factors to which the different assets and liabilities of the balance sheet are sensitive.

Total market risk exposure

Market risk exposure traded and non-traded risk EDTF 22

	31 December 2014			31 December 2013			
	Carrying amount	Market risk measure		Carrying amount	Market risk measure		Primary risk sensitivity
(in millions)		Traded risk	Non-traded risk		Traded risk	Non-traded risk	
Assets subject to market risk							
Cash and balances at central banks	706		706	9,523		9,523	Interest rate
Financial assets held for trading	9,017	9,017		12,019	12,019		Interest rate/equity/FX/commodities/credit spread
Derivatives	25,285	19,730	5,555	14,271	11,848	2,423	Interest rate/equity/FX/commodities/credit spread
Financial investments	41,466		41,466	28,111		28,111	Interest rate/FX/credit spread
Securities financing	18,511		18,511	18,362		18,362	Interest rate/FX
Loans and receivables - banks	21,680		21,680	23,967		23,967	Interest rate/FX
Loans and receivables - customers	261,910		261,910	257,028		257,028	Interest rate/FX
Other assets	8,292		8,292	8,741		8,741	
Total assets	**386,867**	**28,746**	**358,121**	**372,022**	**23,867**	**348,155**	
Liabilities subject to market risk							
Financial liabilities held for trading	3,759	3,759		4,399	4,399		Interest rate/equity/FX/commodities/credit spread
Derivatives	30,449	18,203	12,246	17,227	9,849	7,378	Interest rate/equity/FX/commodities/credit spread
Securities financing	13,918		13,918	12,266		12,266	Interest rate/FX
Due to banks	15,744		15,744	11,626		11,626	Interest rate/FX
Due to customers	216,011		216,011	207,584		207,584	Interest rate/FX
Issued debt	77,131		77,131	88,682		88,682	Interest rate/FX
Subordinated liabilities	8,328		8,328	7,917		7,917	Interest rate
Other liabilities	6,652		6,652	8,753		8,753	
Total liabilities	**371,990**	**21,962**	**350,028**	**358,454**	**14,248**	**344,206**	
Equity	14,877		14,877	13,568		13,568	
Total liabilities and equity	**386,867**	**21,962**	**364,905**	**372,022**	**14,248**	**357,774**	

Activities in the trading book are sensitive to multiple risk factors. As stated in the paragraphs on market risk in the trading book, the overall sensitivity to these risk factors is carefully managed to remain within the risk appetite of the bank. Most assets and liabilities in the banking book are to a large extent sensitive to interest rate risk. Some of the assets and liabilities are also sensitive to FX risk; however, ABN AMRO minimises this risk through hedging.

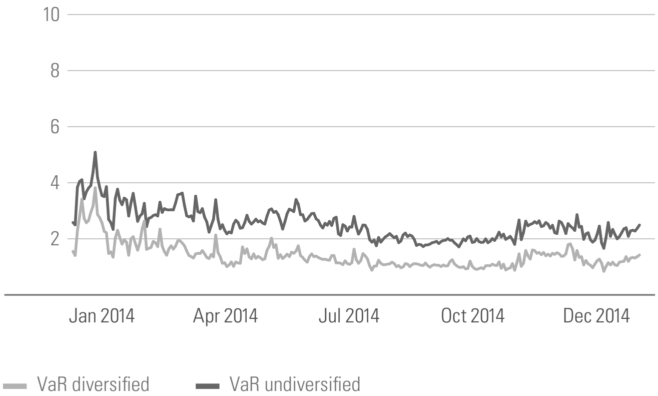
Market risk in the trading book

Market risk exposure EDTF 23

The graph below shows the total VaR ('VaR diversified') as well as aggregation of the stand-alone risk factors ('VaR undiversified').

ABN AMRO applies a diversified portfolio VaR approach. This approach takes into account that returns across risk factors may offset one another to a certain extent and consequently reduce risk. As long as those returns are not perfectly correlated to one another, VaR figures based on a diversified portfolio approach will be lower compared with the figures when using undiversified VaR. Undiversified VaR means that the VaR figures computed for the different risk factors are summed up without taking into account any offset across risk factors and therefore denies the potential for risk reduction.

VaR diversified and undiversified EDTF 23
(in millions)



Internal aggregated diversified and undiversified VaR for all trading positions Audited EDTF 23

	2014		2013		2012	
(in millions)	Diversified	Undiversified	Diversified	Undiversified	Diversified	Undiversified
VaR at last trading day of period	1.4	2.5	1.4	2.4	2.2	2.4
Highest VaR	3.8	5.1	5.4	7.1	6.3	9.0
Lowest VaR	0.8	1.6	0.7	1.6	1.3	2.2
Average VaR	1.4	2.5	2.0	3.0	3.0	4.5

During 2014, the average 1-day VaR at a 99% confidence level was EUR 1.4 million compared with EUR 2.0 million in 2013, while the highest VaR was also lower at EUR 3.8 million compared with EUR 5.4 million in 2013. Average undiversified VaR, being the sum of VaR across the FX, Equity Interest Rates and Commodity risk factors, also fell, from EUR 3.0 million in 2013 to EUR 2.5 million in 2014. The lower risk profile reflects the exit from Equity Derivatives trading from 2014 onwards.

Market risk in the banking book Audited

Market risk in the banking book, mainly interest rate risk, is the risk of a yield curve development that is unfavourable for the bank. Other market risks are limited in the banking book, either through hedging (foreign exchange rate) or in general (other market risk types).

Market risk exposure

The table below shows the interest rate risk metrics at year-end 2014 and 2013.

Interest rate risk metrics Pillar 3 EDTF 23

	31 December 2014	31 December 2013
NII-at-risk (in %)	2.2	5.4
Duration of equity (in years)	4.0	4.3
VaR banking book (in millions)[1]	959	956

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

In 2014, interest rates for the euro decreased over the full yield curve to historically low levels. In line with these developments and the outlook for interest rate developments, the duration position was kept around the same level during 2014 to benefit from this low interest rate environment. The VaR of the banking book was at the same level as the year before. The NII-at-Risk decreased compared with last year, indicating a lower net interest income sensitivity to an upward trend in the yield curve.

Regulatory capital market risk Pillar 3 EDTF 23

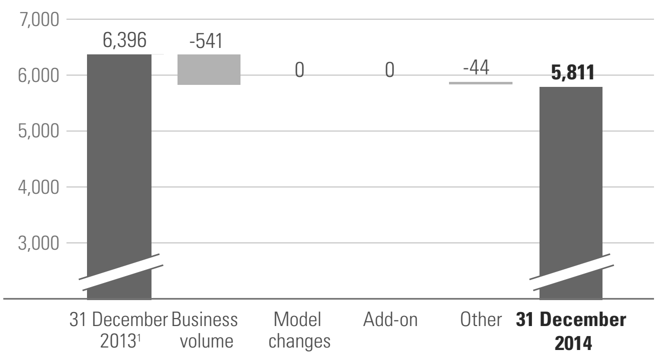
Capital requirement and risk exposure amount
Pillar 3 EDTF 23

	31 December 2014		31 December 2013	
(in millions)	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
Position risk in traded debt instruments	122	1,524	139	1,735
Position risk in equities	6	76	23	281
Foreign exchange risk				
Commodity risk	17	211	30	380
Add-on	320	4,000	320	4,000
Total	**465**	**5,811**	**512**	**6,396**

The above table shows the composition of the trading books of ABN AMRO, broken down by risk factor and required regulatory capital/risk exposure amount.

REA decreased to EUR 5.8 billion at 31 December 2014 compared with EUR 6.4 billion at 31 December 2014. This decline was related to lower REA amounts for traded debt instruments position and, to a lesser extent, lower REA in equities positions.

REA flow statement market risk EDTF 16
(in millions)



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

Liquidity risk

Liquidity risk management

Liquidity risk indicators

	31 December 2014	31 December 2013
Going concern liquidity management		
Survival period	>12 months	>12 months
Loan-to-Deposit ratio (in %)	116.5%	120.6%
Contingency liquidity risk management		
Available liquidity buffer (in billions)	73.9	75.9
Basel III		
LCR ratio	>100%	100%
NSFR ratio	>100%	>100%

The survival period was >12 months at 31 December 2014 (equal to 31 December 2013) and is comfortably above the internally set minimum requirement.

The LtD ratio improved from 120.6% at 31 December 2013 to 116.5% at 31 December 2014, mainly due to higher customer deposits. The following table shows the development of the LtD ratio over the last three years.

Loan-to-Deposit ratio Audited EDTF 18

(in millions)		31 December 2014		31 December 2013		31 December 2012
Loans and receivables - customers[1]		**261,910**		257,028		262,452
Gross up savings in mortgage linked saving products		7,571		7,236		6,574
Deductions						
Selected current accounts related to ABN AMRO Clearing Bank	4,806		2,053			
Fair value adjustment from hedge accounting	5,739		4,399		6,041	
Total deductions		-10,546		-6,452		-6,041
Adjusted Loans and receivables - customers		**258,935**		**257,812**		**262,985**
Due to customers[1]		**216,011**		207,584		201,605
Gross up savings in mortgage linked saving products		7,571		7,236		6,574
Debt certificates issued through Groenbank BV		103		227		353
Fiduciary deposits		422		749		4,233
Deductions						
Deposits from Dutch State Treasury Agency (DSTA)		-1,900		-2,100		-2,100
Adjusted Due to customers		**222,207**		**213,696**		**210,665**
Loan-to-Deposit ratio (LtD)		**116.5%**		**120.6%**		**124.8%**

[1] Excluding securities financing due to the new presentation of the balance sheet.

The liquidity buffer amounted to EUR 73.9 billion at 31 December 2014, down from EUR 75.9 billion at 31 December 2013. Most of the securities in the liquidity buffer, with the exception of the retained RMBS, are eligible for the LCR. The main driver behind the decrease in the liquidity buffer is the decline in the cash position, largely offset by the purchase of government bonds.

The composition of the liquidity buffer is shown in the following table. As our internal assessment of the eligibility and haircut for several liquidity instruments deviates from the Basel III regulation, liquidity values may deviate. Since our internal haircut on government bonds is higher than that of the LCR, the liquidity buffer value is lower than the LCR eligible amount.

Further information on the composition of the government bond portfolio is provided in note 15 to the Annual Financial Statements.

Liquidity buffer composition Audited EDTF 18

	31 December 2014			31 December 2013			31 December 2012		
	Liquidity buffer	of which LCR eligible		Liquidity buffer	of which LCR eligible		Liquidity buffer	of which LCR eligible	
(in billions, liquidity value)		Level 1	Level 2		Level 1	Level 2		Level 1	Level 2
Cash & Central Bank deposits	5.3	5.3		16.8	16.8		19.0	19.0	
Government bonds	27.3	28.3		18.0	18.8		11.8	12.3	
Covered bonds	2.0		1.8	2.2		1.9	2.3		2.1
RMBS retained	31.8			33.1			29.3		
Third party RMBS	1.0		0.8	1.1		0.9	1.0		
Other	6.5	1.9	1.8	4.7	0.6	2.1	4.6	0.2	1.2
Total	**73.9**	**35.6**	**4.4**	**75.9**	**36.2**	**4.9**	**68.0**	**31.5**	**3.3**

Despite the decrease in liquidity buffer, the LCR rose above 100% at 31 December 2014 compared with 100% at 31 December 2013. The NSFR remained comfortably above 100% in 2014.

The following table shows the breakdown per currency of the liquidity buffer.

Liquidity buffer currency diversification Audited EDTF 18

(in billions, liquidity value)	31 December 2014	31 December 2013	31 December 2012
EUR	68.5	73.1	66.2
USD	2.1	1.7	1.5
GBP	0.3	0.2	0.2
CHF	0.6	0.2	
Other	2.4	0.7	0.1
Total	**73.9**	**75.9**	**68.0**

The monthly averages for 2014, 2013 and 2012 are shown in the table below:

Liquidity buffer composition - monthly average Audited

(in billions, liquidity value)	2014	2013	2012
Cash & Central Bank deposits	5.6	14.5	12.5
Government bonds	23.3	14.8	10.0
Covered bonds	2.2	2.3	2.3
RMBS retained	32.1	32.1	26.8
Third party RMBS	1.0	1.1	0.9
Other	6.6	4.8	4.5
Total	**70.9**	**69.6**	**57.0**

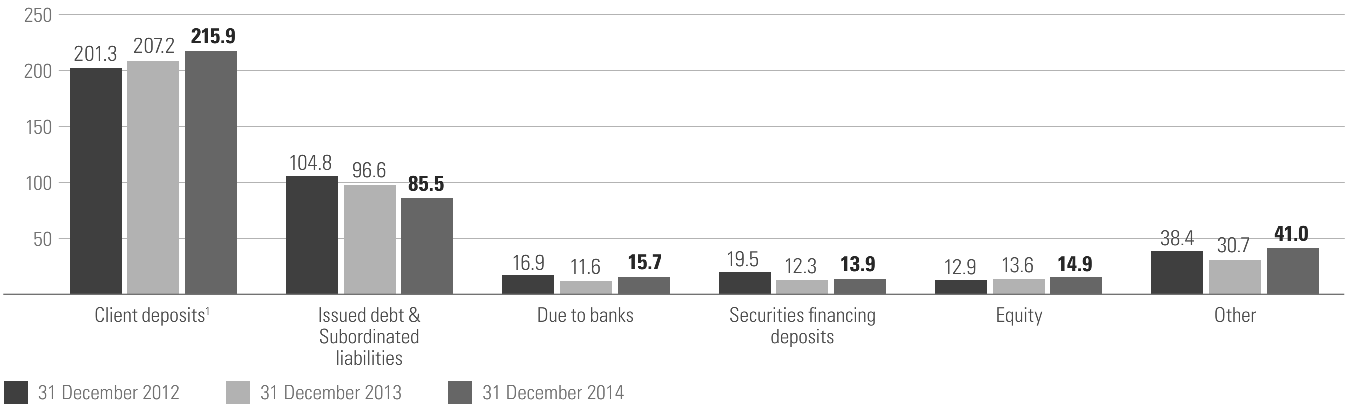
Funding

Liability and equity breakdown Audited EDTF 21

Client deposits comprise a sound funding base and serve as the main source of funding, complemented by a well-diversified book of wholesale funding. Client deposits increased by EUR 8.7 billion between 31 December 2013 and 31 December 2014, but remained stable at 56% of the total balance sheet.

The increase in deposits improved the Loan-to-Deposit ratio (LtD ratio) to 116.5% at 31 December 2014 from 120.6% at 31 December 2013. Consequently, the need to use wholesale funding declined, lowering total wholesale funding by EUR 11.1 billion at year-end 2014.

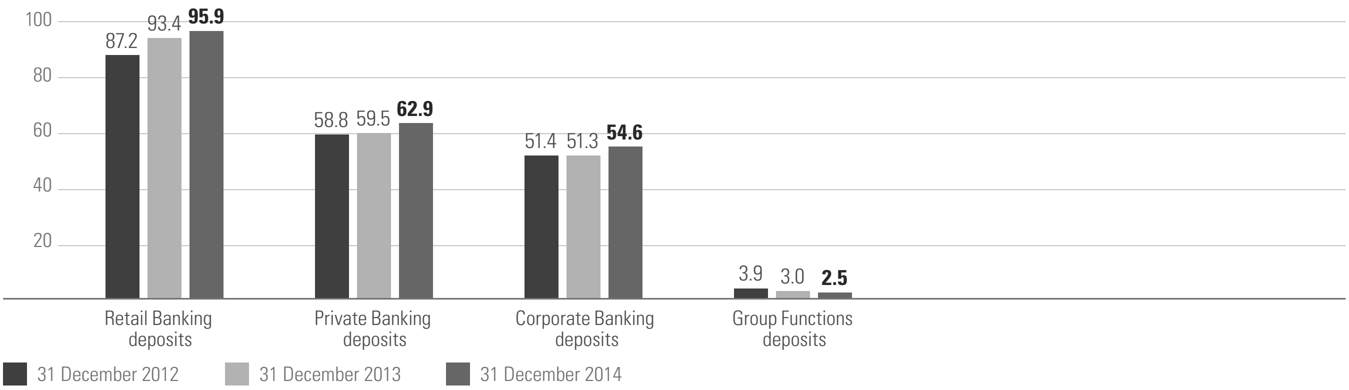
Liability and equity breakdown Audited EDTF 21
(in billions)



[1] Client deposits is part of the balance sheet item Due to customers. More information can be found in the Financial review section of this report.

The graph below shows the breakdown of customer deposits by segment.

Breakdown of client deposits Audited EDTF 21
(in billions)



The inflow of EUR 5.9 billion in Retail Banking and Private Banking deposits came predominantly from the growth of MoneYou in Germany and the increase in Private Banking deposits in the Netherlands.

The increase of EUR 3.3 billion in Corporate Banking deposits was mainly due to an increase in Capital Markets Solutions, Clearing and Commercial Clients deposits.

Available funding instruments Audited EDTF 21

Several programmes are in place to attract long-, medium- and short-term funding. A key goal of the funding strategy is to diversify funding sources. To this end, the set of funding instruments includes a broad set of funding programmes in different currencies, markets, maturities and investor bases. A description of capital and funding instruments issued by ABN AMRO is provided on our website, abnamro.com. We continuously assess our wholesale funding base in order to determine the optimum use of funding sources. The main wholesale funding types can be specified as follows:

Overview of funding types Audited EDTF 21

(in millions)	31 December 2014	31 December 2013	31 December 2012
Saving certificates	72	352	704
Commercial Paper/Certificates of Deposit			
Euro Commercial Paper	1,706	2,054	5,238
London Certificates of Deposit	1,436	5,258	4,512
French Certificats de Dépôt	1,517	4,668	7,525
US Commercial Paper	4,070	3,630	3,788
Total Commercial Paper/Certificates of Deposit	**8,729**	**15,610**	**21,063**
Senior guaranteed			
Dutch State guaranteed medium-term notes[1]		1,423	2,745
Senior unsecured			
Unsecured medium-term notes	32,252	33,089	26,237
Senior secured			
Covered bonds	27,077	25,913	28,149
Securitisations			
Residential mortgage-backed securities (Dutch)	8,829	12,122	15,969
Other asset-backed securities	171	173	181
Total securitisations	**9,001**	**12,295**	**16,150**
Total issued debt	**77,131**	**88,682**	**95,048**
Total Subordinated liabilities	**8,328**	**7,917**	**9,736**
Total wholesale funding	**85,458**	**96,599**	**104,784**
Other long-term funding[2]	**6,900**	**4,500**	**4,800**
Total funding instruments	**92,358**	**101,099**	**109,584**
- of which issued debt matures within one year	20,194	30,719	35,481

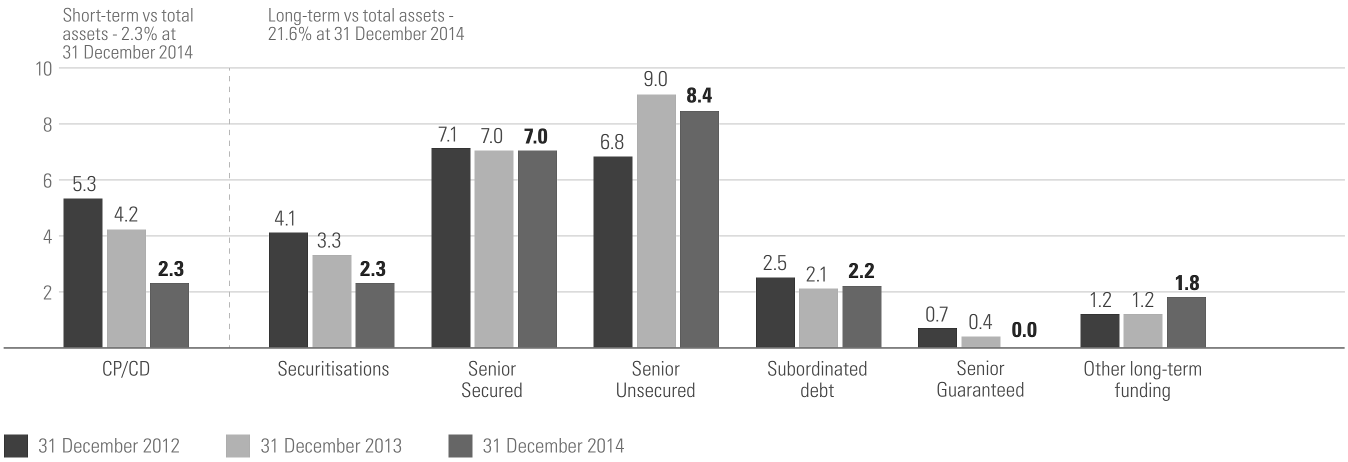
1 The Dutch State guaranteed medium-term notes matured in May 2014.
2 Includes long-term repo (recorded in Securities financing), TLTRO funding (recorded in Due to banks) and funding with the Dutch State as counterparty (recorded in Due to customers).

Total wholesale funding decreased to EUR 85.5 billion at year-end 2014, down from EUR 96.6 billion at year-end 2013. ABN AMRO reduced the relative share of short-term funding (CP/CD) to total wholesale funding from 16.2% to 10.2%, in line with its strategy to improve its liquidity profile.

ABN AMRO participated in the Targeted Long-Term Refinancing Operations (TLTRO) programme, which is the programme of the European Central Bank to support lending to the real economy. ABN AMRO participated in the TLTRO for a total amount of EUR 4.0 billion and consequently reduced further funding activities in the wholesale market.

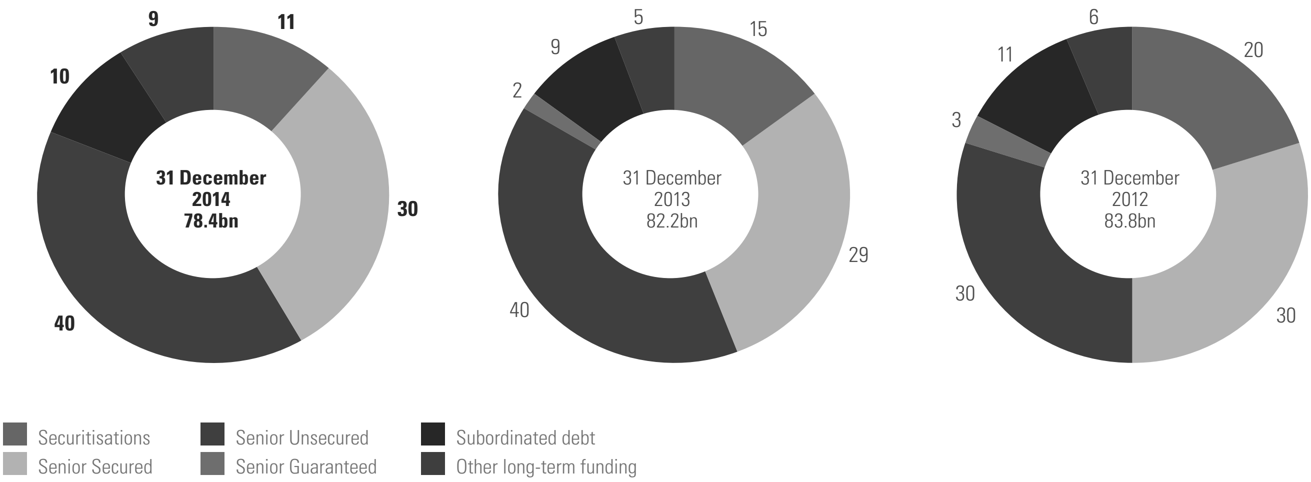
The following graph shows the development of wholesale funding types relative to the balance sheet total at 31 December 2014 and 31 December 2013.

Funding vs balance sheet total Audited EDTF 21
(as % of total assets)



Long-term funding components Audited EDTF 21
The following graph gives an overview of the outstanding long-term funding at 31 December 2013 and 31 December 2014. The information presented is based on notional values and therefore differs from the information above due to discrepancies between nominal value and issue price and fair value hedge accounting adjustments.

Long-term funding components Audited EDTF 21
(in %)

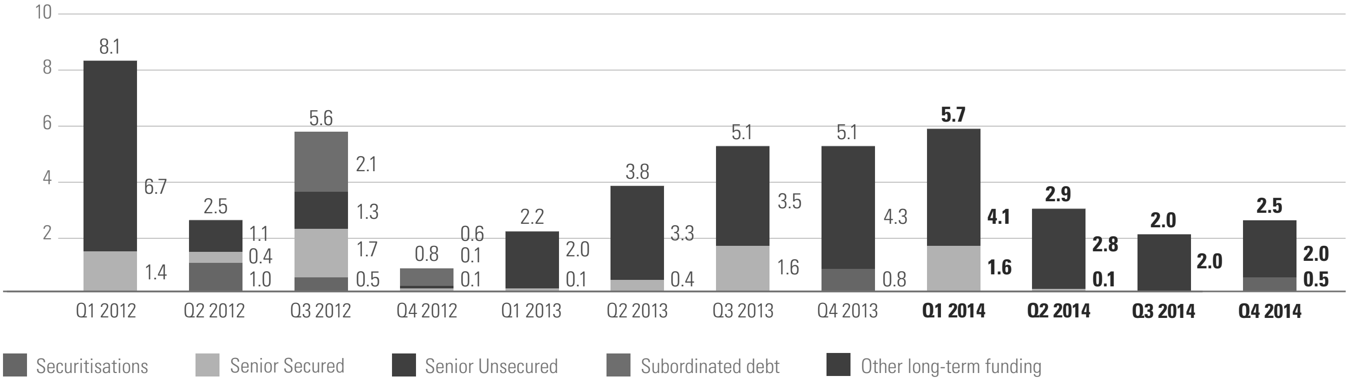


Funding issuance in 2014 Audited EDTF 21

During 2014, ABN AMRO raised EUR 9.2 billion in long-term wholesale funding. The majority was issued as senior unsecured wholesale funding at attractive pricing levels. The majority of the wholesale funding was attracted through private placements: 72% in 2014 compared with 56% in 2013. The remainder of funding was raised through benchmark transactions and taps on our existing instruments. Furthermore, ABN AMRO participated in the TLTRO for a total amount of EUR 4.0 billion.

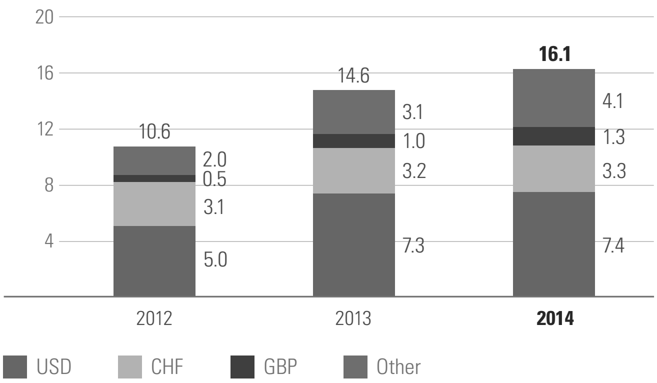
RMBS and securitisations markets remained accessible in 2014, allowing us to issue new RMBS notes in the fourth quarter of 2014.

Long-term funding raised in 2012, 2013 and 2014 Audited EDTF 21
(in billions)



As a result of our diversification strategy, the long-term funding in non-euro currencies rose to 20.5% of total outstanding long-term funding compared with 17.4% at year-end 2013. In 2014, the bank raised 49% of long-term funding in EUR and the remainder mainly in USD, CHF, GBP, JPY, NOK, NZD, SEK and AUD. Diversification of the outstanding long-term funding in non-euro currencies is shown in the following graph.

Non-euro currency diversification of total outstanding long-term funding Audited EDTF 21
(in billions)



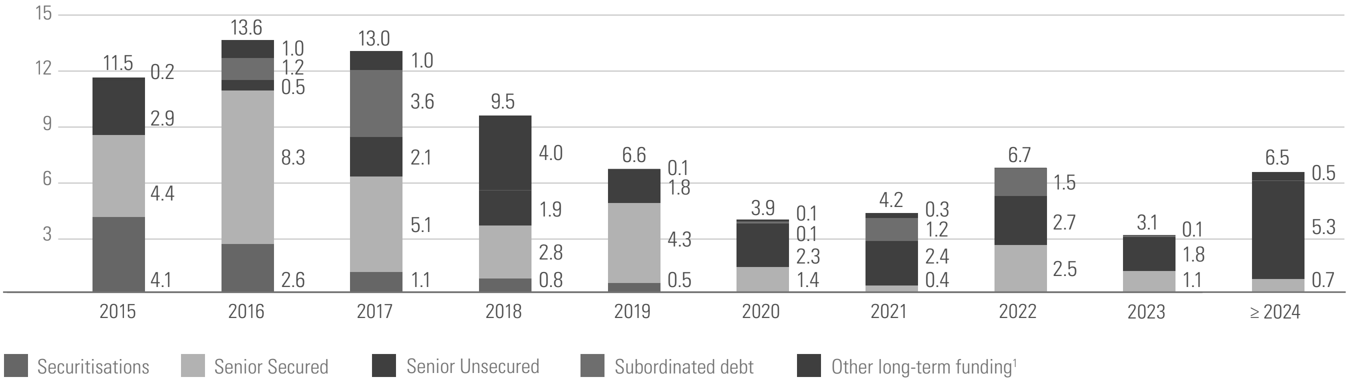
Maturity calendar Audited EDTF 21

ABN AMRO improved the maturity profile of its wholesale funding and maintained its moderate risk profile. In recent years, the bank carried out its strategy of diversifying in terms of investors, geography and funding instruments while extending the wholesale funding maturity profile. For the coming years, ABN AMRO will focus on optimising its wholesale maturity profile and on further diversifying its funding sources.

We enhanced the maturity profile of our long-term wholesale funding predominantly by spreading out redemptions of funding instruments over time. The average maturity of newly issued funding increased to 5.5 years (up from 5.2 years in 2013), while the average maturity of outstanding long-term funding decreased slightly from 4.5 years at year-end 2013 to 4.3 years at year-end 2014. This is mainly due to the fact that more long-term wholesale funding matured in 2014 than was issued.

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

Maturity calendar at 31 December 2014 Audited EDTF 21
(in billions)



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

Capital

Capital structure Audited

ABN AMRO's capital structure consists of loss-absorbing capital to cover unexpected losses. The subordination in specific capital elements provides further protection to senior creditors.

Common Equity Tier 1 capital decreased in 2014 due primarily to the impact of the transition to the collective defined contribution pension scheme. The pension agreement largely eliminated future capital position volatility. Additional Tier 1 and Tier 2 capital remained virtually stable.

Regulatory capital structure Audited Pillar 3

	Basel III		Basel II	
(in millions)	31 December 2014	31 December 2013 pro-forma[2]	31 December 2013	31 December 2012
Total Equity - EU IFRS	**14,877**	13,568	13,568	12,883
Participations in financial institutions > 10%			-336	-323
Cash flow hedge reserve	1,223	1,467	1,467	1,873
Dividend reserve	-275	-200	-200	-262
Other regulatory adjustments	-399	1,183	1,199	529
Common Equity Tier 1/Core Tier 1 capital	**15,426**	**16,018**	**15,698**	**14,700**
Innovative hybrid capital instruments	800	800	1,000	997
Other regulatory adjustments	-241	-317		
Tier 1 Capital	**15,985**	**16,501**	**16,698**	**15,697**
Subordinated liabilities Tier 2	5,502	5,607	5,610	7,031
Excess Tier 1 instrument recognised as Tier 2 Capital	200			
Participations in financial institutions > 10%			-336	-323
Other regulatory adjustments	-39	-164	25	-5
Total regulatory capital[1]	**21,648**	**21,944**	**21,997**	**22,400**

1 DNB requires Dutch banks to disclose the Basel I floor in accordance with CRR article 500. The Basel I floor is calculated by multiplying Basel I REA of EUR 179 billion by 8% times 80% resulting in a minimum required amount of own funds of EUR 11.5 billion as per 31 December 2014. ABN AMRO comfortably meets this requirement.

2 Pro-forma figures are not audited.

Regulatory capital flow statement Audited EDTF 11

(in millions)	Basel III 2014	Basel III 2013 pro-forma[1]	Basel II 2013	Basel II 2012
Common Equity Tier 1 capital/Core Tier 1 capital				
Balance at 1 January	**16,018**	14,700	14,700	13,345
Addition of net profit attributable to shareholders	1,134	1,160	1,160	1,153
Reserved dividend	-275	-200	-200	-262
Interim dividend paid	-125	-150	-150	
MCS conversion & Ageas settlement				1,600
Change in pension scheme (excluding impact on P&L)	-1,682			
Other, including regulatory adjustments	356	508	188	-1,136
Balance at 31 December	**15,426**	**16,018**	**15,698**	**14,700**
Additional Tier 1 capital				
Balance at 1 January	**483**	800	997	2,744
New issued Tier 1 eligible capital instruments				
Redeemed Tier 1 eligible capital instruments				-1,750
Other, including regulatory adjustments	76	-317	3	3
Balance at 31 December	**559**	**483**	**1,000**	**997**
Tier 1 capital	**15,985**	**16,501**	**16,698**	**15,697**
Tier 2 capital				
Balance at 1 January	**5,443**	6,703	6,703	4,508
New issued Tier 2 eligible capital instruments				2,758
Redeemed Tier 2 eligible capital instruments		-1,399	-1,399	-22
Other, including regulatory adjustments	220	139	-5	-541
Balance at 31 December	**5,663**	**5,443**	**5,299**	**6,703**
Total regulatory capital	**21,648**	**21,944**	**21,997**	**22,400**

1 Pro-forma figures are not audited.

Risk exposure amount Audited

(in millions)	Basel III 31 December 2014	Basel III 31 December 2013 pro-forma[1]	Basel II 31 December 2013	Basel II 31 December 2012
Credit risk	**87,667**	92,631	86,201	100,405
- of which standardised	7,834	13,392	10,731	32,570
- of which advanced	79,833	79,239	75,470	67,835
Operational risk	**16,168**	16,415	16,415	15,461
- of which standardised	16,168	16,415	16,415	15,461
- of which advanced				
Market risk	**5,811**	6,396	6,396	5,640
- of which standardised	5,811	6,396	6,396	5,140
- of which advanced				500
Total risk exposure amount	**109,647**	**115,442**	**109,012**	**121,506**

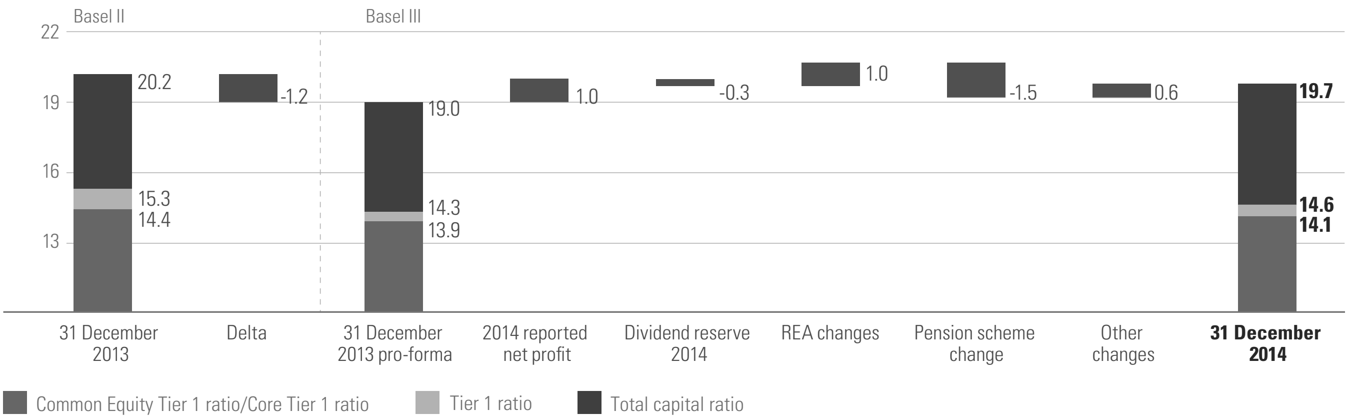
1 Pro-forma figures are not audited.

Main changes in capital position EDTF 11

At year-end 2014, the CRD IV Common Equity Tier 1 and Tier 1 ratios were 14.1% and 14.6% respectively, while the total capital ratio was 19.7%. All capital ratios were well above the regulatory minimum requirements.

The following chart shows the primary drivers of the capital ratios in 2014.

Developments impacting capital ratios in 2014 EDTF 11
(in %)



Developments impacting capital ratios in 2014 EDTF 11

Common Equity Tier 1 capital
Common Equity Tier 1 capital decreased over 2014 mainly due to the adverse impact of the pension scheme change. This adverse impact was partly offset by strong profit generation.

Net reported profit attributable to the shareholder of ABN AMRO in 2014 amounted to EUR 1,134 million. Net profit after dividend allocation is included in Common Equity Tier 1 capital, in accordance with regulations and ABN AMRO's dividend policy.

In the fourth quarter of 2014, ABN AMRO paid out an interim dividend of EUR 125 million to its shareholder. ABN AMRO proposes payment of a final dividend of EUR 275 million, bringing the total dividend for 2014 to EUR 400 million.

Tier 2 capital
In 2014, the Dutch central bank assessed the CRR compliance of ABN AMRO's capital instruments. The large majority of Tier 2 instruments are now recognised as fully CRR compliant, with a positive impact on fully-loaded total capital.

In 2014, Tier 2 capital instruments eligible under the CRD IV/CRR phase-in rules decreased slightly due to regulatory amortisation of outstanding capital instruments with a negative impact on total capital.

Risk exposure amount
The introduction of the CRD IV/CRR transitional rules on 1 January 2014 resulted in a considerable increase in REA with an adverse impact on the capital ratios. The increase in REA was mainly driven by additional capital requirements for potential mark-to-market counterparty credit risk losses (credit valuation adjustment), exposure to central counterparties, the deferred tax assets related to temporary differences, along with the risk-weighting of participations in financial institutions.

REA came down in 2014, with a positive impact on the capital ratios. Further details on the development of REA over 2014 are provided in the Credit risk, Operational risk and Market risk subsections of this chapter.

Further information on share capital, dividend and capital instruments Pillar 3

Share capital

The share capital remained unchanged in 2014. At 31 December 2014, the authorised share capital amounted to EUR 3,751 million distributed over 3,750 million class A ordinary shares and 100 million class B ordinary shares. The class A ordinary shares have a nominal value of EUR 1.00 each and the class B ordinary shares have a nominal value of EUR 0.01 each.

At 31 December 2014, issued and paid-up capital amounted to EUR 940 million and consisted of 940 million class A ordinary shares. Further information is provided in note 30 to the Annual Financial Statements.

Dividend

In March 2011, ABN AMRO announced its dividend policy, targeting a payout ratio of 40% of the annual reported net profit. Although ABN AMRO is well positioned for meeting the fully-loaded Basel III/CRD IV requirements, the bank strives to reach capital levels that facilitate the execution of its strategic ambitions in anticipation of upcoming regulatory requirements.

As a result, for reasons of prudence and in close consultation with the shareholder, ABN AMRO has adopted an addition to the dividend policy which implies a temporary reduction of the dividend payout ratio. Pursuant to this temporary addition to the dividend policy, the targeted payout ratio will gradually increase again to 40% over the full-year 2015 reported net profit.

Based on the reported net profit, ABN AMRO proposes payment of a final dividend of EUR 275 million to its shareholder, bringing the total dividend for 2014 to EUR 400 million. An interim dividend of EUR 125 million was paid to the shareholder in November 2014.

Capital instruments

Capital instruments Audited

(in millions)	ISIN/CUSIP	Maturity date	First possible call date	31 December 2014 Nominal amount	31 December 2014 Carrying amount	31 December 2013 Nominal amount	31 December 2013 Carrying amount	31 December 2012 Nominal amount	31 December 2012 Carrying amount
Tier 1									
EUR 1,000 million 4.31% per annum	XS0246487457	Perpetual	March 2016	1,000	1,077	1,000	1,103	1,000	1,003
Total Tier 1 capital instruments				**1,000**	**1,077**	**1,000**	**1,103**	**1,000**	**1,003**
Tier 2									
GBP 150 million (originally GBP 750 million) 5.00% per annum	XS0244754254	Perpetual	February 2016	192	208	179	200	183	212
EUR 1,650 million (originally EUR 2,000 million)[1]		October 2017	October 2012[2]	1,650	1,654	1,650	1,654	1,650	1,654
EUR 1,228 million 6.375% per annum	XS0619548216	April 2021		1,228	1,524	1,228	1,443	1,228	1,508
USD 595 million 6.250% per annum	XS0619547838	April 2022		489	543	432	462	451	530
USD 113 million 7.75% per annum	00080QAD7/ N0028HAP0	May 2023		93	82	82	83	86	95
EUR 1,000 million 7.125% per annum	XS0802995166	July 2022		1,000	1,128	1,000	1,024	1,000	1,063
USD 1,500 million 6.25% per annum	XS0827817650	September 2022	September 2017	1,234	1,246	1,090	1,094	1,137	1,147
SGD 1,000 million 4.7% per annum	XS0848055991	October 2022	October 2017	623	617	575	569	621	747
EUR various smaller instruments		2015 - 2020		226	250	281	285	313	315
USD various smaller instruments									408
Various Tier 2 capital instruments[3]								1,464	1,054
Total Tier 2 capital instruments				**6,735**	**7,251**	**6,517**	**6,814**	**8,133**	**8,733**
Of which eligible for regulatory capital:									
Basel III, Tier 1				800		800		797	
Basel III, Tier 2				5,502		5,607		5,002	
Basel III, Excess Tier 1 instrument recognised as Tier 2 capital				200					

1 The EUR 1,650 million instrument is owned by the Dutch State and was acquired from Fortis Bank SA/NV (Belgium) in October 2008. Please refer to note 32 of the Consolidated Annual Financial Statements.
2 And every subsequent interest payment date thereafter.
3 Various Tier 2 capital instruments called in 2013.

Movements in subordinated liabilities Audited

(in millions)	2014 Carrying amount	2013 Carrying amount	2012 Carrying amount
Balance as at 1 January	7,917	9,736	8,814
Issuance			2,794
Redemption	-51	-1,497	-23
MCS conversion			-2,000
Foreign exchange differences	277	-114	
Other	185	-208	151
Balance as at 31 December	**8,328**	**7,917**	**9,736**

Minimum capital requirement

Audited | Pillar 3 | EDTF 9 | EDTF 14

The Pillar 1 capital requirement is the absolute minimum amount of capital required to cover the three major risk types that a bank faces: credit risk, operational risk and market risk as determined in the CRD IV Pillar 1 framework.

The following table provides an overview of REA and minimum capital requirements per risk type, category of exposure and regulatory approach.

Minimum capital requirements

Audited | Pillar 3 | EDTF 9 | EDTF 14

	Basel III		Basel II			
	31 December 2014		31 December 2013		31 December 2012	
(in millions)	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
Credit risk IRB						
Central governments and central banks	162	2,020	42	528	55	683
Institutions[1]	398	4,972	336	4,201		
Corporates	2,927	36,586	3,122	39,020	2,985	37,318
Retail	2,292	28,646	2,177	27,212	2,099	26,229
- of which secured by immovable property/retail mortgages	1,722	21,521	1,546	19,326	1,407	17,584
- of which qualifying revolving exposures	296	3,702	296	3,700	228	2,856
- of which other retail	274	3,423	335	4,186	464	5,789
Equities not held for trading	401	5,009	219	2,733	143	1,789
Securitisation positions	19	237	23	286	18	230
Credit valuation adjustment		1,264				
Other[2]	88	1,099	119	1,490	127	1,586
Total credit risk IRB	**6,285**	**79,833**	**6,038**	**75,470**	**5,427**	**67,835**
Credit risk SA						
Central governments and central banks	12	154	6	80		
Institutions[1]	28	344	34	425	439	5,482
Corporates	301	3,758	474	5,930	1,902	23,776
Retail	78	974	109	1,364	107	1,335
Secured by mortgages on immovable property	43	541				
Exposures in default	13	156				
Other[2]	153	1,907	235	2,932	158	1,977
Total credit risk SA	**627**	**7,834**	**858**	**10,731**	**2,606**	**32,570**
Other risks						
Market risk	465	5,811	512	6,396	451	5,640
- of which Standardised Approach	465	5,811	512	6,396	411	5,140
- of which Internal Model Approach					40	500
Operational risk	1,293	16,168	1,313	16,415	1,237	15,461
- of which Standardised Approach	1,293	16,168	1,313	16,415	1,237	15,461
Total other risks	**1,758**	**21,979**	**1,825**	**22,811**	**1,688**	**21,101**
Total	**8,671**	**109,647**	**8,721**	**109,012**	**9,720**	**121,506**

1 Institutions include exposures to banks and investment companies, regional and local governments and pension funds.
2 Other includes non-credit obligations.

Main regulatory developments

Basel III/CRD IV EDTF 9

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

ABN AMRO is already managing its regulatory capital adequacy position in anticipation of Basel III fully-loaded requirements. ABN AMRO is compliant with the more restrictive fully-loaded capital requirements.

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

	Phase-in	Fully-loaded
31 December 2014		
Core Tier 1/Common Equity Tier 1 ratio	14.1%	14.1%
Tier 1 ratio	14.6%	14.1%
Total capital ratio	19.7%	18.9%
Risk exposure amount	109,647	109,647
Leverage ratio	3.5%	3.4%

Under the CRD IV/CRR fully-loaded rules for capital deductions, prudential filters and REA, the impact on the capital ratios is as follows:

- REA are equivalent to those under phase-in rules;
- The amount of Common Equity Tier 1 capital is approximately equal to the amount under the phase-in rules since the fully-loaded impact on Common Equity Tier 1 capital deductions is largely neutral;
- Total capital is expected to decrease by EUR 0.9 billion, resulting in a decline in the total capital ratio of 0.8 percentage points. This is primarily due to the loss of eligibility of non-CRR compliant Additional Tier 1 and Tier 2 capital instruments.

The CRR fully-loaded Common Equity Tier 1 ratio at 31 December 2014 was equivalent to the CRR phase-in Common Equity Tier 1 ratio of 14.1%.

Leverage ratio

	31 December 2014		31 December 2013
(in millions)	Phase-in	Fully-loaded	Fully-loaded
Tier 1 capital	**15,985**	**15,435**	**14,087**
Exposure measure (under CRR)			
On-balance sheet exposures	386,867	386,867	372,022
Off-balance sheet items	36,018	36,018	33,543
On-balance sheet netting	37,709	37,709	54,959
Derivative exposure	-11,783	-11,783	-2,667
Securities financing exposures	-13,217	-13,217	-10,472
Other regulatory measures	448	744	644
Exposure measure	**436,042**	**436,338**	**448,028**
Leverage ratio (CRR)[1]	**3.5%**	**3.4%**	**3.1%**
Leverage ratio (CDR)	3.8%	3.7%	3.2%

1 3-month average.

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

According to the CDR, the leverage ratio is calculated as at the end of the reporting period instead of as a three-month average in the CRR. Furthermore, the CDR introduces amendments in the calculation of the exposure measure with regard to securities financing transactions, derivatives and off-balance sheet exposures.

The fully-loaded CRR leverage ratio improved to 3.4% on 31 December 2014 from 3.1% on 31 December 2013, while the fully-loaded CDR leverage ratio improved to 3.7% (up from 3.2%). Since the third quarter of 2014 the leverage ratio is reported gross of netting of notional cash pools.

Improvement of the leverage ratio can be mainly attributed to the substantial decrease in notional cash pooling and the subsequent decrease in the exposure measure achieved in the fourth quarter of 2014.

additional risk & capital disclosures

The following section includes additional information on risk and capital. This information is provided according to EU IFRS, Pillar 3, EDTF and market discipline. This required information is a supplement to the core analysis provided in the Risk & Capital Review section and provides additional or more detailed information.

Credit risk exposure

The following table presents the EU IFRS view on maximum exposure to credit risk. The financial instruments subject to credit risk are presented in accordance with EU IFRS at carrying amounts, without consideration of collateral or other credit enhancements. As such, the table does not represent the Group's risk management view.

Maximum exposure to credit risk EU IFRS Audited

(in millions)	31 December 2014		31 December 2013		31 December 2012	
Cash and balances at central banks		**706**		9,523		9,796
Financial assets held for trading	9,017		12,019		7,089	
Less: equity securities	4,946		6,471		2,539	
Financial assets held for trading		**4,071**		**5,548**		**4,550**
Derivatives		**25,285**		**14,271**		**21,349**
Financial investments	41,466		28,111		21,730	
Less: equity instruments	225		209		192	
Less: private equities and venture capital	246		121		134	
Less: Equity securities	78		182		28	
Financial investments		**40,918**		**27,599**		**21,376**
Securities financing		**18,511**		**18,362**		**28,793**
Loans and receivables - banks		**21,680**		**23,967**		**32,183**
Loans and receivables - customers		**261,910**		**257,028**		**262,452**
Other assets	4,986		5,128		6,094	
Less: Unit-linked investments	2,453		2,171		2,170	
Less: Assets held for sale	25		29		55	
Less: Other	582		746		1,309	
Other assets		**1,926**		**2,182**		**2,560**
On-balance sheet maximum exposure to credit risk		**375,007**		**358,480**		**383,059**
Off-balance sheet						
Committed credit facilities	16,164		13,764		17,635	
Guarantees and other commitments	15,335		16,103		16,777	
Revocable credit facilities[1]	78,508		71,657		72,343	
Off-balance sheet credit facilities and guarantees		**110,007**		**101,524**		**106,755**
Maximum exposure to credit risk		**485,014**		**460,004**		**489,814**

1 Although not committed, ABN AMRO has the opinion that revocable credit facilities give rise to credit risk. These are not included as committed credit facilities in note 32.

Maturity distribution by exposure class Pillar 3

(in millions, Exposure at Default)	Less than one year	Between one year and five years	More than five years	Total 31 December 2014
Central governments and central banks	15,478	8,393	18,214	42,085
Institutions[1]	9,152	2,174	6,965	18,291
Corporates	45,729	29,635	14,487	89,851
Retail	10,698	3,978	158,935	173,611
- of which secured by immovable property	1,278	2,942	153,365	157,585
- of which qualifying revolving exposures	3,972		3,162	7,134
- of which other retail	5,448	1,036	2,408	8,892
Securitisation positions	978		1,456	2,434
Total IRB[2]	**82,035**	**44,180**	**200,058**	**326,273**
Total SA[3]	3,726	1,429	13,656	18,811
Total	**85,761**	**45,609**	**213,714**	**345,084**
Percentage of total	25%	13%	62%	100%

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.
3 Exposure at Default does not include EAD calculated for other non-credit obligations.

Maturity distribution by exposure class Pillar 3

(in millions, Exposure at Default)	Less than one year	Between one year and five years	More than five years	Total 31 December 2013
Central governments and central banks	22,540	8,359	14,121	45,020
Institutions[1]	11,044	3,992	3,546	18,582
Corporates	41,369	28,186	17,924	87,479
Retail	10,797	3,881	159,520	174,198
- of which retail mortgages	1,225	2,831	153,847	157,903
- of which qualifying revolving exposures	4,262		3,012	7,274
- of which other retail	5,310	1,050	2,661	9,021
Securitisation positions		1,198	1,313	2,511
Total IRB[2]	**85,750**	**45,616**	**196,424**	**327,790**
Total SA[3]	3,657	1,904	7,182	12,743
Total	**89,407**	**47,520**	**203,606**	**340,533**
Percentage of total	26%	14%	60%	100%

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.
3 Exposure at Default does not include EAD calculated for other non-credit obligations.

Regulatory gross and net exposure by risk-weight under the Standardised Approach

These tables provide a breakdown of the regulatory gross and net credit exposure by risk weight for our credit portfolio exposures treated under the Standardised Approach, according to Basel-defined exposure classes.

SA approach: regulatory gross and net credit exposure by risk-weight Pillar 3

31 December 2014

(in millions, Exposure at Default)	Risk-weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Total EAD
Regulatory gross exposure											
Central governments and central banks		2,414		60				144			2,618
Institutions[1]		5,280		826	91	54	6		1		6,259
Corporates					290	308	590	5,272			6,459
Retail					418	27	5,479	68			5,993
Covered bonds											
Secured by real estate					581			5			587
Exposures in default								595	95		690
Other		488		239	620	415		3,556	53		5,371
Total[2]		**8,182**		**1,125**	**2,001**	**804**	**6,076**	**9,639**	**149**		**27,976**

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Exposure at Default does not include EAD calculated for other non-credit obligations.

31 December 2014

(in millions, Exposure at Default)	Risk-weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Total EAD	Total REA
Regulatory net exposure												
Central governments and central banks		2,413		48				144			2,606	154
Institutions[1]		5,282	2	853	90	52	6		1		6,286	344
Corporates		44	21	44	401	894	392	2,810	1		4,606	3,758
Retail			820	226	389	300	755	1			2,490	974
Covered bonds												
Secured by real estate			1,296	843	562			5			2,706	541
Exposures in default								38	79		117	156
Other												
Total SA[2]		**7,739**	**2,139**	**2,015**	**1,442**	**1,246**	**1,153**	**2,997**	**81**		**18,811**	**5,927**

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Exposure at Default does not include EAD calculated for other non-credit obligations.

SA approach: regulatory gross and net credit exposure by risk-weight Pillar 3

											31 December 2013
(in millions, Exposure at Default)	Risk-weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Total EAD
Regulatory gross exposure											
Central governments and central banks		119	118					65			302
Institutions[1]			889	749		77		3			1,718
Corporates			51	25	346	1,005	111	8,636	75	1	10,250
Retail			687	1,014	716	422	5,899	97	14		8,849
- of which retail mortgages			687	838	716	24		48	1		2,314
- of which qualifying revolving exposures											
- of which other retail				176		398	5,899	49	13		6,535
Securitisation positions											
Total[2]		**119**	**1,745**	**1,788**	**1,062**	**1,504**	**6,010**	**8,801**	**89**	**1**	**21,119**

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Exposure at Default does not include EAD calculated for other non-credit obligations.

												31 December 2013
(in millions, Exposure at Default)	Risk-weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Total EAD	Total REA
Regulatory net exposure												
Central governments and central banks		155	120					65			340	80
Institutions[1]			936	879	94	187	12	8			2,116	425
Corporates			51	25	299	1,062	111	5,034	55	1	6,638	5,930
Retail			687	1,062	688	395	781	26	10		3,649	1,364
- of which retail mortgages			687	886	688			1			2,262	497
- of which qualifying revolving exposures												
- of which other retail				176		395	781	25	10		1,387	867
Securitisation positions												
Total SA[2]		**155**	**1,794**	**1,966**	**1,081**	**1,644**	**904**	**5,133**	**65**	**1**	**12,743**	**7,799**

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Exposure at Default does not include EAD calculated for other non-credit obligations.

Credit quality by exposure class under the Internal Ratings-Based approach Pillar 3 EDTF 15

The following tables provide an overview of EAD, REA and LGD buckets by exposure class and grade category.

IRB approach: credit quality by exposure class Pillar 3 EDTF 15

		31 December 2014					
				Total	LGD 0% - 20%	LGD 20% - 50%	LGD > 50%
(in millions)		EAD	REA	Average REA	EAD (%)	EAD (%)	EAD (%)
Exposure class	**Grade category**						
Central governments and central banks	Investment grade	41,815	1,946	5%	63%	37%	
	Sub-investment grade	270	63	23%		98%	2%
	Default without provision						
	Default with provision		11				
	Total	**42,085**	**2,020**	**5%**	**63%**	**37%**	**0%**
Institutions[1]	Investment grade	17,867	4,584	26%	37%	55%	8%
	Sub-investment grade	418	388	93%		66%	34%
	Default without provision	7		0%	100%		
	Default with provision						
	Total	**18,291**	**4,972**	**27%**	**36%**	**55%**	**9%**
Corporates	Investment grade	33,899	7,437	22%	43%	54%	3%
	Sub-investment grade	50,658	24,575	49%		72%	28%
	Default without provision	1,070	467	44%	100%		
	Default with provision	4,224	4,107	97%	17%	35%	48%
	Total	**89,851**	**36,586**	**41%**	**18%**	**63%**	**19%**
Retail	Investment grade	135,157	10,991	8%	78%	20%	2%
	Sub-investment grade	35,258	13,222	38%	64%	23%	13%
	Default without provision						
	Default with provision	3,196	4,434	139%	5%	77%	18%
	Total	**173,611**	**28,646**	**17%**	**74%**	**22%**	**5%**
Securitisation positions	Investment grade	2,434	237	10%	100%		
	Sub-investment grade						
	Default without provision						
	Default with provision						
	Total	**2,434**	**237**	**10%**	**100%**	**0%**	**0%**
Credit valuation adjustment	Investment grade						
	Sub-investment grade		1,264				
	Default without provision						
	Default with provision						
	Total		**1,264**				
Total	Investment grade	231,172	25,196	11%	67%	31%	2%
	Sub-investment grade	86,604	39,512	46%	26%	52%	22%
	Default without provision	1,077	467	43%	100%	0%	0%
	Default with provision	7,420	8,552	115%	12%	53%	35%
	Total[2]	**326,273**	**73,726**	**23%**	**55%**	**37%**	**8%**

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.

IRB approach: credit quality by exposure class Pillar 3 EDTF 15

							31 December 2013
				Total	LGD 0% - 20%	LGD 20% - 50%	LGD > 50%
(in millions)		EAD	REA	Average REA	EAD (%)	EAD (%)	EAD (%)
Exposure class	**Grade category**						
Central governments and central banks	Investment grade	44,998	474	1%	76%	24%	
	Sub-investment grade	22	54	245%			100%
	Default without provision						
	Default with provision						
	Total	**45,020**	**528**	**1%**	**76%**	**24%**	**0%**
Institutions[1]	Investment grade	17,811	3,521	20%	7%	79%	14%
	Sub-investment grade	763	673	88%	3%	76%	21%
	Default without provision						
	Default with provision	8	7	88%		100%	
	Total	**18,582**	**4,201**	**23%**	**7%**	**79%**	**14%**
Corporates	Investment grade	28,999	7,820	27%	26%	70%	4%
	Sub-investment grade	52,775	26,949	51%	57%	43%	
	Default without provision	1,290	2,567	199%	75%	25%	
	Default with provision	4,415	1,684	38%	14%	86%	
	Total	**87,479**	**39,020**	**45%**	**45%**	**54%**	**1%**
Retail	Investment grade	135,764	8,050	6%	78%	21%	1%
	Sub-investment grade	35,202	14,742	42%	59%	28%	13%
	Default without provision						
	Default with provision	3,232	4,420	137%	72%	28%	
	Total	**174,198**	**27,212**	**16%**	**74%**	**23%**	**3%**
Securitisation positions	Investment grade	2,511	286	11%	100%		
	Sub-investment grade						
	Default without provision						
	Default with provision						
	Total	**2,511**	**286**	**11%**	**100%**	**0%**	**0%**
Total	Investment grade	230,083	20,151	9%	66%	32%	2%
	Sub-investment grade	88,762	42,418	48%	57%	37%	6%
	Default without provision	1,290	2,567	199%	75%	25%	0%
	Default with provision	7,655	6,111	80%	38%	62%	0%
	Total[2]	**327,790**	**71,247**	**22%**	**63%**	**34%**	**3%**

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.

European exposures

European government and government-guaranteed exposures Audited

(in billions)	31 December 2014 Government	Government guaranteed	Gross carrying amount	31 December 2013 Government	Government guaranteed	Gross carrying amount	31 December 2012 Government	Government guaranteed	Gross carrying amount
Netherlands	10.5		10.5	11.2		11.2	12.6		12.6
France	4.9		4.9	5.1		5.1	2.5		2.5
Germany	4.5		4.5	2.4		2.4	1.8		1.8
Austria	2.0		2.0	1.6		1.6	1.4		1.4
Belgium	3.2		3.2	2.6		2.6	0.8		0.8
European Union	1.6		1.6	1.3		1.3	1.0		1.0
Finland	2.2		2.2	1.1		1.1	0.7		0.7
Italy	1.0		1.0	0.5		0.5	0.4		0.4
Denmark	0.2		0.2	0.2		0.2			
Poland	0.4		0.4	0.3		0.3	0.3		0.3
United Kingdom	0.3		0.3	0.2		0.2	0.2		0.2
Spain	0.6		0.6	0.2		0.2	0.1		0.1
Luxembourg	0.2		0.2	0.1		0.1			
Sweden	0.3		0.3	0.1		0.1			
Switzerland	0.6		0.6	0.3		0.3			
Greece								1.0	1.0
Total[1]	**32.5**		**32.5**	**27.2**		**27.2**	**21.8**	**1.0**	**22.8**

1 ABN AMRO had a trifling government and government-guaranteed exposure in Ireland at 31 December 2014 and no government and government-guaranteed exposures in Portugal and Russia at 31 December 2014, 31 December 2013 and 31 December 2012.

Specific products and types of financing Pillar 3

Exposure at Default for equities not held for trading Pillar 3

(in millions, Exposure at Default)	31 December 2014 EAD	REA	31 December 2013 EAD	REA
IRB - Private equity (190%)	588	1,118	329	625
IRB - Equity exposures subjected to risk weighting (250%)		1,985		
IRB - Exchanged traded (290%)	95	275	243	705
IRB - Other equity (370%)	441	1,631	379	1,403
Total	**1,124**	**5,009**	**951**	**2,733**

Exposure at Default for OTC derivatives Pillar 3

(in millions, Exposure at Default)	31 December 2014	31 December 2013
Gross positive fair value[1]	52,974	13,642
Add: Potential future exposure add-on	11,607	5,187
Gross Exposure at Default	**64,581**	**18,829**
Less: Netting benefits	51,079	9,689
Less: Collateral held		138
Net Exposure at Default	**13,502**	**9,002**

1 Due to the implementation of CRD IV/CRR derivative exposures to central counterparties (CCP) are included as from 2014.

Additional information on forborne, past due and impaired loans

Forbearance credit quality Audited

(in millions)	Total forborne assets	Forborne assets not past due and not impaired	Forborne assets past due but not impaired	Impaired forborne assets	Specific allowance	Collective allowance	Total allowance
							31 December 2014
Loans and receivables - banks[1]							
Loans and receivables - customers							
Residential mortgages	1,814	872	490	453	28	81	109
Consumer loans	470	270	65	135	23	41	64
Commercial loans	6,698	4,295	500	1,903	824	59	883
Other loans and receivables - customers	92	30	33	29	8		8
Total Loans and receivables - customers[1]	**9,074**	**5,466**	**1,088**	**2,520**	**884**	**181**	**1,065**
Total	**9,074**	**5,466**	**1,088**	**2,520**	**884**	**181**	**1,065**

1 Excluding Securities financing due to the new presentation of the balance sheet.

Forbearance credit quality Audited

(in millions)	Total forborne assets	Forborne assets not past due and not impaired	Forborne assets past due but not impaired	Impaired forborne assets	Specific allowance	Collective allowance	Total allowance
							31 December 2013
Loans and receivables - banks[1]							
Loans and receivables - customers							
Residential mortgages	2,421	589	401	1,431	20	430	450
Other consumer loans	337	244	6	87	9	26	35
Commercial loans	6,273	4,433	194	1,646	754	57	811
Other loans and receivables - customers	160	25	135				
Total Loans and receivables - customers[1]	**9,191**	**5,291**	**736**	**3,164**	**783**	**513**	**1,296**
Total	**9,191**	**5,291**	**736**	**3,164**	**783**	**513**	**1,296**

1 Excluding Securities financing due to the new presentation of the balance sheet.

Forbearance credit quality Audited

(in millions)	Total forborne assets	Forborne assets not past due and not impaired	Forborne assets past due but not impaired	Impaired forborne assets	Specific allowance	Collective allowance	Total allowance
							31 December 2012
Loans and receivables - banks[1]							
Loans and receivables - customers							
Residential mortgages	1,777	603	19	1,155		254	254
Other consumer loans	205	127	35	43	5	14	19
Commercial loans	4,581	3,116	494	971	473	36	509
Other loans and receivables - customers	109	15	94				
Total Loans and receivables - customers[1]	**6,672**	**3,861**	**642**	**2,169**	**478**	**304**	**782**
Total	**6,672**	**3,861**	**642**	**2,169**	**478**	**304**	**782**

1 Excluding Securities financing due to the new presentation of the balance sheet.

Forborne assets by geography Audited

(in millions)	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total
						31 December 2014
Loans and receivables - banks[1]						
Loans and receivables - customers						
Residential mortgages	1,770	30			14	1,814
Consumer loans	456	13				470
Commercial loans	5,812	464	17	104	300	6,698
Other loans and receivables - customers	81	11				92
Total Loans and receivables - customers[1]	**8,120**	**518**	**17**	**104**	**314**	**9,074**
Total	**8,120**	**518**	**17**	**104**	**314**	**9,074**

1 Excluding Securities financing due to the new presentation of the balance sheet.

Forborne assets by geography Audited

(in millions)	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total
						31 December 2013
Loans and receivables - banks[1]						
Loans and receivables - customers						
Residential mortgages	2,331	90				2,421
Other consumer loans	316	20			1	337
Commercial loans	5,380	516	15	46	316	6,273
Other loans and receivables - customers	138	22				160
Total Loans and receivables - customers[1]	**8,165**	**648**	**15**	**46**	**317**	**9,191**
Total	**8,165**	**648**	**15**	**46**	**317**	**9,191**

1 Excluding Securities financing due to the new presentation of the balance sheet.

Forborne assets by geography Audited

(in millions)	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total
						31 December 2012
Loans and receivables - banks[1]						
Loans and receivables - customers						
Residential mortgages	1,699	78				1,777
Other consumer loans	195	9			1	205
Commercial loans	3,946	276		44	315	4,581
Other loans and receivables - customers	84	25				109
Total Loans and receivables - customers[1]	**5,924**	**388**		**44**	**316**	**6,672**
Total	**5,924**	**388**		**44**	**316**	**6,672**

1 Excluding Securities financing due to the new presentation of the balance sheet.

Forborne assets by business segment Audited

(in millions)	31 December 2014	31 December 2013	31 December 2012
Retail Banking	2,092	2,536	1,873
Private Banking	276	311	126
Corporate Banking	6,706	6,344	4,673
Group Functions			
Total	**9,074**	**9,191**	**6,672**

Maturity of impaired exposures

(in millions)	Gross carrying amount	Impaired exposures	<= one year impaired	>one year & <= five years impaired	> five years impaired
					31 December 2014
Securities financing	**18,521**	**10**			**10**
Loans and receivables - banks[1]	**21,680**				
Loans and receivables - customers					
Residential mortgages[2]	152,536	1,478	1,038	426	13
Consumer loans[3]	16,052	868	320	490	57
Commercial loans[2]	86,299	4,989	1,515	2,666	809
Other loans and receivables - customers[4]	11,783	265	67	184	14
Total Loans and receivables - customers[1]	**266,670**	**7,601**	**2,941**	**3,766**	**894**
Other assets	**1,932**	**12**	**12**		
Total on-balance sheet	**308,804**	**7,622**	**2,952**	**3,766**	**904**
Total off-balance sheet	110,011	9	9		
Total	**418,815**	**7,632**	**2,962**	**3,766**	**904**

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Carrying amounts include fair value adjustment from hedge accounting.
3 Consumer loans in the programme lending portfolio that are more than 90 days due are immediately impaired.
4 Other loans and receivables - customers consist of Government and official institutions, Financial lease receivables and Factoring.

Maturity of impaired exposures

(in millions)	Gross carrying amount	Impaired exposures	<= one year impaired	>one year & <= five years impaired	> five years impaired
					31 December 2013
Securities financing	**18,386**	**23**		**23**	
Loans and receivables - banks[1]	**23,967**				
Loans and receivables - customers					
Residential mortgages[2]	154,024	1,739	1,273	451	15
Consumer loans[3]	16,241	887	449	415	23
Commercial loans[2]	84,330	5,038	1,729	2,745	564
Other loans and receivables - customers[4]	7,408	137	57	71	9
Total Loans and receivables - customers[1]	**262,003**	**7,801**	**3,508**	**3,682**	**611**
Other assets	2,187	13	13		
Total on-balance sheet	**306,543**	**7,837**	**3,521**	**3,705**	**611**
Total off-balance sheet	101,525	8	8		
Total	**408,068**	**7,845**	**3,529**	**3,705**	**611**

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Carrying amounts include fair value adjustment from hedge accounting.
3 Consumer loans in the programme lending portfolio that are more than 90 days due are immediately impaired.
4 Other loans and receivables - customers consist of Government and official institutions, Financial lease receivables and Factoring.

Maturity of allowances for impairments for identified credit risk

(in millions)	Impaired exposures	Allowances for Impairments for identified credit risk	<= one year impaired	>one year & <= five years impaired	> five years impaired
					31 December 2014
Securities financing	**10**	**-10**			**-10**
Loans and receivables - banks[1]					
Loans and receivables - customers					
Residential mortgages[2]	1,478	-408	-266	-132	-10
Consumer loans[3]	868	-533	-158	-338	-37
Commercial loans[2]	4,989	-3,017	-711	-1,611	-696
Other loans and receivables - customers[4]	265	-115	-48	-56	-11
Total Loans and receivables - customers[1]	**7,601**	**-4,073**	**-1,184**	**-2,136**	**-753**
Other assets	**12**	**-5**	**-5**		
Total on-balance sheet	**7,622**	**-4,088**	**-1,189**	**-2,136**	**-763**
Total off-balance sheet	9				
Total	**7,632**	**-4,089**	**-1,189**	**-2,136**	**-763**

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Carrying amounts include fair value adjustment from hedge accounting.
3 Consumer loans in the programme lending portfolio that are more than 90 days due are immediately impaired.
4 Other loans and receivables - customers consist of Government and official institutions, Financial lease receivables and Factoring.

Maturity of allowances for impairments for identified credit risk

					31 December 2013
(in millions)	Impaired exposures	Allowances for Impairments for identified credit risk	<= one year impaired	>one year & <= five years impaired	> five years impaired
Securities financing	**23**	**-23**		**-23**	
Loans and receivables - banks[1]					
Loans and receivables - customers					
Residential mortgages[2]	1,739	-472	-316	-147	-9
Consumer loans[3]	887	-512	-216	-283	-13
Commercial loans[2]	5,038	-3,237	-906	-1,779	-552
Other loans and receivables - customers[4]	137	-86	-22	-57	-7
Total Loans and receivables - customers[1]	**7,801**	**-4,307**	**-1,460**	**-2,266**	**-581**
Other assets	**13**	**-5**	**-5**		
Total on-balance sheet	**7,837**	**-4,335**	**-1,465**	**-2,289**	**-581**
Total off-balance sheet	8				
Total	**7,845**	**-4,335**	**-1,465**	**-2,289**	**-581**

1 Excluding Securities financing due to the new presentation of the balance sheet.
2 Carrying amounts include fair value adjustment from hedge accounting.
3 Consumer loans in the programme lending portfolio that are more than 90 days due are immediately impaired.
4 Other loans and receivables - customers consist of Government and official institutions, Financial lease receivables and Factoring.

Maturity analysis of assets and liabilities

Audited | EDTF 20

The following table shows the financial assets and liabilities arranged by the earliest possible contractual maturity. This picture is not consistent with how we view and manage liquidity, as it does not take expected client behaviour and other factors into account. Most notably, this table does not reflect prepayment of mortgages and other loans and the fact that the behavioural maturities of client deposits are not in line with the contractual maturities. Financial investments relate to the liquidity buffer and can be liquidated quickly despite the longer contractual maturity.

Contractual maturity of assets and liabilities Audited EDTF 20

31 December 2014

(in millions)	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	Maturity not applicable	Total
Assets									
Cash and balances at central banks	706							-0	706
Financial assets held for trading[1]	9,017							-0	9,017
Derivatives	19,826	11	34	293	167	959	3,995	-0	25,285
Financial investments	637	1,336	4,119	3,399	2,510	8,305	20,628	531	41,466
Securities financing	14,856	2,316	628		96	615			18,511
Loans and receivables - banks[2]	10,672	556	262	402	154	331	9,303	-0	21,680
Loans and receivables - customers[2]	18,218	13,324	3,788	14,468	20,952	21,307	169,851		261,910
Other assets[1]	2,978	199	1,585	596	223	205	1,393	1,112	8,292
Total assets	**76,911**	**17,742**	**10,417**	**19,158**	**24,101**	**31,723**	**205,171**	**1,643**	**386,867**
Liabilities									
Financial liabilities held for trading[1]	3,759							-0	3,759
Derivatives	18,262	20	71	145	387	1,813	9,750	-0	30,449
Securities financing	11,285	1,551	82			1,000			13,918
Due to banks[2]	5,910	925	441	258	105	4,372	3,732		15,744
Due to customers[2]	193,014	11,564	1,957	2,314	1,577	1,681	3,904		216,011
Issued debt	3,499	8,195	3,688	4,995	11,554	21,340	23,859		77,131
- of which senior secured				2,961	558	6,387	17,171		27,077
- of which senior unsecured	1,139	2,172	473	782	8,396	12,603	6,687		32,252
- of which securitisation		3,171	378	500	2,600	2,350			9,000
- of which other	2,360	2,852	2,837	753			-0		8,802
Subordinated liabilities	3				1,304	3,605	3,415	-0	8,328
Other liabilities[1]	1,969	150	439	479	580	5	335	2,695	6,652
Total liabilities	**237,701**	**22,405**	**6,679**	**8,191**	**15,508**	**33,816**	**44,995**	**2,695**	**371,990**
Total equity								**14,877**	**14,877**
Total liablities and equity	**237,701**	**22,405**	**6,679**	**8,191**	**15,508**	**33,816**	**44,995**	**17,572**	**386,867**
Off-balance sheet liabilities									
Committed credit facilities	16,164								16,164
Guarantees	2,592								2,592
Irrevocable facilities	5,499								5,499
Recourse risks arising from discounted bills	7,243								7,243
Total off-balance sheet liablities	**31,498**								**31,498**

1 Excluding Derivatives due to the new presentation of the balance sheet.
2 Excluding Securities financing due to the new presentation of the balance sheet.

Contractual maturity of assets and liabilities Audited EDTF 20

(in millions)	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	Maturity not applicable	Total
									31 December 2013
Assets									
Cash and balances at central banks	9,523								9,523
Financial assets held for trading[1]	12,019								12,019
Derivatives	11,880	11	19	48	354	631	1,328		14,271
Financial investments	455	935	610	1,302	2,173	6,761	15,374	501	28,111
Securities financing	14,593	1,959	869	301		98	542		18,362
Loans and receivables - banks[2]	16,448	491	227	133	18	137	6,513		23,967
Loans and receivables - customers[2]	21,809	7,790	1,799	12,809	24,799	20,324	167,698		257,028
Other assets[1]	2,335	79	109	583	51	176	1,687	3,721	8,741
Total assets	**89,062**	**11,265**	**3,633**	**15,176**	**27,395**	**28,127**	**193,142**	**4,222**	**372,022**
Liabilities									
Financial liabilities held for trading[1]	4,399								4,399
Derivatives	9,863	15	33	47	318	1,710	5,241		17,227
Securities financing	9,449	321	1,460	1	25	1,002	8		12,266
Due to banks[2]	6,035	2,576	390	180	251	166	2,028		11,626
Due to customers[2]	182,749	13,606	2,176	1,684	884	2,250	4,235		207,584
Issued debt	6,974	7,720	7,156	8,869	11,715	22,007	24,241		88,682
- of which senior secured			75	2,071	3,006	5,016	15,745		25,913
- of which senior unsecured	3,918	350	2,309	4,103	4,477	12,050	7,306		34,513
- of which securitisation		2,040	40	80	4,221	4,930	982		12,293
- of which other	3,056	5,330	4,732	2,615	11	11	208		15,963
Subordinated liabilities		51			3	3,053	4,810		7,917
Other liabilities[1]	1,017	2,489	881	795	4	5	698	2,864	8,753
Total liabilities	**220,486**	**26,778**	**12,096**	**11,576**	**13,200**	**30,193**	**41,261**	**2,864**	**358,454**
Total equity								**13,568**	**13,568**
Total liablities and equity	**220,486**	**26,778**	**12,096**	**11,576**	**13,200**	**30,193**	**41,261**	**16,432**	**372,022**
Off-balance sheet liabilities									
Committed credit facilities	13,764								13,764
Guarantees	3,534								3,534
Irrevocable facilities	5,415								5,415
Recourse risks arising from discounted bills	7,154								7,154
Total off-balance sheet liablities	**29,867**								**29,867**

1 Excluding Derivatives due to the new presentation of the balance sheet.
2 Excluding Securities financing due to the new presentation of the balance sheet.

Contractual maturity of assets and liabilities Audited EDTF 20

									31 December 2012
(in millions)	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	Maturity not applicable	Total
Assets									
Cash and balances at central banks	9,796								9,796
Financial assets held for trading[1]	5,678	257	385	769					7,089
Derivatives	17,498	102	136	268	168	1,108	2,069		21,349
Financial investments	109	63	88	428	2,483	8,302	9,918	339	21,730
Securities financing	21,581	4,320	1,969	923					28,793
Loans and receivables - banks[2]	28,379	3,069	324	332	23	56			32,183
Loans and receivables - customers[2]	19,829	3,108	3,646	6,307	24,731	20,167	184,664		262,452
Other assets[1]	1,384	430	826	1,091	1,178	207	2,461	2,789	10,366
Total assets	**104,254**	**11,349**	**7,374**	**10,118**	**28,583**	**29,840**	**199,112**	**3,128**	**393,758**
Liabilities									
Financial liabilities held for trading[1]	2,516	219	329	658					3,722
Derivatives	16,511	176	274	556	214	2,039	7,738		27,508
Securities financing	16,551	2,490	211	269					19,521
Due to banks[2]	11,985	2,889	1,153	482	26	390	10		16,935
Due to customers[2]	180,297	7,436	3,531	2,151	1,371	2,591	4,228		201,605
Issued debt	5,890	17,143	5,505	6,943	14,138	22,762	22,667		95,048
- of which senior secured	2,043	332	124	1,088	2,204	6,070	16,288		28,149
- of which senior unsecured	1,190	680	864	3,163	9,494	8,379	5,212		28,982
- of which securitisation	1	1,861	1,301	1,410	2,160	8,251	1,167		16,151
- of which other	2,656	14,270	3,216	1,282	280	62			21,766
Subordinated liabilities	14	845	716	85	50	4,674	3,352		9,736
Other liabilities[1]	900	245	773	1,264	225	11	751	2,631	6,800
Total liabilities	**234,664**	**31,443**	**12,492**	**12,408**	**16,024**	**32,467**	**38,746**	**2,631**	**380,875**
Total equity								**12,883**	**12,883**
Total liablities and equity	**234,664**	**31,443**	**12,492**	**12,408**	**16,024**	**32,467**	**38,746**	**15,514**	**393,758**
Off-balance sheet liabilities									
Committed credit facilities	17,635								17,635
Guarantees	3,817								3,817
Irrevocable facilities	5,474								5,474
Recourse risks arising from discounted bills	7,486								7,486
Total off-balance sheet liablities	**34,412**								**34,412**

1 Excluding Derivatives due to the new presentation of the balance sheet.
2 Excluding Securities financing due to the new presentation of the balance sheet.

The following table provides a maturity analysis of the earliest contractual undiscounted cash flows for financial assets and liabilities. Financial assets and liabilities held for trading are recorded under On demand at fair value. We believe this best represents the short-term nature and the cash flows of these activities. The contractual maturity of the instruments may be extended over significantly longer periods.

Maturity based on contractual undiscounted cash flows Audited

											31 December 2014
(in millions)	On demand	Trading derivatives	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	No maturity	Total
Assets:											
Cash and balances at central banks	611		95								706
Financial assets held for trading[1]	9,017										9,017
Derivatives		19,730	84	219	83	582	786	1,857	2,195		25,535
Financial investments			668	1,456	4,395	3,857	3,294	10,036	22,499		46,205
Securities financing	126		14,740	2,323	634	8	109	639			18,579
Loans and receivables - banks[2]	8,372		2,305	574	304	479	296	660	9,630		22,620
Loans and receivables - customers[2]	315		18,331	14,899	7,530	21,165	32,294	47,090	193,785		335,411
Other assets[1]	352		2,627	203	1,592	604	235	234	1,419	1,113	8,380
Total undiscounted assets	**18,794**	**19,730**	**38,851**	**19,674**	**14,539**	**26,694**	**37,014**	**60,515**	**229,529**	**1,113**	**466,453**
Gross settled derivatives not held for trading:											
Contractual amounts receivable			25	42	29	77	142	301	174		790
Contractual amounts payable			6	13	17	28	57	110	29		260
Total undiscounted gross settled derivatives not held for trading			**19**	**28**	**12**	**49**	**85**	**191**	**145**		**530**
Net settled derivatives not held for trading			65	191	58	529	693	1,653	1,990		5,178
Liabilities:											
Financial liabilities held for trading[1]	3,759										3,759
Derivatives		18,203	115	162	475	593	1,163	2,562	6,323		29,597
Securities financing	49		11,243	1,555	88	10	19	1,036			13,999
Due to banks[2]	1,974		3,943	946	489	345	267	4,712	3,910		16,586
Due to customers[2]	64,330		128,752	11,600	2,003	2,378	1,668	1,878	4,053		216,662
Issued debt	63		3,512	8,477	4,312	6,072	13,169	24,741	25,864		86,210
Subordinated liabilities			19	62	156	296	1,781	4,602	3,949		10,864
Other liabilities[1]	1,341		629	151	442	482	582	9	339	2,696	6,670
Total liabilities	**71,517**	**18,203**	**148,212**	**22,954**	**7,965**	**10,176**	**18,648**	**39,540**	**44,439**	**2,696**	**384,348**
Gross settled derivatives not held for trading:											
Contractual amounts receivable			8	1	8	17	31	30	5		100
Contractual amounts payable			4	2	2	30	34	34	7		112
Total undiscounted gross settled derivatives not held for trading			**-4**		**-6**	**14**	**3**	**4**	**1**		**12**
Net settled derivatives not held for trading			119	158	455	548	1,098	2,459	5,270		10,106
Net liquidity gap	**-52,723**	**1,527**	**-109,361**	**-3,280**	**6,574**	**16,518**	**18,367**	**20,975**	**185,090**	**-1,583**	**82,105**
Off balance sheet liabilities											
Committed credit facilities	16,164										16,164
Guarantees	2,592										2,592
Irrevocable facilities	5,499										5,499
Recourse risks arising from discounted bills	7,243										7,243
Total off-balance sheet liabilities	**31,498**										**31,498**

1 Excluding Derivatives due to the new presentation of the balance sheet.
2 Excluding Securities financing due to the new presentation of the balance sheet.

Maturity based on contractual undiscounted cash flows Audited

(in millions)	On demand	Trading derivatives	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	No maturity	Total
											31 December 2013
Assets:											
Cash and balances at central banks	9,523										9,523
Financial assets held for trading[1]	11,840		20								11,860
Derivatives		11,998	59	178	73	491	932	2,146	1,959		17,836
Financial investments			464	971	696	1,457	2,438	7,343	15,771	542	29,682
Securities financing	7,021		7,579	1,967	878	310	15	131	596		18,497
Loans and receivables - banks[2]	3,751		12,704	502	257	171	124	384	6,757		24,650
Loans and receivables - customers[2]	2		22,240	9,335	5,532	19,573	36,035	45,848	191,451		330,016
Other assets[1]	389		1,980	148	214	790	245	115	1,658	3,730	9,269
Total undiscounted assets	**32,526**	**11,998**	**45,046**	**13,101**	**7,650**	**22,792**	**39,789**	**55,967**	**218,192**	**4,272**	**451,333**
Gross settled derivatives not held for trading:											
Contractual amounts receivable			8	21	34	57	117	299	165		701
Contractual amounts payable			5	5	11	20	40	119	29		229
Total undiscounted gross settled derivatives not held for trading			**3**	**16**	**23**	**37**	**77**	**180**	**136**		**472**
Net settled derivatives not held for trading			32	154	33	447	622	1,895	1,650		4,833
Liabilities:											
Financial liabilities held for trading[1]	4,378		21								4,399
Derivatives		9,849	117	199	483	554	1,306	4,001	6,587		23,096
Securities financing	3,064		6,391	328	1,471	13	47	1,044	8		12,366
Due to banks[2]	1,942		4,102	2,597	422	230	336	357	2,189		12,175
Due to customers[2]	60,916		121,913	13,653	2,231	1,763	1,012	2,527	4,434		208,449
Issued debt			7,020	7,886	7,523	9,463	12,597	23,862	25,330		93,681
Subordinated liabilities			12	101	125	238	453	4,030	5,467		10,426
Other liabilities[1]	639		393	2,511	1,029	1,106	32	44	482	2,744	8,980
Total liabilities	**70,939**	**9,849**	**139,969**	**27,275**	**13,284**	**13,367**	**15,783**	**35,865**	**44,497**	**2,744**	**373,572**
Gross settled derivatives not held for trading:											
Contractual amounts receivable			3	3	16	21	40	72	8		163
Contractual amounts payable			11	4	13	29	54	97	12		220
Total undiscounted gross settled derivatives not held for trading			**8**	**1**	**-3**	**8**	**14**	**25**	**4**		**57**
Net settled derivatives not held for trading			97	182	454	525	1,235	3,687	6,099		12,279
Net liquidity gap	**-38,413**	**2,149**	**-94,923**	**-14,174**	**-5,634**	**9,425**	**24,006**	**20,102**	**173,695**	**1,528**	**77,761**
Off balance sheet liabilities											
Committed credit facilities	13,764										13,764
Guarantees	3,534										3,534
Irrevocable facilities	5,415										5,415
Recourse risks arising from discounted bills	7,154										7,154
Total off-balance sheet liabilities	**29,867**										**29,867**

1 Excluding Derivatives due to the new presentation of the balance sheet.
2 Excluding Securities financing due to the new presentation of the balance sheet.

Maturity based on contractual undiscounted cash flows Audited

											31 December 2012
(in millions)	On demand	Trading deriva-tives	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	No matu-rity	Total
Assets:											
Cash and balances at central banks	9,749		47								9,796
Financial assets held for trading[1]	5,555		124	256	385	769					7,089
Derivatives	1	17,254	72	188	166	332	657	1,970	1,512		22,152
Financial investments	1		122	121	232	697	2,935	9,264	10,501	339	24,212
Securities financing	90		21,532	4,331	1,978	925					28,856
Loans and receivables - banks[2]	7,703		20,664	3,076	327	333	24	58			32,185
Loans and receivables - customers[2]	3,434		16,845	4,744	7,636	13,661	37,171	48,493	211,276		343,260
Other assets[1]	3		1,611	541	982	1,390	1,227	606	2,735	2,789	11,884
Total undiscounted assets	**26,536**	**17,254**	**61,017**	**13,257**	**11,706**	**18,107**	**42,014**	**60,391**	**226,024**	**3,128**	**479,434**
Gross settled derivatives not held for trading:											
Contractual amounts receivable			12	76	29	57	157	471	292		1,094
Contractual amounts payable			24	5	11	21	57	171	38		327
Total undiscounted gross settled derivatives not held for trading			**-12**	**71**	**18**	**36**	**100**	**300**	**254**		**767**
Net settled derivatives not held for trading			84	117	148	296	556	1,669	1,258		4,129
Liabilities:											
Financial liabilities held for trading[1]	2,409		106	219	329	658					3,721
Derivatives	3	16,376	485	110	650	1,137	1,683	5,069	7,779		33,292
Securities financing	1,371		15,187	2,493	212	269					19,532
Due to banks[2]	2,372		9,625	2,908	1,166	492	39	415	11		17,028
Due to customers[2]	61,234		119,201	7,487	3,610	2,258	1,533	2,940	4,465		202,728
Issued debt	3		5,966	17,423	6,077	7,908	15,526	25,660	24,292		102,855
Subordinated liabilities			25	889	815	266	391	5,388	3,693		11,467
Other liabilities[1]	689		1	27	92	5	260	92	826	2,631	4,623
Total liabilities	**68,081**	**16,376**	**150,596**	**31,556**	**12,951**	**12,993**	**19,432**	**39,564**	**41,066**	**2,631**	**395,246**
Gross settled derivatives not held for trading:											
Contractual amounts receivable			1	2	16	32	49	148	29		277
Contractual amounts payable			9	2	11	21	38	115	19		215
Total undiscounted gross settled derivatives not held for trading			**8**		**-5**	**-11**	**-11**	**-33**	**-10**		**-62**
Net settled derivatives not held for trading			375	178	396	793	1,654	4,964	7,376		15,736
Net liquidity gap	**-41,545**	**878**	**-89,579**	**-18,299**	**-1,245**	**5,114**	**22,582**	**20,827**	**184,958**	**497**	**84,188**
Off balance sheet liabilities											
Committed credit facilities	17,635										17,635
Guarantees	3,817										3,817
Irrevocable facilities	5,474										5,474
Recourse risks arising from discounted bills	7,486										7,486
Total off-balance sheet liabilities	**34,412**										**34,412**

1 Excluding Derivatives due to the new presentation of the balance sheet.
2 Excluding Securities financing due to the new presentation of the balance sheet.

Independent auditor's report on financial statements

To: The General Meeting of Shareholders of ABN AMRO Group N.V.

Report on the Audit of the Annual Financial Statements 2014

Opinion

In our opinion:
- The consolidated financial statements give a true and fair view of the financial position of ABN AMRO Group N.V. as at 31 December 2014 and of its results and its cash flows for the year 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code.
- The statutory financial statements give a true and fair view of the balance sheet of ABN AMRO Group N.V. as at 31 December 2014 and of its results for the year 2014 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

What we have audited

We have audited the accompanying annual financial statements 2014 of ABN AMRO Group N.V. (the Group). These financial statements include the consolidated financial statements and the statutory financial statements.

The consolidated financial statements comprise:
- the consolidated statement of financial position as at 31 December 2014;
- the consolidated income statement;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- the notes comprising a summary of the significant accounting policies and other explanatoryinformation.

The statutory financial statements comprise:
- the statement of financial position as at 31 December 2014;
- the statement of comprehensive income and statement of changes in equity for the year then ended; and
- the notes comprising a summary of the significant accounting policies and other explanatoryinformation.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our Responsibilities for the Audit of the Financial Statements' section of our report.

We are independent of ABN AMRO Group N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA or Decree on the Code of Conduct for auditors in the Netherlands).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Summary

We planned and executed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we directed our audit to those areas where management made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. Examples of this are the impairment for loan losses and valuations of financial instruments and non-financial instruments. We also addressed the risk of management override of internal controls, including an evaluation whether there was evidence of management bias that may represent a risk of material misstatement due to fraud.

The overall materiality on which we have planned and executed our audit amounts to EUR 50 million which represents 3.2% of operating profit before taxation for the year.

We conducted our audit at the head office and instructed local auditors to audit component locations in the Netherlands and all significant components outside the Netherlands, including New York, Frankfurt, Antwerp and Paris. We visited component locations in Chicago, Antwerp, Hong Kong, Singapore and Paris where we performed detailed file reviews. The audits have been performed by specialised financial services auditors experienced in the audit of banks.

Key audit matters

We identified the following key audit matters:
- estimation uncertainty with respect to impairment losses on loans and receivables;
- estimation uncertainty with respect to financial instruments measured at fair value;
- provisioning and contingent liabilities for claims and litigation;
- settlement of the pension plan in the Netherlands; and
- reliability and continuity of the information technology and systems.

Materiality

Misstatements can arise from fraud or error and will be considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. We determined certain quantitative thresholds for materiality. These together with qualitative considerations helped us to determine the nature, timing and extent of our audit procedures and the evaluation of the impact of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements for the Group as a whole at EUR 50 million, with reference to a primary benchmark of operating profit before taxation 3.2%. We have applied this benchmark based on our assessment of the general information needs of users of the financial statements. We believe that operating profit before tax is a relevant metric for assessment of the financial performance of the Group. Given the relatively high balance sheet total and gross income, we have not taken these alternative benchmarks into consideration.

Our audits of the components were performed in most instances to materiality levels based on the local statutory accounts which are considerably lower than the materiality for the financial statements as a whole. In the other cases, based on our judgement we set the materiality for the audits at components at levels that we deemed appropriate for the circumstances with a maximum of EUR 37.5 million, having regard to the materiality for the financial statements for the Group as a whole and the reporting structure within the Group.

We agreed with the Supervisory Board that all unadjusted misstatements in excess of EUR 2 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the Group audit

ABN AMRO Group N.V. is the parent company of the Group. The financial information of this Group is included in the consolidated financial statements of ABN AMRO Group N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the Group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for Group entities.

We scoped components of ABN AMRO Group N.V. into the Group audit where they are of significant size, have significant risks to the Group or are considered significant for other reasons. Where this does not give adequate coverage we used our judgment to scope-in additional components.

Applying these scoping criteria led to a full scope audit for 63 components, in total covering 6 countries. This resulted in coverage of 79.5% of profit before taxation and 87.6% of total assets. The remaining 20.5% of profit before taxation and 12.4% of total assets results from a significant number of components, none of which individually represented more than 3% of profit before taxation or total assets. For these remaining components, we performed specified audit procedures on significant risk areas such as legal claims and the tax position. Furthermore, we performed analytical procedures at the aggregated Group level on the remaining components in order to corroborate our assessment that there are no significant risks of material misstatement within these remaining components.

All components in scope for Group reporting are audited by KPMG member firms. We sent detailed instructions to all component auditors, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported back to the Group audit team. We visited component locations in Chicago, Antwerp, Hong Kong, Singapore and Paris where we performed detailed file reviews. Conference call and/or physical meetings were also held with the auditors of these components as well as the components in the Netherlands, Frankfurt, New York and Luxembourg and other components that were not physically visited. At these visits, meetings and calls, the planning, risk assessment, procedures performed, findings and observations reported to the Group auditor were discussed in more detail and any further work deemed necessary by the Group audit team was then performed.

The consolidation of the Group, the disclosures in the financial statements and certain accounting topics that are performed at group level are audited by the Group audit team. The accounting matters on which audit procedures are performed by the Group audit team include, but are not limited to, assessment of the use of the going concern assumption, goodwill impairment testing, equity, group financing, corporate income tax for the Dutch fiscal unity, employee benefits and claims and litigations.

By performing the procedures above at components, together with additional procedures at group level, we have obtained sufficient and appropriate audit evidence about the Group's financial information to provide an opinion on the financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit on the financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Estimation uncertainty with respect to impairment losses on loans and receivables

Certain aspects of the accounting for loan loss impairments require significant judgment, such as the identification of loans that are deteriorating, the assessment of objective evidence for impairment, the value of collateral and the assessment of the recoverable amount. We have therefore identified loan loss impairments as a key audit matter.

Our audit response

Audit procedures included, among others, a comprehensive testing of the Group's credit management and credit monitoring procedures including the internal controls related to the timely recognition and measurement of impairments for loan losses, including loans that have been renegotiated and/or forborne. We examined a selection of individual loan exposures in detail, and challenged management's assessment of the recoverable amount. We applied professional judgment in selecting the loan exposures for our detailed inspection with an emphasis on exposures in sectors that pose an increased uncertainty for recovery in the current market circumstances, for example commercial real estate exposures, retail exposures and exposures to medium sized businesses. Our examination of specific loan files included exposures managed by the financial recovery and restructuring department. We also tested the sufficiency of the models, assumptions and data used by the Group to measure loan loss impairments for portfolios of loans with similar credit characteristics, such as the Dutch mortgage portfolio and consumer loans. For that purpose we included credit valuation specialists in our audit team. Likewise we have tested the models, assumptions and data used by the Group for the collective impairment for incurred but not identified loan losses, including the appropriateness of the respective loss identification period that is used in these models.

In October 2014, the European Central Bank informed the Group of the outcome of the Asset Quality Review and Stress Test as performed under the Single Supervisory Mechanism on the exposures reported by the Group as at 31 December 2013. The Report of the Managing Board provides on page 129 details how the Group has given follow up to the Asset Quality Review and the impact of it on this year's financial statements. We have considered the outcome of the Asset Quality Review and the follow up given by the Group as part of our audit. We have investigated the adjustments made and tested the appropriateness against the Group's accounting policies and the requirements of EU-IFRS. We furthermore focused on the adequacy of the audited risk disclosures in the Report of the Managing Board which form part of the notes.

Our observation
Overall we assess that the assumptions used by management and related estimates resulted in a cautious valuation of loans and receivables after deduction of loan loss impairments and concur with the related disclosures in the financial statements.

Estimation uncertainty with respect to financial instruments measured at fair value
The financial instruments that are measured at fair value are significant for the financial statements of a bank, such as derivatives, trading positions and available for sale investments. For financial instruments that are actively traded and for which quoted market prices or market parameters are available, there is high objectivity in the determination of fair values (level 1 valuation). However, when observable market prices or market parameters are not available the fair value is subject to estimation uncertainty as significant judgment is applied to estimate fair value. Fair value of financial instruments has therefore been identified as a key audit matter.

Our audit response
As part of our audit we have tested the level 1 fair valuations by comparing the fair values applied by the Group with publicly available market data. For all level 2 and level 3 valuations we tested the appropriateness of the models used by the Group and the reliability of the data that was used as input to these models. As referred to in note 17, the Group has included a Funding Value Adjustment for the first time this year in determining the fair value of non-collateralised derivatives, to better reflect a market based pricing for these instruments. In testing all fair values we have placed specific emphasis on the appropriate application of Funding Value, Credit Value and Debit Value Adjustments that form an integral part of fair values. For that reason we included valuation specialists in our audit team. We furthermore focused on the adequacy of the fair value disclosures in note 17 and 20.

Our observation
Overall we assess that the assumptions used by management and related estimates resulted in appropriate valuations and disclosures of financial instruments at fair value.

Provisioning and contingent liabilities for claims and litigation
The Group is involved in a number of legal proceedings in the ordinary course of business as set out in Note 32. In preparing the financial statements management performs an assessment of all legal matters to determine as to whether these require the recognition of a provision or need disclosure as contingent liability in the financial statements. This assessment requires significant judgement and has therefore been identified as a key audit matter. Provisions are recognised for legal obligations arising from past events, if there is a probable outflow of resources and the amount can be reliably estimated. Contingent liabilities are not recognised, but disclosed in the notes.

Our audit response
We have assessed the process for identification and internal assessment of legal claims and litigation, including claims and litigations related to for example Madoff, mandatory convertible securities and SME derivatives. We examined various internal and external documentation, including documentation of legal claims and had discussions with management and external legal advisors of the Group. In addition we assessed the accounting treatment of claims and litigation against the requirements of EU-IFRS as set out above.

Our observation

Overall we concur with the level of provisioning for legal claims and with the disclosure of the contingent liabilities for claims and litigation in the financial statements.

Settlement of the pension plan in the Netherlands

As at 12 June 2014, the Group reached a settlement of its pension plan in the Netherlands with all parties involved resulting in settlement of the defined benefit plan as described and disclosed in note 28. As the accounting for the settlement of the pension plan is complex and requires significant judgement we identified this as a key audit matter.

Our audit response

Given the significance of this pension settlement to the financial statements as a whole, we performed a detailed investigation of the available documentation with respect to the settlement. This documentation included among others the revised pension contract and detailed information about the fair value of plan assets at settlement date. We also reviewed and discussed the audit performed by the external auditor of the pension fund on the fair value of plan assets at settlement date and an assessment of the actuarial report as prepared by the external actuary of the Group. In performing our procedures and assessments we included a specialist pension actuary in our team.

Our observation

The settlement of the plan is appropriately reflected in the financial statements.

Reliability and continuity of the information technology and systems

The Group is heavily dependent on its IT-infrastructure for the continuity of its operations. The Group makes significant investments in its IT systems and -processes as it is continuously improving the efficiency and effectiveness of the IT-infrastructure and the reliability and continuity of the electronic data processing. For example to remediate identified weaknesses and inefficiencies and to accommodate the ongoing regulatory changes imposed on the banking industry like CRD IV/CRR. We have therefore identified this as a key audit matter.

Our audit response

We have assessed the reliability and continuity of the electronic data processing, as far as necessary within the scope of our audit. For that purpose we included IT-auditors in our audit team. Our procedures included the assessment of developments in the IT-domain and testing of the relevant internal controls with respect to IT-systems and -processes. We have also assessed the increasing initiatives and processes of the Group to fight cybercrime.

Our observation

In our management letter we provided recommendations for further enhancements to the IT-controls and data quality initiatives. Reference is made to page 232 of the Supervisory Board Report and page 237 of the Audit Committee Report.

Responsibilities of the Managing Board and the Supervisory Board for the financial statements

The Managing Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Managing Board Report in accordance with Part 9 of Book 2 of the Netherlands Civil Code; and
- such internal control as the Managing Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Managing Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless the Managing Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Managing Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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

Our Responsibilities for the Audit of the Financial Statements

Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and frauds. For a further description of our responsibilities in respect of an audit of financial statements in general, we refer to the website of the professional body for accountants in the Netherlands (NBA) www.nba.nl/site/english/standard-texts-auditors-report/.

Report on Other Legal and Regulatory Requirements

Report on the Managing Board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Managing Board report and other information):

- We have no deficiencies to report as a result of our examination whether the Managing Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the Managing Board report, to the extent we can assess, is consistent with thefinancial statements.

Engagement

We have been auditor of ABN AMRO Group N.V. since 2010. We were re-appointed as auditor of ABN AMRO Group N.V. for the financial years 2013 and 2014 by the Special General Meeting of Shareholders of 18 December 2012.

Amstelveen, 19 March 2015

KPMG Accountants N.V.

D. Korf RA

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