

Annual Report 2000

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ABN AMRO from 1991

(in euros)

	2000	2000	1999	1998
Income statement (in millions)		(USD) ⁵		
Net interest revenue	9,404	8,657	8,687	7,198
Total non-interest revenue	9,065	8,345	6,840	5,340
Total revenue	18,469	17,002	15,527	12,538
Operating expenses	13,202	12,154	10,609	8,704
Provision for loan losses	617	568	653	941
Fund for general banking risks	(32)	(29)	(20)	(101)
Pre-tax profit	4,725	4,350	4,250	2,897
Group profit	3,401	3,131	2,930	1,989
Net profit (excluding restructuring charge)	3,097	2,851	2,570	1,828
Net profit attributable to ordinary shareholders	2,419	2,227	2,490	1,747
Dividends	1,424	1,311	1,250	906
Balance sheet (in billions)				
Shareholders' equity	12.5	11.6	12.0	10.7
Group capital	32.5	30.2	28.9	24.4
Total client accounts and debt securities	339.8	315.9	284.2	243.5
Loans	319.3	296.8	259.7	220.5
Total assets	543.2	504.9	457.9	432.1
Contingent liabilities and committed facilities	187.5	174.3	159.0	124.0
Risk-weighted total assets	263.9	245.3	246.4	215.8
Ordinary share figures ¹				
Number of shares outstanding (in millions)	1,500.4		1,465.5	1,438.1
Average number of shares outstanding (in millions)	1,482.6		1,451.6	1,422.1
Net earnings per share (in euros) ^{2,6}	2.04	1.88	1.72	1.23
Fully diluted net earnings per share (in euros) ^{2,6}	2.02	1.86	1.71	1.22
Dividend per share (in euros, rounded) ³	0.90	0.83	0.80	0.58
Payout ratio (dividend/net profit)	44.1		46.5	46.9
Net asset value per share (year-end) (in euros) ^{3,4}	7.78	7.23	7.59	6.85
Ratios (in %)				
Return on equity	26.5		23.7	16.9
BIS tier 1 ratio ⁴	7.20		7.20	6.94
BIS total capital ratio ⁴	10.39		10.86	10.48
Efficiency ratio	71.5		68.3	69.4
Number of employees (headcount)				
Netherlands	38,958		37,138	36,716
Other countries	76,140		72,800	71,014
Number of branches and offices				
Netherlands	885		921	943
Other countries	2,709		2,668	2,640
Number of countries and territories where present				
	74		76	74

Prior-year figures have been restated for comparison purposes.

¹ Adjusted for shares repurchased to cover staff options granted.

² Based on the average number of ordinary shares outstanding and adjusted for increases in share capital.

³ Where necessary, adjusted for increases in share capital.

⁴ Including reclassification of the provision for general contingencies at 1 January 1997.

⁵ Income statement figures have been translated at the average dollar rate and balance sheet figures at the year-end dollar rate.

⁶ Including restructuring charge, net earnings per share over 2000 amounted to EUR 1.63 and fully diluted net earnings per share amounted to EUR 1.62.

1997	1996	1995	1994	1993	1992	1991
6,294	5,230	4,646	4,442	4,013	3,726	3,329
4,491	3,433	2,708	2,353	2,405	1,932	1,823
10,785	8,663	7,354	6,795	6,418	5,658	5,152
7,450	5,867	4,962	4,595	4,256	3,797	3,494
547	569	328	681	681	635	599
179	66	308				
2,626	2,175	1,743	1,526	1,437	1,164	1,059
1,872	1,563	1,233	1,081	955	780	708
1,748	1,499	1,187	1,037	918	764	697
1,666	1,414	1,075	925	835	686	619
844	733	623	550	486	439	421
11.7	11.3	9.2	8.8	8.7	7.3	6.9
24.1	20.1	15.2	14.2	13.8	12.3	11.3
221.1	159.3	147.3	138.5	136.3	128.2	117.7
201.1	150.5	132.8	122.8	121.7	110.7	102.6
379.5	272.0	248.0	229.0	222.8	203.5	186.8
102.8	80.9	63.8	51.0	45.3	44.1	41.5
208.7	176.7	149.6	136.9	130.5	128.1	120.4
1,405.6	1,364.5	1,255.6	1,213.3	1,173.7	1,111.0	1,057.0
1,388.7	1,346.3	1,232.5	1,193.3	1,141.3	1,081.3	1,034.5
1.20	1.05	0.87	0.78	0.73	0.63	0.59
1.19	1.03	0.83	0.74	0.71	0.62	0.59
0.54	0.48	0.41	0.36	0.34	0.33	0.33
45.5	45.5	46.9	46.9	47.4	51.9	55.2
7.71	7.62	6.21	6.08	6.21	5.80	5.78
15.7	16.4	13.9	12.4	12.0	11.1	10.4
6.96	7.21	6.51	6.74	6.85	5.91	
10.65	10.89	10.80	11.02	11.20	9.88	
69.1	67.7	67.5	67.6	66.3	67.1	67.8
34,071	32,531	34,587	35,677	37,393	37,883	38,670
42,678	33,641	29,107	26,504	23,058	21,756	18,077
967	1,011	1,050	1,102	1,330	1,429	1,462
921	706	620	601	503	523	466
71	70	67	64	60	57	52



Rijkman Groenink



Rijnhard van Tets



Jan Maarten de Jong



Wilco Jiskoot

Chairman
Managing Board



Dolf van den Brink



Tom de Swaan



Joost Kuiper

Members
Managing Board



Dolf Collee



Sergio Lires Rial



Hugh Scott-Barrett

Dear Shareholder,

The year 2000 has been an interesting and a challenging year for us – one of continued profitability and a transition to a new organisational structure and focus. Net profits (excluding restructuring charge) increased by 20.5% to EUR 3,097 million while earnings per share (excluding restructuring charge) grew by 18.6% to EUR 2.04. We undertook a strategic review of all our businesses with the overriding objective of maximising shareholder value.

The review process has led to a substantial reorganisation of the institution with an explicit emphasis on economic profit. It also marked the end of the 'Universal Banking concept'. In its place, we now have a client focused organisation with Strategic Business Units: Wholesale Clients, Consumer & Commercial Clients, Private Clients & Asset Management. We believe that this new approach, with emphasis on economic profit and economic value, will allow us to serve our clients better and will result in a significant enhancement of shareholder value.

We have set ourselves the objective of attaining a top 5 position in a peer group of 20 financial institutions within a four year period. The peer group, which encompasses the best in our field of operation, reflects the complexity of our business. We believe that our institution with client focus, product expertise and geographic reach, is well positioned to achieve this objective.

We are confident that the relentless pursuit and execution of the strategy, as outlined above, will bring success for the institution and benefits for all participants.

Managing Board
ABN AMRO Holding N.V.

Report of the Supervisory Board

We are pleased to report that 2000 was a good year financially. Management and employees have worked hard to achieve this outcome and to lay the foundations for more good results. In order to ensure continued success in the future, the strategy was reviewed, fundamental decisions were made about the management of the bank, and an extensive reorganisation into three Strategic Business Units (SBUs) was set in motion. We are confident that shareholders, clients and staff will reap the benefits of these changes in the years ahead.

Financial statements and proposed dividend

This annual report includes the financial statements, which were audited by Ernst & Young Accountants and subsequently adopted by our Board unchanged. We propose to shareholders that they approve the 2000 financial statements and discharge the Managing Board and Supervisory Board in respect of their management and supervision respectively. Upon approval of the financial statements and the profit appropriation they specify, ordinary shareholders will receive a dividend of EUR 0.90 (NLG 1.98) per ordinary share of NLG 1.25 each with a stock dividend option. An interim dividend of EUR 0.40 (NLG 0.88) has already been declared, leaving a final dividend of EUR 0.50 (NLG 1.10) per ordinary share. The holders of other classes of shares will receive dividends in accordance with the articles of association as described on page 109 of the annual report.

Appointments to the Supervisory Board

Trude Maas-de Brouwer and Jan Kalff were appointed to the Supervisory Board for a term of four years, with effect from 10 May 2000. Roelof Nelissen and Silas Keehn, who were due to resign by rotation, were reappointed for a new term from that date.

On 10 May 2001, Roelof Nelissen, Huub van Engelshoven, and Rob Hazelhoff will resign from our Board, having reached 70, which is in principle the maximum age for serving on the Board. Messrs Nelissen and Hazelhoff, the 'founding fathers' of ABN AMRO, sat on our Board for nine and seven years respectively. They continued to put their extensive expertise at the bank's service. In the eight years he sat on our Board Mr Van Engelshoven was a much appreciated and highly active member who made an important contribution to our work. We have asked Silas Keehn, who has also reached 70, to accept a reappointment for one year while we identify a suitable US successor to Mr Keehn and his wealth of knowledge and experience of the American financial world.

Wim Dik, Cees van der Hoeven and Maarten van Veen are due to resign by rotation on 10 May 2001, but were reappointed by a resolution of the Supervisory Board meeting of 23 March 2001. The same meeting appointed Cor Boonstra as a new member of the Board, also with effect from 10 May 2001. Mr Boonstra has extensive managerial experience with large international corporations. Especially his expertise of successful complex reorganisation processes will be of great value to the bank.

As a result, the size of the Board has fallen from 15 to 13 members. The Board is of the opinion that it can operate more effectively with a smaller number of members. All the appointments were made in accordance with the membership profile updated on 31 March 1998. This profile is available for inspection at the company's offices. The Shareholders' Committee and Central Staff Council were informed of the vacancies and proposed appointments. They did not lodge any objection to the nominations. Two of the Board members are non-Dutch.

Appointments within the bank

On 10 May 2000, Rijkman Groenink became the new Chairman of the Managing Board. He succeeded Mr Kalff, who retired after a career of 36 years with the bank. As part of the strategic review the Board appointed three new members to the Managing Board, with effect from 1 June 2000: Dolf Collee, Sergio Lires Rial and Hugh Scott-Barrett.

The wish to enlarge the Managing Board temporarily is in our opinion legitimate in view of the importance of the proposed changes. The appointments improved the age composition of the Managing Board. We believe this is essential to ensure the continuity and quality of the management. Moreover, Messrs Lires Rial and Scott-Barrett, who are of Brazilian and British nationality respectively, have both so far pursued their careers outside the Netherlands. Their appointments will thus further internationalise the Managing Board.

The Managing Board consulted the Supervisory Board about the appointment of 11 Senior Executive Vice Presidents (SEVPs):

Wholesale Clients SBU

Alexandra Cook
Carole Anne Menzi Collier
Rob Meuter
Henry Tillman
Nils Lorenzen
Jan Willem Meeuwis
Keith Edginton

Consumer & Commercial Clients SBU

Jan Peter Schmittmann
Fabio Barbosa

Private Clients & Asset Management SBU

Tom Cross Brown

Corporate Centre

Maurice Oostendorp

The strategic review, which involves a new, more client-focused organisation, will intensify activity at senior management level and was the main reason for the majority of these appointments. In addition, a number of vacancies that arose from staff turnover were filled. After these appointments, there are 28 SEVPs.

Other activities

The Supervisory Board met on eight occasions (six scheduled and two non-scheduled meetings) during the period under review. One meeting was held outside the Netherlands, in Padua, Italy. Regular agenda items included financial performance, human resources policy, credit and other risks and major transactions. Most meetings discussed the strategic review at length. At one or more of its meetings, the Board considered proposed acquisitions, the auditor's report (including the management letter), budgets, appointments, the organisational structure of the bank and the composition and functioning of the Board. Attention was also given to Managing for Value, the Information Technology strategy, leasing activities, Global Transaction Services and the shareholders' meeting. Other issues included the remuneration of the Managing Board, the funding of the bank's operations, market shares, the annual report and the composition of the Managing Board.

Members of our Board attended meetings of the Central Staff Council by rotation. We appreciate the contact.

The Chairman and Vice Chairman of the Supervisory Board and the Chairman of the Managing Board prepare the meetings of our Board. The Chairman and Vice Chairman and another member of the Supervisory Board make up the Board's Selection and Remuneration Committee. The Committee discussed with the Chairman of the Managing Board appointments, the composition of the

Supervisory Board and the remuneration of the members of the Managing Board, and prepared proposals to the Supervisory Board.

The new strategy requires a new remuneration structure for top management. The Managing Board's reward has therefore been reviewed with effect from 1 January 2001. The aims of the review were to: align reward with the new strategy and corporate goals; increase the variability of reward; align reward more with shareholder interest; link reward to longer-term performance; introduce value-based measures for compensation; and ensure that the package is competitive.

Group Human Resources, assisted by international consultants, rigorously analysed compensation at comparable banks and a number of Dutch-based multinationals. Acting on the proposal of the Selection and Remuneration Committee of the Supervisory Board, a new remuneration structure has been adopted. The new structure combines four elements: base salary; annual bonus; stock options; and performance shares. Tightly defined corporate, SBU and personal performance objectives govern the calculation of the bonus, stock options, and performance share elements.

The annual bonus has a normal maximum of 100% of base salary with an on-target opportunity of 60-75%. The stock options will vest three years after being granted, provided two, valued based, performance objectives, Economic Profit and Return on Equity, have been met. The vesting and the actual size of the award under the performance share plan is contingent upon the Bank's relative Total Return to Shareholders (TRS) position in the peer group, four years from the date of grant.

This is a well-balanced package of short and long term incentives, of cash and equity

awards and of fixed and variable elements.

It is sufficiently competitive against the benchmark established by the remuneration review and offers upside potential when the challenging goals are exceeded and downside potential when goals are not met. The result is the right degree of alignment between the interests of the shareholders and of the individual members of the Managing Board.

To ensure consistency and cohesion, a similar approach has been agreed by the Managing Board for the rest of the top management of the bank. This cadre consists of all Senior Executive Vice Presidents, Executive Vice Presidents and Managing Directors.

In line with the policy of increased transparency, a detailed remuneration overview of the members of the Managing Board is on pages 96 and 97 of this annual report.

Audit Committee

The Audit Committee, comprising the Chairman, Vice Chairman and four members of the Supervisory Board who are appointed for two years, met on four occasions with the Chairman of the Managing Board, the Chief Financial Officer (Tom de Swaan) and one or more other members of the Managing Board. The Audit committee is responsible for the preparation of the plenary discussion of the annual figures, budget, major loans, provisions for loan losses and the management letter. In the year under review, the Committee also considered risk management policy, legal procedures in which the bank is involved, proposed acquisitions, Managing for Value and developments relating to the strategic review. In addition, an audit charter was drawn up. The minutes of the Committee meetings are distributed to, and discussed by, the full Board.

The external and internal auditors attended meetings at which the financial statements, auditor's report and management letter were considered.

We are confident that, with the commitment of all employees, the expectations which the new strategy and the reorganisation have raised will be met in 2001.

Amsterdam, 23 March 2001

Supervisory Board

Report of the Managing Board

Summary of results and developments

A year of progress and a new strategy

In 2000 we reported increased net profits (excluding restructuring charge), while the bank was passing through a major transition. We are confident, moreover, that we can do much better over the next four years, for which we have set ambitious targets, and further into the future. To ensure continued progress, we announced a new strategy and restructuring in May, to come into effect on 1 January 2001. The strategy is summed up in our governing objective of maximising value for shareholders, while maintaining our core franchises, so that we can be one of the five top-performing financial institutions in our peer group. As the first steps in the execution of the strategy, we have restructured the bank into three Strategic Business Units (SBUs).

We recognise that many groups have an interest in how ABN AMRO performs and we believe that focusing on maximising shareholder value is the best way of balancing the diverse interests of these groups. Our instrument for maximising value is Managing for Value (MfV), which we expect in time to permeate the entire culture of the organisation. Two connected terms capture our aim. One is economic value, broadly expressed as a change in ABN AMRO's market value. The other is economic profit, which is net profit after tax less the risk-adjusted cost of capital and represents the annual amount of value created.

Profit growth

The results for 2000 were satisfying and were the last reported under the old divisional structure:

- positive contributions from many parts of our organisation helped to raise net profit by 20.5% to EUR 3,097 million (excluding the

Peer Group of ABN AMRO

ABN AMRO's single corporate measure of success is the Total Return to Shareholders (TRS). The TRS is measured against those of 20 competitors that have been set as our peer set.

Bank One	HSBC Holdings
Barclays	HypoVereinsbank
BBVA	ING Group
BNP Paribas	Lloyds TSB
BSCH	Merrill Lynch
JPMorgan Chase	Morgan Stanley
Citigroup	Nordea
Crédit Suisse	Société Générale
Deutsche Bank	UBS
Fleet Boston	Wells Fargo

restructuring charge of EUR 900 million gross and EUR 599 million net);

- net earnings per ordinary share were up by 18.6% to EUR 2.04 (excluding restructuring charges);

- consolidated total assets increased from EUR 457.9 billion at year-end 1999 to EUR 543.2 billion at year-end 2000.

Risk-weighted assets grew by EUR 17.5 billion to EUR 263.9 billion, which was a slower growth rate than total assets.

Acquisition highlights

Our offer for Bouwfonds, the Dutch mortgage and real estate institution, which was made in 1999, was declared unconditional in January 2000 and has been accepted by all shareholders. Bouwfonds' results in 2000 met our expectations. It is now part of the Consumer & Commercial Clients SBU, and we are concentrating all commercial real estate financing activities in Bouwfonds.

In the fourth quarter of 2000, we announced two major acquisitions in the US: Alleghany Asset Management and Michigan National Corporation. Both deals will close in the first half of 2001.

Key results

(in millions)

	2000	1999	1998
<i>Pre-tax profit</i>			
Netherlands Division	1,083	1,369	1,157
International Division	2,625	2,161	1,502
Investment Banking Division	525	547	319
ABN AMRO Lease Holding	149	128	121
ABN AMRO Bouwfonds	114		
	4,496	4,205	3,099
Provisions for cross-border risks	197	25	(303)
Fund for general banking risks	32	20	101
	4,725	4,250	2,897
Pre-tax profit	4,725	4,250	2,897
Net profit (excluding restructuring charge)	3,097	2,570	1,828
Net profit attributable to ordinary shareholders (excluding restructuring charge)	3,018	2,490	1,747
Net profit (including restructuring charge)	2,498	2,570	1,828
Net profit attributable to ordinary shareholders (including restructuring charge)	2,419	2,490	1,747
Net earnings per share (excluding restructuring charge)	2.04	1.72	1.23
Net earnings per share (including restructuring charge)	1.63	1.72	1.23

Alleghany Asset Management is a major asset manager with over 550 institutional clients in the United States and principal offices in Atlanta and Chicago. This strategic acquisition increases ABN AMRO's global assets under management by 40%, and will allow us to distribute Alleghany funds worldwide and Alleghany to distribute ABN AMRO funds. We are purchasing Alleghany for USD 825 million. In addition, ABN AMRO has agreed to make retention payments and provide other compensation to key personnel.

Michigan National Corporation (MNC), for which we will pay USD 2.75 billion, is a commercial bank holding company based in the state of Michigan. It has a balance sheet total of USD 11.6 billion, 3,600 staff members and more than 180 offices. This acquisition will continue to reinforce ABN AMRO's position in its home market in the US Midwest.

Consolidated results

- Pre-tax profit improved by 11.2%. Exchange rate movements had a reduced impact because part of our USD-related results were hedged.
- Operating expenses (up 24.4%) rose faster than total revenues (up 18.9%). As a result, the efficiency ratio (operating expenses as a percentage of total revenue) deteriorated from 68.3% in 1999 to 71.5% in 2000.
- Net interest revenue was up 8.3% to EUR 9,404 million. The euro net interest margin in the Netherlands was lower than in 1999.
- Net commissions went up to EUR 5,880 million or 32.0%, an increase which was chiefly attributable to payment services, securities commissions, asset management and other fees.
- Results from financial transactions also rose, by 14.2% to EUR 1,569 million. Revenues from derivatives trading increased by EUR 137 million or 36.9%. Securities trading was up by only EUR 9.0 million, mainly because of a disappointing bond trading performance by Fixed Income.
- The sharp rise in other revenue (up by EUR 605 million or 59.8%) was caused by, among other factors, mortgage servicing rights business in the US and by property development by Bouwfonds, whose results were consolidated for the full year. Revenue from securities and participating interests, which is included in other revenue, rose by EUR 94.0 million. The primary reason was the sale of several minority interests.
- Operating expenses (total staff costs, other administrative expenses and depreciation) were up by 24.4% to EUR 13,202 million. If higher exchange rates, acquisitions and restructuring costs in the US are excluded, the increase was 13.9%. Among the factors pushing up expenses were internal growth, several Information Technology (IT) projects, acquisitions and higher performance-related bonuses.
- Loan loss provisions declined by 5.5% to EUR 617 million. The reason was a release of

cross-border provisions. Specific bad debt provisions were 20.1% higher, particularly in North America and Thailand. In the Netherlands, these provisions grew by 15.7%, but they were lower in Latin America and the Caribbean and in the Middle East and Africa. We released EUR 32.0 million from the fund for general banking risks, compared with EUR 20.0 million in 1999. The fund's current level of EUR 1,319 million meets our standard of 50 basis points of total risk-weighted assets. The combined provision for loan losses and release from the fund for general banking risks amounted to EUR 585 million against EUR 633 million in 1999. Value adjustments to financial fixed assets (EUR 43 million) included unrealised gains and losses in the value of shares in the bank's investment portfolios.

- Taxes were stable at EUR 1,324 million. The overall effective tax rate improved from 31.1% in 1999 to 28.0% in 2000. Higher tax-exempt revenue from the sale of participating interests in the Netherlands and the release of tax provisions were the main reasons for this lower effective tax rate.
- Minority interests decreased from EUR 360 million to EUR 304 million. Dividend payments on preferred shares issued in the United States are a major element of these minority interests. The most important cause of the decrease was the considerably reduced minority interest in Banco Real.
- Economic profit excluding restructuring charge increased 26.4% to EUR 1,010 million (1999: EUR 799 million).

Regulatory capital and ratios

Group capital at year-end 2000 totalled EUR 32,534 million, a year-on-year increase of 12.6%. Shareholders' equity, one of the components of group capital, increased by EUR 536 million to EUR 12,523 million, principally the balance of goodwill depreciation and the addition of the retained profit from 2000. Return on equity was 26.5%

Consolidated results

(in millions)

	2000*	2000	1999	1998
Net interest revenue	9,404	9,404	8,687	7,198
Net commissions	5,880	5,880	4,455	3,388
Results from financial transactions	1,569	1,569	1,374	1,153
Other revenue	1,616	1,616	1,011	799
<i>Total revenue</i>	18,469	18,469	15,527	12,538
<i>Operating expenses</i>	13,202	13,202	10,609	8,704
<i>Operating result</i>	5,267	5,267	4,918	3,834
Provision for loan losses	617	617	653	941
Release from fund for general banking risks	(32)	(32)	(20)	(101)
Value adjustments to financial fixed assets	(43)	(43)	35	97
<i>Pre-tax profit</i>	4,725	4,725	4,250	2,897
Taxes	1,324	1,324	1,320	908
<i>Operating profit after taxes</i>	3,401	3,401	2,930	1,989
Extraordinary expenses		900		
Taxes on extraordinary result		301		
Extraordinary result after taxes		599		
<i>Group profit after taxes</i>	3,401	2,802	2,930	1,989
Minority interests	304	304	360	161
<i>Net profit</i>	3,097	2,498	2,570	1,828
* excluding restructuring charge				

(excluding extraordinary charges) in 2000 compared with 23.7% in 1999.

Our bank comfortably meets the capital adequacy standards set by the Netherlands central bank. The tier 1 ratio at year-end 2000 represented 7.2% (year-end 1999: 7.2%) of total risk-weighted assets, while the total capital ratio amounted to 10.39% (year-end 1999: 10.86%).

Group Adjusted Invested Capital

Capital made available by shareholders increased by EUR 2.0 billion to EUR 20.9 billion. Adjusted Invested Capital (equity according to Dutch GAAP plus cumulative goodwill charges and other minor



Creativity is a universal driving force in art, science and business



The rapid changes taking place in the corporate and retail financial markets require more than professional expertise and commitment alone. Innovative and creative thinking are equally essential to provide first-class service to all our client groups.

Profit appropriation

(in millions)

	2000	1999	1998
Net profit	2,498	2,570	1,828
Dividends on preference shares	78	78	78
Dividends on convertible preference shares	1	2	3
Net profit attributable to ordinary shareholders	2,419	2,490	1,747
Dividends on ordinary shares	1,345	1,170	825
Addition to reserves	1,074	1,320	922

Ordinary share figures

	2000	1999	1998
Number of shares outstanding (in millions)	1,500.4	1,465.5	1,438.1
Average number of shares outstanding (in millions)	1,482.6	1,451.6	1,422.1
Net earnings per share (excluding restructuring charge, in euros)	2.04	1.72	1.23
Net earnings per share (including restructuring charge, in euros)	1.63	1.72	1.23
Dividend per share (in euros, rounded)	0.90	0.80	0.58
Payout ratio (excluding restructuring charge)	44.1	46.5	46.9
Payout ratio (including restructuring charge)	55.2	46.5	46.9
Net asset value per share (in euros)	7.78	7.59	6.85

Net earnings per share and dividend

Net profit attributable to ordinary shareholders excluding restructuring charge was 21.2% higher at EUR 3,018 million. Due to stock dividends and the exercise of options, the average number of ordinary shares outstanding increased by 2.14% to 1,482.6 million (1999: 1,451.6 million). Net earnings per ordinary share consequently improved by 18.6% to EUR 2.04. The net asset value per ordinary share was EUR 7.78 at year-end 2000 (1999: EUR 7.59). Dividend per ordinary share is EUR 0.90, up by 12.5% from the dividend of EUR 0.80 for 1999. The dividend will be made available in cash or, at the shareholder's option, in ordinary shares chargeable to the share premium account. The payout ratio is 44.1% (paid out excluding restructuring charge).

New strategy and organisation

Corporate strategy and restructuring

The three global and largely autonomous SBUs into which we have regrouped our activities are: Wholesale Clients, Consumer & Commercial Clients, and Private Clients & Asset Management. The specific aims of this reorganisation are to:

- focus our activities and organisation more precisely;
- continue to improve service to clients;
- increase transparency of, and accountability for, value creation and destruction;
- allow managers to concentrate on activities they know best;
- provide a more challenging and rewarding work environment for employees.

Each SBU has a clear responsibility for managing a distinct client segment:

- Wholesale Clients, which integrates the bank's global investment banking and corporate banking activities to serve the needs

adjustments) is the definition of capital the bank adopted in 2000. We believe this definition of capital is consistent with our governing objective of maximising value for shareholders.

Adjusted Invested Capital must be fully accounted for, so we assign this capital to all Business Units (BUs), including the Asset and Liability Committee, using a methodology developed in-house. BUs are entities with their own profit and loss account and their own value drivers, and we are confident that this methodology ensures transparency of accountability for creating value from acquisitions and from capital assigned under the new strategy to the BUs.

of larger corporate, institutional and public sector clients internationally;

- Consumer & Commercial Clients, which focuses on retail and Small and Medium-sized Enterprise (SME) clients in a number of key markets worldwide;
- Private Clients & Asset Management, which combines the asset gathering activities of the private banking and fund management businesses into an integrated global business for the first time.

The new organisation replaces the former matrix management structure. We believe that the new structure should enable us to meet the increasingly sophisticated needs of clients and will improve transparency and accountability throughout the bank, while identifying the main value-creating/-destroying activities.

The Managing Board will concentrate on corporate strategy development, the allocation of resources among the SBUs, performance management, the identification of cross-SBU synergies, and significant investments and acquisitions. Full delegation of operational responsibilities to the SBUs is a fundamental part of the restructuring. While the Managing Board will keep to a minimum its involvement in SBU operations, including credit risk, it will retain overall responsibility for SBU strategy development.

Maximising Value

We will know whether we have achieved our governing objective when we have met new performance criteria to which management is committed. The primary criterium is a Total Return to Shareholders (TRS – share price appreciation plus dividend yield) that places us in the top five of a high-performing set of 20 international peers.

ABN AMRO management is well advanced with introducing MfV. A departure from the way we conducted business in the past, MfV will be much more than just a financial

exercise for us. Companies which practice MfV adopt a holistic approach which combines three fundamentals of business: organisation, strategy and finance. As we get better at MfV, it will simply be ABN AMRO's 'way of life.'

MfV means that the bank will allocate its capital and human resources to the businesses which promise the highest returns. As a result, we will strengthen our presence in certain key markets, withdraw from some countries and discontinue lower priority (predominantly retail) operations in a number of others, thus creating a more profitable and effective global network.

It is a necessary condition for the success of so major an initiative as MfV that its progress be reflected in management incentives.

Under the new remuneration system for senior management, delivery of the TRS and economic profit goals will be an important part of the compensation of the Managing Board and other top management from 1 January 2001.

Balancing investor, client and staff interests

The success of the new strategy, particularly meeting internal targets and generating superior shareholder returns, depends to a significant degree on balancing the diverse interests of the bank's audiences. Maximising shareholder value means that we must concentrate more than ever on serving our clients and creating a challenging and rewarding environment for our employees.

This is what the restructuring is designed to do – by bringing the bank closer to its clients, encouraging faster decision making and promoting individual responsibility for business performance. Clients will benefit from our renewed emphasis on them, employees will enjoy new and challenging opportunities, and shareholders will reap the rewards of our

successes with products and clients. Our Corporate Values and the Business Principles, which we are developing, will also help us to sustain the strategy and to guide our dialogues with other audiences.

Wholesale Clients

The SBU and its mission

With the launch of the Wholesale Clients SBU, ABN AMRO took a major step forward in global wholesale banking. The SBU combines the previous Investment Banking Division with the worldwide corporate banking network that was formerly part of the International Division. Together they form powerful wholesale banking businesses.

The key to maximising economic value at the level of the Wholesale Clients SBU is for the SBU to be a world leader in cross-border wholesale banking for our corporate, financial institution and public sector clients. By world leader, we mean one of the most profitable players in the wholesale clients arena. We will build our global franchise by leveraging our strong market presence in Europe and capitalising on our international network, which gives us a presence in more than 50 countries.

We intend to be in the top five in our selected client and product groups, a position that will give us the scale and stature to deliver the optimum service to our clients. We will focus on bundling together advisory, financing and operational services for selected corporate, financial institution and public sector clients which have cross-border business requirements. Skills and resources will be aligned to client needs to ensure the excellent service they expect from ABN AMRO. Relationships will be managed through a single origination force.

Business and strategy

We have a solid platform from which to meet these objectives, an exceptionally

broad and high quality client franchise, and a strong competitive position in a very wide range of investment banking and corporate banking products, especially in Europe, the principal battleground in global wholesale banking. Moreover, we have a leading international network backing the origination and delivery of our products worldwide.

At the same time, ABN AMRO's new strategy significantly sharpens the focus of the wholesale banking business. Client coverage and products have been regrouped on a global sectoral basis, enabling us to invest more selectively and efficiently. This new approach responds to changing client needs. Major corporates and institutions are looking at financial services very differently from the way they did in the 1990s. They want longer-term relationships with a smaller number of banks that can provide the full range of advisory, financing and operational services. Their view – and ours – is that this is a much better basis for partnership. It is a philosophy that will underpin the development of our wholesale banking business in the years to come, providing clients with greater value and providing us with significantly higher revenues and profits.

Growth and goals

The intended growth of results from wholesale banking in the next four years will be met by:

- driving revenue growth by focusing on key clients, building skills in attractive sectors, fostering cross-selling of products, upgrading client coverage skills, establishing one integrated origination force, and enhancing our capabilities in key products such as mergers and acquisitions (M&A), equity capital markets, structured products, and equity sales, research and trading;
- making significant annual cost savings, by simplifying and rationalising IT, restructuring operations into hubs,



consolidating buying and streamlining support functions;

- earning substantial additional revenues by reallocating capital towards clients and activities that generate the most attractive returns. While maintaining the overall level of risk-weighted assets, we will adopt a portfolio approach to managing risk capital, including increased pricing discipline and reduction of capital supporting less profitable products and relationships.

Consumer & Commercial Clients

The SBU and its mission

Consumer and Commercial Clients (C&CC) concentrates on consumers and Small and Medium-sized Enterprises (SMEs). By maintaining and establishing market leadership and reinforcing the brand, we will maximise the economic value these client segments contribute to ABN AMRO.

Business and strategy

C&CC has delegated considerable operational autonomy to its BUs. Critically, though, C&CC top management and BU management will be jointly responsible for strategy development and for performance. We can make substantial savings by eliminating duplication, increasing standardisation, and sharing information and best practice. C&CC ensures that knowledge and skills are shared effectively between BUs, that their products reach the market quickly and that the bank is recognised as a market leader in consumer and SME banking.

Ultimately, however, the success of the brands depends on our ability to deliver on the promises we make to our clients. And that, in turn, means reinventing and constantly updating our services to meet clients' changing needs. Given C&CC's ability to move quickly into new activities in our priority markets, such as our recent retail savings and investment joint venture in France with Pinault-Printemps-Redoute,

Europe's leading retail group, we are confident we can capitalise on growth opportunities.

C&CC's business is concentrated in our home markets, the Netherlands, Brazil and the US Midwest. We are one of the top competitors in each of these markets, which together account for more than 90% of C&CC's operating result and revenues.

ABN AMRO's acquisition of Michigan National, the US bank, announced in November 2000, is an important step in implementing the strategy.

C&CC is examining options to expand its home market in Europe or to create a fourth home market which would offer exceptional growth potential. For example, a cross-border merger or acquisition could be one way to expand our home market in Europe.

E-commerce has an important role here. It is an integral part of C&CC's multi-channel distribution approach. Our principle is to concentrate on the client – not the channel – and therefore to distribute products and services through a broad range of channels, such as branches, ATMs, telephone and the Internet, between which the client chooses. C&CC is developing several initiatives, either stand alone or as an extension of existing businesses, to promote this policy.

Growth and goals

C&CC will improve strongly economic profit over the next four years on the basis of the existing assets. Market leadership measured by profitability, and accelerating growth in developing markets, will be essential for reaching our target.

More specifically, we have set three priorities for achieving our economic value target:

- maximise economic profit growth in each of our three home markets;





- spread the ABN AMRO 'footprint' across these home markets by ensuring common standards and best practices across our home markets;
- develop strategic options that may lead to expansion of our home market in Europe or create a fourth home market.

We are also considering a range of options to accelerate growth in the home markets, including geographic expansion, mergers and acquisitions and development of services to third parties. C&CC will withdraw from a number of countries where it is felt that we cannot sustain a competitive advantage. An important element in achieving these growth targets will be improving our overall efficiency ratio over the next four years.

More generally, we will realise cost, revenue and efficiency synergies by applying best practice across its home markets in areas such as client segmentation and service models, multi-channel distribution, product innovation and credit management. C&CC will be central to this process because, under the reorganisation, the SBU houses shared services centres. The centres provide back office support in areas such as operations, IT and facility management to the whole bank. The cost savings potential and operational improvements are promising.

Private Clients & Asset Management

The SBU and its mission

Private Clients & Asset Management (PCAM) plans to maximise economic value by being a leading player – one of the most profitable – in selected global PCAM markets. We will operate as two integrated global lines of business, Private Clients and Asset Management.

Business and strategy

Our goal is powerful profit growth in these global lines of business in selected markets.

Private Clients

Private Clients operates through ABN AMRO Private Banking, which ranks number nine worldwide in terms of assets under management. At the end of 2000, our assets under management reached EUR 107 billion. We operate in 22 countries, with a leading competitive position in the Netherlands and France and good competitive positions in Luxembourg, Singapore and Switzerland. Private Clients will focus on high net worth individuals and families with at least EUR 1 million in assets for investment or the potential to accumulate this amount in the near future. Within the high net worth category, we will target five global client segments: entrepreneurs and business owners; professionals; senior executives with an accumulation of stock options; globetrotters with residences in more than one country; and individuals with investments in excess of EUR 25 million for whom we will introduce a wealth management offering.

Our principal means of reaching these segments will include products and services designed specifically for each group. Teams headed by private bankers will deliver tailor-made services to our private banking clients. At the same time, units within ABN AMRO Private Banking will coordinate their activities globally.

We will increase operating margins by selling more high-margin products, such as discretionary portfolio management. In addition, operating efficiencies will be achieved by setting up processing centres corresponding to the geographical market basis of PCAM's structure.

Asset Management

PCAM's second global line of business is Asset Management. It offers mutual funds and segregated accounts to retail investors and high net worth individuals, to financial



institutions such as pension funds, central banks and insurance companies, and to charities.

Growth and goals

Our growth strategy will be based on organic growth and alliances, while also capitalising on the potential for gains from new synergies, both within the new SBU and with the bank's two other SBUs.

In well-established private banking markets, the value driver will be organic growth in the number of clients, possibly boosted by acquisitions and/or alliances in domestic markets. Asset Management will combine organic growth with tactical acquisitions and alliances or joint ventures to strengthen our investment expertise and client base. The acquisition of Alleghany Asset Management illustrates our strategy. In addition, e-commerce initiatives will increase third party sales. Asset Management aims to rank among Europe's top 10 active asset managers within four years.

We are exploring synergies with other SBUs such as joint development of distribution channels, new products and client referrals, and we have earmarked three areas of potential synergies within PCAM:

- integration of Discretionary Portfolio Management (DPM) for private clients and asset management, where money is managed in a separate account, within the Asset Management global line of business. The new arrangement will be overseen by a single investment committee with responsibility for a unified investment process for all ABN AMRO branded portfolio management activities;
- creation of a single unit for third party funds, to provide third party fund research, fund of funds management and other products;
- combining all IT and operational systems, leading to further information sharing and streamlining of brokerage and administration. One outcome will be convergence of

applications and a joint vision for future processing centres.

Corporate Centre

Mission

The Corporate Centre supports and challenges the SBUs in the execution of their business strategies. The objectives of the Corporate Centre are to:

- maintain and reinforce the governing objective of maximising shareholder value throughout ABN AMRO;
- ensure that BUs consistently deliver the strategies and performance necessary to achieve superior shareholder returns;
- manage ABN AMRO's portfolio of businesses to promote synergies.

Part of the governance function of the Corporate Centre is Strategic Decision Support, which provides support to the Managing Board and SBUs on strategy and performance-related matters. Transparent and accountable contracts between the Managing Board and the SBUs and BUs result from this and pave the way for management according to MfV. The new structure combines extensive devolution of responsibilities to the SBUs with maintaining the necessary decision making and policy and standard setting capabilities at corporate level.

Responsibilities

A number of Corporate Centre responsibilities flow from this approach. They include basic corporate policy areas such as:

- risk management, which has a prominent place in the new organisation. ABN AMRO's objective is to maintain its AA rating. We have created independent credit and market risk management functions within the SBUs alongside operational risk management. Because final approval authority has been delegated to SBU credit committees, Group Risk Management is charged with risk policy, risk appraisal and approval of transactions



Vision, ambition and drive are essential for building the future



With the launch of its Managing for Value (MfV) concept, ABN AMRO has adopted a new approach to business in a bid to create maximum value. MfV combines three fundamental aspects of business: organisation, strategy and finance. This 'way of life' is our foundation for the future.

outside the authority of the SBUs. Other responsibilities of Group Risk Management include: credit portfolio management, approval of new financial instruments and quantitative models, rating validation, and cross-border and sovereign risk management;

- the finance discipline, which has group responsibilities while each SBU has its own Chief Financial Officer (CFO). The finance function has been profoundly affected by MfV as the emphasis is shifting from one-year budgeting to multi-year financial and strategic planning linking strategic planning to resource allocation and performance management. These more stringent planning and control aspects of MfV, together with the focus on economic value maximisation and the move from a geographic- to a client-based structure, have completely altered the management information needs of the SBUs and the Centre. Group Finance therefore has the job of developing a blueprint for a new group-wide management information system (MIS). In addition, the Corporate Centre and the SBUs are jointly in charge of realising cross-SBU synergies, and of drawing up models for Service Level Agreements and transfer pricing mechanisms;

- Group Asset & Liability Management, which reports to Group Risk Management and Group Finance. Its specific functions include balance sheet limits and liquidity limits (allowing for delegated powers to SBU/BU asset and liability management functions), management of the consolidated liquidity and interest rate positions and corporate investment portfolios, and definition of funding strategies;

- Group Human Resources, which supports the SBUs by offering best practice in attracting and retaining people and by creating a network which stimulates teamwork, knowledge sharing and cross-SBU career moves, and thus promotes synergy and cohesion between SBUs. Recognising that the new organisation is very much about people, each SBU also has

its own HR operation. The intention is that human resources policies will be more flexible and varied, within corporate frameworks developed at group level;

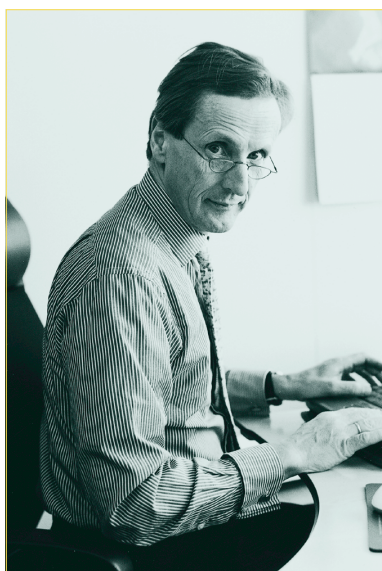
- Information and Communication Technology (ICT), whose development and operations have been decentralised to the SBUs while they assume responsibility for their own performance. But shared interests must still be safeguarded and new ICT-enabled business opportunities have to be identified across SBUs. Group ICT is in charge of these tasks, and will make sure that standards and policies in ICT are developed, approved and adhered to;

- Group Audit, which has a special position, laid down in a group audit charter. The core function of Group Audit is to carry out independent audits of the quality of risk management throughout ABN AMRO. While we have retained centralised control over professional standards, we have also devolved day to day responsibility for audits to the SBUs;

- Corporate Communications, including Investor Relations, is responsible for communications with ABN AMRO's internal and external audiences. It is responsible for preserving and promoting the bank's reputation, which is essential to value maximisation;

- Corporate Development, which is an advisor to the Managing Board on the management of the portfolio of group businesses. It is also responsible for the identification, analysis and development of M&A opportunities at group level, for advising the SBUs on M&A-related matters, and maintaining the correct high standards in decision-making about M&A;

- Corporate Affairs, which includes areas such as compliance, legal, fiscal and economic research;





- the Liaison Office, which is in Brussels and is in charge of government – particularly EU – affairs.

Results and operations 2000

Economic and financial background

The year had two distinct economic strands. The recovery that followed the crisis of 1998 continued in the early part of 2000. After several years of vigorous growth, the US managed another spurt in the first half of the year. But technology stocks delivered the first signal that this strong performance was coming to an end. The fast-growing trees of the New Economy turned out – contrary to the expectations of many – not to reach the sky after all. A sharp slowdown shattered the rosy view of the US economy in the closing quarter.

In the early part of the year, persistently strong US growth led the Federal Reserve to lift interest rates several times to counter the threat of inflation. However, sharply rising energy prices meant that inflation still went up significantly in the industrialised countries, but core inflation remained surprisingly low.

Although overshadowed by the US, euro zone growth gathered pace, partly because of the further recovery in Germany and Italy. The expansion in the euro zone was chiefly driven by the sharp increase in world trade and the weakness of the euro. The European Central Bank (ECB) lifted interest rates on several occasions by a total of 175 basis points. Third-quarter growth slowed down in the euro zone but not by as much as in the US. Capital market rates began to move down in May – especially in the US – in response to the anticipated weakening of American economic growth.

The euro reflected the difference in economic performance between the US and the euro zone. It continued to lose ground for most of the year in response to the very strong American expansion, not least because investors considered the US economy to be structurally stronger. A substantial net inflow of foreign direct investment into the United States underpinned the dollar. The euro slid to around 30% below where it had stood when Economic and Monetary Union started in 1999. By the end of 2000, however, the tide turned in the euro's favour, as it became clear that American growth was slowing rapidly and fears even began to emerge of a hard landing for the US economy.

Japan failed once again to shake off its problems. The year began with evidence of economic recovery, but this subsequently slowed as export growth tailed off. Japan also experienced a good deal of political upheaval, which hurt the financial markets and the yen.

Recovery continued, however, in Asia's emerging markets and actually outstripped expectations. Most countries recorded faster growth than in the previous year, assisted by a strong increase in exports. But some countries in the region have yet to overcome their structural difficulties. The picture for Latin America was somewhat more mixed. A confidence-building fiscal policy and positive news on the inflation front allowed Brazil to lower interest rates several times, which had a favourable impact on economic growth. Argentina, by contrast, had difficulty escaping from its economic impasse. The countries of Central and Eastern Europe benefited from the recovery in Western Europe, while Russia reaped the rewards of high oil prices.

Selected information

Netherlands Division

(in millions)

	2000	1999	1998
Net interest revenue	2,757	2,888	2,641
Net commissions	1,036	894	837
Results from financial transactions	35	67	76
Other revenue	185	140	163
<i>Total revenue</i>	4,013	3,989	3,717
Operating expenses	2,859	2,511	2,425
Provision for loan losses	96	83	100
Value adjustments to financial fixed assets	(25)	26	35
<i>Pre-tax profit</i>	1,083	1,369	1,157
Total assets	119,370	99,886	89,823
Risk-weighted assets	83,168	76,478	68,714
Full-time equivalent staff	26,132	26,057	25,801
Number of branches and offices	863	915	937

Netherlands Division

Financial results

The division's pre-tax profits were disappointing, falling by 20.9% to EUR 1,083 million in 2000. The results underlined the extent to which the Netherlands has become a mature market and demonstrated the need for a new client service concept in the Netherlands, which was announced in February 2001.

Interest

Net interest revenue decreased by 4.5% in 2000 because product spreads narrowed. Interest revenue in 1999 was affected by duration-related sales from the investment portfolio.

Asset growth was concentrated within the mortgage portfolio. This contributed to the compression of the spread on assets, largely for two reasons. First, the portfolio generally has a small spread. Second and more specifically, mortgages, particularly new ones, were squeezed by the rise in long-term interest rates.

Other asset volumes remained at their 1999 levels, and their product spreads shrank.

Although both corporate and private liability volumes rose, their spreads fell.

On the liability side, the volume of deposits – mainly time deposits – went up.

Commissions

Net commissions increased by 15.9%. A benign climate for stocks meant that commission on securities was the main contributor.

Total domestic payments commissions rose by 4.7% to EUR 405 million. The shift from conventional to electronic payments continued, and 84% of transactions were through electronic channels. Cross-border commissions grew slightly.

The popularity of ATMs continued to grow, as did the number of point-of-sale and chipcard payments. Chipcards have proved especially useful in reducing the need for coins in vending machines, buying tickets for parking, and in catering. We expect that the retail introduction of the euro will stimulate electronic payments.

In line with the bank's strategy, our insurance activities have expanded, and income from commissions rose strongly in retail and wholesale markets.

Our electronic share dealing offerings such as HomeNet and our Investment Line telephone service, which are open 24 hours a day, 7 days a week, had another excellent year. Sales through Online Investor grew considerably. 24% of securities orders was placed through Investment Line, 12% via HomeNet and 16% via Online Investor.

Other revenue

Other revenue in total rose by 32.1% to EUR 185 million.

Premium income and results from our insurance companies went up again. New and well-received insurance products linked to bank products, and greater consumer interest in pension-related insurance products, boosted sales significantly. Total gross premium volume generated through or by ABN AMRO grew to EUR 977 million from EUR 718 million in 1999.

Our life insurance subsidiary, ABN AMRO Levensverzekering N.V., earned premium income of EUR 787 million, compared with EUR 565 million in 1999, ranking the company among the larger life insurance businesses in the Netherlands. Premium income earned by our non-life subsidiary, ABN AMRO Schadeverzekering N.V., came to EUR 190 million (1999: EUR 153 million).

Total insurance revenue – premiums, technical provisions and investment income – earned by ABN AMRO Levensverzekering N.V. amounted to EUR 41 million (1999: EUR 32 million).

ABN AMRO Schadeverzekering N.V. also enjoyed higher total revenue and higher premium income, which raised results to

Commissions

Netherlands Division
(in millions)

	2000	1999	1998
Payment services	405	387	336
Securities	450	331	328
Insurance	139	126	118
Other	42	50	55
	1,036	894	837

Operating expenses

Netherlands Division
(in millions)

	2000	1999	1998
Staff costs	1,524	1,393	1,297
Other administrative expenses	1,049	822	842
Depreciation	286	296	286
	2,859	2,511	2,425

EUR 31 million (1999: EUR 22 million). Retail business risks make up most of the portfolio.

Revenue from securities and participating interests increased by 71.9%.

Operating expenses

A rise of 13.9% in operating expenses to EUR 2,859 million was chiefly the result of a 27.6% increase in other administrative expenses, especially ICT. Staff costs rose 9.4% because of wage increases under the collective labour agreement. However, the full-time equivalent workforce (including temporary staff) of 26,132 at the end of 2000 was about the same as the year before. A decline in the number of employees in branches was partly offset by a rising headcount in the call centres.

Loans

Private sector loans rose by 9.8% to EUR 97.3 billion. The total amount outstanding fluctuated considerably over the year, mainly because a number of corporate clients raised bridge finance for issuance of shares. The already high quality of the loan

portfolio continued to improve. Wider margins on long-term loans fully offset the compression of the average margin on current accounts caused by higher interest rates.

The rise in interest rates, which began in 1999, continued during 2000. As a result, mortgage sales declined and mortgage prepayments and refinancings slow down. The mortgage market grew by approximately 18% less than in 1999, which equals new volume of EUR 62 billion.

We pursued further our strategy of concentrating more on quality and profitability, enlarging the portfolio by 6.2% to EUR 46 billion. Nevertheless our market share shrank.

Total client accounts

Total client account balances went up by EUR 14.3 billion or 15.5% to EUR 106.1 billion.

Private savings and deposits grew at about half the rate of 1999. But ABN AMRO's market share increased again despite stiff competition. As interest rates have risen, time deposits have become more popular at the expense of regular savings accounts such as the Investment Return Account and the Bonus Interest Account. By contrast, however, our Tele Direct Savings Account continued to expand strongly. In November, we introduced the RentEffect Savings Account, which combines the safety of a savings account with the expected high returns from investments in stocks.

Corporate client account balances (including small and middle market client segments) grew steadily. We maintained our share of the corporate client segment and, as with the private client segment, generated strong growth in the volume of time deposits.

Focus 2005

Early in 2000 we introduced a new strategic concept for the division called Focus 2005.

The concept is fully integrated into the new overall corporate strategy. It was conceived as a five-year programme, but we are now accelerating the pace and widening the scope. While we recognise that this could strain the organisation, it is in our view necessary to target mid-2003 as the completion date. The programme's purpose is to instil radically new standards of commercial performance and a single-minded dedication to client needs. It will ensure commercial accountability throughout the operational chain and a structural reduction of costs.

Multi-Channel Platform

A Multi-Channel Platform (MCP) will be integral to banking with ABN AMRO. Branch offices, call centres, Internet facilities and other distribution channels will together carry a fully integrated range of financial services which are equally accessible through each channel. All client information is accurate in real time. MCP ensures that the availability of information does not depend on the channel and is a major advance in offering genuinely integrated multi-channel distribution of products, services and information.

In the future our clients will be able to tailor banking services to their own requirements, balancing the speed of the Internet with the expertise of branch officers, and melding the personal attention provided by call centres with the traditional benefits of written communications. We can then systematically respond to clients as their requirements grow more sophisticated. MCP will therefore give clients maximum flexibility in defining their own service requirements while we maintain our high standards.

New markets

We believe that MCP has great potential in some markets outside the Netherlands. In other markets, single distribution channels such as a fully-fledged Internet bank might best meet demand. In all cases, ABN AMRO

has the technology, the flexibility and the systems to provide optimal solutions.

New markets, new distribution forms and a new competitive environment (featuring relative newcomers such as supermarket chains, mail-order companies and e-commerce businesses) call for new forms of market intelligence. Thorough analysis of product and channel use can help pinpoint commercial priorities, and new market niches can be explored. Innovative tools for gathering such intelligence will lead to higher client satisfaction and cross-selling ratios.

Bouwfonds

Bouwfonds realised a strong improvement of both its property development and financing activities. In October 2000 Bouwfonds obtained a banking license.

International Division

Financial results

Pre-tax profit increased by EUR 464 million or 21.5% to EUR 2,625 million. Total revenue advanced by 21.6% and operating expenses grew by 24.0%. The International Division's share of pre-tax group profit rose from 50.8% in 1999 to 55.6% in 2000. The North America region turned in another robust performance. Banco Real's contribution boosted pre-tax profits in Latin America.

Europe (outside the Netherlands)

The European region increased pre-tax profit by 52.7% from EUR 353 million to EUR 539 million. This strong growth owed much to our excellent performance in Belgium, France, Luxembourg, Switzerland and the UK, driven by our corporate banking and private banking businesses and assisted by favourable equity markets and the positive effects of the euro's introduction.

During the year we strengthened our business through several more acquisitions and participations. In Italy, we increased our

interest in Banca di Roma from 9.65% to 10.2%, and reconfirmed and extended our pact with other major shareholders in that bank up to December 2002. The region's operating results include the contribution from our stake in Banca di Roma.

All our businesses in Central and Eastern Europe reinforced their position, especially in wholesale banking. Anticipating more banking sector consolidation in Hungary, we merged our local bank, ABN AMRO Magyar Bank, with Kereskedelmi és Hitelbank, controlled by the Belgian KBC bank and insurance group. The new local group will rank second in the Hungarian market and will have a combined market share of approximately 15%. ABN AMRO has a 40% stake in the new group. After a difficult 1999, ABN AMRO Polska in Poland and ABN AMRO in Moscow saw their profits grow vigorously.

In Central Asia we enlarged our network in Kazakhstan by opening a branch in Atyrau, the country's oil capital.

Middle East and Africa

The region's pre-tax profit was EUR 58 million, a marked improvement on the loss of EUR 52 million in 1999 when results were affected by major loan loss provisions.

Saudi Hollandi Bank's retail and corporate businesses enjoyed a buoyant year. Our results in the United Arab Emirates, especially from the Dubai branch, were also good. In Lebanon we continued to renovate and expand our branch network.

North America

ABN AMRO in North America consists of local ABN AMRO branches and domestic banking subsidiaries. We transferred the branches in Canada, Mexico and the US to the Investment Banking Division. Pre-tax profit rose by 5.2% from EUR 1,099 million to EUR 1,156 million, but was held back by higher provisions and a

Selected information

International Division

(in millions)

	2000	1999	1998
Net interest revenue	5,805	4,961	3,858
Net commissions	2,193	1,706	1,105
Results from financial transactions	344	403	393
Other revenue	801	446	279
<i>Total revenue</i>	9,143	7,516	5,635
Operating expenses	5,971	4,814	3,588
Provision for loan losses	557	541	528
Value adjustments to financial fixed assets	(10)		17
<i>Pre-tax profit</i>	2,625	2,161	1,502
of which:			
Europe (outside the Netherlands)	539	353	339
North America	1,156	1,099	886
Latin America and the Caribbean	633	576	235
Middle East and Africa	58	(52)	45
Asia Pacific	239	185	(3)
Total assets	197,877	180,180	163,185
Risk-weighted assets	118,148	114,762	95,528
Full-time equivalent staff	59,324	58,351	59,600
Number of branches and offices	2,604	2,564	2,529

loss on the dollar hedge (USD-denominated earnings are partly hedged).

Pushing ahead with the growth strategy launched in 1999, ABN AMRO North America has focused on developing key franchises and taking advantage of its local, national and global presence. These franchises provide a diversified earnings stream and combining their operations more coherently boosts cost efficiency.

Major North American subsidiaries include: LaSalle Bank in Chicago, one of the Midwest's largest banks with USD 47 billion in assets and 125 locations; Standard Federal Bank in Troy, Michigan, the Midwest's largest thrift with more than USD 20 billion in assets and 193 branches; and European American Bank (EAB) in Long Island, New York, and the Metropolitan New York area, with USD 15 billion in assets and 87 offices. We acquired Fidelity Leasing to broaden

EAB's leasing business, and subsequently have announced the sale of EAB, which is expected to be completed in mid-2001.

The North American network, together with ABN AMRO offices, provides financial services such as asset-based lending, structured finance, leasing and mortgage lending to middle-sized businesses. We also offer wholesale mortgage origination, residential mortgage services, institutional trust and asset management services, and securities clearing and execution services.

We expanded these operations by making several strategic acquisitions and alliances in 2000, such as Michigan National Corporation. Upon completion of the transaction, Michigan National and Standard Federal Bank will merge to form Michigan's second largest bank.

The transaction promises a number of strategic benefits, including greater commercial banking market penetration and a complementary branch network that will strengthen ABN AMRO North America's presence in lower Michigan. By bringing together the operations and client bases of Michigan National and Standard Federal Bank, we will be able to offer a comprehensive range of financial products and services to more households, corporations and small businesses in the state, and realise cost synergies.

Alleghany, a subsidiary of New York-based Alleghany Corporation, brings into the fold more than 550 institutional clients in the United States. The transaction also gives ABN AMRO North America a firmer foothold in the asset management industry and access to a larger client base.

Elsewhere on the acquisition front, ABN AMRO North America took over Atlantic Mortgage and Investment Corporation in early 2000. The new partnership makes ABN AMRO a major servicer of home loans in the US, administering USD 90 billion in loans.

With North America the heart of the dot.com business and online commerce revolution, we have embarked on numerous initiatives such as alliances, product introductions, and partnerships in both retail and B2B e-commerce. For example, ABN AMRO North America formed an alliance early in 2000 with Ariba, a prominent business-to-business (B2B) e-commerce software provider. This relationship has helped us to start an e-procurement system, which streamlines the ordering, approving and delivery of goods and services from preferred suppliers.

The alliance between ABN AMRO North America and Yodlee.com, the leading provider of account aggregation services, is another instance. It is designed to provide

<i>Commissions</i>	International Division (in millions)		
	2000	1999	1998
Payment services	902	743	392
Securities	422	326	235
Asset management and trust	351	302	194
Guarantees	100	87	68
Insurance	72	49	36
Other	346	199	180
	2,193	1,706	1,105

<i>Results from financial transactions</i>	International Division (in millions)		
	2000	1999	1998
Securities trading	122	97	41
Foreign exchange dealing	335	326	338
Derivatives trading	56	46	36
Other	(169)	(66)	(22)
	344	403	393

<i>Operating expenses</i>	International Division (in millions)		
	2000	1999	1998
Staff costs	3,194	2,444	1,841
Other administrative expenses	2,353	2,012	1,491
Depreciation	424	358	256
	5,971	4,814	3,588

LaSalle Bank and Standard Federal Bank clients with a secure, free, and consolidated access service called MySites. We also announced the formation of a strategic alliance with UPS Capital Corp., part of the UPS logistics group, that will offer enhanced trade services to clients of Global Trade Finance (GTF). Under the alliance, ABN AMRO will deliver back office support for certain international trade transactions by GTF clients through various channels, including the Internet.



Speaking every language with one and the same voice



Following the strategic review, the bank now has three largely autonomous Strategic Business Units but it still retains a single, recognisable identity. The strength of our brand, the Managing for Value approach and our Corporate Values are our shared guiding principles.

Latin America and the Caribbean

Pre-tax profit increased from EUR 576 million to EUR 633 million, an increase of 9.9%.

During the year we completed the planned IT and operations integration of Banco Real, ABN AMRO and Banco do Estado de Pernambuco (Bandepe). In addition, we upgraded and streamlined our distribution platform, partly by introducing state of the art home, office and Internet banking. In the second half of 2000 we opened call centres in São Paulo and Rio de Janeiro.

These developments took place against the background of a Brazilian economy which expanded throughout the year. Local interest rates have continued to level off, while inflation has remained within the forecast range. Our strong market position and integrated IT and operations allowed us to take full advantage of the substantial extra demand for financial services. The additional demand was primarily on the consumer banking side, but we saw it on the commercial side as well. A positive economic environment and sophisticated credit scoring techniques helped us to preserve our high asset quality, and provisions were fewer than anticipated.

Argentina's results improved again, despite the difficult local economy. Uruguay performed very well, but Chile did not match the record returns of earlier years. In Colombia, Paraguay and Venezuela we suffered from an unfavourable business climate. We recorded satisfactory results in Aruba, the Netherlands Antilles, Panama and Surinam, although at the end of 2000 we sold our branch operations in Surinam to the Royal Bank of Trinidad and Tobago. The Bolivian branch operations were sold as well.

Asia Pacific

Pre-tax result profits rose by EUR 54 million or 29.2% from 1999's EUR 185 million to EUR 239 million.

Analysed by lines of business, Global Transaction Services (GTS) put up a very strong performance, as did treasury, foreign exchange and money market activities. Consumer banking did well and our private banking business enjoyed further success, notably in South East Asia. In corporate relationships, the Asia Pacific economic recovery helped to generate significantly greater volumes than in 1999.

Our regional cash management and trade finance services flourished, supported by investments and innovations in e-commerce, for example Bexcom, which is a developer of global B2B e-commerce exchanges. These investments helped to grow the bottom line by generating a significant number of new high volume and low cost transactions.

The reorganisation of structured finance, carried out in the wake of the Asian economic crisis, has allowed us to retain our leading position in this field. But the number of deals was still substantially lower than before the crisis.

All countries in the region have experienced growth of market share in consumer banking since the consolidation of the businesses acquired from Bank of America. The credit quality of our consumer lending continued to be very good.

From a geographical standpoint, our operations in India continued to develop well. All business lines and client segments made a solid contribution, leading to a record year. However growth was negligible in Thailand, although we made some progress in consumer banking.

In Taiwan, we acquired an 88% stake in the Taiwanese fund management company Kwang Hua Securities Investment & Trust, which has USD 2.4 billion under management and ranks number six among Taiwanese fund managers. We also acquired Bank of America's

business in Taiwan, which boosted our local consumer banking business to a record year. All business lines contributed, but our credit card activities benefited particularly.

Fierce competition squeezed residential mortgage margins in Hong Kong. We securitised a large part of our portfolio before the end of the year. Although corporate banking volumes were better than in 1999, increased competition considerably reduced fees and interest margins here as well.

In Singapore all our local activities produced good results. We proceeded with the slimming down of the regional office, giving particular attention to our fixed income trading capabilities. However, local currency fixed income businesses were buoyant almost everywhere in the region, especially in Taiwan, and additional staff have been hired for our fixed income group in Japan.

International Private Banking

We enjoyed another successful year in International Private Banking, which is led from Switzerland, with regional hubs in Luxembourg, Miami and Singapore. In a complex and fast-moving market, ABN AMRO International Private Banking creates bespoke financial and estate planning solutions to its clients' diverse needs. Clients particularly benefit from integrated product development which exploits synergies with our asset management, trust and investment banking activities around the globe.

Competition in private banking and wealth management is getting fiercer, the business faces ever-tighter regulation, and it is exposed to the danger of money laundering. With this risk in mind, ABN AMRO helped to initiate and, with 11 leading private banks, signed the so-called Wolfsberg Principles which lay down a common standard for combating money laundering.

Investment Banking Division

Financial results

We invested heavily during 2000 in strengthening our investment banking and wholesale banking business. The related costs depressed pre-tax profit by 4.0% to EUR 525 million. Revenue rose by 27.2% to EUR 4,414 million and operating expenses increased by 31.7% to EUR 3,793 million. Favourable conditions in world markets during the first half of the year particularly benefited the equity business and boosted net commissions by 43.2% to EUR 2,491 million. Higher costs reflected the substantial investment that continues to be made in recruiting and retaining top quality professionals. This is a necessary part of our strategy of further strengthening our product and coverage capabilities in areas directly relevant to our target clients. The efficiency ratio of the Investment Banking Division rose from 83.0% to 85.9%.

Good progress was made in cross-selling investment banking and corporate banking products to our major corporate and institutional clients, paving the way for the creation of the Wholesale Clients SBU. Our investment and corporate banking activities in North America were merged during the year, producing revenue and cost synergies that bode well for ABN AMRO's broader strategic reorientation.

Global Equities

We strengthened our position as a leading player in both the primary and secondary equity businesses. On the primary side, the ABN AMRO Rothschild joint venture had another good year, serving as global co-ordinator or bookrunner for 66 share offerings globally that raised USD 33 billion. It climbed to number seven in the Capital Data league table of global equity co-ordinators and bookrunners.

Highlights included the EUR 2.1 billion secondary issue for publishing group



Selected information

Investment Banking Division

(in millions)

	2000	1999	1998
Net interest revenue	502	640	519
Net commissions	2,491	1,739	1,355
Results from financial transactions	1,189	904	684
Other revenue	232	187	190
<i>Total revenue</i>	4,414	3,470	2,748
Operating expenses	3,793	2,880	2,382
Provision for loan losses	104	34	2
Value adjustments to financial fixed assets	(8)	9	45
<i>Pre-tax profit</i>	525	547	319
Total assets	199,555	169,347	172,306
Risk-weighted assets	43,659	47,199	45,182
Full-time equivalent staff	12,248	10,901	10,683
Number of branches and offices	104	110	102

Reed Elsevier, the USD 5.5 billion equity and convertible issue for Dutch telecommunications group KPN, and the USD 4.3 billion Initial Public Offering (IPO) of the Brazilian oil company Petrobras, the largest-ever offering from a Latin American company. We were disappointed that the IPO of World Online did not meet market expectations.

The secondary equities business had a record year, against a backdrop of generally buoyant market conditions. Sales commissions rose sharply and we increased our market share in Europe, securing a top five trading position in eight major equity markets in the region. The roll-out of pan-European sector trading and implementation of a global client management system produced encouraging results, while the equity derivatives business again performed well.

Global Financial Markets

The treasury and fixed income business was integrated with parts of the structured finance operation to create the Global Financial Markets business. The upshot is seamless delivery to clients of debt capital markets products and services, such as fixed income

securities, syndicated loans and other structured finance products.

Our leadership position in global foreign exchange and European interest rate trading was sustained. We were bookrunner for 273 new bond issues worldwide that raised USD 55 billion achieving a number five ranking in the IFR league table for euro-denominated deals. In addition, we became the first European house to lead manage a benchmark note issue for a US mortgage finance agency. Other notable deals were a USD 6 billion bond issue for Unilever, the Anglo-Dutch consumer products group, and a EUR 650 million deal for US media company Clear Channel Communications, the largest-ever BBB-rated euro transaction.

ABN AMRO's position as a mandated arranger of loan syndications outside the US rose from number ten in 1999 to number five in 2000, and our reputation as a leading and influential player in this market is now firmly established. We finished the year as the only European bank with a top ten position in each of the main regional markets – the Americas, Asia Pacific and Europe. Two deals stood out: we were joint arranger of

the DM 17 billion Deutsche Telekom syndicated loan; and our mandate from Interbrew, the Belgium-based drinks group, to arrange a EUR 6 billion transaction was the largest European sole underwritten credit of 2000.

Corporate Finance

Our mergers and acquisitions advisory business grew rapidly as the hiring of key individuals helped us to build on our capabilities in several client sectors. Over the year, 164 deals worth USD 65 billion were closed. We are well placed in global M&A and were number 16 among advisors on cross-border European transactions, our core advisory franchise. ABN AMRO remains a market leader in the Australian, Dutch and Scandinavian M&A markets. Among our target sectors in Europe, we were a top five advisor on deals in the utilities, chemicals and building and construction industries.

Notable transactions included: the EUR 5 billion strategic partnership between Dutch telecommunications company KPN Mobile and the Japanese mobile telephone giant DoCoMo; the EUR 4.8 billion bid for Endemol, the Dutch-based content producer, by the Spanish telephone leader Telefónica; and the merger of the Belgian, Dutch and French stock exchanges to form Euronext N.V. In the UK, we advised on the GBP 114 billion merger which created the pharmaceuticals group Glaxo Wellcome and the GBP 23 billion merger between insurance companies CGU and Norwich Union.

Private Equity

Private Equity had a record year measured by profits from investments we disposed of and additions to the portfolio. Private Equity now has over EUR 2.5 billion invested in a wide range of industries. Its international network has expanded to 15 locations, with new offices in Madrid, San Francisco, São Paulo and Sydney.

Commissions

Investment Banking Division
(in millions)

	2000	1999	1998
Payment services	78	46	50
Securities	1,567	1,082	901
Asset management and trust	327	229	183
Guarantees	37	29	20
Other	482	353	201
	2,491	1,739	1,355

Results from financial transactions

Investment Banking Division
(in millions)

	2000	1999	1998
Securities trading	326	320	486
Foreign exchange dealing	202	148	132
Derivatives trading	426	312	138
LDC debt trading	32	41	(139)
Other	203	83	67
	1,189	904	684

Operating expenses

Investment Banking Division
(in millions)

	2000	1999	1998
Staff costs	2,409	1,719	1,339
Other administrative expenses	1,193	1,039	938
Depreciation	191	122	105
	3,793	2,880	2,382

We devoted EUR 1,100 million to 82 investments which were either new or further commitments to existing investments. They included prominent transactions such as the buy-out of Thermphos – Europe's sole producer of phosphorous and phosphoric acid – in the Netherlands, Accantia Health and Beauty in the UK and MGE, a power protection equipment group in France, and the public-to-private transaction of De Dietrich, an industrial holding company, in France. Disposals of



investments in the telecommunications and media sectors in France, Germany, the Netherlands and the US yielded excellent returns. Our investment portfolio grew in Asia, Benelux, Germany and Scandinavia.

Global Custody

ABN AMRO has two major custody businesses: domestic custody services in the Netherlands, where we are the market leader, and in other countries; and global custody services offered through our joint venture with Mellon Bank of the US. Both performed well in 2000 and custody fees increased significantly, further reinforcing our strong position in a rapidly consolidating market.

Asset Management

Fee income from asset management increased significantly. Total assets managed worldwide grew by 13.7% to EUR 128.4 billion at year-end, largely because of organic growth. In spite of falling markets, institutional assets grew by 10.5%, while assets managed for individual clients and in mutual funds grew by 16%.

Australia, Brazil, Canada and Germany were among the local operations that contributed significantly to the inflow of fresh capital. The acquisition of Alleghany Asset Management, which offers a US equity growth product, will of course also add significantly to our global asset base.

The acquisition of Kwang Hua in Taiwan expanded our asset management network. We also took stakes in the Skoda and Jistota a Korunz pension funds in the Czech Republic and in the Kazakhstan Munai Gaz pension fund. We also acquired Industrifinans Forvaltning in Norway.

Resource Management Division

The Resource Management Division consisted of four units: Global Transaction Services (GTS), Human Resources (HR), Information

Technology (IT) and Corporate Facility Management (CFM). The division's role was to assist other divisions to provide the optimum service for clients and employees, and therefore to benefit shareholders.

Global Transaction Services (GTS)

GTS revenues for 2000 exceeded forecasts, and projects on revenue collection and Straight Through Processing improved efficiency. The launch of the GTS Portal, which provides access to high-quality information and account reporting, proved attractive to clients.

We are firmly established as a global player in corporate cash management and trade finance. In Europe, ABN AMRO is recognised as the leading cash management bank. Although business was flat in Asia, our market share rose. We increased our market penetration in North America more than any US or foreign bank and remain the number one foreign bank for cash management in that region.

GTS had a similarly good year judged by our sectoral performance. We secured major wins across all target sectors. The business also increased its share of wallet with existing key clients.

Responding to demand for superior service quality, we rolled out GTS Enterprise, a global client relationship management (CRM) tool. We couple GTS Enterprise with our comprehensive Client Satisfaction monitor, which covers 25 countries, to yield a quantitative analysis of investment in, and returns from, quality and loyalty. A related service, Transaction Related Information Processing, provides real time payment status information to clients in Europe and members of the North American Free Trade Agreement.

Other e-commerce services were introduced apart from GTS Portal. They included B2B

payment settlement solutions, CashProcure and BankOnline. We were one of only four banks globally to go live with Identrus, which deals with financial and identification issues SMEs have to address when trading internationally on the Internet.

Information Technology (IT)

IT is fundamental to modern banking and is central to big projects such as the MCP. Making the most efficient use of IT is vitally important. We introduced programmes to raise the efficiency of IT operations and to improve cooperation between the IT function and the rest of the business. We also set out to improve further the professional standards of our IT Development and Support employees. In addition, we started some pilot projects in mobile telephone banking based on WAP (Wireless Application Protocol).

Human Resources (HR)

ABN AMRO Group's worldwide headcount increased by 4.7% to 115,098 (1999: 109,938).

The restructuring of the bank was a particular challenge for HR. We advised on the change process, provided information, assisted in the allocation of staff, and coordinated consultation. A centralised HR information structure, implemented in 15 countries, is the first step towards a worldwide infrastructure for HR management and information. We will introduce a worldwide vacancy system and leadership courses will induct managers into the new culture. Surveys of employees and managers conducted in 2000 will be repeated in 2001 to assess how well we are managing the changes.

HR redesigned workflows and implemented corporate information systems and automated employee self-service for several processes such as employee benefits and pension contributions. Since talent is scarce in Europe and the US, we have stepped up recruitment over the Internet.

In Latin America, the integration of Banco Real was completed in the eight countries involved, and compensation and benefits policies were fully harmonised. The headcount was gradually reduced by 6% through natural attrition and careful management of replacements.

In the Netherlands we completed fruitful negotiations with the unions and implemented the first ABN AMRO collective labour agreement. The agreement broadens the range of options open to employees. We also introduced a flexible pension scheme, which gives employees more choices in important areas such as pensionable age and the timing and level of payments.

Corporate Facility Management (CFM)

CFM's priorities are serving internal clients and reducing ABN AMRO's costs.

We aim to meet the needs of BUs, and contribute to an efficient use of facilities, by making the cost of products and services transparent. We continuously assess the pros and cons of outsourcing. A coordinated worldwide sourcing programme was launched to reduce costs.

Risk management

Background

Comprehensive risk management is one of ABN AMRO's core competencies: credit risk, market risk, liquidity risk, country risk, operational and reputational risk. The international financial community and our clients regard the standards we set as a benchmark. We have traditionally followed a conservative risk rating and provisioning policy that is determined independently from the commercial lines of business. This prudent approach to risk and the professionalism of our comprehensive risk control were demonstrated in recent years when ABN AMRO's portfolio, organisation and internal processes were stress-tested, particularly in emerging markets, and proven to be resilient.



Choosing the right partner; striking at the right moment



Success depends on our ability to keep our promises. The only way of being the best financial partner for our customers is to live up to their expectations. Offering the right products and services at the right time is a crucial part of this.



Our approach to risk management stems from the characteristics of ABN AMRO's operations: relationship-based business, professional delivery of products and services, long experience in the many countries world-wide in which we do business, discipline and our traditionally strong risk management culture.

The process of risk management is crucial. A fairly centralised approval and control process provides management with the information (for example, by risk category, by industry, by country) to enable it effectively and coherently to manage our large and highly diversified risk portfolio.

Some of the key features of our risk management processes are:

- commercial lines of business are fully responsible for the risks they incur, with an independent risk function developing policies for, and approving and controlling, such risks;
- the extent to which a delegated authority can approve risks depends on a combination of Global One Obligor Exposure (GOOE), including all forms of individual counterparty exposure, and internal risk rating (calibrated against public ratings). Typically, committees – on which both the business and independent risk functions are represented – make unanimous decisions based on proposals from the business concerned and independent advice from the risk management function;
- credit risk is assessed on a transactional as well as a portfolio basis.

The desire to maintain a risk profile corresponding to the external rating of ABN AMRO is also reflected in a new risk management structure. This structure consists of independent risk functions within the SBUs and the overarching Group Risk Management function at Corporate Centre. Together they set policies for, and approve, individual risk positions taking account of industry, market, country and product limits within groupwide global limits (based on GOOE).

The Group Risk Committee (on which members of the Managing Board sit) meets three times a week to discuss individual proposals, including portfolio management issues, and at least six times a year to discuss major policy matters.

Basel capital adequacy reform

The Basel Committee on Banking Supervision has decided to review the Basel Accord of 1988 and will introduce a new regulatory capital adequacy framework. The main objective is to secure and maintain international financial stability and a more adequate capitalisation of banks which operate internationally. The work is well advanced and draft BIS guidelines are under discussion.

The framework will be more dynamic and risk sensitive, and will rest on three pillars: the minimum quantitative capital requirements; the supervisory review process; and the effective use of market discipline. The current Accord will be extended to capture fully all risks. The internal rating-based approach to credit risk will form the basis for setting capital charges, subject to supervisory approval, adherence to quantitative and qualitative guidelines, and recommendations on disclosure. Best practice risk mitigation techniques will be encouraged. Operational risks will be treated more explicitly to reflect them more accurately.

ABN AMRO welcomes this challenging and balanced approach.

We are committed to the Basel initiative and are involved in the international consultation and discussions. At the same time, the European Commission has decided to review the legal capital adequacy regime within the European Union. ABN AMRO backs the alignment of both processes and supports the work of European Commission and the European Parliament on drawing up timely European legislation.

Ratings/portfolio management

Credit ratings classify borrowers and credit facilities by the credit risk they pose. They are an important tool for managing credit risk, whether an individual credit facility or borrower or the credit portfolio of the bank. ABN AMRO has its own internal rating systems for counterparty and country risks. We have introduced improved tools to rate corporate clients and banks. These rating tools combine automated scoring techniques and qualitative assessments, ultimately approved by authorised credit committees. To ensure the consistency of the ratings used within ABN AMRO, we monitor the performance of the rating tools and fine-tune them as needed.

ABN AMRO manages its credit portfolio to preserve its good quality and ensure that it is well balanced and diversified. We closely follow developments within the credit portfolio, looking particularly at the credit ratings of the borrowers, the industries in which they operate, and specialised credit product areas. ABN AMRO has also developed risk models for its corporate and consumer credit portfolios. These models help to determine the economic risk associated with each credit portfolio and the interrelation between them. ABN AMRO will continue to invest in these risk models further to enhance its portfolio management.

Credit risk

ABN AMRO's credit portfolio has consistently been well diversified and of high quality. Required gross provisions for specific debtors for 2000 came to 53 basis points relative to risk-weighted assets (RWA). Net provisions after recoveries and releases were 31 basis points. This was a satisfactory outcome. It reflected in good measure the extent to which the emphasis of our business outside our home markets is on international and major local corporates.

VaR for trading portfolios

99% confidence level, one day holding period

(in millions of euros)

	End 2000	Minimum	Maximum	Average
Currency contracts	10	5	19	11
Interest rate contracts	27	21	38	29
Equity contracts	6	4	13	8
	27	23	46	33

Partly through investment banking, ABN AMRO is involved in bridge financing and in giving advice before and after capital market takeouts in which it subsequently plays a prominent role. Strategic industry sector analyses direct our risk and exposure policies for individual clients and the entire risk portfolio, which is well diversified across industries. Strict policies and effective operating systems similarly back our expanding consumer lending.

Country risk

We subject all countries to country risk measurement except EU members, Australia, Canada, Japan, New Zealand, Norway, Singapore, Switzerland and the USA. The Country Risk Management Department undertakes dedicated exposure measurement of all other countries, covering cross-border exposure and sovereign exposure.

The cross-border exposure measurement covers all on- and off-balance sheet assets that would be directly affected by transfer restrictions. ABN AMRO has monitored cross-border exposure closely for many years, and experience has shown that this is the type of exposure that is most affected by a country's payments crisis. We use a value-at-risk (VaR) model to determine the cross-border risk on the total portfolio. Limits for each country are set within the total portfolio limit. The Asian, Brazilian and Russian crises were clearly captured by the model, which enabled the bank to take the right actions and avoid over-reacting.

Sovereign exposure covers all on- and off-balance sheet assets that are either directly the responsibility of, or guaranteed by, the central government of a country. A sovereign

Provisions for loan losses

(in basis points)

	Gross increase/RWA			Net increase/RWA		
	2000	1999	1998	2000	1999	1998
Netherlands	33	26	35	14	11	19
North America	45	37	33	37	22	4
Rest of the World	74	76	81	40	44	56
Total	53	49	53	31	28	30

Cross-border exposures in the past three years

(in billions of euros)

	Total cross-border exposure			Excluding mitigated exposure		
	2000	1999	1998	2000	1999	1998
Latin America	6.8	5.5	5.9	3.4	3.2	3.6
Asia	7.4	7.1	7.2	4.1	5.3	5.2
Central and Eastern Europe	3.3	3.3	2.2	2.3	2.1	1.6
Middle East and Africa	3.7	5.0	4.2	1.9	2.1	2.7
Total	21.2	20.9	19.5	11.7	12.7	13.1

limit is determined by the sovereign warning level, which is an absolute amount based on gross domestic product, the country's indebtedness and our business objectives in the country.

Over the past year, we further improved our control over cross-border risk by adding management tools and introducing procedures to reduce the bank's cross-border risk exposure on derivatives transactions in risk countries. An internal charging system was also started, ensuring that scarce cross-border limits are committed to the most profitable transactions.

Our cross-border risk management demonstrated its qualities in 2000. The notional amount of cross-border risk increased because of the worldwide economic upturn. But the overall risk profile of the portfolio was almost the same as in 1999.

In the new organisation, the Country Risk Management Department will be part of the Corporate Centre. It will be one of the few departments that will keep a geographical focus, managing country risk with a portfolio

approach. The fundamentals for identifying cross-border and sovereign risk will remain unchanged.

Market risk

Market risk is the risk that movements in interest rates, foreign exchange rates or equity prices will cause profits or losses. Market risk arises from trading for both clients and the bank itself.

We manage market risk through risk limits such as VaR limits, interest rate sensitivity per basis point, net open position, spread sensitivities, Greeks (delta, gamma, vega, rho), stress tests, scenario analysis, position concentration and position ageing. The authority to establish market risk limits lies with the Risk Committees of the bank. Market risk limits are set for each location and for each trading portfolio, and are monitored daily.

Internal market risk models meet regulatory requirements and were approved by the Dutch central bank for the calculation of capital for market risk as defined in the Capital Adequacy Directive as amended per 1 January 1998. There is a strict process for the approval of new

market risk sensitive products, where the quantitative unit in Group Risk management needs to sign off on the models used for the validation and risk management of these products.

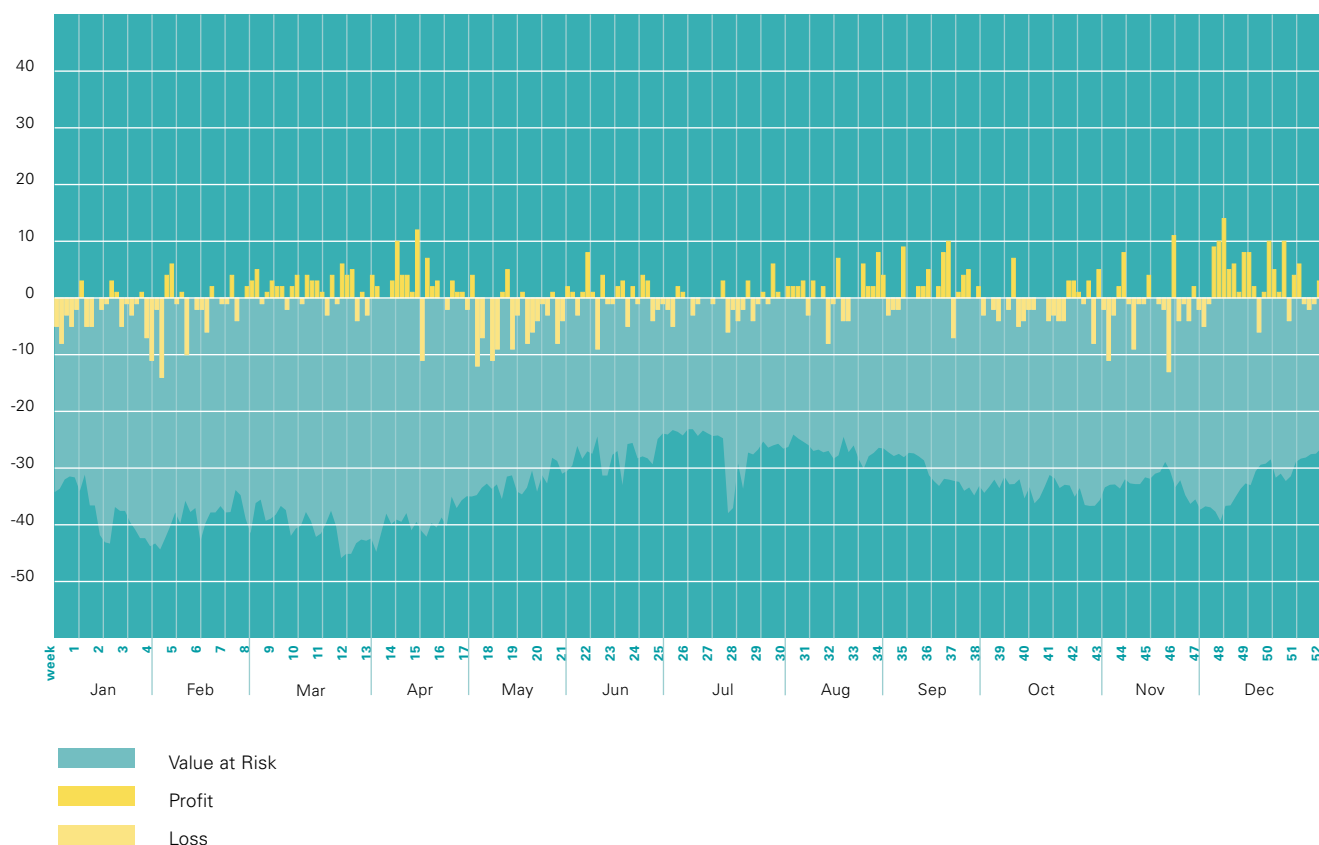
But quantitative loss measures are not enough in themselves. The judgement and experience of the management are also indispensable for assessing the acceptable level of market risk and setting the risk appetite.

VaR is a primary tool for the management and day-to-day monitoring of trading-related market risk. VaR is a statistical measure of the potential losses that could occur due to movements in market rates and prices over a specified time horizon within a given confidence level. The method adopted by the bank for the VaR calculation is historical simulation, based on four years of historical

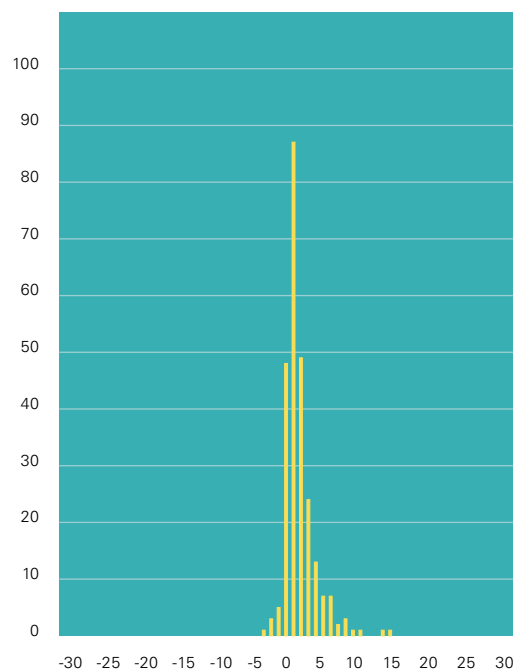
data. The bank uses a one-day holding period, 99% confidence level, and equally weighted simulations. The VaR is reported daily for each trading portfolio and line of business, and for the bank as a whole, to the top management of the business lines, the independent risk function in the SBUs, Group Risk Management in the Corporate Centre and the responsible members of the Managing Board.

The effectiveness of VaR is assessed by a technique known as back-testing, which counts the number of days when the losses are bigger than the estimated VaR figure. Theoretically, with a 99% confidence level it may be expected that the profit and loss (P&L) will exceed the VaR figure one day in 100 days. The back-testing is performed both on the actual P&L and a hypothetical P&L (a P&L that is only due to movements in the market, and excludes commissions, fees, origination

Graph 1 Value at Risk versus hypothetical Profit & Loss for trading portfolios for 2000 (in millions of euros)



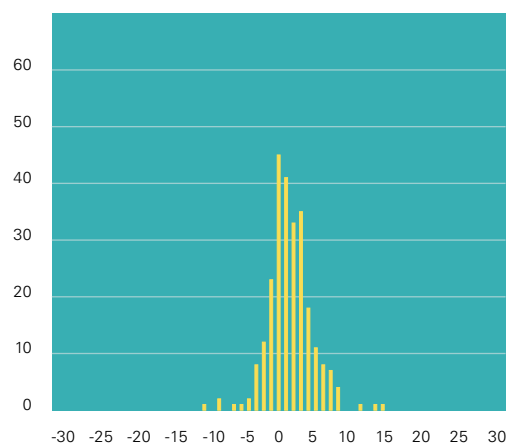
Graph 2 Distribution of daily revenue for LoB Treasury for 2000 *(in millions of euros)*



profits, intra-day trading, etc). The results of the back-testing on the actual and the hypothetical P&L are regularly reported to the central bank. The hypothetical back-testing is used to test the VaR calculation in a completely pure way and is therefore an essential instrument for the validation of our internal models.

The back-testing results (graph 1, page 47) show that the VaR calculated for each individual day was not exceeded on a single day in 2000. Unusual events, for example August-October 1998, in the historical data, along with certain assumptions made in the VaR aggregation of risk factors, have led to a relatively conservative VaR estimate.

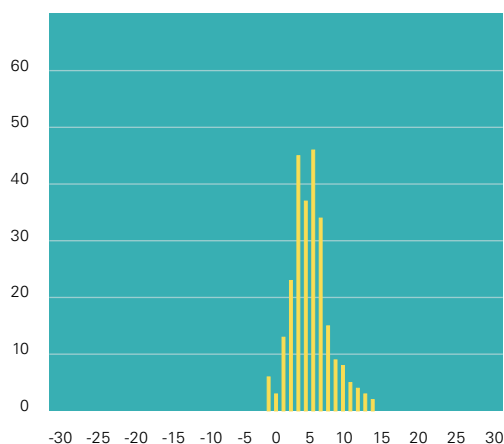
Graph 3 Distribution of daily revenue for LoB Fixed Income for 2000 *(in millions of euros)*



The VaR measure is supplemented by the stress test, which sheds light on the behaviour of a portfolio under extreme market events. The stress tests are performed on option portfolios and involve extreme shifts in a variety of parameters.

VaR is a good estimate of the potential P&L fluctuations under normal market circumstances but it fails to capture one-off events. Scenario analysis provides further insight into P&L fluctuations in unusual circumstances. A number of scenarios at the bank-wide aggregate level are run daily.

Graph 4 Distribution of daily revenue for LoB Equity for 2000 *(in millions of euros)*



The histograms show the distributions of daily revenues in 2000 from the trading and non-trading activities (including commissions, fees, origination profits etc) for each Line of Business (LoB): Treasury (graph 2), Fixed Income (graph 3) and Equity (graph 4). Overall, a distribution around a positive average is visible, especially for the LoB Equity where commissions and so on are an important source of revenue.

Interest rate risk

One of the objectives of asset and liability management is to manage and control the

sensitivity of net interest revenue to interest rate movements in the market. Various monitoring and measurement methods are used, including interest rate gap analysis and scenario analysis. Interest rate sensitivity tests are applied to estimate the impact of market rate movements on net interest revenue.

The sensitivity of net interest revenue to interest rate conditions has been tested assuming an immediate and lasting interest rate movement of 100 basis points. Such a sharp upward movement would depress net interest revenue by 2,9% in the first year, while a downward movement would boost net interest revenue by 1,3%.

Operational risk

Operational risk is defined by ABN AMRO as: 'The risk of loss resulting from inadequate or failed internal processes, human behaviour and systems or from external events.' This definition covers operational events such as IT systems problems, shortcomings in the organisational structure or internal controls, human resources risks, fraud and external threats.

The task of managing operational risks falls to management and staff at all levels. Several coordinators of operational risk management within the bank provide management and staff with policies, methodologies, tools and information to support improved operational risk management.

We worked in 2000 to improve operational risk management within ABN AMRO. A governance structure was set up to coordinate, approve and implement operational risk management initiatives, an operational risk policy was developed (including a policy on e-commerce and an approval process for introductions of products, systems and projects), and risk self-assessment was further implemented within the Bank.

Selected information

ABN AMRO Lease Holding
(in millions)

	2000	1999	1998
Net interest revenue	212	198	180
Net commissions	153	116	91
Other revenue	263	238	167
<i>Total revenue</i>	628	552	438
Operating expenses	426	404	309
Provision for loan losses	53	20	8
<i>Pre-tax profit</i>	149	128	121
Total assets	9,384	8,471	6,769
Risk-weighted assets	9,102	7,935	6,345
Full-time equivalent staff	7,070	5,278	4,795
Number of branches and offices	47	37	34

Systems to improve operational risk measurement, for example loss event information and key risk indicators, are being developed and will be introduced in 2001. These measurement systems will help to translate operational risk into an economic capital requirement.

ABN AMRO Lease Holding

ABN AMRO Lease Holding's pre-tax profit rose by 16.4% to EUR 149 million (1999: EUR 128 million). Consolidated total assets came to EUR 9.4 billion at year-end. As at 31 December 2000, ABN AMRO Lease Holding has 7,070 full-time equivalent staff.

During the year the change process to become a financial company offering automotive services was effectuated. Part of these automotive services are motor insurance underwriting and claims handling. As a result of the sharper focus on fleet management, the management structure was adapted and the equipment leasing activities (Amstel Lease) were disposed to ABN AMRO Bank or discontinued during the year.

In June 2000 ABN AMRO Lease Holding acquired the Dial group with operations in France, Italy, Spain and the UK.

Join forces with a powerful and reliable team



A key element in our efforts to maximise shareholder value is to build a leading position in international wholesale banking for our corporate, financial institution and public sector clients. We will capitalise on our strong market presence in Europe and our unique international network with branches and offices in more than 50 countries.



Group capital

(in millions)

	2000	1999	1998
Ordinary share capital	851	832	818
Preference share capital	823	823	823
Convertible preference share capital	2	3	4
<i>Share capital</i>	1,676	1,658	1,645
Share premium account relating to ordinary shares	2,497	2,443	2,409
Share premium account relating to convertible preference shares	21	37	45
Other reserves	8,329	7,849	6,624
<i>Shareholders' equity</i>	12,523	11,987	10,723
Minority interests	5,287	4,945	3,530
<i>Group equity</i>	17,810	16,932	14,253
Fund for general banking risks	1,319	1,232	1,140
Subordinated debt	13,405	10,717	8,980
<i>Group capital</i>	32,534	28,881	24,373

In December 2000 Consolidated Service Corporation (CSC), one of the largest fleet management services companies in the US was acquired. The acquisitions together with organic growth made Leaseplan, ABN AMRO Lease Holding's major brand for leasing and fleet management, the world market leader in fleet management, with 1.2 million vehicles under management.

The joint venture QEK Global Solutions was established at the beginning of 2000, specialising in logistics support and vehicle storage, marketing services and damage repair activities for the automotive industry.

More detailed information is available in the annual report of ABN AMRO Lease Holding.

Regulatory capital

Group capital at year-end 2000 was EUR 32,534 million, up by EUR 3,653 million or 12.6%.

Shareholders' equity

Retained profits and stock dividends were principally behind shareholders' equity increasing by EUR 536 million from EUR 11,987 million to EUR 12,523 million. After the 2000 interim dividend was declared, 66.4% of shareholders chose the stock dividend, leading to 14.3 million shares being issued at EUR 27.60 each. The value of the 2000 interim stock dividend was therefore EUR 394 million. We estimate that the 2000 final dividend will involve paying EUR 375 million in stock.

The number of ordinary shares in issue rose in total by 34.8 million, of which 28.3 million were related to stock dividends. After staff options were exercised, 3.3 million shares were issued at an average price of EUR 15.79. In addition, 0.6 million preference shares were converted into 2.5 million ordinary shares for an extra payment of NLG 7 per share, and 0.7 million options were exercised and the shares were delivered from repurchased shares. As a

Capital adequacy

(in millions)

	2000	1999	1998
Tier 1 capital	19,010	17,735	14,985
Tier 2 capital	9,628	8,968	7,583
Tier 3 capital	538	498	428
Deductible items	(1,755)	(437)	(384)
Total capital base	27,421	26,764	22,612
Risk-weighted assets:			
Credit risks	216,894	194,715	168,427
Off-balance sheet credit risks	42,039	46,649	39,208
Market risks	4,920	5,010	8,134
	263,853	246,374	215,769
BIS tier 1 capital ratio	7.20%	7.20%	6.94%
BIS total capital ratio	10.39%	10.86%	10.48%

consequence, shareholders' equity rose by EUR 55 million.

Another influence on shareholders' equity was a goodwill charge of EUR 1,453 million that represented the difference between the cost and net asset value of acquisitions. The charge was mainly incurred on the purchase of the stakes in Bouwfonds, Kwang Hua and Dial (which was acquired by ABN AMRO Lease Holding).

The rise in the USD rate was reflected in a translation gain on capital invested in operations abroad, and resulted in an addition of EUR 98 million to the exchange differences reserve.

Minority interests

The increase of EUR 342 million stemmed largely from currency movements (EUR 413 million). The partial buyout of minority shareholders in Banco Real led to a EUR 170 million fall in minority interests.

Fund for general banking risks

Consolidation adjustments and a translation gain on the part of this fund kept in US dollars resulted in the fund rising by EUR 108 million from EUR 1,232 million to EUR 1,319 million. A release of EUR 32 million gross to the income statement was taken into account.

Subordinated debt

Subordinated capital increased by EUR 2,688 million to EUR 13,405 million. We placed new subordinated debt totalling EUR 2,443 million. Higher currency exchange rates pushed subordinated debt up by EUR 394 million.

Required capital and ratios

ABN AMRO applies capital adequacy ratios based on the Netherlands central bank's guidelines. These ratios compare our bank's capital with its assets and off-balance sheet exposure weighted according to relative risk. The market risk associated with our bank's

Development of main groups of balance sheet items

(in billions)

	2000	1999	1998
Liquid assets and investments	79.4	72.8	71.5
Banks	48.6	47.2	60.9
Loans to public sector	15.0	12.0	7.2
Loans to private sector	245.5	207.0	179.2
Professional securities transactions	58.8	40.7	34.1
Loans	319.3	259.7	220.5
<i>Total assets</i>	543.2	457.9	432.1
Banks	101.6	81.0	104.9
Savings accounts	81.0	71.7	61.8
Deposits and other client accounts	155.5	128.5	112.8
Professional securities transactions	43.0	29.8	31.0
<i>Total clients accounts</i>	279.5	230.0	205.6
Debt securities	60.3	54.2	37.9

Private sector loans by division (excluding professional securities transactions)

(in billions)

	2000	1999	1998
Netherlands Division	97.3	88.6	80.6
International Division:			
• Europe (outside the Netherlands)	22.8	21.6	19.1
• North America	57.2	48.0	37.9
• Latin America and the Caribbean	8.7	8.2	8.8
• Middle East and Africa	1.6	1.5	1.2
• Asia Pacific	14.5	14.5	11.0
Investment Banking Division	104.8	93.8	78.0
ABN AMRO Lease Holding	19.3	16.9	14.6
ABN AMRO Bouwfonds	8.6	7.7	6.0
	15.5		
	245.5	207.0	179.2

Doubtful loans

(in millions)

	2000	1999	1998
Non-accrual loans	2,748	1,543	1,444
Other non-performing loans	2,374	3,248	2,939
Accruing doubtful loans	2,741	2,789	2,195
Total doubtful loans	7,863	7,580	6,578

Doubtful loan ratios

(in percentages)

	2000	1999	1998
New and increased specific provisions <i>(net)</i>			
to private sector loans <i>(gross)</i>	0.33	0.32	0.35
Non-performing loans			
to private sector loans <i>(gross)</i>	2.05	2.26	2.39
Specific allowances for loan losses			
to private sector loans <i>(gross)</i>	1.68	2.11	2.25
Specific allowances for loan losses			
to non-performing loans	81.9	93.0	93.9
Amounts written off			
to private sector loans <i>(gross)</i>	0.63	0.36	0.29

trading activities also requires capital to be set against it. The minimum tier 1 ratio is 4% and the minimum total capital ratio is 8%. ABN AMRO comfortably meets these standards.

The total capital base increased by 2.5% in 2000. Risk-weighted assets amounted to EUR 263.9 billion at year-end 2000, an increase of 7.1% from the end of the previous year. As in previous years, we launched several large securitisation programmes: EUR 8.5 billion in Europe and EUR 16.4 billion in the United States.

Consolidated balance sheet

Consolidated total assets at 31 December 2000 amounted to EUR 543.2 billion, up EUR 85.3 billion or 18.6% from year-end 1999. Higher year-end exchange rates increased total assets by EUR 13.3 billion. Acquisitions led to assets rising by EUR 17.9 billion. Total assets in the International Division grew by

EUR 17.7 billion to EUR 197.9 billion, partly due to higher exchange rates. They increased by EUR 30.3 billion to EUR 199.6 billion in the Investment Banking Division, largely because of increased deposits taken from and placed with other banks, and rose by EUR 19.5 billion to EUR 119.4 billion in the Netherlands Division, notably from home mortgage lending.

Loans

Loans increased by EUR 59.6 billion or 22.9% to EUR 319.3 billion. Private sector loans, excluding professional securities transactions, went up 18.6% to EUR 245.5 billion. Professional securities transactions increased by EUR 18.1 billion, principally because of a rise in the business done by our foreign securities subsidiaries. Loans to the public sector rose by EUR 3.0 billion to EUR 15.0 billion.

In the Netherlands Division, private sector loans rose by 9.8% to EUR 97.3 billion, while in the International Division they increased by EUR 11.0 billion or 11.7% to EUR 104.8 billion. Net higher exchange rates increased loans by EUR 8.6 billion.

Doubtful loans and provisions

The share of non-performing loans in total private sector loans decreased to 2.05%, and EUR 331 million or 0.33% (1999: 0.32%) of total loans to the private sector was added to specific allowances for loan losses in 2000. Specific allowances for loan losses represented 1.68% of the overall private sector loan portfolio at year-end 2000, compared to 2.11% at year-end 1999. This decrease is mainly the result of loan write-offs in Thailand.

Total client accounts

Total client account balances went up by EUR 49.5 billion or 21.5% to EUR 279.5 billion. In the Netherlands Division, the increase amounted to EUR 14.3 billion to EUR 106.1 billion. Total client account balances

in the International Division grew by EUR 14.3 billion, including an increase of EUR 1.4 billion in repo transactions to EUR 115.8 billion.

Our employees

In 2000 we made heavy demands on the resilience and flexibility of our staff. The drastic strategic review and restructuring have created significant uncertainty in many parts of the bank. We are proud of the performance of our employees in these difficult times and are very grateful to them for their continued dedication.

Outlook

We have made a good start with the intra-SBU cost and revenue synergies, as predicted in November. At this stage, we are confident that these synergies can be achieved across the new businesses, and that we are on course to reach our primary objective of being in the top five of our peer group at the end of 2004. By the same token, we are also confident that our results in 2001 will be in line with this objective. However, given the uncertain economic prospects and changing market conditions it is too early in the year to provide a more quantitative outlook.

Amsterdam, 23 March 2001

Rijkman Groenink
Rijnhard van Tets
Jan Maarten de Jong
Wilco Jiskoot
Dolf van den Brink
Tom de Swaan
Joost Kuiper
Dolf Collee
Sergio Lires Rial
Hugh Scott-Barrett

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Accounting policies

General

The financial statements have been prepared in conformity with generally accepted accounting principles in the Netherlands. Where necessary, the amounts reported in the financial statements are based on estimates and assumptions.

Since ABN AMRO Holding N.V. ordinary shares are listed on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts, ABN AMRO also publishes an annual report (Form 20-F) that conforms to the Securities and Exchange Commission (SEC) rules, including those relating to the format and content of the notes to the financial statements. In addition, the annual report includes an analysis of equity and results according to accounting principles generally accepted in the United States (US GAAP).

Basis for inclusion of financial instruments

A financial instrument is accounted for as an asset or liability from the time the respective contractual rights or obligations accrue to the company. Whenever this ceases to be the case, a financial instrument is no longer recognised in the balance sheet. If ABN AMRO has the right on the grounds of legal or contractual provisions and the intention to settle financial assets and liabilities net or simultaneously, they are netted-off in the balance sheet.

Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities, revenues and expenses of ABN AMRO Holding N.V., its subsidiaries and other group companies that form an organisational and economic entity with it. Minority interests in both equity and results of subsidiaries and other group companies are stated separately.

Currency translation

Assets and liabilities denominated in foreign currencies and financial instruments hedging these assets and liabilities are translated into euros at the spot rates of exchange prevailing at balance sheet date. Translation differences are taken to the income statement. With the

exception of capital investments in hyper-inflationary countries, translation differences on capital investments in foreign branches, subsidiaries and participating interests, including retained profit, are accounted for in shareholders' equity together with the results from related hedging instruments, after allowing for taxation.

Results on transactions denominated in foreign currencies are translated at the rates prevailing at transaction date or, insofar as accruals and deferrals are involved, on the last day of the month to which the results relate. Results of foreign branches, subsidiaries and participating interests, apart from those in hyper-inflationary countries, are translated at the rates prevailing at the end of the month in which the results are recognised. The results from branches, subsidiaries and participating interests in hyper-inflationary countries are translated at the rates prevailing at balance sheet date, after restating the local currency results for the effects of inflation.

Valuation and determination of results

General

Except where otherwise stated, assets and liabilities are recorded at cost, less any allowance deemed necessary. The effects of transactions and other events are recognised when they occur; revenues and expenses are recognised in the year to which they relate. Premiums and discounts are accounted for in prepayments and accrued income or accruals and deferred income respectively, and are attributed to the accounting periods throughout the remaining terms of the underlying items.

Except for items forming part of the trading portfolio, interest-earning and interest-bearing securities on which a large part or all of the interest receivable or payable is settled on redemption are included at either purchase price or discounted value on issue plus accrued interest.

Where financial instruments are used to hedge risks associated with designated assets or liabilities, the valuation and determination of

results on these instruments are effected in accordance with the policies applied to the hedged items. Transactions are qualified as hedges if they are identified as such and there is a substantial correlation between the hedging results and the results of the positions being hedged. Gains or losses on the early termination of a hedge are recognised as assets or liabilities and amortised over the remaining terms of the hedged positions. Where financial instruments are used to hedge risks associated with designated assets or liabilities and the hedged assets or liabilities are sold or terminated, such financial instruments are no longer qualified as hedges. Results on the settlement of the hedge are accounted for in the same period as gains or losses on the settlement of the hedged position. Accounting policies relating to other financial instruments are explained in the section on trading activities.

Where loan-related fees exceed initial expenses, the excess is accounted for as interest in the period concerned. Acquisition commission paid by the life insurance subsidiary to third parties and the banking operation are capitalised as initial expenses and amortised. Expenses involved in the issuance of ordinary and preference shares are charged to shareholders' equity.

Loans

Loans are generally shown at the principal amount. Loans are classified as doubtful as soon as there is any doubt about the borrower's capacity to repay the principal. Where deemed necessary, an allowance for loan losses is made.

Allowances for loan losses are determined on a statistical basis in conformity with the nature of the underlying loan or per item, taking into account the value of collateral. The value of LDC receivables is assessed on a country by country basis. The allowances are recognised in provision for loan losses in the income statement.

As soon as the loan liquidation procedure is started, ABN AMRO ceases to accrue interest on the loan in question ('non-accrual loans'). Depending on the chances of the principal

being repaid, interest is recorded in the income statement only when actually received ('other non-performing loans') or in accordance with the standard method of valuation ('accruing doubtful loans'). Doubtful loans are not written off until it is clear that repayment of principal can be ruled out.

Trading activities

Securities held in the trading portfolios are stated at market value. Debentures of ABN AMRO group companies, acquired as part of trading activities, are stated at the lower of market value and purchase price. Foreign exchange contracts, stock, bond, currency and other options, as well as interest rate contracts such as interest rate swaps and forward rate agreements, are stated at market value. The aggregate market value of these contracts is included in other assets or other liabilities. Gains or losses resulting from the method of valuation described are recognised in the income statement in results from financial transactions.

Financial and other fixed assets

Investments

Interest-earning securities (other than securities on which a large part or all of the interest is settled on redemption) held in the investment portfolios are stated at redemption value. Shares held in these portfolios are included at market value, with changes in value, net of tax, reflected in shareholders' equity. If the revaluation reserve formed in this manner is insufficient to absorb diminutions in value, they will be charged to the income statement in value adjustments to financial fixed assets. Results on sales are credited to the income statement in the year the investments are sold. Net capital gains on interest-bearing securities realised prior to redemption date in connection with replacement operations are recognised as interest over the remaining average portfolio duration. Investments which are held under insurance contracts for the account and risk of policyholders are carried at market value; changes in the value of these investments are accounted for as other revenue (profits or losses of insurance companies).

Shares as part of venture capital activities

Equity investments, i.e. shares acquired as part of venture capital activities, are stated at purchase price or sustained lower market value. Changes in value are reflected in the income statement.

Participating interests

Participating interests in which ABN AMRO or one of its subsidiaries has a significant influence on commercial and financial policy are stated at net asset value determined in conformity with the policies applied in these financial statements. In accordance with these policies, movements in net asset value are recorded in shareholders' equity, such as revaluations and goodwill, or in the income statement. Tax payable on distributions is taken into account at the moment of the decision to make a distribution.

Goodwill arising from the acquisition of participating interests is charged to shareholders' equity.

Other participating interests, consisting principally of equity investments in companies in related lines of business, are shown at estimated net realisable value. Movements in value, net of tax, are recorded in shareholders' equity. If the revaluation reserve formed in this manner is insufficient to absorb diminutions in value, such diminutions will be charged to the income statement in value adjustments to financial fixed assets.

Property and equipment

Premises used in operations, including land, are stated at current value based on replacement cost. Buildings and fixtures and fittings are fully depreciated by the straight-line method over their estimated useful life with a maximum of fifty years. Movements in value, net of tax, are credited or charged to shareholders' equity on a long-term basis. Capital expenditures on rented premises are capitalised and also depreciated on a straight-line basis, taking into account the term of the lease. Property held for sale is stated at the lower of cost, including interest during construction, and estimated proceeds from sale.

Equipment, computer installations and software bought from third parties are stated at cost less straight-line depreciation over the estimated useful life.

Marketable servicing rights are capitalised at the lower of cost or net realisable value and amortised over their term.

Provisions

For the employees in the Netherlands and the majority of staff employed outside the Netherlands, pension or other retirement plans have been established in accordance with the regulations and practices of the countries in question. Most of these plans are administered by separate pension funds or third parties. The contributions paid are charged to the income statement each year. The amount of the contribution takes account of increases in pension rights in line with the development of wages and inflation, as well as of the return achieved by the pension funds in excess of the actuarial interest rate, which is currently 4% in the Netherlands.

Insurance fund liabilities are related chiefly to provisions for life insurance. They are determined using actuarial methods and on the basis of the same principles as those used to calculate the premium. These provisions are periodically tested by reference to changes in mortality, interest and costs, and increased when deemed inadequate. Technical provisions for investment exposure borne by policyholders are determined using the same principles as are applied for the valuation of the underlying investments.

Self-administered pension plan commitments, which are relatively small, and provisions for payments to non-active employees are computed on the basis of actuarial assumptions.

Except for deferred tax liabilities, other provisions for commitments and risks are included at face value.

Taxes

In determining the effective tax rate, all timing differences between pre-tax profit determined on the basis of ABN AMRO accounting policies and the taxable amount in accordance with tax legislation, are taken into account. Deferred tax liabilities are discounted to their present value on the basis of the net interest. Deferred tax assets are accounted for only if there is sufficient assurance about their collectibility.

The addition to or withdrawal from the fund for general banking risks is taken into account when determining the effective tax rate.

Consolidated balance sheet at 31 December 2000 after profit appropriation (in millions of euros)

	2000	1999
Assets		
Cash 1	6,456	6,806
Short-dated government paper 2,5	11,199	10,375
Banks 3	48,581	47,201
<i>Loans to public sector</i>	<i>14,974</i>	<i>12,007</i>
<i>Loans to private sector</i>	<i>245,450</i>	<i>206,974</i>
<i>Professional securities transactions</i>	<i>58,842</i>	<i>40,742</i>
Loans 4	319,266	259,723
Interest-earning securities 5	108,053	92,583
Shares 5	21,094	16,990
Participating interests 6	2,026	1,884
Property and equipment 7	6,813	5,205
Other assets 8	7,764	6,894
Prepayments and accrued income 9	11,917	10,223
	543,169	457,884
Liabilities		
Banks 10	101,510	80,990
<i>Savings accounts</i>	<i>80,980</i>	<i>71,729</i>
<i>Deposits and other client accounts</i>	<i>155,549</i>	<i>128,507</i>
<i>Professional securities transactions</i>	<i>43,020</i>	<i>29,756</i>
Total client accounts 11	279,549	229,992
Debt securities 12	60,283	54,228
Other liabilities 8	41,080	42,113
Accruals and deferred income 9	14,791	10,974
Provisions 13	13,422	10,706
	510,635	429,003
Fund for general banking risks 14	1,319	1,232
Subordinated debt 15	13,405	10,717
Shareholders' equity 16	12,523	11,987
Minority interests 17	5,287	4,945
Group equity	17,810	16,932
Group capital	32,534	28,881
	543,169	457,884
Contingent liabilities 23	49,044	43,561
Committed facilities	138,457	115,441

Consolidated income statement for 2000

(in millions of euros)

	2000	1999	1998
Revenue			
Interest revenue	37,236	29,062	25,634
Interest expense	27,832	20,375	18,436
Net interest revenue 26	9,404	8,687	7,198
Revenue from securities and participating interests 27	451	357	348
Commission revenue	6,529	4,947	3,819
Commission expense	649	492	431
Net commissions 28	5,880	4,455	3,388
Results from financial transactions 29	1,569	1,374	1,153
Other revenue 30	1,165	654	451
Total non-interest revenue	9,065	6,840	5,340
Total revenue 39	18,469	15,527	12,538
Expenses			
Staff costs 31	7,460	5,768	4,656
Other administrative expenses 32	4,801	4,041	3,381
Administrative expenses	12,261	9,809	8,037
Depreciation 33	941	800	667
Operating expenses	13,202	10,609	8,704
Provision for loan losses 34	617	653	941
Release from fund for general banking risks 35	(32)	(20)	(101)
Value adjustments to financial fixed assets 36	(43)	35	97
Total expenses	13,744	11,277	9,641
Operating profit before taxes	4,725	4,250	2,897
Taxes 37	1,324	1,320	908
Operating profit after taxes	3,401	2,930	1,989
Extraordinary expenses 38	900		
Taxes on extraordinary result	301		
Extraordinary result after taxes	599		
Group profit after taxes	2,802	2,930	1,989
Minority interests 39	304	360	161
Net profit	2,498	2,570	1,828
Earnings per ordinary share	1.63	1.72	1.23
Fully diluted earnings per ordinary share	1.62	1.71	1.22
Dividend per ordinary share	0.90	0.80	0.58

Numbers stated against items refer to the notes.

Consolidated cash flow statement for 2000

(in millions of euros)

	2000	1999	1998
Group profit	2,802	2,930	1,989
Depreciation	941	800	667
Provision for loan losses minus release from fund for general banking risks	585	633	839
Movement in provisions	1,085	516	(171)
Movement in interest receivable	(542)	(1,878)	36
Movement in interest payable	1,429	1,356	1,058
Movement in current tax	64	274	131
Other accruals and deferrals	872	200	2,279
Government paper and securities, trading	(12,230)	13,423	(21,980)
Other securities	(2,305)	9,865	(4,593)
Banks, other than demand deposits	11,788	(13,288)	11,936
Loans	(20,022)	(18,907)	(15,924)
Professional securities transactions (included in loans)	(15,043)	(1,441)	(4,937)
Total client accounts	27,005	13,984	12,563
Professional securities transactions (included in total client accounts)	10,782	(5,274)	6,563
Debt securities, excluding debentures and notes	(1,405)	5,524	(2,121)
Other assets and liabilities	3,750	(3,155)	20,745
Net cash flow from operations/ banking activities	9,556	5,562	9,080
Purchase of securities for investment portfolios	(61,839)	(56,164)	(62,582)
Sale and redemption of securities from investment portfolios	59,726	49,821	56,103
Net outflow	(2,113)	(6,343)	(6,479)
Investments in participating interests	(2,292)	(1,355)	(1,182)
Sale of investments in participating interests	202	64	313
Net outflow	(2,090)	(1,291)	(869)
Capital expenditure on property and equipment	(1,597)	(1,502)	(1,245)
Sale of property and equipment	214	293	173
Net outflow	(1,383)	(1,209)	(1,072)
Net cash flow from investment activities	(5,586)	(8,843)	(8,420)
Increase in group equity	55	1,198	1,049
Repayment of preference shares	(528)		
Issue of subordinated debt	1,452	1,536	420
Repayment of subordinated debt	(299)	(350)	(348)
Issue of debentures and notes	5,956	8,851	1,401
Repayment of debentures and notes	(5,941)	(2,826)	(2,560)
Cash dividends paid	(1,135)	(974)	(439)
Net cash flow from financing activities	(440)	7,435	(477)
Cash flow	3,530	4,154	183

Changes in shareholders' equity in 2000

(in millions of euros)

	2000	1999	1998
Ordinary shares			
Opening balance	832	818	800
Exercised options and warrants	2	1	2
Conversion of convertible preference shares	1	1	1
Stock dividends	16	12	15
Closing balance	851	832	818
Preference shares			
Balance unchanged	823	823	823
Convertible preference shares			
Opening balance	3	4	5
Conversion	(1)	(1)	(1)
Closing balance	2	3	4
Share premium account relating to ordinary shares			
Opening balance	2,443	2,409	2,367
Exercised options and conversion	51	38	46
Conversion of convertible preference shares	19	8	11
Stock dividends	(16)	(12)	(15)
Closing balance	2,497	2,443	2,409
Share premium account relating to convertible preference shares			
Opening balance	37	45	55
Conversion	(16)	(8)	(10)
Closing balance	21	37	45
General reserve and statutory reserve			
Opening balance	7,982	6,988	7,759
Retained profit	1,074	1,320	922
Stock dividends	772	520	617
Goodwill	(1,453)	(814)	(2,275)
Other	1	(32)	(35)
Closing balance	8,376	7,982	6,988
Revaluation reserves			
Opening balance	320	314	289
Revaluations	(20)	6	25
Closing balance	300	320	314
Exchange differences reserve			
Opening balance	(424)	(639)	(317)
Currency translation differences	98	215	(322)
Closing balance	(326)	(424)	(639)
Treasury stock			
Opening balance	(29)	(39)	(51)
Increase (decrease)	8	10	12
Closing balance	(21)	(29)	(39)
Total shareholders' equity	12,523	11,987	10,723

Notes to the consolidated balance sheet and income statement (unless otherwise stated, all amounts are in millions of euros)

1 Cash

This item includes legal tender and demand deposits with central banks in countries in which the bank has a presence.

2 Short-dated government paper

This item includes securities issued by public authorities, such as treasury paper, with original terms of two years or less, provided they can be refinanced with a central bank.

3 Banks (assets)

This item includes receivables, including professional securities transactions, from credit institutions, central banks and multilateral development banks not already recognised in cash. Securitised receivables are included in interest-earning securities or shares.

4 Loans and credit risk

This item includes amounts receivable in connection with loans, including professional securities transactions, insofar as they are not recognised in the item banks. Securitised receivables are included in interest-earning securities or shares.

In granting facilities and loans, the bank incurs a credit risk, i.e. the risk that the receivable will not be paid. This is related primarily to the balance sheet items banks, loans and interest-earning securities, and to off-balance sheet items. Concentration of credit risk could result in a material loss for the bank if a change in economic circumstances were to affect a whole industry or country.

Sector analysis of loans

	2000	1999
Public sector	15,000	12,097
Commercial	148,102	130,003
Retail	101,540	81,679
Professional securities transactions	58,842	40,742
Allowances for loan losses and cross-border risks	(4,218)	(4,798)
Loans	319,266	259,723

Collateral for private sector loans

Collateral is frequently demanded in connection with lending operations. The following table analyses private sector loans by type of collateral. Unsecured loans also include loans for which the bank has the right to require collateral.

	2000	1999
<i>Commercial</i>		
Public authority guarantees	6,932	6,109
Mortgages	22,615	18,974
Securities	3,246	2,337
Bank guarantees	5,606	3,114
Other types of collateral and unsecured	109,703	99,469
Total commercial loans	148,102	130,003
<i>Retail</i>		
Public authority guarantees	6,392	3,628
Mortgages	74,496	58,082
Other types of collateral and unsecured	20,652	19,969
Total retail loans	101,540	81,679

Commercial loans by industry

	2000	1999
Agriculture, mining and energy	10,436	10,718
Manufacturing	36,751	30,948
Construction and real estate	17,972	15,067
Wholesale and retail trade	21,387	19,257
Transportation and communications	12,894	10,451
Financial services	17,260	17,639
Business services	15,091	12,290
Education, health care and other services	16,311	13,633
Total commercial loans	148,102	130,003

Movements in allowances for loan losses

	2000	1999	1998
Opening balance	4,458	4,116	2,894
Currency translation differences and other movements	233	178	957
Write-offs	(1,575)	(771)	(527)
Received after write-off	108	119	77
Addition from net interest revenue	3,224	3,642	3,401
	157	138	77
Addition from provision for loan losses	1,278	1,085	1,073
Transfer to provision for loan losses	(464)	(407)	(435)
Net increase	814	678	638
Closing balance	4,195	4,458	4,116

Cross-border risk

Loans and other exposures are often not restricted to the country in which the facility is extended, but also involve banks, public authorities and other clients in foreign countries, and are mostly denominated in foreign currencies. The total cross-border exposure is very substantial but relates mainly to OECD countries. An increased risk on these outstandings would arise if and insofar as government measures or extreme economic conditions in specific countries were to restrict debt servicing. Until 2000 additional cross-border risk allowances were applied in such circumstances. As from December 2000, however, the existing country provision method was replaced by a system of sovereign provisions.

Under the new method only cross-border foreign currency debt of certain sovereigns is provisioned. The current value of US Treasury collateral issued as part of restructuring programmes is taken into account in determining actual sovereign risk allowances. A sovereign risk allowance is a kind of counterparty allowance, as where as a cross-border risk allowance is a general allowance on the total exposure to a country.

Analysis of sovereign risk at 31 December 2000

	<i>Net exposure</i>	<i>Risk allowances</i>
Central and Eastern Europe	223	91
Latin America and the Caribbean	785	118
Asia Pacific	10	7
Other countries	89	56
Total	1,107	272

Movements in sovereign risk allowances

	2000	1999	1998
Opening balance	533	494	410
Currency translation differences	36	74	(23)
Provision for loan losses	(197)	(25)	303
Other movements	(100)	(10)	(196)
Closing balance	272	533	494

Allowances for sovereign risks and cross-border risks respectively are charged to loans, banks and interest-bearing securities.

Other

The item loans includes subordinated debt amounting to EUR 22 million (1999: EUR 57 million) and leasing operations amounting to EUR 13,386 million (1999: EUR 10,910 million).

5 Securities

The balance sheet items short-dated government paper, interest-earning securities and shares include the investment portfolios, the trading portfolios, securitised receivables such as treasury paper and commercial paper, and equity participations. Interest-earning securities forming part of an investment portfolio, which principally consist of central government bonds, serve as a liquidity buffer among others. The bank attempts to maximise the return on these instruments through a policy of active management. Equity investments held on a long-term basis are also included in the investment portfolios.

The aforementioned balance sheet items can be analysed as follows:

	2000	1999
Investment portfolios	67,893	62,679
Trading portfolios	52,305	39,428
Short-dated government paper	5,579	3,114
Other bank paper	3,207	4,873
Other loan-style paper	5,957	4,631
Options	3,307	3,913
Equity participations	2,098	1,310
Total securities	140,346	119,948

of which:

	Listed		Unlisted	
	2000	1999	2000	1999
Public authority paper	37,765	43,579	23,097	11,271
Other interest-earning securities	20,968	16,109	37,422	31,999
Shares	17,993	15,542	3,101	1,448
Total securities	76,726	75,230	63,620	44,718

Listed securities include all securities which are traded on any stock exchange. Third parties hold legal title to part of the securities included in the portfolios. This is related to securities sold with repurchase commitments (EUR 11,639 million, 1999: EUR 8,163 million) and securities lending transactions (EUR 5,947 million, 1999: EUR 9,213 million). In addition, ABN AMRO borrowed securities totalling EUR 16,482 million (1999: EUR 7,075 million). These securities are not shown in the balance sheet. The item interest-earning securities includes securities of a subordinated nature totalling EUR 131 million (1999: EUR 32 million) and non-subordinated interest-earning securities issued by group companies totalling EUR 1,249 million (1999: EUR 1,028 million).

As part of its securities brokerage activities, the bank also trades in ABN AMRO shares. In addition, shares were repurchased on the stock exchange in connection with staff options granted and to cover positions with clients. At balance sheet date, the treasury stock position of group companies included 1.9 million ABN AMRO Holding N.V. ordinary shares. The corresponding amount of EUR 21 million has been deducted from reserves.

An amount of EUR 23,235 million is scheduled for redemption in 2001 on interest-earning securities.

Investment portfolios

The analysis below shows the book value and the fair value of ABN AMRO's investment portfolios. Fair value is based on quoted prices for traded securities and estimated market value for non-traded securities.

	2000			1999		
	<i>Book value</i>	<i>Premiums or discounts</i>	<i>Fair value</i>	<i>Book value</i>	<i>Premiums or discounts</i>	<i>Fair value</i>
Dutch government	6,503	17	6,682	4,770	234	4,812
US Treasury and						
US government agencies	4,235	(21)	4,260	7,454	(123)	7,137
Other OECD governments	19,853	313	20,475	18,112	560	18,396
Mortgage-backed securities	21,559	(89)	21,558	17,900	(66)	17,284
Other interest-earning securities	10,288	(73)	10,462	9,628	31	9,847
Total interest-earning securities and short-dated government paper	62,438	147	63,437	57,864	636	57,476
Shares	5,455		5,455	4,815		4,815
Total investment portfolios	67,893		68,892	62,679		62,291

The book value of the investment portfolios developed during 2000 as follows:

	Interest- earning	Shares
Opening balance of banking business investment portfolio	55,182	1,496
Movements:		
• Purchases	61,100	739
• Sales	(43,703)	(368)
• Redemptions	(15,656)	
• Revaluations	11	32
• Currency translation differences	2,212	5
• Other	319	(236)
Closing balance of banking business investment portfolio	59,465	1,668
Closing balance of insurance business investment portfolio	2,973	3,787
Total investment portfolios	62,438	5,455
Revaluations included in closing balance		30
Diminutions in value included in closing balance		82

Premiums and discounts on the investment portfolios are amortised. The purchase price of the investment portfolios, including unamortised amounts from replacement transactions, was EUR 400 million below the redemption value.

Trading portfolios

The following table analyses the composition of the trading portfolios.

	2000	1999
Dutch government	1,534	947
US Treasury and US government agencies	8,519	4,147
Other OECD governments	16,071	17,420
Other interest-earning securities	15,947	9,962
Total interest-earning securities	42,071	32,476
Shares	10,234	6,952
Total trading portfolios	52,305	39,428

Other securities

The following table analyses the book value and fair value of other securities.

	2000		1999	
	Book value	Fair value	Book value	Fair value
Short-dated government paper	5,579	5,593	3,114	3,139
Other bank paper	3,207	3,207	4,873	4,873
Other debt securities	5,957	5,928	4,631	4,535
Total interest-earning securities	14,743	14,728	12,618	12,547
Shares, options and corporate investment portfolio	5,405	5,372	5,223	5,252
Total other securities	20,148	20,100	17,841	17,799

6 Participating interests

This item includes equity participations held on a long-term basis for the purpose of business operations.

	2000	1999
Credit institutions	916	858
Other participating interests	1,110	1,026
Total participating interests	2,026	1,884
Development:		
Opening balance	1,884	1,057
Movements:		
• Purchases/increases	196	782
• Sales/reductions	(202)	(64)
• Revaluations	(4)	(4)
• Other	152	113
Closing balance	2,026	1,884
Revaluations included in closing balance	2	27

Participating interests with official stock exchange listings represented a book value of EUR 629 million (1999: EUR 794 million).

7 Property and equipment

	2000	1999
Real property used in operations	3,376	3,218
Other real property	1,533	357
Equipment	1,904	1,630
Total property and equipment	6,813	5,205

	Total	Property Used in operations	Other	Equipment
Development:				
Opening balance	5,205	3,218	357	1,630
Movements:				
• Purchases	1,597	363	231	1,003
• Sales	(214)	(74)	(94)	(46)
• Revaluations	3	3		
• Depreciation	(941)	(199)		(742)
• Acquisitions/dispositions <i>(net)</i>	1,157	18	1,076	63
• Other	6	47	(37)	(4)
	1,608	158	1,176	274
Accumulated amounts:				
Replacement cost	9,308	4,426	1,534	3,348
Depreciation	(2,495)	(1,050)	(1)	(1,444)
Closing balance	6,813	3,376	1,533	1,904
Revaluations included in closing balance	151	148	3	

Legal title to property and equipment totalling EUR 34 million (1999: EUR 75 million) is held by third parties.

8 Other assets and other liabilities

These items include those amounts which are not of an accrued or deferred nature or which cannot be classified with any other balance sheet item. This concerns, for example, current tax assets (2000: EUR 97 million) and current tax liabilities (2000: EUR 927 million), deferred tax assets (2000: EUR 1,060 million), servicing rights, precious metals and other goods, balances of payment transactions still to be settled, short securities positions and market value of interest rate and currency contracts as part of trading activities.

9 Prepayments and accrued income and accruals and deferred income

These items include revenue and expenses recognised in the period under review but whose actual receipt or payment falls in a different period, as well as the total net difference between contract rates and spot rates on foreign exchange hedging operations.

10 Banks (liabilities)

This item comprises debts, including amounts on account of professional securities transactions, to credit institutions, central banks and multilateral development banks.

11 Total client accounts

This item includes total client balances held in current accounts, savings accounts and deposits, as well as debts on account of professional securities transactions and non-subordinated private loans.

	2000	1999
Savings accounts	80,980	71,729
Corporate deposits	77,722	65,931
Professional securities transactions	43,020	29,756
Other client accounts	77,827	62,576
Total client accounts	279,549	229,992

12 Debt securities

This item includes non-subordinated debt and other negotiable interest-bearing debt securities.

	2000	1999
Debentures and notes	24,736	17,277
Cash notes, savings certificates and bank certificates	8,015	7,795
Certificates of deposit and commercial paper	27,532	29,156
Total debt securities	60,283	54,228

The debentures are issued principally in the Dutch capital market and the Euromarket and are denominated mostly in euros and US dollars. The commercial paper programme is conducted mainly in the United States and is denominated in US dollars. The other debt securities are instruments used in markets in which ABN AMRO is active and are usually denominated in local currencies. At 31 December 2000, debt securities denominated in euros amounted to EUR 20,606 million and those denominated in US dollars to EUR 32,539 million.

At 31 December 2000, debt securities included EUR 728 million of variable rate obligations. In addition, EUR 1,477 million of debt securities had been converted into variable rate obligations through the use of asset-liability management derivatives contracts. The average interest rate on debentures and notes, adjusted to reflect the effect of asset-liability management derivatives contracts at year-end 2000, was 6.2%.

Maturity analysis of debt securities

	2000	1999
Within one year	31,724	31,370
After one and within two years	3,385	3,994
After two and within three years	2,649	2,192
After three and within four years	2,532	1,443
After four and within five years	2,855	1,821
After five years	17,138	13,408
Total debt securities	60,283	54,228

13 Provisions

	2000	1999
Provision for deferred tax liabilities (<i>see note 37</i>)	1,391	1,008
Provision for pension commitments	252	178
Provisions for payments to non-active employees	251	165
Insurance fund liabilities	9,984	8,539
Restructuring provision	837	
Other provisions	707	816
Total provisions	13,422	10,706

The provisions for payments to non-active employees relate to early retirement, total disability, contributions to medical expenses and other commitments. Insurance fund liabilities include the actuarial reserves and the premium and claims reserves of the group's insurance companies.

More details regarding the restructuring provision are given in note 38.

Provisions are generally long-term in nature.

14 Fund for general banking risks

The fund for general banking risks covers general risks associated with lending and other banking activities. The fund is net of tax and forms part of tier 1 capital; it is maintained partly in currencies other than the euro.

	2000	1999
Opening balance	1,232	1,140
Movements:		
Release to income statement	(32)	(20)
Tax on release	11	7
	(21)	(13)
Currency translation differences	57	98
Other	51	7
Closing balance	1,319	1,232

15 Subordinated debt

This item includes subordinated debentures and loans which, according to the standards applied by the Netherlands central bank, qualify for the consolidated capital adequacy ratio. It comprises debt subordinated to all other current and future liabilities of ABN AMRO Holding N.V. as well as borrowings of consolidated participating interests, including EUR 11,342 million raised by ABN AMRO Bank N.V. In general, early repayment, in whole or in part, is not permitted.

The average interest rate on subordinated debt was 6.9%.

Maturity analysis of subordinated debt

	2000	1999
Within one year	1,523	261
After one and within two years	703	1,423
After two and within three years	188	681
After three and within four years	487	172
After four and within five years	1,427	459
After five years	9,077	7,721
Total subordinated debt	13,405	10,717

Subordinated debt at 31 December 2000 was denominated in euros to an amount of EUR 5,867 million and in US dollars to an amount of EUR 6,810 million, and included EUR 1,320 million of variable rate obligations.

16 Shareholders' equity

	2000	1999	1998
Share capital	1,676	1,658	1,645
Reserves	10,868	10,358	9,117
Treasury stock	12,544 (21)	12,016 (29)	10,762 (39)
Total shareholders' equity	12,523	11,987	10,723

For further information reference is made to the section on changes in shareholders' equity.

Share capital

The authorised share capital of ABN AMRO Holding N.V. amounts to NLG 10,500,000,005 face value and consists of one priority share, four billion ordinary shares, one billion preference shares and one hundred million convertible preference shares, each of which is convertible into four ordinary shares.

The issued and paid-up share capital is made up of the following numbers of shares:

Priority share (face value NLG 5)	1
Ordinary shares (face value NLG 1.25)	1,502,301,875
Preference shares (face value NLG 5)	362,503,010
Convertible preference shares (face value NLG 5)	794,984

On 31 December 2000, 1,946,009 ordinary shares were repurchased in connection with staff options granted.

The preference shares are registered shares; the dividend has been fixed at 9.50% of the face value. This percentage has been adjusted per 1 January 2001 at 5.55% in the manner stipulated in the articles of association.

Dividend on convertible preference shares has been fixed at EUR 1.72 (rounded) per share per annum until the end of 2003. Holders of convertible preference shares can convert their shares into 3.2 million ordinary shares until 31 October 2003, on payment of EUR 0.79 (rounded) per ordinary share. If all rights are fully exercised, shareholders' equity would increase by an amount of EUR 862 million.

Reserves

	2000	1999	1998
Share premium account	2,518	2,480	2,454
Revaluation reserves	300	320	314
Reserves prescribed by law and articles of association	207	205	172
<i>General reserve</i>	<i>8,169</i>	<i>7,777</i>	<i>6,816</i>
<i>Exchange differences reserves</i>	<i>(326)</i>	<i>(424)</i>	<i>(639)</i>
Other reserves	7,843	7,353	6,177
Total reserves	10,868	10,358	9,117

The share premium account is regarded as paid-up capital for tax purposes.

Due to dispositions and depreciation, EUR 140 million of the revaluation reserves is regarded as realised. The remaining part is regarded as legal reserve. The expected stock dividend percentage (50%) for the final dividend was taken into consideration.

Staff options

Apart from Managing Board members and other top management, employees of ABN AMRO in the Netherlands are periodically offered the opportunity to acquire equity options whose value is related to the option exercise price. The exercise price of staff options is equal to the average of the highest and lowest ordinary share price quoted on the Amsterdam Exchanges' stock market on the date of grant. With effect from 2000, options granted to top management have a duration of seven years instead of the previous maximum of five years. However, the majority of the options is not exercisable during the first three years from the date of grant. Open periods have been established for senior management and other designated persons. This category of staff is not permitted to exercise its options outside the open periods, except on the expiration date and the preceding five working days, subject to certain conditions. In 2000, approximately 19,000 employees exercised the right to take equity options. At year-end 2000, approximately 25,000 employees held equity options.

In 1998, 1999 and 2000, the price of options exercised ranged from EUR 5.85 to EUR 24.32. If fully exercised, the options at year-end 2000 would have increased the number of ordinary shares by 42.0 million (see analysis below) and shareholders' equity by EUR 860 million.

<i>Year of expiration</i>	<i>Staff options (in thousands)</i>	<i>Average exercise price (in euros)</i>	<i>Low/high exercise price (in euros)</i>
2001	2,126	10.99	10.02-12.75
2002	6,242	16.60	15.38-18.60
2003	14,034	22.55	17.28-23.52
2004	10,680	20.73	18.10-24.32
2005	4,068	22.43	22.23-24.11
2006			
2007	4,866	21.30	21.30
Total	42,016	20.46	10.02-24.32

	2000		1999	
	<i>Staff options (in thousands)</i>	<i>Average exercise price (in euros)</i>	<i>Staff options (in thousands)</i>	<i>Average exercise price (in euros)</i>
Movements:				
Opening balance	34,306	19.32	28,103	17.99
Options granted to Managing Board members	482	21.30	322	18.13
Options granted to other top management	4,489	21.28	3,296	18.10
Other options granted	6,906	22.28	6,430	21.85
Options exercised	(4,008)	14.91	(3,818)	12.62
Options expired and forfeited	(159)	19.54	(27)	8.66
Closing balance	42,016	20.46	34,306	19.33

To settle the options granted, with effect from 1 January 2001, ABN AMRO will make available each year new ordinary shares up to 1 % of the issued ordinary shares. The total of outstanding options that will be settled through the issuance of new ordinary shares will not exceed 10% of the issued ordinary shares. To settle additional options granted above these limits, ABN AMRO will repurchase shares in the open market or hedge these options through derivative transactions.

Deliveries on options exercised in 2000 were made from share repurchases on the date of grant (700,000 shares) and from new shares issued on the exercise date (3,308,000 shares).

If ABN AMRO had based the cost of staff options granted in 2000 at the fair value of the options at the date of grant instead of the intrinsic value of the options, net profit and earnings per ordinary share would have been EUR 65 million and EUR 0.04 lower respectively.

17 Minority interests

This item comprises the share of third parties in the equity of subsidiaries and other group companies, as well as preferred stock issued to third parties by subsidiaries in the United States. The right to repayment of this preferred stock is in all cases vested in the issuing institution but repayment is also subject to approval of the supervisory authorities. If this right is not exercised, preference shares without fixed dividend entitlement qualify for a dividend step-up. In terms of dividend and liquidation rights, Trust preferred shares are comparable to ABN AMRO Holding N.V. preference shares.

	2000	1999	1998
Cumulative preference shares		109	94
Non-cumulative preference shares			
• Trust preferred shares with fixed dividend	2,689	2,488	1,070
• Other shares with fixed dividend	480	547	471
• Other shares with dividend step-up	1,027	1,209	1,040
Other minority interests	1,091	592	855
Total	5,287	4,945	3,530

	2000	1999	1998
Opening balance	4,945	3,530	2,054
Currency translation differences	413	556	(195)
Issue of preference shares		1,180	1,133
Redemption of preference shares	(528)		
Other movements	457	(321)	538
Closing balance	5,287	4,945	3,530

18 Capital adequacy

The standards applied by the Netherlands central bank for the principal capital ratios are based on the capital adequacy guidelines of the European Union and the Basle Committee for Banking Supervision. These ratios compare the bank's total capital and tier 1 capital with the total of risk-weighted assets and off-balance sheet items and the market risk associated with the trading portfolios. The minimum requirement for the total capital ratio and tier 1 ratio is 8% and 4% respectively of risk-weighted assets.

The following table analyses actual capital and the minimum standard in accordance with supervisory requirements.

	2000		1999	
	<i>Required</i>	<i>Actual</i>	<i>Required</i>	<i>Actual</i>
Total capital	21,108	27,421	19,710	26,764
Total capital ratio	8.0%	10.39%	8.0%	10.86%
Tier 1 capital	10,554	19,010	9,855	17,735
Tier 1 capital ratio	4.0%	7.20%	4.0%	7.20%

19 Accounts with participating interests

Amounts receivable from and payable to participating interests included in the various balance sheet items totalled:

	2000	1999
Banks (<i>assets</i>)	10	17
Loans	216	194
Banks (<i>liabilities</i>)	380	84
Total client accounts	48	16

20 Maturity

Short-dated liabilities and demand deposits are generally matched by cash, assets that can be realised at short notice or lending operations as part of the interest rate risk policy. The balance sheet is already presented in descending order of liquidity. A number of items containing assets or liabilities with varying maturities are analysed in the table in this note. This analysis does not include liquid assets such as cash and short-dated government paper and the bond investment portfolios, which by their nature can be realised at short notice. In every country in which ABN AMRO is active, liquidity satisfies the standards imposed by the supervisory authorities.

Maturity analysis (in billions of euros)

	On demand	≤ 3 months	3 m - ≤ 1 yr	1 yr - ≤ 5 yr	> 5 yr
Banks (liabilities)	14	65	17	4	2
Savings accounts	46	19	10	6	
Deposits and other client accounts (including professional securities transactions)	58	106	22	8	5
Debt securities		20	12	11	17
Subordinated debt			1	3	9
Banks (assets)	14	22	11	1	1
Loans	22	106	39	62	90

21 Currency position

Of total assets and total liabilities, amounts equivalent to EUR 343 billion and EUR 332 billion respectively are denominated in currencies other than the euro. Positions arising from balance sheet items are generally hedged by foreign exchange contracts not included in the balance sheet. The actual currency positions arising out of the bank's proprietary foreign exchange dealing activities are of limited size. Capital invested in operations outside the Netherlands is largely funded in euros. Part of the resulting currency positions is used to offset movements in required capital for foreign-currency risk-bearing assets, which is also due to exchange rate fluctuations. Similar reasoning lies behind the policy of issuing preferred stock and subordinated debt in foreign currencies.

22 Collateral provided

In connection with collateral provided for specific liabilities and off-balance sheet commitments, as well as for transactions in financial markets, specific assets are not freely available. This relates to cash (EUR 4.1 billion), banks (EUR 0.1 billion), securities (EUR 6.5 billion) and loans (EUR 21.7 billion). Collateral has been provided for liabilities included in the items banks (EUR 16.0 billion), total client accounts (EUR 6.5 billion) and other liabilities (EUR 5.8 billion).

23 Contingent liabilities

	2000	1999
Commitments with respect to guarantees granted	43,633	39,254
Commitments with respect to irrevocable letters of credit	5,291	4,243
Commitments with respect to recourse risks arising from discounted bills	120	64
	49,044	43,561

24 Derivatives

Derivatives are financial instruments, the contracted or notional amounts of which are not included in the balance sheet either because rights and obligations arise out of one and the same contract, the performance of which is due after balance sheet date, or because the notional amounts serve merely as variables for calculation purposes. Examples of derivatives are forward exchange contracts, options, swaps, futures and forward rate agreements. The underlying value may involve interest rate, currency, commodity, bond or equity products or a combination of these. Derivatives transactions are conducted as a trading activity (also on behalf of clients) and as a hedge against ABN AMRO's own interest rate and currency exposure.

The degree to which ABN AMRO is active in the respective markets or market segments is shown in the following analysis by means of notional amounts (including maturity profile based on remaining term). The notional amounts, however, give no indication of the size of the cash flows and the market risk or credit risk attaching to derivatives transactions.

The market risk arises from movements in variables determining the value of derivatives, such as interest rates and quoted prices. The credit risk is the loss that would arise if a counterparty were to default. This is related, however, to the market risk since the extent of the credit risk is in part determined by actual and expected market fluctuations. In calculating the credit risk shown in the table below, netting agreements and other collateral have not been taken into consideration.

Derivatives transactions *(in billions of euros)*

		Notional amounts			Total	Credit risk
		≤ 1 yr	1 yr - ≤ 5 yr	> 5 yr		
Interest rate contracts						
OTC	Swaps	302	389	307	998	15
	Forwards	118	7		125	
	Options	71	153	54	278	2
Exchange-traded	Futures	117	22	2	141	
	Options	22	3		25	
Currency contracts						
OTC	Swaps	33	82	33	148	5
	Forwards	434	19	1	454	12
	Options	51	3		54	1
Exchange-traded	Futures	1			1	
	Options	2			2	
Other contracts						
OTC	Forwards/Swaps	5	1		6	
	Options	9	31		40	1
Exchange traded	Futures	2			2	
	Options	16	9	3	28	
Total derivatives		1,183	719	400	2,302	36

The tables below give an indication of the notional amounts and (average) market values of the principal types of trading portfolio contracts and hedging portfolio contracts (i.e. contracts entered into as part of the bank's interest rate and exchange rate policies). Intercompany transactions between hedging and trading portfolios have not been eliminated from the figures.

Trading portfolio derivatives transactions in 2000

	Notional Amounts	Market value		Average market value	
		Positive	Negative	Positive	Negative
<i>Interest rate contracts</i>					
Swaps	1,011,770	16,697	14,419	14,653	13,112
Forwards	124,040	127	153	128	131
Options purchased	153,403	1,670		1,678	
Options sold	164,725		1,910		2,078
Futures	134,682				
Total interest rate contracts	1,588,620	18,494	16,482	16,459	15,321
<i>Currency contracts</i>					
Swaps	130,275	5,586	7,262	5,736	6,404
Forwards	451,718	11,587	9,856	11,209	9,412
Options purchased	26,588	655		598	
Options sold	30,115		616		559
Futures	1,312				
Total currency contracts	640,008	17,828	17,734	17,543	16,375
<i>Other contracts</i>					
Equity options purchased	30,564	1,222		1,954	
Equity options sold	39,107		2,877		3,480
Other equity and commodity contracts	8,977	56	166	90	125
Total other contracts	78,648	1,278	3,043	2,044	3,605

Trading portfolio derivatives transactions in 1999

	Notional Amounts	Market value		Average market value	
		Positive	Negative	Positive	Negative
Interest rate contracts	1,391,319	17,545	15,849	17,326	17,728
Currency contracts	608,404	13,415	13,112	12,764	11,837
Other contracts	57,187	2,110	3,676	1,895	3,453

Hedging portfolio derivatives transactions

	2000			1999		
	Notional amounts	Market value Positive	Market value Negative	Notional amounts	Market value Positive	Market value Negative
Interest rate contracts						
Swaps	125,138	2,295	2,377	85,688	2,243	1,702
Forwards	4,598	2	2	9,720	10	10
Options purchased	19,788	338		7,980	130	
Futures	6,266			15,773	69	2
Total interest rate contracts	155,790	2,635	2,379	119,161	2,452	1,714
Currency contracts						
Swaps	12,148	300	275	8,948	352	184
Forwards	16,000	295	223	24,871	400	654
Options purchased	6,107	103		4,486	32	
Total currency contracts	34,255	698	498	38,305	784	838

Derivatives and capital adequacy requirements

In determining the capital adequacy requirement, both existing and future credit risk is taken into account. To this end the current potential loss, i.e. the positive replacement value based on market conditions at balance sheet date, is increased by a percentage of the relevant notional amounts, depending on the nature and remaining term of the contract. This method takes into account the possible adverse development of the positive replacement value during the remaining term of the contract. The analysis below shows the resulting credit equivalent, both unweighted and weighted for the counterparty risk (mainly banks). The figures allow for the downward impact of netting agreements and other collateral on risk exposure and capital adequacy.

Credit equivalent (in billions of euros)

	2000	1999
Interest rate contracts	25.4	23.8
Currency contracts	30.6	26.0
Other contracts	4.3	3.4
Effect of contractual netting	60.3 27.1	53.2 21.1
Unweighted credit equivalent	33.2	32.1
Weighted credit equivalent	9.7	8.8

25 Memorandum items

Apart from the memorandum items stated, non-quantified guarantees have been given for the bank's securities custody operations, for interbank bodies and institutions and for participating interests. Collective guarantee schemes are applicable to group companies in various countries. Furthermore, statements of liability have been issued for a number of group companies.

Legal proceedings have been initiated against ABN AMRO in a number of jurisdictions, but on the basis of information currently available, and having taken counsel with legal advisers, the Managing Board 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 operations of ABN AMRO.

For 2001, investment in property and equipment is estimated at EUR 1.2 billion, of which ABN AMRO is already committed to an amount of EUR 175 million.

Though ABN AMRO has sold a part of its loan portfolio, partly through credit-enhanced or non-credit enhanced securitisation, it still holds legal title to some of these loans. In most cases these loans are also serviced by ABN AMRO. Besides, the bank services loans granted by other institutions. The table below states the outstandings at 31 December 2000.

Legal title to loans sold	6,029
Loans serviced for third parties	109,476
Loans sold with credit enhancement	11,534

Future rental commitments at 31 December 2000 for long-term lease contracts were as follows:

2001	233
2002	218
2003	197
2004	177
2005	153
Years after 2005	905

26 Net interest revenue

This item comprises interest revenue from loans, investments, other lending, interest expense on borrowings by ABN AMRO and client accounts, as well as the results from interest rate and foreign exchange contracts entered into for hedging purposes. Also included is other revenue from loans. Interest revenue from interest-earning securities amounted to EUR 6,621 million (1999: EUR 4,746 million). Interest expense on subordinated debt totalled EUR 816 million (1999: EUR 695 million).

27 Revenue from securities and participating interests

This item includes the share in net profit or loss of participating interests on which ABN AMRO exercises a significant influence. Also included are dividends received from shares and other participating interests, as well as the results from sales of shares from the investment portfolio and investments in participating interests insofar as these are not treated as value adjustments to financial fixed assets.

	2000	1999	1998
Revenue from shares and equity participations	130	119	99
Revenue from participating interests	321	238	249
Total revenue from securities and participating interests	451	357	348

28 Net commissions

This item includes revenue from securities brokerage, domestic and international payments, asset management, insurance, leasing and other services. Amounts paid to third parties are shown as commission expense.

	2000	1999	1998
Securities brokerage	2,405	1,710	1,437
Payment services	1,385	1,176	778
Asset management and trust	712	560	404
Insurance	212	176	155
Guarantees	163	139	117
Leasing	158	123	94
Other	845	571	403
Total commissions	5,880	4,455	3,388

29 Results from financial transactions

This item includes the results from foreign exchange dealing, securities trading, derivatives transactions, as well as trading in LDC debt securities which is included in the 'other' item, and currency translation differences on investments – other than those included in tangible fixed assets – in branches, subsidiaries and participating interests in hyper-inflationary countries.

	2000	1999	1998
Securities trading	426	417	527
Foreign exchange dealing	570	499	531
Derivatives transactions	508	371	188
Other	65	87	(93)
Total result from financial transactions	1,569	1,374	1,153

30 Other revenue

This includes revenue from property development, other revenue from leasing activities and results from the insurance companies forming part of the group. The insurance companies achieved the following results:

	Life	Non-life
Net premium income	1,679	567
Investment income	207	92
Insurance expenses	(1,759)	(563)
Total result of insurance companies	127	96

31 Staff costs

	2000	1999	1998
Salaries <i>(including bonuses, etc.)</i>	5,754	4,516	3,605
Pension costs	187	140	151
Social insurance and other staff costs	1,519	1,112	900
Total staff costs	7,460	5,768	4,656
Average number of employees <i>(headcount)</i> :			
Netherlands	38,476	36,976	35,387
Other countries	74,916	71,713	47,880
Total average number of employees <i>(headcount)</i>	113,392	108,689	83,267

32 Other administrative expenses

This item includes office overhead, automation costs, advertising costs and other general expenses.

ABN AMRO also leases premises and space in other buildings for its principal activities. The leases generally are renewable and provide for payment of rent and certain other occupancy expenses. Total rent expense for all contracts amounted to EUR 341 million in 2000, EUR 262 million in 1999 and EUR 244 million in 1998.

33 Depreciation

This item is made up of depreciation of buildings and equipment.

34 Provision for loan losses

This item includes provisions for uncollectable outstandings.

35 Addition to the fund for general banking risks

This item includes the addition to or release from the fund, management's intention being to maintain the fund at a level equal to approximately 0.5% of risk-weighted total assets.

36 Value adjustments to financial fixed assets

Financial fixed assets include the bond and equity investment portfolios and participating interests on which the bank does not exercise an influence. Diminutions in value of the bond investment portfolio may relate to a permanent deterioration of the debtor's quality. These diminutions in value and the diminutions in value below the purchase price of shares and participating interests on which no influence is exercised, together with amounts released in respect of earlier diminutions in value, are included in this item. Results from dispositions below purchase price are likewise treated as diminutions in value.

37 Taxes

The overall effective tax rate decreased from 31.1% in 1999 to 28.0% in 2000 (including restructuring charge 26.7%).

	2000	1999	1998
Dutch tax rate	35.0%	35.0%	35.0%
Effect of tax rate in other countries	(2.5%)	(1.3%)	(1.1%)
Effect of tax-exempt revenue in the Netherlands	(4.1%)	(3.1%)	(3.1%)
Other	(0.4%)	0.5%	0.5%
Overall effective tax rate	28.0%	31.1%	31.3%

Taxes amounted to EUR 1,023 million, including EUR 187 million (1999: EUR 279 million) in deferred tax liabilities.

Total amount of taxation credited to shareholders' equity during the year amounted to EUR 31 million.

The provision for deferred tax liabilities relates to tax liabilities that will arise in the future owing to the difference between the book value of specific assets and liabilities and their valuation for tax purposes. The following analysis shows deferred tax liabilities and assets.

	2000	1999
Deferred tax liabilities		
Buildings	256	154
Pensions and other post-retirement and post-employment arrangements	228	173
Derivatives	165	160
Leases and similar financial contracts	490	326
Servicing rights	383	247
Other	415	206
Total	1,937	1,266
Deferred tax assets		
Allowances for loan losses	274	300
Investment portfolios	31	255
Carry forward losses of foreign operations	714	678
Restructuring charge	134	
Tax credits	301	
Other	658	412
Deferred tax assets before valuation allowances	2,112	1,645
Less: valuation allowances	506	415
Deferred tax assets after valuation allowances	1,606	1,230

Deferred tax assets and liabilities are discounted to their net present value on the basis of net interest where the original term of the temporary difference is longer than 5 years. The nominal value of deferred tax assets amounts to EUR 1,729 million and of deferred tax liabilities to EUR 2,044 million. For discounted deferred tax assets the net interest rate applied as a discount factor is 14% and the average remaining life is three years. For discounted deferred tax liabilities, the net interest rate applied as a discount factor is 4% and the average remaining life is 20 years.

Deferred tax assets are recognised, to the extent possible, net of a valuation allowance. The main component of the valuation allowance relates to carry forward losses. The amount of deferred tax assets, likely to be recovered within one year, is EUR 426 million.

At December 31, 2000 carry forward losses of foreign operations expire as follows:

2001	31
2002	73
2003	261
2004	304
2005	199
Years after 2005	1,319
Total	2,187

ABN AMRO considers a significant portion of its approximately EUR 4.0 billion in distributable invested capital to be permanently invested. If such capital were distributed no foreign income taxes would be required to be paid. The estimated impact of foreign withholding tax is EUR 120 million.

38 Extraordinary expenses

Within the scope of the new strategy and related extensive reorganisation, restructuring plans have been proposed by the newly formed Strategic Business Units. The Managing Board authorised and communicated those plans and therewith committed ABN AMRO up to EUR 900 million. Because of the non recurring character of these plans the estimated costs of EUR 900 million are considered to be extraordinary expenses. Of the total EUR 63 million has been utilised in 2000.

Main elements of the charge relate to:

Staff reduction	530
Write-off of assets	120
Other costs	250
Total	900

39 Minority interests

This item comprises the share of third parties in results from subsidiaries and other group companies, as well as dividends on preferred stock issued by subsidiaries in the United States.

	2000	1999	1998
Dividends on preference shares	245	209	123
Other minority interests	59	151	38
Total minority interests	304	360	161

40 Segment information

ABN AMRO is established and active in many countries but the local operations also serve clients outside their home countries. The table below gives an analysis by operating segment. For the purpose of this analysis, net turnover represents total revenue before interest expense and commission expense. Indirect overheads have been allocated to the operating segments.

	Net turnover			Total revenue		
	2000	1999	1998	2000	1999	1998
Netherlands Division	12,202	10,389	9,970	4,013	3,989	3,717
International Division:						
• Europe (<i>outside the Netherlands</i>)	4,804	3,603	3,752	1,925	1,590	1,455
• North America	7,269	5,507	4,769	3,327	2,753	2,372
• Latin America and the Caribbean	3,996	4,824	2,257	2,712	2,289	1,073
• Middle East and Africa	422	336	282	190	139	119
• Asia Pacific	2,356	1,634	1,317	989	745	616
Investment Banking Division	18,847	15,904	12,377	9,143	7,516	5,635
	13,971	9,388	8,483	4,414	3,470	2,748
ABN AMRO Lease Holding	45,020	35,681	30,830	17,570	14,975	12,100
ABN AMRO Bouwfonds	800	713	575	628	552	438
	1,131			271		
Total	46,951	36,394	31,405	18,469	15,527	12,538

	Operating profit before taxes			Risk-weighted total assets		
	2000	1999	1998	2000	1999	1998
Netherlands Division	1,083	1,369	1,157	83,168	76,478	68,714
International Division:						
• Europe (<i>outside the Netherlands</i>)	539	353	339	23,246	29,800	26,317
• North America	1,156	1,099	886	62,305	51,786	39,714
• Latin America and the Caribbean	633	576	235	12,544	12,462	13,673
• Middle East and Africa	58	(52)	45	2,161	2,159	1,739
• Asia Pacific	239	185	(3)	17,892	18,555	14,085
Investment Banking Division	2,625	2,161	1,502	118,148	114,762	95,528
	525	547	319	43,659	47,199	45,182
ABN AMRO Lease Holding	149	128	121	9,102	7,935	6,345
ABN AMRO Bouwfonds	114			9,776		
Non-allocated result	197	25	(303)			
Release from fund for general banking risks	32	20	101			
Total	4,725	4,250	2,897	263,853	246,374	215,769

41 Managing Board and Supervisory Board

The following tables summarise financial data concerning current and former members of the Managing Board and Supervisory Board.

	Managing Board		Supervisory Board	
	2000	1999	2000	1999
Remuneration (x EUR 1,000)	13,169	7,406	592	617
ABN AMRO options (outstanding)	1,341,076	865,343	181,389¹	
ABN AMRO shares (owned)	44,902	41,396	50,714	56,150
Loans (x EUR 1,000) (outstanding)	12,379	8,837	10,884	8,018

¹ Balance of the options granted to Mr P.J. Kalff during his membership of the Managing Board.

Of the overall remuneration of the Managing Board, EUR 12,542,000 is related to salaries and bonuses. The analysis below provides information on salary and bonus of individual Board members. For the year 2000, the bonus was tied to the growth of earnings per share instead of the level of dividend. This change was made in an attempt to create more variability as well as a closer link to the performance of ABN AMRO.

Remuneration of the Managing Board (in thousands of euros)

	Salary	Bonus	Total
R.W.J. Groenink ¹	641	908	1,549
R.W.F. van Tets	568	805	1,373
J.M. de Jong	568	805	1,373
W.G. Jiskoot	568	805	1,373
R.G.C. van den Brink	568	805	1,373
T. de Swaan	568	805	1,373
J. Ch. L. Kuiper	568	805	1,373
C.H.A. Collee ²	331	235	566
S.A. Lires Rial ^{2,3}	331	470	801
H.Y. Scott-Barrett ^{2,3}	331	470	801
P.J. Kalff ¹	243	344	587

¹ Mr Groenink was appointed as Chairman of the Board as of 10 May 2000 to succeed Mr Kalff.

² The salaries and bonuses of Messrs Scott-Barrett, Lires Rial and Collee are the amounts earned since their appointment to the Board on 1 June 2000.

³ Besides their salary Messrs Scott-Barrett and Lires Rial received a foreigner allowance of EUR 265,000 each in 2000.

In addition to the above emoluments, the Managing Board members are also granted, as part of the overall remuneration package, options on ABN AMRO shares. The analysis on page 97 provides information on option holdings of the Managing Board as a whole and of the individual Board members. The conditions governing the options are stated in note 16.

	2000		1999	
	Options held by Managing Board	Average exercise price (in euros)	Options held by Managing Board	Average exercise price (in euros)
Movements:				
Opening balance	865,343	17.30	749,851	15.62
Options granted	482,124	21.30	322,492	18.13
Options exercised	(109,745)	13.64	(115,000)	7.95
Movement former and/or newly appointed members	103,354	22.46	(92,000)	18.18
Closing balance	1,341,076	19.44	865,343	17.30

	Opening balance	Average exercise price (in euros)	Granted	Average exercise price (in euros)	Exercised	Average exercise price (in euros)	Closing balance	Average exercise price (in euros)	Last year of expiration
R.W.J. Groenink	110,785	18.45	60,354	21.31			171,139	19.45	2007
R.W.F. van Tets	202,283	14.27	60,354	21.31	40,712	6.71	221,925	17.57	2007
J.M. de Jong	120,785	18.19	60,354	21.31	40,000	15.38	141,139	20.32	2007
W.G. Jiskoot	121,389	18.18	60,354	21.31	1,033	19.35	180,710	19.22	2007
R.G.C. van den Brink	120,356	18.17	60,354	21.31			180,710	19.22	2007
T. de Swaan	40,356	18.13	60,354	21.31			100,710	20.03	2007
J.Ch.L. Kuiper	28,000	18.10	60,000	21.30			88,000	20.28	2007
C.H.A. Collee ¹					28,000	21.01	85,743	20.24	2007
S.A. Lires Rial ¹							95,000	20.30	2007
H.Y. Scott-Barrett ¹							76,000	20.46	2007
P.J. Kalff	121,389	18.18	60,000	21.30			181,389	19.21	2007

¹ The opening balances do not include rights accrued by newly appointed members prior to their appointment to the Managing Board.

ABN AMRO ordinary shares held by members of the Managing Board ¹

	2000
R.W.F. van Tets	39,448
W.G. Jiskoot	1,232
J.Ch.L. Kuiper	2,410
H.Y. Scott-Barrett	1,812
Total	44,902

¹ No preference shares or convertible preference shares were held by any Board member.

The analysis below provides information on the remuneration of individual members of the Supervisory Board. Besides the Chairman, the Vice-Chairman and the members of the Audit Committee, Supervisory Board members receive the same remuneration, which depends on the period of membership during the year. The members of the Supervisory Board are not entitled to emoluments in the form of ABN AMRO shares or options on ABN AMRO shares.

Remuneration of the Supervisory Board *(in thousands of euros)*

	2000
A.A. Loudon	54
H.B. van Liemt	41
W. Overmars	32
R.J. Nelissen	32
W. Dik	38
J.M.H. van Engelshoven	32
R. Hazelhoff	36
S. Keehn	32
C.H. van der Hoeven	36
M.C. van Veen	41
A. Burgmans	41
Mrs. L.S. Groenman	38
D.R.J. Rothschild	32
Mrs. T.A. Maas-de Brouwer ¹	21
P.J. Kalff ¹	21
F.H. Fentener van Vlissingen ²	19

¹ Mrs Maas-de Brouwer and Mr Kalff were appointed to the Supervisory Board effective from 10 May 2000.

² Mr Fentener van Vlissingen, Vice-Chairman of the Supervisory Board, retired on 10 May 2000.

42 Cash flow statement

The cash flow statement gives details of the source of liquid funds which became available during the year and the application of the liquid funds over the course of the year. The cash flows are analysed into cash flows from operations/banking activities, investment activities and financing activities. Liquid funds include cash in hand, net credit balances on current accounts with other banks and net demand deposits with central banks. Movements in loans, total client accounts and interbank deposits are included in the cash flow from banking activities. Investment activities comprise purchases, sales and redemptions in respect of investment portfolios, as well as investments in and sales of participating interests, property and equipment. The issue of shares and the borrowing and repayment of long-term funds are treated as financing activities. Movements due to currency translation differences as well as the effects of the consolidation of acquisitions, where of material significance, are eliminated from the cash flow figures.

	2000	1999	1998
Cash	6,456	6,806	4,478
Bank balances (<i>debit</i>)	11,247	7,069	8,618
Bank balances (<i>credit</i>)	(1,598)	(1,404)	(5,410)
Liquid funds	16,105	12,471	7,686
Movements:			
Opening balance	12,471	7,686	7,858
Cash flow	3,530	4,154	183
Currency translation differences	104	631	(355)
Closing balance	16,105	12,471	7,686

Interest paid amounted to EUR 26,403 million; tax payments totalled EUR 549 million.

Dividends received from participating interests totalled EUR 28 million in 2000, EUR 37 million in 1999 and EUR 23 million in 1998.

The following table analyses movements resulting from acquisitions and dispositions.

	2000	1999	1998
Amounts paid/received in cash and cash equivalents on acquisitions/dispositions <i>(net)</i>	2,347	1,352	2,939
Net movement in cash and cash equivalents	55	(3)	1,757
Net movement in assets and liabilities:			
Banks	29	6	3,547
Loans	16,542	1,305	7,226
Securities	42	122	2,520
Other assets	1,211	75	4,231
Total assets	17,824	1,508	17,524
Subordinated debt	136		30
Banks	10,551	41	2,550
Total client accounts	4,038	1,220	13,951
Debt securities	2,930		131
Other liabilities	1,188	76	1,782
Total liabilities	18,843	1,337	18,444

43 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in transactions between two parties, other than in a forced sale or liquidation, and is best reflected by a quoted market price, if available. Most of ABN AMRO's assets, liabilities and off-balance sheet items are financial instruments. Wherever possible, market rates have been used to determine fair values.

However, for the majority of financial instruments, principally loans, deposits and OTC derivatives, fair values are not readily available since there is no market where these instruments are traded. For these instruments estimation techniques have been used. These methods are subjective in nature and involve assumptions, such as the period the financial instruments will be held, the timing of future cash flows and the discount rate to be applied. As a result, the approximate fair values presented below may not be indicative of the net realisable value. In addition, the calculation of approximate fair values is based on market conditions at a specific point in time and may not reflect future fair values.

The approximate fair values as stated by financial institutions are not mutually comparable due to the wide range of different valuation techniques and the numerous estimates. The lack of an objective valuation method entails that approximate fair values are highly subjective. Therefore, readers should exercise caution in using the information disclosed in this note for comparing the consolidated financial position of ABN AMRO with that of other financial institutions.

	31 December 2000		31 December 1999	
	Book value	Fair value	Book value	Fair value
Assets (incl. off-balance sheet items)				
• Cash	6,456	6,456	6,806	6,806
• Short-dated government paper ^{1,2}	11,199	11,209	10,375	10,372
• Banks	48,581	48,602	47,201	47,220
• Loans to public sector	14,974	15,033	12,007	12,103
• Loans to private sector – commercial loans and professional securities transactions	203,317	204,498	166,540	166,880
• Loans to private sector – retail	100,975	102,493	81,176	82,572
• Interest-earning securities ^{1,3}	108,200	109,027	92,583	92,127
• Shares ⁴	21,094	21,062	16,990	17,019
• Derivatives	35,122	36,018	31,302	32,516
Total	549,918	554,398	464,890	467,615
Liabilities (incl. off-balance sheet items)				
• Banks	101,510	101,540	80,990	81,016
• Savings accounts	80,980	81,143	71,729	71,651
• Corporate deposits	79,283	79,103	65,931	66,081
• Other client accounts	119,286	119,286	92,332	92,332
• Debt securities	60,283	60,582	54,228	54,628
• Subordinated debt	13,405	13,586	10,717	10,778
• Derivatives	34,741	35,315	30,615	31,399
Total	489,488	490,555	406,542	407,885

¹ Book values of short-dated government paper and interest-earning securities are equal to amortised cost increased by premium (discount).

² Of which EUR 4,099 million was included in the trading portfolio at 31 December 2000.

³ Of which EUR 37,972 million was included in the trading portfolio at 31 December 2000.

⁴ Of which EUR 10,234 million was included in the trading portfolio at 31 December 2000.

Company balance sheet at 31 December 2000 after profit appropriation (in millions of euros)

	2000	1999
Assets		
Banks a	1,335	1,204
Interest-earning securities b	19	27
Participating interests in group companies c	11,874	11,481
Other assets d	728	728
Prepayments and accrued income e	71	68
	14,027	13,508
Liabilities		
Deposits and other client accounts	19	27
Other liabilities d	457	496
Accruals and deferred income e	13	33
	489	556
Subordinated debt	1,015	965
<i>Share capital</i>	1,676	1,658
<i>Share premium account</i>	2,517	2,480
<i>Revaluation reserves</i>	300	320
<i>Reserves prescribed by law and articles of association</i>	208	205
<i>Other reserves</i>	7,822	7,324
Shareholders' equity	12,523	11,987
Own capital	13,538	12,952
	14,027	13,508

Company income statement for 2000

(in millions of euros)

	2000	1999	1998
Profits of participating interests after taxes	2,494	2,566	1,825
Other profit after taxes	4	4	3
Net profit	2,498	2,570	1,828

Drawn up in accordance with section 2:402 of the Netherlands Civil Code.

Letters stated against items refer to the notes.

Notes to the company balance sheet and income statement (all amounts are in millions of euros)

a Banks

This item includes call loans to and other interbank relations with group companies. An amount of EUR 738 million (1999: EUR 708 million) of this exposure is subordinated. An amount of EUR 738 million is due for redemption in 2001 and an amount of EUR 227 million in 2002.

b Interest-earning securities

The amount included in this item represents securitised receivables, such as commercial paper.

c Participating interests in group companies

Dividends payable by ABN AMRO Bank N.V. to ABN AMRO Holding N.V. amounted to EUR 728 million (1999: EUR 728 million). Dividends received by ABN AMRO Bank N.V. from subsidiaries amounted to EUR 475 million (1999: EUR 621 million).

	2000	1999	1998
Development:			
Opening balance	11,481	10,233	11,354
Movements <i>(net)</i>	393	1,248	(1,121)
Closing balance	11,874	11,481	10,233

d Other assets and other liabilities

These items include those amounts which are not of an accrued or deferred nature or which cannot be classified with any other balance sheet item. This concerns, for example, taxes receivable or payable and dividends.

e Prepayments and accrued income and accruals and deferred income

These items include revenue and expenses recognised in the period under review but whose actual receipt or payment falls in a different period, as well as the total net difference between contract rates and spot rates on foreign exchange hedging operations.

f Share capital and reserves

For details refer to note 16.

g Guarantees

ABN AMRO Holding N.V. guarantees all liabilities of ABN AMRO Bank N.V.

Amsterdam, 23 March 2001

Supervisory Board

A.A. Loudon
H.B. van Liemt
W. Overmars
R.J. Nelissen
W. Dik
J.M.H. van Engelshoven
R. Hazelhoff
S. Keehn
C.H. van der Hoeven
M.C. van Veen
A. Burgmans
Mrs L.S. Groenman
D.R.J. de Rothschild
Mrs T.A. Maas-de Brouwer
P.J. Kalff

Managing Board

R.W.J. Groenink
R.W.F. van Tets
J.M. de Jong
W.G. Jiskoot
R.G.C. van den Brink
T. de Swaan
J.Ch.L. Kuiper
C.H.A. Collee
S.A. Lires Rial
H.Y. Scott-Barrett

Major subsidiaries and participating interests

(unless otherwise stated, the bank's interest was 100% or almost 100%, on 23 March 2001)

ABN AMRO Bank N.V., Amsterdam

Netherlands

AAGUS Financial Services Group N.V.,
Amersfoort (67%)
AA Interfinance B.V., Amsterdam
ABN AMRO Bouwfonds N.V., Hoevelaken
(voting right 50%, equity participation 98%)
ABN AMRO Lease Holding N.V., Almere
ABN AMRO Levensverzekering N.V., Zwolle
ABN AMRO Participaties Holding B.V.,
Amsterdam
ABN AMRO Projectontwikkeling B.V.,
Amsterdam
ABN AMRO Schadeverzekeringen N.V.,
Zwolle
ABN AMRO Trustcompany (Nederland) B.V.,
Amsterdam
ABN AMRO Verzekeringen B.V., Zwolle
Consultas N.V., Zwolle
Hollandsche Bank-Unie N.V., Rotterdam
IFN Group B.V., Rotterdam
Nachenius, Tjeenk & Co. N.V., Amsterdam

Other countries

Europe

ABN AMRO Asset Management Ltd.,
London
ABN AMRO Asset Management (Polska) S.A.,
Warsaw
ABN AMRO Bank (Moscow), Moscow
ABN AMRO Bank (Deutschland) A.G.,
Frankfurt am Main
ABN AMRO Bank (Luxembourg) S.A.,
Luxembourg
ABN AMRO Bank (Polska) S.A., Warsaw
ABN AMRO Bank (Romania) S.A., Bukarest
ABN AMRO Bank (Schweiz) A.G., Zurich
ABN AMRO Corporate Finance Ltd., London
ABN AMRO Corporate Finance (CEE) Ltd.,
Budapest
ABN AMRO Corporate Finance (Ireland) Ltd.,
Dublin
ABN AMRO Development Capital (UK) Ltd.,
London
ABN AMRO Equities (Hungary) Rt.,
Budapest
ABN AMRO Equities (Russia) ZAO, Moscow
ABN AMRO Equities (Spain) S.A. Sociedad de
Valores y Bolsa, Madrid

ABN AMRO Equities (UK), London
ABN AMRO France S.A., Paris (92%)
ABN AMRO Fixed Income (France) S.A.,
Paris
ABN AMRO Securities (France) S.A., Paris
Banque de Neufilze, Schlumberger,
Mallet S.A., Paris
Banque Odier Bungener Courvoisier, Paris
ABN AMRO Futures Ltd., London
ABN AMRO International Financial Services
Company, Dublin
ABN AMRO Investment Management S.A.,
Luxembourg
ABN AMRO Leasing (Hellas) S.A., Athens
ABN AMRO (Magyar) Bank Rt., Budapest
ABN AMRO Portfolio Management S.A. Brno
ABN AMRO Securities (Greece) Ltd., Athens
ABN AMRO Securities (Polska) S.A.,
Warsaw
ABN AMRO Securities (Romania) S.A.,
Bukarest
ABN AMRO Stockbrokers (Ireland) Ltd.,
Dublin
ABN AMRO Trust Company (Denmark) A/S,
Copenhagen
ABN AMRO Trust Company (Jersey) Ltd.,
St. Helier
ABN AMRO Trust Company (Luxembourg) S.A.,
Luxembourg
ABN AMRO Trust Company (Suisse) S.A.,
Geneva
ABN AMRO Yatýrym Menkul Degerter A.S.,
Istanbul
Alfred Berg Holding A/B, Stockholm
Antonveneta ABN AMRO Societa di Gestione
del Risparmio SpA, Milan (50%)
Banca di Roma, Rome (10%)
CM Capital Markets Brokerage S.A., Madrid
(45%)

Africa

ABN AMRO Bank (Maroc) S.A., Casablanca
(99%)
ABN AMRO Delta Asset Management (Egypt),
Cairo (61%)
ABN AMRO Delta Securities (Egypt), Cairo
ABN AMRO Securities (South Africa) (Pty) Ltd.,
Johannesburg (76%)

Middle East

Saudi Hollandi Bank, Riyadh (40%)

Rest of Asia

ABN AMRO Asia Ltd., Hong Kong
 ABN AMRO Asia Corporate Finance Ltd.,
 Hong Kong
 ABN AMRO Asia Futures Ltd., Hong Kong
 ABN AMRO Asia Merchant Bank (Singapore)
 Ltd., Singapore
 ABN AMRO Asia Securities Plc., Bangkok
 (40%)
 ABN AMRO Asset Management (Asia) Ltd.,
 Hong Kong
 ABN AMRO Asset Management (Japan) Ltd.,
 Tokyo
 ABN AMRO Asset Management (Singapore)
 Ltd., Singapore
 ABN AMRO Bank Berhad, Kuala Lumpur
 ABN AMRO Bank (Kazakstan) Ltd., Almaty
 (51%)
 ABN AMRO Bank N.B., Uzbekistan A.O.,
 Tashkent (50%)
 ABN AMRO Savings Bank, Manilla
 ABN AMRO Securities (India) Private Ltd.,
 Bombay (75%)
 ABN AMRO Securities (Far East) Ltd.,
 Hong Kong
 ABN AMRO Securities (Japan) Ltd., Tokyo
 Bank of Asia, Bangkok (79%)
 PT ABN AMRO Finance Indonesia,
 Jakarta (85%)

Australia

ABN AMRO Australia Ltd., Sydney
 ABN AMRO Capital Markets (Australia) Ltd.,
 Sydney
 ABN AMRO Equities Australia Ltd., Sydney

New Zealand

ABN AMRO Equities NZ Ltd., Auckland

North America

ABN AMRO Bank Canada, Toronto
 ABN AMRO Bank (Mexico) S.A., Mexico City
 ABN AMRO North America Inc., Chicago
*(holding company, voting right 100%, equity
 participation 73%)*
 LaSalle Bank N.A., Chicago
 LaSalle National Corporation, Chicago
 Standard Federal Bancorporation, Troy
 ABN AMRO Inc., Chicago
 Alleghany Asset Management Inc.,
 Atlanta/Chicago

European American Bank Inc., New York
(voting right 100%, equity participation 64%)

Latin America and the Caribbean

ABN AMRO Bank Asset Management
 (Curaçao) N.V., Willemstad
 ABN AMRO Bank (Chile) S.A., Santiago de
 Chile
 ABN AMRO Bank (Colombia) S.A., Bogota
 ABN AMRO (Chile) Seguros Generales S.A.,
 Santiago de Chile
 ABN AMRO (Chile) Seguros de Vida S.A.,
 Santiago de Chile
 ABN AMRO Securities (Argentina)
 Sociedad de Bolsa S.A., Buenos Aires
 ABN AMRO Securities (Brazil) Corretora de
 Valores Mobiliarios S.A., São Paulo
 ABN AMRO Trust Company (Curaçao) N.V.,
 Willemstad
 Banco Bandepe S.A., Recife
 Banco ABN AMRO Real S.A., São Paulo
(voting right 94%, equity participation 95%)
 Real Paraguaya de Seguros S.A., Asunción
 Real Previdência e Segures S.A., São Paulo
 Real Segures S.A., Bogota
 Real Uruguay de Segures S.A., Montovideo

For the investments of ABN AMRO Lease
 Holding N.V. and ABN AMRO Bouwfonds N.V.,
 the reader is referred to the separate annual
 reports published by these companies.

The list of participating interests for which
 statements of liability have been issued has
 been filed at the Amsterdam Chamber of
 Commerce.

Other information

Auditors' report

Introduction

We have audited the financial statements of ABN AMRO Holding N.V., Amsterdam for the year 2000. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2000 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

Amsterdam, 23 March 2001

Ernst & Young Accountants

Post-balance sheet events

On 18 October 2000, ABN AMRO announced it has agreed to acquire Alleghany Asset Management the fund management subsidiary of US-based Alleghany Corporation for USD 825 million in cash. The transaction is closed on 1 Februari 2001. In addition to the purchase price ABN AMRO has provided retention payments and other compensation to key employees. USD 725 million in goodwill has been charged to shareholders' equity. Alleghany Asset Management will be integrated into Private Clients & Asset Management, one of the three formed Strategic Business Units.

On 22 November 2000 ABN AMRO signed a definitive agreement with National Australia Bank for the acquisition of Michigan-based Michigan National Corporation for USD 2.75 billion in cash. The transaction is expected to be closed by the beginning of the second quarter of 2001. Total assets of Michigan National amount to USD 12 billion. An estimated amount of USD 1.9 billion in goodwill will be charged to shareholders' equity. Upon completion of the acquisition, Michigan National Corporation and Standard Federal Bancorporation (ABN AMRO's Detroit-based banking subsidiary) will merge thus creating the second largest bank in Michigan.

On 12 February 2001 ABN AMRO announced it has reached an agreement on the sale of European American Bank to Citibank. The agreed transaction price consists of a USD 1.6 billion equity stake, the assumption of USD 350 million in preferred shares and a post purchase price adjustment to reflect EAB earnings to the closing date. The proceeds of this transaction will be used to partly finance the acquisitions of Alleghany Asset Management and Michigan National Corporation. The remaining part of the funding will be financed by internal sources.

Stipulations of the articles of association with respect to profit appropriation

Profit is appropriated in accordance with article 38 of the articles of association. The main stipulations with respect to classes and series of shares currently in issue are as follows:

- 1 The holder of the priority share will be paid a dividend of NLG 0.30, representing 6% of the face value (article 38.2.a.).
- 2 The holders of preference shares will receive a dividend of NLG 0.2775 per share, representing 5.55% of the face value. As of 1 January 2011, and every ten years thereafter, the dividend will be adjusted in line with the average redemption yield on the five longest-dated government loans, plus an increment of no less than 0.25 percentage point and no more than one percentage point (article 38.2.b.2.).

The holders of convertible preference shares will receive a dividend of NLG 3.78 per share, representing 6% of the amount paid on each share. As of 1 January 2004, and every ten years thereafter, the dividend on shares not converted by 31 October 2003 will be adjusted in line with the redemption yield on government loans with an original or remaining term to maturity of nine to ten years, plus an increment or less a reduction of no more than one percentage point (article 38.2.b.4. and b.3.). No profit distributions will be made to holders of preference shares and convertible preference shares in excess of the maxima defined above (article 38.2.b.6.).

- 3 From the profit remaining after these distributions, such appropriations will be made to reserves as may be determined by the Managing Board with the approval of the Supervisory Board (article 38.2.c.).
- 4 The balance then remaining will be paid out as ordinary share dividend (article 38.2.d.). The Managing Board can make the ordinary share dividend payable, at the shareholder's option, either in cash or entirely or partly in the form of ordinary or preference shares (article 38.3.).

Stipulations of the articles of association with respect to shares

Each ordinary share of NLG 1.25 face value in the capital of ABN AMRO Holding N.V. entitles the holder to cast one vote. The other shares in the capital have a face value of NLG 5 and are entitled to four votes. Subject to certain exceptions provided for by law or in the articles of association, resolutions are passed by an absolute majority of the votes cast.

The rights of the holder of the priority share include the right to determine the number of members of the Managing Board, which may not be fewer than five according to the articles of association, and the number of members of the Supervisory Board, which may not be fewer than ten. The prior approval of the holder of the priority share is also required for resolutions to amend the articles of association or to dissolve the company. The priority share is entitled to an annual distribution up to 6% of its face value. The priority share is held by Stichting Prioriteit ABN AMRO Holding, a foundation established in Amsterdam. The Executive Committee is made up of the members of the Supervisory and Managing Boards of ABN AMRO Holding N.V.

Given the numbers of the Supervisory Board and the Managing Board, being 15 and 10 respectively, the two Boards in their capacity of Executive Committee of the Stichting Prioriteit ABN AMRO Holding are of opinion that the requirement referred to in article C.9 of Appendix X to the Listing and Issuing Rules of Euronext N.V. has been satisfied. This means that Managing Board members do not control a majority of the votes to be cast at the Executive Committee's meetings.

Subject to certain exceptions, upon the issuance of ordinary shares and convertible preference shares, holders of ordinary shares have pre-emptive rights in proportion to their holdings. Upon the issuance of convertible preference shares, subject to certain limitations, holders of convertible preference shares have pre-emptive rights in proportion to their holdings.

In the event of the dissolution and liquidation of ABN AMRO Holding N.V., the assets remaining after payment of all debts are distributed first to the holder of the priority share, in an amount equal to the face value of the priority share, secondly to the holders of preference shares and convertible preference shares on a pro rata basis, in an amount equal to all dividends accrued from the beginning of the most recent full financial year through the date of payment and then the face value of the preference shares or the amount paid in on the convertible preference shares respectively, and thirdly to the holders of ordinary shares on a pro rata basis.

Proposed profit appropriation

Appropriation of net profit pursuant to article 38.2 and 38.3 of the articles of association

	2000	(in millions of euros)	
		1999	1998
Dividends on preference shares	78	78	78
Dividends on convertible preference shares	1	2	3
Addition to reserves	1,074	1,320	922
Dividends on ordinary shares	1,345	1,170	825
	2,498	2,570	1,828

Shareholders' equity and net profit under US GAAP

For NYSE listing purposes ABN AMRO also determines shareholders' equity and net profit in accordance with accounting principles generally accepted in the United States (US GAAP). The following is a summary of the main differences from accounting principles generally accepted in the Netherlands and the adjustments to shareholders' equity and net profit that would have been required if US GAAP had been applied in the preparation of the consolidated financial statements.

Goodwill and other acquired intangibles

Goodwill is capitalised and amortised on a straight-line basis over the estimated useful life. ABN AMRO applies a maximum of twenty years.

Provision for general contingencies

The fund for general banking risks is considered to be a general allowance for loan losses. The level of the fund is adequate for absorbing all inherent losses in loans.

Debt restructuring

Securities acquired as part of debt restructuring programmes, such as Brady bonds, are recorded at estimated market value at the balance sheet date.

Investment portfolio securities

All bonds and similar debt securities included in the investment portfolio are classified as 'available for sale' and stated at market value. Gains or losses on sales are taken to the income statement; unrealised valuation differences are accounted for in shareholders' equity.

Property

Bank premises are stated at cost and fully depreciated on a straight-line basis over their useful lives.

Pension costs

Actuarial computations are based on current and future compensation levels taking into account the market value of the assets of the pension funds and current interest rates.

Post-retirement benefits

The expected cost of post-retirement health care benefits to an employee and the employee's beneficiaries and covered dependants are accrued over the years of service.

Post-employment benefits

All contractual commitments after employment but before retirement are recognised when the rights are vested and the obligation is probable and quantifiable.

Provisions

Various provisions formed do not meet US formal standards (this is also applicable for the major part of the 2000 restructuring provision).

Derivatives

Derivatives that do not meet US conditions to qualify as hedges are carried at market value. Changes in market value are recognised directly in the income statement.

Internal use software

Apart from the cost of purchased software, the cost of software developed in-house is capitalised and depreciated over the estimated useful life.

Deferred tax liabilities

Deferred tax liabilities and deferred tax assets are computed on a non-discounted basis, using current tax rates. Where realisation depends on taxable profits in future years, deferred tax assets are included at estimated realisation value.

Dividend payable

Dividends are recognised in shareholders' equity until paid or approved by the General Meeting of Shareholders.

Reconciliation

The following table summarises the significant adjustments to ABN AMRO's consolidated shareholders' equity and net profit which would result from the application of US GAAP.

(in millions of guilders)	Shareholders' equity		Net profit	
	2000	1999	2000	1999
Shareholders' equity and net profit under Dutch GAAP	12,523	11,987	2,498	2,570
Goodwill and other acquired intangibles	6,492	5,344	(422)	(343)
Debt restructuring	(111)	(164)		
Investment portfolio securities	1,102	431	(131)	83
Property	(151)	(172)	21	13
Pension costs	(244)	(48)	(196)	(98)
Post-retirement benefits	(72)	(55)	(17)	(14)
Post-employment benefits	(29)	(38)	9	8
Provisions	880	139	741	(69)
Derivatives	122	(110)	232	(453)
Internal use software	340	157	183	157
Deferred taxes	(411)	(366)	(48)	(32)
Taxes	(673)	(85)	(300)	129
Dividends	454	494		
Shareholders' equity and net profit under US GAAP	20,222	17,514	2,570	1,951
Shareholders' equity and basic earnings per ordinary share under US GAAP	12.92	11.36	1.68	1.29
Fully diluted earnings per ordinary share under US GAAP			1.67	1.28

ABN AMRO Holding N.V.

Supervisory Board		Managing Board	
<p>A.A. Loudon (64) * #, Chairman – 2002</p> <p>Former Chairman of the Board of Management of AKZO Nobel N.V.</p>	<p>M.C. van Veen (66) # – 2005</p> <p>Former Chairman of the Board of Management of Koninklijke Hoogovens N.V.</p>	<p>R.W.J. Groenink (51), Chairman</p> <p>R.W.F. van Tets (53)</p> <p>J.M. de Jong (55)</p> <p>W.G. Jiskoot (50)</p> <p>R.G.C. van den Brink (53)</p> <p>T. de Swaan (55)</p> <p>J.Ch.L. Kuiper (53)</p> <p>C.H.A. Collee (48)</p> <p>S.A. Lires Rial (40)</p> <p>H.Y. Scott-Barrett (42)</p>	<p>S.J. van Kesteren</p> <p>Chairman of the Board of Management of Draka Holding N.V.</p>
<p>H.B. van Liemt (67) * #, Vice-Chairman – 2002</p> <p>Former Chairman of the Managing Board of DSM N.V.</p>	<p>A. Burgmans (54) * # – 2002</p> <p>Chairman of the Board of Unilever N.V.</p>		<p>C.G. van Luijk</p> <p>President and CEO of Getronics N.V.</p>
<p>W. Overmars (68) – 2003</p> <p>Former Chairman of the Executive Board of Campina Melkunie B.V.</p>	<p>D.R.J. Baron de Rothschild (58) – 2003</p> <p>Senior partner Rothschild & Cie Banque, Deputy Chairman NM Rothschild Group (including NM Rothschild & Sons Ltd.)</p>		<p>F.L.V. Meysman</p> <p>Director and Executive Vice President Sara Lee Corporation</p>
<p>R.J. Nelissen (69) – 2001</p> <p>Former Chairman of the Managing Board of ABN AMRO Holding N.V./ ABN AMRO Bank N.V., former Vice Prime Minister and former Minister of Finance of the Netherlands</p>	<p>Mrs L.S. Groenman (60) # – 2003</p> <p>Crown member Sociaal-Economische Raad (SER)</p>	Company Secretary	<p>A.A. Olijslager</p> <p>President of the Board of Management of Friesland Coberco Dairy Foods B.V.</p>
<p>W. Dik (62) # – 2005</p> <p>Former Chairman of the Board of Management of Royal KPN N.V., former State Secretary for Foreign Trade</p>	<p>Mrs T.A. Maas-de Brouwer (54) – 2004</p> <p>President of HayVision Society</p>	Advisory Council	<p>A.J. Scheepbouwer</p> <p>Chairman of the Board of Management of TNT Post Groep N.V.</p>
<p>J.M.H. van Engelshoven (70) – 2001</p> <p>Former Managing Director of Royal Shell Group of companies/former Managing Director of N.V. Koninklijke Nederlandsche Petroleum Maatschappij</p>	<p>P.J. Kalf (63) – 2004</p> <p>Former Chairman of the Managing Board ABN AMRO Holding N.V./ ABN AMRO Bank N.V.</p>	<p>J. Aalberts</p> <p>President of Aalberts Industries N.V.</p>	<p>A.H. Spoor</p> <p>Chairman of the Executive Board of Royal Vopak N.V.</p>
<p>R. Hazelhoff (70) – 2001</p> <p>Former Chairman of the Managing Board ABN AMRO Holding N.V./ ABN AMRO Bank N.V.</p>	<p><i>The age (between brackets) and the year of (periodical) resignation are mentioned. A curriculum vitae, including nationality and important other positions, is available at the company's office.</i></p>	<p>L.J.M. Berndsen</p> <p>Chairman of the Executive Board of Royal Nedlloyd N.V.</p>	<p>C.J.M. Stutterheim</p> <p>Chairman of the Board of CMG Plc</p>
<p>S. Keehn (70) – 2002</p> <p>Former President of the Federal Reserve Bank of Chicago</p>	<p><i>* Member of the Selection and Remuneration Committee.</i></p>	<p>R.F. van den Bergh</p> <p>Chairman of the Executive Board of VNU N.V.</p>	<p>P.J.J.M. Swinkels</p> <p>CEO of Bavaria N.V.</p>
<p>C.H. van der Hoeven (53) – 2005</p> <p>President and Chief Executive Officer of Royal Ahold N.V.</p>	<p><i># Member of the Audit Committee.</i></p>	<p>Mrs S.M. Dekker</p> <p>General Director of Algemene Werkgeversvereniging VNO-NCW (AWVN)</p>	<p>J.A.J. Vink</p> <p>Chairman of the Board of Management of CSM N.V.</p>
		<p>G.J. Doornbos</p> <p>Chairman of LTO Nederland</p>	<p>J.C.T.G.M. van der Wielen</p> <p>President and CEO of Royal Numico N.V.</p>
		<p>R. van Gelder</p> <p>Chairman of the Managing Board of Royal Boskalis Westminster N.V.</p>	<p>L.M. van Wijk</p> <p>President and CEO of KLM Royal Dutch Airlines</p>
		<p>R. ter Haar</p> <p>Chairman of the Board of Management of Hagemeyer N.V.</p>	<p>H. Zwarts</p> <p>President and CEO of Randstad Holding N.V.</p>
			<p><i>Situation as at 31 March 2001</i></p>

Organisation of ABN AMRO Bank N.V.

Managing Board	Wholesale Clients		Consumer & Commercial Clients	
<p>Chairman Rijkman Groenink</p> <p>Members Rijnhard van Tets Jan Maarten de Jong Wilco Jiskoot Dolf van den Brink Tom de Swaan Joost Kuiper Dolf Collee Sergio Lires Rial Hugh Scott-Barrett</p>	<p>Executive Committee Rijnhard van Tets (Chairman) Wilco Jiskoot Sergio Lires Rial Hugh Scott-Barrett Walter Baars Keith Edginton</p>	<p>Client Relationship Management Telecom, Media, Technology* Alexandra Cook Automotive, Consumer, Diversified Industries* Rob Meuter Integrated Energy, Chemicals, Pharmaceuticals* Lex Kloosterman Financial Institutions* Henry Tillman Public Sector* Carole Anne Menzi Collier</p> <p>Products Loan Products* Eltjo Kok Global Financial Markets* Nils Lorenzen Corporate Finance* Jan Willem Meeuwis Nigel Turner Equities* Nick Bannister Global Transaction Services* Erik Post Private Equity* Gerben Kuyper E-commerce Gerben Kuyper</p> <p>Support Technology, Operations, Property Services* Keith Edginton Risk, Compliance, Finance, Legal Walter Baars Human Resources Wouter Tol Communication Marie-Christine Poulain</p> <p>(* = Business Unit)</p>	<p>Executive Committee Jan Maarten de Jong (Chairman) Joost Kuiper Dolf Collee Joost Oyevaar Harry Tempest Frans Lion Florin Deckers Gerard Hartsink Jan Peter Schmittmann Fabio Barbosa</p>	<p>USA* Harry Tempest</p> <p>Brazil* Fabio Barbosa</p> <p>Netherlands* Florin Deckers</p> <p>New Growth Markets* Jan Peter Schmittmann</p> <p>Support Operations* Gerard Hartsink Projects Joost Oyevaar Business Development Frans Lion Chief Financial Officer Paul Loven Human Resources Maria Luiza Pinto Communication Piet van Helsdingen</p> <p>(* = Business/Service Unit)</p>

Private Clients & Asset Management

Corporate Centre

Executive Committee

Dolf van den Brink
(Chairman)
Jan Koopman
Tom Cross Brown
Jawaid Mirza
Arun Sarwal
Gary Wallis

Private Clients

Jan Koopman
Domestic Private Clients
Maggiel Scalongne
International Private Clients
Reinout van Lennep

Asset Management

Tom Cross Brown
Asset Management
Tom Cross Brown
Trust
Jos Kallen
(as of 1 April 2001)

Support

Chief Financial Officer/
Chief Operating Officer
Jawaid Mirza
eBusiness/Product
Development
Arun Sarwal
Human Resources
Gary Wallis
Communication
Mark Lammerts

Rijkman Groenink

Tom de Swaan

Corporate Development

Arnold van Os
Corporate Communications
Eric Bouwmeester
Group Audit
Evert van Dijk

Group Finance

Maurice Oostendorp

Group Risk Management

Herman Mulder
Jan Sijbrand

Group Human Resources

Rob Kleyn

Corporate Affairs

Jaap Kamp

Group Audit*

Evert van Dijk

Group ICT

Thomas ten Kortenaar

EU Liaison Office

Chris Tupker

(* = Managerial Issues)

Report of the Shareholders' Committee

The Shareholders' Committee is pleased to report on its activities in compliance with the provisions of article 9 of its regulations.

Pursuant to article 33 of the articles of association of ABN AMRO Holding N.V., the General Meeting of Shareholders is entitled to transfer to the committee the powers granted to it by law. The powers involve exclusively the appointment and dismissal of members of the Supervisory Board and Managing Board. The General Meeting of Shareholders may rescind such transfer at any time. On 6 May 1999, the current Shareholders' Committee received a two-year mandate.

On 1 June 2000 we were shocked to hear of the sudden death of Mrs R.M. ten Cate-Dhont, who had been a member of our committee since 1991. We are greatly indebted to her for her contribution to the committee's work. She was energetic and constructive in our exchange of views with the Managing Board.

The Committee was informed by a letter of 26 May 2000 of the intention to appoint Messrs C.H.A. Collee, S.A. Lires Rial and H.Y. Scott-Barrett to the Managing Board of ABN AMRO Holding N.V. with effect from 1 June 2000. The appointments were made in the light of the strategic review and the resulting reorganisation of the bank. Given the new structure, it was felt desirable to expand the Managing Board temporarily and redistribute its tasks among the members. The appointment of the three new members has brought fresh, international knowledge and expertise to the Board, while also producing a more balanced age profile. Mr Lires Rial has Brazilian nationality and Mr Scott-Barrett is of British nationality.

The Committee met on two occasions with the Chairmen of the Supervisory Board and

Managing Board. The items discussed included the vacancies that will arise on the Supervisory Board on 10 May 2001. Messrs R.J. Nelissen, J.M.H. van Engelshoven, and R. Hazelhoff will resign, having reached the age limit, which in principle is 70. Mr Silas Keehn, who also reached 70, has been asked to accept reappointment for a year while a successor with his extensive experience of the US financial scene is identified. Messrs W. Dik, C.H. van der Hoeven and M.C. van Veen will resign because their term of office will expire. The Committee acknowledged that the three members due to resign by rotation were available for a further term on the Board and that, since the number of Supervisory Board Members was being reduced by two to 13, there was one vacancy. The curriculum vitae of a candidate, Mr C. Boonstra, was presented to the Committee and was found to fit in excellently with the membership profile of the Supervisory Board. The Committee concurred in the nomination and decided not to exercise its right to nominate candidates for the Supervisory Board vacancy.

Following the recommendations of the Social and Economic Council concerning the Structure Act, which became known prematurely, and in view of the expiry of the committee's current term on 10 May 2001, there was an exchange of views on the future of the Shareholders' Committee.

The Committee and Managing Board wondered whether the delegation of important powers by the shareholders' meeting to a committee still meets the demands of the shareholders. Pending the completion of the amended Structure Act, it was decided that the term of a new committee, if appointed by the shareholders' meeting, should be limited to one year.

At its second meeting the Committee resolved not to lodge any objection to the Supervisory Board's resolution to appoint the four candidates to its Board.

Amsterdam, 12 March 2001

Shareholders' Committee

Mrs W.H. van Bruggen-Gorter

C.C. Delprat

J.W. Groen

A.C.M. Groeneveld

Mrs P.W. Kruseman

H.I. Möller

P.A. Wackie Eysten

Stichting Administratiekantoor ABN AMRO Holding

Stichting Administratiekantoor ABN AMRO Holding (the 'Foundation') holds and administers the registered preference shares of ABN AMRO Holding N.V. and issues depositary receipts against the shares entrusted to it. The depositary receipts may be exchanged for the underlying shares to a limited extent. The Executive Committee of the Foundation is pleased to report on its activities in compliance with article 14 of the Trust Conditions.

Mr Kalff's resignation as chairman of the Managing Board on 10 May 2000 also marked the termination of his membership of our Committee. We are grateful to him for the dedication with which he acted as Secretary to our Committee for six years. Effective from that same date, and with the approval of the Supervisory Board, the Managing Board has appointed R.W.J. Groenink as his successor.

On 15 September 2000, the second four-year term of Mr Schwenke, our Chairman, came to an end. With the approval of the Supervisory Board and the Managing Board, Mr Schwenke was re-appointed for a new term as a member and Chairman, with effect from that date.

There were two meetings of the Executive Committee in 2000. We also attended the General Meeting of Shareholders. Items discussed at the Executive Committee meetings included the company's annual and interim figures, the composition of the Managing Board and the agenda for the General Meeting of Shareholders. Administrative tasks were also carried out at these meetings. In addition, the Executive Committee was informed of the bank's strategic review and reorganisation.

The Executive Committee decided to offer holders of depositary receipts the opportunity to request proxy voting rights against preference shares for the General Meeting of Shareholders on 10 May 2000. It was the first

time that this option was available. At a meeting on 10 January 2000, depositary receipt holders approved the issuance of proxy voting rights. As 33% of the depositary receipts were represented at the General Meeting of Shareholders of 10 May 2000, all items on the agenda could be dealt with by acclamation. Had any motions been put to the vote, depositary receipt holders would have had voting rights proportionally in accordance with the economic value of the preference shares against the ordinary shares. The Foundation's Executive Committee would have been able to exercise in the same proportion the voting rights attached to the preference shares for which it had not issued proxies.

On 31 December 2000, registered preference shares with a face value of EUR 822,483,471.06 were administered, against which an equal nominal amount of bearer depositary receipts in denominations of 1 x NLG 5, 10 x NLG 5, 100 x NLG 5 and 1,000 x NLG 5 had been issued in the form of CF certificates.

The administration of the shares referred to above was carried out by the foundation's chief accountant, Administratiekantoor van het Algemeen Administratie- en Trustkantoor B.V., Amsterdam.

Amsterdam, 23 March 2001

Executive Committee

P. Schwencke, Chairman
A. Heeneman, Vice-Chairman
R.W.J. Groenink, Secretary

Declaration of independence

The Managing Board of ABN AMRO Holding N.V. and the Executive Committee of Stichting Administratiekantoor ABN AMRO Holding hereby declare that in their joint opinion the requirements referred to in Appendix X to the Listing and Issuing Rules of Euronext N.V. concerning the independence of the members of the Executive Committee of Stichting Administratiekantoor ABN AMRO Holding have been satisfied.

Amsterdam, 23 March 2001

ABN AMRO Holding N.V.

Managing Board

Stichting Administratiekantoor

ABN AMRO Holding

Executive Committee

Report of the Central Staff Council

The year 2000 was a turbulent one for our bank and consequently for the Central Staff Council (CSC), which is closely concerned with many aspects of the bank.

Early in the year we were involved in the proposed creation of the European Division, a new matrix organisation on a European platform which incorporated, and was partly a natural successor to, the existing Netherlands Division.

The CSC was informed in good time of the proposed appointment of Mrs T.A. Maas-de Brouwer and the former Chairman of the Managing Board Mr P.J. Kalff to the Supervisory Board. The CSC will continue to advocate that the composition of the Supervisory Board should reflect the heterogeneous character of ABN AMRO.

Attention was diverted away from the proposed European Division when, at an extraordinary meeting of the CSC in early May, management disclosed plans for a far-reaching strategic review of our bank worldwide. Management invited the CSC and the European Staff Council (ESC) to offer their views at a very early stage in the planning for, and the implementation of, the reorganisation. The CSC and ESC have naturally shown a keen interest in the consequences for staff inside and outside the Netherlands.

At the same time, the CSC was notified of, and subsequently endorsed, the proposed appointments of Mr C.H.A. Collee, Mr S.A. Lires Rial and Mr H.Y. Scott-Barrett to the Managing Board. The increase in the membership of the Board is a reasonable temporary response to the demands created by ABN AMRO's new structure.

The CSC met eight times, mostly as scheduled, with the responsible member of the Managing Board. One or more members of the Supervisory Board attended these plenary meetings. Requests for the CSC's formal opinion on, or approval of, a wide range of issues were addressed. The CSC's participation in these business-like discussions in effect formalised the influence of the council on decision-making.

The following issues are noteworthy:

- The CSC had some reservations about the governance of the proposed European Division and in negotiations with management secured certainty of employment until 2004;
- The CSC was unequivocally positive about the principal goals of the Strategic Review. In dialogue with the CSC, management committed itself to a policy of not downgrading positions during a reorganisation;
- As the time for starting to implement the Strategic Review neared, the CSC came to a formal agreement with management on additional issues concerning certainty of employment and not downgrading positions.

At two meetings the Chairman of the Board dealt at length with questions concerning the 1999 annual report and the 2000 interim figures. The Chairman's openness demonstrated the nature of our bank's culture.

A simultaneous important development was the company-level collective labour agreement negotiated between the bank and the trade unions specifically for ABN AMRO. This agreement was the culmination of an informal process which took several months, and in which most members of the CSC intensively participated. The CSC is convinced that labour relations have taken a major step forward, as the decisive factor will be the spirit and not just the letter of the agreement.

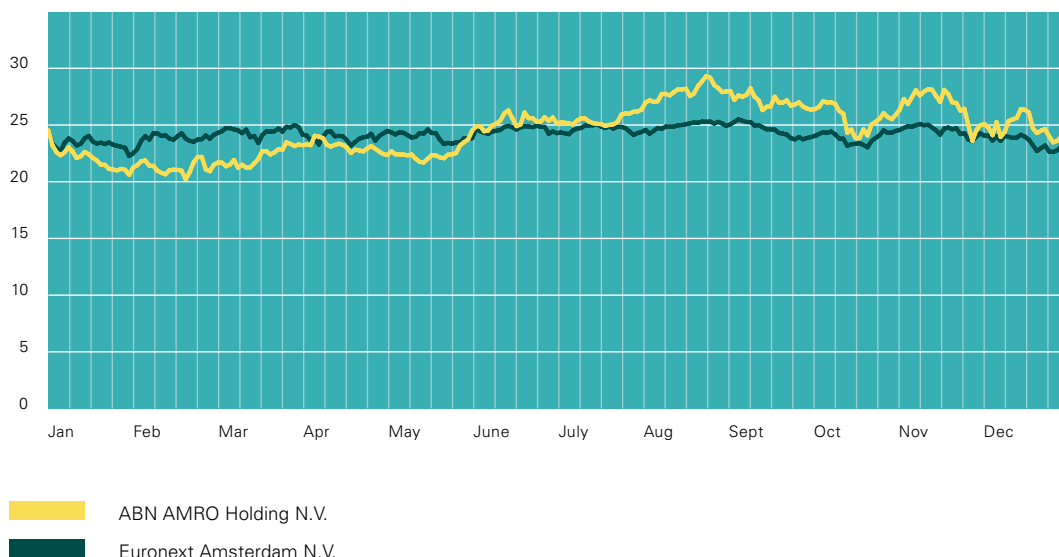
The CSC intends to continue advising on, and contributing to, the implementation of the strategy. We would like to express our appreciation, on behalf of all ABN AMRO's staff councils, of the climate of mutual trust pervading consultation with the management. Regular contact with members of the Supervisory Board was appreciated and stimulating.

Amsterdam, 29 December 2000

Central Staff Council

Information about ABN AMRO shares

Share price movements January 2000 - December 2000 (in EUR)
(AEX index restated on the basis of ABN AMRO Holding N.V. ordinary share price on 4 January 2000)



Stock exchange listings

The ordinary shares of ABN AMRO Holding N.V. are listed on the stock exchanges of Amsterdam, Brussels, Düsseldorf, Frankfurt, Hamburg, London, New York, Paris, Singapore and the Swiss Exchange. The shares are available in the form of American Depositary Receipts (ADRs), each ADR representing one ordinary share. On 31 December 2000, 26,703,377 ADRs were outstanding, compared to 19,997,080 at year-end 1999.

The depositary receipts for preference shares and the convertible preference shares are listed on the AEX Stock Exchange.

Development of share capital

In 2000, the number of ordinary shares outstanding increased by 34.8 million from 1,465.5 million to 1,500.3 million. This increase was the result of dividend payments in stock (28.3 million shares), the exercise of staff options (3.3 million shares), the conversion of convertible preference shares (2.5 million shares) and the re-issue of treasury stock (0.7 million shares).

The time-weighted average number of shares outstanding amounted to 1,482.6 million

(1999: 1,451.6 million). In calculating the time-weighted average, new shares are counted on a pro rata basis from the date of issue, except for ordinary shares issued through the conversion of convertible preference shares which are counted for the full year in which conversion takes place. As a result of this conversion, the number of convertible preference shares declined to 0.8 million. The number of preference shares remained unchanged at 362.5 million.

Staff options carry entitlement to the numbers of ordinary shares stated in the table below.

If fully exercised, staff options could increase the number of ordinary shares by 42.0 million or 2.8 % of the number of ordinary shares outstanding at 31 December 2000.

Dividend policy

Both the interim dividend and the final dividend have been made available wholly in cash or, at the shareholder's option, wholly in ordinary shares chargeable to the share premium account.

The period for submitting instructions concerning final dividend payment options

will not commence until the day after the General Meeting of Shareholders.

If shareholders opt for stock dividend, the dividend coupons must be delivered to the ABN AMRO Exchange Agent together with the instructions. Consequently there will be no official listing of, and trading in, stock dividend coupons.

Depository receipts for preference shares and convertible preference shares

At year-end 2000, 362.5 million depository receipts for preference shares of NLG 5 face value each were outstanding. Holders of preference shares receive an annual cash dividend of EUR 0.21555 (NLG 0.475) per share, representing 9.5% of the face value of NLG 5. In accordance with the articles of association of ABN AMRO Holding N.V. the dividend percentage on the preference shares and depository receipts for preference shares has been fixed at 5.55%, as of 1 January 2001. As of 1 January 2011, and every ten years thereafter, the dividend percentage will be adjusted in line with the average redemption yield on the five longest-dated Dutch government bonds, plus an increment of not less than 25 nor more than 100 basis points, depending on the prevailing market conditions.

On 31 December 2000, 0.8 million convertible preference shares of NLG 5 face value each were outstanding. These shares qualify for an annual cash dividend of EUR 1.71529 (NLG 3.78), which represents 6% of the paid-up amount on issue (EUR 28.58815 or NLG 63). As of 1 January 2004, and every ten years thereafter, the dividend percentage will be adjusted in line with the redemption yield on Dutch government bonds with an original or remaining term to maturity of nine to ten years, plus an increment or less a reduction of

Authorised capital

(in guilders)

1	priority share	of	NLG 5	5
4,000,000,000	ordinary shares	of	NLG 1.25	5,000,000,000
1,000,000,000	preference shares	of	NLG 5	5,000,000,000
100,000,000	convertible preference shares	of	NLG 5	500,000,000
				10,500,000,005

Issued capital at 31 December 2000

(in guilders)

1	priority share	of	NLG 5	5.00
1,502,301,875	ordinary shares	of	NLG 1.25	1,877,877,343.75
362,503,010	preference shares	of	NLG 5	1,812,515,050.00
794,984	convertible preference shares	of	NLG 5	3,974,920.00
				3,694,367,318.75

Rights at 31 December

(in thousands of shares)

	Staff options	Average exercise price (EUR)
2001	2,126	10.99
2002	6,242	16.60
2003	14,034	22.55
2004	10,680	20.73
2005	4,068	22.43
2006		
2007	4,866	21.30
	42,016	20,46

Dividends on ordinary shares

(in euros)

	Entirely in cash	or	Cash	and shares as % of face value	New shares (x 1,000)	Payout ratio
Interim dividend 1992	0.16		0.06	2% ordinary shares	21,668	
Final dividend 1992	0.17		0.05	2% ordinary shares	22,364	51.9
Interim dividend 1993	0.16		0.03	2% ordinary shares	22,940	
Final dividend 1993	0.18		0.05	2% ordinary shares	23,499	47.3
Interim dividend 1994	0.17		0.04	2% ordinary shares	13,316	
Final dividend 1994	0.20			2.9% ordinary shares	23,961	46.9
Interim dividend 1995	0.18			2.3% ordinary shares	11,074	
Final dividend 1995	0.23			2.2% ordinary shares	10,453	46.8
Interim dividend 1996	0.20			1.9% ordinary shares	8,968	
Final dividend 1996	0.27			1.6% ordinary shares	14,697	45.4
Interim dividend 1997	0.24			1.4% ordinary shares	11,882	
Final dividend 1997	0.30			1.3% ordinary shares	13,058	45.5
Interim dividend 1998	0.27			1.4% ordinary shares	13,451	
Final dividend 1998	0.30			1.4% ordinary shares	14,045	46.9
Interim dividend 1999	0.30			1.2% ordinary shares	8,339	
Final dividend 1999	0.50			2.2% ordinary shares	13,990	46.5
Interim dividend 2000	0.40			1.4% ordinary shares	14,293	

Daily ordinary share turnover in 2000

(in thousands and counted twice)

	Euronext	NYSE (ADRs)
High	37,871	339
Low	1,902	18
Average	10,188	85

no more than 100 basis points. The convertible preference shares can be converted into four ordinary shares with a face value of NLG 1.25 each on payment of EUR 3.17646 (NLG 7) per share to be converted. The conversion period runs from 1 January 1994 through 31 October 2003.

Geographical concentration of ABN AMRO ordinary shares

Foreign investors hold approximately 50% of ABN AMRO ordinary shares outstanding. The major geographical concentrations outside the Netherlands are the United Kingdom (approximately 16%) and the United States (approximately 11%). Institutional investors hold approximately 80% of the total number of ordinary shares outstanding.

Major shareholders

The institutions listed in the table reported the following holdings of ABN AMRO Holding N.V. shares under the Disclosure of Major Holdings in Listed Companies Act. The interests are shown as a percentage of the total number of ordinary shares and depositary receipts for preference shares outstanding at year-end 2000.

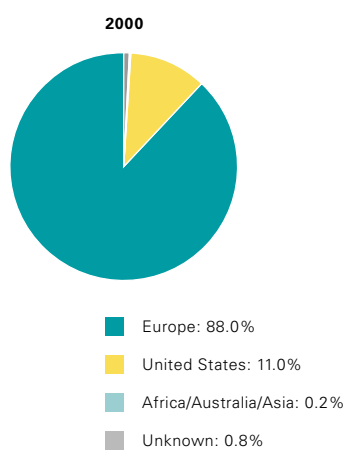
Daily preference share turnover on the Euronext Amsterdam Stock Market in 2000

(in thousands and counted twice)

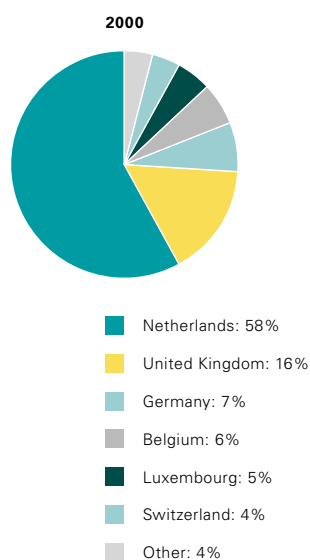
	Depository receipts for preference shares	Convertible preference shares
High	809	103
Low	0	0
Average	126	1

Depository receipts for preference shares are issued by Stichting Administratiekantoor ABN AMRO Holding. This foundation held 99.9% of the outstanding preference shares at year-end 2000.

Geographical concentration Worldwide



Geographical concentration Europe



Market capitalisation

(year-end, in millions of euros)

	2000	1999	1998
Ordinary shares (outstanding)	36,339	36,345	25,771
Preference shares	787	877	928
Convertible preference shares	68	131	120
Market capitalisation as % of capitalised value of all listed Dutch ordinary shares	5.55%	5.52%	4.28%

Ordinary share key figures

(in euros)

	2000	1999	1998
Closing prices			
• high	29.30	25.00	25.00
• low	20.22	16.40	12.62
• year-end	24.22	24.80	17.92
Net earnings per share ¹	2.04	1.72	1.23
Fully diluted earnings per share	2.02	1.71	1.22
Payout ratio in % ²	44.1	46.5	46.9
Dividend per share	0.90	0.80	0.58
Dividend yield in % (year-end)	3.7	3.2	3.2
Net asset value per share (year-end)	7.78	7.59	6.85
Price/earnings ratio (year-end)	12.0	14.4	14.6
Price/net asset value in %	311.3	326.7	261.6

¹ Based on the average number of ordinary shares outstanding and adjusted for increases in share capital (excluding restructuring charge).
² Ratio of dividend to net earnings per share (excluding restructuring charge).

Indices

The ABN AMRO Holding N.V. ordinary share is included in the following worldwide indices:

Euronext Amsterdam	CBS Index
MSCI Banking Index	FTSE Euro Top 100
S&P Euro Index	FTSE Euro Top 300
DJ Euro Stoxx 50 Index	FTSE Euro Star Index
DJ Sustainability Index	

Disclosure of major shareholdings

(in procenten)

	Ordinary shares	Preference shares
Aegon N.V.	1.04	16.30
Fortis	0.90	10.33
Delta Lloyd Leven	0.46	1.63
ING Groep N.V.	10.36	17.63
Rabobank Nederland	0.12	10.31
Zonnewijser (investment fund)		13.55

Credit ratings

	Long-term	Short-term
Moody's	Aa2	P-1
Standard & Poor's	AA	A-1+
Fitch/BCA	AA	A1+

Financial calendar 2002

14 February	Announcement of 2001 annual figures
1 May	Announcement of 2002 first quarter results
1 May	General Meeting of Shareholders
8 August	Announcement of 2002 interim figures
4 November	Announcement of 2002 third quarter results

In connection with the listing of its ordinary shares on the New York Stock Exchange, ABN AMRO will also publish an annual report that satisfies the rules established by the Securities and Exchange Commission (SEC). Limited numbers of copies of these 20-F reports are available from the Investor Relations Department.

Investor Relations

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fax: +31 20 6287837
email: investorrelations@nl.abnamro.com
website: www.abnamro.com/investorrelations

Financial calendar 2001

19 April	Publication of Annual Report
10 May	Announcement of 2001 first quarter results
10 May	General Meeting of Shareholders
14 May	Ex-dividend quotation
14 May – 30 May	Period for instructions concerning 2000 final dividend payment option
31 May (after close of trading)	Determination of stock price
6 June	Final dividend for 2000 available
16 August	Announcement of 2001 interim results
12 November	Announcement of 2001 third quarter results

Glossary

ADR

American Depositary Receipt: depositary receipts for shares of non-US-based companies that are traded in the US.

Adjusted Invested Capital

Equity according to Dutch GAAP plus cumulative goodwill charges and other minor adjustments.

Asset Management

The professional management, including investment funds, of assets of private individuals and institutions aimed at the realisation of an optimal investment result.

Asset & Liability Management

Strategic management of the bank's assets and liabilities in terms of interest rate and currency risk, liquidity and capital adequacy

BIS

Bank for International Settlements set up in 1930 with its head office in Basle. Its principal tasks are to promote cooperation between central banks and to assist in international payments. The BIS also issues recommendations to banks and regulatory authorities in the fields of risk management, capital adequacy and the provision of information on financial derivatives.

BIS ratio

Capital adequacy ratio based on total risk-weighted assets of the bank. The minimum standard set by the Netherlands central bank is 8%.

Bookrunner

Head of a securities syndicate responsible for arranging the subscription, allotment and after-market for all syndicate members.

Capital adequacy

Measure of a company's financial strength, often expressed in equity as a percentage of balance sheet total or – for banks – in the BIS ratio.

Commercial bank

Bank whose principal activity is to accept customers' funds on savings and deposit accounts and use these funds to provide loans to governments, companies and private individuals.

Commercial paper

Debt instrument issued by large companies with a term of 1 to 12 months.

Corporate finance

Activities in the fields of mergers, acquisitions, privatisations, advisory services and origination.

Credit equivalent

The sum of the costs of replacement transactions (when counterparties fail to fulfil their obligations) and the potential future credit risk, being reflected in a mark-up percentage on the principal of the contract. The mark-up percentage depends on the nature and remaining term of the contract.

Credit rating

The assessment of a credit rating agency expressed in a combination of letters and/or figures indicating the creditworthiness of a country, company or institution.

Currency risk

The price risk relating to exchange rate fluctuations.

Derivatives

Financial instruments whose value is derived from the price of one or several underlying assets (e.g. currencies, securities, indexes, etc.).

Economic Profit

Net profit after tax less risk-adjusted cost of capital.

Eurobonds

International bonds denominated in a non-local currency.

Forward exchange contract

Contract where the buyer purchases currency at a predetermined exchange rate on a fixed date.

GAAP

Generally accepted accounting principles.

Gap analysis

Method used to measure and manage the interest rate risk. The gap is defined as the difference between contractual interest rate maturities of assets and liabilities during a specified time interval, and represents the re-pricing risk.

Goodwill

Power of an established business to earn extra profits; it is an intangible asset the value of which is related to the advantage of an established business with respect to market position and/or know-how and organisation.

Interest rate risk

The degree to which fluctuations in long and short-term interest rates have a negative influence on the bank's result.

Investment banking

Activities in the field of securities and corporate finance.

Joint venture

Cooperative venture between two or more separate legal entities.

Less Developed Country (LDC)

Country whose state of economic development is characterised by a low national income, a high rate of population growth and unemployment, and dependence on commodity exports.

Liquidity risk

Risk that a position cannot be rapidly settled at the going market price.

Managing for value

The instrument ABN AMRO uses for maximising shareholder value. Two relevant connected terms are economic profit and economic value.

Market risk

Risk relating to fluctuations in stock exchange prices and/or interest rates.

Mezzanine financing

Comprises the middle ranking financial investments – such as subordinated debt and preference shares – which form the central layer of a financing structure that also includes equity and debt.

Multi-channel distribution

Banking concept which offers the client the ability to communicate and transact with the bank through all available distribution channels. This concept offers the client 24x7 access to all products and services and offers the bank the ability to view – at each point in time and via each distribution channel – all communication and transactions which a client has conducted with the bank.

Mismatch

Difference between the fixed rate periods of assets and liabilities.

Money market interest rate

Interest rate for a 1 to 12-month period.

Net asset value per share

Value of all the assets of a company less loan capital and divided by the number of shares outstanding.

Notional amounts

The value of the principal of the underlying financial derivatives contracts.

Options (shares and currencies)

Contractual right to buy (call option) or sell (put option) a specified amount of underlying shares or currency at a fixed price during a specified period or on a specified date.

OTC

Over-the-counter trade in securities which does not take place on an official stock exchange and is not bound to a specific place or time.

Preference share

A share that receives a fixed rate of dividend prior to ordinary shares.

Private banking

Dedicated to the development and execution of the policy in relation to high net worth clients and small and medium-sized institutional investors.

Project finance

Concerns the financing of large-scale projects for the oil and gas, electricity, telecommunications, chemicals and infrastructure sectors.

Repo

Where securities are temporarily sold for trading or liquidity reasons in order to be repurchased at a predetermined date and price.

Risk-weighted assets

Total assets calculated on the basis of the risks relating to the various balance sheet items.

Scenario analysis

Method used to measure and manage the interest rate risk, for instance. Using various assumptions about future interest rate movements, net interest revenue is estimated.

Securitisation

Restructuring credits in the form of marketable securities.

Spread (securities trade on net basis)

A long position in a certain option class combined with a short option in one or more other series of the same option class.

Structured finance

Global activity aimed at the extension of credits in specialised product/market combinations, development and marketing of complex financial solutions, export financing of capital goods and large-scale project finance.

Swaps

Interest Rate Swap: periodic exchange of interest payments during a predetermined period.

Currency Swap: exchange of interest payments and principals in different currencies according to a predetermined ratio between the currencies.

Tier 1 ratio

Core capital of the bank expressed as a percentage of total risk-weighted assets. The minimum standard set by the Netherlands central bank is 4%.

Total return to Shareholders (TRS)

Share price appreciation plus dividend yield.

Treasury

Is responsible for all money market and currency operations.

Trust business

Assets are entrusted to a trustee who is responsible for the management of these assets.

Venture capital

Investment in the risk capital of businesses for the account and at the risk of the bank.

Volatility

A statistic measure for the degree to which market rates fluctuate over time.

Warrant

A document that gives the bearer the right to acquire a predetermined number of securities at an agreed price during a fixed period.

Yield curve

Interest rate structure, indicating the interest rate percentage per fixed rate period.

Safe Harbour Statement under the Private Securities Litigation Reform Act of 1995

Certain of the statements contained herein that are not historical facts, including, without limitation, statements as to future net profit and operating expenses, are statements of future expectations and other forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended) that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, (ii) performance of financial markets, (iii) interest rate levels, (iv) currency exchange rates, including the NLG-USD exchange rate, (v) changes in laws and regulations, including monetary convergence and the European Monetary Union, (vi) changes in the policies of central banks and/or foreign governments, (vii) cost overruns and (viii) competitive factors, in each case on a global, regional and/or national basis. ABN AMRO does not undertake to update any statements of future expectations or other forward-looking statements contained herein.

