ABN AMRO Bank N.V.

Annual Review 2009

Reading Guide / *Contents*

Introduction for the reader

This document contains the Annual Review for the year ending 2009 of the businesses of ABN AMRO Holding N.V. that were acquired by the State of the Netherlands ('Dutch State') and that were substantially transferred to ABN AMRO Bank N.V. in the legal demerger on 6 February 2010.

In 2009 the businesses now included in ABN AMRO Bank N.V. were part of ABN AMRO Holding N.V. and subsidiaries, controlled by the Managing Board and Supervisory Board of ABN AMRO Holding N.V. It was regulated on a statutory basis, with capital adequacy, liquidity measures and exposures reported to, and regulated by the Dutch Central Bank (De Nederlandsche Bank). Consequently, this Annual Review is a voluntary disclosure with a three-fold purpose. To supplement the statutory financial statements of ABN AMRO Bank N.V., to provide comparative financial information for the new ABN AMRO Group N.V. financial statements for the year ended 31 December 2010, and to provide a basis for any registration document or prostpectuses to be filed with AFM or other regulators for issuing debt securities. In addition, it has been prepared to inform debt investors and other stakeholders such as the shareholder, customers and employees. This Annual Review should be read in conjunction with the 2009 Annual Report of ABN AMRO Holding N.V.

The Annual Review includes financial and other information on ABN AMRO Bank N.V. as if the bank had included the Dutch State acquired businesses of ABN AMRO from 1 January of the comparative year.

Certain definitions
Throughout this document and in the introduction above, 'ABN AMRO Holding' means ABN AMRO Holding N.V. The term 'ABN AMRO' refers to Holding and its consolidated subsidiaries. 'RBS N.V.' refers to the former ABN AMRO Bank N.V. which was renamed to The Royal Bank of Scotland N.V. after the legal demerger of the Dutch State acquired businesses on 6 February 2010. The term 'ABN AMRO Bank' refers to the new entity named ABN AMRO Bank N.V. (previously named ABN AMRO II N.V.), and its consolidated subsidiaries, after the legal demerger on 6 February 2010. In the context of the pro forma financial information the term refers to the Dutch State acquired business that in 2008 and 2009 were included in the former ABN AMRO Bank N.V., now RBS N.V. The term 'new ABN AMRO Group' refers to the new ABN AMRO Group N.V., the future government controlled parent company of ABN AMRO Bank after legal separation.

The terms 'Consortium' and 'Consortium Members' refer to the banks The Royal Bank of Scotland Group plc ('RBS'), Fortis N.V. and Fortis SA/NV (together 'Fortis') and Banco Santander S.A. ('Santander') who jointly acquired ABN AMRO Holding N.V. on 17 October 2007 through RFS Holdings B.V. ('RFS Holdings'). On 3 October 2008 the State of the Netherlands acquired Fortis Bank (Nederland) N.V., including the interest of Fortis in RFS Holdings that represents the acquired activities of ABN AMRO and effectively became the successor of Fortis in the Consortium Shareholder Agreement.

'EUR' refers to euros, while 'USD' refers to US dollars.

Presentation of information
This Annual Review is prepared on the basis as if all Dutch State acquired businesses that will be legally separated from ABN AMRO Holding N.V. were already transferred into ABN AMRO Bank N.V. or its consolidated subsidiaries as from the earliest date presented in this Review and contains pro forma financial information on the years ending 31 December 2009 and 31 December 2008 respectively. The Annual Review excludes the assets and liabilities that have not yet been settled between the Consortium shareholders, the so-called "Shared Assets", in which each of the Consortium shareholders has a joint and indirect interest. The net value of the assets and liabilities are currently expected to remain for an interim period in ABN AMRO Holding.

Unless otherwise indicated, the financial information contained in this Annual Review has been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and IFRS as issued by the International Accounting Standards Board ('IASB').

All annual averages in this Annual Review are based on month-end figures. Management does not believe that these month-end averages present trends materially different from those that would be presented by daily averages.

Certain figures in this document may not sum up exactly due to rounding. In addition, certain percentages in this document have been calculated using rounded figures.

This Annual Review contains the Chairman's review as well as pro forma financial information and other information in their original language (English).

Cautionary statement on forward-looking statements
We have included into this Review, and from time to time may make in our public filings, press releases or other public statements, certain statements that may constitute "forward-looking statements" within the meaning of the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995. This includes, without

limitation, such statements that include the words ‘expect’, ‘estimate’, ‘project’, ‘anticipate’, ‘should’, ‘intend’, ‘plan’, ‘probability’, ‘risk’, ‘Value-at-Risk (“VaR”)’, ‘target’, ‘goal’, ‘objective’, ‘will’, ‘endeavour’, ‘outlook’, ‘optimistic’, ‘prospects’ and similar expressions or variations on such expressions.

In particular, this document includes forward-looking statements relating, but not limited, to ABN AMRO Bank potential exposures to various types of market risks, such as counterparty risk, interest rate risk, foreign exchange rate risk and commodity and equity price risk. Such statements are subject to risks and uncertainties. For example, certain of the market risk disclosures are dependent on choices about key model characteristics and assumptions and are subject to various limitations. By their nature, certain of the market risk disclosures are only estimates and, as a result, actual future gains and losses could differ materially. These forward-looking statements are not historical facts and represent only ABN AMRO Bank’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond our control.

Other factors that could cause actual results to differ materially from those estimated by the forward looking statements contained in this document include, but are not limited to:

— the extent and nature of future developments and continued volatility in the credit markets and their impact on the financial industry in general and ABN AMRO Bank in particular;
— the effect on ABN AMRO Bank’s capital of write downs in respect of credit exposures;
— risks related to ABN AMRO Bank’s transition and separation process following its acquisition by the Dutch State;
— general economic conditions in the Netherlands and in other countries in which ABN AMRO Bank has significant business activities or investments, including the impact of recessionary economic conditions on ABN AMRO Bank’s revenues, liquidity and balance sheet;
— actions taken by governments and their agencies to support individual banks and the banking system;
— monetary and interest rate policies of the European Central Bank and G-7 central banks;
— inflation or deflation;
— unanticipated turbulence in interest rates, foreign currency exchange rates, commodity prices and equity prices;
— potential losses associated with an increase in the level of substandard loans or non-performance by counterparties to other types of financial instruments;
— changes in Dutch and foreign laws, regulations and taxes;
— changes in competition and pricing environments;
— inability to hedge certain risks economically;
— adequacy of loss reserves;
— technological changes;
— changes in consumer spending, investment and saving habits; and
— the success of ABN AMRO Bank in managing the risks involved in the foregoing.

Factors that could also adversely affect ABN AMRO Bank’s results, the accuracy of forward-looking statements in this Review and the factors discussed here and in the paragraphs ‘Regulation and Supervision’ and ‘Key risk factors’ and elsewhere in this Review should not be regarded as a complete set of all potential risks or uncertainties. ABN AMRO Bank has economic, financial market, credit, legal and other specialists who monitor economic and market conditions and government policies and actions. However, because it is difficult to predict with complete accuracy any changes in economic or market conditions or in governmental policies and actions, it is hard for ABN AMRO Bank to anticipate the effects that such changes could have on ABN AMRO Bank’s financial performance and business operations. Accordingly, you are cautioned not to place undue reliance on forward-looking statements.

The forward-looking statements made in this Review are only applicable as at the date of publication of this document. ABN AMRO Bank does not intend to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this Review, and ABN AMRO Bank does not assume any responsibility to do so. The reader should, however, take into account any further disclosures of a forward-looking nature ABN AMRO Bank may make in ABN AMRO Bank’s interim reports.

Ownership

ABN AMRO Bank is ultimately owned by the Dutch State after legal separation.

Chairman's review *2009*

Ladies and gentlemen,

I am proud to present the Annual Review for the year ending 2009 of ABN AMRO Bank N.V., which includes since 6 February 2010, the businesses of ABN AMRO Holding that were acquired by the Dutch State. In 2009, the businesses were part of the former ABN AMRO Bank and ABN AMRO Holding. This Annual Review is therefore a voluntary disclosure, which should be read in conjunction with the 2009 Annual Report of ABN AMRO Holding. It aims to provide you with an overview of the most important developments in 2009, a year marked by many changes for the bank and its employees.

ABN AMRO Bank is planned to be legally separated from the residual RBS-acquired businesses on 1 April 2010 to become an independent bank wholly owned by the Dutch State through a new holding company ABN AMRO Group N.V. This move represents a new starting point for us, bringing us one step closer to the integration with Fortis Bank Nederland. Preparations for this legal separation dominated the year under review. At the same time, 2009 was a year of economic uncertainty, requiring increased focus on business as usual in a period of transition.

Results of operations in 2009

ABN AMRO Bank realised a loss for 2009 of EUR 117 million. This loss excludes a loss attributable to the ABN AMRO Holding and its subsidiaries' Central Items, which are shared among RBS Group, Santander and the Dutch State. The loss for the period is mainly due to pressure on interest margins, higher loan impairments reflecting the deterioration of the economic climate, higher deposit guarantee scheme charges, and integration and separation costs. Costs, excluding the deposit guarantee scheme and separation and integration charges were lower compared with 2008.

Update on separation

On 6 February 2010, the majority of the businesses of ABN AMRO acquired by the Dutch State were legally demerged from the RBS acquired businesses. A new entity named ABN AMRO Bank N.V. was created, containing the majority of the activities acquired by the Dutch State comprising Dutch commercial clients (SMEs and corporates), Dutch consumer clients, and Dutch and international private clients including the international diamonds and jewellery business. ABN AMRO Bank is a separate bank within ABN AMRO Holding and is licensed and regulated by the Dutch Central Bank.

EC Remedy

A major step that needs to be taken before ABN AMRO Bank and Fortis Bank Nederland can merge and integrate their activities in 2010, is the sale of part of the Dutch commercial clients' activities, selected regional branch offices included in HBU II N.V. and IFN Finance B.V. The sale is needed in order to comply with the European Commission's competition requirements ('EC Remedy'). On 20 October 2009, the Dutch State and Deutsche Bank AG entered into a "Heads of Agreement" outlining the principal terms and conditions of the sale to Deutsche Bank AG of new HBU II N.V., and the Share Purchase Agreement was signed on 23 December 2009. The sale is expected to be closed directly after legal separation of ABN AMRO Bank from ABN AMRO Holding. A capital injection of the Dutch State of EUR 833 million through a mandatory convertible security of ABN AMRO Bank will cover the sale's negative impact on capital after legal separation.

Governance

Until the legal separation from ABN AMRO Holding is finalised, which is planned for 1 April 2010, ABN AMRO Bank will be controlled by the same Managing Board and Supervisory Board as those of

ABN AMRO Holding and regulated on a consolidated basis with capital ratios, liquidity measures and exposures being reported to and regulated by the Dutch Central Bank. The team that leads the planning for the future combined ABN AMRO Bank and Fortis Bank Nederland bank ('Transition Team') was announced in February 2009. The Transition Team defined the combined bank's ambition, vision, strategy, and transition process for phased implementation of the integration. The members of this team, who are also designated to form the Managing Board of ABN AMRO Bank after separation are: Gerrit Zalm (Chairman), Jan van Rutte (Vice Chairman and Chief Financial Officer), Caroline Princen (Integration, Communication & Compliance), Wietze Reehoorn (Risk Management & Strategy), Joop Wijn (Commercial & Merchant Banking), Chris Vogelzang (Retail & Private Banking) and Johan van Hall (Technology, Operations & Property Services). The proposed new Supervisory Board was announced in November 2009.

Capital

ABN AMRO Bank is well capitalised and has exceeded the minimum Tier 1 and total capital ratios of 9% and 12.5% respectively (under Basel I as set by the Dutch Central Bank during the transition period). The Tier 1 ratio for ABN AMRO Bank at the end of 2009 was 10.2% and the total capital ratio amounted to 14.8%. As part of an agreed plan for the separation, the Dutch State took several capital measures in 2009 designed to ensure that ABN AMRO Bank is adequately capitalised and has a sound liquidity position upon legal separation.

In 2009 and early 2010 several significant milestones were reached in the separation process: ABN AMRO Bank N.V. was created, the sales transaction required to comply with the EC Remedy was agreed, and several capital actions were taken.

The process of separation is expected to be completed in the beginning the second quarter of 2010.

On behalf of the Managing Board, I would like to thank all our employees for their hard work and continued commitment and our clients for their loyalty and support during another eventful period.

A critical milestone for the future of the bank is that the preparations for the integration are being finalised. Together we will build a strong, solid bank that combines the best of ABN AMRO Bank and Fortis Bank Nederland. A bank with the core values trusted, professional and ambitious.

Gerrit Zalm
Chairman of the Managing Board of
ABN AMRO Bank N.V.

Amsterdam, 26 March 2010

Figures at a glance

Legal separation process

ABN AMRO Holding was acquired by a consortium of banks through RFS Holdings B.V. on 17 October 2007. The Consortium consisted of The Royal Bank of Scotland Group plc (38%), Fortis N.V. and Fortis SA/NV (34%) and Banco Santander SA (28%). On 24 December 2008 the Fortis Bank (Nederland) N.V. stake in RFS Holdings was transferred to the Dutch State, following the acquisition by the Dutch State in October 2008 of Fortis Bank (Nederland) N.V., including its stake in RFS Holdings.

On 30 September 2009 ABN AMRO filed a proposal for the legal demerger with the Amsterdam Chamber of Commerce. On 9 November 2009, ABN AMRO announced that the creditor objection period in the Netherlands and Belgium in relation to the legal demerger of the majority of ABN AMRO Bank N.V. had ended on 30 October 2009. The Amsterdam District Court confirmed that no objections were filed. As a result, ABN AMRO Holding was able to proceed with the restructuring process to transfer the businesses acquired by the Dutch State into a newly formed entity, ABN AMRO II N.V., which was renamed ABN AMRO Bank N.V. following legal demerger.

On 13 January 2010 the Dutch Central Bank granted a banking license to the new ABN AMRO Bank for engaging in universal banking business in the Netherlands.

On 6 February 2010 ABN AMRO successfully executed the deed of demerger in accordance with the demerger proposal filed with the Amsterdam Chamber of Commerce on 30 September 2009, thereby demerging the majority of the Dutch State acquired businesses. Additionally, as part of the overall separation process, some subsidiaries and assets and liabilities were separately transferred to the new legal entity ahead of the execution of the legal demerger. Some further assets and liabilities were separately transferred to the new legal entity around the same time or shortly after the execution of the legal demerger.

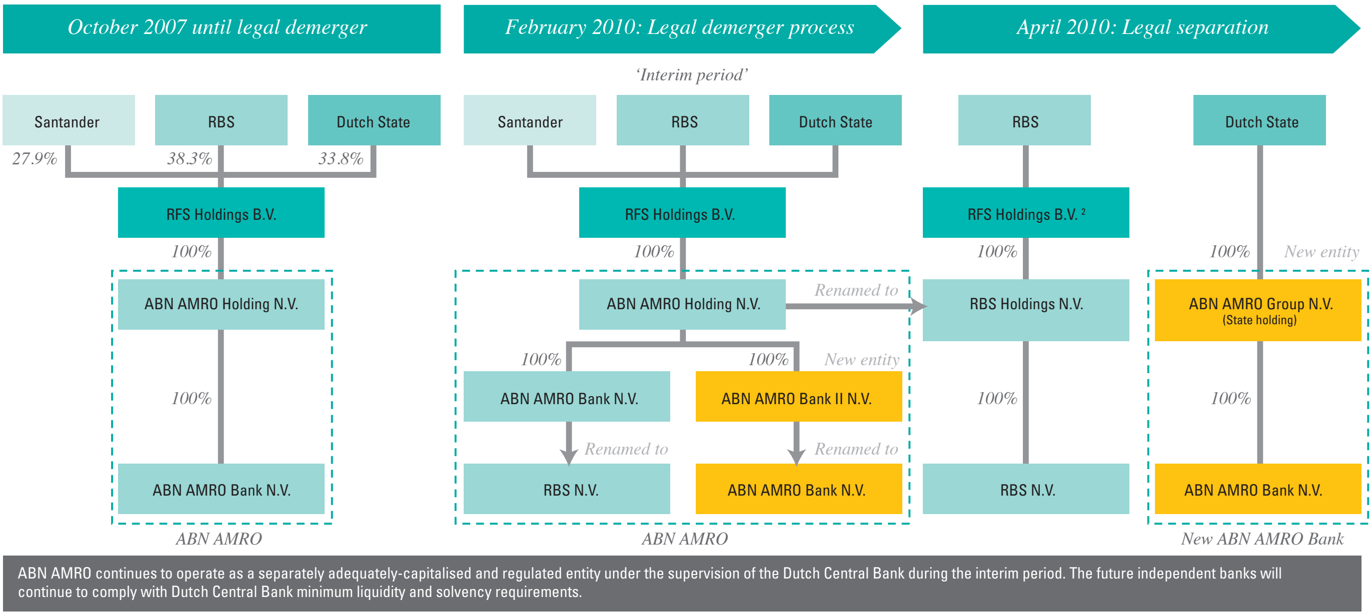
Effective at the same date, the former ABN AMRO Bank N.V. (prior to legal demerger), from which ABN AMRO Bank was demerged, was renamed The Royal Bank of Scotland N.V. The legal entity into which the Dutch State acquired businesses were demerged was also renamed, from ABN AMRO II N.V. to ABN AMRO Bank N.V. Both The Royal Bank of Scotland N.V. and ABN AMRO Bank N.V. will remain wholly owned by ABN AMRO Holding until the latter is legally transferred out of ABN AMRO Holding. The smooth legal separation of ABN AMRO Bank from ABN AMRO Holding remains a priority for the Managing Board of ABN AMRO Holding and is targeted for completion on 1 April 2010.

ABN AMRO Bank continues as an independent and separately capitalised and regulated bank under the supervision of the Dutch Central Bank.

The diagram on the next page details the demerger and legal separation process in steps[1].

The Dutch State intends, following its separation from ABN AMRO Holding, to integrate the new ABN AMRO Bank and Fortis Bank (Nederland) N.V. This integration is dependent on the required approvals being issued by the European Commission, the Dutch State, the Dutch Central Bank and the relevant international regulatory bodies. The legal merger of ABN AMRO Bank and Fortis Bank (Nederland) N.V. is expected to take place in the third quarter of 2010.

The Dutch State is not involved in the day-to-day management of ABN AMRO Bank, and has expressed the intention not to be



1. The part of the assets and liabilities that are not allocated to any of the Consortium Members, the so-called *Shared Assets*, are not included in this overview.
2. The structure shown represents the position after a transitional phase, during which the Dutch State and Santander will continue to hold a stake in RFS Holdings commensurate to their holding in remaining Shared Assets and any other businesses subject to later separation.

involved in the day-to-day management of the combined entity once ABN AMRO Bank has merged with Fortis Bank (Nederland) N.V. ('Combined Bank'). The Dutch State has stated its intention to privatise the combined bank not earlier than 2011.

As a so-called regulatory 'remedy' to protect fair competition in the Netherlands, the European Commission made it a prerequisite for approving the integration of the new ABN AMRO Bank and Fortis Bank (Nederland) N.V. that part of the combined commercial banking activities had to be sold.

On 23 December 2009, former ABN AMRO Bank and Deutsche Bank AG signed a Share Purchase Agreement ('SPA') confirming the agreements reached for the sale of New HBU II N.V. (New HBU II) and IFN Finance B.V. (IFN Finance) (referred to hereafter as 'EC Remedy'). The sale price agreed upon for EC Remedy, including a guarantee provided for 75% of the credit losses ('credit umbrella') and an amount for other liabilities and costs, is EUR 700 million.

The closing of the EC Remedy transaction is agreed to take place after legal separation. ABN AMRO Bank has considered the impact of the transaction on results and capital ratios and considers that the transaction will have a negative impact of between EUR 800 million and EUR 900 million on results. The total loss on the transaction includes a provision for the credit umbrella. ABN AMRO Bank expects to account for these losses when, after legal separation, the conditions for realising the closing have been met.

Until legal separation, ABN AMRO Bank will continue to be governed by ABN AMRO Holding's Managing Board and Supervisory Board and regulated on a consolidated basis with capital adequacy, liquidity measures and exposures being reported to and regulated by the Dutch Central Bank.

Selected Financial Data

The selected financial data set out below is a summary derived from ABN AMRO Bank pro forma consolidated financial information for the periods indicated. This summary data should be read in conjunction with – and is qualified by – the consolidated financial statements and notes included elsewhere in this Annual Review and the other information provided in this section.

This pro forma financial information is prepared on the basis as if all Dutch State acquired businesses that will be legally separated from ABN AMRO Holding N.V. were already transferred into ABN AMRO Bank N.V. or its consolidated subsidiaries as from the earliest date presented in these pro forma financial statements. The pro forma financial statements exclude the assets and liabilities that have not yet been settled between the Consortium shareholders, the so-called "Shared Assets", in which each of the Consortium shareholders has a joint and indirect interest. The net value of the assets and liabilities are currently expected to remain for an interim period in ABN AMRO Holding.

Intercompany positions with the businesses of ABN AMRO Holding N.V. that remain within RBS Holdings N.V. and its consolidated subsidiaries after legal separation are presented as if these positions were with external parties. The net asset is disclosed separately in Note 45 'Related Parties'.

ABN AMRO Bank's pro forma consolidated financial information for the year ended 31 December 2009

	2009	2008
Income statement		(unaudited)
Net interest income	**2,979**	3,223
Total non-interest income	**2,320**	1,966
Total operating income	**5,299**	5,189
Operating expenses	**4,194**	3,786
Loan impairment and other credit provisions	**1,172**	776
Operating profit before taxes	**(67)**	627
Net profit	**(117)**	3,536
Attributable to owners of the parent	**(112)**	3,530
Attributable to non-controlling interest	**(5)**	6
Statement of financial position (in billions of euros)		
Shareholders' equity	**4.3**	7.0
Group Capital	**4.3**	7.0
Due to customers and issued debt securities	**167.3**	153.2
Loans and receivables- customers	**149.2**	150.4
Total assets	**202.1**	183.5
Credit related contingent liabilities and committed facilities	**10.2**	9.7
Risk-weighted assets	**75.0**	91.7
BIS Tier 1 ratio	**10.2%**	9.4%
BIS total capital ratio	**14.8%**	12.6%
Efficiency ratio	**79.1%**	73.0%
Average number of employees (headcount)		
Netherlands	**19,731**	20,439
Other countries	**2,956**	3,018
Number of branches and offices		
Netherlands	**596**	614
Other countries	**59**	61
Number of countries and territories where present	**15**	15

Integration, change and strategy

Preparations

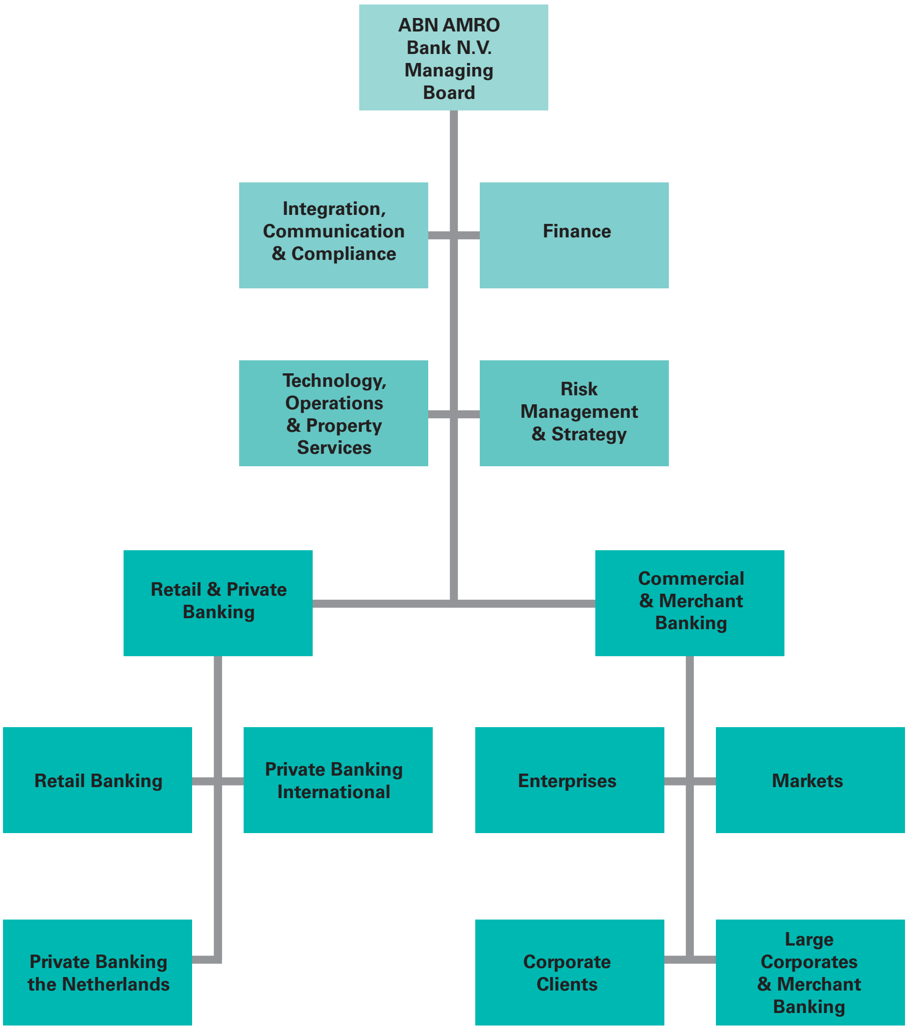
On 21 November 2008, the Dutch Minister of Finance announced the Dutch State's intention to integrate ABN AMRO Bank N.V. with Fortis Bank (Nederland) N.V. into a new bank operating under the name ABN AMRO.

As part of the preparations for the integration, the bank described the strategic direction for each of the Client Centres (business lines) and Support Centres. Detailed transition plans were jointly developed under the supervision of the designated Management Group of the future bank, defining the bank's ambition, vision, strategy, targets and transition. In November 2009 the transition plans were presented to all stakeholders, including the Dutch Central Bank, the Central Works Council and the employees of Fortis Bank (Nederland) N.V. and ABN AMRO Bank. The next steps in the transition process involve detailing and implementing the plans, subject to all necessary internal and external approvals.

Strategy
The combined bank aspires to excel in serving Dutch clients in the Netherlands and abroad, and to capture a leading position in a limited number of global specialist market segments. The combined bank intends to be a financial services provider that shows integrity and keeps its promises, is cost-conscious at all times, and is willing to invest in its customers.

Over the coming years, the focus will be on strengthening the bank's financial position, realising significant cost savings and growing revenues. The goal is to achieve a healthy long-term return combined with a moderate risk profile. Synergies of the combined bank are expected to amount to EUR 1.1 billion before tax annually.

Structure
The chart on the next page represents the structure of the new ABN AMRO Bank N.V. subsequent to the merger with Fortis Bank (Nederland) N.V.


ABN AMRO Bank N.V. Managing Board
Integration, Communication & Compliance
Finance
Technology, Operations & Property Services
Risk Management & Strategy
Retail & Private Banking
Commercial & Merchant Banking
Retail Banking
Private Banking International
Enterprises
Markets
Private Banking the Netherlands
Corporate Clients
Large Corporates & Merchant Banking

Client Centres
The combined bank will be composed of two Client Centres – Retail & Private Banking ('RPB') and Commercial & Merchant Banking ('CMB') – supported by various Support Centres including Risk, Human Resources, Compliance, Technology, Operations & Property Services ('TOPS') and Finance.

Retail Banking will be a large player in the Dutch market, offering professional advice and products to retail clients in all phases of their lives. It will seek to grow specifically in the Mass Affluent segment.

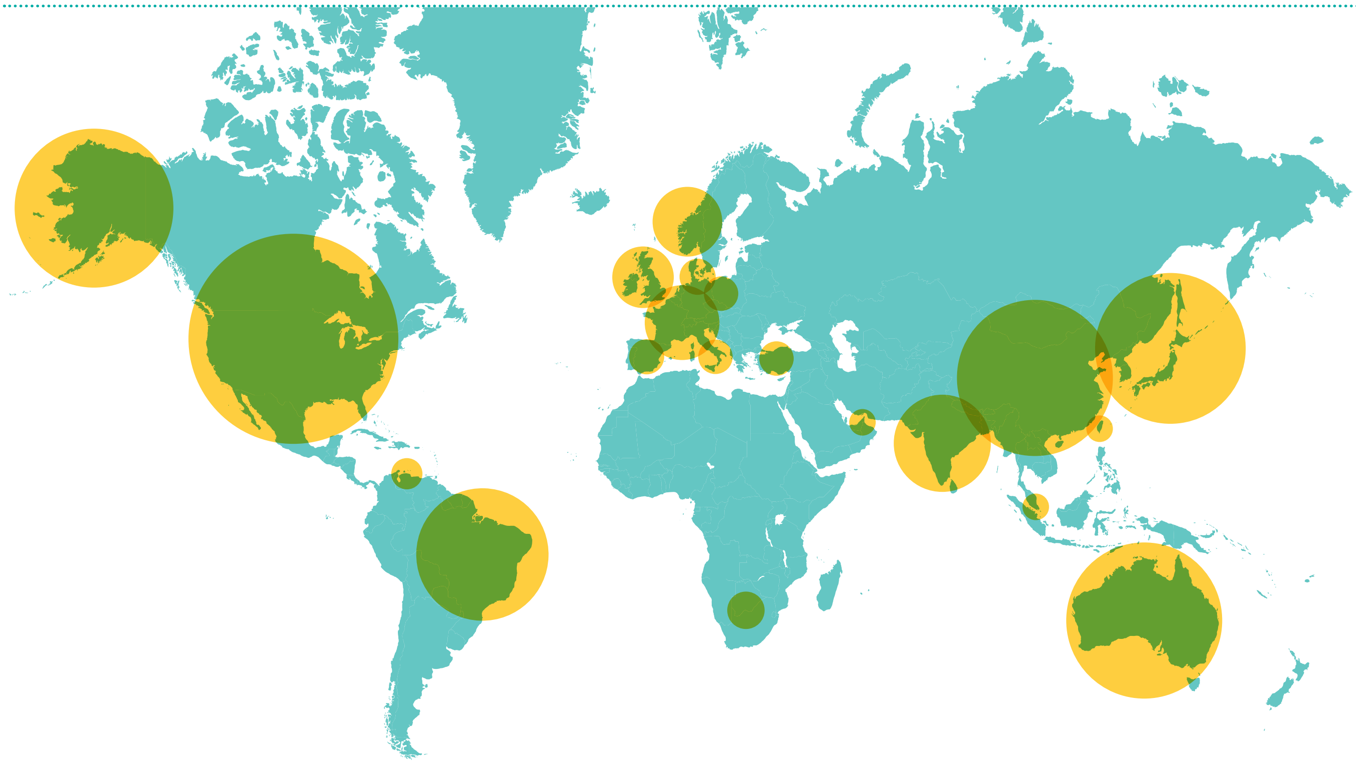
The Private Banking business, including the International Diamonds & Jewelry Group, active in 14 countries, will be significant in the Netherlands as well as in Europe and will be active in Asia.

Commercial & Merchant Banking will predominantly operate in the Netherlands for corporate clients and deliver services to small and medium-sized businesses. It aspires to be the principal bank for Dutch companies locally and for their businesses abroad. In addition, it aims to focus on a number of global specialist market segments such as Energy, Commodities & Transportation ('ECT'), and Brokerage, Clearing & Custody ('BCC').

Support Centres
The combined bank's Support Centres provide central services such as Finance, Risk, Compliance, Technology, Operations & Property Services ('TOPS') and Human Resources. The Operations and IT activities will continue to form an essential foundation for the infrastructure of the new bank.

International footprint
The combined bank will have a presence in 30 countries and territories including the Netherlands, where various Client Centres are active with the help of the Support Centres. In addition to a strong network in the Netherlands, the combined bank will have a presence in 18 countries and territories in Europe, with a focus on the neighbouring countries (Belgium, Germany, France and the United Kingdom) and Switzerland. Outside Europe the bank will be present in Australia, Brazil, Cayman Islands, Hong Kong, India, Japan, the Dutch Antilles, Singapore, Taiwan, United Arab Emirates and the United States.

Americas	Europe & Africa			Asia & Oceania
United States	Belgium	Isle of Man	Spain	China
Brazil	Channel Islands	Italy	Switzerland	Hong Kong (China)
British Virgin Islands	Denmark	Luxembourg	Turkey	India
Cayman Islands	France	Netherlands	United Kingdom	Japan
Netherlands Antilles (Curaçao)	Germany	Norway		Singapore
	Ireland	Poland	Botswana	Taiwan
				United Arab Emirates
				Australia



Workforce reduction
ABN AMRO Bank N.V. employs a total of 21,696 FTEs at year-end 2009 excluding temporary and insourced personnel and adjusted for all divestments announced or made in 2009.

Integration and efficiency measures will involve further FTE reductions in the combined new bank in the coming years, mainly in Retail Banking and the Support Centres. At the same time, new jobs will be created. The number of FTEs for the combined bank is expected to decrease to 25,350 in 2012, representing a reduction of 4,788 over the period 2009 – 2012 in comparison with the baseline of 30,138 FTEs employees at year-end 2008.[2]

Impact of transition on clients
Retail Banking clients, products and processes are scheduled to be migrated to ABN AMRO Bank platform in the course of 2010. Customer satisfaction will be measured regularly during the integration.

The integration of the Private Banking business will be organised in such a way that clients will receive support from their current relationship managers during migration. In principle, clients should not change relationship managers more than once.

Commercial & Merchant Banking will adhere to the current client segmentation, so that units will not be separated as this could disrupt the client-account manager relationship.

Next steps in the integration
The legal merger and the start of the integration with Fortis Bank (Nederland) N.V. are important envisaged milestones in 2010. The next step in the integration is expected to be taken in the second quarter of 2010, when ABN AMRO Bank and Fortis Bank (Nederland) N.V. become direct subsidiaries of a joint parent company, the new ABN AMRO Group N.V., a holding company established on 18 December 2009 by the Dutch State. As of the date that both banks are placed under this new holding company, subject to DNB approval and completion of the sale of HBU II N.V. and IFN Finance, to Deutsche Bank AG, the integration will commence.

From the acquisition of ABN AMRO Bank and Fortis Bank Nederland the Management and Supervisory Boards of the new ABN AMRO Group N.V., ABN AMRO Bank and Fortis Bank (Nederland) N.V. are expected to be composed of the same members. In addition, joint managers for select parts of both ABN AMRO Bank and Fortis Bank (Nederland) N.V. are scheduled to be appointed, i.e. one manager will be responsible for managing comparable teams and activities at both banks. These plans are subject to statutory and regulatory approvals and completion of the sale of HBU II N.V. and IFN Finance to Deutsche Bank AG.

Compliance with the EC Remedy is a condition for obtaining approval for the integration of ABN AMRO Bank and Fortis Bank (Nederland) N.V. Although former ABN AMRO Bank N.V. and Deutsche Bank AG signed the Share Purchase Agreement (‘SPA’) on 23 December 2009, ABN AMRO Bank and Fortis Bank (Nederland) N.V. will only be allowed to proceed with the integration once the EC Remedy has been formally completed.

2. At 31 December 2008 Fortis Bank (Nederland) N.V. and ABN AMRO Bank employed a total of 30,138 FTEs employees, of which 8,442 (28%) at Fortis Bank (Nederland) N.V. and 21,696 (72%) (excluding private equity) at ABN AMRO Bank.

Risk and capital management

This risk and capital management section sets out the regulatory environment faced by ABN AMRO Bank, explains how ABN AMRO Bank manages risk and describes some of the risk factors affecting ABN AMRO Bank. Until legal separation, ABN AMRO Bank is controlled by ABN AMRO Holding and regulated on a consolidated basis with capital adequacy, liquidity measures and exposures being reported to and regulated by the Dutch Central Bank. Risks are managed in ABN AMRO Bank.

ABN AMRO Bank's Risk Philosophy, Guiding Principles and main risks

ABN AMRO Bank's adheres to the "Three Lines of Defence" risk philosophy, guiding principles and governance. The first line of defence is the business, which is accountable for the ownership, day-to-day management and control of all risks at an operational level and for implementing processes and testing key controls in compliance with Group policies. The second line of defence is Group Functions, primarily consisting of Group Risk Management, Group Compliance, Group Legal and Group Finance including Group Asset and Liability Management. These functions are responsible for the implementation and maintenance of the operational risk framework, tools and methodologies, and for oversight and challenge on the adequacy of the risk and control processes operating in the business. The third line of defence is Group Audit, which is responsible for independently assessing the adequacy and effectiveness of key controls and ensuring compliance with ABN AMRO policies.

Risk Philosophy

ABN AMRO Bank's risk philosophy is about the establishment and execution of bank wide criteria for the acceptance, monitoring, control and management of risk. Its purpose is the creation of value by ensuring:

- Risk Awareness: Risks are identified, understood and measured at all levels in the organisation.
- Defined Risk Appetite: Risk accepted by the institution is within the tolerance level set by the Managing Board in accordance with the Group Strategy, existing capital constraints, sustainable earnings and maintenance of desired credit rating for ABN AMRO.
- Clarity and Transparency: Risk decisions are clear, explicit and consistent with strategic business objectives.
- Risk-Reward Alignment: Risk decisions are based upon the appropriate risk-reward balance.
- Compliance: Decisions that may legally and morally commit ABN AMRO must be in compliance with internal approval procedures and the regulations of the countries ABN AMRO and its subsidiaries operate in.

Guiding Principles

The guiding principles serve as a practical interpretation of the concepts described in the Risk Philosophy. These principles apply to the bank and its subsidiaries, and cover all risk types, including – but not limited to – credit, market, operational, liquidity & interest rate, and strategic / business risks.

- *Responsibility and Ownership:* The Value Centers are responsible and accountable for the risks associated with the operations of their areas of the business. They promote risk awareness and ensure that risk decisions are taken in accordance with the established delegated authorities. Value Centers are also responsible for selecting clients in accordance with 'Know Your Customer principles' and for managing these clients within approved limits.
- *Centralisation and Aggregation:* Risk Management & Strategy – acting via relevant Risk Committees – defines the

bank's risk framework, policies and standards based on the strategy and defined risk tolerance set by the Managing Board. Similarly, risk exposures are aggregated at the overall bank level, in order to measure the interaction and impact of various risks, assist the capital allocation process, and provide disclosure to regulators, investors, rating agencies and other third parties.

— *Authority and Delegation:* The framework for managing risk is delegated by the Managing Board to Risk Management & Strategy within the risk governance framework. Working via the Risk Committees, Risk Management & Strategy establishes the scope of the risks to be managed, defines roles and responsibilities, and oversees the establishment of appropriate control, reporting and monitoring systems.
— *'Four eyes' Principle:* Risk decisions are generally required to be taken by a minimum of two authorised individuals. An exception to this is the statistically-based decision-making for programme lending.
— *Independence and Oversight:* Risk Management & Strategy maintains its independence from the bank's commercial functions. It has responsibility for ensuring that adequate reporting, monitoring and compliance policies and procedures are in place.

Main risks facing ABN AMRO

— Credit and country risk is the risk of a loss because a counterparty or an issuer may fail to fulfil its obligations to the bank. This covers actual payment defaults as well as losses in value resulting from a decrease in the credit quality of the counterparty or issuer.
— Funding liquidity is the risk arising from the bank's potential inability to meet its obligations when they become due, without incurring unacceptable losses. Conversely, liquidity risk also manifests itself in the form of opportunity losses due to holding excess liquidity relative to liabilities. Complementing the capital adequacy framework, risk appetite is also expressed through the liquidity risk. This framework is used to manage liquidity risk.
— Operational risk is the risk of loss resulting from inadequate or failed internal processes and/or systems, from human behaviour or from external events. Among other things, this includes the risk of (financial or reputational) damage as a result of IT system outages, fraud, human error, shortcomings in products or processes, and external threats such as natural disasters and wilful damage (vandalism or terrorism, for example).
— Market risk of trading book positions is the risk that movements in financial market prices will decrease the value of the bank's trading portfolios. ABN AMRO Bank is exposed to limited market risk mainly through the client-facilitating activities carried out by the Markets business. ABN AMRO Bank does not actively hold positions in the financial markets.
— Interest rate risk is the risk that ABN AMRO Bank's interest income changes due to a movement in interest rates, and that the change in value of ABN AMRO Bank's financial assets in the banking book – representing financial assets other than those categorised as trading assets – does not match the change in value of ABN AMRO Bank's liabilities due to a change in interest rates. Interest rate risk arises primarily from the fact that the repricing period of the assets typically exceeds the repricing period of the liabilities (an 'interest maturity mismatch').
— Compliance and regulatory risk is the risk arising from failing to meet the requirements and expectations of the bank's many regulators, or from a failure to address or implement any change in these requirements or expectations.

— Legal risk is the risk from failure to comply with statutory or regulatory obligations and from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, law or regulations.
— Financial reporting risk is the risk of a lack of fair presentation and as a result of material misstatements in one or more of the financial statement amounts or disclosures.
— Reputational risk is the risk of potential losses arising from negative public opinion.
— Business risk is the risk that operating income is lower than expected because of lower than expected revenues or higher than expected costs.

Risk management and capital adequacy

ABN AMRO Bank has implemented a combination of advanced and standardised approaches for Credit, Market and Operational risks as allowed under the regulatory framework and is using this in the management of its business. With regards to market risk, ABN AMRO Bank uses an internal Value at Risk ('VaR') model for calculating capital requirements for the majority of the trading book market risks. Refer to ABN AMRO Risk Framework, Governance and main risks section of this Review for further discussion of these risks.

Capital Adequacy Framework
The Capital Adequacy Framework is risk-based and considers quantitative as well as qualitative criteria. The objective is to incorporate measurement, allocation and management of capital throughout the bank based on the chosen business strategy.

A top-down approach is run in parallel with complementary bottom-up processes to ensure value-creating opportunities are identified and appropriately provided for:

i. Capital Measurement includes the measurement of risk, resulting in an estimate of the demand for capital in terms of risk-weighted assets and Economic Capital. Specific metrics have been developed to measure all the risks to which the bank is exposed.
ii. Stress tests show the effects of simultaneous events which cannot (or not sufficiently) be accounted for in 'normal' stand-alone risk measurements. Stress testing is an integral part of the risk and capital management activities.
iii. Capital Planning ensures that the demand for capital is justified by sufficient returns to achieve the Return on Equity target, and that there is sufficient capital available to meet the capital demands. The bank's Capital Planning defines the tools used to manage the capital supply, taking into account the drivers of capital demand. A forward-looking view is incorporated into the Capital Planning approach to capital requirements and developments in capital supply. The business plans as agreed in the annual Strategic Management Process, and also the financial targets as set by the Managing Board, are both taken into account. The expected need for capital is then determined, and both demand and supply of capital are managed actively throughout the year.

Economic Capital
Economic Capital is a measure of risk that indicates how much capital the bank should possess to sustain unexpected losses with a high degree of certainty, taking into account the bank's exposure. ABN AMRO Bank uses a confidence level of 99.95% in these calculations (the loss amount will exceed the Economic Capital amount in only 0.05% of the extremely

adverse scenarios). ABN AMRO Bank calculates Economic Capital using its own internally-developed methodology. The Economic Capital models of the bank have been designed in such a way that Economic Capital expresses the capital that is required for the credit rating.

Economic Capital covers all our significant risk types: credit and country risk, operational risk, market risk of trading book positions, interest rate risk in the banking book, business risk, pension liability risk and model and parameter risk.

ABN AMRO Bank is active in various locations in the world and is involved in different business activities. Therefore industry diversification, as well as the diversification between different risk types, is taken into account in calculating Economic Capital. Actual results and capital developments are measured against the actual and forecasted capital position on an ongoing basis in risk and capital management activities.

Use of Economic Capital is key for setting quantitative criteria in our risk awareness, risk appetite and risk-reward - at both portfolio and transaction level - within our risk framework.

Capital resources and minimum capital requirement information

ABN AMRO's ratios continue to exceed the minimum Tier 1 and total capital ratios of 9% and 12.5% respectively (as set under Basel I by the Dutch Central Bank during the separation period of ABN AMRO) and are adequate to cover for stress scenarios. ABN AMRO comfortably continues to exceed the regulatory liquidity requirements. ABN AMRO and its shareholders have plans in place to ensure that at legal separation each individual bank is adequately capitalised and has a sound liquidity position.

In July 2009 two capital actions were executed by means of the issue of a EUR 800 million Mandatory Convertable Tier-1 Security that was acquired by the Dutch Ministry of Finance and a Credit Default Swap transacted with the Ministry of Finance through which ABN AMRO Bank has purchased credit protection on a EUR 34.5 billion portfolio of own originated residential morgages.

The capital actions of the Dutch State that were executed in December 2009, were for the benefit of the acquired ABN AMRO activities of the former ABN AMRO Bank N.V. (as renamed to RBS N.V.) and consisted of the issue of two Mandatory Convertible Securities. The first of these was issued by the former ABN AMRO Bank N.V. in the amount of EUR 967 million and has been demerged together with the assets and liabilities of the Dutch State acquired businesses in accordance with the legal demerger filing dated 30 September 2009 to ABN AMRO Bank. The second of these was in the amount of EUR 833 million and was issued directly by ABN AMRO Bank to cover expected losses in respect of the EC Remedy business disposal. This issuance has not yet contributes to the regulatory capital as at 31 December 2009. The estimated losses related to the EC Remedy are expected to be booked after legal separation in ABN AMRO Bank.

As a consequence of the capital actions described above, the capital position of ABN AMRO Bank will exceed the current regulatory minima as set by the Dutch Central Bank (Tier 1 capital ratio 9%, total capital ratio 12.5%) under the agreed Basel I transitional regime as at 31 December 2009. These capital actions are also aimed to adequately satisfy the Dutch Central Bank regulatory requirements in accordance with Basel II.

The following table analyses ABN AMRO Bank's capital ratios at 31 December 2009 and 2008.

	2009	2008
		(unaudited)
Tier 1 capital	**7,635**	8,593
Tier 2 capital	**3,643**	3,298
Tier 3 capital	**(215)**	(314)
Total capital base (including supervisory deductions)	**11,063**	11,577
Risk-weighted assets on balance	**72,163**	89,295
Off-balance	**1,387**	1,863
Market risks	**1,423**	560
Total risk-weighted assets	**74,973**	91,718
Tier 1 capital ratio	**10.18%**	9.37%
Total capital ratio	**14.76%**	12.62%

Regulation and Supervision

Regulation and supervision in the Netherlands

General
ABN AMRO's regulatory system in the Netherlands is a comprehensive system based on the provisions of the Financial Supervision Act which came into effect on 1 January 2007. The Financial Supervision Act has replaced, amongst others, the Act on the Supervision of the Credit System 1992 without affecting the existing supervisory system. The Financial Supervision Act sets out rules regarding prudential supervision (by the DNB) and supervision of conduct (by the AFM). Prudential supervision focuses on the solidity of financial undertakings and contributes to the stability of the financial sector. Supervision of conduct focuses on orderly and transparent financial market processes, clear relations between market participants and due care in the treatment of clients (including supervision of the securities and investment businesses).

ABN AMRO is a 'universal bank' under the terms of the Financial Supervision Act because it is engaged in the banking business as well as the securities business. Some of the provisions of the Financial Supervision Act may restrict a bank's ability to make capital contributions or loans to subsidiaries and to make distributions.

On 13 January 2010 the Dutch Central Bank granted a banking license to ABN AMRO Bank N.V. for engaging in universal banking in the Netherlands.

Prudential supervision
Prudential supervision of credit institutions in the Netherlands is performed by the DNB under the Financial Supervision Act. No enterprise or institution established in the Netherlands may pursue the business of a credit institution unless it has obtained prior authorisation from the DNB. Its supervisory activities under the Financial Supervision Act focus on supervision of solvency, liquidity and administrative organisation, including risk management and internal control. If, in the opinion of the DNB, a credit institution fails to comply with the rules and regulations regarding the above mentioned subjects, the DNB will notify the credit institution and may instruct the credit institution to behave in a certain manner. If the credit institution does not respond to any such instructions to the satisfaction of the DNB, the DNB is allowed to exercise additional supervisory measures that may include the imposition of fines.

Prudential supervision also oversees calculation of significant intra-group agreements, adjusted solvency, calculation of capital adequacy and significant risk concentrations. It also determines the models used by the financial undertakings to report the calculations to DNB. Finally, the regulation lays down reporting rules, for example reporting deadlines and reporting frequency.

Conduct of business supervision
The body responsible for carrying out this supervision in the Netherlands is the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten / AFM).

Conduct-of-business supervision focuses on ensuring orderly and transparent financial market processes, proper relationships between market participants and the exercise of due care by financial undertakings in dealing with clients. The Financial Supervision Act provides that each supervised credit institution must submit periodic reports to the DNB. In accordance with this requirement ABN AMRO files quarterly and monthly reports with the DNB. At least one submission for each given year must be certified by an external auditor. The report to be certified is selected by an external auditor at his or her discretion.

On 1 July 2008 a decree pursuant to the Financial Supervision Act was extended to incorporate the requirements for eligibility of covered bonds. Dutch issuers of covered bonds now have the facility to register their programs with the DNB. The new legislation is designed to protect the interest of covered bondholders through special supervision by the DNB of the recognised covered bond programs. An issuer must comply with several conditions when submitting a program for recognition and demonstrate compliance to these conditions through the provision of specific documentation and information. Once a program is registered, the issuer will have ongoing administration and reporting obligations to adhere to.

Solvency supervision

Capital adequacy framework (Basel)
In 2004, the Basel Committee on Banking Supervision endorsed the publication of the 'International Convergence of Capital Measurement and Capital Standards: a Revised Framework', commonly referred to as Basel II. The Capital Requirements Directive, representing the translation of Basel II to EU legislation and replacing the Capital Adequacy Directive, was approved by the European Parliament in 2005. This acceptance by the European Parliament cleared the way for the implementation of the Capital Requirements Directive in Europe, with a published compliance date of 1 January 2008. The process of implementing Basel II into Dutch legislation (Financial Supervision Act) and regulation was completed in December 2006, when the DNB published its supervisory rules.

Basel II provides for three approaches of increasing sophistication for the calculation of credit risk capital: the Standardised Approach; the Internal Ratings Based Foundation Approach; and the Advanced Internal Ratings Based Approach. Basel II also introduces capital requirements for operational risk for the first time.

Basel II is structured around three 'pillars':
— Pillar 1 sets out minimum regulatory capital requirements – namely the minimum amount of capital banks must hold against credit, operational and market risks.
— Pillar 2 sets out the key principles for supervisory review of an institution's risk management framework and, ultimately, its capital adequacy. It also sets out specific oversight responsibilities for the Board and senior management, thus reinforcing principles of internal control and other corporate governance practices. Pillar 2, in the new regulation, requires each institution to conduct an internal capital adequacy assessment process (ICAAP).
— Pillar 3 aims to bolster market discipline through enhanced disclosure by banks.

ABN AMRO Bank N.V. transitional agreement and current compliance with the Basel II capital adequacy framework
As from 1 January 2008, all banks under Dutch law are obliged to apply the Basel II rules to report their capital requirements to the DNB. The former ABN AMRO Bank, including the businesses now included in ABN AMRO Bank has been granted a waiver from this requirement by the DNB until the end of 2009, due to the sale of the bank to the Consortium. In 2009 the former ABN AMRO Bank has reported according to the Basel I regime, whereas its business was managed internally under Basel II requirements.

ABN AMRO Bank has implemented the Advanced Approach for credit and operational risk and the Standardised Approach for market risk as defined by the Capital Requirements Directive and Dutch law, and is using these approaches in managing its business. ABN AMRO Bank undertakes regular assessments of its internal capital requirement based on a quantification of the material risks to which it is exposed. This assessment includes the use of stress tests to assess whether ABN AMRO Bank capital resources are adequate to remain above minimum requirements during specified scenarios. The results of this internal capital assessment are reviewed by the Policy & Portfolio Risk Committee and the Asset and Liability Committee ('ALCO') and are used to ensure the adequacy of available capital resources, based on target and minimum capital requirements as set in the risk appetite framework.

The solvency rules for Basel I require ABN AMRO Bank to maintain a minimum level of total capital to support the risk-weighted total value of balance sheet assets and off-balance sheet items. These off–balance sheet items include guarantees; documentary credits; the credit equivalent of interest- and currency-related contracts; unused portions of committed credit facilities with an original maturity of over one year; note issuance facilities and revolving underwriting facilities; and the market risk for financial instruments in the trading book. This minimum level of total capital is called the Capital Adequacy Ratio. The risk weighting considers the debtor's risk, which depends on factors including the debtor's classification, whether or not security is provided, and the country of origin of the debtor.

For ABN AMRO Bank, total capital consists of core capital (Tier 1 capital) and secondary capital (upper and lower Tier 2 capital). ABN AMRO Bank is also permitted to maintain an additional form of regulatory capital, Tier 3 capital, to support the market risk of financial instruments in ABN AMRO Bank's trading book and foreign exchange risk of all business activities. The amount of lower Tier 2 capital may not exceed 50% of the amount of Tier 1 capital, and the amount of Tier 2 capital included in total capital may not exceed the amount of Tier 1 capital. In addition, Tier 3 capital may not exceed 250% of the amount of Tier 1 capital that is necessary to support market and foreign exchange risk, and the sum of Tier 2 and Tier 3 capital may not exceed Tier 1 capital. Goodwill and interests of more than 10% in non-consolidated banking and financial subsidiaries are deducted from Tier 1 capital and total capital.

Exposure supervision

The DNB has issued specific rules with respect to large exposures to a single borrower or group of interconnected borrowers, or in relation to certain other businesses that involve a concentration of risk. Large exposures generally include all assets and off-balance sheet items of a credit institution with respect to a single borrower or group of interconnected borrowers which exceed 10% of a credit institution's total capital. Large exposures must be reported once every quarter to the DNB. There is a limit of 25% of total capital for a single large exposure as part of the banking book. Trading book positions may exceed this limit subject to additional solvency requirements. The aggregate amount of all large exposures of a credit institution may not exceed 800% of its total capital.

Liquidity supervision

Banks are required to report on a consolidated level on their liquidity position to the DNB monthly, on the basis of the liquidity supervision directive. The liquidity directive seeks to ensure that banks are in a position to cope with an acute short term liquidity shortage under the assumption that banks would remain solvent. In principle, the DNB liquidity directive covers all direct domestic and foreign establishments (subsidiaries/branches), including majority participations. The regulatory report also takes into consideration the liquidity effects of derivatives and the potential drawings under committed facilities.

The directive places emphasis on the short term in testing the liquidity position over a period of up to one month with a separate test of the liquidity position in the first week. For observation purposes, several additional maturity bands are included in the liquidity report (one to three months, three to six months, six months to one year and beyond one year).

Available liquidity must always exceed required liquidity. Available liquidity and required liquidity are calculated by applying weighting factors to the relevant on- and off-balance sheet items, i.e. irrevocable commitments. The liquidity test includes all currencies. Compliance reports concerning liquidity requirements of foreign subsidiaries are submitted to the appropriate foreign regulatory authorities as required. At a consolidated level, and in every country in which ABN AMRO Bank operates, it adheres to the liquidity standards imposed by the applicable regulatory authorities.

As a result of the current turbulent times the DNB has required more frequent liquidity information from the banks with a shorter maturity bands. These reports are submitted on a weekly basis.

Structural supervision

Pursuant to the Financial Supervision Act, banks are prohibited to hold, acquire or increase a qualifying holding or exercise any control relating to a qualifying holding in a bank in the Netherlands, except if it has obtained a Declaration of No Objection ('DNO') from the DNB (or in certain specified cases from the Dutch Minister of Finance). Qualifying holding means a participation of at least 10% in the issued share capital of the related voting rights or similar influence. The DNO would be issued unless the qualifying holding in the bank concerned would lead to an influence which might jeopardise sound and prudent operations or the qualifying holding could or would lead to an undesirable development of the financial sector.

The DNB or the Dutch Minister of Finance can, on request, grant so-called bandwidths, umbrella and group-DNOs in respect of qualifying holdings. A DNO is not required in case of a qualifying holding by a bank in a company whose assets consist of more than 90% liquid assets.

According to Dutch regulation a DNO will not be issued regarding qualifying holding by a bank in a non-financial institution if the value of the equity participation would exceed 15% of a bank's regulatory capital and if the participation would cause the value of the bank's aggregate qualifying holdings in non-financial institutions to exceed 60% of its regulatory capital. Certain types of participations will be approved in principle, although in certain circumstances a DNO will have a limited period of validity, such as in the case of a debt rescheduling or rescue operation or when the participation is acquired and held as part of an issue underwriting operation. Generally the approval will be given where the value of the non-financial institution concerned or the value of the participation does not exceed certain threshold amounts.

Supervision of the securities and investment businesses
ABN AMRO Bank is also subject to supervision of its activities in the securities business. The Financial Supervision Act, which has replaced the Act on the Supervision of the Securities Trade 1995 together with the decrees and regulations promulgated thereunder, provides a comprehensive framework for the conduct of securities trading in or from the Netherlands. The AFM is charged by the Dutch Minister of Finance with supervision of the securities industry.

Regulation and supervision in the European Union

The Financial Services Action Plan 1999-2005 has laid the foundations for a single financial market in the EU and has brought about many changes. In its strategy on Financial Services for 2005-2010, the European Commission sets out its objectives to achieve an integrated, and competitive EU financial market by removing any remaining barriers, especially in the retail area so that financial services can be provided and capital can circulate freely throughout the EU at the lowest possible cost, resulting in high levels of financial stability, consumer benefits and consumer protection.

The financial services sector includes three major areas for which European regulatory policies apply: banking, capital markets and asset management. For further details please refer to the 2009 Annual Report of ABN AMRO Holding N.V.

Regulation in the rest of the world

Our operations elsewhere in the world are subject to regulation and control by local supervisory authorities, and our offices, branches and subsidiaries in such jurisdictions are subject to certain reserve, reporting and control and other requirements imposed by the relevant central banks and regulatory authorities.

Risk factors

Set forth below is a summary of what ABN AMRO believes are the essential risks associated with a company that operates in the financial services industry. These risks could have a material adverse effect on ABN AMRO Bank's future business, operating results or financial condition. These risk factors and the other information in this document should be carefully considered before making investment decisions. Additional risks not currently known to ABN AMRO Bank or that ABN AMRO Bank now deems immaterial may also harm ABN AMRO Bank and affect your investment.

Conditions in the global financial markets and economy have yet to normalise and may materially adversely affect ABN AMRO Bank's business and profitability

The outlook for the global economy over the near to medium term remains challenging as the global financial system has yet to fully normalise. Results of operations in the past have been, and in the future may continue to be, materially affected by many factors of a global nature, including political, economic and market conditions; the availability and cost of capital; the liquidity of global markets; the level and volatility of equity prices, commodity prices and interest rates; currency values and other market indices; technological changes and events; the availability and cost of credit; inflation; the stability and solvency of financial institutions and other companies; natural disasters; acts of war or terrorism; investor sentiment and confidence in the financial markets; or a combination of these or other factors. While there are some signs of a recovery in some countries, it appears that 2010 will continue be a year of slow growth, and it is not yet certain whether the recovery underway is stable.

Emergency measures designed to stabilise the European Union and the United States financial markets are beginning to wind down

Since mid-2008, a host of government actions have been implemented in response to the financial crisis and the recession. Some of the programs are beginning to expire and the impact of the wind-down of these programs on the financial sector and on the nascent economic recovery is unknown. As government support schemes are cancelled, changed or withdrawn, there is a possibility that ABN AMRO Bank, in common with other financial institutions, may have insufficient access to, or incur higher costs associated with, funding alternatives, which could have a material adverse effect on ABN AMRO Bank's business, financial condition, results of operations and prospects. In addition, a stall in the economic recovery or continuation or worsening of current financial market conditions could exacerbate these effects.

The financial services industry is subject to intensive regulation, which is undergoing major changes

As a financial services firm, ABN AMRO Bank is subject to financial services laws, regulations, corporate governance requirements, administrative actions and policies in each location in which it operates. In 2009, as many emergency government programs slowed or wound down, global regulatory and legislative focus generally moved to a second phase of broader reform and a restructuring of financial institution regulation. Legislators and regulators, both in Europe and the United States, are currently considering a wide range of proposals that, if enacted, could result in major changes to the way ABN AMRO Bank's global operations are regulated. Some of these major changes may take effect as early as 2010, and could materially impact the profitability of ABN AMRO Bank's businesses, the value of assets we hold or the collateral available for our loans, require changes to business practices or force us to discontinue businesses and expose us to additional costs, taxes, liabilities, enforcement actions and reputational risk.

As a financial company, certain reform proposals under consideration could result in ABN AMRO Bank becoming subject to stricter capital requirements and leverage limits, and could also affect the scope, coverage, or calculation of capital, all of which could require us to reduce business levels or to raise capital, including in ways that may adversely impact our creditors. Regulatory reform proposals could also result in the imposition of additional restrictions on our activities if we were to no longer meet certain capital requirements at the level of the financial holding company.

Markets may experience periods of high volatility accompanied by reduced liquidity, which may lead to market risk losses and adversely influence ABN AMRO Bank's ability to hedge our risks effectively

Market volatility, illiquid market conditions and disruptions in the credit markets remain a risk to ABN AMRO Bank's business. In addition, financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Under these extreme conditions, hedging and other risk management strategies may not be as effective at mitigating trading risks as they would be under more normal market conditions. Moreover, under these conditions market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale, such as crowded trades. ABN AMRO Bank's risk management and monitoring processes seek to quantify and mitigate risk to more extreme market moves. Severe market events have historically been difficult to predict, however, and ABN AMRO Bank could realise significant losses if extreme market events were to persist for an extended period of time.

Changes in interest rate and foreign exchange rates may adversely affect ABN AMRO Bank's results

Fluctuations in interest rates and foreign exchange rates influence ABN AMRO Bank's performance. The results of ABN AMRO Bank's banking operations are affected by ABN AMRO Bank's management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. If the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the decrease in yield on our interest-earning assets, our net interest income and net interest margin may be adversely impacted. This could have a material adverse effect on the financial condition of ABN AMRO Bank's business or results from operations and cash flows.

In addition, New ABN AMRO Bank publishes New ABN AMRO Bank's consolidated financial statements in euros. Fluctuations in the exchange rates used to translate other currencies into euros affect New ABN AMRO Bank's reported consolidated financial condition, results of operations and cash flows from year to year.

For an overview of how interest rate risk and foreign exchange rate fluctuation risk is managed, see 'Market risk in the trading book' in this section as well as Note 38 in Section 9: 'Pro forma Financial Information'.

Defaults by another large financial institution could adversely affect financial markets generally

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between the institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, financial losses and defaults by other institutions. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, derivatives clearing organizations, banks, securities firms and exchanges, with which we interact on a daily basis, and therefore, lead to material losses for ABN AMRO Bank.

ABN AMRO Bank's borrowing costs, our access to the debt capital markets and our liquidity depend significantly on our credit ratings

Rating agencies assess the creditworthiness of ABN AMRO Bank and assign a rating to ABN AMRO Bank and some of the financial instruments it has issued. This information is available to many investors and clients of ABN AMRO Bank. Any downgrade in ABN AMRO Bank's ratings may increase our borrowing costs, require ABN AMRO Bank to replace funding lost due to the downgrade, which may include the loss of customer deposits, and may also limit ABN AMRO Bank's access to capital and money markets and trigger additional collateral requirements in derivatives contracts and other secured funding arrangements. As a result, any reductions in ABN AMRO Bank's credit ratings could adversely affect ABN AMRO Bank's access to liquidity and competitive position, increase its funding costs and have a negative impact on ABN AMRO Bank's earnings and financial condition.

Following the legal demerger, Moody's Investor Service assigned ABN AMRO Bank N.V. long-term and bank strength ratings that carry a negative outlook. There can be no assurance that Moody's or another credit rating agency will not downgrade the credit rating of ABN AMRO Bank N.V.

The financial performance of ABN AMRO Bank has been and will be affected by borrower credit quality

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of ABN AMRO Bank's businesses. Whilst many economies have stabilised and left a recession over the course of 2009, ABN AMRO Bank may continue to see adverse changes in the credit quality of its borrowers and counterparties, for example, as a result of their inability to refinance their indebtedness, with increasing delinquencies, defaults and insolvencies across a range of sectors (such as the personal and banking and financial institution sectors) and in a number of geographies. This trend has led and may lead to further impairment charges, higher costs, additional write-downs and losses for ABN AMRO Bank.

Increases in ABN AMRO Bank's allowances for loan losses may have an adverse effect on ABN AMRO Bank's results

ABN AMRO Bank's banking businesses establish provisions for loan losses, which are reflected in the loan impairment and other credit risk provisions on ABN AMRO Bank's income statement, in order to maintain ABN AMRO Bank's allowance for loan losses at a level that is deemed to be appropriate by management based upon an assessment of prior loss experiences, the volume and type of lending being conducted by each bank, industry standards, past due loans, economic conditions and other factors related to the collectability of each entity's loan portfolio. Although management uses its best efforts to establish the allowances for loan losses, that determination is subject to significant judgment, and ABN AMRO Bank's banking businesses may have to increase or decrease their allowances for loan losses in the future as a result of increases or decreases in non-performing assets or for other reasons. For further detail please refer to the section 'Accounting Policies' in Section 9: 'Pro Forma Financial Information'. Any increase in the allowances for loan losses, any loan losses in excess of the previously determined provisions with respect thereto or changes in the estimate of the risk of loss inherent in the portfolio of non-impaired loans could have an adverse effect on ABN AMRO Bank's results of operations and financial condition.

ABN AMRO Bank operates in markets that are highly competitive. If ABN AMRO Bank is unable to perform effectively, our business and results of operations will be adversely affected

There is substantial competition for the types of banking and other products and services that ABN AMRO Bank provides in the regions in which ABN AMRO Bank conducts large portions of our business. The intensity of this competition is affected by consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors. In addition, technological advances and the growth of e-commerce have made it possible for non-depositary institutions to offer products and services that were traditionally banking products and for financial institutions to compete with technology companies in providing electronic and internet-based financial solutions. If ABN AMRO Bank is unable to provide attractive product and service offerings that are profitable, ABN AMRO Bank may lose market share or incur losses on some or all of ABN AMRO Bank's activities.

In addition, certain competitors may have access to lower cost funding and be able to offer retail deposits on more favourable terms than ABN AMRO Bank and may have stronger multi-channel and more efficient operations as a result of greater historical investments. Furthermore, ABN AMRO Bank's competitors may be better able to attract and retain clients and talent, which may have a negative impact on ABN AMRO Bank's relative performance and future prospects.

Furthermore, increased government ownership and involvement in banks may have an impact on the competitive landscape in the major markets in which ABN AMRO Bank operates. Although, at present, it is difficult to predict what the effects of this increased government ownership and involvement will be or how they will differ from jurisdiction to jurisdiction, such involvement may cause ABN AMRO Bank to experience stronger competition for corporate, institutional and retail clients and greater pressure on profit margins. Since the markets in which ABN AMRO Bank operates are expected to remain highly competitive in all areas, these and other changes to the competitive landscape could adversely affect ABN AMRO Bank's business, margins, profitability and financial condition.

ABN AMRO Bank is subject to operational risks that could adversely affect our business

ABN AMRO Bank, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud or other misconduct by employees or outsiders, unauthorised transactions by employees and operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. As a consequence of the legal demerger and separation of ABN AMRO, and the accompanying separation of information technology platforms, ABN AMRO Bank is subject to heightened operational risk. ABN AMRO Bank may also be subject to disruptions of operating systems, arising from events that are wholly or partially beyond ABN AMRO Bank's control (including, for example, computer viruses or electrical or telecommunication outages), which may give rise to losses in service to customers and to loss or liability to ABN AMRO Bank. ABN AMRO Bank is further exposed to the risk that external vendors may be unable to fulfil their contractual obligations to ABN AMRO Bank, and to the risk that their business continuity and data security systems prove to be inadequate. ABN AMRO Bank also faces the risk that the design of ABN AMRO Bank's controls and procedures prove to be inadequate or are circumvented. Although ABN AMRO Bank has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures, to identify and rectify weaknesses in existing procedures and to train staff, it is not possible to be certain that such actions have been or will be effective in controlling each of the operational risks faced by ABN AMRO Bank. Any weakness in these systems or controls, or any breaches or alleged breaches of applicable laws or regulations, could have a materially negative impact on ABN AMRO Bank's business, reputation and results of operations.

ABN AMRO Bank depends on the accuracy and completeness of information about customers and counterparties

In deciding whether to extend credit or enter into other transactions with customers and counterparties, ABN AMRO Bank may rely on information furnished to ABN AMRO Bank by or on behalf of the customers and counterparties, including financial statements and other financial information. ABN AMRO Bank also may rely on the audit report covering those financial statements. ABN AMRO Bank's financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or that are materially misleading.

The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate

Under IFRS, ABN AMRO Bank recognises at fair value (i) financial instruments classified as 'held-for-trading' or 'designated as at fair value through income', (ii) financial assets classified as 'available-for-sale', and (iii) derivatives, each as further described in Section 9: 'Pro Forma Financial Information'. Generally, to establish the fair value of these instruments, ABN AMRO Bank relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable market data. In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to changes in market conditions, as has been the case during the current financial crisis. In such circumstances, ABN AMRO Bank's internal valuation models require ABN AMRO Bank to make assumptions, judgements and estimates to establish fair value. In common with other financial institutions, these internal valuation models are complex, and the assumptions, judgements and estimates ABN AMRO Bank is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, residential and commercial property price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgements and estimates may need to be updated to reflect changing facts, trends and market conditions. The resulting change in the fair values of the financial instruments has had and could continue to have a material adverse effect on ABN AMRO Bank's earnings and financial condition.

Our ability to retain and attract qualified employees is critical to the success of our business and the failure to do so may materially adversely affect our performance

Our people are our most important resource and competition for qualified employees is intense. In order to attract and retain qualified employees, we seek to compensate such employees at market levels. Typically, those levels have caused employee compensation to be our greatest expense. If we are unable to continue to attract and retain qualified employees, or do so at rates necessary to maintain our competitive position, or if compensation costs required to attract and retain employees become more expensive, our performance, including our competitive position, could be materially adversely affected. The financial industry may experience more stringent regulation of employee compensation, or employee compensation may be made subject to special taxation, which could have an adverse effect on our ability to hire or retain the most qualified employees.

ABN AMRO Bank is subject to legal risk, which may have an adverse impact on our results

In the ordinary course of business ABN AMRO Bank is involved in a number of legal proceedings. Furthermore, periods of market dislocation, characterised by sharply deteriorating financial markets, are generally accompanied by an increase in investor litigation against intermediaries such as banks and investment advisors. It is inherently difficult to predict the outcome of many of the litigations, regulatory proceedings and other adversarial proceedings involving our businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. In presenting our consolidated financial statements, management may make estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. Changes in our estimates may have an adverse effect on ABN AMRO Bank's results.

The legal demerger of former ABN AMRO Bank N.V. has resulted in a cross liability arrangement that changes the legal recourse available to investors

On 6 February 2010, ABN AMRO Bank N.V. was demerged into two entities, being RBS N.V. (the former ABN AMRO Bank N.V.) and ABN AMRO Bank.

In principle investors now only have recourse to the entity to which the relevant assets and liabilities have been transferred for payments in respect of the appropriate securities. Under the Dutch Civil Code, however, each entity remains liable to creditors for the monetary obligations of the other entity that existed at the date of the legal demerger in the event that the other entity cannot meet its obligations to those creditors. In each case, the liability relates only to obligations existing at the date of the legal demerger.

The liability of ABN AMRO Bank is limited to the amount of equity acquired at legal demerger, which amounts to EUR 1.8 billion. The liability of RBS N.V. is limited to the equity retained at legal demerger, amounting to EUR 4.0 billion.

ABN AMRO Bank has made arrangements to mitigate the risks of liability to the creditors which transferred to RBS N.V. upon legal demerger. RBS N.V. has also made arrangements to mitigate the risks of liability to the creditors that transferred from RBS N.V. to ABN AMRO Bank. Both of these entities hold the level of regulatory capital agreed upon with the Dutch Central Bank for purposes of covering any residual risks.

The joint and several liability of ABN AMRO Holding for the debts of ABN AMRO Bank will be revoked following the anticipated legal separation

ABN AMRO Holding deposited two statements pursuant to Section 2:403 of the Netherlands Civil Code with the Commercial Register of the Chamber of Commerce in Amsterdam (403 Declaration), each declaring that ABN AMRO Holding is jointly and severally liable for the debts resulting from the legal acts of ABN AMRO Bank N.V., RBS N.V. in its form prior to the legal demerger, and of ABN AMRO Bank.

Following the legal demerger, these 403 Declarations continue to be applicable. Upon legal separation, the 403 Declaration relating to ABN AMRO Bank, the demerged and transferred subsidiaries and, partially, to the former ABN AMRO Bank N.V., will be revoked, provided that all of the relevant conditions of Section 2:404 of the Dutch Civil Code are met. Consequently the joint and several liability of ABN AMRO Holding for the debts resulting from legal acts of ABN AMRO Bank (including remaining liability for legal acts of ABN AMRO Bank which arose prior to the date of revocation of the 403 Declaration), the demerged and transferred subsidiaries and of

RBS N.V. to the extent it relates to the split-off to ABN AMRO Bank pursuant to the legal demerger, will be terminated.

ABN AMRO Holding filed its intention to terminate any such remaining liability with the Amsterdam Chamber of Commerce on 2 December 2009. By filing the intention to terminate the remaining liability, a creditor objection period of two months was initiated, which ended on 2 February 2010. No objections were filed.

Additionally, a proposal for a second legal demerger has been filed and is planned to be executed as per the legal separation to further effect the transfer of the Dutch State acquired businesses to ABN AMRO Bank at the time of, or after, legal separation. This subsequent legal demerger relates to the demerger from ABN AMRO Holding to the new ABN AMRO of an amount of cash and, to the extent not terminated as set out above, any liability pursuant to the 403 Declaration in respect of ABN AMRO Bank, including the remaining liabilities as referred to in section 2:404 of the Dutch Civil Code, to the extent it concerns liabilities arising out of legal acts from ABN AMRO Bank, the demerged and transferred subsidiaries and RBS N.V. to the extent it relates to the split-off to ABN AMRO Bank pursuant to this demerger.

Neither the revocation of the 403 Declaration in respect of ABN AMRO Bank, nor the termination of remaining liability, nor the subsequent legal demerger by ABN AMRO Holding as set out above should pose additional risks for investors or creditors of ABN AMRO Bank and/or the demerged and transferred subsidiaries, as the Dutch State has expressed its intention to have a new 403 Declaration issued by the new holding company, ABN AMRO Group, in respect of ABN AMRO Bank and the demerged and transferred subsidiaries. The expressed intention is that such new 403 Declaration would be issued upon legal separation, with retrospective effect to cover the terminated remaining liabilities as referred to in section 2:404 of the Dutch Civil Code as well.

ABN AMRO Bank's legal demerger and legal separation process creates additional risks for ABN AMRO Bank's business and stability
ABN AMRO Bank is going through a period of transition and change, which poses additional risks to ABN AMRO Bank's business including (i) ABN AMRO Bank's ability to manage to separate from the Group in a controlled manner, (ii) ABN AMRO Bank's ability to retain key personnel during the transition and (iii) enhanced operational and regulatory risks during this period. During this period of transition and change and as a result of the legal demerger and upcoming legal separation, ABN AMRO Bank N.V. and RBS N.V. will remain interdependent with respect to certain business areas, for which they will inter alia provide certain services to each other. Uptill now these risks have not materialised.

Integration of ABN AMRO Bank N.V. with Fortis Bank (Nederland) N.V.
On 21 November 2008, the Dutch State announced its intention to integrate ABN AMRO Bank with Fortis Bank (Nederland) N.V. after completion of the legal demerger and legal separation process. The integration of ABN AMRO Bank with Fortis Bank (Nederland) N.V. is subject to the completion of the sale by ABN AMRO Bank to Deutsche Bank AG of New HBU II N.V. and IFN Finance B.V.

The integration process of ABN AMRO Bank with FBN could be delayed due to inter alia delays regarding the structuring of the legal merger of the two entities or delays in approval or additional terms and conditions of supervisory and regulatory bodies. Failure or delay in this integration may adversely affect the stand alone operation of ABN AMRO Bank and may therefore adversely affect ABN AMRO Bank's results and financial condition.

Lack of liquidity is a risk to ABN AMRO Bank's business and its ability to access sources of liquidity has been, and will continue to be, constrained
ABN AMRO Bank's liquidity management focuses on maintaining a diverse and appropriate funding strategy for its assets, controlling the mismatch of maturities and carefully monitoring its undrawn commitments and contingent liabilities. However, ABN AMRO Bank's ability to access sources of liquidity under its funding programmes during the recent period where ABN AMRO Bank executed the demerger has been constrained to the point where it had to rely on customer deposits and the legislative ABN AMRO Covered Bond programme to meet a considerable portion of its funding. Aforementioned customer deposits are subject to fluctuation due to certain factors outside ABN AMRO Bank's control, such as a loss of confidence, increasing competitive pressures, which could result in an outflow of deposits within a short period of time.

There is currently heavy competition among EU banks for retail customer deposits, especially amongst the banks that do not yet have access to debt capital markets, which has increased the cost of procuring new deposits and impacted ABN AMRO Bank's ability to grow its deposit base. An inability to grow or any material decrease in ABN AMRO Bank's deposits could have a negative impact on ABN AMRO Bank's ability to satisfy its liquidity needs unless corresponding actions were taken to improve the liquidity profile by utilizing its funding programmes, improve the liquidity profile of other deposits or to reduce assets. ABN AMRO Bank, in line with other financial institutions, may need to seek funds under its funding programmes as a corresponding action.

The governments of some of the countries in which ABN AMRO Bank operates have taken steps to guarantee the liabilities of the banks and branches operating in their respective jurisdiction. Whilst in some instances the operations of ABN AMRO Bank are covered by government guarantees alongside other local banks, in other countries this may not necessarily always be the case.

There can be no assurance that these -measures, alongside other available measures, will succeed in improving the funding and liquidity in the markets in which ABN AMRO Bank operates, or that these measures, combined with any increased cost of any funding currently available in the market, will not lead to a further increase in ABN AMRO Bank's overall cost of funding, which could have an adverse impact on ABN AMRO Bank's financial condition and results of operations.

ABN AMRO Bank's business performance could be adversely affected if its capital is not managed effectively or if there are changes to capital adequacy and liquidity requirements.

Effective management of ABN AMRO Bank's capital is critical to its ability to operate its businesses, to grow organically and to pursue its strategy of returning to standalone strength. ABN AMRO Bank is required by regulators in the Netherlands, United Kingdom, the United States and in other jurisdictions in which it undertakes regulated activities, to maintain adequate capital resources. The maintenance of adequate capital is also necessary for ABN AMRO Bank's financial flexibility in the face of continuing turbulence and uncertainty in the global economy.

On 17 December 2009, the Basel Committee on Banking Supervision (the "Basel Committee") proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled "Strengthening the resilience of the banking sector". If the proposals made by the Basel Committee are implemented, this could result in ABN AMRO Bank being subject to significantly higher capital requirements. The proposals include: (a) the build-up of a countercyclical capital buffer in excess of the regulatory minimum capital requirement, which is large enough to enable ABN AMRO Bank to remain above the minimum capital requirement in the face of losses expected to be incurred in a feasibly severe downturn; (b) an increase in the capital requirements for counterparty risk exposures arising from derivatives, repo-style transactions and securities financing transactions; (c) the imposition of a leverage ratio as a supplementary measure to the existing Basel II risk-based measure; (d) the phasing out of hybrid capital instruments as Tier 1 capital and the requirement that the predominant form of Tier 1 capital must be common shares and retained earnings; and (e) the imposition of global minimum liquidity standards that include a requirement to hold a stock of unencumbered high quality liquid assets sufficient to cover cumulative net cash outflows over a 30-day period under a prescribed stress scenario. The proposed reforms are subject to a consultative process and an impact assessment and are not likely to be implemented before the end of 2012. The Basel Committee will also consider appropriate transition and grandfathering arrangements.

These and other future changes to capital adequacy and liquidity requirements in the jurisdictions in which it operates may require ABN AMRO Bank to raise additional Tier 1, Core Tier 1 and Tier 2 capital. If ABN AMRO Bank is unable to raise the requisite Tier 1 and Tier 2 capital, it may be required to further reduce the amount of its risk-weighted assets and engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or achieve prices which would otherwise be attractive to ABN AMRO Bank.

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

Governance

Governance until legal separation

ABN AMRO Holding and former ABN AMRO Bank N.V. are companies with limited liability incorporated under the laws of the Netherlands. Both companies have a two-tier system of corporate governance; consisting of a Supervisory Board and a Managing Board. The day-to-day management of the companies is vested with the Managing Board.

Up to legal separation, ABN AMRO Bank is controlled by ABN AMRO Holding. The memberships of the Supervisory Boards of ABN AMRO Holding and ABN AMRO Bank are the same, as are the memberships of the Managing Boards of ABN AMRO Holding and ABN AMRO Bank. This Annual Review includes a summary of the Governance of ABN AMRO Holding for informational purposes. For further details, please refer to the 2009 Annual Report of ABN AMRO Holding N.V. issued 26 March 2010.

An amended governance structure for ABN AMRO Bank, as explained later in the section, will become effective as of legal separation.

Supervisory Board
The members of the Supervisory Board, and their respective Supervisory Board committee membership, as at 26 March 2010 are Arthur Martinez, André Olijslager, Trude Maas-de Brouwer, Gert-Jan Kramer, Ana Maria Llopis Rivas, Juan Rodriguez Inciarte, Michael Enthoven and Miller McLean.

The Supervisory Board of ABN AMRO Holding has two standing committees: Audit Committee and Nomination & Compensation Committee. The Compliance Oversight Committee ceased to exist on 1 September 2009 and its responsibilities were merged with those of the Audit Committee.

Managing Board
The members of the Managing Board and their responsibilities as at 26 March 2010 are Gerrit Zalm, Ron Teerlink, David Cole, Johan van Hall, Chris Vogelzang, Donald Workman, Javier Maldonado, Jeroen Kremers and Brian Stevenson.

Governance after legal separation

After legal separation, ABN AMRO Bank will be a fully owned subsidiary of new ABN AMRO Group, a holding company owned by the Dutch State. At that time, a new Managing Board and Supervisory Board for ABN AMRO Bank will be appointed, subject to approval from the DNB. The memberships of the Supervisory Boards of new ABN AMRO Group and ABN AMRO Bank will be the same, as will be the memberships of the Managing Boards of the companies.

Supervisory Board

Responsibilities of the Supervisory Board
ABN AMRO Bank's Supervisory Board will supervise the Managing Board, as well as ABN AMRO Bank's general course of affairs and its business. In addition, it is charged with assisting and advising management. In performing their duties, the members of the Supervisory Board are guided by the interests of ABN AMRO Bank and the enterprise connected with it and shall take into account the relevant interests of ABN AMRO Bank's stakeholders. Certain powers are vested with the Supervisory Board, including the approval of certain resolutions of the Managing Board.

Supervisory Board members will be appointed for a term of four years and may be re-appointed after that term. Members of the Supervisory Board may serve a maximum term of 12 years from the date of their first appointment. Candidates recommended for appointment or re-appointment to the Supervisory Board should meet the criteria of the membership profile.

Members of the Supervisory Board will be appointed by the General Meeting of Shareholders. The Supervisory Board will nominate one or more candidates for each vacant seat. In addition, the Central Works Council will have the right to nominate one third of the total number of Supervisory board members.

Composition of the Supervisory Board
The appointment of the following persons to the Supervisory Board and their respective Supervisory Board committee membership has been proposed, subject to approval from DNB:

Hessel Lindenbergh (Chairman)	A, N, R
Hans de Haan	A (Chairman), R
Steven ten Have	N
Bert Meerstadt	A
Erik van de Merwe	A, R (Chairman)
Marjan Oudeman	N
Annemieke Roobeek	R
Peter Wakkie	N (Chairman), R

A member of the Audit Committee
N member of the Nomination & Compensation Committee
R member of the Risk Committee

Activities of the Supervisory Board
The Supervisory Board of new ABN AMRO Bank is expected to have three committees:

— *Audit Committee*
The responsibilities of the Audit Committee include supervising, monitoring and advising the Supervisory Board on the effectiveness of internal risk management and control systems and reviewing and advising the Supervisory Board on the disclosure of financial information.

— *Nomination and Compensation Committee*
The nomination responsibilities include preparing for the selection and nomination of members of the Supervisory and Managing Boards by preparing and periodically reviewing the succession plans of these Boards on the basis of agreed profiles. The Nomination & Compensation Committee defines performance standards and criteria. It periodically reviews the performance of the members of both Boards. Decisions are made on compensation, benefits, pension schemes and other relevant schemes.

— *Risk & Capital Committee*
The role of the Risk Committee includes annual review of the risk appetite of the bank, regular strategic review of whether the bank's activities are aligned with that risk appetite, regular review of the risk profile of the bank, evaluation of the performance of the risk management functions within the bank, review of the bank's risk management framework including the organisational structure and decision-making process, and review of decisions made with material impact on the allocation of capital, liquidity and/or risk profile of the bank. The Risk & Capital Committee will also review and advise on compliance with in- and external regulation, and the development of a culture of compliance.

Managing Board

Responsibilities of the Managing Board
The members of the Managing Board of ABN AMRO Bank will collectively be responsible for managing the bank and will be responsible for its strategy, structure and performance. The members will be appointed by the General Meeting of Shareholders. The Supervisory Board will nominate one or more candidates for each vacant seat. If the candidate nominated by the Supervisory Board is not appointed, the Supervisory Board will be asked to nominate a new candidate. If the new candidate is also not appointed, then the General Meeting of Shareholders will be free to appoint a candidate of their choice. The members of the Managing Board will be accountable both collectively and individually for all decisions taken by the Managing Board.

The Chairman of the Managing Board will lead the Board in its overall management of ABN AMRO Bank to achieve its performance goals and ambitions. The Chairman will be the main point of liaison with the Supervisory Board. The Chief Financial Officer will be responsible for the financial affairs of ABN AMRO Bank, and the Chief Risk Officer will be responsible for risk management and operational risk control.

Composition of the proposed Managing Board
The appointment of the following seven persons for terms of four years to the Managing Board has been proposed, subject to approval from DNB:

Gerrit Zalm	Chairman
Jan van Rutte	Chief Financial Officer
Wietze Reehoorn	Chief Risk Officer and Strategy
Johan van Hall	Chief Operating Officer (Operations, Property and IT)
Chris Vogelzang	Retail & Private Banking
Joop Wijn	Commercial & Merchant Banking
Caroline Princen	Integration, Communication & Compliance

Corporate Governance Codes
ABN AMRO Bank will maintain high corporate governance standards and is committed to continue this through the transition period. For ABN AMRO Bank, good corporate governance will be critical to the company's ability to realise its strategic goal of creating sustainable long-term value for all ABN AMRO Bank's stakeholders – including its shareholder, its clients, its employees and society at large.

In order to achieve good corporate governance, ABN AMRO Bank will organise the bank in a way that promotes first-class stewardship by the Managing Board and effective supervision by the Supervisory Board. Integrity, transparency and accountability will be key elements of ABN AMRO Bank's corporate governance, as they are in the business as a whole. These key elements ensure that the controls and oversight necessary for effective risk management, proper compliance with regulations, and accurate and complete disclosure of information to the market will be in place and functioning well.

Even though ABN AMRO Bank does not have to adhere to the Dutch Corporate

Governance Code because it is not listed on the stock exchange, ABN AMRO Bank will continue to place importance on a transparent governance structure and will substantially adhere to the Dutch Corporate Governance Code. Any deviations will be explained in the 2010 Annual Report.

On 1 January 2010 the ‘Dutch Banking Code’ that was drawn up by the Netherlands Bankers’ Association came into effect. The Dutch Banking Code applies to ABN AMRO Bank. A working group has been established to ensure that the future organisation of the bank applies the principles of the Dutch Banking Code, and any deviations will be explained in the 2010 Annual Report.

Human Resources

Preparing for the integration
The focus for Human Resources (HR) and the bank's employees during the year was on preparing for the integration – a priority for the HR department itself, as well as for the entire organisation. ABN AMRO Bank also worked on developing and harmonising its processes, procedures, systems and employment conditions for the various stages of the transition process. Besides the interests of clients, the interests of employees are at the heart of all its integration efforts, and its consultations with works councils and trades unions remain an integral part of our approach.

During the year the Transition Team came fully into force, leading the organisation towards a complex process of transition planning and preparation. Senior management for the future organisation were nominated in May and September 2009, and immediately began to take on transition responsibilities in the project organisation.

Separation
Besides building a new bank, ABN AMRO Bank was engaged in a complex separation process, resulting from the earlier takeover by the Consortium. This separation continued in 2009, involving separation of IT systems, client businesses and other core bank processes. The framework around this process, including the option for the employee to participate in a mobility programme, had been defined and agreed upon with the works councils and trades unions during the preceding years.

Leadership development and Talent management
This year, ABN AMRO Bank has revitalised its leadership and talent management programmes, incorporating at the earliest possible stage the values of change and of the future organisation. Further initiatives include cross-company mentoring, female top talent board mentoring, and career counselling for young talent.

As part of the Culture & Integration process, we developed coaching and team building for senior management, building the skills to lead the organisation through the transition and integration.

Employees make up our organisation
Insight into what employees think and feel is important for any organisation, but is especially vital for one going through an intensive change and integration process. To measure our employees' perception and opinions of ABN AMRO Bank, we conduct monthly surveys (HR Monitors) among a random sample of our Netherlands-based Retail, Private Clients and other staff units. ABN AMRO Bank also runs a quarterly survey (Employee Monitor) that measures its employees' perceptions of ABN AMRO Bank's leadership and communications effectiveness, and their level of trust in the bank's strategic direction. Both results are used for regular reporting to the Supervisory and Managing Board and other organisational communities, and as follow-up for management, communication and HR.

ABN AMRO Bank believes that mixed teams are vital to the organisation, as diversity leads to better results, better decision-making, improved creativity and innovation, and better retention of clients and employees. On 24 November 2009, ABN AMRO Bank became the 100th signatory to the Dutch Charter "Talent to the Top", committing ourselves to increasing the number of women in senior and middle management positions. One of the focal points of our diversity department is to set targets that will help us to realise our objectives.

In order to maintain its employees' quality and capabilities, ABN AMRO Bank's training and education budgets remained unaltered throughout 2009. Despite the turbulent times, ABN AMRO Bank continued to be a valued employer. In the 2009 Intelligence Group rating of best employers in the Netherlands, ABN AMRO moved from 15th place to 11th.

Central Works Council

The Central Works Council ('CWC') represents the employees of ABN AMRO Bank who are active in the Netherlands. In this capacity the CWC regularly consults with the management of the bank. Since the Dutch State acquired Fortis Bank (Nederland) N.V, including the activities that Fortis had previously purchased from ABN AMRO Bank, Caroline Princen has acted as the CWC's consulting partner.

In response to the Dutch State's intention to combine the activities of Fortis Bank (Nederland) N.V. and ABN AMRO Bank, the CWC decided to take a position on – and thus make a contribution to – this process. The CWC drew up its own 'Vision on the new bank' for this purpose. This vision was positively welcomed by the entire Employee Representation Body ('ERB') and communicated to all relevant stakeholders.

In the past year, the ERB of ABN AMRO Bank dealt with a series of requests for advice under the overall direction of the CWC. In each case every effort was made to obtain information at an early stage in order to ensure timely and high-quality advice. The CWC believes this early involvement created excellent opportunities to influence the decision making in the interests of the employees. This approach also enabled the full ERB of ABN AMRO Bank to achieve uniform opinion and decision making within the advisory process, with a clear segregation of duties and responsibilities while making use of the expertise of the entire ERB.

The most important issues addressed in the past year were:

— Legal demerger. As previously discussed within this Review, on 6 February 2010, ABN AMRO Bank was legally demerged from the RBS acquired businesses. During the advisory process surrounding this legal demerger, the CWC made arrangements that are important to certain groups of employees. These arrangements concern, for example, the pension plans of all employees and the legal position of outsourced employees who wish to make use of the return guarantee.
— Transition plan phase 1. Early in November, the CWC issued advice on the first phase of the transition plan. Now that the integration of Fortis Bank (Nederland) N.V. and ABN AMRO Bank looks set to become reality, the time has come to start building a new bank together. Going forward, the CWC sees a promising future for the combined bank. The combined bank is one that genuinely puts the client first, while seeking to build long-term relationships with clients and employees alike. The CWC is of the opinion that the plans offer good prospects for creating a wonderful new bank. The CWC has found that ABN AMRO Bank's vision on the new bank largely corresponds with its own, which is based on long term thinking, putting the client first and promoting risk awareness among all employees. Though the CWC is enthusiastic about the proposed plans, it also has certain major points of concern. These mainly relate to the integration process, which will inevitably lead to substantial job losses. The CWC is committed to ensuring that the employees who become redundant are given an opportunity to properly develop themselves "from work to work". To this end, it will be involved in all from work to work processes and other relevant HR initiatives. It will also closely and

continuously monitor the Redeployment Centre's activities and results. In addition, the CWC wants to ensure that the selection and matching process is carried out in a transparent, honest and understandable manner. Among other things, it has been agreed that emphasis will be given to people management qualities in the appointment and development of managers. Furthermore, the institution of "confidential officer" will be reinstated as an alternative for the manager or HR Business Partner. Finally, the new bank will make sustainability a strong priority.
— EC Remedy. The Share Purchase Agreement (SPA) reached between the Ministry of Finance and Deutsche Bank AG on 23 December 2009 about the sale of New HBU II has resulted in a definite agreement at the end of December 2009. To protect the interests of the New HBU II, IFN Finance B.V. and ABN AMRO Bank employees as much as possible, the CWC has claimed a right to consultation on the proposed decision to conclude a SPA with Deutsche Bank AG.

The CWC thanks the Management for its open and constructive manner of cooperation in the past period. In addition, the CWC thanks the ERB members as well as all employees who jointly made it possible to complete the important advisory processes during this hectic period in a timely and responsible manner.

Sustainability

Sustainable banking in a changing world

Practising good business ethics in today's world includes adopting a responsible approach to global problems such as climate change, environmental impairment, poverty and diversity. In line with this view, ABN AMRO Bank aims to pursue sustainability in a manner that delivers lasting benefits to all of its stakeholders.

As a bank, we play a key role in society by making our financial resources and expertise available to our clients. This is where our main strength lies. But we also pay close attention to the environmental, social and ethical aspects of our work. In our business decisions and our financial services we aspire to preserve a viable planet and promote the wellbeing of future generations.

Though ABN AMRO Bank has recently experienced turbulent times, we have always remained true to our sustainability policy principles. Accordingly, ABN AMRO Bank continued to pursue a proactive sustainability policy in 2009.

ABN AMRO Bank's sustainability policy is based on the following six pillars:
— providing responsible financial services
— protecting our assets
— minimising our impact on the environment
— being accountable and transparent
— supporting local communities
— being an employer of choice

Providing responsible financial services
The wishes of our clients are paramount in our product development. Where possible, we offer solutions to meet the diverse needs of our clients. At the same time, we integrate as many social and environmental factors as possible into the products we develop. The result is a growing range of sustainable investment funds, and socially- and environmentally-related loans.

Protecting our assets
Our clients are responsible for managing their own social, ethical and environmental issues. But we are responsible for our decision to do business with them. We are aware of the risks we run when clients fail to rise to their sustainability challenges, and are eager to help them do so in an appropriate manner.

ABN AMRO Bank has specialists who advise clients on high-risk credits and transactions. ABN AMRO Bank rejects loans and transactions that do not comply with ABN AMRO Bank policies. This method of risk management constitutes an important part of our sustainability programme.

ABN AMRO Bank has developed a sustainability policy for specific sectors that are exposed to increased risks. These include the arms trade, forestry, gambling, mining, oil & gas and animal testing. In addition, we apply a country social & ethical risk framework, comply with a number of position statements (e.g. on human rights), and make funding for large-scale projects conditional on adherence to the 'Equator Principles'.

To understand the risks present in sensitive sectors and to ensure that ABN AMRO Bank puts its sustainable policy into practice, ABN AMRO Bank uses the Environmental, Social & Ethical scan. This ESE scan gives ABN AMRO Bank a clear picture of any existing environmental, social and ethical risks, and makes both our employees and clients aware of their responsibility in this field. In this way, ABN AMRO Bank is continuing to build its sustainable loan portfolio.

Minimising our impact on the environment
ABN AMRO Bank seeks to minimise its direct impact on the environment.

ABN AMRO Bank does this in three ways: by promoting sustainable procurement, reducing our footprint, and offering sustainable mobility options.

ABN AMRO Bank takes sustainable aspects into consideration in its choice of partners and suppliers. ABN AMRO Bank selects its providers of goods and services including waste handling, energy, hardware and catering on the basis of their adherence to sustainable values in their production processes. Thanks to this sustainable procurement policy, about 95% of the paper that our bank uses in the Netherlands is FSC-certified, all of the bank's branches use fair trade coffee, and about 60% of the food served in the bank's restaurants is organic.

The numerous initiatives for reducing our 'footprint' and making ABN AMRO Bank CO2-neutral have already yielded promising results. In 2009, for instance, the bank's energy consumption and associated CO2 emissions showed a broad-based downward trend. ABN AMRO Bank continuously monitors its energy consumption and takes immediate measures to counter any surplus usage. The installation of movement sensor lighting and software that automatically switches monitors and computers to stand-by mode after a pre-set time yields a further significant reduction in ABN AMRO Bank's energy consumption. Finally, the power we use in the Netherlands is 100% green.

Sustainable mobility is clearly important to society, and the coming years are certain to bring major advances in this area. ABN AMRO Bank is engaged in various mobility initiatives, with two key objectives: firstly, reducing demand for mobility by promoting home working and setting up smart work centres; and, secondly, achieving a better organisation with more sustainable forms of mobility. In the latter area ABN AMRO Bank wants to contribute to the development and use of electric transport.

Being accountable and transparent

Trust is essential for successful banking. Trust is earned through open and honest communication with all stakeholders – clients, employees, business partners and other groups in society. Trust in the banking sector was recently dented, making it more important than ever to monitor how society perceives ABN AMRO Bank. ABN AMRO Bank continuously and actively seeks dialogue with its stakeholders.

As a mark of our commitment to transparency, ABN AMRO Bank contributed to the 'Eerlijke Bankwijzer', a NGOs-developed indicator on "fair banking practices" that was launched in February 2009. The 'Eerlijke Bankwijzer' is based on a survey that Oxfam Novib, Milieudefensie (Friends of the Earth), FNV and Amnesty International carried out to gauge banks' polices on various issues (e.g. biodiversity, climate and human rights) and various sectors (e.g. agriculture, fisheries and forestry).

Supporting local communities

Banks are by definition intertwined with the community in which they operate. Accordingly, ABN AMRO Bank actively promotes the interests and wellbeing of the communities where it is active. ABN AMRO Bank considers it objectionable that young people are denied opportunities to fulfil their potential due to economic, physical or cultural circumstances. The focus of the bank's voluntary activities is therefore on helping socially disadvantaged children and young people to develop their talents and skills. Under the Collective Labour Agreement, employees are entitled to spend one week a year on voluntary work. Many of our employees take up this opportunity and provide enthusiastic contributions to a wide variety of good causes.

ABN AMRO Bank is also the social partner of KidsRights, a foundation dedicated to helping disadvantaged children all over the world. Each year, KidsRights organises the Children's Peace Prize, which is presented to a child who has made an extraordinary contribution to the interests of the children in the community in which they live.

In addition, ABN AMRO Bank is co-founder of Stichting Jong Ondernemen, a foundation that helps to identify and develop positive qualities in young people. One good example is a game for budding entrepreneurs called 'Kids in Bizz'. As the chief sponsor, ABN AMRO Bank offers this game for free to all primary schools in the Netherlands. 'Kids in Bizz' is based on real products and real money, and teaches children what it is like to set up and run your own business. All the products are purchased at Fair Trade Original and any profits made go to a good cause chosen by the pupils themselves. Volunteers from the bank help the teacher supervise the children while they are playing 'Kids in Bizz'.

These are just a few examples of the many social initiatives sponsored by ABN AMRO Bank.

Being an employer of choice

As a responsible employer, preparing our people for change was our focus in 2009. The legal demerger on 6 February 2010 and the upcoming integration with Fortis Bank Nederland mark a new phase in the history of our company. While it is clear that there will be impact on existing jobs, we believe that there will also be new career opportunities for employees. We are investing much time and effort in properly managing the human side of the transition, together with our Consortium partners.

The focus of HR has been on supporting managers and employees to manage uncertainty and prepare for change. Workshops and toolkits were developed and delivered across ABN AMRO Bank globally. When making organisational changes, we adhere to local labour regulations in our various countries and to agreements with unions or staff councils if these are in place.

Performance management, talent reviews and leadership and learning opportunities remained a priority during 2009. We believe they kept staff engaged and motivated to achieve business results. We took steps to integrate sustainability concepts into our regular training offering and also included information about sustainability in our global onboarding content for new staff.

For more information on sustainability at ABN AMRO Bank, please refer to our website: www.abnamro.nl – About ABN AMRO Bank – Sustainable development.

Operating Review

Organisational structure

The organisational business units ('BU') of ABN AMRO Bank are described as follows:

BU Netherlands
This BU serves a diverse client base comprised of consumer and commercial clients. It offers a broad range of commercial and retail banking products and services via a multi-channel service model consisting of a network of branches, internet banking facilities, costumer contact centres and ATMs throughout the Netherlands. BU Netherlands increasingly focuses on mass affluent customers and commercial mid-market clients.

BU Private Clients
This BU offers private banking services to wealthy individuals and institutions with net investable assets of EUR 1 million or more. It also includes the International Diamond and Jewelry Group that offers its clients a full range of banking products and services. In the past few years, BU Private Clients built up an onshore private banking network mainly in continental Europe as well as some activities in Asia.

Other
Other includes activities that do not qualify as a business activity, including the head office functions and centrally held asset and liability management portfolios.

Operating Review Financial Data

For critical accounting policies and changes in accounting rules, refer to the accounting policies section in Section 9: Pro Forma Financial Information.

The following discussion of the bank's operating results is based on – and should be read in conjunction with – ABN AMRO Bank's pro forma financial information. The financial information contained in this review has been prepared in accordance with IFRS as issued by the IASB and adopted by the EU.

This operating and financial review and prospects examines ABN AMRO Bank results under IFRS by comparing the results of operations for the years 2009 to 2008, highlighting key notes by Business Unit ('BU') for each line item. This is followed by a more detailed analysis of the results of operations for each BU, which explains significant variances in profit or losses for the year with reference to the relevant line items.

Consolidation effects of controlled private equity investments
During 2009, ABN AMRO Bank acquired a portfolio of private equity investments. IFRS requires the consolidation of investments over which ABN AMRO Bank has control, including non-financial investments managed as private equity investments. However, as a practical matter, ABN AMRO Bank's private equity business is managed separately from the rest of the banking business, and management does not measure the performance of the banking business based on the consolidated results of operations. Private equity business involves buying equity stakes in unlisted companies over which ABN AMRO Bank can establish influence or control, and managing these share holdings as an investor for a number of years with a view to selling them at a profit.

The companies in which ABN AMRO Bank has these temporary holdings are active in business sectors outside the financial industry. ABN AMRO Bank believes that combining these temporary holdings with the core banking business does not provide a meaningful basis for discussion of the financial condition and results of operations. Therefore, in the presentation of ABN AMRO Bank's 'consolidated results', the effects of a line-by-line consolidation in the income statement of the private equity holdings are removed. The results excluding the consolidation effect include the 'deconsolidated' holdings based on the equity method. The measures excluding the effects of consolidation of ABN AMRO Bank's private equity holdings are non-GAAP financial measures. Management refers to these non-GAAP financial measures when making operating decisions because the measures provide meaningful supplementary information about ABN AMRO Bank's operational performance.

In accordance with applicable rules and regulations, ABN AMRO Bank has presented, and investors are encouraged to review, reconciliations of non-GAAP financial measures to the most comparable IFRS measures, i.e., reconciliations of results excluding the consolidation effects of Private Equity holdings to results including those effects.

Discontinued operations
For 2009 no discontinued operations are mentioned. For 2008, BU Asset Management is reported as discontinued operations.

ABN AMRO Bank results

The following table sets out selected information relating to ABN AMRO Bank for the years ended 31 December 2009 and 2008 respectively, showing the results both under IFRS and excluding the consolidation effect of ABN AMRO Bank's private equity investments.

	2009 (unaudited)	2008 (unaudited)	**2009** (unaudited)	2008 (unaudited)	**2009**	2008 (unaudited)
	Segment results		Reconciling items[1]		IFRS	
Net interest income	**2,994**	3,223	**(15)**	-	**2,979**	3,223
Net fee and commissions income	**1,198**	1,322	**-**	-	**1,198**	1,322
Net trading income	**110**	190	**-**	-	**110**	190
Results from financial transactions	**299**	181	**6**	-	**305**	181
Share of results in equity accounted investments	**83**	31	**-**	-	**83**	31
Other operating income	**215**	242	**-**	-	**215**	242
Income from consolidated private equity holdings	**-**	-	**409**	-	**409**	-
Operating income	**4,899**	5,189	**400**	-	**5,299**	5,189
Operating expenses	**3,796**	3,786	**398**	-	**4,194**	3,786
Operating results	**1,103**	1,403	**2**	-	**1,105**	1,403
Loan impairment and other credit risk provisions	**1,172**	776	**-**	-	**1,172**	776
Operating profit/(loss) before tax	**(69)**	627	**2**	-	**(67)**	627
Income tax expense	**48**	156	**2**	-	**50**	156
Net operating profit/(loss)	**(117)**	471	**-**	-	**(117)**	471
Discontinued operations (net)	**-**	3,065	**-**	-	**-**	3,065
Profit/ (loss) for the year	**(117)**	3,536	**-**	-	**(117)**	3,536
Total assets	**201,825**	183,539	**259**	-	**202,084**	183,539
Risk-weighted assets	**74,973**	91,718	**-**	-	**74,973**	91,718
Full-time equivalent staff	**22,309**	23,040	**2,244**	-	**24,553**	23,040
Number of branches and offices[2]	**655**	681	**-**	-	**655**	681
Efficiency ratio	**77.5%**	73.0%	**-**	-	**79.1%**	73.0%

(1) This is the impact per line item of the private equity investments which are required to be consolidated under IFRS. See 'Section 9: Pro forma financial information 2009, Accounting Policies'.
(2) This number includes double counting of branches and offices that serve more than one BU. Adjusted for this double counting, the actual number of branches and offices amounts to 655 (2008: 675).

Results of operations for the years ended 31 December 2009 and 2008
In the discussion below, the results of operations is analysed excluding consolidation effect (non-GAAP measure).

The result for the year from continuing operations decreased by EUR 588 million to a loss of EUR 117 million. The variances year-on-year are: BU Netherlands decreased by EUR 403 million to a loss of EUR 40 million, BU Private Clients decreased by EUR 267 million to a loss of EUR 76 million and Other increased by EUR 82 million to a loss of EUR 1 million.

Excluding integration and separation costs, and charges for the Dutch deposit guarantee scheme, ABN AMRO Bank would have recorded a net profit for 2009 of EUR 114 million.

Operating income
Operating income decreased by EUR 290 million to EUR 4,899 million. This relates to a decrease in BU Netherlands (EUR 336 million) and in BU Private Clients (EUR 160 million) and an increase in Other (EUR 206 million).

Net interest income
Net interest income decreased by EUR 229 million, or 7.1%, to EUR 2,994 million. This was due to decreases in BU Netherlands (EUR 241 million) and BU Private Clients (EUR 61 million) and an increase in Other (EUR 73 million).

Key notes:
— Net interest income in BU Netherlands and BU Private Clients decreased mainly due to interest margin pressure. The recovery in the interest rates in the Dutch deposit and saving markets started slowly after the first half year 2009. This was partly compensated by an increase in ID&JG due to the introduction of a facility fee or liquidity premium at the end of the third quarter 2008.
— Net interest income in Other increased mainly due to higher Asset and Liability Management results. In the course of 2008, the majority of the Group Asset and Liability Management portfolios have been allocated to the Dutch State acquired businesses, contributing in part to the 2008 results, but fully in 2009.

Net fee and commission income
The following table sets out the net fee and commission income for ABN AMRO Bank for the years ended 31 December 2009 and 2008.

	2009	2008
		(unaudited)
Fee and commission income		
Securities brokerage fees	**365**	397
Payment and transaction services fees	**414**	427
Asset management and trust fees	**254**	293
Insurance related fees	**107**	110
Other fees and commissions	**159**	156
Subtotal	**1,299**	1,383
Fee and commission expense		
Securities brokerage expense	**19**	19
Other fee and commission expense	**82**	42
Subtotal	**101**	61
Total	**1,198**	1,322

Net fees and commission income decreased by EUR 124 million, or 9.4%, to EUR 1,198 million. This was mainly due to decreases in BU Netherlands (EUR 39 million), BU Private Clients (EUR 84 million).

Key notes:
— The decrease in BU Netherlands is mainly due to paid fees on the purchased credit protection for a EUR 34.5 billion portfolio of own originated residential mortgages to strengthen the capital position of the Dutch State acquired businesses.
— Net fees and commission income decreased in BU Private Clients mainly due to lower average Asset under Management levels, reflecting the deteriorated economic climate. Although the Asset under Management levels increased by EUR 22 billion at 31 December 2009 to EUR 124 billion compared to EUR 102 billion at 31 December 2008, the average Assets under Management levels were lower in 2009 compared to 2008.

Net trading income

The following table sets out the net trading income for ABN AMRO Bank for the years ended 31 December 2009 and 2008.

	2009	2008
		(unaudited)
Interest instruments trading	**10**	45
Foreign exchange trading	**140**	114
Other	**(40)**	31
Total	**110**	190

Net trading income decreased by EUR 80 million to EUR 110 million. The decrease was due to BU Netherlands (EUR 51 million), BU Private Clients (EUR 9 million) and Other (EUR 20 million).

Key notes:

— The decrease in BU Netherlands is mainly due to a EUR 59 million credit valuation adjustment for a portfolio of interest rate derivatives.

Results from financial transactions

The following table sets out the results from financial transactions for ABN AMRO Bank for the years ended 31 December 2009 and 2008.

	2009	2008
		(unaudited)
Net result on the sale of available for sale debt securities	**100**	96
Net result on risk mitigants	**74**	215
Ner result on the sale of loans and advances	**(15)**	-
Impairment of available-for-sale debt securities	**(7)**	(24)
Net result from the sale of available-for-sale equity investments	**2**	8
Net result on fair value changes in own credit risk and repurchase of own debt	**59**	8
Dividends on available-for-sale equity investments	**4**	3
Net result on other equity investments	**39**	1
Other	**43**	(126)
Total	**299**	181

Results from financial transactions increased by EUR 118 million to EUR 299 million, due to increases in BU Private Clients (EUR 11 million) and Other (EUR 164 million) and decreases in BU Netherlands (EUR 57 million).

Key notes:
- Results from financial transactions in Other increased mainly due to gains on the buyback of own debt and realised gains on disposal of available-for-sale securities from Asset and Liability Management portfolios. 2008 included losses on issued debt securities elected at fair value as a result of a reduction in interest rates and fair value hedge ineffectiveness.
- The 2008 results from financial transactions in BU Netherlands include a positive result on the unwinding of some capital management related guarantee transactions that did not occur during 2009.

Other operating income
The following table sets out the other operating income for the Group for the years ended 31 December 2009 and 2008.

	2009	2008
		(unaudited)
Insurance activities	**18**	45
Leasing activities	**77**	71
Disposal of operating activities and equity accounted investments	**10**	12
Other	**110**	114
Total	**215**	242

Other operating income decreased by EUR 27 million to EUR 215 million, mainly due to decreases in BU Private Clients (EUR 17 million) and Other (EUR 10 million).

Operating expenses
Operating expenses increased by EUR 10 million, or 0.3%, to EUR 3,796 million due to increases in BU Netherlands (EUR 1 million) and Other (EUR 11 million) and a decrease in BU Private Clients (EUR 2 million). The operating expenses in 2009 include EUR 83 million deposit guarantee charge (charge of EUR 100 million related to the bankruptcy of the DSB bank, partly offset by a release of EUR 17 million for Icesave) and EUR 227 million integration and separation costs compared with EUR 53 million deposit guarantee charge relating to Icesave and EUR 209 million integration and separation costs in 2008. Adjusted for the DSB deposit guarantee charge and the restructuring charges, operating expenses decreased by EUR 68 million.

Key notes:
- Operating expenses in BU Netherlands include EUR 84 million DSB deposit guarantee charge and EUR 156 million integration and separation costs whereas 2008 include EUR 40 million deposit guarantee charges and EUR 175 million integration and separation costs. The integration and separation charge also includes costs related to the preparation for the sale resulting from the EC Remedy. Adjusted for the DSB deposit guarantee charge and the integration and separation charges, non-GAAP operating expenses decreased by EUR 24 million due to a decrease in staff costs and bonuses. Full time equivalents decreased from 18,847 in 2008 to 18,095 in 2009.
- Operating expenses in BU Private Clients decreased by EUR 2 million, or 0.2%, to EUR 892 million benefiting from cost management actions and lower personnel expenses (following decreased full time equivalents from 4,063 in 2008 to 3,940 in 2009). The results in 2009 include EUR 11 million deposit guarantee charge and EUR 43

million integration and separation costs whereas 2008 include a EUR 13 million deposit guarantee and EUR 33 million integration and separation costs.

Loan impairments and other credit risk provisions
Loan impairments and other credit risk provisions increased by EUR 396 million to EUR 1,172 million, mainly due to increases in BU Netherlands (EUR 212 million) and BU Private Clients (EUR 188 million).

Key notes:
- This increase in BU Netherlands predominantly comprise specific provisions against commercial loan portfolio and an increased level of incurred but not identified provisions on the basis of an assessment of the economic climate and the expected loan impairments.
- The increase in BU Private Clients is mainly due to specific provisions against individual clients.

Analysis of the balance sheet movements
The following is an analysis by significant balance sheet category of movements between 31 December 2009 and 31 December 2008.

	2009	2008
		(unaudited)
Assets		
Financial assets held for trading	**4,228**	978
Financial investments	**20,153**	14,667
Loans and receivables – banks	**17,380**	7,456
Loans and receivables – customers	**149,223**	150,403
Total assets	**202,084**	183,539
Liabilities		
Financial liabilities held for trading	**2,944**	337
Due to banks	**4,577**	730
Due to customers	**143,782**	121,962
Issued debt securities	**23,451**	31,174
Subordinated liabilities	**7,040**	5,927
Total liabilities	**197,806**	176,495
Equity		
Equity attributable to shareholders of the parent company	**4,270**	7,039
Equity attributable to minority interests	**8**	5
Total equity	**4,278**	7,044
Guarantees and other commitments	**4,546**	4,000
Committed credit facilities	**5,657**	5,675

ABN AMRO Bank's total assets were EUR 202.1 billion at 31 December 2009, an increase of EUR 18.6 billion, or 10%, when compared with EUR 183.5 billion at 31 December 2008. This increase is primarily related to the purchase of high quality debt securities and the increase in the net receivable from the RBS acquired businesses and Shared Assets of ABN AMRO. Total liabilities increased EUR 21.3 billion, or 12%, to EUR 197.8 billion mainly due to the increase in savings and current account balances for both consumer and commercial customers.

Financial assets and liabilities held for trading
Financial assets held for trading increased by EUR 3.2 billion to EUR 4.2 billion at 31 December 2009 compared to the 31 December 2008 amount of EUR 1.0 billion. This increase is attributable due to the establishment of the Markets function,

which provides corporate and investment banking services to large companies and financial institutions in the Netherlands.

The establishment of the Markets function also led to an increase of financial liabilities held for trading of EUR 2.6 billion to EUR 2.9 billion at 31 December 2009 as compared to EUR 0.3 billion at 31 December 2008.

Financial investments
At 31 December 2009, ABN AMRO Bank held financial investments of EUR 20.2 billion as compared to EUR 14.7 billion at 31 December 2008. The increase of EUR 5.5 billion, or 37%, was due to the purchase of high quality debt securities for asset and liability management purposes, as part of separation readiness.

Loans and receivables – banks and Due to banks
Total loans and receivables – banks increased by EUR 9.9 billion, or 133%, to EUR 17.4 billion at 31 December 2009 compared to the balance of EUR 7.5 billion at 31 December 2008. This increase was primarily driven by the EUR 10.0 billion increase of the net receivable from the RBS acquired businesses and Shared Assets of ABN AMRO.

The increase in Due to banks of EUR 3.8 billion to EUR 4.6 billion at 31 December 2009 compared to EUR 0.7 billion at 31 December 2008, was mainly due to a EUR 2.7 billion financing facility with the DNB.

Loans and receivables – customers and Due to customers
Loans and Receivables – customers decreased by EUR 1.2 billion, or 1%, to EUR 149.2 billion at 31 December 2009, compared to EUR 150.4 billion at 31 December 2008. The reduction is mainly due to a EUR 0.8 billion increase in loan impairment allowances.

Due to customers increased by EUR 21.8 billion, 18%, to EUR 143.8 billion at 31 December 2009 compared a the balance of EUR 122.0 billion at 31 December 2008. This increase was primarily driven by increases in savings and current account balances for both the consumer and commercial customers, mainly since the end of the first quarter 2009, as a result of improved market conditions.

Issued debt securities
At 31 December 2009, ABN AMRO Bank had issued debt securities in the amount of EUR 23.5 billion as compared to EUR 31.2 billion at 31 December 2008. The decrease of EUR 7.7 billion, or 25%, was due to the debt redemptions and the buy back of own issued debt.

Subordinated liabilities
Subordinated liabilities increased EUR 1.1 billion, or 19%, to EUR 7.0 billion at 31 December 2009 compared to EUR 5.9 billion at 31 December 2008. This is mainly due to the issuance of Mandatory Convertible Securities amounting to EUR 2.6 billion as part of the capital actions of ABN AMRO Bank, partly offset by the redemption of a EUR 1.1 billion subordinated note falling due.

Equity
Equity reduced by EUR 2.7 billion, or 39%, to EUR 4.3 billion, compared to EUR 7.0 billion at 31 December 2008. The reduction is mainly due to a EUR 2.6 billion allocation of capital to Shared Assets to ensure sufficient capital for the Dutch state interest remains in Shared Assets.

Guarantees and other commitments
ABN AMRO Bank has, at any time, a number of commitments to extend credit. At 31 December 2009, ABN AMRO Bank had EUR 4.5 billion of guarantees and other commitments outstanding as compared to EUR 4.0 billion at 31 December 2008. At 31 December 2009, ABN AMRO Bank had EUR 5.7 billion of committed credit facilities as compared to EUR 5.7 billion at 31 December 2008.

Results of operations by BU

BU Netherlands
The table sets out selected information related to BU Netherlands, for the years ended 31 December 2009 and 2008.

	2009 (unaudited)	2008 (unaudited)	**2009** (unaudited)	2008 (unaudited)	**2009**	2008 (unaudited)
	Segment results		Reconciling items[1]		IFRS	
(in millions of euros)						
Net interest income	**2,673**	2,914	**(15)**	-	**2,658**	2,914
Net fee and commissions income	**689**	728	**-**	-	**689**	728
Net trading income	**62**	113	**-**	-	**62**	113
Results from financial transactions	**62**	119	**6**	-	**68**	119
Share of result in participations with influence	**82**	30	**-**	-	**82**	30
Other operating income	**160**	160	**-**	-	**160**	160
Income from consolidated private equity holdings	**-**	-	**409**	-	**409**	-
Operating income	**3,728**	4,064	**400**	-	**4,128**	4,064
Operating expenses	**2,851**	2,850	**398**	-	**3,249**	2,850
Operating results	**877**	1,214	**2**	-	**879**	1,214
Loan impairment and other credit risk provisions	**957**	745	**-**	-	**957**	745
Operating profit/(loss) before tax	**(80)**	469	**2**	-	**(78)**	469
Income tax expense	**(40)**	106	**2**	-	**(38)**	106
Net operating profit/(loss)	**(40)**	363	**-**	-	**(40)**	363
Total assets	**145,431**	143,465	**259**	-	**145,690**	143,465
Risk-weighted assets	**67,144**	86,079	**-**	-	**67,144**	86,079
Full-time equivalent staff	**18,095**	18,847	**2,244**	-	**20,339**	18,847
Number of branches and offices	**585**	600	**-**	-	**585**	600
Efficiency ratio	**76.5%**	70.1%	**-**	-	**78.7%**	70.1%

(1) This is the impact per line item of the private equity investments which are required to be consolidated under IFRS. See 'Section 9: Pro forma financial information 2009, Accounting Policies'.

Results of operations for the years ended 31 December 2009 and 2008
In the discussion below, the results of operations is analysed excluding consolidation effect (non-GAAP measure).

The result for the year decreased by EUR 403 million to a loss of EUR 40 million. This was a result of an decrease in operating income of EUR 336 million, an increase in operating expenses of EUR 1 million, an increase in loan impairment and other credit risk provisions of EUR 212 million and a decrease in income tax expense of EUR 146 million.

Operating income
Operating income decreased by EUR 336 million, or 8.3% to EUR 3,728 million.
— Net interest income decreased by EUR 241 million, or 8.3%, mainly due to interest margin pressure. The recovery in the interest rates in the Dutch deposit and saving markets started slowly after the first half year 2009.
— Net fee and commission income decreased by EUR 39 million, or 5.3%, mainly due to fees paid on the purchased credit protection for a EUR 34.5 billion portfolio of own originated residential mortgages to strengthen the capital position of the Dutch State acquired businesses.
— Net trading income decreased by EUR 51 million or 45.1%, mainly due to a EUR 59 million credit valuation adjustment for a portfolio of interest rate derivatives.
— Results from financial transactions decreased by EUR 57 million, or 47.9%. The 2008 figures include a gain on the unwinding of some capital management related guarantee transactions.
— Share of results in equity accounted investments increased by EUR 52 million and benefited from higher results on our participation in Delta Lloyd and Equens.

Operating expenses
Operating expenses remained stable at EUR 2,851 million. The results in 2009 include EUR 84 million deposit guarantee charge and EUR 156 million integration and separation costs, whereas 2008 include EUR 40 million deposit guarantee charges and EUR 175 million integration and separation costs. The integration and separation charge also includes costs related to the preparation for the sale resulting from the EC Remedy. Adjusted for the DSB deposit guarantee charge and the integration and separation charges, operating expenses decreased by EUR 24 million due to a decrease in staff costs and bonuses. Full time equivalents decreased from 18,847 in 2008 to 18,095 in 2009.

Loan impairments and other credit risk provisions
Loan impairments and other credit risk provisions increased by EUR 212 million, or 28.5%, to EUR 957 million. This increase predominantly comprise specific provisions against commercial loan portfolio and an increased level of incurred but not identified provisions on the basis of an assessment of the economic climate and the expected loan impairments.

BU Private Clients
The table sets out selected information related to BU Private Clients, for the years ended 31 December 2009 and 2008.

	2009	2008
		(unaudited)
Net interest income	**391**	452
Net fee and commissions income	**517**	601
Net trading income	**75**	84
Results from financial transactions	**(2)**	(13)
Share of results in equity accounted investments	**1**	1
Other operating income	**55**	72
Operating income	**1,037**	1,197
Operating expenses	**892**	894
Operating results	**145**	303
Loan impairment and other credit risk provisions	**219**	31
Operating profit/(loss) before tax	**(74)**	272
Income tax expense	**2**	81
Net operating profit/(loss)	**(76)**	191
Total assets	**20,857**	20,801
Risk-weighted assets	**10,414**	10,471
Assets under Management (in billions of euros)	**124**	102
Full-time equivalent staff	**3,940**	4,063
Number of branches and offices	**70**	81
Efficiency ratio	**86.0%**	74.7%

Results of operations for the years ended 31 December 2009 and 2008
The results for the year decreased by EUR 267 million to a loss of EUR 76 million. This reflects a decrease in operating income of EUR 160 million, a decrease in operating expenses of EUR 2 million, an increase in loan impairments and other credit risk provisions of EUR 188 million and a decrease in tax of EUR 79 million.

Operating income
Operating income decreased by EUR 160 million, or 13.4%, to EUR 1,037 million following lower average Assets under Management levels, due to lower values of investments and due to migration to less complex and lower margin products.
— Net interest income decreased by EUR 61 million, or 13.5%, mainly due to interest margin pressure.
— Non-interest income decreased by EUR 99 million, or 13.3%, mainly driven by lower net fee and commission income. Although the Asset under Management levels increased by EUR 22 billion to EUR 124 billion at December 2009, the average Assets

under Management levels were lower in 2009 compared to the average Assets under Management levels in 2008.

Operating expenses

Operating expenses decreased by EUR 2 million, or 0.2% to EUR 892 million benefiting from cost management actions and lower personnel expenses (following decreased full time equivalents from 4,063 in 2008 to 3,940 in 2009). The results in 2009 include EUR 16 million deposit guarantee charge and EUR 43 million integration and separation costs, whereas 2008 include EUR 13 million deposit guarantee charge and EUR 33 million integration and separation costs.

Loan impairments and other credit risk provisions

Loan impairments and other credit risk provisions increased by EUR 188 to EUR 219 million. The increase comprises specific provisions against individual clients.

Other
The table sets out selected information related to Other, for the years ended 31 December 2009 and 2008.

	2009	2008
		(unaudited)
Net interest income	**(70)**	(143)
Net fee and commissions income	**(8)**	(7)
Net trading income	**(27)**	(7)
Results from financial transactions	**239**	75
Other operating income	**-**	10
Operating income	**134**	(72)
Operating expenses	**53**	42
Operationg results	**81**	(114)
Loan impairment and other credit risk provisions	**(4)**	-
Operating profit/(loss) before tax	**85**	(114)
Income tax expense	**86**	(31)
Net operating profit/(loss)	**(1)**	(83)
Total assets	**19,113**	12,848
Risk-weighted assets	**(2,585)**	(4,832)
Full-time equivalent staff	**274**	130
Efficiency ratio [1]	**40%**	-

(1) Negative efficiency ratios have been excluded.

Results of operations for the years ended 2009 and 2008
The results for the year increased by EUR 82 million. This was as a result of an increase in operating income of EUR 206 million, an increase in operating expenses of EUR 11 million, a decrease in loan impairment and other credit risk provisions of EUR 4 million, and an increase in tax of EUR 117 million.

Operating income
Operating income increased by EUR 206 million to EUR 134 million, mainly due to realised gains from the buyback of own issued debt securities, and disposal of financial investments from Asset and Liability Management portfolios. In the course of 2008, the majority of the Group Asset and Liability Management portfolios have been allocated to the businesses acquired by the Dutch State.

Operating expenses
Operating expenses increased by EUR 11 million to EUR 53 million.

Income tax expense
Income tax expense increased by EUR 117 million to EUR 86 million, mainly due to impairments on deferred tax assets.

Pro forma financial information

Accounting policies

Corporate information
ABN AMRO Bank N.V. (ABN AMRO Bank or the Company) was incorporated on 9 April 2009 by ABN AMRO Holding N.V. ('ABN AMRO Holding'). The Company is a private limited company incorporated under the laws of the Netherlands and has its statutory seat in Amsterdam, the Netherlands and its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands. The Company is registered with the Trade Register of the Chambers of Commerce under number [34334259 0000].

At 31 December 2009 the shares of the Company were held by ABN AMRO Holding. The Company was incorporated for the purpose of acquiring businesses of ABN AMRO which are allocated to the State of the Netherlands ('Dutch State') and carrying out banking activities as defined in the articles of association.

Definitions
Throughout this document:
— 'ABN AMRO Holding' means ABN AMRO Holding N.V. The term 'ABN AMRO' refers to ABN AMRO Holding and its consolidated subsidiaries.
— 'RBS N.V.' refers to the former ABN AMRO Bank N.V. which was renamed The Royal Bank of Scotland N.V. after legal demerger.
— The term 'ABN AMRO Bank' refers to the new entity named ABN AMRO Bank N.V. (previously named ABN AMRO II N.V.), on a pro forma basis, please refer to 'basis of preparation' below.
— The term 'Consortium members' refers to the banks The Royal Bank of Scotland Group plc ('RBS Group'), Fortis N.V. and Fortis SA/NV (together 'Fortis') and Banco Santander S.A. ('Santander') who jointly acquired ABN AMRO Holding on 17 October 2007 through RFS Holdings B.V. ('RFS Holdings').

On 3 October 2008 the Dutch State acquired Fortis Bank (Nederland) N.V., including the interest in RFS Holdings that represents the acquired activities of ABN AMRO and effectively became the successor of Fortis in the Consortium Shareholder Agreement.

The ABN AMRO legal demerger and legal separation
On 6 February 2010, the businesses of ABN AMRO acquired by the Dutch State were legally demerged from the former ABN AMRO Bank N.V. (immediately here-after renamed RBS N.V.). At the date of demerger, ABN AMRO II N.V. was renamed ABN AMRO Bank N.V. The Company currently serves Dutch commercial and retail banking clients, Dutch and international private clients, and international diamond and jewelry businesses.

Until legal separation ABN AMRO Bank will be governed by the ABN AMRO Holding Managing and Supervisory Board and regulated on a consolidated basis with capital ratios, liquidity measures and exposures being reported to and regulated by the Dutch Central Bank.

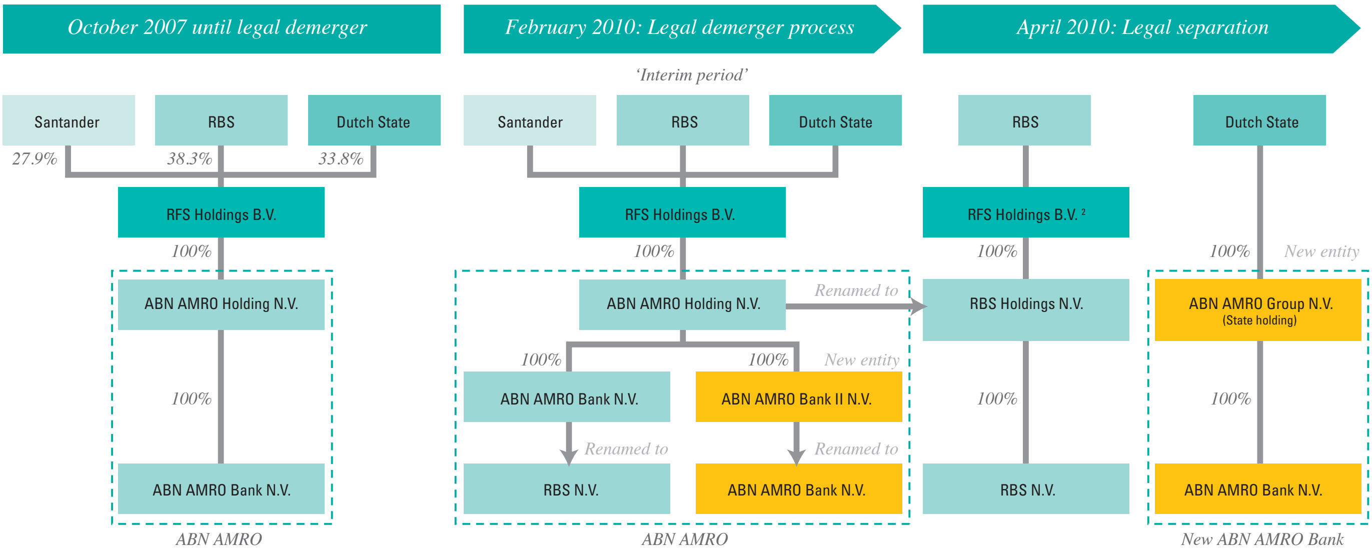
The Royal Bank of Scotland Group plc and the Dutch State continue to work towards the legal separation of the Dutch State acquired businesses from the residual RBS acquired businesses into two separate viable banks, each with its own banking license and each adequately capitalised at the time of legal separation. On 13 January 2010 the Dutch Central Bank granted a banking license to ABN AMRO Bank N.V. for engaging in universal banking business in the Netherlands.

Legal separation is expected to take place at the beginning of the second quarter 2010. After legal separation, ABN AMRO Bank will become a wholly owned subsidiary of a newly incorporated entity, ABN AMRO Group N.V., which in turn will be wholly owned by the Dutch State.

The Dutch State intends to integrate ABN AMRO Bank with Fortis Bank (Nederland) N.V. This integration is dependent on the required approvals being issued by the European Commission, the Dutch State, the Dutch Central Bank and the relevant international regulatory bodies. The legal merger of ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. is expected to take place in the second half of 2010.

The Dutch State is not involved in the day-to-day management of ABN AMRO Bank, and has expressed the intention not to be involved in the day-to-day management of the combined bank once ABN AMRO Bank has merged with Fortis Bank (Nederland).

The diagram below shows the demerger and separation process in steps[1].



ABN AMRO continues to operate as a separately adequately-capitalised and regulated entity under the supervision of the Dutch Central Bank during the interim period. The future independent banks will continue to comply with Dutch Central Bank minimum liquidity and solvency requirements.

1. The part of the assets and liabilities that are not allocated to any of the Consortium Members, the so-called *Shared Assets*, are not included in this overview.
2. The structure shown represents the position after a transitional phase, during which the Dutch State and Santander will continue to hold a stake in RFS Holdings commensurate to their holding in remaining Shared Assets and any other businesses subject to later separation.

Statement of compliance
The pro forma consolidated financial information has been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). ABN AMRO Bank does not utilise the portfolio hedging 'carve out' permitted by the EU. Accordingly, the accounting policies applied by ABN AMRO Bank comply fully with IFRS issued by the International Accounting Standards Board ('IASB').

Basis of preparation
This pro forma financial information is prepared on the basis as if all Dutch State acquired businesses that will be legally separated from ABN AMRO Holding N.V were already transferred into ABN AMRO Bank N.V. or its consolidated subsidiaries as from the earliest date presented in these pro forma financial statements. The pro forma financial statements exclude the assets and liabilities that have not yet been settled between the consortium shareholders, the so-called "Shared Assets", in which each of the consortium shareholders has a joint and indirect interest. The net value of the assets and liabilities are currently expected to remain for an interim period in ABN AMRO Holding.

The cash deposit at central banks is derived from the consolidated cash position of ABN AMRO Holding as recorded in the entities that have been allocated to new ABN AMRO Bank as at 31 December 2009. The cash deposit at the Dutch Central Bank will be split at legal separation. The impact of this split is not reflected in this 2009 pro forma financial information.

The tax accounts and disclosures thereto have been derived from the consolidated tax positions of ABN AMRO Holding as recorded in the entries that have been allocated to new ABN AMRO as of 31 December 2009. For a large part, primarily for most of the Dutch entities, the actual position towards the tax authorities is based on the net position of the Dutch fiscal unity. After legal separation the current fiscal unity will be split, resulting in a separate Dutch fiscal unity for ABN AMRO Bank. The impact of this split, including considerations around recording tax loss carried forwards for ABN AMRO Bank is not reflected in this 2009 pro forma financial information.

Intercompany positions with the businesses of ABN AMRO Holding N.V. that remain within RBS Holdings N.V. and its consolidated subsidiaries after legal separation are presented as if these positions were with external parties. The net asset is disclosed separately in Note 45 'Related Parties'.

At the financial year ending 2009, the Netherlands pension scheme still contained participants that will remain employed by RBS N.V. The pension costs and liability related to these participants are not incorporated in the pro forma balance sheet and income statement of ABN AMRO Bank. However, in Note 27 'Pension and other post-retirement benefits' the pension costs and net recognised asset/liability attributable to these members is disclosed separately, for more insight in the to be situation after legal separation. Because settlement will take place upon legal separation, the plan assets and plan benefit obligations attributable to these members could not be estimated reliably, hence they are not disclosed separately.

The pro forma consolidated financial information is prepared in accordance with International Financial Reporting Standards ('IFRS') on a mixed valuation model basis as follows:
— Fair value is used for: derivative financial instruments, financial assets and liabilities held for trading or designated as measured at fair value through income, and available-for-sale financial assets,

- Other financial assets (including 'loans and receivables') and liabilities are valued at amortised cost,
- The carrying value of assets and liabilities measured at amortised cost included in a fair value hedge relationship is adjusted with respect to fair value changes resulting from the hedged risk,
- Non-financial assets and liabilities are generally stated at historical cost.

The pro forma consolidated financial information is presented in euros, which is the presentation currency of ABN AMRO Bank, rounded to the nearest million (unless otherwise noted).

The pro forma consolidated financial information of ABN AMRO Bank for the year ended 31 December 2009 incorporate financial information of ABN AMRO Bank N.V., its controlled entities, interests in associates and joint ventures. ABN AMRO Bank adheres to the accounting policies and methods of ABN AMRO Holding N.V.

The pro forma consolidated financial information is signed and authorised for issue by the Supervisory Board and Managing Board on 26 March 2010. The right to request an amendment of the financial statements is embedded in the Netherlands Civil Code.

Adoption of IFRS standards and interpretations

IAS 1 (revised 2007) Presentation of Financial Statements
(effective for annual periods beginning on or after 1 January 2009)
The revised IAS 1 affects the presentation of owner changes in equity and of comprehensive income. Information is to be aggregated based on shared characteristics, specifically requiring disclosure of changes in equity arising from transactions with owners separate from other changes in equity. The Standard requires the entity to present all items of recognised income and expense including gains and losses either in one single statement or in two linked statements. In order to implement the revised IAS 1, ABN AMRO Bank presents two statements, a separate income statement displaying components of profit or loss and a second statement, the statement of comprehensive income, which begins with profit or loss and displays components of other comprehensive income. The 'owner' changes in equity remain in the statement of changes in equity.

In addition, the revised IAS 1 requires the entity to present a comparative statement of financial position as at the beginning of the earliest comparative period when the entity has applied an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in the financial statements.

ABN AMRO Bank has not provided a restated comparative set of financial position for the earliest comparative period, as it has not adopted any new accounting policies retrospectively, or has made a retrospective restatement, or retrospectively reclassified items in the statement of financial position.

The Standard has also introduced a number of terminology changes, including revised titles for the financial statements. ABN AMRO Bank has renamed the balance sheet to 'statement of financial position' and the cash flow statement to 'statement of cash flows'. Adoption of the revised Standard has had no impact on the reported results or financial position of ABN AMRO Bank.

Amendments to IFRS 7 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
(effective for periods beginning on or after 1 January 2009)
The amendments to IFRS 7 were issued in March 2009 to enhance fair value and liquidity disclosures. ABN AMRO Bank has applied these amendments from 1 January 2009. The amendments require disclosure of a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value, specific disclosures related to transfers between levels in the hierarchy and detailed disclosures related to level 3 of the fair value hierarchy. In addition, the amendments modify the required liquidity disclosures with respect to derivative transactions and assets used for liquidity management. The notes to the pro forma consolidated financial information provide detailed disclosures as required by the amendments.

Adoption of amendments to the following standards and interpretations did not have an impact on the accounting policies, financial position or performance of the Group:

IAS 23 Borrowing costs
(effective for annual periods beginning on or after 1 January 2009)
The revised standard eliminates the option of recognising borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. The current ABN AMRO Bank policy requires capitalisation of borrowing costs where material related to the qualifying asset.

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
(effective for annual periods beginning on or after 1 January 2009)
The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met.
The amendments to IAS 1 require disclosure of certain information relating to puttable instruments classified as equity.
ABN AMRO Bank does not have such puttable instruments.

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations
(effective for periods beginning on or after 1 January 2009)
The amendment clarifies that vesting conditions comprise only service conditions and performance conditions. It also specifies the accounting treatment for a failure to meet a non-vesting condition.

IFRS 8 Operating segments
(effective for periods beginning on or after 1 January 2009)
ABN AMRO Bank adopted IFRS 8 on 1 January 2007. The Standard replaces IAS 14 Segment Reporting in setting out requirements for disclosure of information about an entity's operating segments, revenues derived from its products and services, the geographical areas in which it operates and its major customers.

Improvements to IFRSs issued in May 2008
In May 2008, the IASB issued its first collection of amendments to its Standards, primarily with a view to remove inconsistencies and clarify wording. The amendments are generally effective for annual periods beginning on or after 1 January 2009. However, there are separate transitional provisions for each Standard.

IFRIC 9 Reassessment of Embedded Derivatives
(Amendment issued March 2009 effective for annual periods ending on or after 30 June 2009)
This amendment of the interpretation clarifies that the assessment whether an

embedded derivative is required to be separated from the host contract on reclassification of a financial asset out of the fair value through profit or loss category shall be made on the basis of the circumstances that existed when the entity first became a party to the contract or when the contract was significantly modified, whichever is the later.

IFRIC 13 Customer Loyalty Programmes
(effective for annual periods beginning on or after 1 July 2008)
This interpretation addresses how companies that grant their customers loyalty credits (often called 'points') when buying goods or services should account for their obligation to provide free or discounted goods or services if and when the customers redeem the points. Customer loyalty credits are required to be accounted for as a separate component of the sales transaction in which they are granted.

IFRIC Interpretation 15 'Agreements for the Construction of Real Estate'
(effective for annual periods beginning on or after 1 January 2009)
This interpretation standardises accounting practice across jurisdictions for the recognition of revenue by real estate developers before construction is complete.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation
(effective for annual periods beginning on or after 1 October 2008)
IFRIC 16 addresses three main issues. Firstly, the interpretation considers whether risk arises from (a) the foreign currency exposure to the functional currencies of the foreign operation and the parent entity, or from (b) the foreign currency exposure to the functional currency of the foreign operation and the presentation currency of the parent entity's consolidated financial statements. Secondly, it determines which entity within a group can hold a hedging instrument in a hedge of a net investment in a foreign operation and in particular whether the parent entity holding the net investment in a foreign operation must also hold the hedging instrument. Finally it discusses how an entity should determine the amounts to be reclassified from equity to profit or loss or both the hedging instrument and the hedged item when the entity disposes of the investment.

IFRIC 18 Transfers of Assets from Customers
(effective for annual periods beginning on or after 1 July 2009)
The IFRIC issued interpretation IFRIC 18 'Transfers of Assets from Customers' in January 2009. The interpretation addresses the accounting by suppliers that receive assets from customers, requiring measurement at fair value. The interpretation is effective for assets received from customers on or after 1 July 2009.

Critical accounting policies

The preparation of pro forma financial information in conformity with IFRS requires management to make difficult, complex or subjective judgments and estimates, at times, regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures. Actual results could differ from those judgments and estimates. The most significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows:

Allowance for loan losses
Allowances for loan losses are made for estimated losses in outstanding loans for which there is doubt about the borrower's capacity to repay the principal and/or the interest. The allowance for loan losses is intended to adjust the value of ABN AMRO Bank's loan assets for probable credit losses as of the balance sheet date. Allowances are determined through a combination of

specific reviews, statistical modelling and estimates. Certain aspects require judgment, such as the identification of loans that are deteriorating, the determination of the probability of default, the expected loss, the value of collateral and current economic conditions. Though we consider the allowances for loan losses to be adequate, the use of different estimates and assumptions could produce different allowances for loan losses, and amendments to allowances may be required in the future, as a consequence of changes in the value of collateral, the amounts of cash to be received or other economic events. For a further discussion on our allowance for loan losses, see note 18 to our pro forma consolidated financial information.

Fair value of financial instruments
For financial instruments that are actively traded and for which quoted market prices or market parameters are readily available, there is little subjectivity in the determination of fair value. However, when observable market prices and parameters do not exist, management judgement is necessary to estimate fair value.

For instruments where no active liquid market exists, or quoted prices are unobtainable, recent market transactions are used or the fair value is estimated using a variety of valuation techniques – including reference to similar instruments for which market prices do exist or valuation models, such as discounted cash flow calculations or Black-Scholes.

ABN AMRO Bank refines and modifies its valuation techniques as markets and products develop and the pricing for such products becomes more or less transparent. Financial markets are sometimes subject to significant stress conditions where steep falls in perceived or actual asset values are accompanied by a severe reduction in market liquidity, such as the events in the US sub-prime residential mortgage market starting in 2007. In such cases, observable market data may become less reliable or disappear altogether. Where there is doubt over the reliability of the market data due to either market illiquidity or unavailability, other valuation techniques are used. These alternative techniques would include scenario analysis and discounted cash flow calculations.

Unobservable inputs are estimated using a combination of management judgement, historical data, market practice and benchmarking to other relevant observable market data. Where inputs to the valuation of a new transaction cannot be reliably sourced from external providers, the transaction is initially recognised at its transaction price. The difference between the transaction price and the internal valuation at inception, calculated using a model, is reserved and amortised to income at appropriate points over the life of the instrument, typically taking account of the ability to obtain reliable external data, the passage of time and the use of offsetting transactions. Subsequent changes in fair value as calculated by the valuation model are reported in income.

Fair values include appropriate adjustments to account for known inadequacies in the valuation models or to reflect the credit quality of the instrument or counterparty. Factors that could affect estimates are incorrect model assumptions, market dislocations and unexpected correlation. We believe our estimates of fair value are adequate. However, the use of different models or assumptions could result in changes in our reported results. For a further discussion on the use of fair values and the impact of applying reasonable possible alternative assumptions as inputs, see note 37 to the consolidated financial information.

Impairment of available-for-sale instruments
A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset or on reclassification into available-for-sale from trading have adversely affected the amount or timing of future cash flows from the assets.

Significant management judgement is involved where the determination of future cash flows requires consideration of a number of variables, some of which may be unobservable in current market conditions. This is the case for more complex instruments such as asset backed securities, where factors such as the estimated cash flows on underlying pools of collateral and changes in national or local conditions that correlate with defaults on the assets are considered.

Assessment of risk and rewards
Whenever ABN AMRO Bank is required to assess risks and rewards, when considering the recognition and derecognition of assets or liabilities and the consolidation and deconsolidation of subsidiaries, ABN AMRO Bank may sometimes be required to use judgment. Although management uses its best knowledge of current events and actions in making assessments of expected risk and rewards, actual risks and rewards may ultimately differ.

Pension and post-retirement benefits
Significant pension and post-retirement benefit costs are based on actuarial calculations. Inherent within these calculations are assumptions including: discount rates, salary increases and the expected return on plan assets. Changes in pension and post-retirement costs may occur in the future as a consequence of changes in interest rates, the return on assets or other factors. For a further discussion on the underlying assumptions, see note 27 to our pro forma consolidated financial information.

Deferred tax
Deferred tax assets arise from a variety of sources, the most significant being: (a) tax losses that can be carried forward to be utilised against profits in future years; and (b) valuation changes of assets which need to be tax effected for accounting purposes but are taxable only when the valuation change is realised.

The level of deferred tax asset recognition is influenced by management's assessment of ABN AMRO Bank's historic and future profitability profile. At each balance sheet date, existing assessments are reviewed and, if necessary, revised to reflect changed circumstances. In a situation where recent losses have been incurred, the relevant accounting standards require convincing evidence that there will be sufficient future tax capacity.

Basis of consolidation

This pro forma financial information is prepared on the basis as if all Dutch State acquired businesses that will be legally separated from ABN AMRO Holding N.V. as from the earliest date presented were already transferred into ABN AMRO Bank N.V. or its consolidated subsidiaries. The pro forma consolidated financial information is prepared annually for the year ended 31 December and include the parent company and its controlled subsidiaries as well as joint ventures on a proportionate share basis. Subsidiaries are included using the same reporting period and consistent accounting policies.

Subsidiaries
Subsidiaries are those enterprises controlled by ABN AMRO Bank. Control is deemed to exist when ABN AMRO Bank has the power, directly or indirectly, to

govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and effect of potential voting rights that are presently exercisable or convertible are taken into account when assessing whether control exists. ABN AMRO Bank sponsors the formation of entities, including certain special purpose entities, which may or may not be directly owned, for the purpose of asset securitisation transactions and other narrow and well-defined objectives. Particularly in the case of securitisations these entities may acquire assets from other Group companies. Some of these entities hold assets that are not available to meet the claims of creditors of ABN AMRO Bank or any of its subsidiaries. Such entities are consolidated in ABN AMRO Bank's pro forma financial information when the substance of the relationship between ABN AMRO Bank and the entity indicates that control is held by ABN AMRO Bank.

The financial statements of subsidiaries and special purpose entities are included in the pro forma consolidated financial information from the date on which control commences until the date on which control ceases.

Equity attributable to non-controlling interests is shown separately in the consolidated balance sheet as part of total equity. Current period profit or loss attributable to non-controlling interest is presented as an attribution of profit for the year.

Business combinations
IFRS 3 'Business combinations' was adopted for all business combinations taking place after 1 January 2004. Goodwill on acquisitions prior to this date was charged against equity. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over ABN AMRO Bank's share of the fair value of the identifiable net assets (including certain contingent liabilities) acquired is recorded as goodwill.

In a step acquisition, where a business combination occurs in stages and control of the business is obtained in stages, all assets and liabilities of the acquired business, excluding goodwill, are adjusted to their fair values at the date of the latest share acquisition transaction. Fair value adjustments relating to existing holdings are recorded directly in equity.

Equity accounted investments
Equity accounted investments comprises associates. Associates are those enterprises in which ABN AMRO Bank has significant influence (this is generally assumed when ABN AMRO Bank holds between 20% and 50% of the voting rights), but not control, over the operating and financial policies.

Investments in associates of a private equity nature are designated to be held at fair value with changes through profit or loss, consistent with the management basis for such investments.

Other investments in associates including ABN AMRO Bank's strategic investments, are accounted for using the 'Net equity method' and presented as 'Equity accounted investments'. Under this method the investment is initially recorded at cost and subsequently increased (or decreased) for post acquisition net income (or loss), other movements impacting the equity of the investee and any adjustments required for impairment. ABN AMRO Bank's share of profit or loss of the investee is recognised and separately disclosed in ABN AMRO Bank's income statement. When ABN AMRO Bank's share of losses exceeds the carrying amount of the investment, the carrying amount is reduced to zero, including any other unsecured receivables, and recognition of further losses is discontinued except to the extent that ABN AMRO Bank has incurred obligations or made payments on behalf of the investee.

Jointly controlled entities

Jointly controlled entities are those enterprises over whose activities ABN AMRO Bank has joint control, established by contractual agreement. The pro forma consolidated financial information include ABN AMRO Bank's proportionate share of these enterprises' assets, liabilities, equity, income and expenses on a line-by-line basis, from the date on which joint control commences until the date on which joint control ceases.

Non-current assets held for sale and discontinued operations

A non-current asset (or disposal groups) is classified as held for sale if its carrying amount is to be recovered principally through a sale transaction planned to occur within 12 months, rather than through continuing use. The asset must be available for immediate sale in its present condition and its sale must be highly probable. Held for sale assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities of a business held for sale are separately presented. Businesses that may be transferred to shareholders by means of a distribution will not be presented as businesses held for sale.

The results of discontinued operations, an operation held for sale that represents a separate major line of business or a geographical area of operation, are presented in the income statement as a single amount comprising the net results of the discontinued operations and the after tax gain or loss realised on disposal. Comparative income statement data is re-presented if in the current period an activity qualifies as a discontinued operation and qualifies for separate presentation.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any related unrealised gains, are eliminated in preparing the pro forma consolidated financial information. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of ABN AMRO Bank's interest in the enterprise. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred. Balances with RBS N.V. are reclassified from Intercompany transactions to balances with banks.

Currency translation differences

The financial performance of ABN AMRO Bank's foreign operations, conducted through branches, subsidiaries, associates and joint ventures, is reported using the currency ('functional currency') that best reflects the economic substance of the underlying events and circumstances relevant to that entity.

The assets and liabilities of foreign operations, including goodwill and purchase accounting adjustments, are translated to ABN AMRO Bank's presentation currency, the euro, at the foreign exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to the euro at the rates prevailing at the end of the month. Currency translation differences arising on these translations are recognised directly in equity ('currency translation account'). Exchange differences recorded in equity, arising after transition to IFRS on 1 January 2004, are included in the income statement on disposal or partial disposal of a foreign operation.

Transactions in a currency that differs from the functional currency of the transacting entity are translated into the functional currency at the foreign exchange rate at transaction date. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets accounted for at cost and denominated in foreign currency are translated to the functional currency at the foreign exchange rate prevailing at the date of initial recognition.

Non-monetary assets accounted for at fair value in a foreign currency are translated to the functional currency using the exchange rate at the date when the fair value was determined.

Currency translation differences on all monetary financial assets and liabilities are included in foreign exchange gains and losses in trading income. Translation differences on non-monetary items (such as equities) held at fair value through profit or loss are also reported through income and, for those classified as available-for-sale, directly in equity within 'Net unrealised gains and losses on available-for-sale assets'.

Fiduciary activities
ABN AMRO Bank commonly acts as trustee and in other fiduciary capacities that entail either the holding or placing of assets on behalf of individuals, trusts or other institutions. These assets are not assets of ABN AMRO Bank and are therefore not included in the pro forma financial information.

Income statement

Interest income and expenses
Interest income and expense is recognised in the income statement using the effective interest rate method. The application of this method includes the amortisation of any discount or premium or other differences, including transaction costs and qualifying fees and commissions, between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. This item does not include interest income and expense in relation to trading balances which is included within net trading income.

Fee and commission income
Fees and commissions are recognised as follows:

- Fees and commissions generated as an integral part of negotiating and arranging a funding transaction with customers, such as the issuance of loans are included in the calculation of the effective interest rate and are included in interest income and expense.
- Fees and commissions generated for transactions or discrete acts are recognised when the transaction or act is completed.
- Fees and commissions dependent on the outcome of a particular event or contingent upon performance are recognised when the relevant criteria have been met.
- Service fees are typically recognised on a straight-line basis over the service contract period; portfolio and other management advisory and service fees are recognised based on the applicable service contracts.
- Asset management fees related to investment funds are also recognised over the period the service is provided. This principle is also applied to the recognition of income from wealth management, financial planning and custody services that are provided over an extended period.

Net trading income
Net trading income includes gains and losses arising from changes in the fair value of financial assets and liabilities held for trading, interest income, dividends received from trading instruments as well as related funding costs. Dividend income from trading instruments is recognised when entitlement is established. Net trading income also includes changes in fair

value arising from changes in counter-party credit spreads and changes in ABN AMRO Bank's credit spreads where it impacts the value of ABN AMRO Bank's derivative liabilities. The charge related to the write-off of trading instruments is included in trading income.

Results from financial transactions
Results from financial transactions include gains and losses on the sale of non-trading financial assets and liabilities, ineffectiveness of certain hedging programmes, the change in fair value of derivatives used to hedge credit risks that are not included in hedge accounting relationships, fair value changes relating to assets and liabilities designated at fair value through profit or loss and changes in the value of any related derivatives. For liabilities designated at fair value through profit or loss it includes changes in ABN AMRO Bank credit spreads. Dividend income from non-trading equity investments, excluding associated companies is recognised in results from financial transactions when entitlement is established.

Segment reporting
Operating segments are the segments that engage in business activities from which the bank earns income and incurs expenses. These segments are the reporting segments whose operating results are reviewed by the Managing Board on a monthly basis. Geographical data is presented according to the location of the transacting Group entity.

Financial assets and liabilities

Measurement classifications
ABN AMRO Bank classifies its financial assets and liabilities into the following measurement ('valuation') categories:

Financial instruments held for trading are those that ABN AMRO Bank holds primarily for the purpose of short-term profit-taking. These include shares, interest-earning securities, derivatives held for trading and liabilities from short sales of financial instruments. Derivatives are financial instruments that require little or no initial net investment, with future settlements dependent on a reference benchmark index, rate or price (such as interest rates or equity prices). Changes in expected future cash flows in response to changes in the underlying benchmark determine the fair value of derivatives.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They generally arise when ABN AMRO Bank provides money or services directly to a customer with no intention of trading or selling the loan.

Held-to-maturity assets are non-derivative financial assets quoted on an active market with fixed or determinable payments (i.e. debt instruments) and a fixed maturity that ABN AMRO Bank has the intention and ability to hold to maturity. As of 31 December 2008 ABN AMRO Bank no longer classifies financial assets into the held-to-maturity category and due to tainting rules can not do so until 31 December 2010.

Designated at fair value through profit or loss are financial assets and financial liabilities that ABN AMRO Bank upon initial recognition designates to be measured at fair value with changes reported in profit or loss. Such a designation is done if:

— The instrument includes an embedded derivative that would otherwise require separation. This applies to certain structured notes issued with hybrid features. Fair value measurement helps to achieve offset against changes in the value of derivatives and other fair value positions used to economically hedge these notes.

— The designation eliminates or significantly reduces a measurement inconsistency that would otherwise arise. In this regard unit-linked investments held for the account and risk of policyholders and the related obligation to policyholders are designated at fair value with changes through profit or loss.
— It relates to a portfolio of financial assets and/or liabilities that are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy. This is applied to equity investments of a private equity nature.

Available-for-sale assets include interest-earning assets that have either been designated as available for sale or do not fit into one of the categories described above. Equity investments held without significant influence, which are not held for trading or designated at fair value through profit or loss are classified as available-for-sale.

Non-trading financial liabilities that are not designated at fair value through profit or loss are measured at amortised cost.

Recognition and derecognition
Traded instruments are recognised on trade date, defined as the date on which ABN AMRO Bank commits to purchase or sell the underlying instrument. In the infrequent event when settlement terms are non-standard the commitment is accounted for as a derivative between trade and settlement date. Loans and receivables are recognised when they are acquired or funded by ABN AMRO Bank and derecognised when settled. Issued debt is recognised when issued and deposits are recognised when the cash is deposited with ABN AMRO Bank. Other financial assets and liabilities, including derivatives, are recognised in the balance sheet when ABN AMRO Bank becomes party to the contractual provisions of the asset or liability.

Financial assets are generally derecognised when ABN AMRO Bank loses control and the ability to obtain benefits over the contractual rights that comprise that asset. This occurs when the rights are realised, expire, substantially all risk and rewards are transferred, or not substantially all risk and rewards are transferred nor retained, although control is transferred. If a servicing function is retained, which is profitable, a servicing asset is recognised. A financial liability is derecognised when the obligations specified in the contract are discharged, cancelled or expire.

Financial assets continue to be recognised in the balance sheet, and a liability recognised for the proceeds of any related funding transaction, unless a fully proportional share of all or specifically identified cash flows are transferred to the lender without material delay and the lender's claim is limited to those cash flows and substantially all the risks and returns and control associated with the financial instruments have been transferred, in which case that proportion of the asset is derecognised.

ABN AMRO Bank derecognises financial liabilities when settled or if ABN AMRO Bank repurchases its own debt. The difference between the former carrying amount and the consideration paid is included in results from financial transactions in income. Any subsequent resale is treated as a new issuance.

ABN AMRO Bank has securitised various consumer and commercial financial assets. This process generally necessitates a sale of these assets to a special purpose entity ('SPE'), which in turn issues securities to investors. ABN AMRO Bank's interests in securitised assets may be retained in the form of senior or subordinated tranches, issued guarantees, interest-only strips or other residual interests, together referred to as retained interest. In many cases these retained interests convey control, such that the SPE is consolidated, and the securitised assets continue to be recognised in the consolidated financial position.

Measurement
All trading instruments and financial assets and liabilities designated at fair value are measured at fair value, with transaction costs related to the purchase as well as fair value changes recorded through profit or loss.

The measurement of liabilities held at fair value includes the effect of changes in own credit spreads. The change in fair value applies to those financial liabilities designated at fair value where ABN AMRO Bank's own credit risk would be considered by market participants and excludes instruments for which it is established market practice not to include an entity-specific adjustment for own credit. The fair value changes are calculated based on a yield curve generated from observed external pricing for funding and quoted credit default swaps ('CDS') data.

All derivatives are recorded in the balance sheet at fair value with changes recorded through profit or loss except when designated in a cash flow or net investment hedge relationship (see hedge accounting below).

Available-for-sale assets are held at fair value with unrealised gains and losses recognised directly in equity, net of applicable taxes. Premiums, discounts and qualifying transaction costs of interest-earning available-for-sale assets are amortised to interest income on an effective interest rate basis. When available-for-sale assets are sold, collected or impaired the cumulative gain or loss recognised in equity is transferred to results from financial transactions in income.

All other financial assets and liabilities are initially measured at cost including directly attributable incremental transaction costs. They are subsequently valued at amortised cost using the effective interest rate method. Through use of the effective interest rate method, premiums and discounts, including qualifying transaction costs, included in the carrying amount of the related instrument are amortised over the period to maturity or expected prepayment on the basis of the instrument's original effective interest rate.

When available, fair values are obtained from quoted market prices in active liquid markets. For instruments where no active liquid market exists, or quoted prices are unobtainable, recent market transactions are used or the fair value is estimated using a variety of valuation techniques – including reference to similar instruments for which market prices do exist or valuation models, such as discounted cash flow or Black-Scholes. ABN AMRO Bank refines and modifies its valuation techniques as markets and products develop and the pricing for individual products becomes more transparent.

Valuation models are validated prior to use by staff independent of the initial selection or creation of the models. Wherever possible, inputs to valuation models represent observable market data from reliable external data sources. Unobservable inputs are estimated using a combination of management judgement, historical data, market practice and benchmarking to other relevant observable market data.

Where significant inputs to the valuation of a new transaction cannot be reliably sourced from external providers, the transaction is initially recognised at its transaction price. The difference between the transaction price and the internal valuation at inception, calculated using a model, is reserved and amortised to income at appropriate points over the life of the instrument, typically taking account of the ability to obtain reliable external data, the passage of time and the use of offsetting transactions. Subsequent changes in fair value as calculated by the valuation model are reported in income.

Fair values include appropriate adjustments to account for known inadequacies and uncertainties in valuation models or to reflect the credit quality of the instrument or counterparty.

The change in fair value of notes designated at fair value through profit or loss attributable to changes in credit risk are calculated by reference to the credit spread implicit in the market value of ABN AMRO Bank's senior notes.

Reclassifications

Derivatives are not reclassified into and out of the fair value through profit or loss category whilst they are held or issued. Financial instruments designated at fair value through profit or loss upon initial recognition may not be reclassified out of that category. Non-derivative financial assets classified as held for trading upon initial recognition, if they are no longer held for the purpose of selling or repurchasing in the near term, may be reclassified out of the fair value through profit or loss category if certain requirements are met. No financial instrument may be reclassified into the fair value through profit or loss category after initial recognition.

Professional securities transactions

Securities borrowing and securities lending transactions are generally entered into on a collateralised basis, with securities usually advanced or received as collateral. The transfer of the securities themselves is not reflected on the balance sheet unless the risks and rewards of ownership are also transferred. If cash is advanced or received, securities borrowing and lending activities are recorded at the amount of cash advanced (included in loans and receivables) or received (due to banks or customers). The market value of the securities borrowed and lent is monitored on a daily basis, and the collateral levels are adjusted in accordance with the underlying transactions. Fees and interest received or paid are recognised on an effective interest basis and recorded as interest income or interest expense.

Sale and repurchase transactions involve purchases (sales) of investments with agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans and receivables to either banks or customers. The receivables are shown as collateralised by the underlying security. Investments sold under repurchase agreements continue to be recognised in the balance sheet. The proceeds from the sale of the investments are reported as liabilities to either banks or customers. The difference between the sale and repurchase price is recognised over the period of the transaction and recorded as interest income or interest expense.

Netting and collateral

ABN AMRO Bank enters into master netting arrangements with counterparties wherever possible, and when appropriate, obtains collateral. If ABN AMRO Bank has the right on the grounds of either legal or contractual provisions and the intention to settle financial assets and liabilities net or simultaneously, these are offset and the net amount is reported in the balance sheet. Due to differences in the timing of actual cash flows, derivatives with positive and negative fair values are generally not netted, even if they are held with the same counterparty.

Hedge accounting
Derivative instruments are used to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions. Fair value, cash flow or net investment hedging is applied to qualifying transactions that are documented as such at inception.

The hedged item can be an asset, liability, highly probable forecasted transaction or net investment in a foreign operation that (a) exposes the entity to risk of changes in fair value or future cash flows and (b) is designated as being hedged. The risk being hedged (the 'hedged risk') is typically changes in interest rates or foreign currency rates. ABN AMRO Bank also enters into credit risk derivatives (sometimes referred to as 'credit default swaps') for managing portfolio credit risk. However, these are generally not included in hedge accounting relationships.

Both at the inception of the hedge and on an ongoing basis, ABN AMRO Bank formally assesses whether the derivatives used in its hedging transactions have been highly effective in offsetting changes in the fair value or cash flows of the hedged item, by assessing and measuring whether changes in the fair value or cash flows of the hedged item are offset by the changes in the fair value or cash flows of the hedging instrument.

Hedge ineffectiveness represents the amount by which the changes in the fair value of the derivative are in excess of changes:
- in the fair value of the hedged item in a fair value hedge, or
- in the value of a net investment in a net investment in a foreign operation hedge, or
- in the fair value change of the expected cash flow in a cash flow hedge.

Hedge ineffectiveness and gains and losses on components of a derivative that are excluded from the assessment of hedge effectiveness are recorded directly in profit or loss.

Hedge accounting is discontinued when the hedge relationship has ceased to be effective or is no longer expected to be effective, or when the derivative or hedged item is sold or otherwise terminated.

Fair value hedges
Where a derivative financial instrument hedges the exposure to changes in the fair value of recognised or committed assets or liabilities, the hedged item is adjusted in relation to the risk being hedged. Gains or losses on re-measurement of both the hedging instrument and the hedged item are recognised in the income statement, typically within results from financial transactions.

When a fair value hedge of interest rate risk is terminated, any value adjustment to the carrying amount of the hedged asset or liability is amortised to income over the original designated hedging period or taken directly to income if the hedged item is sold, settled or impaired.

Cash flow hedges
When a derivative financial instrument hedges the exposure to variability in the cash flows from recognised assets, liabilities or anticipated transactions, the effective part of any gain or loss on re-measurement of the hedging instrument is recognised directly in equity. When a cash flow hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity.

The cumulative gain or loss recognised in equity is transferred to the income statement at the time when the hedged transaction affects net profit or loss and included in the same line item as the gain or loss on the hedged transaction. In the exceptional case that the hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in the income statement immediately.

Hedge of a net investment in a foreign operation
ABN AMRO Bank uses foreign currency derivatives and currency borrowings to hedge various net investments in foreign operations. For such hedges, currency translation differences arising on translation of these instruments to euro are recognised directly in the currency translation account in equity, insofar as they are effective. The cumulative gain or loss recognised in equity is transferred to profit or loss on the disposal of the foreign operation.

Derivatives upon which ABN AMRO Bank applies hedge accounting have been disclosed in Note 22 'Other assets' and Note 29 'Other liabilities'.

Impairment of financial assets
ABN AMRO Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets is impaired.
A financial asset or portfolio of financial assets is impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that event adversely impacts estimated future cash flows of the financial asset or the portfolio.

Loans and receivables
An indication that a loan may be impaired is obtained through ABN AMRO Bank's credit review processes, which include monitoring customer payments and regular loan reviews of commercial clients every 6 or 12 months depending on the rating of the facility.

ABN AMRO Bank first assesses whether objective evidence of impairment exists for loans (including any related facilities and guarantees) that are individually significant, and individually or collectively for loans that are not individually significant. If is determined that no objective evidence of impairment exists for an individually assessed loan, the asset is included in a portfolio of loans with similar credit risk characteristics and collectively assesses them for impairment. Loans that are evaluated individually for impairment are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. The amount of the loss is recognised using an allowance account and the amount of the loss is included in the income statement line loan impairment and other credit risk provisions.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that are likely to result from foreclosure less costs for obtaining and selling the collateral.

Future cash flows of a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the loans in the portfolio and historical loss experience for loans with credit risk characteristics similar to those in ABN AMRO Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the historical data and to remove the effects of conditions in the historical data that do not currently exist.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The impact of changes in estimates and recoveries is recorded in the income statement line loan impairment and other credit risk provisions.

Following impairment, interest income continues to be recognised using the original effective rate of interest. When a loan is deemed no longer collectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the income statement line loan impairment and other credit risk provisions. Assets acquired in exchange for loans to achieve an orderly realisation are reflected in the balance sheet as a disposal of the loan and an acquisition of a new asset, initially booked at fair value.

Although the decrease in estimated future cash flows from a portfolio of loans cannot yet be identified with the individual loans in the portfolio, there may be indications that there is a measurable decrease. These include adverse changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults in the portfolio. This is dealt with through an allowance for incurred but not identified losses.

Renegotiated loans
Where possible, ABN AMRO Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the items have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loans original effective interest rate.

Other financial assets
In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is moved from equity and recognised in the income statement within results from financial transactions.

ABN AMRO Bank performs a review of individual available-for-sale securities on a regular basis to determine whether any evidence of impairment exists. This review considers factors such as any reduction in fair value below cost, its direction and whether the reduction is significant or prolonged, and the credit standing and prospects of the issuer.

Property and equipment

Own use assets
Property and equipment is stated at cost less accumulated depreciation and any amount for impairment. If an item of property and equipment is comprised of several major components with different useful lives, each component is accounted for separately. Additions and subsequent expenditures (including interest) are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the asset. Expenditure incurred to replace a component of an asset is separately capitalised and the replaced

component is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefit of the item of property and equipment. All other expenditure, including maintenance, is recognised in the income statement as incurred. When an item of property and equipment is retired or disposed, the difference between the carrying amount and the disposal proceeds net of costs is recognised in other operating income.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property and equipment, and major components that are accounted for separately. ABN AMRO Bank generally uses the following estimated useful lives:

— Land	not depreciated
— Buildings	25 to 50 years
— Equipment	5 to 12 years
— Computer installations	2 to 5 years.

Depreciation rates and residual values are reviewed at least annually to take into account any change in circumstances. Capitalised leasehold improvements are depreciated in a manner that takes into account the term and renewal conditions of the related lease.

Leasing
As lessee: most of the leases that ABN AMRO Bank has entered into are classified as operating leases (including property rental). The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense. When it is decided that an operating lease will be terminated or vacated before the lease period has expired, the lesser of any penalty payments required and the remaining payments due once vacated (less sub-leasing income) is recognised as an expense.

As lessor: assets subject to operational leases are included in property and equipment. The asset is depreciated on a straight-line basis over its useful life to its estimated residual value. Leases where ABN AMRO Bank transfers substantially all the risks and rewards resulting from ownership of an asset to the lessee are classified as finance leases. A receivable at an amount equal to the present value of the lease payments, using the implicit interest rate, including any guaranteed residual value, is recognised. Finance lease receivables are included in loans and receivables to customers.

Intangible assets

Goodwill
Goodwill, being the excess of the cost of an acquisition over the fair value of ABN AMRO Bank's share of the acquired entity's net identifiable assets at the date of acquisition, is capitalised and stated at cost less any accumulated impairment losses. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. If the recognition of the assessed fair value of acquired assets and liabilities at the time of acquisition took place on the basis of provisional amounts any changes in the assessed fair value of acquired assets and liabilities at the time of acquisition identified within one year following the acquisition are corrected against goodwill. Any revisions identified after one year are recorded in income.

Goodwill on the acquisition of equity accounted investments is included in the carrying amount of the investment.

Gains and losses on the disposal of an entity, including equity accounted investments, are determined as the difference between the sale proceeds and the carrying amount of the entity including related goodwill and any currency translation differences recorded in equity.

Goodwill is not amortised but is subject to an annual test for impairment or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test.

Software
Costs that are directly associated with identifiable software products that are controlled by ABN AMRO Bank, and likely to generate future economic benefits exceeding these costs, are recognised as intangible assets and stated at cost less accumulated amortisation and any adjustment for impairment losses. Expenditure that enhances or extends the performance of computer software beyond its original specification is recognised as a capital improvement and added to the original cost of the software. Software is amortised over 3 to 7 years. Amortisation rates and residual values are reviewed at least annually to take into account any change in circumstances.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Other intangible assets
Other intangible assets that are acquired by ABN AMRO Bank are stated at cost less accumulated amortisation and any adjustment for impairment losses. Other intangible assets are comprised of separately identifiable items arising from acquisition of subsidiaries, such as customer relationships, and certain purchased trademarks and similar items. Amortisation is charged to the income statement systematically over the estimated useful lives of the intangible asset. Amortisation rates and residual values are reviewed at least annually to take into account any change in circumstances.

Impairment of property and equipment and intangible assets
Property and equipment and intangibles are assessed at each balance sheet date or more frequently, to determine whether there is any indication of impairment. If any such indication exists, the assets are subject to an impairment review.

Regardless of any indications of potential impairment, the carrying amount of goodwill is subject to a detailed impairment review at least annually. An impairment loss is recognised whenever the carrying amount of an asset that generates largely independent cash flows or the cash-generating unit to which it belongs exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. When conducting impairment reviews, particularly for goodwill, cash-generating units are the lowest level at which management monitors the return on investment on assets.

The impairment analysis of goodwill and other intangibles requires management to make subjective judgements concerning estimates of how the acquired asset will perform in the future using a discounted cash flow analysis. Events and factors that may significantly affect the estimates include, among others, competitive forces, customer behaviours and attrition, changes in revenue growth trends and changes in discount rates and specific industry or market sector conditions.

Impairment losses are recognised in the income statement as a component of depreciation and amortisation expense. An impairment loss with respect to goodwill is not reversible. Other impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

Pension and other post-retirement benefits
For 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. Separate pension funds or third parties administer most of these plans. The plans include both defined contribution plans and defined benefit plans.

In the case of defined contribution plans, contributions are charged directly to the income statement in the year to which they relate.

The net obligations under defined benefit plans are regarded as ABN AMRO Bank's own commitments regardless of whether these are administered by a pension fund or in some other manner. The net obligation of each plan is determined as the difference between the benefit obligations and the plan assets. Defined benefit plan pension commitments are calculated in accordance with the projected unit credit method of actuarial cost allocation. Under this method, the present value of pension commitments is determined on the basis of the number of active years of service up to the balance sheet date and the estimated employee salary at the time of the expected retirement date, and is discounted using the market rate of interest on high-quality corporate bonds. The plan assets are measured at fair value.

Pension costs for the year are established at the beginning of the year based on the expected service and interest costs and the expected return on the plan assets, plus the impact of any current period curtailments or plan changes. Differences between the expected and the actual return on plan assets, as well as actuarial gains and losses, are only recognised as income or expense when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting year exceed 10% of the greater of the commitments under the plan and the fair value of the related plan assets. The part in excess of 10% is recognised in income over the expected remaining years of service of the employees participating in the plans. Differences between the pension costs determined in this way and the contributions payable are accounted for as provisions or prepayments. Commitments relating to early retirement of employees are treated as pension commitments.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the past service cost is recognised immediately in the income statement.

ABN AMRO Bank's net obligation with respect to long-term service benefits and post-retirement healthcare is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated using the projected unit credit method. It is then discounted to its present value and the fair value of any related assets is deducted.

Provisions
A provision is recognised in the balance sheet when ABN AMRO Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle

the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when an obligation exists. An obligation exists when ABN AMRO Bank has approved a detailed plan and has raised a valid expectation in those affected by the plan by starting to implement the plan or by announcing its main features. Future operating costs are not provided for.

Provisions for insurance risks are determined by actuarial methods, which include the use of statistics, interest rate data and settlement costs expectations.

Other liabilities
Obligations to policyholders, whose return is dependent on the return of unit linked investments recognised in the balance sheet, are measured at fair value with changes through income.

Tax – current and deferred
Tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The future tax benefit of tax losses available for carry forward is recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax is also recognised for qualifying temporary differences. Temporary differences represent the difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates, to the extent that they will probably not reverse in the foreseeable future and the timing of such reversals is controlled by ABN AMRO Bank. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and liability simultaneously.

Issued debt and equity securities
Issued debt securities are recorded on an amortised cost basis using the effective interest rate method, unless they are of a hybrid/structured nature and designated to be held at fair value through profit or loss.

Issued financial instruments or their components are classified as liabilities where the substance of the contractual arrangement results in ABN AMRO Bank having a present obligation to either deliver cash or another financial asset or to satisfy the obligation other than by the exchange of a fixed number of equity shares. Preference shares that carry a non-discretionary coupon or are redeemable on a specific date or at the option of the holder are classified as liabilities. The dividends and fees on preference shares classified as a liability are recognised as interest expense.

Issued financial instruments, or their components, are classified as equity when they do not qualify as a liability and represent a residual interest in the assets of ABN AMRO Bank. Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary. The components of issued financial instruments that contain both liability and equity elements are accounted for separately with the equity component being assigned the residual amount after deducting from the instrument's initial value the fair value of the liability component.

Dividends on ordinary shares and preference shares classified as equity are recognised as a distribution of equity in the period in which they are approved by shareholders.

Share capital
Incremental external costs directly attributable to the issue of new shares are deducted from equity net of any related taxes. When share capital recognised as equity is repurchased, the amount of the consideration paid, including incremental directly attributable costs net of taxes, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received is added to shareholders' equity.

Other equity components

Currency translation account
The currency translation account is comprised of all currency differences arising from the translation of the financial statements of foreign operations net of the translation impact on liabilities or foreign exchange derivatives held to hedge ABN AMRO Bank's net investment. These currency differences are included in profit or loss on disposal of the operation.

Cash flow hedging reserve
The cash flow hedging reserve is comprised of the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of taxes, related to hedged transactions that have not yet occurred.

Net unrealised gains and losses on available-for-sale assets
In this component, gains and losses arising from a change in the fair value of available-for-sale assets are recognised, net of taxes. When the relevant assets are sold, impaired or otherwise disposed of, the related cumulative gain or loss recognised in equity is transferred to the income statement.

Statement of cash flows
Cash and cash equivalents for the purpose of the statement of cash flows include cash in hand, deposits available on demand with central banks and net credit balances on current accounts with other banks.

The statement of cash flows, based on the indirect method of calculation, gives details of the source of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operations, including banking activities, investment activities and financing activities. Movements in loans and receivables and inter-bank deposits are included in the cash flow from operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments, as well as investments in and sales of subsidiaries and associates, property and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities. 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. The cash flows of discontinued operations are separately reported in the period in which the operation qualifies as a held for sale business.

Future changes in accounting policies
ABN AMRO Bank expects to adopt the following amended standards and interpretations with effect from 1 January 2010, where applicable pending their endorsement by the EU.

The International Accounting Standards Board published a revised IFRS 3 'Business Combinations' and related revisions to IAS 27 'Consolidated and Separate Financial Statements' following the completion in January 2008 of its project on the acquisition and disposal of subsidiaries. The standards improve convergence with US GAAP and provide new guidance on accounting for changes in interests in subsidiaries. The cost of an acquisition will comprise only consideration paid to vendors for equity; other costs will be expensed immediately. Acquirers will only account for goodwill on acquisition on obtaining control; subsequent changes in interest will be recognised in other comprehensive income and only on a loss of control will a profit or loss on disposal be recognised in profit or loss. The changes are effective for accounting periods beginning on or after 1 July 2009. These changes will affect the company's accounting for future acquisitions and disposals of subsidiaries.

In May 2008, the IASB issued amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards' and IAS 27 'Consolidated and Separate Financial Statements' that change the investor's accounting for the cost of an investment in a subsidiary, jointly controlled entity or associate. It does not affect the consolidated accounts but may prospectively affect ABN AMRO Bank's accounting and presentation of receipts of dividends from such entities.

The IASB issued amendments to a number of standards in April 2009 as part of its annual improvements project. The amendments are effective for accounting periods beginning on or after 1 January 2010 and are not expected to have a material effect on ABN AMRO Bank.

The IASB issued an amendment, 'Group Cash-settled Share-based Payment Transactions', to IFRS 2 'Share-based Payment' in June 2009 that will change the accounting for share awards by permitting accounting for equity settlement only by entities that either grant awards over their own equity or have no obligation to settle a share-based payment transaction. The amendment is effective for accounting periods beginning on or after 1 January 2010 and is not expected to have a material effect on ABN AMRO Bank.

The IASB published an amendment 'Classification of Rights Issues' to IAS 32 'Financial Instruments: Presentation' and consequential revisions to other standards in October 2009 to improve the accounting for issues of equity for consideration fixed other than in the reporting entity's functional currency. The amendment is effective for accounting periods beginning on or after 1 February 2010. It is not expected to have a material affect on ABN AMRO Bank.

The International Financial Reporting Interpretations Committee (IFRIC) issued interpretation IFRIC 17 'Distributions of Non-Cash Assets to Owners' and the IASB made consequential amendments to IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' in December 2008. The interpretation requires distributions to be presented at fair value with any surplus or deficit to be recognised in profit or loss. The amendment to IFRS 5 extends the definition of disposal groups and discontinued operations to disposals by way of distribution. The interpretation is effective for accounting periods beginning on or after 1 July 2009, to be adopted at the same time as IAS 27 (as amended in May 2008), and is not expected to have a material effect on ABN AMRO Bank.

Pro forma consolidated income statement for the year ended 31 December

	2009	2008 (unaudited)
Interest income	**7,782**	8,815
Interest expense	**4,803**	5,592
Net interest income 3	**2,979**	3,223
Fee and commission income	**1,299**	1,383
Fee and commission expense	**101**	61
Net fee and commission income 4	**1,198**	1,322
Net trading income 5	**110**	190
Results from financial transactions 6	**305**	181
Share of result in equity accounted investments 19	**83**	31
Other operating income 7	**215**	242
Income from consolidated private equity holdings 41	**409**	-
Operating income	**5,299**	5,189
Personnel expenses 8	**2,011**	1,959
General and administrative expenses 9	**1,630**	1,493
Depreciation and amortisation 10	**337**	334
Goods and materials of consolidated private equity holdings 41	**216**	-
Operating expenses	**4,194**	3,786
Loan impairment and other credit risk provisions 18	**1,172**	776
Total expenses	**5,366**	4,562
Operating profit before tax	**(67)**	627
Tax 11	**50**	156
Profit/(loss) from continuing operations	**(117)**	471
Profit from discontinued operations net of tax 44	**-**	3,065
Profit/(loss) for the year	**(117)**	3,536
Attributable to:		
Shareholders of the company	**(112)**	3,530
Non-controlling interest	**(5)**	6

Numbers stated against items refer to notes. The notes to the pro forma consolidated financial information are an integral part of these statements.

Pro forma consolidated statement of comprehensive income for the year ended 31 December

	2009	2008 (unaudited)
Profit/(loss) for the period	**(117)**	3,536
Other comprehensive income:		
Currency translation account	**(11)**	14
Available-for-sale financial assets	**246**	(274)
Cash flow hedging reserves	**(247)**	(1,029)
Income tax relating to components of other comprehensive income	**50**	306
Other comprehensive income/(expense) for the period, net of tax	**38**	(983)
Total comprehensive income/(expense) for the period, net of tax	**(79)**	2,553
Total comprehensive income attributable to:		
Owners of the parent	**(77)**	2,584
Non-controlling interests	**(2)**	(31)

Pro forma consolidated statement of financial position 31 December

	2009	2008
		(unaudited)
Assets		
Cash and balances at central banks 13	**802**	596
Financial assets held for trading 14	**4,228**	978
Financial investments 15	**20,153**	14,667
Loans and receivables- banks 16	**17,380**	7,456
Loans and receivables- customers 17	**149,223**	150,403
Equity accounted investments 19	**363**	210
Property and equipment 20	**1,627**	1,638
Goodwill and other intangibles 21	**453**	275
Accrued income and prepaid expenses	**2,211**	1,917
Tax assets 28	**589**	406
Other assets 22	**5,055**	4,993
Total assets	**202,084**	183,539
Liabilities		
Financial liabilities held for trading 14	**2,944**	337
Due to banks 23	**4,577**	730
Due to customers 24	**143,782**	121,962
Issued debt securities 25	**23,451**	31,174
Provisions 26	**3,659**	2,823
Accrued expenses and deferred income	**3,283**	2,973
Tax liabilities 28	**332**	238
Other liabilities 29	**8,738**	10,331
Subordinated liabilities 30	**7,040**	5,927
Total Liabilities	**197,806**	176,495
Equity		
Share capital 31	**-**	-
Share premium	**-**	-
Retained earnings	**5,165**	7,969
Net losses not recognised in the income statement	**(895)**	(930)
Equity attributable to shareholders of the parent company	**4,270**	7,039
Equity attributable to non-controlling interest	**8**	5
Total equity	**4,278**	7,044
Total equity and liabilities	**202,084**	183,539
Guarantees and other commitments 34	**4,546**	4,000
Committed credit facilities 34	**5,657**	5,675

Numbers stated against items refer to the notes. The notes to the pro forma consolidated financial information are an integral part of these statements.

Pro forma consolidated statement of changes in equity for the year ended 31 December

	2009	2008
		(unaudited)
Share capital		
Balance at 1 January	**-**	-
Balance at 31 December	**-**	-
Share premium		
Balance at 1 January	**-**	-
Balance at 31 December	**-**	-
Treasury shares		
Balance at 1 January	**-**	-
Balance at 31 December	**-**	-
Other reserves including retained earnings		
Balance at 1 January	**7,969**	4,058
Profit attributable to shareholders of the parent company	**(112)**	3,530
Other	**(2,692)**	381
Balance at 31 December	**5,165**	7,969
Net gains/(losses) not recognised in the income statement		
Currency translation account		
Balance at 1 January	**12**	(6)
Comprehensive gain/(loss) for the period 12	**(11)**	18
Subtotal – Balance at 31 December	**1**	12
Net unrealised gains/(losses) available-for-sale financial assets		
Balance at 1 January	**(150)**	22
Comprehensive income/(expense) for the period	**217**	(172)
Subtotal - Balance at 31 December	**67**	(150)
Cash flow hedging reserve		
Balance at 1 January	**(792)**	-
Comprehensive loss for the period 12	**(171)**	(792)
Subtotal - Balance at 31 December	**(963)**	(792)
Balance of other comprehensive expense at 31 December 12	**(895)**	(930)
Equity attributable to shareholders of the parent company at 31 December	**4,270**	7,039
Non-controlling interests		
Balance at 1 January	**5**	42
Comprehensive gain/(loss) for the period*	**3**	(37)
Equity attributable to non-controlling interests at 31 December	**8**	5
Total equity at 31 December	**4,278**	7,044

Numbers stated against items refer to the notes. The notes to the pro forma consolidated financial information are an integral part of these statements.
**2008 includes de-consolidation effect from the disposal of non-controlling interests*

Pro forma consolidated statement of cash flows for the year ended 31 December

	2009	2008
		(unaudited)
Operating activities		
Profit/(loss) for the year	**(117)**	3,536
Adjustments for significant non-cash items included in income		
Depreciation, amortisation and impairment	**337**	338
Loan impairment losses	**1,179**	785
Share of result in equity accounted investments	**(83)**	(34)
Movements in operating assets and liabilities		
Movement in operating assets 35	**(14,037)**	(16,228)
Movement in operating liabilities 35	**25,649**	11,022
Other adjustments		
Dividends received form equity accounted investments	**30**	16
Net cash flows from operating activities	**12,958**	(565)
Investing activities		
Acquisition of investments	**(11,994)**	(8,526)
Sales and redemption of investments	**6,422**	8,910
Acquisition of property and equipment	**(240)**	(202)
Sales of property and equipment	**104**	40
Acquisition of intangibles (excluding goodwill)	**(96)**	(73)
Acquisition of subsidiaries and equity accounted investments	**(1)**	(3)
Disposal of subsidiaries and equity accounted investments	**-**	3,515
Net cash flows from investing activities	**(5,805)**	3,661
Financing activities		
Issuance of subordinated liabilities	**2,600**	-
Repayment of subordinated liabilities	**(1,150)**	-
Issuance of other long-term funding	**-**	50
Repayment of other long-term funding	**(8,623)**	(3,110)
Other	**(5)**	(6)
Net cash flows from financing activities	**(7,178)**	(3,066)
Currency translation differences on cash and cash equivalents	**-**	(1)
Movement in cash and cash equivalents	**(25)**	29
Cash and cash equivalents at 1 January	**1,208**	1,179
Cash and cash equivalents at 31 December 35	**1,183**	1,208

Numbers stated against items refer to the notes. The notes to the pro forma consolidated financial information are an integral part of these statements

Notes to the pro forma consolidated financial information

1. Segment reporting

Segment information is presented in respect of ABN AMRO Bank's business. The operating segments are consistent with ABN AMRO Bank's management and internal reporting structure.

In April 2008, a part of the central Asset and Liability Management portfolios have been economically allocated from the unallocated business of ABN AMRO Holding to ABN AMRO Bank. Since the allocation was effected on the basis of prospective agreements between Consortium Members, results of these Asset and Liability Management portfolios prior to this date are not reported in this pro forma.

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

Operating segments
The operating segments are described as follows:

BU Netherlands
This business unit serves a diverse client base comprised of consumer and commercial clients. It offers a broad range of commercial and retail banking products and services via its multi-channel service model consisting of a network of branches, internet banking facilities, costumer contact centers and ATMs throughout the Netherlands and increasingly focuses on mass affluent customers and commercial mid-market clients.

BU Private Clients
This BU offers private banking services to wealthy individuals and institutions with net investable assets of EUR 1 million or more. It also includes the International Diamond and Jewelry Group, which offers its clients a full range of banking products and services. In the past few years, BU Private Clients built up an onshore network mainly in continental Europe as well as some activities in Asia.

Other
Other includes activities that do not qualify as a business activity including the head office functions and the Asset and Liability Management portfolios.

Operating segment information for the year ended 31 December 2009

	BU Nether-lands	BU Private Clients	Other	Re-conciling Items 1	Total
Net interest income – external	3,992	(583)	(606)	(15)	2,788
Net interest income – other segments	(1,319)	974	536	-	191
Net fee and commission income – external	664	494	(8)	-	1,150
Net fee and commission income – other segments	25	23	-	-	48
Net trading income	62	75	(27)	-	110
Result from financial transactions	62	(2)	239	6	305
Share of result in equity accounted investments	82	1	-	-	83
Other operating income	160	55	-	-	215
Income of consolidated private equity holdings	-	-	-	409	409
Total operating income	3,728	1,037	134	400	5,299
Total operating expenses	2,851	892	53	398	4,194
Loan impairment and credit risk provisions	957	219	(4)	-	1,172
Total expenses	3,808	1,111	49	398	5,366
Operating profit/(loss) before taxes	(80)	(74)	85	2	(67)
Tax	(40)	2	86	2	50
Loss for the year	(40)	(76)	(1)	-	(117)

Other information at 31 December 2009

	BU Nether-lands	BU Private Clients	Other	Re-conciling Items 1	Total
Total assets	145,690	20,857	19,113	16,424	202,084
Of which equity accounted investments	277	6	80	-	363
Total liabilities	143,748	19,162	18,472	16,424	197,806
Capital expenditure	320	16	-	-	336
Depreciation and amortisation	303	34	-	-	337

(1) Segments are stated as they are reviewed by management and therefore exclude the effect of the consolidation of Private Equity businesses which is shown as a reconciling item. Intercompany balances are shown as external balances in the segments and eliminated as a reconciling item.

Operating segment information for the year ended 31 December 2008 (unaudited)

	BU Netherlands	BU Private Clients	Other	Reconciling Items 2	Total
Net interest income – external	4,809	(908)	(461)	-	3,440
Net interest income – other segments	(1,895)	1,360	318	-	(217)
Net fee and commission income – external	674	556	(7)	-	1,223
Net fee and commission income – other segments	54	45	-	-	99
Net trading income	113	84	(7)	-	190
Result from financial transactions	119	(13)	75	-	181
Share of result in equity accounted investments	30	1	-	-	31
Other operating income	160	72	10	-	242
Total operating income	4,064	1,197	(72)	-	5,189
Total operating expenses	2,850	894	42	-	3,786
Loan impairment and credit risk provisions	745	31	-	-	776
Total expenses	3,595	925	42	-	4,562
Operating profit/(loss) before taxes	469	272	(114)	-	627
Tax	106	81	(31)	-	156
Profit/(loss) from continuing operations	363	191	(83)	-	471
Profit from discontinued operations net of tax	-	-	3,065	-	3,065
Profit for the year	363	191	2,982	-	3,536
Other information at 31 December 2008					
Total assets	143,465	20,801	12,848	6,425	183,539
Of which equity accounted investments	204	6	-	-	210
Total liabilities	141,268	19,051	9,751	6,425	176,495
Capital expenditure	253	20	2	-	275
Depreciation and amortisation	291	43	-	-	334
Impairment of available-for-sale securities	-	24	-	-	24

(2) Intercompany balances are shown as external balances in the segments and eliminated as a reconciling item.

Geographical segments

The geographical analysis presented below is based on the location of the ABN AMRO Bank entity in which the transactions are recorded.

	The Netherlands	Other countries	Reconciling Items 3	Total
2009				
Net interest income	2,671	308		2,979
Net commission income	834	364		1,198
Other income	1,017	105		1,122
Operating income	4,522	777		5,299
Total assets	168,745	16,915	16,424	202,084
Capital expenditure	324	12		336
2008 (unaudited)				
Net interest income	2,919	304		3,223
Net commission income	908	414		1,322
Other income	513	131		644
Operating income	4,340	849		5,189
Total assets	160,382	16,732	6,425	183,539
Capital expenditure	262	13		275

(3) Intercompany balances are shown as external balances in the segments and eliminated as a reconciling item.

2. Acquisitions and disposals of subsidiaries

Acquisitions 2009
During 2009 ABN AMRO Bank acquired part of the private equity portfolio from the unallocated shared assets portfolio of ABN AMRO Holding N.V.

Acquisitions 2008
During 2008 there were no acquisitions.

Disposals 2009
During 2009 there were no disposals.

Disposals 2008
The sale of the shares in ABN AMRO Asset Management NV to Fortis was completed on April 2008. The sale price was EUR 3,699 million, resulting in a gain on sale of EUR 3,065 million.

3. Net interest income

	2009	2008
		(unaudited)
Interest income from:		
Cash and balances at central banks	**2**	7
Financial investments	**564**	394
Loans and receivables-banks	**384**	34
Loans and receivables-customers	**6,832**	8,380
Subtotal	**7,782**	8,815
Interest expense from:		
Due to banks	**24**	34
Due to customers	**3,579**	4,076
Issued debt securities	**984**	1,290
Subordinated liabilities	**216**	192
Subtotal	**4,803**	5,592
Total	**2,979**	3,223

The interest income recognised on impaired financial assets is EUR 25 million (2008: EUR 22 million).

4. Net fee and commission income

	2009	2008
		(unaudited)
Fee and commission income		
Securities brokerage fees	**365**	397
Payment and transaction services fees	**414**	427
Asset management and trust fees	**254**	293
Insurance related fees	**107**	110
Other fees and commissions	**159**	156
Subtotal	**1,299**	1,383
Fee and commission expense		
Securities brokerage expense	**19**	19
Other fee and commission expense	**82**	42
Subtotal	**101**	61
Total	**1,198**	1,322

5. Net trading income

	2009	2008
		(unaudited)
Interest instruments trading	**10**	45
Foreign exchange trading	**140**	114
Other	**(40)**	31
Total	**110**	190

6. Results from financial transactions

	2009	2008
		(unaudited)
Net result on the sale of available-for-sale debt securities	**100**	96
Net result on risk mitigants	**74**	215
Net result on the sale of loans and advances	**(15)**	-
Impairment of available-for-sale debt securities	**(7)**	(24)
Net result on available-for-sale equity investments	**2**	8
Net result on fair value changes in own credit risk and repurchase of own debt	**59**	8
Dividends on available-for-sale equity investments	**4**	3
Net result on other equity investments	**45**	1
Other	**43**	(126)
Total	**305**	181

7. Other operating income

	2009	2008
		(unaudited)
Insurance activities	**18**	45
Leasing activities	**77**	71
Disposal of operating activities and equity accounted investments	**10**	12
Other	**110**	114
Total	**215**	242

Income from insurance activities can be analysed as follows:

	2009	2008
		(unaudited)
Premium income	**740**	619
Investment income	**268**	(85)
Provision for insured risk	**(990)**	(489)
Total	**18**	45

8. Personnel expenses

	2009	2008
		(unaudited)
Salaries (including bonuses and allowances)	**1,488**	1,449
Social security expenses	**58**	58
Pension and post-retirement healthcare costs	**228**	112
Temporary staff costs	**109**	131
Termination payments	**80**	37
Other employee costs	**48**	172
Total	**2,011**	1,959

Average number of employees (fte):		
Banking activities Netherlands	**19,631**	20,634
Banking activities foreign countries	**2,940**	2,824
Consolidated private equity holdings	**2,376**	-
Total	**24,947**	23,458

9. General and administrative expenses

	2009	2008
		(unaudited)
Professional fees	**289**	199
Information, communication and technology expenses	**600**	483
Property costs	**216**	239
Expenses of consolidated private equity holdings	**67**	-
Other general and administrative expenses	**458**	572
Total	**1,630**	1,493

10. Depreciation and amortisation

	2009	2008
		(unaudited)
Property depreciation	**75**	74
Equipment depreciation	**146**	148
Software amortisation	**94**	106
Amortisation of other intangible assets	**4**	-
Impairment losses on goodwill	**13**	-
Impairment of software, property and equipment	**5**	6
Total	**337**	334

11. Tax

Recognised in the income statement

	2009	2008
		(unaudited)
Current tax expense		
Current year	**(11)**	121
Over provided in prior years	**(1)**	(1)
Subtotal	**(12)**	120
Deferred tax (benefit)/expense		
Origination and reversal of timing differences	**62**	38
Subtotal	**62**	38
Total	**50**	158
Continuing operations	**50**	156
Discontinued operations	**-**	2
Total	**50**	158

Reconciliation of the total tax charge

Total tax charge continuing operations
The effective tax rate on ABN AMRO Bank's result before tax differs from the theoretical amount that would arise using the statutory tax rate of the Netherlands. This difference can be explained as follows:

	2009	2008
		(unaudited)
Dutch tax rate	**25.50%**	25.50%
Current tax charge/(credit) at statutory rate on ordinary activities	**(17)**	160
Tax exempt income relating to private equity	**(7)**	(3)
Other tax exempt income	**(21)**	(17)
Total tax exempt income effect	**(28)**	(20)
Tax related to adjustments to prior years' tax calculations	**(1)**	(1)
Effect of deferred tax assets not recognised	**48**	5
Amount of benefit from a previously unrecognised tax loss, tax credit or temporary difference of a prior period used to reduce deferred tax expense	**(1)**	(3)
Other movements	**49**	15
Total	**50**	156

The effect of deferred tax assets not recognised mainly relates to unrecognised tax losses available for carry-forward (refer to note 28).

Total tax charge discontinued operations

	2009	2008
		(unaudited)
Dutch tax rate	**25.50%**	25.50%
Current tax charge at current rate on ordinary activities	**-**	782
Total tax exempt income effect	**-**	(782)
Other movements	**-**	2
Total	**-**	2

12. *Other comprehensive income*

		Year ended 2009		Year ended 2008
				(unaudited)
Other comprehensive income/(expense):				
Currency translation account		**(11)**		14
Available-for-sale financial assets:				
(Losses) arising during the period	**346**		(178)	
Less: Reclassification adjustments for (gains)/losses included in profit or loss	**(100)**		(96)	
		246		(274)
Cash flow hedging reserve:				
(Losses)/gains arising during the period	**(202)**		(1,027)	
Less: Reclassification adjustments for (gains)/losses included in profit or loss	**(45)**		(2)	
		(247)		(1,029)
Other comprehensive expense		**(12)**		(1,289)
Income tax relating to components of other comprehensive expense		**50**		306
Other comprehensive expense for the period, net of tax		**38**		(983)

Tax effects of each component of other comprehensive income/(expense)

	Year ended 2009			Year ended 2008 (unaudited)		
	Before tax amount	**Tax**	**Net of tax amount**	Before tax amount	Tax	Net of tax amount
Currency translation account	**(11)**	**-**	**(11)**	14	4	18
Available-for-sale financial assets	**246**	**(26)**	**220**	(274)	65	(209)
Cash flow hedging reserve	**(247)**	**76**	**(171)**	(1,029)	237	(792)
Other comprehensive expense	**(12)**	**50**	**38**	(1,289)	306	(983)

13. Cash and balances at central banks

This item includes cash on hand and deposits with central banks in countries in which the company has a presence.

	2009	2008 (unaudited)
Cash on hand	**641**	534
Balances at central bank	**161**	62
Total	**802**	596

The deposits with the central banks that represent the mandatory reserve deposits and are therefore not available for use in the Bank's day-to-day operations amount to EUR 108 million (2008: EUR 6 million).

14. Financial assets and liabilities held for trading

	2009	2008 (unaudited)
Financial assets held for trading		
Dutch Government	**60**	-
Other OECD governments	**18**	-
Financial institutions	**-**	84
Non financial institutions	**-**	39
Trading book loans	**666**	-
Subtotal: Interest earning financial assets	**744**	123
Equity instruments	**-**	78
Derivative financial instruments	**3,484**	777
Total assets held for trading	**4,228**	978
Financial liabilities held for trading		
Short positions in financial assets	**61**	-
Derivative financial instruments	**2,883**	337
Total liabilities held for trading	**2,944**	337

Trading portfolio derivative financial instruments

		2009			2008 (unaudited)		
		Notional amounts	**Fair values**		Notional amounts	Fair values	
			Assets	**Liabilities**		Assets	Liabilities
Interest rate derivatives							
OTC	Swaps	**70,843**	**1,702**	**1,648**	16,938	380	108
	Forwards	**24**	**-**	**-**	-	-	-
	Options (purchased)	**5,432**	**598**	**1**	322	17	-
	Options (sold)	**4,584**	**-**	**223**	323	-	7
	Subtotal	**80,883**	**2,300**	**1,872**	17,583	397	115
Currency derivatives							
OTC	Swaps	**16,795**	**275**	**183**	327	8	12
	Forwards	**17,760**	**281**	**205**	3,904	50	41
	Options (purchased)	**5,593**	**411**	**-**	1,012	78	-
	Options (sold)	**5,970**	**-**	**403**	597	-	74
	Subtotal	**46,118**	**967**	**791**	5,840	136	127
Other							
OTC	Equity, commodity and other	**54**	**6**	**10**	-	-	-
	Equity options (purchased)	**265**	**23**	**-**	303	113	-
	Equity options (sold)	**382**	**-**	**22**	286	-	67
Exchange	Equity options (purchased)	**-**	**188**	**-**	-	131	-
	Equity options (sold)	**-**	**-**	**188**	-	-	28
	Subtotal	**701**	**217**	**220**	589	244	95
Total		**127,702**	**3,484**	**2,883**	24,012	777	337

15. Financial investments

	2009	2008
		(unaudited)
Interest-earning securities: available-for-sale		
Dutch Government	**2,758**	2,879
Other OECD governments	**11,039**	8,082
Non-OECD governments	**-**	865
Mortgage and other asset backed securities	**885**	237
Financial institutions	**3,773**	1,136
Non financial institutions	**1,238**	1,177
Other interest-earning securities	**-**	23
Subtotal	**19,693**	14,399
Equity instruments		
Available-for-sale	**327**	241
Designated at fair value through income	**133**	27
Subtotal	**460**	268
Total	**20,153**	14,667

Financial investments have increased due to the purchase of high quality debt securities for asset and liability management purposes, as part of separation readiness.

16. Loans and receivables – banks

This item is comprised of amounts due from or deposited with banking institutions.

	2009	2008
		(unaudited)
Current accounts	**17,137**	7,084
Time deposits placed	**218**	190
Professional securities transactions	**4**	8
Loans	**21**	174
Total	**17,380**	7,456

Loans and receivables – banks have increased due to the growth of the net receivable with RBS acquired businesses of ABN AMRO Holding N.V.

17. Loans and receivables – customers

This item is comprised of amounts receivable from non-bank customers.

	2009	2008
		(unaudited)
Public sector	**1,390**	1,187
Commercial	**45,037**	47,081
Consumer	**105,167**	103,735
Professional securities transactions	**6**	38
Subtotal	**151,600**	152,041
Allowances for impairment (see note 18)	**(2,377)**	(1,638)
Total	**149,223**	150,403

18. Loan impairment charges and allowances

Loan provisioning
Both commercial and consumer loans are categorised into programme lending, where provisioning is determined on a portfolio basis or non-programme lending, where loans are assessed on an individual basis. Criteria used are quantitative thresholds and qualitative customer characteristics.

Programme lending
For programme lending provisioning for these products is applied on a portfolio basis with a provision for each product being determined by loss experience. Examples of the programmes are personal loans, residential mortgages, credit cards, home improvement loans and Small medium enterprises ('SME') overdraft facilities.

Our programme lending criteria states that, in general, when interest or principal on a loan is 90 days past due, such loans are classified as non-performing and as a result the loans are considered impaired.

Allowances against a given portfolio may be released where there is improvement in the quality of the portfolio.

Non-programme lending
ABN AMRO Bank reviews the status of credit facilities issued every 6 or 12 months, depending on the rating of the facility. Additionally, credit officers continually monitor the quality of the credit facilities, the client and the adherence to contractual conditions. Should the quality of a loan or the borrower's financial position deteriorate to the extent that doubts arise over the borrower's ability to meet its contractual obligations, management of the relationship is transferred to the Financial Restructuring and Recovery department.

After making an assessment, Financial Restructuring and Recovery determines the amount, if any, of the specific allowances that should be made, after taking into account borrower's financial position and the value of collateral. Specific allowances are partly or fully released when the debt is repaid or expected future cash flows improve due to positive changes in economic or financial circumstances.

Allowance for incurred but not identified losses
In addition to impairment allowances calculated on a specific or portfolio basis, ABN AMRO Bank also maintains an allowance to cover undetected impairments existing within loans due to delays in obtaining information that would indicate that losses exist at the balance sheet date. This process includes an estimate by management to reflect current market conditions.

Allowances

	2009	2008 (unaudited)	**2009**	2008 (unaudited)	**2009**	2008 (unaudited)
	Commercial		Consumer		Total	
Balance at 1 January	**1,247**	773	**391**	265	**1,638**	1,038
New impairment allowances	**1,142**	687	**201**	222	**1,343**	909
Reversal of impairment allowances no longer required	**(123)**	(122)	**(41)**	(2)	**(164)**	(124)
Recoveries of amounts previously written off	**(6)**	(3)	**(1)**	(6)	**(7)**	(9)
Total loan impairment and other credit risk provisions	**1,013**	562	**159**	214	**1,172**	776
Amount recorded in interest income from unwinding of discounting	**(6)**	1	**-**	-	**(6)**	1
Currency translation differences	**-**	(5)	**-**	(3)	**-**	(8)
Amounts written off (net)	**(393)**	(163)	**(63)**	(93)	**(456)**	(256)
Disposals of businesses	**6**	9	**1**	2	**7**	11
Effect of (de) consolidating entities	**(21)**		**-**		**(21)**	
Reserve for unearned interest accrued on impaired loans	**43**	70	**-**	6	**43**	76
Balance at 31 December	**1,889**	1,247	**488**	391	**2,377**	1,638

The reconciliation of the allowance for impairment losses for loans and receivables:

Impairment

	Commercial	**Consumer**				**Total**
		Mortgages	**Personal loans**	**Credit cards**	**Other consumer**	
2009						
Individual impairment	**1,385**	**-**	**1**	**-**	**73**	**1,459**
Collective impairment	**504**	**153**		**-**	**261**	**918**
Total loan impairment and other credit risk provisions	**1,889**	**153**	**1**	**-**	**334**	**2,377**
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	**2,704**	**470**	**1**	**-**	**444**	**3,619**

	Commercial	Consumer				Total
		Mortgages	Personal loans	Credit cards	Other consumer	
2008 (unaudited)						
Individual impairment	940	-	2	-	31	973
Collective impairment	307	74	-	-	284	665
Total loan impairment and other credit risk provisions	1,247	74	2	-	315	1,638
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	1,844	310	4	5	346	2,509

19. *Equity accounted investments*

	2009	2008
		(unaudited)
Financial institutions	**283**	202
Other investments	**80**	8
Total	**363**	210

Balance at 1 January	**210**	229
Movements:		
Purchases	**80**	2
Share of results in equity accounted investments	**83**	31
Dividends received from equity accounted investments	**(30)**	(16)
Other	**20**	(36)
Balance at 31 December	**363**	210

The principal equity accounted investments of ABN AMRO Bank on an aggregated basis (not adjusted for proportionate interest) have the following balance sheet and income statement totals:

	2009	2008
		(unaudited)
Total assets	**6,471**	6,742
Total liabilities	**5,425**	5,135
Operating income	**1,430**	575
Operating profit after tax	**151**	109

The majority of the equity accounted investments are regulated entities and therefore their ability to transfer funds to ABN AMRO Bank is subject to regulatory approvals.

20. *Property and equipment*

The book value of property and equipment in 2009 and 2008 changed as follows:

	Property			
	Used in operations	**Other**	**Equip- ment**	**Total**
2009				
Balance at 1 January 2009	**1,162**	**9**	**467**	**1,638**
Movements:				
Acquired in business combinations	**42**	**1**	**38**	**81**
Additions	**46**	**3**	**194**	**243**
Disposals	**(14)**	**-**	**(90)**	**(104)**
Impairment losses	**(2)**	**-**	**-**	**(2)**
Depreciation	**(74)**	**(1)**	**(146)**	**(221)**
Currency translation differences & other	**-**	**(6)**	**(2)**	**(8)**
Balance at 31 December 2009	**1,160**	**6**	**461**	**1,627**
Representing:				
Cost	**2,080**	**8**	**1,474**	**3,560**
Cumulative impairment	**(20)**	**-**	**(1)**	**(21)**
Cumulative depreciation	**(900)**	**(2)**	**(1,010)**	**(1,912)**

	Property			
	Used in operations	Other	Equipment	Total
2008 (unaudited)				
Balance at 1 January 2008	1,235	23	495	1,753
Movements:				
Acquired in business combinations	5	-	2	7
Additions	35	1	165	201
Disposals	(17)	(21)	(49)	(87)
Impairment losses	(6)	-	-	(6)
Depreciation	(74)	-	(148)	(222)
Currency translation differences & other	(16)	6	2	(8)
Balance at 31 December 2008	1,162	9	467	1,638
Representing:				
Cost	2,082	19	1,376	3,477
Cumulative impairment	(16)	-	(1)	(17)
Cumulative depreciation	(904)	(10)	(908)	(1,822)

As lessor
ABN AMRO Bank leases out various assets, included in 'Other', under operating leases. Non-cancellable operating lease rentals are as follows:

Non-Cancellable operating lease rentals	**2009**	2008
		(unaudited)
Less than one year	**21**	22
Between one and five years	**187**	181
More than five years	**80**	87
Total	**288**	290

During the year ended 31 December 2009, EUR 74 million (2008: EUR 69 million) was recognised as rental income in the income statement and EUR 60 million (2008: EUR 55 million) in respect of directly related expenses.

21. Goodwill and other intangible assets

The book value of property and equipment in 2009 and 2008 changed as follows:

	2009	2008
		(unaudited)
Goodwill	**237**	104
Software	**194**	169
Other intangibles	**22**	2
Total	**453**	275

The book value of goodwill and other intangibles changed as follows:

	Goodwill	Private Equity Goodwill	Software	Other intan-gibles	Total
2009					
Balance at 1 January 2009	**104**	**-**	**169**	**2**	**275**
Movements:					
Acquired in business combinations	**-**	**144**	**26**	**24**	**194**
Additions	**1**	**-**	**96**	**-**	**97**
Impairment losses	**-**	**(13)**	**(3)**	**-**	**(16)**
Amortisation	**-**	**-**	**(94)**	**(4)**	**(98)**
Currency translation differences	**1**	**-**	**-**	**-**	**1**
Balance at 31 December 2009	**106**	**131**	**194**	**22**	**453**
Representing:					
Cost	**106**	**144**	**752**	**24**	**1,026**
Cumulative impairment	**-**	**(13)**	**(3)**	**-**	**(16)**
Cumulative amortisation	**-**	**-**	**(555)**	**(2)**	**(557)**

	Goodwill	Private Equity Goodwill	Software	Other in-tangibles	Total
2008 (unaudited)					
Balance at 1 January 2008	103	-	219	2	324
Movements:					
Acquired in business combinations	3	-	2	-	5
Additions	1	-	72	-	73
Disposals	-	-	(17)	-	(17)
Amortisation	-	-	(106)	-	(106)
Currency translation differences	(3)	-	-	-	(3)
Other	-	-	(1)	-	(1)
Balance at 31 December 2008	104	-	169	2	275
Representing:					
Cost	104	-	644	2	750
Cumulative amortisation	-	-	(475)	-	(475)

Impairment testing
Goodwill has been allocated for impairment testing purposes to individual cash generating units.
ABN AMRO Bank acquired a portfolio of Private Equity investments in 2009 that is subject to goodwill impairment testing.

At 31 December 2009 goodwill is allocated across multiple cash generating units and Private Equity investments. Recoverable amounts are assessed independently.

Cash generating units and Private Equity investments with significant goodwill balances were as follows:

Segment	Entity	Basis of recoverable amount	Discount rate	Impairment loss	Goodwill **2009**	Goodwill 2008
						(unaudited)
Netherlands	AA Jonge Bedrijvenfonds B.V.	Value in use	15%	13	**107**	-
Private Clients	Delbrück Bethmann Maffei AG	Fair value less costs to sell	n/a	-	**63**	63
Private Clients	AA Belgian Branch	Fair value less costs to sell	n/a	-	**20**	20

For Private Equity investments, the recoverable amount is determined based on a value in use basis, calculated by using a discounted cash flow model. Key assumptions impacting the recoverable amount based on the value in use are the discount rate and exit value. The values assigned to each key assumption reflect past experience that was modified based on management's expectation for the future and are consistent with external sources of information. The main event that led to the recognition of the impairment losses was driven by the sensitivity of some Private Equity investments to the adverse economic situation. If the discount rate increases to 20 %, the goodwill of more Private Equity entities will be impaired.

Fair value less costs to sell is based upon market conform multiples for different classes of assets under current management at Delbrück Bethmann Maffei AG and AA Belgian Branch. For Delbrück Bethmann Maffei AG, the recoverable amount of this cash generating unit exceeds its carrying value by EUR 9 million. Securities are the largest class of assets under management at the cash generating unit and the respective expected multiple for these assets would need to fall by 0.2 percentage point to cause its recoverable amount to fall below the carrying value.For AA Belgian Branch the recoverable amount exceeds its carrying value by EUR 33 million. The securities would need to fall by 1.0 percentage point to cause its recoverable amount to fall below the carrying value.

22. *Other assets*

	2009	2008
		(unaudited)
Non-trading derivative assets	**682**	283
Unit-linked investments held for policy holder accounts	**3,714**	3,877
Pension assets	**152**	53
Sundry assets and other receivables	**507**	780
Total	**5,055**	4,993

23. *Due to banks*

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

	2009	2008
		(unaudited)
Professional securities transactions	**1**	13
Current accounts	**565**	165
Time deposits	**3,842**	387
Other	**169**	165
Total	**4,577**	730

24. Due to customers

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

	2009	2008
		(unaudited)
Consumer current accounts	**19,316**	16,273
Commercial current accounts	**34,697**	26,009
Consumer savings accounts	**64,952**	59,176
Commercial deposit accounts	**23,360**	19,862
Other	**1,457**	642
Total	**143,782**	121,962

25. Issued debt securities

	2009		2008 (unaudited)	
	Effective rate %		Effective rate %	
Bonds and notes issued	**2.6**	**22,035**	5.1	29,952
Certificates of deposit and commercial paper	**2.3**	**167**		-
Cash notes, savings certificates and bank certificates	**4.5**	**1,249**	4.6	1,222
Total		**23,451**		31,174

Bonds and notes are issued in the capital markets with a focus on the euro market.

Issued debt securities in (currency):

	2009	2008
		(unaudited)
EUR	**22,138**	29,884
USD	**158**	163
Other	**1,155**	1,127
Total	**23,451**	31,174

The balance above includes various structured liabilities that have been designated at fair value through income of EUR 103 million (2008: EUR 1,450 million).

Financial liabilities designated at fair value through income

	2009	2008 (unaudited)
	Structured notes	
Cumulative change in fair value of the structured notes attributable to changes in credit risk	**13**	13
Change during the year in fair value of the structured notes attributable to changes in credit risk	**-**	8
Difference between the contractual amount at maturity and the carrying amount	**2**	-

26. *Provisions*

	2009	2008 (unaudited)
Insurance fund liabilities	**2,997**	2,452
Provision for pension commitments 27	**80**	78
Other staff provision	**196**	176
Restructuring provision	**75**	57
Other provisions	**311**	60
Total	**3,659**	2,823

Provision for claims and ligitation and the deposit guarantee regarding the bankrupty of the DSB Bank are included in other provisions. Insurance fund liabilities include the actuarial reserves, the premium and claims reserves of ABN AMRO Bank's insurance companies.

Other staff provisions relate in particular to occupational disability and other benefits, except early retirement benefits payable to non-active employees which are included in Provision for pension commitments. Other provisions include provision for claims and litigation. Insurance fund liabilities include the actuarial reserves, the premium and claims reserves of ABN AMRO Bank's insurance companies.

Insurance fund liabilities
Movements in insurance fund liabilities are as follows:

	2009	2008 (unaudited)
Balance at 1 January	**2,452**	2,507
Reclassification related to businesses held for sale/discontinued operations	**-**	2
Claims paid	**(204)**	(8)
Changes in estimates and other movements	**749**	(49)
Balance at 31 December	**2,997**	2,452

The assumptions that have the greatest effect in calculating actuarial reserves are future mortality, morbidity, persistency and levels of expenses. Mortality estimates are based on standard industry and national mortality tables, adjusted where appropriate to reflect ABN AMRO Bank's own experience. Other key metrics include interest (2009: 3.49%, 2008: 3.77%) unit growth (2009: 14.34%, 2008: 3.70%) and expense inflation (2009: 3.15%, 2008: 2.00%). Changes in assumptions during the year were not significant to the profit recognised. The amount and timing of claims payment is typically resolved within one year.

There are no options and guarantees relating to life insurance contracts that could in aggregate have material effect on the amount, timing and uncertainty of ABN AMRO Bank's future cash flows. Life insurance liabilities of EUR 2,997 million include EUR 4 million related to unit linked insurance contracts.

ABN AMRO Bank is exposed to insurance risk, either directly through its businesses or through using insurance to reduce other risk exposures. Insurance risk is the risk of fluctuations in the timing, frequency or severity of insured events, relative to the expectations of management at the time of underwriting. ABN AMRO Bank uses base tables of standard mortality appropriate to the type of contract being written and the territory in which the insured person resides.

Had changes in the relevant risk variable that were reasonably possible at the balance sheet date occurred, there would have been no material impact on ABN AMRO Bank's profit or loss and equity.

Movements in provisions are as follows:

	Other staff provisions	Restruc-turing	Other provisions
2009			
Balance at 1 January 2009	**176**	**57**	**60**
Movements:			
Additions	**7**	**67**	**203**
Utilised	**(5)**	**(43)**	**(5)**
Acquisitions/disposals	**33**	**2**	**43**
Currency translation differences	**-**	**-**	**1**
Released	**(1)**	**(32)**	**(25)**
Other	**(14)**	**24**	**34**
Balance at 31 December 2009	**196**	**75**	**311**

	Other staff provisions	Restruc-turing	Other provisions
2008 (unaudited)			
Balance at 1 January 2008	72	94	36
Movements:			
Additions	18	35	43
Utilised	(10)	(30)	(16)
Acquisitions/disposals	58	-	(3)
Currency translation differences	-	-	(1)
Released	(1)	(32)	(1)
Other	39	(10)	2
Balance at 31 December 2008	**176**	**57**	**60**

Whilst the sale of the EC Remedy business is highly probable of occurring as at balance sheet date 31 December 2009, the business cannot be sold in its current form. A number of the conditions of the Share Purchase Agreement (‘SPA’) are not usual and customary for the sale of such assets and were not met at 31 December 2009. Therefore, the EC Remedy business is not presented as held for sale under IFRS 5 as at 31 December 2009.

The expected loss on the sale of EC Remedy business will be recognised by ABN AMRO Bank N.V. immediately after legal separation, when all conditions precedent under the contract are met.

The potential capital shortfall on the recognition of the loss on the sale of the EC Remedy business in ABN AMRO Bank N.V. has been addressed through the issuance of a Mandatory Convertible Security (issued on 23 December 2009) that can convert into share capital only at legal separation. As a result, it is not within management’s control to effect the sale of the EC Remedy business before the legal separation.

As at 31 December 2009 a provision has been recorded for the unavoidable costs of the contract, a penalty of EUR 35 million, if the sale would not be closed and the contract would be terminated.

27. Pension and other post-retirement employee benefits

ABN AMRO Bank sponsors a number of pension schemes in the Netherlands and overseas. These schemes include both defined contribution and defined benefit plans. Most of ABN AMRO Bank's defined benefit plans provide pensions that are based on average or final salary with annual price evaluation of vested rights. In general, employees do not make contributions for basic pensions but may make voluntary contributions to secure additional benefits. The majority of the beneficiaries of the defined benefit plans are located in the Netherlands and Switzerland. During 2009 and 2008, the Netherlands pension scheme resided in the unallocated business of ABN AMRO Holding NV. However, ABN AMRO Bank was charged for the expenses associated with its employees. Plans in all countries comply with applicable local regulations concerning investments and funding levels.

ABN AMRO Bank does not have material post-retirement benefit obligations other than pensions.

Amounts recognised in the profit and loss

Pension costs and contributions for post-retirement healthcare borne by ABN AMRO Bank are included in personnel expenses and are shown in the following table:

	2009	2008
		(unaudited)
Current service cost	**177**	193
Interest cost	**497**	483
Expected return on plan assets	**(405)**	(529)
Net amortisation of net actuarial (gains)/losses	**2**	(4)
Net amortisation of past service cost	**1**	-
(Gain)/loss on curtailment or settlements	**(1)**	6
Cost attributable to other plan participants	**(75)**	(60)
Defined benefit plans	**196**	89
Defined contribution plans	**31**	23
Healthcare contributions	**1**	-
Total costs	**228**	112

Reconciliation to balance sheet

ABN AMRO Bank makes contributions to 11 (2008: 11) defined benefit plans that provide pension benefits for employees upon retirement. The amounts recognised in the balance sheet are as follows:

	2009	2008
		(unaudited)
Present value of funded obligations	**9,599**	9,227
Present value of unfunded obligations	**42**	45
Fair value of plan assets	**(9,340)**	(8,739)
Present value of net obligations	**301**	533
Unrecognised past service cost	**(2)**	(4)
Unrecognised actuarial (losses)/gains	**(401)**	(527)
Liability for defined benefit obligations to other plan participants	**30**	23
Net liability/(asset) for defined benefit obligations	**(72)**	25
Provision for pension commitments	**80**	78
Less: Pension assets	**(152)**	(53)
Net recognised liability/(asset) for defined benefit obligations	**(72)**	25

Explanation of the assets and liabilities

Movements in defined benefit obligations are as follows:

	2009	2008
		(unaudited)
Balance at 1 January	**9,272**	8,671
Current service cost	**177**	192
Interest cost	**497**	483
Employee contributions	**2**	3
Actuarial losses	**25**	201
Benefits paid	**(329)**	(326)
Acquisitions	**-**	26
Recognised settlement/curtailment	**(1)**	6
Currency translation differences	**1**	19
Other	**(3)**	(3)
Balance at 31 December	**9,641**	9,272

Movements in fair value of plan assets are as follows:

	2009	2008
		(unaudited)
Balance at 1 January	**8,739**	8,919
Expected return on plan assets	**405**	529
Actuarial gains/(losses)	**143**	(739)
Employee contributions/refunds	**2**	3
Employers contribution	**355**	297
Benefits paid	**(316)**	(308)
Currency translation differences	**-**	19
Acquisitions	**10**	17
Recognised settlement/curtailment	**1**	3
Other	**1**	(1)
Balance at 31 December	**9,340**	8,739

Principal actuarial assumptions
The weighted averages of the main actuarial assumptions used to determine the value of the provisions for pension obligations and the pension costs as at 31 December were as follows:

	2009	2008
		(unaudited)
Discount rate	**5.2%**	5.4%
Inflation rate	**2.0%**	2.0%
Expected increment in salaries	**2.5%**	2.5%
Expected return on investments	**5.2%**	4.7%

The expected return on plan assets is weighted on the basis of the fair value of these investments. All other assumptions are weighted on the basis of the defined benefit plan obligations. In accordance with IAS 19 paragraph 78, the discount rate is determined based on the average annual yield for AA rated corporate bonds with a term of 10 years or more.

For the pension plans, the expected return on the major classes of plan assets are as follows:

	2009			2008 (unaudited)		
	Value in millions Euro	**% of total fair value of scheme assets**	**Expected rate of return %**	Value in millions Euro	% of total fair value of scheme assets	Expected rate of return %
Plan asset category						
Equity securities	**2,481**	**26.6**	**6.9**	827	9.5	7.2
Issued debt securities	**6,394**	**68.5**	**4.0**	7,321	83.8	4.3
Real estate	**337**	**3.6**	**5.9**	325	3.7	6.2
Other	**128**	**1.4**	**2.4**	266	3.0	5.1
Total	**9,340**			8,739		

For both 2009 and 2008, the schemes have not held investments in ordinary shares, debt issued, property occupied or other assets issued by ABN AMRO Bank.

Forecast of pension benefits payments:

2010	343
2011	329
2012	320
2013	325
2014	337
2015 - 2019	1,863

ABN AMRO Bank's expected contribution to be paid to defined pension schemes in 2010 amounts to EUR 280 million (2009: EUR 299 million).

Actuarial gains and losses
The actuarial gains and losses arising on plan liabilities and plan assets (pension plans only) are as follows:

	2009	2008
		(unaudited)
Present value of obligations	**(9,641)**	(9,272)
Fair value of plan assets	**9,340**	8,739
Net surplus / (deficit) in the plans	**(301)**	(533)
Actuarial (losses)/gains		
- arising on benefit obligation	**(25)**	(201)
- arising on benefit obligation (% of plan liabilities)	**(0.3)**	(2.2)
Actuarial (losses)/gains		
- arising on plan assets	**143**	(739)
- arising on plan assets (% of plan assets)	**1.5**	(8.5)
Experience gains/(losses) on plan liabilities	**211**	36
Experience gains/(losses) on plan assets	**143**	(739)
Actual return on plan assets	**548**	(210)

Contingent liabilities
There are no contingent liabilities arising from post-employment obligations.

28. Recognised tax assets and liabilities

The components of tax balances are as follows:

	2009		2008 (unaudited)	
	Assets	**Liabilities**	Assets	Liabilities
Current tax	**241**	**255**	52	190
Deferred tax	**348**	**77**	354	48
Total	**589**	**332**	406	238

Deferred tax assets and liabilities are attributable to the following items. In the table below movements related to continued operations are shown.

	Assets		Liabilities		Recognised in Tax expense		Recognised in equity (benefits)/charges	
	2009	2008 (unaudited)	**2009**	2008 (unaudited)	**2009**	2008 (unaudited)	**2009**	2008 (unaudited)
Property and equipment	**1**	1	**9**	10	**-**	(6)	**-**	-
Intangible assets including goodwill	**(1)**	(2)	**-**	(1)	**-**	-	**-**	-
Derivatives	**348**	271	**1**	-	**-**	-	**(76)**	(237)
Investment securities	**37**	61	**37**	35	**(1)**	-	**25**	(52)
Employee benefits	**21**	12	**1**	(8)	**-**	-	**-**	-
Allowances for loan losses	**21**	4	**15**	13	**16**	(35)	**-**	-
Leasing	**-**	-	**6**	5	**(1)**	2	**-**	-
Tax credits	**3**	-	**-**	-	**-**	-	**-**	-
Tax value of carry-forward losses recognised	**(62)**	(5)	**-**	-	**(69)**	(5)	**-**	-
Other	**(20)**	12	**8**	(6)	**(7)**	6	**-**	(4)
Total	**348**	354	**77**	48	**(62)**	(38)	**(51)**	(293)

Unrecognised deferred tax assets

Deferred tax assets that have not been recognised in respect of carry-forward losses amount to EUR 44 million (2008: EUR 10 million) where it is uncertain that future taxable profits will be available to utilise these losses.

Tax exposure to distributable reserves

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately EUR 639 million (2008: EUR 689 million). No liability has been recognised in respect of these differences because ABN AMRO Bank is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.In addition, if these earnings were to be distributed, no taxes would have to be paid.The estimated impact of foreign withholding tax is EUR 4 million (2008: nil).

29. Other liabilities

	2009	2008 (unaudited)
Non-trading derivative liabilities	**2,107**	1,688
Liability to unit-linked policyholders	**3,714**	3,877
Sundry liabilities and other payables	**2,917**	4,766
Total	**8,738**	10,331

Sundry liabilities and other payables include deposits placed by clearing houses and exchanges.

30. Subordinated liabilities

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

The following table lists the subordinated debt instruments issued by ABN AMRO Bank N.V. and other group companies, economically allocated to ABN AMRO Bank:

By Issuance	**2009**	2008
By Issuance		(unaudited)
EUR 1,150 million 4.63% subordinated notes 2009	**-**	1,148
EUR 1,000 million floating rate Bermudan callable subordinated lower tier 2 notes 2016 (callable September 2011)	**997**	997
EUR 500 million floating Bermudan callable subordinated lower tier 2 notes 2018 (callable May 2013)	**499**	498
EUR 82 million floating rate subordinated notes 2017	**82**	82
EUR 103 million floating rate subordinated lower tier 2 notes 2020	**103**	103
EUR 65 million floating rate Bermudan callable subordinated lower tier 2 notes 2015 (callable October 2010)	**65**	65
EUR 1,000 million 4.310% perpetual Bermudan callable subordinated tier 1 notes (callable March 2016)	**1,027**	960
USD 100 million floating rate Bermudan callable subordinated lower tier 2 notes 2015 (callable October 2010)	**69**	72
USD 36 million floating rate Bermudan callable subordinated lower tier 2 notes 2015 (callable October 2010)	**26**	26
USD 1,000 million floating rate Bermudan callable subordinated lower tier 2 notes 2017 (callable October 2012)	**692**	714
USD 250 million 7.75% subordinated notes 2023 4	**173**	179
GBP 750 million 5.0% Bermudan callable perpetual subordinated upper tier 2 notes issued for an indefinite period (callable 2016)	**880**	829
EUR 800 million 10% perpetual subordinated 2099 5	**800**	-
EUR 967 million 10% perpetual subordinated 2072 5	**967**	-
EUR 833 million 10% perpetual subordinated 2073 5	**833**	-
Subordinated debt issues allocated to ABN AMRO Bank	**7,213**	5,673
USD 250 million 7.75% subordinated notes 2023 issued by RBS acquired businesses of ABN AMRO, charged through intercompany 4	**(173)**	(179)
Subordinated debt issues reallocated to RBS acquired businesses of ABN AMRO	**-**	433
Total	**7,040**	5,927

(4) The USD 250 million 7.75% subordinated lower tier 2 notes 2023, while economically allocated to the Dutch State acquired businesses, will remain a legal obligation of RBS N.V. until intended transfer through an exchange in the second quarter of 2010 to ABN AMRO Bank N.V. These notes cannot be transferred to ABN AMRO Bank N.V. as part of the Dutch legal demerger process, because they are governed by US law.
(5) Will convert to equity after legal separation.

Total subordinated liabilities include EUR 3,317 million (2008: EUR 4,260 million) which qualifies as tier 1 capital for capital adequacy purposes, when taking into account remaining maturities.

The maturity profile of subordinated liabilities is as follows:

	2009	2008
		(unaudited)
Within one year	**-**	1,513
After one and within five years	**-**	30
After five years	**7,040**	4,384
Total	**7,040**	5,927

31. Capital

The following table shows ABN AMRO Bank's capital at 31 December 2009 and 2008.

	2009	2008
		(unaudited)
Ordinary share capital	**-**	-
Ordinary share premium reserves	**-**	-
Treasury shares	**-**	-
Other reserves including retained earnings	**5,165**	7,969
Net losses not recognised in the income statement	**(895)**	(930)
Equity attributable to the shareholder of ABN AMRO Bank	**4,270**	7,039
Non-controlling interests	**8**	5
Equity	**4,278**	7,044
Subordinated liabilities	**7,040**	5,927
ABN AMRO Bank allocated capital	**11,318**	12,971

At year end 2009, the assets and liabilities of ABN AMRO Bank still had to demerge into a new legal entity, hence ABN AMRO Bank did not have share capital other than the minimum required share capital required under Dutch law. Therefore, ABN AMRO Bank's allocated capital fully consists of other reserves including retained earnings, net losses not recognised in the income statement and subordinated liabilities allocated to the Dutch state acquired business of ABN AMRO.

32. Professional securities transactions

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

	2009		2008 (unaudited)	
	Banks	**Customers**	Banks	Customers
Assets				
Cash advanced under securities borrowing	**-**	**-**	-	25
Unsettled securities transactions	**4**	**6**	8	13
Total	**4**	**6**	8	38
Liabilities				
Unsettled securities transactions	**2**	**-**	14	-
Total	**2**	**-**	14	-

Please refer to Note 33 for an overview of the assets pledged to secure liabilities.

33. Assets pledged as security

ABN AMRO Bank trades in debt investments, equity investments and derivatives. These transactions are conducted under terms that are usual and customary to standard lending and stock borrowing activities. ABN AMRO Bank has therefore financial assets pledged as security to third parties for liabilities.

An amount of EUR 414 million (2008: EUR 1,628 million) loans and receivables from customers have been pledged in respect of the issued debt securities at amortised cost for EUR 411 million (2008: EUR 1,451 million)

These transactions are conducted under terms that are usual and customary to collateralised transactions including, where relevant, standard securities lending and repurchase agreements.

Please refer to Note 40 for an overview of assets charged as security for liabilities relating to securitisations.

34. Commitments and contingent liabilities

Credit facilities
At any time ABN AMRO Bank has outstanding commitments to extend credit. These commitments take the form of approved but undrawn loans, overdraft revolving and underwriting facilities and credit card limits. New loan offers have a commitment period that does not extend beyond the normal underwriting and settlement period.

Guarantees and other commitments
ABN AMRO Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These transactions have fixed limits and generally extend for periods of up to five years. Expirations are not concentrated in any particular period. ABN AMRO Bank also provides guarantees by acting as a settlement agent in securities borrowing and lending transactions. In addition, ABN AMRO Bank has entered into transactions to guarantee various liabilities in respect to insurance related regulatory reserve financing transactions.

The contractual amounts of commitments and contingent liabilities are set out by category in the following table. The amounts stated in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if the relevant contract parties completely failed to perform as contracted.

Many of the contingent liabilities and commitments are expected to expire without being advanced in whole or in part. This means that the amounts stated do not represent expected future cash flows. Additionally, guarantees and letters of credit are supported by varying levels of collateral.

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

The committed credit facilities, guarantees and other commitments at 31 December 2009 and 2008 are summarised below.

	Payments due by period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
2009					
Committed facilities	**5,657**	**2,831**	**568**	**430**	**1,828**
Guarantees and other commitments:					
Guarantees granted	**3,868**	**2,924**	**430**	**205**	**309**
Irrevocable letters of credit	**677**	**677**	**-**	**-**	**-**
Recourse risks arising from discounted bills	**1**	**1**	**-**	**-**	**-**
2008 (unaudited)					
Committed facilities	5,675	3,513	357	391	1,414
Guarantees and other commitments:					
Guarantees granted	3,473	2,844	281	86	262
Irrevocable letters of credit	525	525	-	-	-
Recourse risks arising from discounted bills	2	2	-	-	-

Leasing
ABN AMRO Bank is lessee under finance and operating leases, providing asset financing for its customers and leasing assets for its own use. In addition, assets leased by ABN AMRO Bank may be sublet to other parties. An analysis of the impact of these transactions on ABN AMRO Bank balance sheet and income statement is as follows:

Operating lease commitments
ABN AMRO Bank leases various offices and other premises under non-cancellable operating lease arrangements. The leases have various terms, escalation and renewal rights. There are no contingent rents payables. ABN AMRO Bank also leases equipment under non-cancellable lease arrangements.

Where ABN AMRO Bank is the lessee the future minimum lease payment under non-cancellable operating leases are as follows:

	2009	2008 (unaudited)
		Property
Not more than one year	**102**	67
Over one year but not more than five years	**144**	156
More than five years	**26**	10
Total	**272**	233

Transactions involving the legal form of a lease
ABN AMRO Bank has entered into IT outsourcing arrangements that involve leases in form but not in substance. The life of the arrangement is for 5 years through 2010, where total amount of underlying assets is EUR 138 million (2008: 9 million).

Contractual and contingent obligations

	Payments due by period			
	Total	Less than 1 year	1-5 years	After 5 years
2009				
Issued debt securities	**23,451**	**4,360**	**12,007**	**7,084**
Subordinated liabilities	**7,040**	**-**	**-**	**7,040**
Purchase obligations	**35**	**35**	**-**	**-**
Other obligations	**148,359**	**145,068**	**1,866**	**1,425**
2008 (unaudited)				
Issued debt securities	31,174	5,088	18,515	7,571
Subordinated liabilities	5,927	1,513	30	4,384
Purchase obligations	37	37	-	-
Other obligations	123,029	120,010	2,537	482

Other contingencies
ABN AMRO Bank is involved in a number of legal proceedings in the ordinary course of our business in a number of jurisdictions. In presenting our pro forma consolidated financial information, management makes estimates regarding the outcome of legal, regulatory and arbitration matters, and takes a charge to income when losses with respect to such matters are probable. Charges, other than those taken periodically for costs of defence, are not established for matters when losses cannot be reasonably estimated.

On the basis of information currently available, and having taken legal counsel with legal advisors, ABN AMRO Bank is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the pro forma consolidated financial position and the pro forma consolidated result of ABN AMRO Bank.

35. *Statement of cash flows*

The following table analyses the determination of cash and cash equivalents at 31 December:

	2009	2008
		(unaudited)
Cash and balances at central banks	**802**	596
Loans and receivables-banks	**696**	653
Due to banks	**(315)**	(41)
Total	**1,183**	1,208

The following table states the interest, tax and dividend amounts included in the cash flow from operating activities:

	2009	2008
		(unaudited)
Cash flows from operating activities include:		
Interest received	**7,727**	9,137
Interest paid	**4,722**	5,076
Dividends received	**39**	22

The following table analyses movements in operating assets and liabilities:

	2009	2008
		(unaudited)
Movement in operating assets:		
Financial assets held for trading	**(3,250)**	(508)
Loans and receivables	**(9,880)**	(13,174)
Net increase/(decrease) in accrued income and prepaid expenses	**(294)**	791
Net increase/(decrease) in other assets	**(613)**	(3,337)
Total movement in operating assets	**(14,037)**	(16,228)
Movement in operating liabilities:		
Financial liabilities held for trading	**2,607**	174
Due to banks	**3,573**	13,884
Due to customers	**21,820**	(10,876)
Issued debt securities maturing within 1 year	**206**	(230)
Provisions	**290**	(66)
Net (increase)/decrease in accrued expense and deferred income	**315**	(70)
Net (increase)/decrease in other liabilities	**(3,162)**	8,206
Total movement in operating liabilities	**25,649**	11,022

36. Hedge accounting

ABN AMRO Bank enters into various derivative instrument transactions to hedge risks on assets, liabilities, net investments and forecasted cash flows. The accounting treatment of the hedged item and the hedging derivative is dependent on whether the hedge relationship qualifies for hedge accounting. Qualifying hedges may be designated as either fair value or cash flow hedges.

Hedges not qualifying for hedge accounting
The fair value changes of derivative transactions used to hedge against economic risk exposures that do not qualify for hedge accounting, or for which it is not cost beneficial to apply hedge accounting, are recognised directly through income.

ABN AMRO Bank enters into credit default swaps for managing loan portfolio credit risk. However, these are generally not included in hedge accounting relationships due to difficulties in demonstrating that the relationship will be highly effective. Accordingly any fair value changes in the swaps are recorded directly in income, while the gains and losses on the credit positions hedged are recognised in interest income and expense and as impairment charge if appropriate.

Derivatives designated and accounted for as hedging instruments

Fair value hedges
ABN AMRO Bank's fair value hedges principally consist of interest rate swaps, interest rate options and cross currency interest rate swaps that are used to protect against changes in the fair value of fixed-rate assets, notably available-for-sale securities and liabilities due to changes in market interest rates.

For qualifying fair values hedges, all changes in the fair value of the derivative and in the fair value of the hedged item for the risk being hedged are recognised in the income statement.

Gains/(losses) arising from fair value hedges:

	2009	2008
		(unaudited)
Gains / (Losses) on the hedged assets attributable to the fair value hedged risk	**700**	1,009
Gains / (Losses) on hedging instruments used for the hedged assets	**(700)**	(1,009)
Gains / (Losses) on the hedged liabilities attributable to the fair value hedged risk	**(445)**	(830)
Gains / (Losses) on hedging instruments used for the hedged liabilities	**445**	830
Net effect fair value hedge	**-**	-

Cash flow hedges

Cash flow hedge accounting for Asset and Liability Management
ABN AMRO Bank uses derivatives, mainly interest rate swaps, to offset identified exposures to interest rate risk in the projected balance sheet. For asset and liability management purposes, assets and liabilities in a similar interest rate index cluster in a particular month are first considered as a natural offset for economic hedging. A swap transaction may be entered into to risk manage the remaining interest income sensitivity. The notional amount of a pay- or receive-floating swap is designated to hedge the re-pricing cash flow exposure of a designated portion of current and forecasted assets and current and forecasted liabilities, respectively, in the clusters described above. The swap trans-

action is designated for hedge accounting purposes as a hedge of a gross position of a cluster of projected assets or a cluster of projected liabilities. As a result, the swap will only hedge an identified portion of a cluster of projected assets or projected liabilities. Also the swap will only hedge the applicable floating swap rate portion of the interest re-pricing and re-investment risk of the cluster. Cash flow hedge accounting operated by Asset and Liability Management relates to portfolio cash flow hedge accounting for the hedging activities of non-trading financial assets and liabilities.

ABN AMRO Bank Asset and Liability Committee is the governing body for the risk management of ABN AMRO Bank's banking portfolio and determines the interest rate risk level, sets risk measurement and modelling including applicable assumptions, sets limits, and is responsible for the asset and liability management policy.

ABN AMRO Bank manages its exposure to interest rate risk per currency in the non-trading portfolios on for the Dutch State acquired businesses as a whole. In order to manage the sensitivity of the interest income per currency, ABN AMRO Bank projects future interest income under different growth and interest rate scenarios. Systems are available to accumulate the relevant critical information throughout ABN AMRO Bank about the existing financial assets, financial liabilities and forward commitments, including loan commitments. For the major currencies these positions are placed into a projected balance sheet available for asset liability management activities. The primary interest sensitive positions in the balance sheet stemming from the non-trading book are: loans and receivables, liabilities due to banks and customers, and issued debt securities.

The information gathered in ABN AMRO Bank Asset and Liability Management's systems relates to the contractual terms and conditions, such as nominal amounts, currency, duration, interest basis, effective interest rate and interest re-pricing date. In addition other information such as estimates of prepayments, growth rate and interest scenarios is used in the interest sensitivity models of Asset and Liability Management. These assumptions are determined following agreed upon principles based amongst others on statistical market and client data and an economic outlook. Projected assets and liabilities are superimposed on the run-off of the currently existing positions. This information is used to create projected balance sheets that form the basis for measuring interest rate sensitivity. The new assets and liabilities and the future re-pricing of existing assets and liabilities are mapped to specific interest rate indices at the yield curve (i.e. one month, two months, three months, six months, one year, etc). In this way a new asset or liability that is for example based on a three month rate, is mapped to a specific three-month rate index. For each projected month into the future, the assets and liabilities are grouped per interest rate-index and currency. The balance sheet projection that is embedded in ABN AMRO Bank's interest rate risk management, not only allows ABN AMRO Bank to estimate future interest income and perform scenario analysis, but also provides the opportunity to define the projected transactions that are eligible as hedged items in a cash flow hedge. The hedged positions are the monthly asset and liability clusters per currency and per interest rate index. These clusters are homogeneous in respect of the interest rate risk that is being hedged, because they are designed to:
— share the interest rate risk exposure that is being hedged, and
— be sensitive to interest rate changes proportional to the overall sensitivity to interest rate changes in the cluster.

The longer the term of the hedge, the larger the excess of available cash flows from projected assets or liabilities in the clusters has to be, given that the cash flow projections further in the future are inherently less certain. The availability of an excess of cash flows in the clusters and the increase of excess over time is evaluated on a monthly basis.

Furthermore back testing is performed on the sensitivity model for interest risk management purposes. This back testing also supports cash flow hedge accounting. The back testing relates to the interest sensitivity models applied and the assumptions used in the information gathering process for the balance sheet projection. Historical data are used to review the assumptions applied.

The schedule of forecast principal balances on which the expected hedged cash flows are expected to impact profit or loss is as follows:

	≤ 3 months	> 3 months and ≤ 1 year	> 1 year and ≤ 5 years	> 5 years and ≤ 10 years	> 10 years	Total
At 31 December 2009						
Cash inflow from hedged assets	**34**	**102**	**1,205**	**199**	**(176)**	**1,364**
Cash outflow from hedged liabilities	**(62)**	**(185)**	**(1,445)**	**(902)**	**(860)**	**(3,454)**
Net cash outflow	**(28)**	**(83)**	**(240)**	**(703)**	**(1,036)**	**(2,090)**
At 31 December 2008 (unaudited)						
Cash inflow from hedged assets	-	-	-	104	227	331
Cash outflow from hedged liabilities	-	-	(56)	(115)	(450)	(621)
Net cash (outflow)/inflow	-	-	(56)	(11)	(223)	(290)

Net gain/(loss) on cash flow hedges transferred from equity to the income statement are as follows:

	2009	2008
		(unaudited)
Interest income	**183**	43
Interest expense	**(138)**	42
Other operating income	**(43)**	-
Taxation	**-**	-
Total	**2**	1

Hedges of net investments in foreign operations

As explained in note 38 ABN AMRO Bank limits its exposure to investments in foreign operations by hedging its net investment in its foreign operations with forward foreign exchange contracts in the currency of the foreign operations or a closely correlated currency to mitigate foreign exchange risk.

For qualifying net investment hedges, changes in the fair value of the derivative hedging instrument are recorded in the currency translation account differences reserve within equity. There is no hedge ineffectiveness recorded relating to net investment hedges.

Overview of the fair value of hedging derivatives

	2009		2008 (unaudited)	
	Positive	**Negative**	Positive	Negative
Qualifying for hedge accounting				
Fair value hedges				
Interest				
Swaps	**381**	**1,198**	15	812
Foreign currency				
Swaps	**111**	**4**	120	322
Forwards	**-**	**-**	42	60
Cash flow hedges				
Interest swaps	**179**	**864**	81	492
Net investment hedge	**-**	**5**	20	2
Total	**671**	**2,071**	278	1,688
Hedges not qualifying for hedge accounting	**11**	**38**	5	-

Notional amounts

	2009	2008
		(unaudited)
Interest rate risk	**73,290**	8,673
Foreign currency risk	**1,260**	2,801
Net investment hedge	**280**	1,850

37. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values are determined from quoted prices in active markets for identical financial assets or financial liabilities where available. Where the market for a financial instrument is not active, fair value is established using a valuation technique. Valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data.

Internal controls over fair valuation

ABN AMRO Bank has designated controls and processes for the determination of the fair value of financial instruments. A process has been designed to ensure there are formalised review protocols for independent review and validation of fair values separate from those businesses entering into the transactions. This includes specific controls to ensure consistent pricing policies and procedures, incorporating disciplined price verification for both market and counterparty risk trades.

The business entering into the transaction is responsible for the initial determination and recording of the fair value of the transaction. There are daily controls over the profit or loss recorded by trading and treasury front office staff.

A key element of the control environment, segregated from the recording of the transaction's valuation, is the independent price verification process. Valuations are first calculated by the business. Such valuations may be direct prices, or may be derived using a model and variable model inputs. These valuations are reviewed, and if necessary amended, by the independent price verification process. This process involves a team independent of those trading the financial instruments performing a review of valuations in the light of available pricing evidence. Independent price verification is performed at a frequency to match the availability of independent data, and the size of the exposure. For liquid instruments the process is performed daily. The minimum frequency of review is monthly for trading positions, and six monthly for non-trading positions. The independent price verification control includes formalised reporting and escalation of any valuation differences in breach of defined thresholds. When models are used to value products, those models are subject to a model review process. This process requires different levels of model documentation, testing and review, depending on the complexity of the model and the size of ABN AMRO Bank's exposure to the model.

Valuation techniques

ABN AMRO Bank uses a number of methodologies to determine the fair values of financial instruments for which observable prices in active markets for identical instruments are not available. These techniques include relative value methodologies based on observable prices for similar instruments, present value approaches where future cash flows from the asset or liability are estimated and then discounted using a risk-adjusted interest rate, option pricing models such as Black-Scholes or binomial option pricing models and simulation models such as Monte-Carlo.
Values between and beyond available data points are obtained by interpolation and extrapolation. When utilising valuation techniques, the fair value can be significantly impacted by the choice of valuation model and underlying assumptions made concerning factors such as the amounts and timing of cash flows, discount rates and credit risk. The principal inputs to these valuation techniques are listed below.

- Bond prices – quoted prices are generally available for government bonds, certain corporate securities and some mortgage-related products.
- Credit spreads – where available, these are derived from prices of credit default swaps ('CDS') or other credit based instruments, such as debt securities. For others, credit spreads are obtained from pricing services.

- Interest rates – these are principally benchmark interest rates such as the interbank rates and quoted interest rates in the swap, bond and futures markets.
- Foreign currency exchange rates – there are observable markets both for spot and forward contracts and futures in the world's major currencies.
- Equity and equity index prices – quoted prices are generally readily available for equity shares listed on the world's major stock exchanges and for major indices on such shares.
- Commodity prices – many commodities are actively traded in spot and forward contracts and futures on exchanges in London, New York and other commercial centres.
- Price volatilities and correlations – volatility is a measure of the tendency of a price to change with time. Correlation measures the degree to which two or more prices or other variables are observed to move together. If they move in the same direction there is positive correlation; if they move in opposite directions there is negative correlation. Volatility is a key input in valuing options and the valuation of certain products such as derivatives with more than one underlying variable that are correlation-dependent. Volatility and correlation values are obtained from broker quotations, pricing services or derived from option prices.
- Prepayment rates – the fair value of a financial instrument that can be prepaid by the issuer or borrower differs from that of an instrument that cannot be prepaid. In valuing prepayable instruments that are not quoted in active markets, ABN AMRO Bank considers the value of the prepayment option.
- Counterparty credit spreads – adjustments are made to market prices (or parameters) when the creditworthiness of the counterparty differs from that of the assumed counterparty in the market price (or parameters).
- Recovery rates / loss given default – these are used as an input to valuation models and reserves for asset-backed securities as an indicator of severity of losses on default. Recovery rates are primarily sourced from market data providers or inferred from observable credit spreads.

ABN AMRO Bank refines and modifies its valuation techniques as markets and products develop and as the pricing for individual products becomes more or less readily available. While ABN AMRO Bank believes its valuation techniques are appropriate and consistent with other market participants, the use of different methodologies or assumptions could result in different estimates of fair value at the balance sheet date.

In order to determine a reliable fair value, where appropriate, management applies valuation adjustments to the pricing information derived from the above sources. These adjustments reflect management's assessment of factors that market participants would consider in setting a price, to the extent that these factors have not already been included in the information from the above sources. Furthermore, on an ongoing basis, management assesses the appropriateness of any model used. To the extent that the price provided by internal models does not represent the fair value of the instrument, for instance in highly stressed market conditions, management makes adjustments to the model valuation to calibrate to other available pricing sources. Where unobservable inputs are used, management may determine a range of possible valuations based upon differing stress scenarios to determine the sensitivity associated with the valuation. As a final step ABN AMRO Bank considers the need for further adjustments to the modelled price to reflect how market participants would price instruments. Such adjustments include the credit quality of the counterparty and adjustments to correct model valuations for any known limitations. In addition, ABN AMRO Bank makes adjustments to defer income for financial instruments valued at inception where the valuation of that financial instrument materially depends on one or more unobservable model inputs.

Valuation hierarchy
ABN AMRO Bank analyses financial instruments held at fair value into the three categories as outlined below.

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments. These financial instruments consist primarily of liquid listed equity shares, certain exchange-traded derivatives, and G10 government securities.

Level 2 financial instruments are those valued using techniques based significantly on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. Financial instruments included are other government agency securities, investment grade corporate bonds, less liquid listed equities, state and municipal obligations, certain money market securities and most OTC derivatives.

Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data. Financial instruments included are primarily unlisted equity shares.

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

	Quoted market price (level 1	Valuation techniques - observable market inputs (level 2)	Valuation techniques - un-observable inputs (level 3)	Total
2009				
Financial assets				
Financial assets held-for-trading	**273**	**3,955**	**-**	**4,228**
Available for sale interest earning securities	**12,184**	**7,509**	**-**	**19,693**
Available for sale equities	**245**	**59**	**23**	**327**
Equities designated at fair value through income	**-**	**3**	**130**	**133**
Derivatives not held for trading	**-**	**682**	**-**	**682**
Unit-linked investments	**700**	**3,014**	**-**	**3,714**
Total assets at fair value	**13,402**	**15,222**	**153**	**28,777**
Financial liabilities				
Financial liabilities held for trading	**195**	**2,749**	**-**	**2,944**
Issued debt securities	**-**	**103**	**-**	**103**
Derivatives not held for trading	**-**	**2,107**	**-**	**2,107**
Unit-linked investments	**700**	**3,014**	**-**	**3,714**
Total liabilities at fair value	**895**	**7,973**	**-**	**8,868**

	Quoted market price (level 1	Valuation techniques - observable market inputs (level 2)	Valuation techniques - un-observable inputs (level 3)	Total
2008 (unaudited)				
Financial assets				
Financial assets held-for-trading	421	557	-	978
Available for sale interest earning securities	2,828	11,571	-	14,399
Available for sale equities	154	64	23	241
Interest earning securities designated at fair value	141	-	-	141
Equities designated at fair value through income	-	27	-	27
Derivatives not held for trading	-	283	-	283
Unit-linked investments	-	3,877	-	3,877
Total assets at fair value	3,544	16,379	23	19,946
Financial liabilities				
Financial liabilities held for trading	76	261	-	337
Issued debt securities	-	1,450	-	1,450
Derivatives not held for trading	-	1,688	-	1,688
Unit-linked investments	-	3,877	-	3,877
Total liabilities at fair value	76	7,276	-	7,352

Transfers between level 1 and 2

The movement between levels 1 and 2 is attributable to amongst others a move of EUR 8.5 billion interest earning securities from level 2 to level 1 due to increased liquidity of the markets and availability of prices.

Available for sale interest earnings securities in level 1 have increased due to the purchase of high quality bonds for asset and liability management purposes.

Movements in level 3 financial instruments measured at fair value
The following table shows a reconciliation of the opening and closing amount of level 3 financial assets that are recorded at fair value:

	Opening Balance	Gains/ Losses recorded in profit and loss 6	Purchases and issuances	Balance at 31 December
2009				
Financial assets				
Equity shares	**23**	**22**	**108**	**153**

(6) *Included within 'Results from financial transactions'. All assets were held at balance sheet date.*

Level 3 sensitivity analysis
The tables below present the Level 3 financial instruments carried at fair value as at the balance sheet date, the valuation basis, main assumptions and unobservable inputs used in the valuation of these instruments for which the reasonably possible alternative assumptions would have a significant impact on the fair value of the instrument.

	Valuation technique	Main assumptions	Carrying value	Reasonably possible alternative assumptions	
				Increase in fair value	Decrease in fair value
2009					
Financial assets					
Equity shares	Private equity – valuation statements	EBITDA multiples	**153**	**33**	**33**

The potential effect of using reasonably possible assumptions as inputs to valuation models, relying on non-market observable inputs was approximately EUR 1 million using less favourable assumptions, and an increase of approximately EUR 1 million using more favourable assumptions for the year 2008.

For the portfolio category shown in the above table, set out below is a description of the types of products that comprise the portfolio and the valuation techniques that are applied in determining fair value, including a description of models used and inputs to those models. Where reasonably possible alternative assumptions of unobservable inputs used in models would change the fair value of the portfolio significantly, the alternative inputs are indicated along with the impact these would have on the fair value. Where there have been significant changes to valuation techniques during the year a discussion of the reasons for this is also included.

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

Own credit
In certain circumstances ABN AMRO Bank designates own debt at fair value through profit and loss. Designation is performed either to eliminate an accounting mismatch, for example, where the debt funds trading positions, or because the debt is managed and assessed on a fair value basis. When valuing financial liabilities recorded at fair value, IFRS requires that an entity take into account the impact of its own credit standing, which, in aggregate, could have a significant impact on the valuation of the liabilities. The categories of financial liabilities on which own credit spread adjustments are made include issued debt securities and subordinated liabilities. An own credit adjustment is applied to positions where it is believed that counterparties will consider ABN AMRO Bank's creditworthiness when pricing trades. This is now also considered to apply to retail notes issuances.

ABN AMRO Bank's trading systems discount future cash outflows for liabilities measured at fair value at interbank offer rates. The adjustment for ABN AMRO Bank's own credit spread represents the difference between the interbank offer rate and the rate which includes ABN AMRO Bank's own market-perceived risk of default. In general, ABN AMRO Bank anticipates that gains and losses arising from changes in ABN AMRO Bank's own credit spread will reverse over the life of the instrument unless repurchased.

For issued debt securities, this adjustment is based on independent quotes from market participants for the debt issuance spreads above average interbank rates (at a range of tenors) which the market would demand when purchasing new senior or sub-debt issuances from ABN AMRO Bank. Where necessary, these quotes are interpolated using a curve shape derived from CDS prices.

Financial assets and liabilities not carried at fair value
The following methods and significant assumptions have been applied to estimate the fair values of financial instruments carried at cost:

— The fair value of variable rate financial instruments and those of a fixed rate nature maturing within 6 months of the balance sheet date are assumed to approximate their carrying amounts. In the case of such loans, the fair value estimate does not reflect changes in credit quality, as the main impact of credit risk is already recognised separately through the deduction of the allowances for credit losses from the carrying amounts.
— The fair value of fixed rate loans and mortgages carried at amortised cost is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. Changes in the specific credit quality of loans within the portfolio are not taken into account in determining fair values, as the main impact of specific credit risk is already recognised separately through the deduction of the allowances for credit losses from the carrying amounts.
— The fair value of demand deposits and savings accounts (included in due to customers) with no specific maturity is assumed to be the amount payable on demand at the balance sheet date. The fair value of the other loans to customers and loans to banks is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans.
— The fair value of issued debt securities and subordinated liabilities is based on quoted prices. Where these are not available fair value is based on independent

quotes from market participants for the debt issuance spreads above average inter-bank rates (at a range of tenors) which the market would demand when purchasing new senior or sub-debt issuances from ABN AMRO Bank. Where necessary, these quotes are interpolated using a curve shape derived from CDS prices.

The following table compares the carrying amount of financial assets and liabilities recorded at amortised cost to their estimated fair values [7]:

	2009			2008 (unaudited)		
	Carrying amount	**Fair value**	**Diffe-rence**	Carrying amount	Fair value	Difference
Financial assets						
Cash and balances at central banks	**802**	**802**	**-**	596	596	-
Loans and receivables - banks	**17,380**	**17,380**	**-**	7,456	7,456	-
Loans and receivables - customers	**148,268**	**153,054**	**4,786**	149,521	152,386	2,865
Total	**166,450**	**171,236**	**4,786**	157,573	160,438	2,865
Financial liabilities						
Due to banks	**4,577**	**4,577**	**-**	730	730	-
Due to customers	**143,782**	**143,722**	**60**	121,962	121,761	201
Issued debt securities	**11,715**	**11,420**	**295**	20,401	19,305	1,096
Subordinated liabilities	**5,133**	**4,162**	**971**	3,735	2,204	1,531
Total	**165,207**	**163,881**	**1,326**	146,828	144,000	2,828

(7) Negative amounts represent a reduction to net assets. Positive amounts represent an increase to net assets.

38. Financial risk management and use of derivatives

Financial instrument risk disclosures

This section provides details of ABN AMRO Bank's exposure to risk arising from financial instruments and how ABN AMRO Bank manages those risks. In addition, this note includes a discussion on the extent to which financial instruments are used, the associated risks and the business purpose served.

The most important types of risk associated with financial instruments to which ABN AMRO Bank is exposed are:
— Credit risk and country event risk;
— Liquidity risk;
— Interest rate risk (banking book positions); and
— Market risk (trading portfolio) including liquidity risk, currency risk, interest rate risk, equity price risk and commodity risk of the trading book.

Below is a short description of credit, liquidity, interest rate and market risk within ABN AMRO Bank's financial instruments portfolio and their impact on ABN AMRO Bank's financial position and performance as shown in the quantitative tables.

A detailed discussion of these risks is also provided in Section 4: Risk & Capital Management.

Credit risk

Measurement and control
ABN AMRO Bank is subject to credit risk through its lending, trading, hedging and investing activities as well as in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees.

ABN AMRO Bank's senior management is responsible for establishing the credit policies and the mechanisms, organisation and procedures required to analyse, manage and control credit risk. In this respect, counterparty limits are set and an internal system of credit ratings is applied.

ABN AMRO Bank's primary exposure to credit risk arises through its loans, credit facilities and guarantees issued financial assets held for trading (interest earning securities and derivatives) and derivatives used for hedging.

The risk that counterparties might default on their obligations is monitored on an ongoing basis. For each transaction ABN AMRO Bank evaluates whether collateral or a master netting agreement is required to help mitigate the credit risk.

Maximum exposure to credit risk
The amounts stated in the table on the next page represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted and any collateral or security proved to be of no value. Consequently, the amounts significantly exceed expected losses in the event of counterparty default.

	2009	2008
		(unaudited)
Derivative assets held for trading	**3,488**	777
Interest earning securities	**19,693**	14,399
Loans and receivables - banks	**952**	1,023
Loans and receivables - customers	**149,217**	150,365
Professional securities transactions	**10**	45
Committed credit facilities	**5,657**	5,675
Credit related contingent liabilities	**4,546**	4,000
Total	**183,563**	176,284

The maximum credit exposure on derivative assets held for trading is measured as the current positive fair value. For interest-earning securities the amortised cost is included to reflect the credit risk exposure.

For a breakdown of counterparties for interest-earning securities in the available-for-sale portfolio, please refer to note 15. According to the requirements of the DNB ABN AMRO Bank has no individually significant exposure to any single counterparty in the category loans and receivables.

Credit risk concentrations
Concentrations of credit risk (whether on- or off-balance sheet) that share similar characteristics such that their ability to meet contractual obligations is likely to be affected in a similar way to changes in economic or other conditions. As part of managing risk concentrations, country risk in emerging markets and sector risk are managed on a portfolio basis. Refer to the following tables for details of the credit risk concentrations on the customer portfolio.

Credit risk concentrations by geography and sector

	2009		2008 (unaudited)	
	Out-standing	**%** [9]	Out-standing	%
Netherlands				
Loans and receivables to Banks	**647**	**4**	523	7
Loans and receivables to Public sector	**1,390**	**100**	1,187	100
Loans and receivables to Commercial	**38,732**	**86**	41,576	88
Loans and receivables to Consumer	**103,265**	**98**	101,937	98
Total	**144,034**		145,223	
Europe (excluding Netherlands)				
Loans and receivables to Banks	**260**	**1**	475	6
Loans and receivables to Commercial	**4,555**	**10**	3,581	8
Loans and receivables to Consumer	**1,291**	**1**	1,223	1
Total	**6,106**		5,279	
North America				
Loans and receivables to Commercial	**401**	**1**	513	1
Total	**401**		513	
Asia Pacific				
Loans and receivables to Banks	**49**	**-**	33	-
Loans and receivables to Commercial	**1,349**	**3**	1,411	3
Loans and receivables to Consumer	**611**	**1**	575	1
Total	**2,009**		2,019	
Total				
Loans and receivables to Banks [8]	**17,380**		7,456	
Loans and receivables to Public sector	**1,390**		1,187	
Loans and receivables to Commercial	**45,037**		47,081	
Loans and receivables to Consumer	**105,167**		103,735	
Total	**168,974**		159,459	
Professional securities transactions	**6**		38	
Total loans and receivables	**168,980**		159,497	

(8) Including Intercompany with RBS acquired businesses of ABN AMRO Holding N.V. EUR 16,424 million in 2009 and EUR 6,425 million in 2008
(9) Calculated as percentage of totals for banks, public, commercial and consumer sectors respectively.

Credit risk concentrations from credit facilities and guarantees issued by geography:

	2009		2008 (unaudited)	
	Out-standing	**%**	Out-standing	% (10)
Netherlands				
Guarantees and other commitment	**945**	**21**	754	19
Committed credit facilities	**4,849**	**86**	4,747	84
Total	**5,794**		5,501	
Europe (excluding Netherlands)				
Guarantees and other commitment	**3,477**	**76**	3,110	78
Committed credit facilities	**646**	**11**	734	13
Total	**4,123**		3,844	
North America				
Guarantees and other commitment	**2**	**-**	10	-
Committed credit facilities	**121**	**2**	101	2
Total	**123**		111	
Asia Pacific				
Guarantees and other commitment	**122**	**3**	126	3
Committed credit facilities	**41**	**1**	93	2
Total	**163**		219	
Total				
Guarantees and other commitment	**4,546**		4,000	
Committed credit facilities	**5,657**		5,675	
Total	**10,203**		9,675	

(10) Calculated as a percentage of guarantees and other commitment and committed credit facilities respectively.

Total commercial loans and receivables by industry are presented in the table below:

	2009		2008 (unaudited)	
	Out-standing	**%**	Out-standing	%
Service industries and other business activities	**21,311**	**47**	23,273	49
Finance	**10,416**	**23**	9,770	21
Agriculture, forestry and fishing	**4,937**	**11**	4,712	10
Manufacturing	**3,982**	**9**	4,837	10
Property and mortgages	**3,589**	**8**	3,695	8
Construction	**507**	**1**	691	1
Central and local government	**295**	**1**	103	-
Total	**45,037**		47,081	

Total consumer loans and receivables by product type are presented in the table below:

	2009		2008 (unaudited)	
	Out-standing	**%**	Out-standing	%
Mortgages	**94,513**	**90**	93,204	90
Personal lending	**229**	**-**	165	-
Credit Card	**5**	**-**	2	-
Other consumer loans	**10,420**	**10**	10,364	10
Total	**105,167**		103,735	

Collateral
It is ABN AMRO Bank's policy to reduce or mitigate credit risk on credit facilities or exposure, as much as possible in a given commercial environment by securing credit facilities or exposure with collateral. To correctly assess the extent to which the collateral mitigates the credit risk the Collateral must be valued according to a specified valuation method and properly documented and monitored.

Collaterals are obtained if and when required prior to the disbursement of approved loans. Guarantees and letters of credit are also subject to strict credit assessments before being provided. The extent of collateral held for guarantees and letters of credit is on average 22.6% (2008: 1.13%).

During 2009 and 2008, ABN AMRO Bank took no possession of property, equipment and other assets. It is the policy of ABN AMRO Bank to dispose of repossessed properties. The proceeds are used to reduce or repay the outstanding claim. In general these repossessed properties are not occupied for business use. ABN AMRO Bank does not disclose the fair value of collateral held as security or other credit enhancements on loans and advances past due but not impaired, or on individually assessed impaired loans and advances, as it is not practicable to do so.

The following table details loans and receivables from commercial and consumer clients by type of collateral obtained.

	2009	2008
		(unaudited)
Commercial customers		
Public authority guarantees	**1,635**	1,116
Mortgages	**4,471**	4,392
Securities	**1,376**	770
Bank guarantees	**273**	216
Other types of collateral	**15,958**	20,003
Unsecured	**21,324**	20,584
Total	**45,037**	47,081
Consumer customers		
Public authority guarantees	**498**	187
Mortgages	**94,513**	93,204
Securities	**568**	626
Bank guarantees	**13**	12
Other types of collateral	**1,084**	3,854
Unsecured	**8,491**	5,852
Total	**105,167**	103,735

Credit quality of financial assets that are neither past due nor impaired
31 December 2009

The credit quality of the portfolio of financial assets can be assessed with reference to ABN AMRO Bank's internal credit rating system which reflects the probability of default of an obligor, i.e. the likelihood that a counterparty fails to pay interest and/or principal and/or other financial obligations to the bank.

ABN AMRO Bank's internal counterparty ratings are a crucial tool for managing and monitoring the credit risk of the bank, both at counterparty and portfolio level. The counterparty rating is based on many aspects including both a financial and non-financial analysis of the counterparty.

Each counterparty to whom ABN AMRO Bank grants any type of credit facility or who has an exposure is assigned a Uniform Counterparty Rating (UCR) on a scale of 1 to 8, whereby UCR 1 is of prime quality while UCR 6-8 is, by definition, 'in default' according to the ABN AMRO definition of default.

The table below gives an overview of the relation between the internal ratings of ABN AMRO Bank (UCR) and the counterparty's probability of default and an indication of how the internal ratings of ABN AMRO Bank compares to the external rating agencies Standards & Poor's, Fitch and Moody's.

	1	2+ till 2-	3+ till 3-	4+ till 4-	5+ till 5-	6+	6-8
UCR							
Expected default rates (%) 2009	0-0.03	0.04-0.10	0.19-0.42	0.68-1.96	3.54-12.92	26,18	100
Standards & Poor's / Fitch	AAA/AA-	A+/A-	BBB+/BBB-	BB+/BB-	B+/B-	CCC+/C	–
Moody's	AAA/Aa3	A1/A3	Baa1/Baa3	Ba1/-Ba3	B1/-B3	Caa1/C	–

The following tables show the credit quality of the financial assets that are neither past due nor impaired on respectively 31 December 2009 and 2008:

Neither past due nor impaired at 31 December 2009:

	1	2+ till 2- 11	3+ till 3-	4+ till 4-	5+ till 5-	6+	Not rated	**Total 2009**
UCR								
Interest earning securities in Banking Book	**18,396**	**1,306**	**453**	**-**	**-**	**-**	**-**	**20,154**
Loans and receivables - Banks	**101**	**16,669**	**47**	**52**	**5**	**-**	**506**	**17,380**
Loans and receivables - Public sector	**398**	**980**	**-**	**3**	**-**	**-**	**8**	**1,390**
Loans and receivables - Commercial	**180**	**1,864**	**6,145**	**17,133**	**7,823**	**2,442**	**7,385**	**42,973**
Derivatives	**650**	**505**	**704**	**559**	**270**	**15**	**1,461**	**4,165**
Off-balance instruments	**21**	**280**	**799**	**1,643**	**461**	**73**	**590**	**3,868**
Total	**19,747**	**21,604**	**8,148**	**19,390**	**8,560**	**2,530**	**9,950**	**89,930**

(11) Including Intercompany with RBS acquired businesses of ABN AMRO Holding N.V. EUR 16,424 million in "loans and receivables – Banks".

Neither past due nor impaired at 31 December 2008*:

	1	2+ till 2- 12	3+ till 3-	4+ till 4-	5+ till 5-	6+	Not rated	Total 2008
UCR								(unaudited)
Interest earning securities in Banking Book	13,960	384	55	-	-	-	-	14,399
Loans and receivables - Banks	393	6,576	33	18	-	1	434	7,456
Loans and receivables - Public sector	1,134	3	-	-	-	-	50	1,187
Loans and receivables - Commercial	523	1,155	8,333	17,337	5,406	1,587	9,843	44,184
Derivatives	55	14	22	219	-	-	750	1,060
Off-balance instruments	6	35	210	616	96	29	2,481	3,473
Total	16,071	8,167	8,653	18,190	5,503	1,618	13,558	71,760

(12) Including Intercompany with RBS acquired businesses of ABN AMRO Holding N.V. EUR 6,425 million in "loans and receivables – Banks".
(*) Excluding discontinued operations.

Credit quality of consumer loans
Loans and receivables consumer of EUR 105,167 million (2008: EUR 103,735 million) are not rated. An indication of the credit quality of these loans and receivables can be derived from the table below and the collateral obtained for the loans and receivables as well as the geographical breakdown of the underlying products of the portfolio as included in the earlier table within this note.

Credit quality of financial assets that are past due but not impaired
The tables below show the analysis of the financial assets that are past due but not impaired:

	Past due ≤ 30 days	Past due > 30 - ≤ 90 days	Past due > 90 - ≤ 180 days	Past due > 180 days - ≤ 1 year	Past due > 1 year	Total
2009						
Loans and receivables - commercial	**37**	**66**	**48**	**12**	**12**	**175**
Loans and receivables - consumer	**1,324**	**611**	**246**	**72**	**45**	**2,298**

	Past due ≤ 30 days	Past due > 30 - ≤ 90 days	Past due > 90 - ≤ 180 days	Past due > 180 days - ≤ 1 year	Past due > 1 year	**Total**
2008 (unaudited)						
Loans and receivables - commercial	141	201	50	5	6	403
Loans and receivables - consumer	1,140	747	161	45	34	2,127

ABN AMRO Bank does not disclose the fair value of collateral held as security or other credit enhancements on loans and advances past due but not impaired, or on individually assessed impaired loans and advances, as it is not practicable to do so.

Credit structuring
ABN AMRO Bank structures investments to provide specific risk profiles to investors. This may involve the sale of credit exposures, often by way of credit derivatives, to an entity which subsequently funds the credit exposures by issuing securities. These securities may initially be held by ABN AMRO Bank prior to a sale outside of ABN AMRO Bank.

Liquidity risk

Liquidity and funding

During the last two years, in response to the dislocation of the financial markets, in particular following the default of Lehman Brothers and events related to the planned transition of businesses from ABN AMRO to Consortium Members, management was required to take appropriate relevant measures. Contingency funding plans in place were put in effect on a number of occasions to manage and to mitigate the negative effects in a coordinated manner in response to these events. In order to strengthen the liquidity buffer, an additional amount of Dutch residential mortgages were securitised as European Central Bank Eligible collateral and the portfolio of liquid assets was increased. The timely response and effectiveness of the measures taken, together with the acquisition by the Dutch State of the interest in ABN AMRO from Fortis, enabled the Group to restore the trust of the public and to stem liquidity outflow, most of which has now been recouped.

ABN AMRO's liquidity management is also directed towards supporting the smooth transfer of ABN AMRO businesses to the Consortium Members. In 2009 ABN AMRO leveraged on its name and position and re-entered the market with a Covered Bond programme.

The above measures, in combination with the completion of the transfer of certain businesses, decreased the liquidity exposure significantly and enabled ABN AMRO to manage its liquidity.

Liquidity Ratio

ABN AMRO Bank uses the stable funding to non liquid assets ratio in its liquidity management (refer Section 4: 'Risk & Capital Management' for a discussion on funding liquidity management and measurement). This ratio shows the extent to which core assets (non liquid assets) are covered by core liabilities (stable funding). Non liquid assets are assets that require continuous funding and where - from a commercial perspective - ABN AMRO Bank is not in a position to discontinue funding. Stable funding is funding which is assumed to remain available in a crisis.

	2009	2008
		(unaudited)
Stable funding/non liquid assets:		
Year end ratio	**112%**	106%
Average ratio	**110%**	107%

ABN AMRO Bank has continued to meet its internal liquidity management limits as well as regulatory liquidity requirements in 2009.

Measurement and control
Liquidity risk arises in any bank's general funding of its activities. For example, a bank may be unable to fund its portfolio of assets at appropriate maturities and rates, or may find itself unable to liquidate a position in a timely manner at a reasonable price. ABN AMRO Bank holds capital to absorb unexpected losses, and manages liquidity to ensure that sufficient funds are available to meet not only the known cash funding requirements, but also any unanticipated ones that may arise. At all times, ABN AMRO Bank maintains what we believe to be adequate levels of liquidity on an overall basis to meet deposit withdrawals, repay borrowings and fund new loans, even under stressed conditions.

ABN AMRO Bank manages liquidity on a daily basis in all the countries in which ABN AMRO Bank operates. Each national market is unique in terms of the scope and depth of its financial markets, competitive environment, products and customer profile. Therefore local line management is responsible for managing our local liquidity requirements under the supervision of Group Asset and Liability Management on behalf of ABN AMRO Bank Asset and Liability Committee.

On a day-to-day basis ABN AMRO Bank's liquidity management depends on, among other things, the effective functioning of local and international financial markets. As this is not always the case, contingency funding plans are in place. These plans are put into effect in the event of a dramatic change in the normal business activities or in the stability of the local or international financial markets. As part of this liquidity management contingency planning, ABN AMRO Bank continually assesses potential trends, demands, commitments, events and uncertainties that could reasonably result in increases or decreases in our liquidity. More specifically, ABN AMRO Bank considers the impact of these potential changes on ABN AMRO Bank's sources of short-term funding and long-term liquidity planning.

As ABN AMRO Bank has entered into committed credit facilities, the liquidity management process also involves assessing the potential effect of the contingencies inherent in these types of transactions on normal sources of liquidity and finance.

Maturity analysis of assets and liabilities
The following table provides an overview that categorises the balance sheet of ABN AMRO Bank into relevant maturity groupings based on the remaining contractual periods to repayment. This is not consistent with how ABN AMRO Bank looks at liquidity as the models used also take in to account the expected behaviour of customers and other factors.

Maturity based on contractual undiscounted cash flows for the year ended 31 December 2009:

	On demand	Trading deriva-tives	≤ 1year	> 1 year - ≤ 5 years	> 5 years	Maturity not applicable	Total
2009							
Assets							
Cash and balances at central banks	**802**	**-**	**-**	**-**	**-**	**-**	**802**
Financial assets held for trading	**-**	**3,484**	**-**	**-**	**-**	**744**	**4,228**
Financial investments	**55**	**-**	**3,048**	**7,598**	**13,616**	**383**	**24,700**
Loans and receivables – banks	**715**	**-**	**218**	**21**	**-**	**16,428**	**17,382**
Loans and receivables- customers	**13,690**	**-**	**14,236**	**17,243**	**157,367**	**-**	**202,536**
Other assets	**-**	**-**	**224**	**130**	**512**	**9,432**	**10,298**
Total	**15,262**	**3,484**	**17,726**	**24,992**	**171,495**	**26,987**	**259,946**
Liabilities							
Financial liabilities held for trading	**-**	**2,883**	**-**	**-**	**-**	**61**	**2,944**
Due to banks	**980**		**3,438**	**185**	**1**	**-**	**4,604**
Due to customers	**60,011**	**-**	**81,628**	**1,808**	**1,766**	**-**	**145,213**
Issued debt securities	**-**	**-**	**4,456**	**13,592**	**10,201**	**-**	**28,249**
Subordinated liabilities	**-**	**-**	**-**	**-**	**9,504**	**-**	**9,504**
Other liabilities	**1,661**	**-**	**77**	**912**	**2,437**	**10,925**	**16,012**
Total	**62,652**	**2,883**	**89,599**	**16,497**	**23,909**	**10,986**	**206,526**
Off-balance liabilities							
Guarantees	**3,868**						**3,868**
Irrevocable facilities	**678**						**678**
Commited facilities	**5,657**						**5,657**

Maturity based on contractual undiscounted cash flows for the year ended 31 December 2008:

	On demand	Trading derivatives	≤ 1year	> 1 year - ≤ 5 years	> 5 years	Maturity not applicable	Total
2008 (unaudited)							
Assets							
Cash and balances at central banks	549	-	47	-	-	-	596
Financial assets held for trading	-	777	-	-	123	78	978
Financial investments	-	-	1,932	5,506	10,815	269	18,522
Loans and receivables – banks	756	-	262	15	1	6,425	7,459
Loans and receivables- customers	16,260	-	14,092	17,895	163,978	-	212,225
Other assets	-	-	107	53	259	9,020	9,439
Total	17,565	777	16,440	23,469	175,176	15,792	249,219
Liabilities							
Financial liabilities held for trading	-	337	-	-	-	-	337
Due to banks	182	-	354	204	28	-	768
Due to customers	46,007	-	74,650	2,582	165	-	123,404
Issued debt securities	8	-	5,197	21,070	11,054	-	37,329
Subordinated liabilities	-	-	1,557	35	6,881	-	8,473
Other liabilities	3,736	-	295	210	1,324	10,800	16,365
Total	49,933	337	82,053	24,101	19,452	10,800	186,676
Off-balance liabilities							
Guarantees	3,473						3,473
Irrevocable facilities	527						527
Commited facilities	5,675						5,675

Interest rate risk (banking book)

Interest rate sensitivity of banking book positions

The Earnings Risk table below shows the cumulative sensitivity of net interest income over a time horizon of 12 and 24 months, under 'rate rise' and 'rate fall' scenarios. Sensitivity is defined as the percentage change in net interest income relative to a base case scenario. The base case scenario assumes continuation of the present yield curve environment. The 'rates rise' and 'rates fall' scenarios assume a gradual parallel shift of the yield curve during 12 months, after which the curve remains unchanged. The sensitivity analysis is limited to the euro as this is the main currency in which ABN AMRO Bank has its earnings. The rates rise and rates fall scenarios for euro are 200 basis points for both years presented, the rates for the rates fall scenario are floored at zero.

The following table shows the possible cumulative percentage change in income over the relevant time horizon:

Earnings risk	Horizon	**2009**	2008
(in percentages)			(unaudited)
Rate rise	One year	**(1.7)**	(6.4)
	Two years	**(3.0)**	(7.7)
Rate fall	One year	**(0.0)**	12.8
	Two years	**2.3**	18.7

The Earnings risk table below gives the 2009 cumulative change in net interest income over the relevant time horizon in absolute numbers.

Earnings risk	Horizon	**2009**	2008
			(unaudited)
Rate rise	One year	**(56)**	(171)
	Two years	**(202)**	(434)
Rate fall	One year	**(1)**	341
	Two years	**154**	1.053

The Market Value Risk table below shows the sensitivity of the market value of equity to changes in interest rates for the euro. Market value of equity is defined as the discounted value of assets, minus discounted value of liabilities, plus market value of derivatives and other interest sensitive items in the banking book. Sensitivity is measured as the percentage value change due to an overnight interest rate change shock. The size of the shock is based on observed changes of the curve in a month and a 99% confidence level. The shock rate change for euro was 50 basis points for both years. Due to the separation of ABN AMRO and related transfers of some portfolios after the take-over the two years are not fully comparable.

Market Value Risk	**2009**	2008
(in percentages)		(unaudited)
Rate rise	**(2.5)**	(3.8)
Rate fall	**1.7**	3.3

Sensitivity analysis is based upon our interest rate risk modelling of assets and liabilities and is used for risk management purposes only. The model above assumes that during the course of the year no other changes are made in the respective portfolio. Earnings risk shows one possible prediction based upon the model and actual changes in net interest income will vary from the model.

Market Risk (trading book)

Market risk of trading books
All trading portfolios are subject to market risk. Several major sources of market risk are interest rate, foreign exchange, equity price, commodity price, credit spread, volatility, and correlation risks. We define market risk as the risk that changes in financial market prices will decrease the value of our trading portfolios. The instruments in our trading portfolios are recognised at fair value and changes in market conditions directly affect net trading income.

Measurement and control
ABN AMRO Bank applies a Value-at-Risk ('VaR') methodology to estimate the market risk of its trading portfolios. ABN AMRO Bank uses VaR as its primary tool for the day-to-day monitoring of market risks. ABN AMRO Bank Asset and Liability Committee set limits on the maximum level of VaR at an aggregate level for ABN AMRO Bank. The risk committees may set VaR limits on lower aggregation levels.
Other control measures used in the market risk management process include historical and stress scenarios, limits on net open positions, interest rate sensitivity per basis point, spread sensitivities, option parameters, position concentrations, and position ageing.

Value-at-Risk
VaR is a methodology for assessing market risk exposure in a single number. VaR is a statistical measure that estimates potential losses and is defined as the predicted loss that might be caused by changes in risk factors under normal circumstances, over a specified period of time, and at a specified level of statistical confidence. ABN AMRO Bank uses a proprietary VaR model that has been approved by the DNB.

The VaR methodology adopted by ABN AMRO Bank for its VaR calculation is historical simulation, using approximately 1.5 years of weighted (exponential decay method) historical data. The VaR is calculated at a 99% confidence level for a one-day holding period using absolute changes in historical rates and prices for interest rate-related and all implied volatility risk factors, and relative changes in historical rates and prices for other risk factors. The positions captured by our VaR calculations include derivative and cash positions that are reported as assets and liabilities held for trading. The VaR is reported daily per trading portfolio, per product line, and for ABN AMRO Bank as a whole. It is reported daily to the senior management of the businesses, Group Risk Management, and the responsible members of the Managing Board.

The table below provides the 2009 Value at Risk per risk category (99% confidence level, one-day holding period):

	Minimum	Maximum	Average	Year-end
2009				
Interest rate risk	-	**3.0**	**0.5**	**1.6**
Equity price risk	-	-	-	-
Foreign exchange risk	-	**0.5**	**0.1**	**0.3**
Commodity price risk	-	-	-	-
Diversification effect	-	-	-	**(0.4)**
Aggregate VaR [11]	-	**2.4**	**0.4**	**1.5**

(11) The maximum (and minimum) for each category occurred on different days and therefore have no direct relation to the maximum (and minimum) of the aggregate Value-at-Risk. The aggregate Value-at-Risk includes the diversification effect of imperfect or negative correlations between certain risk types. Therefore the aggregate Value-at-Risk can be lower than the sum of the individual risk types on the same day (e.g. year-end).

As during 2008 ABN AMRO Bank's trading activities were insignificant, the Value-at-Risk for ABN AMRO Bank was negligible.

Back testing is performed on the actual and hypothetical profit and loss and the results are reported to the DNB on a quarterly basis. At a 99% confidence level, the statistical expectation is that on one out of every 100 trading days a loss exceeding the VaR occurs. Back testing is an essential instrument for the ex post validation of our internal VaR model.

Stress testing

The limitations of the VaR model mean that we must supplement it with other statistical tests. These include a series of stress tests, scenarios, and sensitivity stress tests that shed light on the hypothetical behaviour of our portfolio and the impact of extreme market movements on our financial results. Sensitivity stress tests and stress scenarios have been developed internally to reflect specific characteristics of ABN AMRO Bank's portfolios and are performed daily for each trading portfolio and at several aggregation levels. These apply parallel increases and decreases in a number of risk elements or in one risk element, actual historical scenarios (non-parallel moves in a number of risk elements) or plausible future shocks.

Capital hedge
ratiosAs part of managing the capital the capital ratio's are hedged to mitigate the impact of material changes in the EUR/CHF exchange rate. The primary focus is to protect the core tier 1 ratio against the adverse exchange rate movements

Our investments in foreign operations in currencies other than the CHF are hedged on a selective basis. We consider the use of hedging in cases where the expected currency loss is larger than the interest rate differential between the two currencies that represents the cost of the hedge.

The table shows the sensitivity of our equity capital to a 10% appreciation and 10% depreciation, respectively, in the euro against all foreign currencies.

	2009	2008
		(unaudited)
Euro appreciates 10%	**(2)**	(2)
Euro depreciates 10%	**2**	2

Use of derivatives

Derivative instruments
ABN AMRO Bank uses derivative instruments to provide risk management solutions to its clients and to manage ABN AMRO Bank's own exposure to various risks (including interest, currency and credit risks). A derivative is a financial instrument that is settled at a future date and requires little or no initial net investment, and whose value varies in response to changes in the price of another financial instrument, an index or some other variable.

The majority of derivative contracts are arranged as to amount ('notional'), tenor and price directly with the counterparty (over-the-counter). The remainder are standardised in terms of their amounts and settlement dates and are bought and sold in organised markets (exchange traded).

The notional, or contractual, amount of a derivative represents the reference quantity of the underlying financial instrument on which the derivative contract is based. The value of the derivative contract is typically determined by applying a calculated price to this notional amount, and is the basis upon which changes in the value of the contract are measured. The notional amount provides an indication of the underlying volume of business transacted by ABN AMRO Bank but does not provide any measure of risk, and is not included on the balance sheet.

Positive and negative fair values on different transactions are only netted if the transactions are with the same counterparty and the cash flows will be settled on a net basis, and ABN AMRO Bank has the legal right to offset separate transactions with that counterparty.

Types of derivative instruments
The most common types of derivatives used are as follows:

Forwards are binding contracts to buy or sell financial instruments, most typically currency, on a future date at a specified price. Forward contracts are tailor-made agreements that are transacted between counterparties in the over-the-counter (OTC) market.

Futures are exchange traded agreements to buy or sell a standard quantity of specified grade or type of financial instrument, currency or commodity at a specified future date.

Commodity derivatives are contracts to buy or sell a non-financial item. They can be either exchange traded or OTC.

Swaps are agreements between two parties to exchange cash flows on a specified notional amount for a predetermined period. Most swaps are traded OTC. The major types of swap transactions undertaken by ABN AMRO Bank are as follows:
— Interest rate swap contracts – typically the contractual exchange of fixed and floating rate interest payments in a single currency, based on a notional amount and a reference interest rate, most commonly LIBOR.
— Cross currency swaps – the exchange of interest payments based on two different currency principal balances and reference interest rates, and usually the exchange of principal amounts at the start and end of the contract.
— Credit default swaps (CDSs) – bilateral agreements under which one party (protection buyer) makes one or more payments to the other party (protection seller) in exchange for an undertaking by the seller to make a payment to the buyer following a specified credit event. Credit default swaps may be on a single name (counterparty) or on a multiple (or basket) of names (counterparties). Settlement following a credit event may be a net cash amount, or cash in return for physical delivery of one or more obligations of the credit entity and is made regardless of whether the protection buyer has actually suffered a loss.
— Total rate of return swaps - these give the total return receiver exposure to all of the cash flows and economic benefits and risks of an underlying asset, without having to own the asset, in exchange for a series of payments, often based on a reference interest rate, such as LIBOR. The total return payer has an equal and opposite position. A specific type of total return swap is an equity swap.

Options are contractual agreements under which, typically, the seller (writer) grants the purchaser the right, but not the obligation, either to buy (call option) or to sell (put option) by or at a set date, a specified quantity of a financial instrument or commodity at a predetermined price. The purchaser pays a premium to the seller for this right. Options may be traded OTC or on a regulated exchange, and may be traded in the form of a security (warrant).

Derivatives transacted for trading purposes
Most derivative transactions relate to sales and trading activities. Sales activities include the structuring and marketing of derivative products to customers to enable them to take, transfer, modify or reduce current or expected risks.

Trading activities are entered into principally for the purpose of generating profits from short-term fluctuations in price or margin, and include market-making, positioning and arbitrage activities:
— Market making involves quoting bid and offer prices to other market participants with the intention of generating income based on spread and volume.
— Positioning means managing market risk positions with the expectation of profiting from favourable movements in prices, rates or indices.
— Arbitrage activities involve identifying and profiting from price differentials between markets and products.

Derivatives transacted for hedging purposes
ABN AMRO Bank enters into derivative transactions for the purposes of hedging assets, liabilities, forecast transactions, cash flows and credit exposures. The accounting treatment of hedge transactions varies according to the nature of the instrument hedged and whether the hedge qualifies for accounting purposes (see accounting policies).

ABN AMRO Bank also enters into derivative transactions which provide economic hedges for credit risk exposures but do not meet the requirements for hedge accounting treatment; for example, ABN AMRO Bank uses CDSs as economic hedges for credit risk exposures in the loan and traded product portfolios.

Risks of derivative instruments
Derivative instruments are transacted in many trading portfolios, which generally include several types of instruments, not just derivatives. The market risk of derivatives is managed and controlled as an integral part of the market risk of these portfolios. ABN AMRO Bank's approach to market risk is described in the market risk section.

Derivative instruments are transacted with many different counterparties. The credit risk of derivatives is managed and controlled in the context of ABN AMRO Bank's overall credit exposure to each counterparty. ABN AMRO Bank's approach to credit risk is described in the financial credit risk section of this footnote. It should be noted that although the values shown on the balance sheet can be an important component of ABN AMRO Bank's credit exposure, the positive fair values for any one counterparty are rarely an adequate reflection of ABN AMRO Bank's credit exposure on its derivatives business with that counterparty. This is because, on the one hand, fair values can increase over time ('potential future exposure'), while on the other hand, exposure may be mitigated by entering into master netting agreements and bilateral collateral arrangements with counterparties.

39. Capital adequacy

Capital ratios
ABN AMRO Bank applies capital adequacy ratios based on the Bank for International Settlements' guidelines and Dutch Central Bank ('DNB') directives. These ratios compare ABN AMRO Bank's capital with its assets and off-balance sheet exposure, weighted according to the relative risk involved. Capital is also set aside for market risk associated with ABN AMRO Bank's trading activities. The minimum Tier 1 ratio required is 9% and the minimum total capital ratio is 12.5%. ABN AMRO Bank has met these standards throughout the year including at balance sheet date with a Tier 1 ratio of 10.18% (2008: 9.37%), of which the core Tier 1 ratio is 6.78% (2008: 8.62%). The total capital ratio is 14.76% (2008: 12.62%) at 31 December 2008.

The following table analyses ABN AMRO Bank's capital ratios at 31 December 2009 and 2008:

	2009	2008
		(unaudited)
Tier 1 capital	**7,635**	8,593
Tier 2 capital	**3,643**	3,298
Tier 3 capital	**(215)**	(314)
Total capital base (including supervisory deductions)	**11,063**	11,577
Risk-weighted assets on balance	**72,163**	89,295
Off-balance	**1,387**	1,863
Market risks	**1,423**	560
Total risk-weighted assets	**74,973**	91,718
Tier 1 capital ratio	**10.18%**	9.37%
Total capital ratio	**14.76%**	12.62%

Subsequent to its acquisition by RFS Holdings, ABN AMRO Bank received approval for a transitional period from the DNB and the FSA with regards to compliance to Basel II capital rules. ABN AMRO Bank has agreed with these regulators to continue to report figures on the basis of Basel I until December 2009. In accordance with this, specific minimal requirements have been set for the Tier 1 and Total capital ratios, including the requirement to treat the capital deductions in the same manner as required by Basel II.

These ratios measure capital adequacy by comparing ABN AMRO Bank's eligible capital with its balance sheet assets, off-balance sheet commitments and market and other risk positions at weighted amounts to reflect their relative risk. The market risk approach covers the general market risk and the risk of open positions in currencies and debt and equity securities.

ABN AMRO Bank's capital adequacy level was as follows:

	2009	2008 (unaudited)	**2009**	2008 (unaudited)
	Balance sheet/un-weighted amount		Risk weighted amount, including effect of contractual netting	
Balance sheet assets (net of provisions):				
Cash and balances at central banks	**802**	596	**-**	-
Financial assets held for trading	**4,228**	978	**-**	-
Financial investments	**20,153**	14,667	**1,473**	670
Loans and receivables-banks	**17,380**	7,456	**191**	178
Loans and receivables-customers	**149,223**	150,403	**67,365**	85,377
Equity accounted investments	**363**	210	**80**	8
Property and equipment	**1,627**	1,638	**1,558**	1,636
Goodwill and other intangibles	**453**	275	**272**	169
Prepayment and accrued income	**2,211**	1,917	**1,077**	820
Tax assets	**589**	406	**-**	-
Other assets	**5,055**	4,993	**147**	437
Subtotal	**202,084**	183,539	**72,163**	89,295
Off-balance sheet positions and derivatives:				
Credit-related commitments and contingencies	**10,203**	9,675	**1,387**	1,863
Credit equivalents of derivatives			**1,272**	352
Insurance companies and other			**151**	205
Subtotal			**2,810**	2,420
Total credit risks			**74,973**	91,715
Market risk requirements				3
Total Risk Weighted Assets			**74,973**	91,718

Tier 1 capital consists of shareholders' equity and qualifying subordinated liabilities less goodwill and some intangible assets. Tier 2 capital represents additional qualifying subordinated liabilities, taking into account the remaining maturities. Core tier 1 capital is Tier 1 capital excluding qualifying subordinated liabilities.

40. Securitisations

ABN AMRO Bank uses securitisation transactions to diversify its funding sources, manage its liquidity profile and obtain credit protection. ABN AMRO Bank is mainly involved in securitisations of own originated assets. Substantially all financial assets included in these transactions are residential mortgages and loans to small and medium sized enterprises ('SME'). The extent of ABN AMRO Bank's continuing involvement in these financial assets varies by transaction.

Full recognition and continuing involvement
ABN AMRO Bank participates in sales transactions where financial assets and consequently the related cash flows are sold to a special purpose entity ('SPE'). When in these transactions neither substantially all risks and rewards nor control over the financial assets has been transferred, the entire asset continues to be recognised in the pro forma consolidated information of financial position. In the case of sales transactions involving a consolidated SPE, the retained risks and rewards are usually an interest related spread and/or an exposure on first credit losses. The carrying amounts of the assets approximated EUR 0.8 billion, and EUR 2.2 billion at 31 December 2009, and 2008, respectively. In the event of a credit downgrade, ABN AMRO Bank may be required to post additional collateral in respect of these transactions.

Additionally ABN AMRO Bank participates in various mortgage related transactions in the Netherlands that have been conducted without the involvement of a SPE. In these transactions, the derecognition criteria are not fully met and the entire asset continues to be recognised in the pro forma consolidated statement of financial position. ABN AMRO Bank also retains exposure to certain interest rate risks. The carrying amounts of these assets approximate EUR 0.1 billion, and EUR 0.2 billion at 31 December 2009, and 2008, respectively.

ABN AMRO Bank has not participated in any transaction where partial derecognition of specified portions of an entire financial asset have occurred.

Synthetic transactions
In addition ABN AMRO Bank has protected assets through synthetic securitisations for an amount of EUR 61.7 billion (2008: EUR 29.6 billion). Through a synthetic securitisation ABN AMRO Bank is able to buy protection without actual transfer of any assets to an SPE. As a result, ABN AMRO Bank as the owner of the assets buys protection to transfer the credit risk on a portfolio of assets to another entity that sells the protection. Although a substantial part of the credit risk related to these loan portfolios are transferred, actual ownership of the portfolio of assets remains with ABN AMRO Bank. If securities are issued by an SPE, the third party investors have only recourse to the assets of the SPE and not to ABN AMRO Bank.

The 31 December 2009 balance includes a EUR 34.4 billion transaction entered into in August 2009 with the Dutch state to reduce the credit risk, through a CDS, on the Netherlands mortgage portfolio.

41. Private equity investments

Private equity investments are either consolidated or held at fair value through income.

Consolidated private equity holdings
Investments of a private equity nature that are controlled by ABN AMRO Bank are consolidated. These holdings represent a wide range of non-banking activities. Personnel and other costs relating to production and manufacturing activities are presented within material expenses. The impact on the income statement of consolidating these investments is set out in the following table.

	2009
Income of consolidated private equity holding	409
Other income included in operating income	(15)
Total operating income of consolidated private equity holdings	394
Goods and material expenses of consolidated private equity holdings	216
Included in personnel expenses	102
Included in administrative costs	67
Included in depreciation and amortisation	13
Total operating expenses	398
Operating profit before tax of consolidated private equity holdings	(4)

On 1 January 2009, ABN AMRO Bank acquired a portfolio of private equity investments from Shared Assets of ABN AMRO Holding.

Goods and material expenses include personnel costs relating to manufacturing and production activities.

Unconsolidated private equity investments
The private equity investments over which ABN AMRO Bank does not have control are accounted for at fair value with changes through income. Although control is not with ABN AMRO Bank, in many cases ABN AMRO Bank has significant influence, usually evidenced by an equity stake of between 20% and 50%. Significant influence is held in approximately 14 investments with a positive material fair value. The total fair value of these investments is EUR 120 million at 31 December 2009, operating in various sectors including information technology, life sciences, media and telecommunications.

42. *Joint ventures*

ABN AMRO Bank's activities conducted through joint ventures include cash transfer, insurance, finance and leasing activities. The consolidated financial information of the joint ventures include the following assets and liabilities, income and expenses, represent ABN AMRO Bank's proportionate share:

	2009	2008 (unaudited)
Assets		
Financial assets held for trading	**-**	201
Financial investments	**2,731**	1,946
Loans and receivables-banks and customers	**25**	34
Property and equipment	**19**	17
Accrued income and prepaid expenses	**62**	56
Other assets	**2,107**	2,360
Total	**4,944**	4,614
Liabilities		
Financial liabilities held for trading	**3**	4
Due to banks and customers	**9**	11
Provisions	**2,671**	2,141
Other liabilities	**2,122**	2,388
Total	**4,805**	4,544
Total operating income	**26**	56
Operating expenses	**18**	30
Operating profit	**8**	26
Income tax expense	**3**	9
Net profit	**5**	17

Most significant joint ventures:

	Interest held %	Main activities
Neuflize Vie	60	Insurance

43. Remuneration of Managing Board and Supervisory Board

Up to legal separation, ABN AMRO Bank will remain controlled by ABN AMRO Holding N.V. The members of the Supervisory Boards of ABN AMRO Holding N.V. and ABN AMRO Bank are the same, as are the members of the Managing Boards of ABN AMRO Holding N.V. and ABN AMRO Bank. The board meetings of ABN AMRO Holding N.V. and ABN AMRO Bank are combined.

For the remuneration of the Managing Board and Supervisory Board, reference is made to the 2009 Annual Report of ABN AMRO Holding N.V.

44. Discontinued operations and assets and liabilities held for sale

The following tables provide a further analysis of the results reporting in the line Results from discontinued operations net of tax.

Asset Management business was sold in 2008 and is reported as discontinued operations. Profits from discontinued operations include the related operating results and when sold, the applicable gain on sale.

Income statement of discontinued operations:

	2009	2008
		(unaudited)
Operating income	-	142
Operating expense	-	138
Operating profit before tax	-	4
Gain on disposal	-	3,063
Profit before tax	-	3,067
Tax on operating profit	-	2
Profit from discontinued operations net of tax	-	3,065

Asset Management was sold in April 2008 and therefore only includes the results from operations for the first three months of the year.

As at 31 December 2009 and 2008, there were no assets and liabilities held for sale.

Cash flows attributable to discontinued operations:

	2009	2008
		(unaudited)
Net cash flows from operating activities	-	(166)
Net cash flows from investing activities	-	(38)

45. Related parties

As at 31 December 2009 new ABN AMRO has related party relationships with associates, joint ventures, consortium members and with the management board of its parent company ABN AMRO Holding N.V.
The shareholder of ABN AMRO Holding N.V. is RFS Holdings B.V., as controlled by its shareholders RBS Group, Santander and the Dutch State. The ultimate consolidating parent of ABN AMRO Holding N.V., RBS Group, is controlled by the UK Government. Both the UK Government and the Dutch State are therefore related parties.

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The Group enters into a number of banking transactions with related parties in the normal course of business. These transactions, which include loans, deposits and foreign currency transactions, have taken place on an arm's length basis. These transactions are carried out on commercial terms and at market rates. Employees are offered preferential terms for certain banking products. No allowances for loan losses have been recognised in respect of loans to related parties in 2009 and 2008.

The equity stakes of the Dutch State and UK Government are reflected in the balance sheets of RFS Holdings B.V. and RBS Group plc respectively. Transactions conducted directly with the Dutch State and UK Government are limited to normal banking transactions, taxation and other administrative relationships. In addition ABN AMRO Bank participates in the Dutch State treasuries market and utilises the liquidity support made available to all banks regulated by the DNB.

There may be other significant transactions with entities under the common control of or subject to significant influence by the UK Government. These would include, amongst others, loans, deposits, guarantees, fee based relationships, or equity holdings. Disclosure is made of any significant transactions with these entities.

Balances with joint ventures and associates

	2009		2008 (unaudited)	
	Joint Ventures	**Associates**	Joint Ventures	Associates
Receivables	**25**	**163**	119	176
Liabilities	**54**	**61**	-	99
Guarantees given	**-**	**-**	-	10
Irrevocable facilities	**-**	**8**	-	8
Income received	**28**	**69**	39	67
Expenses paid	**26**	**4**	34	-

Balances with Consortium Members

	2009		2008 (unaudited)	
	RBS plc	Santander	RBS plc	Santander
Financial assets held for trading	**707**	**-**	-	-
Loans and receivables	**2**	**-**	272	-
Other assets	**754**	**-**	1	-
Financial liabilities held for trading	**1,526**	**-**	-	-
Other liabilities	**1,418**	**-**	7	-

ABN AMRO Bank conducts transactions with other companies that are part of ABN AMRO Holding N.V. and its consolidated subsidiaries. These transactions are settled on a net basis. The net loans and receivables outstanding with other companies within ABN AMRO amount to EUR 16.4 billion in 2009 (2008: EUR 6.4 billion).

Balances with Dutch State

	2009	2008 (unaudited)
Assets		
Financial assets held for trading	**60**	-
Financial investments – available-for-sale	**2,758**	2,879
Liabilities		
Deposits by banks	**2,760**	-
Subordinated loans	**2,600**	-
Tax balances		
Current tax asset	**229**	49
Current tax liability	**204**	151
Deferred tax asset	**328**	338
Deferred tax liability	**11**	(17)
Tax on profit	**54**	101
Receipts from tax authorities	**-**	(1)

Refer to note 40: 'Securitisations' for details on credit protection purchased from the Dutch State in the form of a CDS.

46. Subsequent events

Legal separation
On 6 February 2010 the ABN AMRO announced the legal renaming of ABN AMRO II N.V. to ABN AMRO Bank N.V.

On 8 February 2010 ABN AMRO announced that on 6 February 2010, the businesses of ABN AMRO acquired by the Dutch State were legally demerged from the RBS acquired businesses in accordance with the demerger filing as lodged with the Chamber of Commerce on 30 September 2009. As a result, there are now two separate banks within ABN AMRO Holding N.V., The Royal Bank of Scotland N.V. ('RBS N.V.') and the new entity named ABN AMRO Bank N.V., each licensed separately by the Dutch Central Bank. Both banks are governed by the current managing and supervisory boards of ABN AMRO Holding N.V. until the legal separation of the new ABN AMRO Bank N.V. from ABN AMRO Holding N.V.

On 11 March 2010 a request for a Declaration of Non-Objection ('DNO') on the separation of ABN AMRO Bank N.V. from ABN AMRO Holding N.V. by means of sale to ABN AMRO Group N.V. was submitted to the DNB. The sale is planned to be executed on 1 April 2010.

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

47. Major subsidiaries and participating interests

Unless otherwise stated, ABN AMRO Bank's interest is 100% or almost 100%, on 26 March 2010. Those major subsidiaries and participating interests that are not 100% consolidated but are accounted for under the equity method (a) or proportionally consolidated (b) are indicated separately. For renamed entities, the entity names used are those appplicable as at 26 March 2010.

On 6 February 2010, the majority of the businesses acquired by the Dutch State were legally demerged from ABN AMRO Bank N.V. Effective at the same date, the existing legal entity, ABN AMRO Bank N.V. was renamed The Royal Bank of Scotland N.V. and the legal entity into which the Dutch State acquired businesses were demerged was also renamed from ABN AMRO II N.V. to ABN AMRO Bank N.V. (the 'new ABN AMRO Bank').

Netherlands
AA Interfinance B.V., Amsterdam
ABN AMRO Arbo Services B.V., Amsterdam
ABN AMRO Effecten Compagnie B.V., Amsterdam
ABN AMRO Hypotheken Groep B.V., Amersfoort
ABN AMRO Jonge Bedrijven Fonds B.V., Amsterdam
ABN AMRO Participaties Fund I B.V., Amsterdam
Altajo B.V., Amsterdam (50%) (b)
Amstel Lease Maatschappij N.V., Utrecht
Delta Lloyd ABN AMRO Verzekeringen Holding B.V., Zwolle (49%) (a)
IFN Group B.V., Rotterdam
MoneYou B.V., Hoevelaken
New HBU II N.V., Amstelveen
Solveon Incasso B.V., Utrecht
Stater N.V., Amersfoort

Rest of the World
ABN AMRO Life Capital Belgium N.V., Brussels
ABN AMRO Life S.A., Luxembourg
ABN AMRO Bank (Luxembourg) S.A., Luxembourg
ABN AMRO Bank (Switzerland) A.G., Zurich
Banque Neuflize OBC SA, Paris (99.86%)
Delbrück Bethmann Maffei AG, Frankfurt am Main
Neuflize Vie (60%), Paris (b)

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

The majority of ABN AMRO Bank's subsidiaries and participating investments are regulated entities and therefore their ability to transfer funds to ABN AMRO Bank is subject to regulatory approvals.

Statutory financial statements ABN AMRO Bank N.V. 2009

Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Accordingly, the accounting policies applied by the Company comply fully with IFRS issued by the International Accounting Standards Board (IASB). The accounting policies applied in the Company financial statements are the same as those applied in the consolidated financial statements of ABN AMRO Holding N.V.

Basis of preparation

The Company's financial statements are prepared on a historical cost basis, unless otherwise stated, and are presented in euros, which is the functional and the presentation currency of the Company, rounded to the nearest thousand (unless otherwise noted).

Statement of comprehensive income ABN AMRO Bank N.V. for the period ended 31 December 2009

(in thousands of euros)	**9 April – 31 December 2009**
Income	
Interest income	**1,851**
Total Income	**1,851**
Expenses	
Interest expense	**(1,851)**
Total Expenses	**(1,851)**
Operating profit / (loss) before tax	-
Income tax (benefit) / expense	-
Profit / (loss)for the period	-
Other comprehensive income / (expense)	-
Income tax effect	-
Other comprehensive income / (expense) for the period, net of tax	-

Statement of financial position ABN AMRO Bank N.V. as at 31 December 2009

(in thousands of euros)	2009
Assets	
Loans and receivables - banks 1	**838,045**
Other assets 2	**1,851**
Total assets	**839,896**
Liabilities	
Other liabilities 3	**1,851**
Subordinated liabilities 4	**833,000**
Total liabilities	**834,851**
Equity	
Share capital 5	**45**
Share premium reserve	**5,000**
Retained earnings	**-**
Total shareholders' equity	**5,045**
Total equity and liabilities	**839,896**

Numbers stated against items refer to notes. The notes to the statutory financial statements are an integral part of these statements.

Statement of changes in equity ABN AMRO Bank N.V. for the period ended 31 December 2009

(in thousands of euros)	9 April – 31 December 2009
Share capital	
Opening balance	**45**
Issuance of shares	**-**
Balance at 31 December	**45**
Liabilities	
Opening balance	**-**
Addition to legal reserves	**5,000**
Balance at 31 December	**5,000**
Retained earnings	
Opening balance	**-**
Profit /(loss) attributable to shareholders of the parent company	**-**
Balance at 31 December	**-**
Total Equity attributable to shareholders of the parent company at 31 December	**5,045**

Statement of cash flows ABN AMRO Bank N.V. for the period ended 31 December 2009

(in thousands of euros)	9 April – 31 December 2009
Operating activities	
Profit / (loss) for the period	-
Movements in operating assets and liabilities	-
Net cash flows from operating activities	-
Investing activities	
Net cash flows from investment activities	-
Financing activities	
Increase in share premium	**5,000**
Issuance of subordinated liabilities	**833,000**
Net cash flows from financing activities	**838,000**
Movement in cash and cash equivalents	**838,000**
Cash and cash equivalents at 9 April	**45**
Cash and cash equivalents at 31 December	**838,045**

Notes to the Company financial statements of ABN AMRO Bank N.V.

1. Loans and receivables - banks

This item is comprised of amounts due from or deposited with a banking institution at 31 December 2009 and in the statements of cash flow this item is presented as 'Cash and Cash Equivalents'. The balance relates to amounts placed with an affiliate.

	2009
(in thousands of euros)	
Current accounts	**838,045**
At 31 December	**838,045**

2. Other assets

The other assets consists of the interest receivable on the amounts deposited with a banking institution.

3. Other liabilities

The other liabilities consists of interest payable to the State of the Netherlands related to the Mandatory Convertible Securities issued on 23 December 2009.

4. Subordinated liabilities

The Company issued EUR 833 million of 10% coupon Mandatory Convertible Securities (MCS) to the Dutch State on 23 December 2009. These MCS are herein presented as subordinated liabilities. The MCS are undated and will convert into the Company's ordinary shares upon legal separation of the Company from ABN AMRO Holding N.V.

5. Share capital

As at 31 December 2009, the Company had an authorized capital of EUR 225,000 consisting of 225 shares, each share having a nominal value of EUR 1,000. ABN AMRO Holding N.V. is the holder of the entire issued and outstanding share capital of the Company, consisting of 45 shares.

6. Related parties

As at 31 December 2009 the Company has related party relationships with associates, joint ventures, Consortium Members and with the Managing Board of its parent Company ABN AMRO Holding N.V. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. As the Dutch State has the ability to exert significant influence over the Company at the balance sheet date, it is considered to be a related party.

One transaction occurred with a related party during the period as described in note 4 'Subordinated liabilities'. The cash received as a result of this transaction is placed with RBS N.V. (formerly ABN AMRO Bank N.V.), an affiliate, and interest on the cash balance is paid at 10% to the Company. The interest received during the period ended 31 December 2009 totalled EUR 1,85 million.

No renumeration has been paid in 2009 by ABN AMRO Bank N.V. to the Managing Board or Supervisory Board considering the limited activities included in ABN AMRO Bank N.V. during the year 2009.

7. Fees to independent auditors

Shares of the Company were held by ABN AMRO Holding N.V. at 31 December 2009. Please refer to the ABN AMRO Holding N.V. Annual Report for fees paid to independent auditors.

8. Events after the balance sheet date

A banking license was granted by the Dutch Central Bank to ABN AMRO Bank N.V. on 13 January 2010.

On 5 February 2010, the Company amended the articles of association by raising the nominal value of the authorised share capital to EUR 2,000,000. The nominal value of each share was changed from EUR 1.000 to EUR 1.

On 6 February 2010, ABN AMRO Holding N.V. successfully executed the deed of demerger in accordance with the demerger proposal filed with the Amsterdam Chamber of Commerce on 30 September 2009, thereby demerging the majority of the Dutch State acquired businesses into ABN AMRO II N.V., which at that date was renamed ABN AMRO Bank N.V. This step enables the legal separation of ABN AMRO Bank N.V. from ABN AMRO Holding N.V., planned for 1 April 2010. Thereafter the composition of the Managing Board and Supervisory Board will change.

Until legal separtion, ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) is governed by ABN AMRO Holding N.V.'s Managing Board and Supervisory Board and regulated on a consolidated basis with capital ratios, liquidity measures and exposures being reported to and regulated by the Dutch Central Bank.

ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) will become a wholly-owned subsidiary of a newly incorporated entity, ABN AMRO Group N.V., which in turn will be wholly-owned by the Dutch State.

Other information

To the Shareholder, Supervisory Board and Managing Board of ABN AMRO Bank N.V.

Auditors' report

Report on pro forma financial information
We have audited the accompanying pro forma financial information 2009 of ABN AMRO Bank N.V., Amsterdam, as included in section 9 "pro forma financial information" on page 60 to 169. The basis for preparation and the assumptions applied by management are disclosed in section 9 under "Basis of preparation". The pro forma financial information comprises the pro forma consolidated statement of financial position as at 31 December 2009, the pro forma income statement, the pro forma statement of comprehensive income, the pro forma statement of changes in equity and the pro forma statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes. The consolidated pro forma financial information for the year 2008 is unaudited. The amounts included for comparative purposes in the pro forma consolidated statement of financial position, the pro forma income statement, the pro forma statement of comprehensive income, the pro forma statement of changes in equity and the pro forma statement of cash flows have therefore not been audited. The unaudited comparative figures 2008 have been derived from the audited ABN AMRO Holding N.V. Financial Statements 2008 and are consistent with the accounting policies as applied in the ABN AMRO Holding N.V. Financial Statements 2008.

Management's responsibility
Management is responsible for the preparation and fair presentation of the pro forma financial information in accordance with International Financial Reporting Standards as adopted by the European Union, consistent with the accounting policies as applied in the ABN AMRO Holding N.V. Financial Statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the pro forma financial information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the pro forma financial information based on our audit. We conducted our audit in accordance with international standards on auditing. Such standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the pro forma financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the pro forma financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the pro forma financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the pro forma financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the pro forma financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the pro forma financial information gives a true and fair view of the financial position of ABN AMRO Bank N.V. as at 31 December 2009 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

In our opinion the unaudited comparative figures 2008 in this pro forma financial information 2009 of ABN AMRO Bank N.V. have been properly derived from the audited ABN AMRO Holding N.V. Financial Statements 2008 and are consistent with the accounting policies as applied in the ABN AMRO Holding N.V. Financial Statements 2008.

Deloitte Accountants B.V.
Signed by H.H.H. Wieleman
Amsterdam, 26 March 2010

To the Shareholder, Supervisory Board and Managing Board of ABN AMRO Bank N.V.

Auditors' report

Report on the financial statements
We have audited the accompanying financial statements 2009 of ABN AMRO Bank N.V., Amsterdam, as included in section 9 "pro forma financial information" on page 170 to 175, which comprise the statement of financial position as at 31 December 2009, the statement of comprehensive income, changes in equity and cash flows for the period 9 April 2009 through 31 December 2009 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of ABN AMRO Bank N.V. as at 31 December 2009, and of its result and its cash flows for the period 9 April 2009 through 31 December 2009 in accordance with International Financial Reporting Standards as adopted by the European Union.

Deloitte Accountants B.V.
Signed by H.H.H. Wieleman
Amsterdam, 26 March 2010

Abbreviations

ADR	American Depositary Receipt
AFM	Autoriteit Financiële Markten (Netherlands Authority for the Financial Markets)
AFS	Available-for-sale
ATM	Automated teller machine
BIS	Bank for International Settlements
bp	Basis point
BU(s)	Business Unit(s)
CAD	(the EU's) Capital Adequacy Directive
CDS	Credit default swap
CRD	(the EU's) Capital Requirements Directive
CWC	(Dutch) Central Works Council
DNB	De Nederlandsche Bank N.V. (Dutch Central Bank)
DNO	Declaration of no-objection
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECM	Equity Capital Markets
ESC	European Staff Council
EU	European Union
EUR	Euro
FBN	Fortis Bank (Nederland) NV
FTE	Full-time equivalent (a measurement of number of staff)
FX	Foreign exchange
GAAP	General Accepted Accounting Principles
GBP	Great Britain pound
GRM	Group Risk Management
HR	Human Resources
HTM	Held-to-maturity
IAS	International Accounting Standards
IBNI	Incurred-but-not-identified
ID&JG	International Diamond & Jewelry Group
IFRIC	IASB International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IP	Internet Protocol
IT	Information Technology
LIBOR	London Interbank Offered Rate
M&A	Mergers & Acquisitions
MD	Managing director
MD&A	Management's discussion and analysis
MiFID	(the EU's) Markets in Financial Instruments Directive
NYSE	New York Stock Exchange
OECD	Organisation for Economic Cooperation and Development
OFAC	(US) Office of Foreign Assets Control
OTC	Over-the-counter
ROE	Return on equity
RWA	Risk-weighted assets
SEC	(US) Securities and Exchange Commission
SEPA	Single Euro Payments Area
SMEs	Small to medium-sized enterprises
SPE	Special purpose entity
TRS	Total return to shareholders
USD	US dollar

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Acknowledgements
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