
Press Release

Amsterdam, 26 March 2010

ABN AMRO Bank¹ reports pro forma full year 2009 financial results

- **ABN AMRO Bank, the entity containing the ABN AMRO businesses acquired by the Dutch State, reports a pro forma loss for the year 2009 of EUR 117 million**
- **The loss was due to higher loan impairments, pressure on interest margins, higher Dutch deposit guarantee scheme charges, and separation and integration costs**
- **Excluding separation and integration costs, and charges for the Dutch deposit guarantee scheme, ABN AMRO Bank would have recorded a net profit for 2009 of EUR 114 million**
- **Costs were almost flat despite higher costs for the Dutch deposit guarantee scheme and separation and integration charges; excluding the effect of these in both years, costs decreased by EUR 39 million compared with 2008**
- **The loss for the fourth quarter 2009 amounted to EUR 162 million and included charges for the Dutch deposit guarantee scheme, higher loan impairments, and separation and integration costs; excluding separation and integration costs, and charges for the Dutch deposit guarantee scheme, the net loss for the fourth quarter was EUR 21 million**
- **At 31 December 2009, Tier 1 capital ratio and total capital ratio amounted to 10.2% and 14.8% respectively**
- **ABN AMRO Bank plans to legally separate from ABN AMRO Holding on 1 April 2010**

Gerrit Zalm, Chairman of ABN AMRO Bank comments:

“2009 was a year with many challenges. First of all, the severe slowdown of the economy required increased focus on business as usual. Revenues and margins were under pressure due to difficult market conditions and loan impairments rose to new highs. Strict cost management was implemented to weather these challenges, which resulted in costs below budget. However, additional separation and integration costs and higher charges for the Dutch deposit guarantee scheme masked the improvement of the underlying cost level. A net loss of EUR 117 million was recorded in 2009. Excluding the separation and integration costs and charges for the Dutch deposit guarantee scheme, a net profit of EUR 114 million would have been realised. The year 2009 was also marked by continued preparations for the separation from ABN AMRO Holding. This separation, which is planned for 1 April 2010, will represent a new starting point for the bank and will enable us to start building a strong, solid bank, which combines the best of ABN AMRO Bank and Fortis Bank Nederland.”

¹ ABN AMRO Bank refers to ABN AMRO Bank N.V. comprising the businesses of ABN AMRO Holding N.V. and its subsidiaries that were acquired by the State of the Netherlands

This press release contains the pro forma results of ABN AMRO Bank N.V. (ABN AMRO Bank), comprising the businesses of ABN AMRO that were acquired by the State of the Netherlands ('Dutch State') and that were substantially demerged and/or otherwise transferred to ABN AMRO Bank in the first quarter of 2010. In 2009 these businesses were part of ABN AMRO Holding N.V. and its consolidated entities (ABN AMRO Holding) and controlled by the Managing Board and Supervisory Board of ABN AMRO Holding.

The Dutch State acquired businesses consist of the business units Netherlands and Private Banking (including the international diamond business), and the segment Other. Other comprises activities that do not qualify as a business activity, including the head office functions and centrally held asset and liability management portfolios.

The pro forma results have been prepared on the basis as if all Dutch State acquired businesses that have become part of ABN AMRO Bank through the legal demerger on 6 February 2010 or that have otherwise been transferred to ABN AMRO Bank, were already transferred into ABN AMRO Bank and its consolidated subsidiaries as of the beginning of the first comparative year included in the pro forma financial information.

The pro forma results include the results of NEW HBU II N.V. (NEW HBU II) and IFN Finance B.V. (IFN Finance) (referred to hereafter as 'EC Remedy'). The execution of the sale of these entities to Deutsche Bank in the beginning of the second quarter following the legal separation will result in a loss of approximately EUR 800-900 million. A Mandatory Convertible Security in the amount of EUR 833 million issued by ABN AMRO Bank N.V. will be converted into share capital at legal separation (reference is made to 'Capital, liquidity and funding').

The pro forma results exclude the Dutch State's interest in the assets and liabilities that are not yet allocated to any of the Consortium Members (the so called 'Shared Assets'). These remain an interest of the Dutch State until their disposal or alternative transfer.

The figures in this press release exclude the private equity consolidation effect and are therefore a non-GAAP measure. For further information regarding the pro forma results of ABN AMRO Bank, please refer to the 2009 Annual Review of ABN AMRO Bank, which is also published today. This Annual Review is a voluntary disclosure which should be read in conjunction with the 2009 Annual Report of ABN AMRO Holding. The 2009 Annual Review of ABN AMRO Bank and the 2009 Annual Report of ABN AMRO Holding can be found on our website www.abnamro.com.

Pro forma results of ABN AMRO Bank

<i>In millions of euros</i>	2009			2008	
	FY	Q4	Q3	FY	Q4
Net interest income	2,994	853	685	3,223	816
Net fee and commission income	1,198	277	320	1,322	299
Net trading income	110	95	(2)	190	49
Results from financial transactions	299	44	54	181	42
Share of result in equity accounted investments	83	19	15	31	(8)
Other operating income	215	60	53	242	46
Operating income	4,899	1,348	1,125	5,189	1,244
Operating expenses	3,796	1,145	904	3,786	1,044
Operating result	1,103	203	221	1,403	200
Loan impairments and other credit risk provisions	1,172	334	242	776	393
Operating profit/(loss) before taxes	(69)	(131)	(21)	627	(193)
Tax	48	31	11	156	(35)
Profit/(loss) from continuing operations	(117)	(162)	(32)	471	(158)

These figures are excluding the private equity consolidation effect and are therefore a non-GAAP measure

Full year 2009 results compared to full year 2008 results

Key points:

- Net interest income decreased by 7% to EUR 2,994 million due to decreases in BU Netherlands (EUR 241 million) and BU Private Clients (EUR 61 million). This was partly offset by higher net interest income in Other (EUR 73 million).

Net interest income in BU Netherlands and BU Private Clients decreased mainly due to interest margin pressure in the first six months, especially on consumer and commercial savings products. Interest rate margins in the Dutch deposit and saving markets started to recover slowly in the second half of the year 2009 due to a shift from maturing fixed rate deposits to short term variable rate deposits as well as declining market rates. Furthermore, Other improved mainly due to higher Asset and Liability Management results. In the course of 2008, the majority of the Group Asset and Liability Management portfolios were allocated to the businesses acquired by the Dutch State.

- Non-interest income decreased by EUR 61 million or 3% to EUR 1,905 million. The decrease was due to BU Netherlands (EUR 95 million), BU Private Clients (EUR 99 million), and was partly offset by Other (EUR 133 million). The decrease in BU Netherlands was mainly due to a credit valuation adjustment charge of EUR 59 million for a portfolio of interest rate derivatives in 2009 following a fair valuation methodology refinement, whereas 2008 included a positive result on the unwinding of some capital management related guarantee transactions. The decrease in BU Private Clients was mainly caused by lower average Assets under Management levels in 2009 compared to the average in 2008. The average for 2009 was lower year-on-year despite an increase in Assets under Management by EUR 22 billion to EUR 124 billion when year-end figures are compared. The net inflow of Assets under Management was EUR 4 billion, compared with a net outflow of EUR 8 billion in 2008. The increase of non-interest income of Other is due to higher Asset and Liability Management income as a result of gains on sale of part of the investment portfolio.

- Operating expenses increased by EUR 10 million to EUR 3,796 million.

Operating expenses in BU Netherlands and BU Private Clients were almost unchanged and include a EUR 83 million charge for the Dutch deposit guarantee scheme and EUR 227 million of separation and integration costs. The 2008 operating expenses include a EUR 53 million Dutch deposit guarantee scheme charge and EUR 208 million separation and integration costs. Excluding the Dutch Deposit guarantee scheme charge and the separation and integration charges, operating expenses decreased by EUR 39 million due to a decrease in staff costs and bonuses. The number of full time equivalents decreased from 23,040 in 2008 to 22,309 in 2009.

- Loan impairments 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). This increase in BU

Netherlands predominantly comprises specific provisions against the commercial loan portfolio and an increased level of incurred but not identified provisions on the basis of an assessment of the economic climate and expected loan impairments. The increase in BU Private Clients comprises specific provisions against individual clients.

- Income tax expenses were impacted by impairments on deferred tax assets.
- Net profit from continuing operations decreased by EUR 588 million to a loss of EUR 117 million. Excluding separation and integration costs and charges for the Dutch deposit guarantee scheme, the net profit from continuing operations would have been EUR 114 million.
- The cost/income ratio increased from 73.0% to 77.5%. Excluding the charges for the Dutch deposit guarantee scheme and separation and integration costs, the cost/income ratio increased from 67.9% to 71.2%.

Fourth quarter 2009 compared to third quarter 2009

Key points:

- Net interest income increased by 25% to EUR 853 million due to increases in BU Netherlands (EUR 110 million), BU Private Clients (EUR 9 million) and Other (EUR 51 million). The BU Netherlands and BU Private Clients benefited in the fourth quarter from higher volumes and margins on consumer and commercial savings products. Furthermore Other benefited from higher interest rate income on asset and liability management.

Non-interest income went up by 13% to EUR 495 million due to increases in BU Netherlands (EUR 20 million), BU PC (EUR 9 million) and Other (EUR 26 million). The increase in BU Netherlands is due to a credit valuation adjustment charge of EUR 67 million for a portfolio of interest rate derivatives which was recorded in the third quarter. BU Private Clients benefited from higher fees on the back of higher Assets under Management. Other benefited from increased fair values of part of the investment portfolio.

- Operating expenses increased by EUR 241 million to EUR 1,145 million due to increases in the BU Netherlands (EUR 229 million) and Other (EUR 22 million), partly offset by a decrease in BU Private Clients (EUR 10 million). The increase in BU Netherlands is predominantly caused by the charges for the Dutch deposit guarantee scheme, higher separation and integration costs, and higher consultancy costs. The increase in Other was mainly the result of an allocation of Group Functions staff to Other and higher consultancy costs.

Total charges for the Dutch deposit guarantee scheme amounted to EUR 83 million (charge of EUR 100 million for DSB, partly offset by a release of EUR 17 million for Icesave). Total separation and integration costs of EUR 106 million were EUR 56 million higher.

- Loan impairments increased by EUR 92 million to EUR 334 million mainly due to increases in the BU Netherlands (EUR 42 million) and BU Private Clients (EUR 45 million). The increase in the BU Netherlands is a result of a EUR 41 million reclassification of interest income related to doubtful loans from loan impairments to interest income, on which it has a favourable impact. The increase in BU Private Clients predominantly comprises specific provisions against individual clients.
- Net loss from continuing operations increased by EUR 130 million to a loss of EUR 162 million. Excluding separation and integration costs and charges for the Dutch deposit guarantee scheme, the net loss from continuing operations would have been EUR 21 million compared with a profit of EUR 5 million in the third quarter.
- The cost/income ratio increased from 80.4% to 84.9%. Excluding the charges for the Dutch deposit guarantee scheme and separation and integration costs, the cost/income ratio improved from 75.9% to 70.9%.

Pro forma Balance Sheet information of ABN AMRO Bank

In billions of euros

	31 December 2009	31 December 2008
Assets		
Cash and balances with central banks	0,8	0,6
Financial assets held for trading	4,2	1,0
Financial investments	20,2	14,7
Loans and receivables - banks	17,4	7,5
Loans and receivables - customers	149,2	150,4
Other	10,3	9,3
Total assets	202,1	183,5
Liabilities		
Financial liabilities held for trading	2,9	0,3
Due to banks	4,6	0,7
Due to customers	143,8	122,0
Issued debt securities	23,5	31,2
Other	16,0	16,4
Subordinated liabilities	7,0	5,9
Total liabilities	197,8	176,5
Allocated equity	4,3	7,0
Total allocated equity and liabilities	202,1	183,5
Risk Weighted Assets	75,0	91,7
Assets under Management	123,9	102,0

Notes:

- Total assets include EUR 16.4 billion (31 December 2008: EUR 6.4 billion) of net intercompany receivables, which are netted with other segments within liabilities for consolidation purposes.
- Allocated equity excludes the Dutch State's interest in the equity related to the shared assets.

Key points:

- Total assets were EUR 202 billion at 31 December 2009, an increase of EUR 19 billion, or 10%, when compared with EUR 184 billion at 31 December 2008. This increase is primarily related to the purchase of high quality debt securities and a EUR 10 billion increase of the net intercompany receivable from the RBS acquired businesses and Shared Assets of ABN AMRO Holding.
- Total liabilities increased EUR 21.3 billion, or 12%, to EUR 198 billion mainly due to the increase in savings and current account balances for both consumer and commercial customers - largely in line with developments in the Dutch savings market - and the placement of a EUR 2 billion Covered Bond. Issued debt securities decreased EUR 7.7 billion, or 25%, due to redemptions and the buy back of own issued debt.
- 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 due to EUR 2.6 billion issues of Mandatory Convertible Securities to the Dutch State as part of the capital actions, partly offset by the redemption of a maturing EUR 1.1 billion subordinated note.
- The reduction of risk weighted assets mainly reflects the impact of the Credit Default Swap transacted with the Dutch State through which ABN AMRO Bank purchased credit protection on a EUR 34.5 billion portfolio of own originated residential mortgages.
- Assets under Management in Private Clients increased mainly as a result of the improvement in market conditions and net inflow since 31 December 2008.
- Equity reduced by EUR 2.7 billion, or 39%, to EUR 4.3 billion, compared to 31 December 2008. The reduction is mainly due to a EUR 2.6 billion reallocation of capital within ABN AMRO Holding to cover the capital requirements for the Dutch State interest in the Shared Assets.

Update

Capital, liquidity and funding

ABN AMRO Bank is adequately capitalised. At 31 December 2009, the bank's pro forma tier 1 ratio was 10.2% (31 December 2008: 9.3%) and the pro forma total capital ratio was 14.8% (31 December 2008: 12.6%). Both ratios are reported under the Basel I transitional regime.

The increase of capital ratios is mainly the result of the following capital actions. On 31 August 2009 the Ministry of Finance acquired a EUR 800 million Mandatory Convertible Tier-1 Security issued by ABN AMRO Bank. Also on that date a Credit Default Swap agreement was signed with the Ministry of Finance through which ABN AMRO Bank purchased credit protection on a EUR 34.5 billion portfolio of own originated residential mortgages. On 23 December 2009, the Dutch State acquired two Mandatory Convertible Securities. A EUR 967 million Mandatory Convertible Security was issued in December 2009 for the benefit of the former ABN AMRO Bank. A EUR 833 million Mandatory Convertible Security was issued directly by the then ABN AMRO II N.V., now ABN AMRO Bank N.V., to cover the expected losses in respect of the the EC Remedy business disposal. This instrument classifies as regulatory capital as of January 2010. Conversion of the three Mandatory Convertible Securities after legal separation will result in an increase of share capital in the amount of EUR 2.6 billion.

Separation

On 6 February 2010 ABN AMRO successfully demerged the majority of the Dutch State acquired businesses from the RBS acquired businesses into ABN AMRO Bank. Effective at the same date, the former ABN AMRO Bank N.V. (prior to legal demerger) was renamed The Royal Bank of Scotland N.V. (RBS N.V.). Some subsidiaries and assets and liabilities were separately transferred to the new ABN AMRO Bank ahead of the execution of the legal demerger. Furthermore, some assets and liabilities are separately transferred to the new ABN AMRO Bank after the execution of the legal demerger. Both RBS N.V. and ABN AMRO Bank remain wholly owned by ABN AMRO Holding until ABN AMRO Bank is legally transferred out of ABN AMRO Holding at legal separation. The smooth legal separation of ABN AMRO Bank from ABN AMRO Holding remains a priority and is targeted for completion by 1 April 2010. ABN AMRO Bank then continues as an independent and separately capitalised and regulated bank under the supervision of the Dutch Central Bank.

EC Remedy

ABN AMRO Bank and Deutsche Bank signed the Share Purchase Agreement confirming the agreements reached on the sale of NEW HBU II N.V. (NEW HBU II) and IFN Finance B.V. (IFN Finance) on 23 December 2009. The EC remedy consists of part of the Dutch commercial clients' activities and selected regional branch offices and IFN Nederland B.V. that needs to be disposed off to comply with the European Commission's requirements for competition and to thus enable the integration of ABN AMRO Bank and Fortis Bank Nederland. The sale price agreed upon for the EC Remedy, including a guarantee providing 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 expected to take place shortly after separation of ABN AMRO Bank from the existing ABN AMRO Holding. ABN AMRO Bank has analysed the impact of the transaction on results and capital ratios and considers that the transaction will have a negative impact of between EUR 800 and EUR 900 million. The total loss on the transaction includes a provision for the credit umbrella. ABN AMRO Bank expects to account for this loss when, after legal separation, the conditions for effecting the closing have been met.

ABN AMRO Bank's financial results included in this press release do not include all the information and disclosures required in the annual financial statements. This press release should be read in conjunction with the audited financial statements as part of the ABN AMRO Bank Annual Review as at 31 December 2009 and the Annual Report of ABN AMRO Holding N.V. which have been prepared in accordance with 'International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board and IFRS as adopted by the European Union. In preparing financial information in this press release, the same accounting policies and methods of computation are followed as were applied in the preparation of the Group's financial statements for the year ended 31 December 2009. All amounts in this press release are unaudited.

Cautionary statement on forward-looking statements

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 press release 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 report, 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.

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