ABN·AMRO

Report of the Managing Board for 2006

Hugh Scott-Barrett
CFO, Member of the Managing Board

The Hague, 26 April 2007

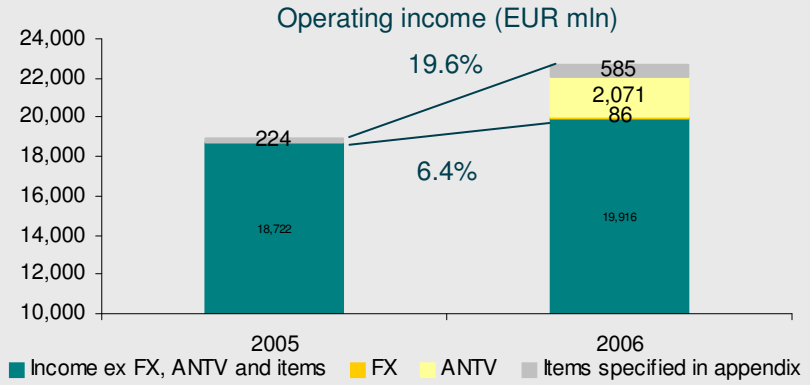
Update on
2006 Managing Board priorities

2006 Managing Board priorities

1. Drive organic growth from new Group Structure
2. Strict capital discipline
3. Realise synergies from integration of Antonveneta
4. Realise cost synergies from Services and other initiatives
5. Further improve the returns from BU Global Markets, BU Global Clients and BU Europe
6. Implement best-in-class compliance standards

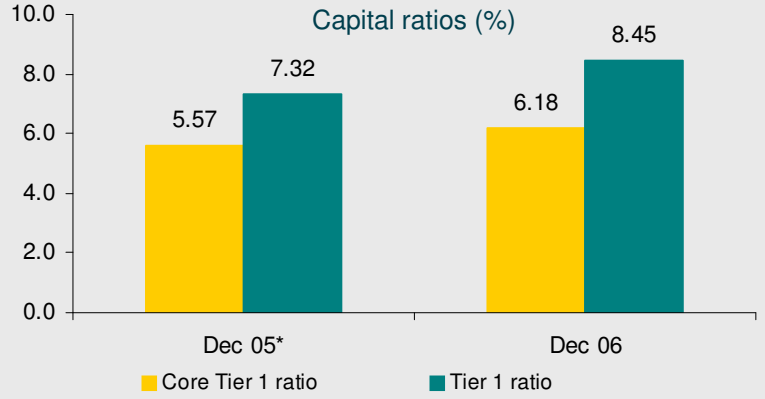
2006 Managing Board priorities

1. Drive organic growth from new Group Structure



- New structure implemented
- Focus on mid-market segment
- Benefits of opening up product capabilities to all regional clients already visible
- Organic revenue growth of 6.4%

2. Strict capital discipline

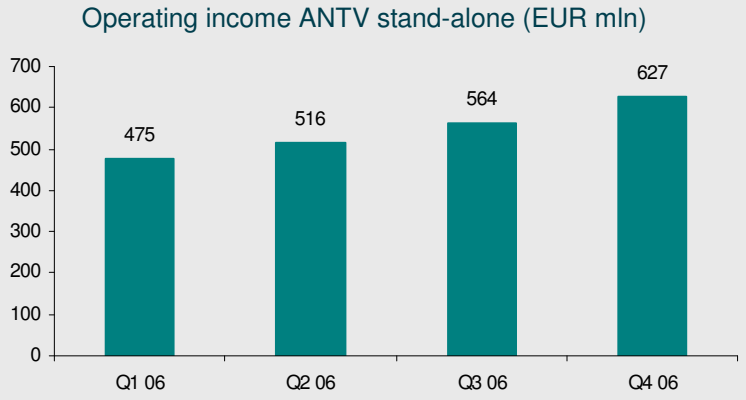


** Pro forma for the acquisition of Antonveneta*

- Capital ratios restored on the back of strong capital discipline
- Capital optimisation allows RWA growth and share buy-back
- EUR 2.2 billion in shares bought back during 2006 for buy-back programme and stock dividend neutralisation

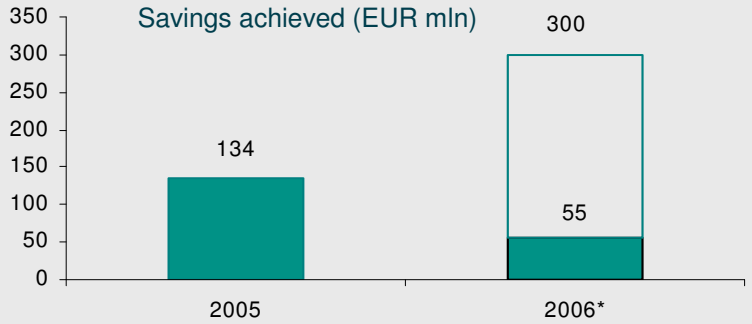
2006 Managing Board priorities

3. Realise synergies from integration of Antonveneta



- Integration completed
- Sales campaign launched in conjunction with rebranding in November 2006
- Expected cost and revenue synergies increased by EUR 170 mln to EUR 430 mln

4. Realise cost synergies from Services and other initiatives

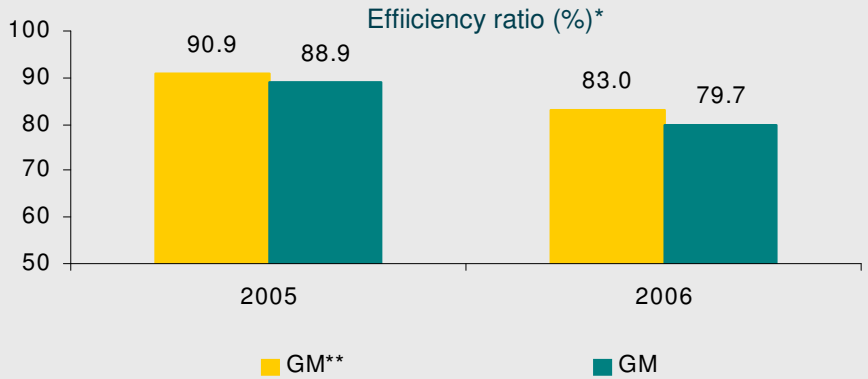


** The EUR 55 mln is the net savings from the original commitment of EUR 300 mln and investments related to the new commitment in IT and BU EU*

- Services achieved EUR 300 mln of committed savings
- Cost growth for the Group in the second half (4.5% y-o-y) of 2006 was lower than in the first half (11.8% y-o-y)
- Managing the cost base remains top priority in 2007

2006 Managing Board priorities

5. Further improve the returns from BU GM, BU GC and BU EUR



**Efficiency ratio has been adjusted for gain on sale of futures and restructuring charges*
***Excl. regional treasury and other activities that have been transferred to BU GM during course of year.*

6. Best-in-class compliance standards

- Group compliance restructured and aligned to the new structure
- Implementation of CAAML policy and KYC approach, to be at the forefront of anti-money laundering efforts around the world

- **BU GM** has delivered a 7.9%-point improvement in efficiency ratio to 83.0%, well ahead of target of 5%-point for 2006
- Actions taken to ensure that **BU GC** is on path to achieve 20% ROARC and **BU Europe** on path to achieve profitability in 2007

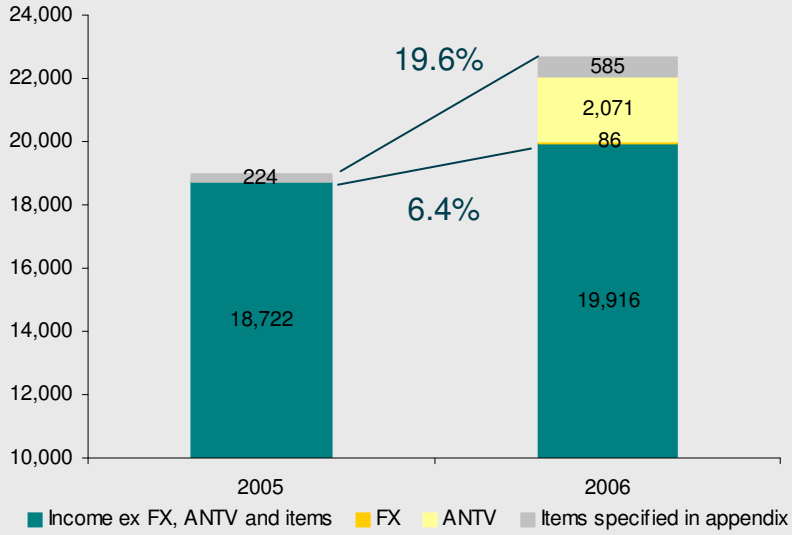
Full year 2006 results

Full year 2006: a year of transition

- Total operating income up by 19.6%, driven by integration of Antonveneta and organic growth in all regions, underpinned by a strong performance of Global Markets
- Operating result up 14.5%
- Provisioning increased by EUR 1,220 mln due to consumer loan volume growth and the inclusion of Antonveneta
- Profit for the Period up by 7.6% to EUR 4,780 mln
- Proposed full year dividend up 4.5%, or 5 cents, to EUR 1.15 per share
- ROE in 2006 of 20.7%, above our target of 20%

Organic revenue growth up by 6.4%*

Operating income ABN AMRO** (EUR mln)



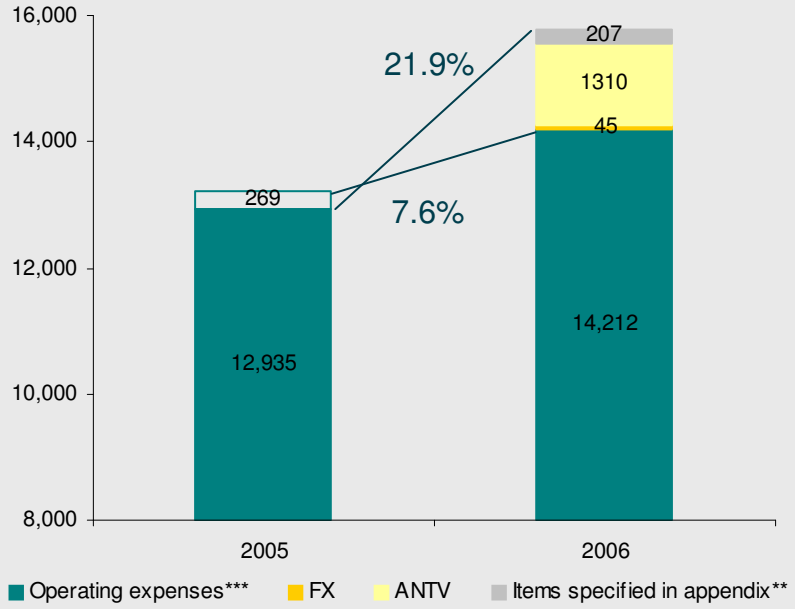
Revenues on RWA: ABN AMRO best in class***

** Operating income reported increased by 19.6%, operating income excluding FX, ANTV and items specified in slide appendix, increased by 6.4%*
*** All figures are excluding consolidation effect of controlled non-financial investments*

****Source: Merrill Lynch*

Operating expenses increased by 7.6%*

Operating expenses ABN AMRO
(EUR mln)**



**Operating expenses reported increased by 21.9%, operating expenses excluding FX, ANTV and items specified in appendix, increased by 7.6%*
***All figures are excl. consolidation effect of controlled non-financial investments*
****As the items in 2005 (specified in slide appendix) added up to a release of EUR 269 mln, the cost base excl. the items was higher than the reported cost base*

Reported cost growth of 21.9% impacted by:

- FX movements (EUR 45 mln)
- Consolidation ANTV (EUR 1,310 mln)
- Significant items in 2005 (net release of EUR 269 mln) and restructuring charges in 2006 (EUR 207 mln)

Cost growth of 7.6% impacted by*:

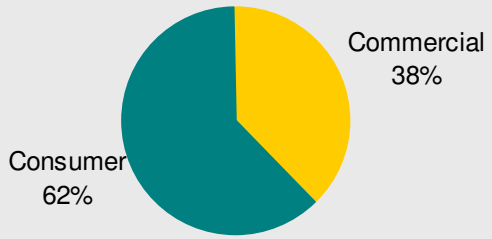
- Expenses on control such as Compliance and Sarbanes-Oxley (variance 2006 - 2005, EUR 206 mln)
- Expenses in BU LA and BU Asia to fund future growth (variance 2006 - 2005, EUR 368 mln)
- Cost growth in the second half (4.5% y-o-y) of 2006 was lower than in the first half (11.8% y-o-y)

Provisioning increased due to integration ANTV, increase in consumer credit and lower recoveries

Loan loss provisions per BU (EUR mln)

Loan impairment	2005	2006	Change
NL	285	359	74
EUR (ex ANTV)	-35	15	50
ANTV		382	382
NA	-86	38	124
LA	348	722	374
Asia	27	218	191
GC	-50	-27	23
Other	146	148	2
ABN AMRO	635	1,855	1,220

Loan loss provisionings per segment (FY 06)



- Provisions totalled EUR 1,855 mln of which 62% in consumer and 38% in commercial portfolio
- Provisions up in BU LA due to increase of consumer banking activities and higher delinquencies
- Provisions up in BU Asia, mainly due to credit card defaults in Taiwan, which peaked in second quarter
- Provisions up in BU NA as a result of lower recoveries and releases. Credit quality of loan portfolio remains strong
- Provisions Antonveneta down from EUR 395 mln in 2005 to EUR 382 mln

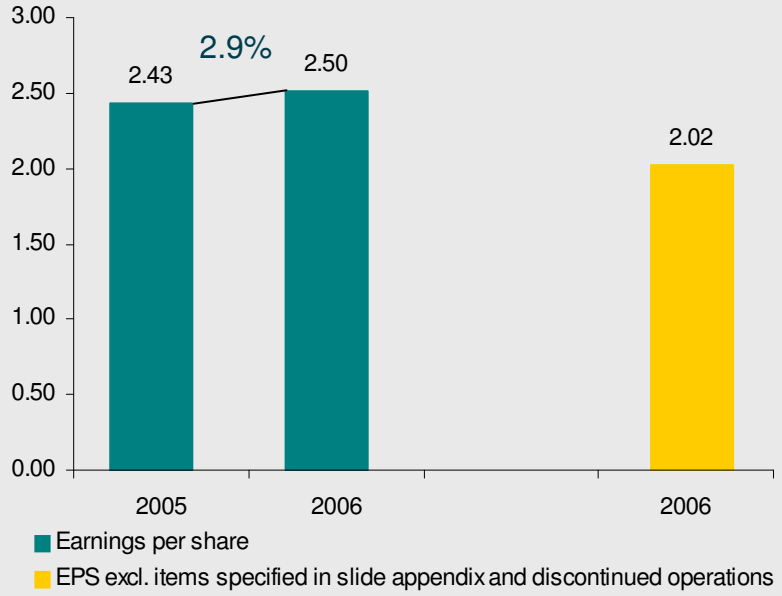
Full year 2006 results ABN AMRO

	Reported				Adjusted for items specified in footnote**			
(EUR mln)	**FY 06**	**FY 05**	**% change**	**% change***	**FY 06**	**FY 05**	**% change**	**% change***
Total operating income	22,658	18,946	19.6	19.1	20,002	18,722	6.8	6.4
Total operating expenses	15,774	12,935	21.9	21.6	14,257	13,204	8.0	7.6
Operating result	6,884	6,011	14.5	13.9	5,745	5,518	4.1	3.4
Loan impairment	1,855	635			1,401	635	120.6	113.9
Net operating profit	4,171	4,256	(2.0)	(1.4)	3,673	3,782	(2.9)	(2.3)
Discontinued operations* **	609	187						
Profit for the period	4,780	4,443	7.6	8.2				

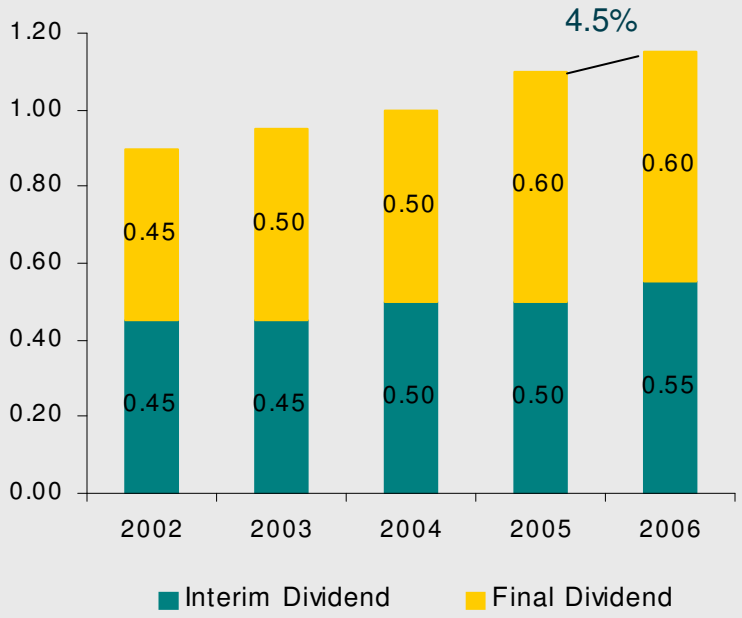
All figures are excluding consolidation effect of controlled non-financial investments
**At constant foreign exchange rates*
*** Excluding ANTV stand-alone and P.A.*
***2006 has been adjusted for the consolidation of Antonveneta, the gain on the sale of the stake in K&H bank, gain on sale of the Futures business, gain on sale of AM Taiwan, Talman judgement, the Q2 Services restructuring charge, the Q4 restructuring charge and the provisioning related to the Futures business.*
***2005 has been adjusted for the gain on the sale of Bishopsgate, gain on the sale of Real Seguros, gain on the sale of Nachenius Tjeenk, balance sheet adjustments, release healthcare provisioning, holiday provisioning and US regulatory fine.*
****Discontinued operations includes Bouwfonds and US mortgages*

EPS growth of 2.9% and increase in full year dividend of 4.5%, or 5 cents, to EUR 1.15

Earnings Per Share (EUR)



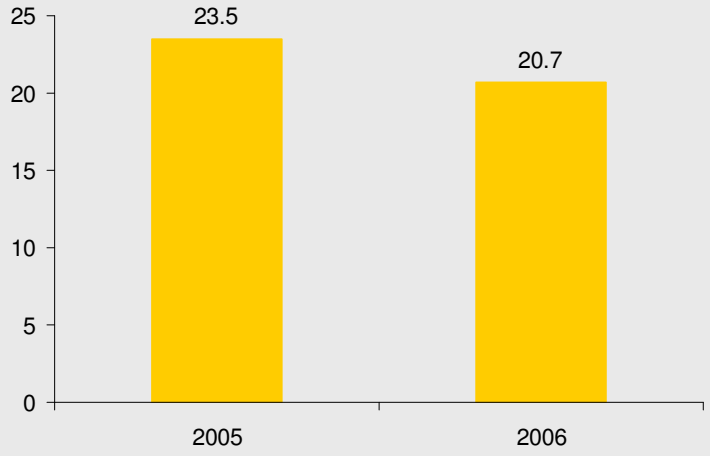
Dividend (EUR)



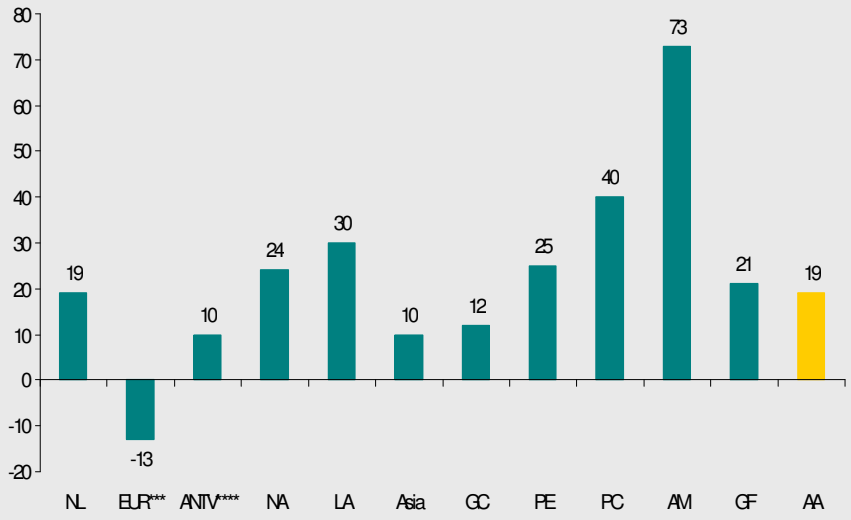
ABN·AMRO

Return on Equity of 20.7% above target of 20%

Average return on Equity (ROE, %)*



Return on Assigned Risk Capital per BU (%)**



** ROE is based on average net profit attributable to shareholders of EUR 4,715 mln and average Equity of EUR 22,827 mln*
*** ROARC for the group is based on net profit attributable to shareholders of EUR 4,715 mln and average ARC of EUR 24 bln*
**** EUR is excl. ANTV*
***** ANTV is on a stand alone basis (excl. Purchasing Accounting)*

Transition in 2006 paved way for delivery in 2007

- 2006 a year of transition
- 2007 a year of delivery

Delivery means:

EPS for 2007 of at least EUR 2.30*

to be achieved mainly by improving the operating performance

GROWTH

EFFICIENCY

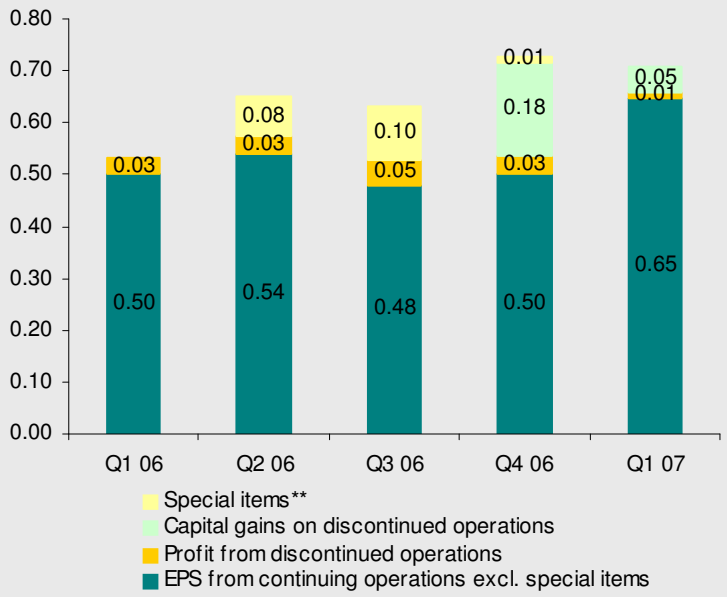
ACCELERATION

**EPS excluding major disposals and restructuring charges*

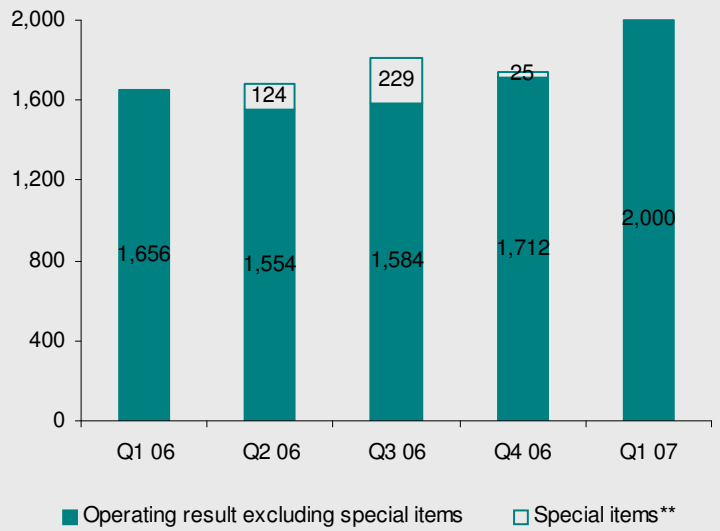
First Quarter 2007 results

ABN AMRO on track to deliver EPS of at least EUR 2.30 via improved operating performance

Earnings per share (EUR)*



Operating result (EUR mln)*

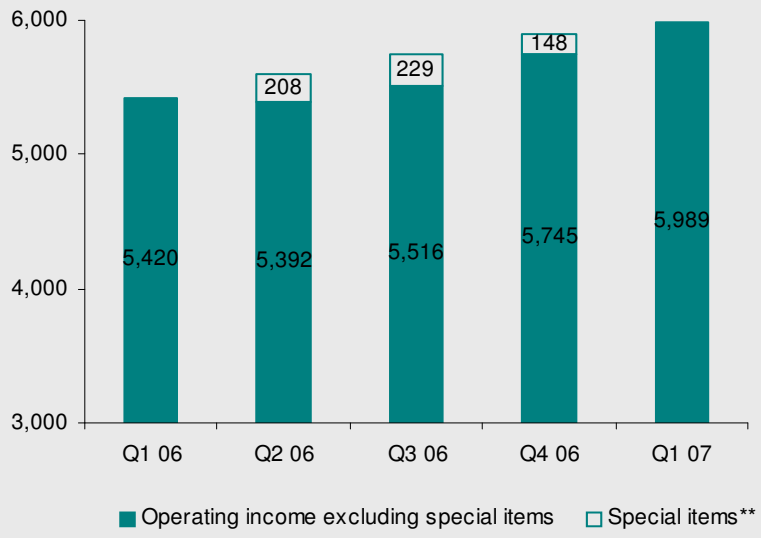


**All figures are excl. consolidation effect controlled investments of BU Private Equity*
*** See appendix for overview of special items. Please note that the special items do not include the provision taken in light of the status of the DOJ investigation (impact of EUR 365 mln in operating result and 15 euro cent on EPS)*

ABN·AMRO

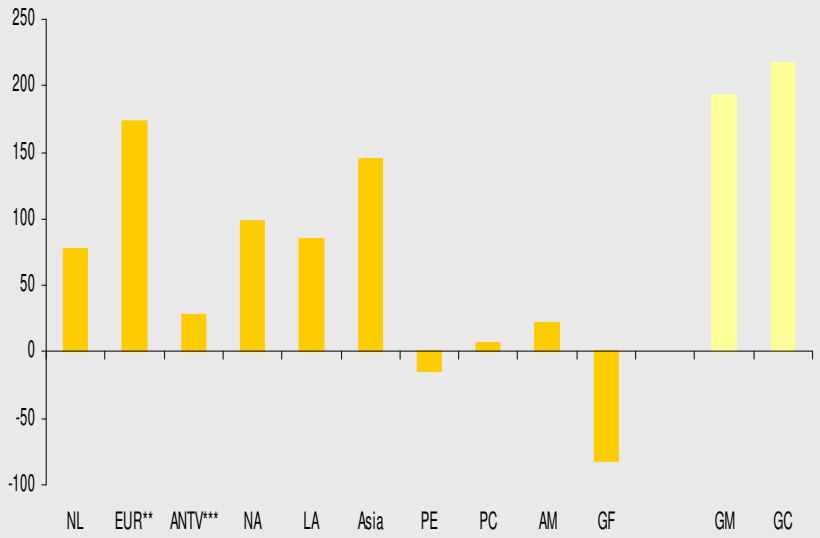
Revenues increased by 10.5% y-o-y, driven by higher revenues in almost all BUs

◆**Operating income ABN AMRO*, ****
(EUR mln)



**All figures are excluding consolidation effect of controlled Private Equity investments*
***See appendix for overview of special items*

◆**Operating income per BU***
(Q1 07, EUR mln, year-on-year change)

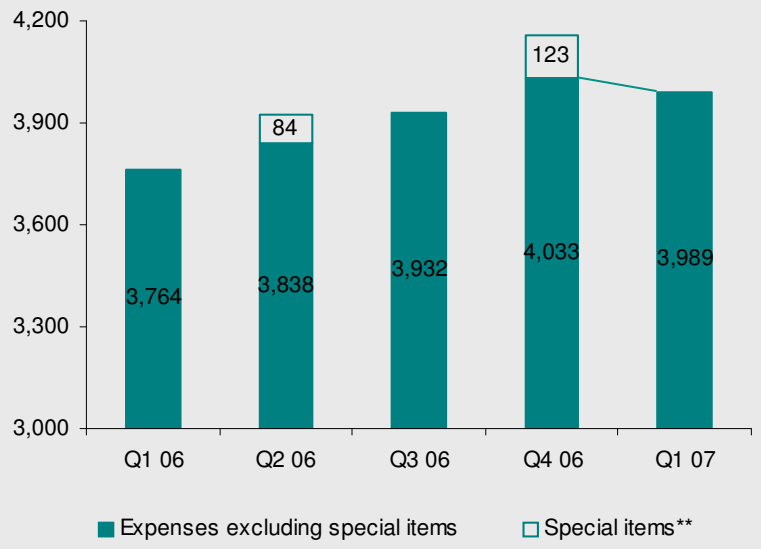


**All figures are excluding consolidation effect of controlled Private Equity investments*
***EUR is BU Europe excluding Antonveneta*
****ANTV is Antonveneta stand alone*

ABN·AMRO

Cost measures taken in the second half of 2006 are starting to pay off

◆**Operating expenses ABN AMRO*, ** (EUR mln)**



**All figures are excluding consolidation effect controlled investments of BU Private Equity*
***See appendix for overview of special items. Please note that these special items do not include the EUR 365 mln provision taken in light of the status of the DOJ investigation*

- **Expenses up by 6.0% y-o-y, mainly due to:**

  Increased bonus accruals in BU Europe on the back of the strongly improved Global Markets revenues

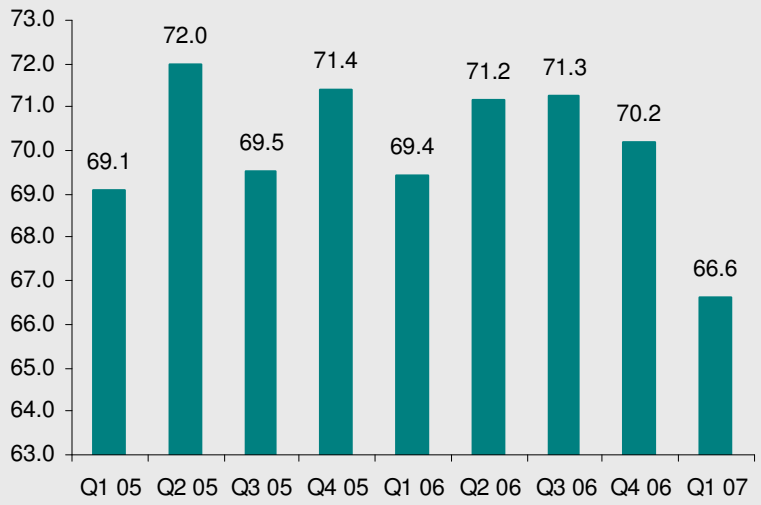
  Higher expenses in Asia, reflecting higher staff costs and bonuses related to new strategic hires and the opening of 14 new branches.

- **Expenses down q-o-q on the back of cost measures taken in the second half of 2006**

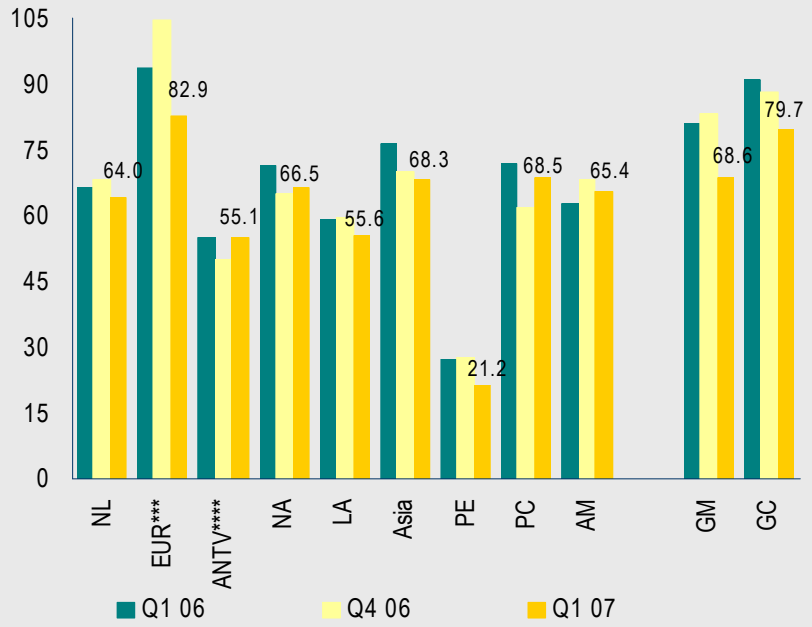
ABN·AMRO

Efficiency ratio reaches record low level

◆**Efficiency ratio*, ****
(%)



◆**Efficiency ratio per BU*, ****
(%)



**All figures are excluding consolidation effect controlled Private Equity investments*
***Efficiency ratio adjusted for special items (see appendix for overview of special items). Please note that these special items do not include the provision taken in light of the status of the DOJ investigation*
****BU Europe is excluding ANTV*
*****ANTV is on a stand alone basis (excl. Purchase Accounting)*

ABN·AMRO

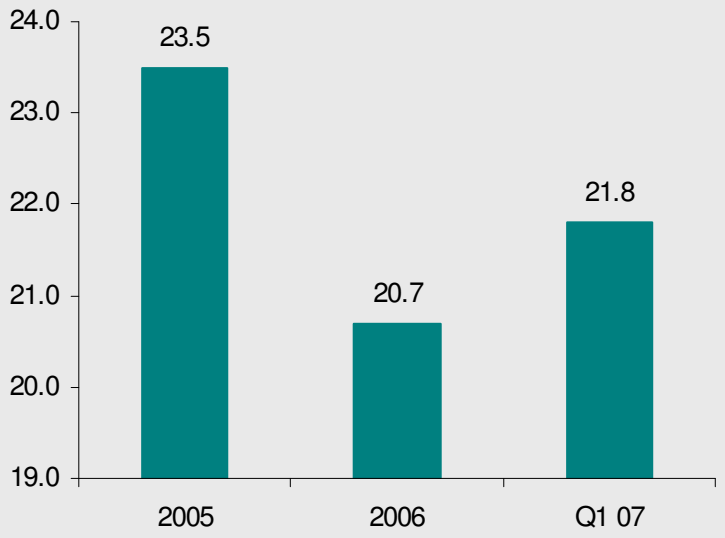
First quarter results ABN AMRO

	Quarterly**				Quarterly**,***			
(EUR mln)	**Q1 07**	**Q1 06**	**% change**	**% change***	**Q1 07**	**Q4 06**	**% change**	**% change***
Operating income	5,989	5,420	10.5	14.3	5,989	5,745	4.2	4.4
Operating expenses	3,989	3,764	6.0	9.2	3,989	4,033	(1.1)	(1.0)
Operating result	2,000	1,656	20.8	25.9	2,000	1,712	16.8	17.1
Loan impairment	417	328	27.1	32.9	417	509	(18.1)	(18.5)
Net operating profit	1,225	976	25.5	29.1	1,225	961	27.5	29.3
Discontinued operations	17	62			17	65		
Profit for the period	1,242	1,038	19.7	23.1	1,242	1,026	21.1	22.7
Net profit attr. to shareholders	1,213	1,003	20.9	24.5	1,213	999	21.4	23.1
Earnings per share (EUR)	0.66	0.53	24.5		0.66	0.53	24.5	
Efficiency ratio (%)	66.6	69.4			66.6	70.2		

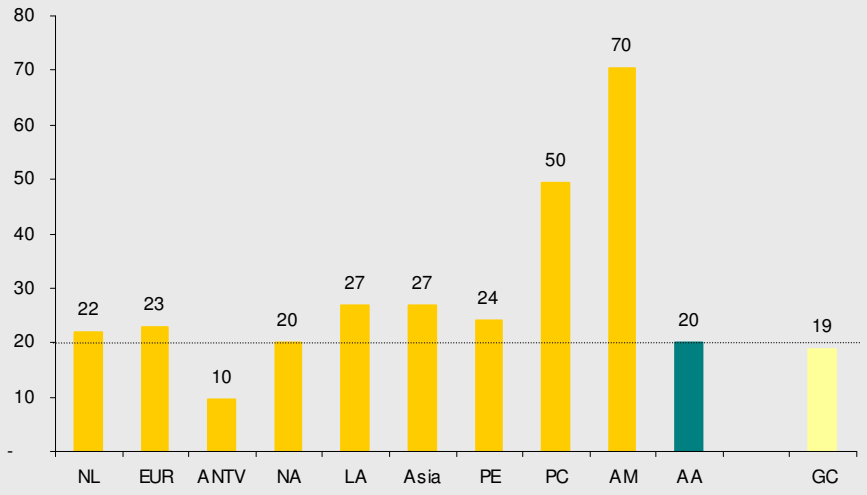
All figures are excluding consolidation effect of private equity holdings
**At constant forex rates*
*** Q1 07 results are excluding the provision (EUR 365 mln gross and EUR 275 mln net) taken in light of the status of the DOJ investigation. In addition, the Q1 07 discontinued operations, profit for the period, net profit attr. to shareholders and earnings per share have been adjusted for gain on sale of US mortgage business (EUR 97 mln).*
****Q4 06 has been adjusted for Talman adjustment (EUR 110 mln gross and EUR 75 mln net), gain on sale of AM Taiwan (EUR 38 mln gross and net) and restructuring charge (EUR 123 mln gross and EUR 91 mln net).*

Group Return on Equity of 21.8 % and ROARC of almost all BUs above 20%

Average return on Equity (%)*



◆Return on Assigned Risk Capital per BU in Q1 07 (%)**, ***



** ROE is based on average net profit attributable to shareholders of EUR 1,310 mln and average Equity of EUR 24,094 mln*
*** ROARC for the group is based on net profit attributable to shareholders of EUR 1,310 mln and ARC of EUR 24 bln (March 1, 2007)*
**** EUR is excl. ANTV; ANTV is on a stand alone basis (excl. Purchase Accounting); BU NA is excluding the results from discontinued operations (gain on sale and profit contribution from US Mortgages). Please note that the Q1 07 Group RoE and ROARC do not include the provision taken in light of the status of the DOJ investigation. ROE including the provision is 17.2%.*

ABN AMRO Strategy and update on recent events

Rijkman Groenink
Chairman of the Managing Board

The Hague, 26 April 2007

Where we were at the beginning of this year: Growth, efficiency, acceleration

Growth strategy and vision in place

Capital redeployment to growth engines

Increasing, broadened product delivery to mid-market clients; cross-BU synergies

Executing efficiency improvement programs to address cost base

Progress evidenced by efficiency ratio improvement from 69.4% to 66.6% Q1 07

Increasing focus in our activities

Ongoing non-core asset disposal program (e.g. US mortgage activities, Bouwfonds)

Rigorous capital management

€2.4bn share buybacks since 2005*

€2.5bn dividend neutralisation buybacks

On track to deliver on targets:

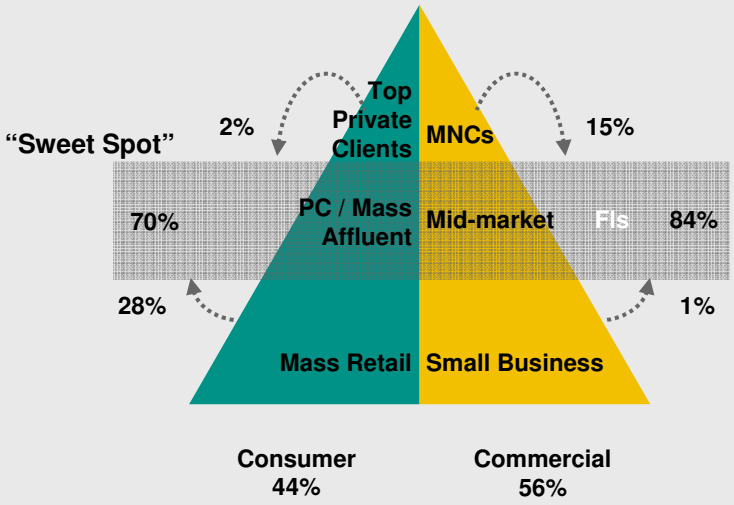
EPS of > €2.30 in 2007

Group ROE >20%

**: excluding 2007 buy-back in execution*

Playing to our strengths → Significant Progress Achieved

2006 Operating Result break-down



**Operating Result = Operating income – Operating Expenses (excluding provisions and taxes)*

Internal estimates

2006 Operating Result break-down

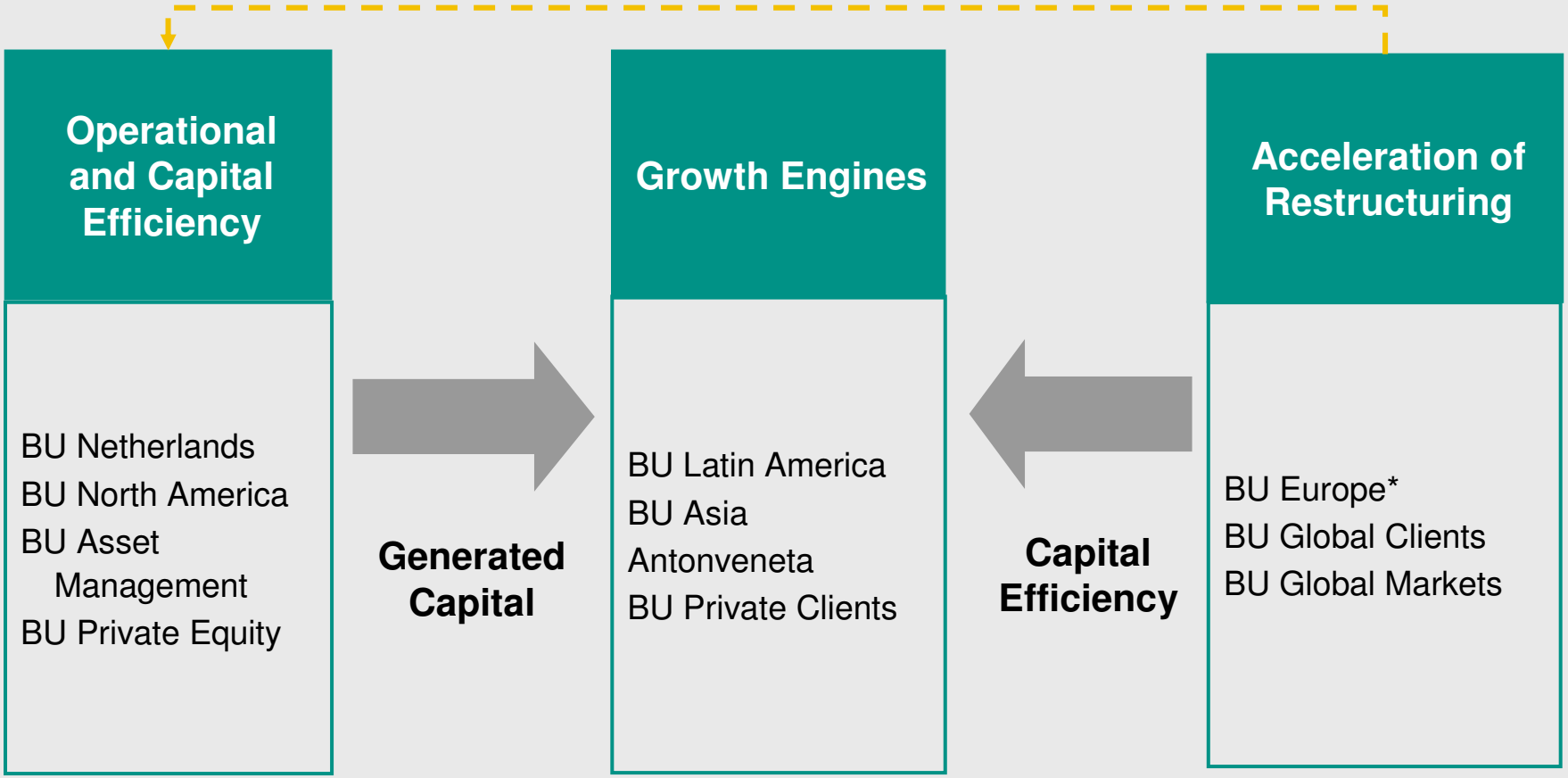
Strategic focus tightened in 2005 to mid-market client segments

Organizational change implemented in 2006

Mid-market "sweet-spot" driven by delivering global products to local clients

Significant progress made in expanding presence in mid-market client segments

Capital redeployed to the growth engines with efficient product delivery and support



** Excluding Antonveneta.*

Building Blocks in Place for Delivery in 2007 and Beyond

Delivery in 2007 and Beyond

Improving Operating Performance

- Growth
- Operational capital efficiency
- Acceleration of restructuring

Continuously Increasing Focus

- Ongoing portfolio optimisation
- Ongoing disposals of non-core assets

Maintain Strict Capital Discipline

- Prudent capital ratio targets
- Efficient use of capital
- Return of excess capital

Alternatives considered

Standalone business case analysed and compared to strategic alternatives

Ongoing review of standalone strategy compared to alternatives:

- Sale of assets or break-up
- Sale of the bank/merger with strategic partner

Taking into account the interests of ABN AMRO and its shareholders

- Market recognised in the stand-alone business plan of ABN AMRO an average value of €27 per share
- Higher value creation is expected in case of sale/break up (€34-36 per share)

Regular discussions in recent years with a number of banks including Barclays

Discussions with Barclays accelerated in Q1 2007: merger with Barclays seen as generating value for shareholders beyond stand-alone future

Resulting in agreement on a merger as announced on 23 April 2007

Sale of LaSalle Bank to Bank of America

Sale of LaSalle Bank to Bank of America

Rationale

- Decision driven by **- Strategic fit. We considered the strategic impact of a sale in a stand-alone scenario and in context of proposed merger with Barclays - Concrete approach from Bank of America**
- BoA able to realise greater value than the combined group
- **- Full premium valuation (20.3x P/E multiple 06) - Provides floor to LaSalle price**
- **- Provides greater transparancy for Barclays offer**

Key terms

- Price: USD 21 billion
- Price received by LaSalle fully reflected in exchange ratio Barclays merger
- Net proceeds of LaSalle are part of EUR 12bln return to shareholders post sale of LaSalle and completion of Barclays merger
- **- Closing expected for late 2007**
- **- Completion of the sale of LaSalle is condition for the Barclays offer**

Sale of LaSalle Bank to BoA: “go-shop” clause explained

Allows solicitation of interest for LaSalle within 14 days of the agreement

Bank of America has a right to match superior bid within five days

If Bank of America would decide not to exercise its matching right, the BoA deal would terminate and ABN AMRO would have to pay a break-up fee of USD 200 mln

The “go-shop” clause ensures maximum value is realised for our shareholders and provides a floor to the value of LaSalle

Does not prevent anyone from bidding for either LaSalle and/or the remaining Group

Merger of ABN AMRO with Barclays

Key transaction terms and parameters

Key terms	◆ 3.225 new Barclays shares per ABN AMRO share ◆ €36.25 per ABN AMRO ordinary share (1) ◆ 49% premium to ABN AMRO share price during 6 months preceding 16 March 2007 ◆ Ownership 52% Barclays, 48% ABN AMRO
Structure	◆ HQ in Amsterdam ◆ UK incorporation, UK FSA lead supervisor
Conditions	◆ Regulatory and tax clearances ◆ Sale of LaSalle Bank ◆ Completion of employee consultations
Corporate Governance	◆ Unitary Board structure ◆ Chairman: Arthur Martinez, CEO: John Varley

(1) Based on Barclays closing share price of Barclays ordinary shares, £7.50, on 20th April 2007 and including the €0.60 2006 final dividend per ABN AMRO ordinary share

The opportunity from the merger with Barclays

"Today we have the opportunity to contribute to Europe's integration, to enhance the banking sector's competitiveness and to make more possible for the European customer. These are chances of a lifetime."

(Rijkman Groenink: 15th February 2007)

Significant opportunity to accelerate our strategy

Combination will allow us to better serve our customers

Financial metrics attractive for shareholders

Merger combines strengths and values of both businesses

Offering world class capabilities to an enlarged, complementary customer base

World class capabilities

- Retail & Aflluent Banking
- Credit Cards
- Commercial Banking
- Payments / Transactional Banking
- Investment Banking
- Asset Management
- Wealth Management

Enhanced product capabilities drive cross sell

Expanded client base to drive product revenues

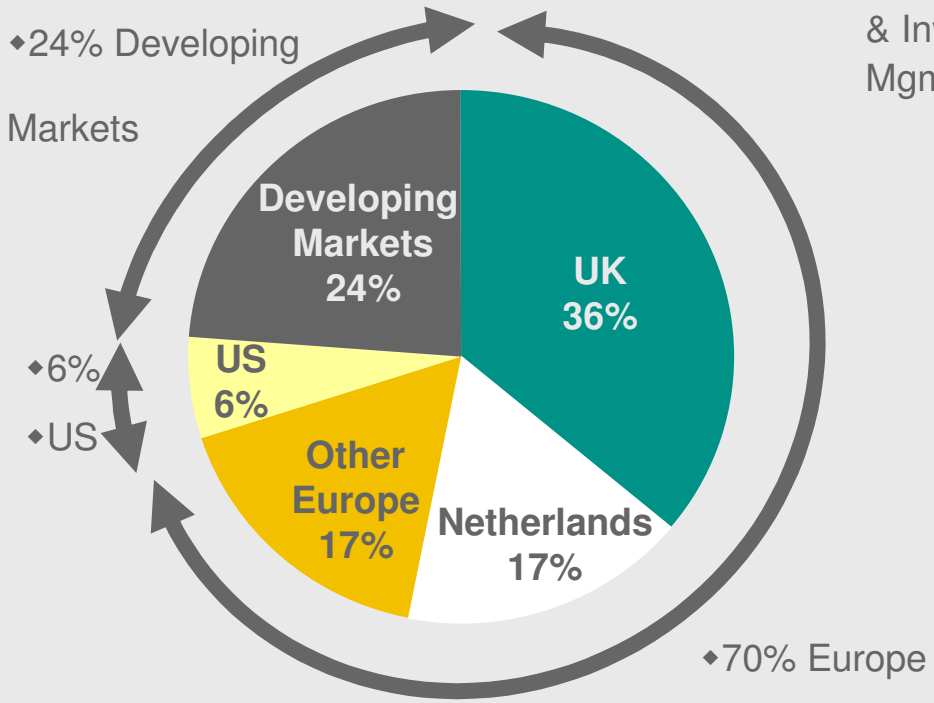
Deep local relationships

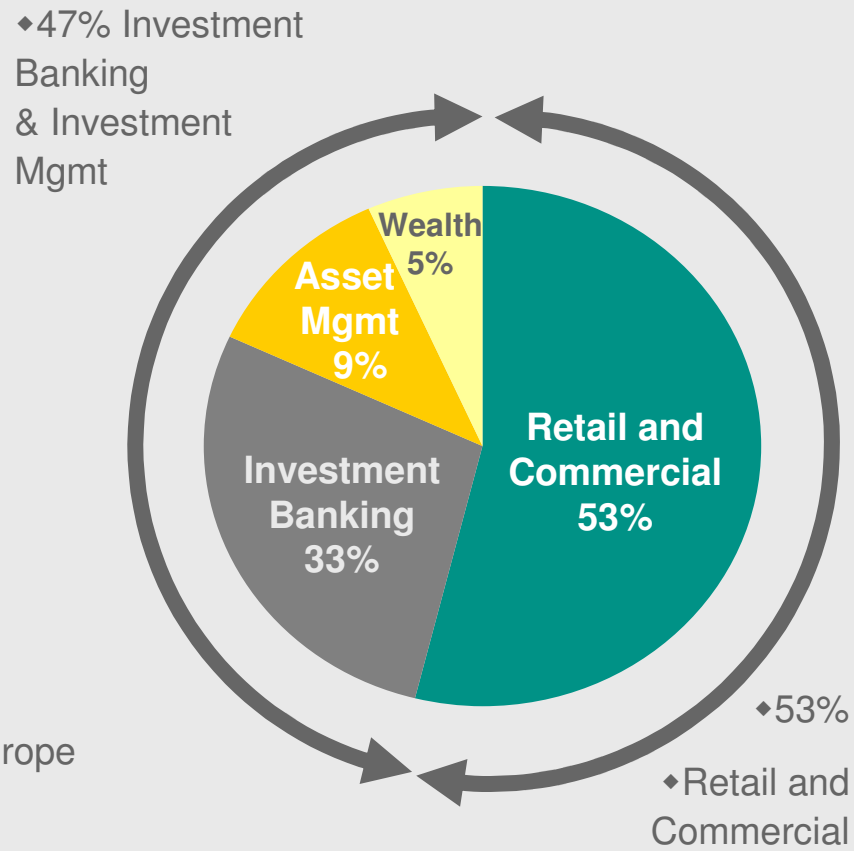
- Europe
  - **UK**
  - **Netherlands**
  - Italy
  - Iberia
- Brazil
- Africa
- US
- Asia
  - **India**
  - **China**
  - **Pakistan**
  - **Taiwan**
  - Indonesia
  - Hong Kong
  - Singapore
- Middle East

ABN·AMRO

Combining strength in key activities with substantial exposure to high growth markets and segments

Attractive mix of geographies and products





Note: excludes LaSalle Bank

Expected timetable

23 April 2007	◆ Announcement of agreement on terms
July 2007	◆ Offer documentation posted to ABN AMRO shareholders ◆ Class 1 circular to be posted to Barclays shareholders
August 2007	◆ Informative Extraordinary General Meeting of Shareholders
Q4 2007	◆ Completion of Bank of America's acquisition of LaSalle Bank
Q4 2007	◆ Completion of transaction

ABN AMRO's position on other potential offers

Other banks can bid for LaSalle and/or for the rest of the Group

Value creating structure as it maximises the price for LaSalle and for the rest of the Group

We prefer building over breaking up but we do know our fudiciary responsibility and will act accordingly

Managing Board and Supervisory Board have agreed to provide Royal Bank of Scotland, Santander and Fortis with the same information that was previously shared with Barclays plc

Ongoing commitment to consider value creating opportunities for shareholders

View of ABN AMRO Managing and Supervisory board

Boards' position

Merger with Barclays in combination with LaSalle sale

- Creation of strong combination
- Attractive premium
- Sharing in synergies

The alternatives of pursuing our standalone strategy or breaking-up our portfolio have been considered, but are not as attractive

- Levels of immediate and long-term value
- Execution risk
- Feasibility of break-up / implications for ABN AMRO and its many stakeholders

Therefore, merger with Barclays is recommended by ABN AMRO Managing and Supervisory Board

Agenda point 11: TCI motions

First motion of TCI proposes break-up of the bank

Break-up

Attractive assets can be sold at full premium, but:

- High execution risk
- Negative tax consequences
- High level of dis-synergies and stranded costs
- Resulting entity too operationally geared and too small to compete successfully
- Lose the benefits of risk diversification and exchange of best practices
- Dismantling the Group is not in the interests of creditors of the Group as a class

"A break-up could jeopardise the funds, solvency or liquidity of the bank" (DNB)

Review of TCI motions 11.2 through 11.5

AGM Motion	Status
11.2 Return of capital	Excess capital returned post LaSalle sale
11.3 Whole company sale or merger	Announced & pending
11.4 Reporting to shareholders in 6 months	Informative EGM in Q3
11.5 No major acquisitions for 6 months	Confirmed

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Voting Recommendation for Motions 11.1 through 11.5

The Managing Board and Supervisory Board unanimously ask for your support

This means:

We ask you to vote against items 11.1 and 11.2

As we have already materially incorporated motions 11.3, 11.4 and 11.5 in our plans, we see no reason for you to vote in favour of these three motions

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Appendix

Broker standalone SOTP valuations

(€ million)	ML 19-Feb	DB 21-Feb	HSBC 06-Mar	FPK 19-Mar	Citi 20-Mar	GS 20-Mar	JPM 22-Mar
NL	9,632	10,061	9,994	12,771	8,058	7,907	9,077
Europe			2,407	3,047		3,183	6,535
EU ex ATV	932	689			346		
Antonveneta	6,228	7,719			4,024		
NA	11,711	9,438	10,842	11,049	10,181	10,644	10,529
LA	9,354	5,814	9,314	8,086	5,252	11,590	6,354
Asia	3,050	2,122	3,398	2,772	2,136	3,066	2,905
PC	4,286	5,252	4,468	6,204	4,294	4,853	3,994
GC	3,512	2,507	3,045	4,686	1,827	2,046	4,538
AM	2,432	2,782	4,341	3,702	2,933	3,794	2,905
PE	2,309	375	7,709	4,025	2,366	1,942	
GF/GS	481	(231)	977	(7,766)	-	(895)	908
Total	**53,927**	**46,528**	**56,495**	**48,576**	**41,418**	**48,130**	**47,745**
Per share (€)	***30.6***	***25.8***	***30.5***	***26.2***	***22.3***	***26.4***	***26.3***

Source: Brokers' notes

Broker break-up SOTP valuations

Euro million	FPK 19-Mar	Citi 20-Mar	Rabo 24-Apr	ODDO 25-Apr
NL	12,771	10,108	11,827	10,369
EU ex AV	5,680	430	2,197	-
AV	-	7,167	9,860	7,514
EU total	5,680	7,597	12,057	7,514
US	16,891	15,466	19,382	18,446
LA	14,696	13,351	12,793	9,177
Asia	2,772	4,588	1,147	2,324
PE	4,025	3,317	1,350	2,458
GC	4,686	2,065	-	2,636
PC	6,204	6,661	6,290	6,700
AM	4,125	4,095	4,016	4,324
GF	-	-	-	-
Other	(7,766)	-	(5,376)	(711)
Total	**64,084**	**67,248**	**63,486**	**63,237**
Per share (€)	***34.3***	***36.0***	***34.0***	***33.8***

Source: Brokers' notes

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