IR / Press Release

Amsterdam, 7 February 2018

ABN AMRO reports net profit of EUR 2,791 million for FY 2017

- **Q4 2017 net profit of EUR 542 million reflects a good operating result and impairment releases**
- **FY 2017 net profit is up on robust net interest income, cost management and impairment releases**
- **The cost/income ratio for FY 2017 was 60.1% (FY 2016: 65.9%) and the ROE 14.5% (FY 2016: 11.8%)**
- **Final dividend of EUR 0.80 per share is proposed. The FY 2017 dividend proposal of EUR 1.45 per share (FY 2016: EUR 0.84) is in line with the pay-out target of 50% of reported net profit**
- **Strong capital position with CET1 ratio at 17.7% and leverage ratio at 4.1%**
- **Capital update: Basel III CET1 target range for 2018 of 17.5-18.5%. Dividend pay-out target of 50% of sustainable profit. Additional distributions will be considered when capital is within or above the target range. Combined at least 50%**

Kees van Dijkhuizen, CEO, comments:

'The Q4 2017 result was solid, with a net profit of EUR 542 million. Net interest income remained robust, despite the challenging interest rate environment, and loan impairment releases were recorded. The full-year 2017 profit of EUR 2,791 million benefited from a gain on the sale of Private Banking Asia and impairment releases. All major loan books (mortgage, commercial and corporate) grew in 2017 and the underlying cost trend is benefiting from cost savings and the IT transformation programme. Excluding the gain on Private Banking Asia, the cost/income ratio would be 61.2% (target is 56-58% by 2020) and the return on equity, helped by impairment releases, 13.4% (target is 10-13%). Our capital position remained strong with a fully-loaded CET1 ratio of 17.7% at year-end 2017. So all in all, good progress was made on our financial targets.

We introduced many digital innovations in the past year. A recent innovation is Franx, a single digital platform for online international payments and digital hedging of currency risks for business clients. We were one of the first continental European banks to introduce instant international payments, and the first large bank in the Netherlands to launch our Developer Portal. We are very pleased with the external recognition for our sustainability initiatives. These have put us in the top 5% of the FTSE4Good index and the top 5% of global banks in the Dow Jones Sustainability Index. We also won the Circular Economy Investor Award at The Circulars 2018. The Circulars is an initiative of the Davos World Economic Forum and the Forum of Young Global Leaders.

In recent months, we conducted a review of our capital position. Over the past years, we built a sizeable capital buffer for Basel IV, which we currently estimate will increase risk-weighted assets by around 35%. To manage the transition to Basel IV given the remaining uncertainties, we will keep a prudent buffer of 4-5% on top of the current CET1 target of 13.5% and set a Basel III capital target range for 2018 at 17.5-18.5%. This capital target will be reviewed at year-end 2018. Our dividend policy going forward will consist of two elements: a dividend pay-out target of 50%, on top of which additional dividends and/or share buy-backs will be considered when the capital position is within or above the target range. Combined it will be at least 50%.'

Key figures and indicators

(in EUR millions)	*Q4 2017*	*Q4 2016*	*Change*	*Q3 2017*	*Change*	*FY 2017*	*FY 2016*	*Change*
Operating income	2,429	2,195	11%	2,123	14%	9,290	8,588	8%
Operating expenses	1,653	1,706	-3%	1,209	37%	5,582	5,657	-1%
Operating result	**776**	**489**	**59%**	**914**	**-15%**	**3,708**	**2,931**	**27%**
Impairment charges on loans and other receivables	-34	35		5		-63	114	
Income tax expenses	268	120	123%	236	14%	979	740	32%
Underlying profit/(loss) for the period[1]	**542**	**333**	**63%**	**673**	**-19%**	**2,791**	**2,076**	**34%**
Special items	-	-		-		-	- 271	
Reported profit/(loss) for the period	**542**	**333**	**63%**	**673**	**-19%**	**2,791**	**1,806**	**55%**
Underlying cost/income ratio	68.0%	77.7%		56.9%		60.1%	65.9%	
Underlying return on average Equity	10.9%	7.3%		13.8%		14.5%	11.8%	
Fully-loaded CET1 ratio	17.7%	17.0%		17.6%		17.7%	17.0%	

[1] Underlying results exclude special items which distort the underlying trend. A detailed explanation of special items is provided in the Additional financial information section.

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Quarterly Report

Fourth quarter 2017

ABN AMRO Group N.V.

Notes to the reader

Introduction

This Quarterly Report presents ABN AMRO's results for the fourth quarter of 2017. The report provides a quarterly business and financial review, an economic update, risk, funding and capital disclosures and an update of ABN AMRO's share performance.

Presentation of information

The financial information contained in this Quarterly Report has been prepared according to the same accounting policies and methods of computation as our most recent financial statements, which were prepared in accordance with EU IFRS, except for the change in accounting policies described below. The figures in this document have not been audited or reviewed by our external auditor. Moreover, to provide a better understanding of the underlying results, ABN AMRO has adjusted its reported results for defined special items.

This report is presented in euros (EUR), which is ABN AMRO's presentation currency, rounded to the nearest million (unless otherwise stated). All annual averages in this report are based on month-end figures. Management does not believe that these month-end averages present trends that are materially different from those that would be presented by daily averages. Certain figures in this report may not tally exactly due to rounding. Furthermore, certain percentages in this document have been calculated using rounded figures.

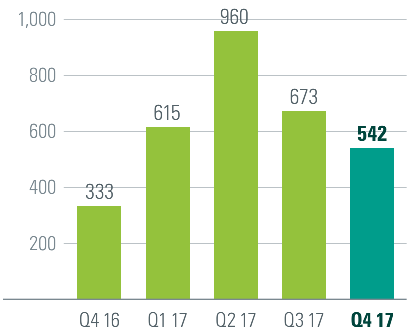
During Q4 2017 ABN AMRO adjusted its accounting policy for penalty interest received from interest rate renewals of mortgages prior to the end of the interest period. Adjustments to the carrying value of these mortgages resulting from the interest rate renewal are amortised over the remaining interest term, previously the new term was used.

As a result of an IFRIC rejection notice of 6 April 2016, ABN AMRO adjusted its accounting policies for offsetting as per Q2 2016. The bank offsets balances if it is legally entitled to set off the recognised amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously. The IFRIC rejection notice provides additional offsetting guidance for cash pooling agreements. The adjusted offsetting policy is applied consistently to all assets and liabilities, if applicable.
In addition to the offsetting changes on notional cash pooling, ABN AMRO concluded that offsetting would no longer be applied to bank savings mortgages. To ensure a correct historical interpretation of the bank's performance, the comparative figures in the Figures at a glance, as well as the net interest margin (NIM) and cost of risk (CoR) in the Financial review section, are presented excluding the impact of these adjustments and therefore remain in line with previously disclosed figures.

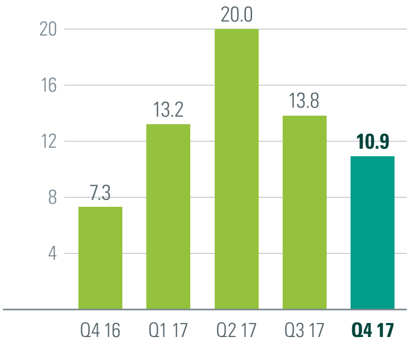
For a download of this report or more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com. In addition to this report, ABN AMRO provides an analyst and investor call presentation, an investor presentation and a factsheet on the Q4 2017 results.

Figures at a glance

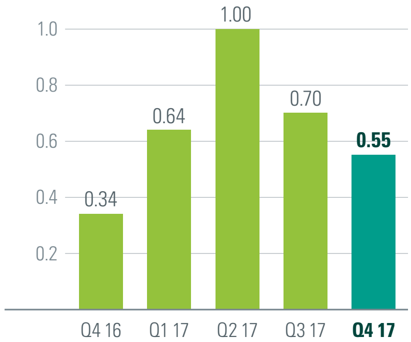
Underlying net profit
(in millions)



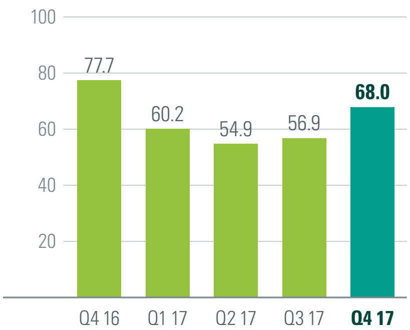
Underlying return on equity
Target range is 10-13 (in %)



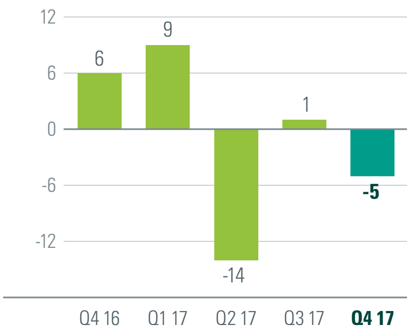
Underlying earnings per share
(in EUR)



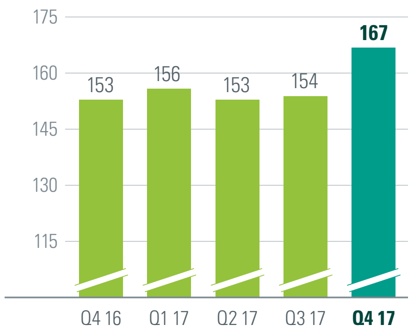
Underlying cost/income ratio
2020 target range is 56-58 (in %)



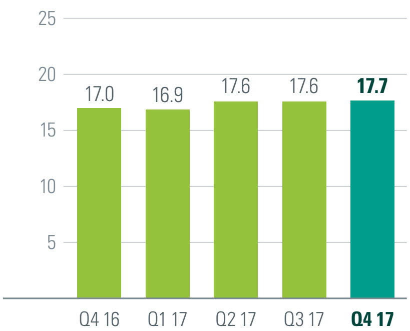
Underlying cost of risk[1]
(in bps)



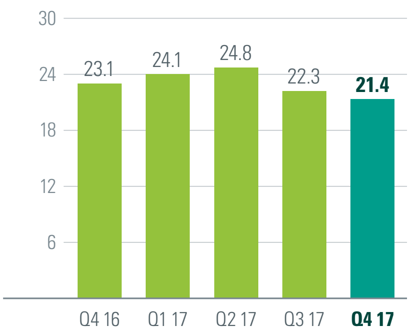
Underlying net interest margin[1]
(in bps)



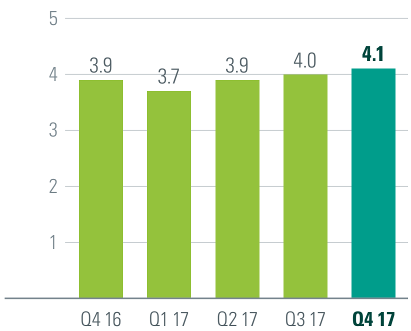
CET1 (fully-loaded)
(end-of-period, in %)
Target range is 17.5-18.5 (in %)



Total capital ratio (fully-loaded)[2]
(end-of-period, in %)



Leverage ratio (fully-loaded, CDR)[2]
(end-of-period, in %)



[1] Netting adjustment as a result of the IFRIC rejection notice issued on 6 April 2016. Further details are provided in the Notes to the reader section of this report.
[2] As of Q3 2017, the total capital ratio and the leverage ratio include the AT1 instrument that was issued on 27 September 2017. The EBA interpretation on the minority interest rule, published on 3 November 2017, is also included as of Q3 2017. For further details see the Capital management section of this report.

Message from the CEO

I am pleased to report on the progress made in 2017. We introduced many new digital products and services for our clients, we further streamlined our organisation and we managed costs. We also continued to embed sustainability in our daily routine and our circular economy efforts received external recognition. So all in all, ABN AMRO had a good year.

The Q4 2017 result was solid, with net profit coming to EUR 542 million. Net interest income remained robust despite the challenging interest rate environment, and the strong performance of the Dutch economy resulted in releases of loan impairments previously taken.

The full-year 2017 profit was EUR 2,791 million and included a gain on the sale of Private Banking Asia and impairment releases. Net interest income increased on the back of growth in all major loan books (mortgage, commercial and corporate) and positive incidentals. Operating income also benefited from high Private Equity results and positive hedge accounting-related results. The underlying cost trend is downwards as the benefits from the cost-saving programmes and the IT transformation programme continue to come through.

The cost/income ratio over 2017 improved to 60.1% (FY 2016: 65.9%) and the return on equity increased to 14.5% (FY 2016: 11.8%). Excluding the book gain on Private Banking Asia, both targets still show a good improvement, with the cost/income ratio coming in at 61.2% (target is 56-58% by 2020) and the return on equity, helped by impairment releases, at 13.4%. The capital position remained strong, with a fully-loaded CET1 ratio of 17.7% at year-end 2017. A final dividend of EUR 0.80 per share will be proposed, bringing the FY 2017 dividend to EUR 1.45 per share (FY 2016: EUR 0.84), which is in line with the targeted 50% pay-out of reported profit attributable to owners of the company. All in all, we made good progress on our financial targets.

In recent months, we conducted a review of our capital position. Over the past years, we built a sizeable capital buffer to accommodate for the possibly significant impact of the Basel III reforms, often referred to as Basel IV. Early December 2017, Basel IV was finalised. We currently estimate that Basel IV will lead to an increase in risk-weighted assets of around 35%. To manage the transition to Basel IV given the remaining uncertainties, we will keep a prudent buffer of 4-5% on top of the current CET1 target of 13.5%. Hence our Basel III capital target for 2018 has been set at 17.5-18.5%. The buffer and the capital target will be reviewed annually to reflect developments including TRIM, SREP and Basel IV. We currently expect growth in RWAs arising from business growth to remain modest. We aim to meet our fully-loaded Basel IV CET1 capital requirement early in the transition period (2022-2027).

Going forward, our dividend policy will consist of two elements. Firstly, a dividend pay-out target of 50% of sustainable profit. On top of this, additional dividends and/or share buy-backs will be considered when the capital position is within or above the target range. Combined this is at least 50% of sustainable profit. The dividend pay-out will be based on sustainable profit, which excludes exceptional items that significantly distort profitability, such as the provision for SME interest rate derivatives (2016) and the book gain on the sale of Private Banking Asia (2017). The targets for the cost/income ratio and return on equity remain unchanged.

As stated, ABN AMRO is committed to making banking more sustainable and contributing to a better world. For instance, we want to double the sustainable investments of our clients over the next three years. We also want to contribute to a reduction of carbon emissions in the Netherlands by making the residential and commercial real estate that we finance (EUR 185 billion) in the country more sustainable by improving the average energy efficiency level from 'D' today to 'A' in 2030. The circular economy is also a key focus area. We are therefore very pleased to have won the Circular Economy Investor Award at The Circulars 2018. The Circulars is an initiative of the

Davos World Economic Forum and the Forum of Young Global Leaders. And with a score of 91 points, we moved up to the top 5% of global banks in the Dow Jones Sustainability Index. We are now also in the top 5% of the FTSE4Good Index.

To enhance the experience our clients have with our bank and to make banking easier and more convenient for them, we introduced digital innovations for almost all our core products in the past year. We were the first bank to offer digital mortgage loans within 24 hours. Commercial Banking clients in the Netherlands were already able to obtain a credit decision for digital loan applications of up to EUR 1 million within 48 hours and, since September, new clients have also been able to go to New10, a fully digital lender, to obtain a credit decision for business loans ranging between EUR 20,000 and EUR 1 million within 15 minutes. Tikkie, our payment app, doubled the number of individual users in six months to 2 million, and the number of businesses and organisations paying for the use of this app in their debt collection process or for fundraising is increasing every day. The Net Promoter Score (NPS) of digital products is very high. We finalised the roll-out of our sector-based approach to all business clients, and aim to provide advice on sustainable business models, especially in sectors such as energy (wind) and commercial real estate.

More recently, we launched Prospery, Franx and instant payments. Prospery is a digital wealth manager offering clients in Germany wealth and investment management through a digital platform combined with a personal financial expert - all at a unique fixed flat rate. Franx is a single digital platform with competitive and transparent pricing for business clients in the Netherlands who want to arrange their own international payments online and hedge currency risks digitally and on an execution-only basis. We were also one of the first continental European banks to introduce instant international payments. Money can now be transferred to a participating bank in the Single Euro Payments Area (SEPA) within seconds.

Recently, we also launched our Developer Portal to provide external developers with everything they need in order to use the bank's APIs effectively and productively. The portal now provides a number of APIs for commercial clients and basic functionalities. With time, more will be added. The solutions that the bank provides are secure, and clients who use the building blocks can control whether they wish to share their data and with whom.

In the past year, we also moved forward in other areas. A strategy focused on innovation and a much broader digital offering for our clients requires more digital talent. We started promoting the bank as a digital employer two years ago and the benefits are coming through. We hired approximately 750 digital natives in 2016 and 2017 and we appear consistently in the top 10 of favourite employers. With the arrival of Clifford Abrahams (CFO), Tanja Cuppen (CRO) and the intended appointment of Christian Bornfeld (Chief Innovation & Technology Officer), the Executive Board now also has a high level of international banking experience. Gender diversity at senior management level increased from 23% women a year ago to 38% today. And cultural diversity at senior management level increased from 2% to 7%. At the same time, many employees went through a period of restructuring or change. I am confident though that with all the exciting initiatives, our employees' expertise and passion will thrive again. Based on feedback from employees, we decided to revise our final proposal for a new collective labour agreement for 2018 and 2019, which the unions have agreed to put forward to their members.

I am proud of what we have achieved this past year. This would not have been possible without our employees' commitment to giving our clients the best possible service. I would like to express my sincere gratitude to Johan van Hall, Vice Chairman and Chief Innovation & Technology Officer, who has worked for ABN AMRO for 35 years. In all his roles and especially as a board member, he made a great contribution to building the new ABN AMRO in the past nine years. And finally, I would like to thank our clients for their trust, business and their support in the pursuit of our sustainability goals. Together we can make a significant impact.

Kees van Dijkhuizen
CEO of ABN AMRO Group N.V.

Business

Financial review

This financial review includes a discussion and analysis of the results and sets out the financial condition of ABN AMRO based on underlying results.

Results

Highlights

- Net interest income increased at the commercial business lines on the back of growing volumes and margin improvement.
- Fee and commission income (excluding PB Asia divestment) was flat compared with Q4 2016.
- Net impairment releases due to strong economic developments and a favourable model update.
- Growth in the corporate and consumer loan book in Q4 2017 was partly offset by a decrease in residential mortgages on the back of traditionally higher redemptions in the fourth quarter.

Operating results

(in millions)	Q4 2017	Q4 2016	Change	Q3 2017	Change	2017	2016	Change
Net interest income	1,696	1,575	8%	1,566	8%	6,456	6,277	3%
Net fee and commission income	443	459	-3%	416	6%	1,747	1,810	-3%
Other operating income	290	161	79%	141	105%	1,086	501	117%
Operating income	**2,429**	**2,195**	**11%**	**2,123**	**14%**	**9,290**	**8,588**	**8%**
Personnel expenses	686	777	-12%	616	11%	2,590	2,777	-7%
Other expenses	966	929	4%	593	63%	2,991	2,880	4%
Operating expenses	**1,653**	**1,706**	**-3%**	**1,209**	**37%**	**5,582**	**5,657**	**-1%**
Operating result	**776**	**489**	**59%**	**914**	**-15%**	**3,708**	**2,931**	**27%**
Impairment charges on loans and other receivables	-34	35		5		-63	114	
Operating profit/(loss) before taxation	**810**	**454**	**79%**	**910**	**-11%**	**3,771**	**2,817**	**34%**
Income tax expense	268	120	123%	236	14%	979	740	32%
Underlying profit/(loss) for the period	**542**	**333**	**63%**	**673**	**-19%**	**2,791**	**2,076**	**34%**
Special items							-271	
Reported profit/(loss) for the period	**542**	**333**	**63%**	**673**	**-19%**	**2,791**	**1,806**	**55%**
Attributable to:								
Owners of the company	520	323	61%	661	-21%	2,721	1,762	54%
Holders of AT1 capital securities	21	11	91%	11	91%	53	43	23%
Other non-controlling interests	1			1	-22%	18	1	

Large incidentals[1]

Sale Visa
Q4 2017 included the proceeds of the sale of the remaining equity stake in Visa Inc. The sale of these shares resulted in a EUR 114 million pre-tax gain. 2016 included a EUR 116 million pre-tax gain on the sale of Visa Europe shares.

Restructuring provisions
This quarter included an additional restructuring provision of EUR 98 million for further digitalisation and process optimisation. Q4 2016 included a provision of EUR 204 million and Q3 2017 included a EUR 29 million provision. Full year 2017 included EUR 164 million in restructuring provisions, compared with EUR 348 million for full year 2016.

Provision SME derivatives-related issues
Q4 2017 included an update for SME derivatives-related issues of EUR 85 million in other expenses and EUR -6 million in other operating income bringing the full year 2017 impact to EUR -21 million in other operating income and EUR 139 million in other expenses. Full year 2016 included an adjustment of EUR -10 million in net interest income, EUR -25 million in other operating income and EUR 89 million in other expenses. Q4 2016 included an adjustment of EUR -9 million in net interest income, EUR -10 million in other operating income and EUR 66 million in other expenses.

Release unearned interest
A review of the treatment of credit risk allowances and interest income on impaired loans resulted in an adjustment of EUR 74 million (net interest income).

Provision Euribor mortgages
In December the Amsterdam court of appeal ruled against ABN AMRO in a case where ABN AMRO raised surcharges for mortgages with Euribor interest rates. Given the nature and scope of this ruling, this quarter included an increase to the existing provision of EUR 52 million (net interest income). The associated handling costs were EUR 2 million (other expenses).

Release of penalty interest resulting from interest term renewals (mortgages)
A change in accounting policy for interest rate renewals of mortgages prior to the end of the interest period led to a release of penalty fees of EUR 49 million in net interest income this quarter. The penalty fees are now amortised over the original interest term instead of the new.

Provision ICS
This quarter included an update of the provision for ICS of EUR 8 million (net interest income), associated handling costs were EUR 1 million (other expenses). Q4 2016 included a provision for ICS of EUR 47 million, booked in the net interest income. The associated handling costs in Q4 2016 were EUR 16 million (other expenses).

Sale of Private Banking Asia
In Q2 2017 ABN AMRO concluded the sale of the Private Banking business in Asia (the PB Asia divestment). The total gross sale proceeds amounted to EUR 263 million (tax exempt), recorded as other operating income. Costs related to the sale were EUR 21 million in personnel expenses and EUR 35 million in other expenses (both tax exempt). The Q4 2016 figures included a full contribution from the business.

1 For a full list of incidentals, please refer to financial factsheet (tab 5.5) as published on our investor relations website.

Other indicators

	Q4 2017	Q4 2016	Q3 2017	2017	2016
Net interest margin (NIM) (in bps)[1]	167	153	154	157	152
Underlying cost/income ratio	68.0%	77.7%	56.9%	60.1%	65.9%
Underlying cost of risk (in bps)[1,2]	-5	6	1	-2	4
Underlying return on average Equity[3]	10.9%	7.3%	13.8%	14.5%	11.8%
Underlying earnings per share (in EUR)[4]	0.55	0.34	0.70	2.89	2.16
Dividend per share[5]	0.80		0.44	1.45	0.84

1 For management view purposes the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting. Further details are provided in the Notes to the reader section of this report.
2 Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
3 Underlying profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company.
4 Underlying profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.
5 Dividend per share and payout ratio subject to approval of the annual general meeting in May 2018.

	31 December 2017	30 September 2017	31 December 2016
Client Assets (in billions)	316	313	323
FTEs	19,954	20,269	21,664

Fourth-quarter 2017 results

ABN AMRO's **underlying profit for the period** amounted to EUR 542 million, an increase of 63% compared with Q4 2016, driven by higher operating income, a lower cost base and net impairment releases. Both quarters included incidentals; excluding the impact of these incidentals the net profit showed a limited decline.

Net interest income grew by EUR 121 million. Excluding the impact of the PB Asia divestment, net interest income increased by EUR 136 million. Q4 2017 net interest income was positively impacted by the aforementioned large incidentals. Additionally, this quarter included a EUR 29 million recognition of full-year TLTRO funding benefit. Adjusted for these incidentals, net interest income at Retail Banking grew, benefiting from improved mortgage volumes on stable margins and improved margins on deposits. Net interest income at Commercial Banking benefited from improved volumes on the debit as well as the credit side. Within Private Banking, improved net interest income is supported by additional volumes, partly due to the migration of Retail clients, and improved margins (mainly domestic market). Net interest income within Corporate & Institutional Banking decreased as lower results at Global Markets (mainly collateral management), were partly offset by increased volumes and positive margin development in other segments (mainly Energy, Transportation and Financial Institutions). Interest income on corporate deposits grew as average volumes increased while negative interest rates were charged to a large number of professional clients. Q4 2017 net interest income included higher buffer and steering costs compared with Q4 2016. Net interest margin (NIM), impacted by the aforementioned favourable incidentals and lower average assets, increased to 167bps in Q4 2017 (Q4 2016: 153bps).

Net fee and commission income amounted to EUR 443 million, a decrease of EUR 16 million compared with Q4 2016. Excluding the impact of the PB Asia divestment, net fee and commission income increased by EUR 3 million. Lower fee and commission income resulting from lower fees for payment packages to small businesses at Retail Banking and decreasing fees at Clearing due to lower market volatility were more than offset by increased fee and commission income at Global Markets and Private Banking (excluding Asia). Q4 2017 figures included a reclassification of Stater (mortgage service provider) related income from other operating income to net fee and commission income (EUR 19 million, historic quarters restated as well).

Other operating income increased by EUR 129 million compared with Q4 2016. Excluding the impact of the PB Asia divestment, other income grew by EUR 125 million. The increase was supported by the sale of the remaining equity stake in Visa Inc. resulting in a book gain of EUR 114 million, higher results at Equity Participations (EUR 3 million versus negative EUR 22 million in Q4 2016) and improved CVA/DVA/FVA results (EUR 32 million versus EUR 25 million in Q4 2016), partly offset by less favourable hedge accounting-related results (EUR 54 million versus EUR 79 million in Q4 2016). Q3 2017 included a release of a provision related to securities financing activities discontinued in 2009 (EUR 27 million).

Personnel expenses decreased by EUR 91 million. Excluding the impact of the PB Asia divestment and restructuring provisions, personnel expenses increased somewhat due to wage inflation, partly offset by cost savings due to lower FTE levels. Q4 2016 included a EUR 177 million restructuring provision related to further digitalisation and process optimisation. This quarter included an additional EUR 90 million restructuring provision. Excluding the impact of restructuring provisions and the PB Asia divestment, personnel expenses were flat compared with Q3 2017.

Lower personnel expenses were supported by a declining number of FTEs (decline of 1,710 FTEs compared with 31 Dec 2016). The decrease in FTEs was largely driven by Group Functions (restructuring of control and support activities) and Private Banking (PB Asia divestment). Compared with Q3 2017, internal FTE levels decreased by 315 FTEs.

Other expenses amounted to EUR 966 million. Excluding the impact of the PB Asia divestment, other expenses increased by EUR 46 million. The increase was largely driven by the provision for additional project costs for the recovery framework for SME derivatives-related issues (Q4 2017 EUR 85 million versus Q4 2016 EUR 66 million), a goodwill impairment at Private Banking of EUR 36 million and a EUR 17 million impairment related to the ATM network, partly offset by a lower ICS provision for handling costs (Q4 2017 EUR 1 million versus Q4 2016 EUR 16 million).

Q4 2017 included EUR 121 million for regulatory levies consisting of an annual amount of EUR 96 million for Dutch bank tax (non-tax deductible) and a quarterly amount of EUR 25 million related to the Deposit Guarantee Scheme (DGS). Compared to Q3 2017, other expenses increased by EUR 373 million, driven by the previously mentioned incidentals, higher regulatory levies and an increase in discretionary expenses towards year-end.

Impairment charges amounted to a release of EUR 34 million. The strong economic developments resulted in net releases on consumer as well as corporate loans and limited impairments on the mortgage portfolio. This quarter also included an IBNI release of EUR 7 million (Q4 2016: EUR 49 million release) and the impact of a model update (mostly impacting Commercial Banking) resulting in a release of EUR 31 million. Impairment charges on the ECT portfolio were lower at EUR 33 million (Q4 2016: EUR 35 million). Impairment charges decreased EUR 39 million compared to Q3 2017.

Income tax expenses amounted to EUR 268 million and included a decrease for deferred tax assets of EUR 24 million following tax reforms in the USA.

Full-year results

ABN AMRO's **underlying profit** for 2017 was EUR 2,791 million, an increase of EUR 715 million compared with 2016. The increase was driven by a combination of higher operating income (partly due to a gain on the PB Asia divestment), a lower cost base and impairment releases (strong economic developments and model updates).

Reported profit for 2017 increased by EUR 985 million compared with 2016. Besides movements in the underlying profit, it was impacted by a provision for SME derivatives-related issues of EUR 271 million in 2016 which was recorded as a special item.

Net interest income amounted to EUR 6,456 million, an increase of EUR 179 million compared with 2016. Excluding the impact of the PB Asia divestment, net interest income grew by EUR 213 million. 2017 results were impacted by positive incidentals. Excluding these, positive volume developments in mortgages, improving margins on deposits (consumer and corporate) and growth of the loan book were offset by lower net interest income at Global Markets and increased buffer and steering costs at ALM. The net interest margin (NIM), partly supported by favourable incidentals and lower average assets, increased to 157bps in 2017 (2016: 152bps).

Net fee and commission income decreased by EUR 63 million. Excluding the impact of the PB Asia divestment, net fee and commission income decreased by EUR 13 million. Higher fee and commission income at Private Banking (excluding the PB Asia divestment) was offset by lower fee and commission income at Retail Banking due to rate reductions and declining Clearing fees due to lower volatility in the market. 2017 figures include a reclassification of Stater (mortgage service provider) related income from other operating income to net fee and commission income for an amount of EUR 73 million (historic quarters restated as well).

Other operating income amounted to EUR 1,086 million, an increase of EUR 585 million. This was partly driven by the gross sale proceeds of the PB Asia divestment. Excluding the impact of the PB Asia divestment, other operating income grew by EUR 338 million. This was largely driven by improved CVA/DVA/FVA results (EUR 75 million versus EUR 2 million negative in 2016), better Equity Participations results (EUR 114 million versus EUR 13 million negative in 2016) and improved hedge accounting-related results (EUR 181 million versus EUR 39 million negative in 2016). 2017 results included the proceeds of the sale of the remaining equity stake in Visa Inc. of EUR 114 million (2016 included a EUR 116 million gain on the sale of Visa Europe shares). 2016 results included the proceeds of the sale of Private Banking Switzerland of EUR 21 million and the Equens revaluation gain of EUR 52 million.

Personnel expenses amounted to EUR 2,590 million, a EUR 187 million (7%) reduction compared with 2016. Excluding the impact of the PB Asia divestment, personnel expenses decreased by EUR 162 million. The decrease was supported by lower restructuring provisions. 2016 included EUR 321 million in restructuring provisions related to the reorganisation of control and support activities and further digitalisation and process optimisation. 2017 included EUR 156 million in restructuring provisions. Adjusted for the provisions, higher pension costs and additional expenses due to wage inflation were partly offset by cost savings due to lower FTE levels resulting from the existing restructuring programmes.

Other expenses increased by EUR 111 million to EUR 2,991 million. Excluding the impact of the PB Asia divestment, other expenses increased by EUR 97 million. The underlying trend shows that other expenses were declining. This was attributable to the various cost control programmes and was also reflected in the decrease in external FTEs (decrease of 330 compared with 2016). Higher costs in 2017 included EUR 139 million for project costs regarding SME derivatives-related issues (2016: EUR 55 million provision and EUR 34 million for project costs), costs associated with the PB Asia divestment (EUR 56 million), a goodwill impairment at Private Banking of EUR 36 million and additional handling costs associated with the ICS and Euribor provision. 2017 also included higher regulatory levies (2017: EUR 300 million versus 2016: EUR 253 million).

Impairment charges amounted to a EUR 63 million release compared with a EUR 114 million charge in 2016. The strong economic development resulted in net releases in the mortgage portfolio and consumer loans. Impairments were also positively impacted by EUR 58 million in IBNI releases (2016: EUR 220 million release), a favourable model update and other model refinements. The overall cost of risk was -2bps in 2017 compared with 4bps in 2016.

Income tax expenses amounted to EUR 979 million and included a decrease for deferred tax assets of EUR 24 million following tax reforms in the USA.

Balance sheet

Condensed consolidated statement of financial position

(in millions)	31 December 2017	30 September 2017	31 December 2016
Cash and balances at central banks	29,783	28,443	21,861
Financial assets held for trading	1,600	4,478	1,607
Derivatives	9,825	10,268	14,384
Financial investments	40,964	41,506	45,497
Securities financing	16,645	32,563	17,589
Loans and receivables - banks	10,665	10,133	13,485
Loans and receivables - customers	274,906	271,917	267,679
Other	8,783	8,243	12,380
Total assets	**393,171**	**407,550**	**394,482**
Financial liabilities held for trading	1,082	2,262	791
Derivatives	8,367	8,993	14,526
Securities financing	12,875	25,460	11,625
Due to banks	16,462	17,881	13,419
Due to customers	236,699	235,874	228,758
Issued debt	76,612	77,779	81,278
Subordinated liabilities	9,720	10,440	11,171
Other	10,025	7,894	13,976
Total liabilities	**371,841**	**386,584**	**375,544**
Equity attributable to the owners of the parent company	19,303	18,960	17,928
AT1 capital securities	2,007	1,987	1,004
Equity attributable to other non-controlling interests	20	19	5
Total equity	**21,330**	**20,966**	**18,937**
Total liabilities and equity	**393,171**	**407,550**	**394,482**
Committed credit facilities	32,772	29,930	25,288
Guarantees and other commitments	16,165	15,582	15,873

Main developments in total assets compared with 30 September 2017

Total assets decreased by EUR 14.4 billion to EUR 393.2 billion at 31 December 2017. This decrease was largely driven by lower securities financing assets (seasonal decline) and, to a lesser extent, financial assets held for trading.

Securities financing assets decreased by EUR 15.9 billion, driven by a seasonal pattern where clients wind down positions towards year-end.

Loans and receivables - customers grew by EUR 3.0 billion. See client and professional loans in the following table for a further breakdown.

Loans and receivables - customers

(in millions)	31 December 2017	30 September 2017	31 December 2016
Residential mortgages	150,562	151,421	149,255
Consumer loans	12,426	12,404	12,539
Corporate loans to clients[1]	85,455	84,841	84,362
Of which: Commercial Banking	39,150	39,152	37,891
Of which: Corporate & Institutional Banking	38,814	37,614	38,311
Total client loans[2]	**248,443**	**248,666**	**246,155**
Loans to professional counterparties	16,258	14,266	12,948
Other loans[3]	8,966	8,183	7,448
Total Loans and receivables - customers[2]	**273,666**	**271,114**	**266,551**
Fair value adjustments from hedge accounting	3,700	3,710	4,794
Less: loan impairment allowance	2,460	2,908	3,666
Total Loans and receivables - customers	**274,906**	**271,917**	**267,679**

1 Corporate loans excluding loans to professional counterparties.
2 Gross carrying amount excluding fair value adjustment from hedge accounting.
3 Other loans consist of loans and receivables to government, official institutions and financial markets parties.

Total **Client loans** were stable compared with Q3 2017. Growth in the corporate loan book was offset by a decline in residential mortgages due to traditionally higher redemption levels in the fourth quarter. Growth in corporate loans was largely driven by Corporate & Institutional Banking and was impacted by further USD depreciation (approximately EUR 0.4 billion negative impact).

Professional loans (loans to professional counterparties plus other loans) increased by EUR 2.8 billion, largely driven by Clearing.

Main developments in total liabilities compared with 30 September 2017

Total liabilities decreased by EUR 14.7 billion to EUR 371.8 billion. The decrease was largely driven by lower securities financing liabilities (seasonal) and, to a lesser extent, banks and issues debt securities.

Securities financing liabilities decreased by EUR 12.6 billion, driven by a seasonal pattern where clients wind down positions towards year-end.

Due to banks amounted to EUR 16.5 billion, a decrease of EUR 1.4 billion compared with Q3 2017, largely driven by Global Markets.

Due to customers increased by EUR 0.8 billion to EUR 236.7 billion, largely driven by professional deposits within Corporate & Institutional Banking.

Results by segment

This section includes a discussion and analysis of the financial results of ABN AMRO Group at segment level for Q4 2017 compared with Q4 2016. With regard to Group Functions, a large part of its interest expenses and operating expenses are allocated to the business lines through net interest income and other expenses.

Retail Banking

Financial highlights

- Net profit up by EUR 110 million (+45%), largely driven by the gain on Visa.
- Net interest income grew due to continued volume improvements at stable mortgage margins and better margins on deposits. In addition, net interest income was impacted by the provision for the Euribor claim.
- Operating expenses continue to decrease, reflecting the impact of the cost savings programmes and the move to a more digital service offering.
- Impairment releases, driven by the strong economic environment.

Business highlights

ABN AMRO continues to focus on innovation and digitalisation of client offerings and processes. For example, the innovative Tikkie app now has 2 million users in the Netherlands. The increased usage of online and mobile services is leading to further branch reduction (202 branches versus 221 in Q4 2016). More digital and innovative products and solutions also have a positive impact on the client's experience. The NPS for Retail Banking increased from -15 in 2016 to -9 in 2017.

Operating results

(in millions)	Q4 2017	Q4 2016	Change	Q3 2017	Change	2017	2016	Change
Net interest income	835	819	2%	866	-4%	3,439	3,355	3%
Net fee and commission income	99	118	-16%	100	-1%	406	463	-12%
Other operating income	126	16		12		150	140	7%
Operating income	**1,060**	**953**	**11%**	**978**	**8%**	**3,995**	**3,959**	**1%**
Personnel expenses	143	112	27%	113	26%	486	470	3%
Other expenses	451	488	-7%	385	17%	1,657	1,741	-5%
Operating expenses	**594**	**600**	**-1%**	**499**	**19%**	**2,143**	**2,211**	**-3%**
Operating result	**466**	**353**	**32%**	**479**	**-3%**	**1,853**	**1,747**	**6%**
Impairment charges on loans and other receivables	-20	14		-21	5%	-100	79	
Operating profit/(loss) before taxation	**486**	**339**	**44%**	**500**	**-3%**	**1,953**	**1,669**	**17%**
Income tax expense	132	94	40%	123	7%	496	422	18%
Underlying profit/(loss) for the period	**355**	**245**	**45%**	**377**	**-6%**	**1,456**	**1,247**	**17%**
Special items								
Reported profit/(loss) for the period	**355**	**245**	**45%**	**377**	**-6%**	**1,456**	**1,247**	**17%**

Other indicators

	Q4 2017	Q4 2016	Q3 2017	2017	2016
Underlying cost/income ratio	56.0%	62.9%	51.0%	53.6%	55.9%
Underlying cost of risk (in bps)[1]	-5	4	-5	-6	5

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	31 December 2017	30 September 2017	31 December 2016
Loan-to-Deposit ratio	153%	154%	152%
Loans and receivables - customers (in billions)	157.2	158.3	156.3
Of which Client loans (in billions)[1]	157.6	158.7	156.9
Due to customers (in billions)	102.8	102.8	102.7
Risk-weighted assets (risk exposure amount; in billions)	28.7	29.9	31.8
FTEs	5,192	5,214	5,266
Total Client Assets (in billions)	115.1	115.4	117.9
Of which Cash	102.8	102.8	102.8
Of which Securities	12.3	12.6	15.1

[1] Gross carrying amount excluding fair value adjustment from hedge accounting.

Net interest income amounted to EUR 835 million, an increase of 2% compared with Q4 2016. Both quarters were negatively impacted by incidentals of comparable size. This quarter was impacted by a EUR 8 million provision for ICS (Q4 2016: EUR 47 million) and a EUR 42 million provision for the Euribor claim. Interest income on mortgages grew due to higher average volumes on stable margins. Margin pressure on new mortgage production due to increased competition was offset by higher margins on the re-pricing portion of the mortgage book. Interest income on deposits increased, driven by higher margins. Interest income from consumer loans decreased as lower average volumes were only partly mitigated by higher margins.

Net fee and commission income decreased by EUR 19 million compared with Q4 2016. This is partly due to lower fees being charged for payment packages to small businesses (as from January 2017) and the migration of client assets to Private Banking.

Other operating income amounted to EUR 126 million, driven by the sale of the remaining equity stake in Visa Inc. resulting in a book gain of EUR 114 million.

Personnel expenses increased by EUR 31 million compared with Q4 2016 mainly driven by a restructuring provision for ICS amounting to EUR 24 million. The number of FTE further decreased to 5,192 (Q4 2016: 5,266) reflecting the increase in online and mobile banking and associated branch reduction, partly offset by a transfer of FTEs from Group Functions to facilitate the shift to a more Agile way of working.

Other expenses amounted to EUR 451 million, a decrease of EUR 37 million compared with Q4 2016. The decrease in other expenses was largely driven by lower allocated costs from Group Functions, highlighting the impact of the cost saving programmes. In addition, this quarter included additional investments in the digital banking subsidiary MoneYou. Q4 2016 included a provision for ICS EUR 16 million.

Impairment charges on loans and other receivables showed a EUR 20 million release, compared with a EUR 14 million charge in Q4 2016. The results were driven by the strong performance of the Dutch economy coupled with increasing house prices. As a result, impairments on mortgages were limited. Commercial and consumer loans also benefited from the positive economic environment, as reflected in releases across both portfolios. The quarter included an IBNI release of 14 million (Q4 2016: 13 million).

Commercial Banking

Financial highlights

- Underlying net profit increased by EUR 66 million (+45%) driven by higher income and positive impairment results.
- Operating income was positively impacted by a TLTRO funding benefit, unearned interest release and favourable revaluation results. Adjusted for these, net interest income grew on the back of growing volumes.
- The positive economic environment and the impact of a model update resulted in net impairment releases.
- Operating result increased by 32% resulting in a cost/income ratio of 52.8%

Business developments

A shift to a more digital service offering and organisational improvements such as a move to a more sector driven organisation are ongoing. The Asset Based Finance segments, Lease and Commercial Finance, are being integrated into one efficient organisation. In terms of growth, Commercial Banking launched the digital innovator 'New10' which offers SMEs business loans of up to EUR 1 million within 15 minutes. Commercial Banking provides its clients with advice about sustainable business models. As an example, by the end of 2017 ABN AMRO had financed a total of 8 European offshore wind deals, providing over EUR 500 million of liquidity for >3 gigawatt of generating capacity.

Operating results

(in millions)	Q4 2017	Q4 2016	Change	Q3 2017	Change	2017	2016	Change
Net interest income	394	335	18%	341	15%	1,421	1,349	5%
Net fee and commission income	60	51	17%	48	25%	202	202	
Other operating income	24	14	65%	13	88%	63	57	11%
Operating income	**477**	**400**	**19%**	**402**	**19%**	**1,687**	**1,608**	**5%**
Personnel expenses	91	71	27%	75	20%	315	280	13%
Other expenses	161	158	2%	128	26%	573	580	-1%
Operating expenses	**252**	**229**	**10%**	**203**	**24%**	**888**	**860**	**3%**
Operating result	**225**	**171**	**32%**	**198**	**14%**	**798**	**748**	**7%**
Impairment charges on loans and other receivables	-61	-27	-123%	-5		-180	-179	-1%
Operating profit/(loss) before taxation	**286**	**199**	**44%**	**203**	**41%**	**978**	**927**	**6%**
Income tax expense	74	53	41%	50	50%	245	233	5%
Underlying profit/(loss) for the period	**212**	**146**	**45%**	**153**	**38%**	**733**	**694**	**6%**
Special items							-8	
Reported profit/(loss) for the period	**212**	**146**	**45%**	**153**	**38%**	**733**	**686**	**7%**

Other indicators

	Q4 2017	Q4 2016	Q3 2017	2017	2016
Underlying cost/income ratio	52.8%	57.2%	50.6%	52.7%	53.5%
Underlying cost of risk (in bps)[1]	-61	-28	-5	-45	-46

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	31 December 2017	30 September 2017	31 December 2016
Loan-to-Deposit ratio	110%	109%	107%
Loans and receivables - customers (in billions)	39.2	39.0	37.3
Of which Client loans (in billions)[1]	39.6	39.8	38.6
Due to customers (in billions)	35.7	35.7	34.9
Risk-weighted assets (risk exposure amount; in billions)	23.8	23.3	20.6
FTEs	2,773	2,792	2,751

[1] Gross carrying amount excluding fair value adjustment from hedge accounting.

Net interest income increased by EUR 59 million compared with Q4 2016. The increase is partly explained by positive incidentals related to the recognition of the full-year TLTRO funding benefit (EUR 17 million) and favourable unearned interest releases (EUR 37 million). Excluding these, net interest income grew due to increased average volumes on assets as well as liabilities.

Net fee and commission income amounted to EUR 60 million, an increase of EUR 9 million that was driven by a reclassification.

Other operating income increased by EUR 10 million compared with Q4 2016, largely driven by positive revaluation results.

Personnel expenses increased by EUR 20 million compared with Q4 2016. The increase was driven by a restructuring provision within Asset Based Finance (EUR 12 million) and, to a lesser extent, by wage inflation and higher pension costs. The increase in FTE was largely driven by a transfer from Group Functions to facilitate the shift to a more Agile way of working.

Other expenses were up EUR 3 million. Increased spending on the innovator New10 and higher year-end costs were partly mitigated by lower cost allocations from Group Functions due to cost saving initiatives.

Impairment charges showed a EUR 61 million release, reflecting the strong performance of the Dutch economy. In addition, this quarter included a model update resulting in a release of EUR 29 million. IBNI releases this quarter were nihil (compared with a EUR 9 million release in Q4 2016).

Client loans decreased by EUR 0.2 billion compared with Q3 2017. The decrease is explained by a transfer of clients to Corporate & Institutional Banking. Adjusted for this impact, the client loan book continued to grow. Compared with Q4 2016, client loans grew by EUR 1.0 billion.

Private Banking

Financial highlights

- Net profit decreased by EUR 19 million, largely caused by a goodwill impairment.
- Excluding the impact of the PB Asia divestment, both net interest income and fee and commission income grew in Q4, at 7% and 8% respectively.
- Personnel expenses and FTE levels decreased as a result of the ongoing restructuring of the private bank.

Business developments

Private Banking implemented a new organisational structure and is further harmonising products, segments and services in order to meet clients' changing behaviours and to tap into new earning models. This transformation is already leading to efficiency gains. Further FTE reductions are expected as a result of the digital transformation of the private bank. Private Banking launched 'Prospery' in Germany, a new fully online wealth manager offering digital asset management combined with personal coaching.

Operating results

(in millions)	Q4 2017	Q4 2016	Change	Q3 2017	Change	2017	2016	Change
Net interest income	166	169	-2%	167	-1%	659	645	2%
Net fee and commission income	143	151	-6%	139	3%	573	580	-1%
Other operating income	20	17	15%	13	51%	307	89	
Operating income	**328**	**338**	**-3%**	**319**	**3%**	**1,540**	**1,315**	**17%**
Personnel expenses	100	127	-21%	106	-5%	472	501	-6%
Other expenses	187	150	25%	127	47%	624	544	15%
Operating expenses	**287**	**277**	**4%**	**233**	**23%**	**1,095**	**1,045**	**5%**
Operating result	**41**	**61**	**-33%**	**86**	**-53%**	**444**	**269**	**65%**
Impairment charges on loans and other receivables	4	7	-39%	-6		-6	20	
Operating profit/(loss) before taxation	**37**	**54**	**-32%**	**93**	**-60%**	**450**	**249**	**81%**
Income tax expense	6	5	23%	25	-74%	64	50	28%
Underlying profit/(loss) for the period	**30**	**49**	**-38%**	**68**	**-55%**	**386**	**199**	**94%**
Special items								
Reported profit/(loss) for the period	**30**	**49**	**-38%**	**68**	**-55%**	**386**	**199**	**94%**

Other indicators

	Q4 2017	Q4 2016	Q3 2017	2017	2016
Underlying cost/income ratio	87.6%	82.1%	73.0%	71.1%	79.5%
Underlying cost of risk (in bps)[1]	13	17	-21	-5	13

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	31 December 2017	30 September 2017	31 December 2016
Loan-to-Deposit ratio	19%	19%	20%
Loans and receivables - customers (in billions)	12.2	12.3	12.1
Of which Client loans (in billions)[1]	12.4	12.5	12.3
Due to customers (in billions)	65.0	65.6	61.8
Risk-weighted assets (risk exposure amount; in billions)	9.4	9.5	7.7
FTEs	3,240	3,375	3,844

[1] Gross carrying amount excluding fair value adjustment from hedge accounting.

Client assets

(in billions)	Q4 2017	Q3 2017	Q4 2016
Opening balance Client Assets	**197.1**	**194.5**	**198.9**
Net new assets	1.7	1.3	0.2
Market performance	1.8	1.2	5.7
Closing Balance Client Assets	**200.6**	**197.1**	**204.9**
	31 December 2017	30 September 2017	31 December 2016
Breakdown by type			
Cash	67.2	65.7	67.6
Securities	133.4	131.4	137.2
-of which Custody	36.7	34.3	35.4
Total	**200.6**	**197.1**	**204.9**
Breakdown by geography			
The Netherlands	55%	54%	48%
Rest of Europe	45%	46%	44%
Rest of the world	0%	0%	9%

Net interest income decreased by EUR 3 million to EUR 166 million. Excluding the PB Asia divestment, net interest income rose by EUR 11 million. This quarter included a EUR 10 million provision for the Euribor claim. Adjusted for this, net interest income grew on the back of increased deposit volumes and better margins (mainly domestic market). In addition, the increase in volumes benefited from a migration of clients from Retail Banking. Margins on loans also improved, but this was offset by declining average volumes.

Net fee and commission income decreased by EUR 8 million. Excluding the PB Asia divestment, net fee and commission income increased by EUR 10 million. The increase in fee and commission income was shown across both the domestic and international business and is driven by improved stock market sentiment impacting average client assets and the migration of clients from Retail Banking.

Client assets amounted to EUR 201 billion, an increase of EUR 3.5 billion compared with Q3 2017.

Net new assets were EUR 1.7 billion of which approximately half is driven by internal client transfers from Retail Banking. The split between cash and securities and geography remained stable quarter-on-quarter.

Personnel expenses decreased by EUR 27 million. Excluding the PB Asia divestment, personnel expenses decreased by EUR 11 million. The decreasing personnel expenses are associated with lower FTE levels. Compared with Q4 2016, FTE levels decreased by 604 (decrease of 83 FTE excluding the PBI Asia divestment). Further FTE reduction is expected as a result of the digital transformation of the private bank.

Other expenses increased by EUR 37 million. Excluding the PB Asia divestment, other expenses increased by EUR 46 million. The increase was largely driven by a goodwill impairment of EUR 36 million. The remaining cost increase was partly driven by additional project costs associated with the transformation of the private bank.

Corporate & Institutional Banking

Financial highlights

- Loss for the period amounted to EUR 26 million, largely impacted by an additional provision for SME derivatives related issues of EUR 85 million (pre-tax).
- Higher net interest income on the back of improving margins on a growing loan book was only partly offset by lower Global Markets results.
- Increased FTE levels and associated personnel expenses to support the growth ambitions. Other expenses, adjusted for incidentals, were flat year-on-year.
- Impairment levels decreased year-on-year. ECT showed slightly lower impairments levels compared with Q4 2016.
- Income taxes were impacted by an impairment of deferred tax assets of EUR 24 million following the tax reform in the USA.

Business developments

Initiatives were started to further facilitate growth in North-West Europe and selected sectors globally. These led to additional loan volume and the onboarding of new clients, mostly within the ECT portfolio. During the fourth quarter, the oil price moved between USD 57-67 per barrel (Q3 2017: USD 47-57 range per barrel). In Energy there are signals that the offshore segment has reached the bottom and is slowly recovering. Sentiment in the main shipping markets is improving.

Operating results

(in millions)	Q4 2017	Q4 2016	Change	Q3 2017	Change	2017	2016	Change
Net interest income	286	256	12%	225	27%	975	931	5%
Net fee and commission income	132	134	-1%	123	8%	538	549	-2%
Other operating income	57	19		59	-3%	317	118	
Operating income	**476**	**410**	**16%**	**406**	**17%**	**1,830**	**1,598**	**15%**
Personnel expenses	120	108	11%	109	10%	442	400	10%
Other expenses	300	248	21%	143	110%	827	735	12%
Operating expenses	**419**	**356**	**18%**	**252**	**66%**	**1,269**	**1,135**	**12%**
Operating result	**56**	**54**	**3%**	**154**	**-64%**	**561**	**463**	**21%**
Impairment charges on loans and other receivables	41	50	-17%	34	22%	219	210	5%
Operating profit/(loss) before taxation	**15**	**4**		**120**	**-88%**	**342**	**254**	**35%**
Income tax expense	41	1		39	5%	121	71	69%
Underlying profit/(loss) for the period	**-26**	**4**		**81**		**221**	**182**	**21%**
Special items							-263	
Reported profit/(loss) for the period	**-26**	**4**		**81**		**221**	**-81**	

Other indicators

	Q4 2017	Q4 2016	Q3 2017	2017	2016
Underlying cost/income ratio	88.2%	86.7%	62.1%	69.3%	71.0%
Underlying cost of risk (in bps)[1]	28	41	24	38	41

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	31 December 2017	30 September 2017	31 December 2016
Loan-to-Deposit ratio	173%	173%	176%
Loans and receivables - customers (in billions)	59.7	55.7	54.2
Of which Client loans (in billions)[1]	38.9	37.6	38.3
Due to customers (in billions)	30.3	28.3	27.4
Risk-weighted assets (risk exposure amount; in billions)	37.7	36.5	34.3
FTEs	2,542	2,427	2,387

[1] Gross carrying amount excluding fair value adjustment from hedge accounting.

Net interest income increased by EUR 30 million compared with Q4 2016. This quarter was impacted by favourable incidentals (TLTRO funding benefit and a favourable unearned interest release). Excluding the impact of these incidentals, net interest income decreased at Global Markets as favourable results from Q4 2016, mainly within collateral management, were not replicated. Net interest income in other segments grew due to positive volume and margin developments, mainly within Natural Resources, Transportation and Financial Institutions. In addition, this quarter included increasing interest related fees on the back of the growing number of new loan facilities. Interest income on deposits grew as volumes increased while negative interest rates were charged to a large number of professional clients.

Net fee and commission income showed a decrease of EUR 2 million compared with Q4 2016. A decrease at Clearing (high volatility in Q4 2016 due to effect of US elections) was partly mitigated by higher fee income at Global Markets.

Other operating income increased to EUR 57 million, compared with EUR 19 million in Q4 2016. The increase was largely driven by positive Equity Participations results (EUR 8 million positive versus EUR 22 million negative in Q4 2016), higher CVA/DVA/FVA results (EUR 32 million versus EUR 25 million in Q4 2016) and lower provisions for SME derivative related issues (EUR 6 million versus EUR 10 million in Q4 2016).

Personnel expenses grew EUR 12 million compared with Q4 2016. In addition to wage inflation and higher pension costs, the increase was driven by a higher number of internal FTEs (+155 compared with Q4 2016) to support the growth initiatives.

Other expenses amounted to EUR 300 million, an increase of EUR 52 million compared with Q4 2016. The increase was largely driven by the provisions for SME derivative related issues (EUR 85 million in Q4 2017 versus EUR 66 million in Q4 2016).

Impairment charges amounted to EUR 41 million, a decrease of EUR 9 million compared with Q4 2016. The impairment charges include a EUR 6 million IBNI addition (Q4 2016: EUR 25 million release). The underlying cost of risk improved to 28bps (Q4 2016: 41bps). ECT impairments were slightly lower at EUR 33 million (Q4 2016: EUR 35 million).

Client loans increased by EUR 1.3 billion compared with Q3 2017. Growth was mainly shown within Financial Institutions, Large Corporates and Natural Resources. Presented growth figures were impacted by further USD depreciation, which is estimated to have a negative impact of approximately EUR 0.4 billion.

Group Functions

Financial highlights

- Net loss amounted to EUR 29 million, compared with a loss of EUR 110 million in Q4 2016.
- Income levels declined EUR 6 million compared with Q4 2016.
- Operating expenses decreased due to lower restructuring provisions and lower personnel and other expenses resulting from the cost saving programmes.

Business developments

Ongoing restructuring programmes such as the IT Transformation and reorganisation of the support and control activities are resulting in efficiency gains and associated cost savings. FTE levels at Group Functions were also impacted by a transfer of FTE to the commercial business lines in order to facilitate the switch to a more Agile way of working.

Operating results

(in millions)	Q4 2017	Q4 2016	Change	Q3 2017	Change	2017	2016	Change
Net interest income	16	-5		-34		-38	-2	
Net fee and commission income	9	4	130%	7	23%	28	15	90%
Other operating income	62	94	-34%	44	40%	248	96	
Operating income	**88**	**94**	**-6%**	**18**		**238**	**108**	**120%**
Personnel expenses	233	359	-35%	212	10%	876	1,125	-22%
Other expenses	-133	-115	-16%	-190	30%	-689	-720	4%
Operating expenses	**100**	**244**	**-59%**	**21**		**187**	**405**	**-54%**
Operating result	**-12**	**-151**	**92%**	**-3**		**51**	**-297**	
Impairment charges on loans and other receivables	1	-9		3	-59%	4	-15	
Operating profit/(loss) before taxation	**-13**	**-142**	**91%**	**-6**	**-116%**	**48**	**-282**	
Income tax expense	15	-32				52	-36	
Underlying profit/(loss) for the period	**-29**	**-110**	**74%**	**-6**		**-4**	**-245**	**98%**
Special items								
Reported profit/(loss) for the period	**-29**	**-110**	**74%**	**-6**		**-4**	**-245**	**98%**

Other indicators

	31 December 2017	30 September 2017	31 December 2016
Securities financing - assets (in billions)	13.0	23.5	12.9
Loans and receivables - customers (in billions)	6.6	6.6	7.8
Securities financing - liabilities (in billions)	10.9	21.1	10.5
Due to customers (in billions)	2.9	3.5	1.8
Risk-weighted assets (risk exposure amount; in billions)	6.5	6.6	9.8
FTEs	6,206	6,461	7,416

Net interest income amounted to EUR 16 million, an increase of EUR 21 million compared with Q4 2016. Higher buffer and steering costs were more than offset by a release of penalty fees (mortgages) of EUR 49 million.

Net fee and commission income amounted to EUR 9 million, an increase of EUR 5 million compared with Q4 2016. 2017 figures included a reclassification of Stater (mortgage service provider) related income from other operating income to net fee and commission income, in the amount of EUR 19 million (full year EUR 73 million, historic quarters restated as well).

Other operating income decreased by EUR 32 million. The decrease was largely driven by less favourable hedge accounting-related results.

Personnel expenses decreased by EUR 126 million to EUR 233 million. Q4 2016 included a restructuring provision of EUR 177 million related to further digitalisation and process optimisation. This quarter included a restructuring provision of EUR 46 million booked within Group Functions. The restructuring programmes resulted in lower FTE levels (6,206 FTEs in Q4 2017 compared with 7,416 FTEs in Q4 2016). FTE levels were also impacted by a transfer of FTE from Group Functions to the commercial business lines to embed a more Agile way of working.

Other expenses decreased by EUR 18 million. Lower costs resulting from cost saving programmes and cost control measurements were partly offset as fewer costs were allocated to the commercial segments. Q4 2017 included a EUR 17 million impairment related to the ATM network, compared with a EUR 27 million office space-related provision in Q4 2016.

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Reconciliation from underlying to reported results

To provide a better understanding of the underlying results, ABN AMRO adjusts reported results for defined special items.

In Q2 2016, the addition of EUR 361 million gross (EUR 271 million net of tax) to the provision for SMEs with derivatives-related issues was classified as a special item.

	Q4 2017			Q4 2016			Q3 2017		
(in millions)	Underlying	Special items	Reported	Underlying	Special items	Reported	Underlying	Special items	Reported
Net interest income	1,696		1,696	1,575		1,575	1,566		1,566
Net fee and commission income	443		443	459		459	416		416
Other operating income	290		290	161		161	141		141
Operating income	**2,429**		**2,429**	**2,195**		**2,195**	**2,123**		**2,123**
Personnel expenses	686		686	777		777	616		616
Other expenses	966		966	929		929	593		593
Operating expenses	**1,653**		**1,653**	**1,706**		**1,706**	**1,209**		**1,209**
Operating result	**776**		**776**	**489**		**489**	**914**		**914**
Impairment charges on loans and other receivables	-34		-34	35		35	5		5
Operating profit/(loss) before taxation	**810**		**810**	**454**		**454**	**910**		**910**
Income tax expense	268		268	120		120	236		236
Profit/(loss) for the period	**542**		**542**	**333**		**333**	**673**		**673**

(in millions)	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Operating income								
SME derivatives							-361	
Total impact on Operating Income							**-361**	
Operating expenses								
Total impact on Operating expenses								
Loan impairments								
Total impact on Loan impairments								
Total impact on Income tax expense							**-90**	
Total impact on result for the period							**-271**	

Selected financial information

Condensed Consolidated income statement

(in millions)	Q4 2017	Q4 2016	Q3 2017	2017	2016
Income					
Interest income	3,169	3,198	3,018	12,502	12,651
Interest expense	1,472	1,624	1,452	6,045	6,383
Net interest income	**1,696**	**1,575**	**1,566**	**6,456**	**6,267**
Fee and commission income	790	797	759	3,138	3,149
Fee and commission expense	347	339	343	1,391	1,340
Net fee and commission income	**443**	**459**	**416**	**1,747**	**1,810**
Net trading income	65	64	68	287	-211
Share of result in equity accounted investments	4	23	37	54	55
Other income	222	75	36	745	306
Operating income	**2,429**	**2,195**	**2,123**	**9,290**	**8,227**
Expenses					
Personnel expenses	686	777	616	2,590	2,777
General and administrative expenses	862	859	549	2,746	2,682
Depreciation and amortisation of tangible and intangible assets	104	70	44	245	198
Operating expenses	**1,653**	**1,706**	**1,209**	**5,582**	**5,657**
Impairment charges on loans and other receivables	-34	35	5	-63	114
Total expenses	**1,619**	**1,741**	**1,213**	**5,519**	**5,771**
Operating profit/(loss) before taxation	**810**	**454**	**910**	**3,771**	**2,456**
Income tax expense	268	120	236	979	650
Profit/(loss) for the period	**542**	**333**	**673**	**2,791**	**1,806**
Attributable to:					
Owners of the company	520	323	661	2,721	1,762
AT1 capital securities	21	11	11	53	43
Non-controlling interests	1		1	18	1

Condensed Consolidated statement of comprehensive income

(in millions)	Q4 2017	Q4 2016	Q3 2017
Profit/(loss) for the period	**542**	**333**	**673**
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Remeasurement gains / (losses) on defined benefit plans	-12	49	
Items that will not be reclassified to the income statement before taxation	**-12**	**49**	
Income tax relating to items that will not be reclassified to the income statement	-3	13	
Items that will not be reclassified to the income statement after taxation	**-9**	**36**	
Items that may be reclassified to the income statement			
Unrealised gains/(losses) currency translation	-36	83	-37
Unrealised gains/(losses) available-for-sale	-119	-34	70
Unrealised gains/(losses) cash flow hedge	-99	432	75
Share of other comprehensive income of associates	29	36	-2
Other comprehensive income for the period before taxation	**-225**	**516**	**106**
Income tax relating to items that may be reclassified to the income statement	-56	103	36
Other comprehensive income for the period after taxation	**-169**	**413**	**69**
Total comprehensive income/(expense) for the period after taxation	**364**	**783**	**743**
Attributable to:			
Owners of the company	343	772	730
Holders of AT1 capital securities	21	11	11
Other non-controlling interests	1		1

Condensed Consolidated statement of changes in equity

(in millions)	Share capital	Share premium	Other reserves including retained earnings	Accumulated other comprehensive income	Net profit/(loss) attributable to shareholders	Total	AT1 capital securities	Other non-controlling interests	Total equity
Balance at 1 October 2016	**940**	**12,970**	**2,263**	**-459**	**1,439**	**17,154**	**993**	**6**	**18,152**
Total comprehensive income				450	324	774	12		785
Transfer									
Dividend									
Increase/(decrease) of capital									
Paid interest on AT1 capital securities									
Other changes in equity									
Balance at 31 December 2016	**940**	**12,970**	**2,263**	**-9**	**1,763**	**17,928**	**1,004**	**5**	**18,937**
Balance at 1 October 2017	**940**	**12,970**	**3,004**	**-154**	**2,200**	**18,960**	**1,987**	**19**	**20,966**
Total comprehensive income				-178	520	343	21	1	364
Transfer									
Dividend									
Increase/(decrease) of capital									
Paid interest on AT1 capital securities									
Other changes in equity									
Balance at 31 December 2017	**940**	**12,970**	**3,004**	**-331**	**2,721**	**19,303**	**2,007**	**20**	**21,330**

Specification of accumulated other comprehensive income is as follows:

(in millions)	Remeasurement gains / (losses) on post-retirement benefit plans	Currency translation reserve	Available-for-sale reserve	Cash flow hedge reserve	Share of OCI of associates and joint ventures	Total
Balance at 1 October 2016	**-49**	**85**	**584**	**-1,167**	**88**	**-459**
Net gains/(losses) arising during the period	49	83	-36	420	36	552
Less: Net realised gains/(losses) included in income statement			-2	-11		-13
Net gains/(losses) in equity	49	83	-34	432	36	565
Related income tax	13	2	-7	108		115
Balance at 31 December 2016	**-13**	**166**	**557**	**-843**	**124**	**-9**
Balance at 1 October 2017	**-13**	**4**	**578**	**-845**	**122**	**-154**
Net gains/(losses) arising during the period	-12	-36	-6	-129	29	-155
Less: Net realised gains/(losses) included in income statement			112	-30		82
Net gains/(losses) in equity	**-12**	**-36**	**-119**	**-99**	**29**	**-237**
Related income tax	-3		-31	-25		-59
Balance at 31 December 2017	**-21**	**-32**	**490**	**-919**	**152**	**-331**

Economic environment

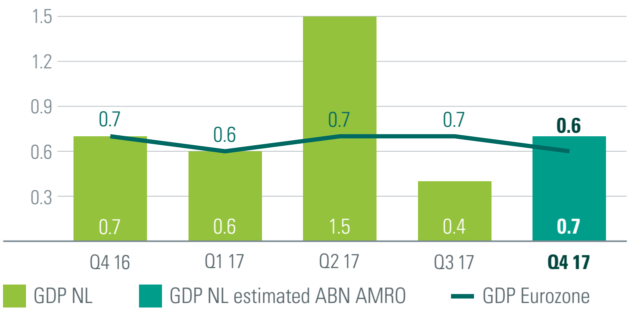
Backed by low interest rates, the global economy continued to gain momentum, according to recent business confidence indicators. These indicators developed very well in 2017 and rose even further in the final quarter of the year. They show that all the main regions of the world are growing steadily.

Having performed well in Q2 2017 and Q3 2017, the US economy continued to grow firmly at 0.6% quarter-on-quarter (q-o-q) in Q4 2017. The eurozone also showed firm growth. GDP again increased by 0.6% in Q4 2017.

The Dutch economy powered ahead in Q4 2017. This is what sentiment indicators have been heralding. The first few hard data in Q4 were also strong. The 2017 Q4 GDP figure has not yet been published. Growth is likely to have been higher than in Q3 2017 (0.4% q-o-q). Due to the favourable economic environment, the number of new jobs continued to rise. Consequently, unemployment continued to drop in Q4 2017. The housing market saw a further year-on-year (y-o-y) rise in the number of house sales, while price rises accelerated to over 8% y-o-y.

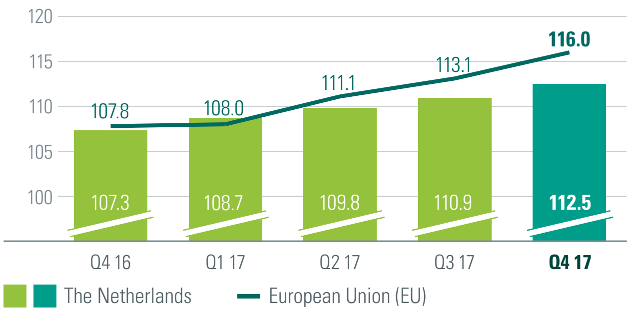
Despite the favourable economic environment, there are still risks, such as a sharper than expected slowdown in China, re-emerging inflationary pressure, political (Italian elections) and geo-political developments.

Quarterly development of Gross Domestic Product
(in % q-o-q growth)



Source: Eurostat and CBS.

Economic Sentiment Indicator
(100 is long-term average)



Source: database European Commission.

- Dutch GDP growth is likely to remain robust
- Growth in Q4 2017 was probably stronger than in Q3 2017, as that figure (+0.4% q-o-q in Q3 2017) had shown some payback for the exuberant spring quarter (+1.5% Q2 2107)
- Growth was again broad-based as it was built on the (likely) further expansion of private consumption and investment, as well as exports.

- The Dutch Economic Sentiment Indicator (ESI) continued to rise in every month of Q4 2017: from 110.9 (September) to 112.5 (December), its highest level since the summer of 2007.
- The eurozone ESI improved even more in Q4 2017. This also reflects the favourable development in Dutch export markets.
- Most other Dutch sentiment indicators improved as well. Producer confidence reached a new record high in Q4 2017. This points to further robust growth in the beginning of 2018.

Risk, funding & capital information

Key developments

Key figures

(in millions)	31 December 2017	30 September 2017	31 December 2016
Total loans and receivables, gross excluding fair value adjustments	284,337	281,252	280,039
Of which Banks	10,671	10,138	13,488
Of which Residential mortgages	150,562	151,421	149,255
Of which Consumer loans	12,426	12,404	12,539
Of which Corporate loans	94,220	91,903	90,920
Of which Other loans and receivables - customers	16,459	15,386	13,838
Total Exposure at Default (EAD)	393,596	385,735	383,118
Of which Retail Banking	174,545	176,803	175,879
Of which Commercial Banking	48,921	45,421	43,959
Of which Private Banking	19,963	19,317	22,752
Of which Corporate & Institutional Banking	77,769	71,170	71,208
Of which Group Functions	72,399	73,024	69,320
Credit quality indicators[1]			
Past due ratio	1.4%	1.3%	1.4%
Impaired ratio	2.5%	2.9%	3.3%
Coverage ratio	33.0%	34.7%	38.4%
Regulatory capital			
Total RWA (REA)	106,157	105,767	104,215
Of which Credit risk[2]	84,141	83,041	83,140
Of which Operational risk	19,626	19,616	17,003
Of which Market risk	2,391	3,110	4,072
Total RWA (REA)/total EAD	27.0%	27.4%	27.2%
Liquidity and funding indicators			
Loan-to-Deposit ratio	111.8%	111.2%	112.7%
LCR	>100%	>100%	>100%
NSFR	>100%	>100%	>100%
Capital ratios			
Fully-loaded CET1 ratio	17.7%	17.6%	17.0%
Fully-loaded leverage ratio[3]	4.1%	3.9%	3.9%

1 Loans and receivables - customers only.
2 RWA (REA) for credit value adjustment (CVA) is included in credit risk. CVA per 31 December 2017 is EUR 0.7 billion (30 September 2017 EUR 0.7 billion, 31 December 2016 EUR 0.8 billion).
3 The 30 September 2017 figure includes the AT1 instrument of EUR 993 million (nominal amount of EUR 1,000 million) that was issued on 27 September 2017. The settlement date of this instrument was 4 October 2017.

	Q4 2017	Q4 2016	Q3 2017	2017	2016
Underlying cost of risk (in bps)[1]	-5	6	1	-2	4
Impairment charges on loans and other receivables (in EUR million)[2]	-33	36	4	-62	115

1 Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.
2 Excluding off-balance sheet exposures.

Fourth-quarter developments

Portfolio review

Total loans and receivables increased to EUR 284.3 billion (30 September 2017: EUR 281.3 billion). Residential mortgages declined as a result of traditionally high redemptions in the fourth quarter. Growth in the corporate loan book was largely driven by Corporate & Institutional Banking, but affected by further USD deterioration (approximately EUR 0.4 billion negative impact).

Total Exposure at Default

EAD increased to EUR 393.6 billion (30 September 2017: EUR 385.7 billion). The increase was mainly the result of business growth in C&IB (primarily International Clients) and growth in deposits with central banks (mainly in Group Functions) and to a lesser extent, changes in the methodology for regulatory reporting applied to cash collateral.

Regulatory capital

Total RWA (REA) increased to EUR 106.2 billion (30 September 2017: EUR 105.8 billion) and was driven by an increase in credit risk partly offset by a decrease in market risk. The increase in credit risk was mainly the result of business growth developments and to a lesser extent changes in the methodology for regulatory reporting applied to cash collateral. This increase was partly offset by a decline within Retail Banking, mainly impacted by higher collateral values and, to a lesser extent, due to the sale of the remaining equity stake in Visa Inc. The decline in market risk is attributable to lower market volatility.

Operational risk RWA (REA) is calculated under the Advanced Measurement Approach (AMA), which was implemented as from 1 January 2017. At the time, the regulator imposed several add-ons in RWA (REA) (approximately EUR 2-3 billion) pending the fulfillment of certain conditions with regard to the operational risk framework. We anticipated a regulatory review of the framework in the second half of 2017. The regulator has informed us that it plans to start the review in Q2 2018. Reversal of add-ons are not expected before that time. RWA (REA) for operational risk remained stable in the fourth quarter of 2017.

TRIM

As part of a targeted review of internal models (TRIM) of banks by the ECB, on-site inspections took place in 2017. These will be continued in 2018, with a possible extension into 2019. The ECB may provide guidance on updating models based on the review, which may have an impact on risk-weighted assets.

Basel IV

ABN AMRO currently applies the advanced IRB approach for almost all of its loan portfolios. Following the publication on December 7 of the finalisation of the Basel III reforms, often referred to as Basel IV, ABN AMRO concluded a preliminary assessment of the potential impact on RWA (REA) consequently affecting the CET1 ratio. With the output floor of 72.5%, the revised standardised approach will be constraining for ABN AMRO. This results in higher risk weights and higher capital requirements.

Based on year-end 2017 figures, the preliminary assessment indicates a potential impact on RWA (REA) of around 35%. The calculations are subject to uncertainties and based on assumptions on how Basel IV standards will be applied. The assessment is based on a static balance sheet and does not take into account management action. The potential impact is subject to implementation into European law and regulations. The Basel Committee has set the implementation date at 1 January 2022. From 1 January 2022, the output floor will be phased in gradually over a period of 5 years.

Credit quality indicators

Overall performance of the underlying risk drivers was good, in line with the performance of the Dutch economy and the Dutch housing market. Impaired and coverage ratio decreased further as a result of clients returning to the performing portfolio, alongside write-offs and releases.

Liquidity and funding

The bank maintains a strong liquidity buffer and a stable funding base. The Liquidity Coverage Ratio and the Net Stable Funding Ratio both remained above 100% in Q4 2017. The Loan-to-Deposit (LtD) ratio increased to 111.8% at 31 December 2017 (30 September 2017: 111.2%).

Cost of risk

Cost of risk was -5bps in Q4 2017 (Q4 2016: 6bps). The improvement was mainly the result of releases for corporate loans driven by a model update for smaller commercial banking loans and several releases for consumer loans. For more information, please refer to the credit risk chapter.

Change in accounting policies: IFRS 9

On January 1 2018, the transition from IAS 39 to IFRS 9 became effective. As a result, the way the bank classifies and measures financial instruments and the way it determines impairment allowances has changed from 1 January 2018 onwards. The underlying risk profile of the loan portfolio will not be affected. The impact of the First Time Adoption (FTA) of IFRS 9 will be taken through equity.

The FTA of the IFRS 9 requirements will result in a one-off adjustment in the Consolidated Statement of Financial Position on 1 January 2018. In line with the transitional provisions of the standard, ABN AMRO will not restate comparative figures.

Based on the current status of the IFRS 9 programme and assuming a deferred tax treatment, the FTA of IFRS 9 is expected to result in a deduction of equity as at 1 January 2018 of approximately EUR 0.3 billion (net of tax). The impact is the combined result of specific changes resulting from the new classification and measurement requirements and an increase in the allowances for credit losses under the new impairment requirements. The adoption of IFRS 9 is expected to decrease the CET1 ratio by approximately 0.15% and the Total Capital ratio by approximately 0.17% (both fully-loaded).

The currently estimated FTA impact of IFRS 9 is significantly below the EBA impact assessment of 2016. This is predominantly the result of the current positive economic climate. ABN AMRO is well capitalised and will be able to absorb this impact within the existing capital plan.

Credit risk

Reporting scope risk

The table below provides an overview of the figures reported in the condensed consolidated balance sheet (net) and the figures reported in the credit risk section (gross).

	31 December 2017			30 September 2017			31 December 2016		
(in millions)	Gross carrying amount	Loan impair- ment allowance	Carrying amount	Gross carrying amount	Loan impair- ment allowance	Carrying amount	Gross carrying amount	Loan impair- ment allowance	Carrying amount
Loans and receivables - banks	**10,671**	**7**	**10,665**	**10,138**	**5**	**10,133**	**13,488**	**3**	**13,485**
Residential mortgages	152,825	134	152,691	153,740	139	153,601	152,328	258	152,069
Less: Fair value adjustment from hedge accounting on residential mortgages	2,264		2,264	2,319		2,319	3,073		3,073
Residential mortgages, excluding fair value adjustments	**150,562**	**134**	**150,428**	**151,421**	**139**	**151,282**	**149,255**	**258**	**148,997**
Consumer loans	**12,426**	**304**	**12,122**	**12,404**	**348**	**12,056**	**12,539**	**433**	**12,106**
Corporate loans	95,645	1,971	93,674	93,285	2,363	90,922	92,641	2,895	89,746
Less: Fair value adjustment from hedge accounting on corporate loans	1,425		1,425	1,382		1,382	1,722		1,722
Corporate loans, excluding fair value adjustments	**94,220**	**1,971**	**92,250**	**91,903**	**2,363**	**89,539**	**90,920**	**2,895**	**88,025**
Other loans and receivables - customers[1]	16,470	51	16,419	15,396	57	15,339	13,838	81	13,757
Less: Fair value adjustment from hedge accounting on other loans and receivables - customers	11		11	9		9			
Other loans and receivables - customers, excluding fair value adjustments[1]	**16,459**	**51**	**16,407**	**15,386**	**57**	**15,329**	**13,838**	**81**	**13,757**
Total loans and receivables - customers, excluding fair value adjustments	**273,666**	**2,460**	**271,206**	**271,114**	**2,908**	**268,206**	**266,551**	**3,666**	**262,884**
Fair value adjustments on Loans and receivables - customers	3,700		3,700	3,710		3,710	4,794		4,794
Total loans and receivables - customers	**277,366**	**2,460**	**274,906**	**274,825**	**2,908**	**271,917**	**271,345**	**3,666**	**267,679**
Total loans and receivables, excluding fair value adjustments	**284,337**	**2,467**	**281,871**	**281,252**	**2,913**	**278,340**	**280,039**	**3,669**	**276,369**
Total fair value adjustments on Loans and receivables	3,700		3,700	3,710		3,710	4,794		4,794
Total loans and receivables	**288,037**	**2,467**	**285,571**	**284,963**	**2,913**	**282,050**	**284,833**	**3,669**	**281,164**
Other			107,600			125,500			113,318
Total assets			**393,171**			**407,550**			**394,482**

[1] Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Fourth-quarter developments

Highlights

- Impairment releases impacted by a model update for corporate loans
- Strong performance of the Dutch economy reflected in the risk drivers
- Past due exposure increased mainly in the short-term arrears
- Impaired exposure declined significantly

Past due (but not impaired)

Total past due exposure on loans and receivables - customers rose to EUR 4.0 billion (EUR 3.6 billion at 30 September 2017), mainly driven by an increase in short-term arrears (<30 days bucket), resulting in an increase of the past due ratio to 1.4% (Q3 2017:1.3%).

At sub-portfolio level, past due exposures increased mainly in corporate loans, driven by the inflow of a few large clients in the short-term arrears.

Coverage and impaired loans

Impaired exposures relating to the loans and receivables - customers portfolio declined further to EUR 6.9 billion (30 September 2017: EUR 7.9 billion) and allowances for impairments decreased to EUR 2.3 billion (30 September 2017: EUR 2.7 billion). As a result, the coverage ratio declined to 33.0% (30 September 2017: 34.7%) and the impaired ratio improved to 2.5% (30 September 2017: 2.9%). The decline was visible in all the impaired sub-portfolios in loans and receivables – customers, especially in the corporate loans portfolio.

Due to a combination of clients returning to the performing portfolio, write-offs and a few (partial) repayments, the impaired corporate loan portfolio declined in terms of exposure. Declines are mainly visible in the industry sectors oil and gas, construction and materials, industrial, goods and services and private individuals.

Impaired exposures for consumer loans and other loans and receivables - customers decreased due to write-offs and clients returning to the performing portfolio. Residential mortgages performed in line with the strong performance of the Dutch economy and the Dutch housing market, resulting in very low impaired exposures. Loans and receivables - banks impaired exposures were impacted by the inflow of one new foreign file.

Impairment charges

On-balance sheet impairment charges resulted in a release of EUR 33 million (Q4:2016 EUR 36 million addition). Main contributors to the decrease were corporate loans and consumer loans. The total release was impacted by lower IBNI releases (EUR 7 million in Q4 2017 versus EUR 49 million in Q4 2016).

Impairment charges for corporate loans were driven by a model update, based on more recent data, for smaller commercial banking loans resulting in a release of EUR 31 million in favour of Commercial Banking. In addition, several smaller releases were recorded in line with the strong performance of the Dutch economy. Within Corporate & Institutional Banking, ECT Clients recorded lower impairment charges.

Impairment charges for the consumer loans portfolio declined, mainly due to several smaller releases. The strong performance of the Dutch economy also contributed to this result.

Residential mortgages impairment charges were already very low and remained limited in this period.

Other adjustments decreased mainly due to a review of the treatment of credit risk allowances and interest income on impaired loans, which resulted in an adjustment of EUR 74 million (net interest income).

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Past due (but not impaired) loans

(in millions)	31 December 2017						30 September 2017[3]	31 December 2016
	Days past due							
	Gross carrying amount	<= 30 days	> 30 days & <= 90 days	> 90 days	Total past due but not impaired	Past due ratio	Past due ratio	Past due ratio
Loans and receivables - banks	**10,671**							
Loans and receivables - customers								
Residential mortgages[1]	150,562	2,225	180	6	2,412	1.6%	1.5%	1.4%
Consumer loans	12,426	222	142	74	437	3.5%	3.3%	3.9%
Corporate loans[1]	94,220	549	137	103	789	0.8%	0.5%	0.7%
Other loans and receivables - customers[1,2]	16,459	270	37	20	326	2.0%	2.3%	2.8%
Total Loans and receivables - customers	**273,666**	**3,266**	**495**	**203**	**3,964**	**1.4%**	**1.3%**	**1.4%**
Total Loans and receivables	**284,337**	**3,266**	**495**	**203**	**3,964**	**1.4%**	**1.3%**	**1.3%**

1 Gross carrying amount excludes fair value adjustments from hedge accounting.
2 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Impaired loans

(in millions)	31 December 2017					30 September 2017		31 December 2016	
	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk[3]	Coverage ratio	Impaired ratio	Coverage ratio	Impaired ratio	Coverage ratio	Impaired ratio
Loans and receivables - banks	**10,671**	**71**	**-1**	**1.5%**	**0.7%**				
Loans and receivables - customers									
Residential mortgages[1]	150,562	1,019	-111	10.9%	0.7%	11.1%	0.7%	16.7%	0.8%
Consumer loans	12,426	507	-285	56.2%	4.1%	52.6%	4.9%	52.4%	5.9%
Corporate loans[1]	94,220	5,114	-1,844	36.1%	5.4%	37.9%	6.4%	41.2%	7.4%
Other loans and receivables - customers[1,2]	16,459	269	-40	15.0%	1.6%	15.4%	1.9%	30.7%	1.6%
Total Loans and receivables - customers	**273,666**	**6,909**	**-2,280**	**33.0%**	**2.5%**	**34.7%**	**2.9%**	**38.4%**	**3.3%**
Total Loans and receivables	**284,337**	**6,980**	**-2,281**	**32.7%**	**2.5%**	**34.7%**	**2.8%**	**38.4%**	**3.2%**

1 Gross carrying amount excludes fair value adjustments from hedge accounting.
2 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
3 Amounts excluding Incurred But Not Identified (IBNI).

Loan impairment charges and allowances

(in millions)	Securities financing	Banks	Residential mortgages	Consumer loans	Corporate loans[1]	Other loans	Total
							Q4 2017
Balance at begin of period		**5**	**139**	**348**	**2,418**	**2**	**2,913**
Impairment charges for the period		2	21	16	113		153
Reversal of impairment allowances no longer required			-6	-31	-129	-0	-167
Recoveries of amounts previously written-off			-5	-10	-4		-19
Total impairment charges on loans and other receivables		**2**	**10**	**-26**	**-20**	**-0**	**-33**
Other adjustments		-0	-16	-19	-378	-0	-413
Balance at end of period		**7**	**134**	**304**	**2,020**	**2**	**2,467**

[1] Corporate loans includes Financial lease receivables and Factoring.

(in millions)	Securities financing	Banks	Residential mortgages	Consumer loans	Corporate loans[1]	Other loans	Total
							Q4 2016
Balance at begin of period		**7**	**278**	**472**	**3,080**	**2**	**3,840**
Impairment charges for the period		-2	16	62	293	-0	369
Reversal of impairment allowances no longer required		-2	-2	-47	-262		-313
Recoveries of amounts previously written-off			-6	-11	-3		-20
Total impairment charges on loans and other receivables		**-4**	**7**	**4**	**28**	**-0**	**36**
Other adjustments			-27	-44	-135		-206
Balance at end of period		**3**	**258**	**433**	**2,973**	**2**	**3,670**

[1] Corporate loans includes Financial lease receivables and Factoring.

Total impairment charges on loans and other receivables

(in millions)	Q4 2017	Q4 2016
On-balance sheet	-33	36
Off-balance sheet	-1	-1
Total impairment charges on loans and other receivables	**-34**	**35**

Developments in specific portfolios

Residential mortgages

Key residential mortgage indicators

(in millions)	31 December 2017	30 September 2017	31 December 2016
Gross carrying amount excl. fair value adjustment from hedge accounting	150,562	151,421	149,255
Of which Nationale Hypotheek Garantie (NHG)	38,049	38,371	39,293
Exposure at Default[1]	165,107	167,301	165,199
Risk-weighted assets/ risk exposure amount[1]	17,236	18,010	19,090
RWA (REA)/EAD	10.4%	10.8%	11.6%
Credit quality indicators			
Past due ratio	1.6%	1.5%	1.4%
Impaired ratio	0.7%	0.7%	0.8%
Coverage ratio	10.9%	11.1%	16.7%
Average Loan-to-Market-Value	70%	72%	76%
Average Loan-to-Market-Value - excluding NHG loans	67%	70%	73%

1 The RWA (REA) and Exposure at Default amounts are based on the exposure class Secured by immovable property. This scope is slightly broader than the residential mortgage portfolio.

Underlying cost of risk

	Q4 2017	Q4 2016	Q3 2017	2017	2016
Underlying cost of risk (in bps)[1]	3	2	-4	-3	4
Impairment charges on residential mortgages (in EUR million)	10	7	-17	-49	56

1 Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

Housing market developments

Optimism about the Dutch housing market, the favourable economic outlook and low interest rates continued to drive up the transaction volume. Home movers were mainly accountable for this increase. The number of transactions in the Dutch housing market in Q4 2017 grew 8.7% compared with Q4 2016 (7.8% compared with Q3 2017), according to Statistics Netherlands (CBS).

It is noted that according to the latest figures, the pace of the increase in housing transactions is slowing down, particularly in the provinces of Noord-Holland and Utrecht where sales actually declined. One key reason for the deceleration in sales is the shortage of housing supply. The popularity of the city, the delayed house production and the return of the private investor together drove up prices in the Netherlands. The price increase is causing a growing number of potential buyers to experience difficulties in meeting mortgage criteria; this especially concerns first-time buyers.

The CBS housing price index was 1.7% higher in Q4 2017 than it was in Q3 2017. The overall price level in December 2017 is still 3.4% below the record set in August 2008.

Residential mortgage portfolio

The residential mortgage portfolio decreased marginally to EUR 150.6 billion (Q3 2017: EUR 151.4 billion) as a result of traditionally higher redemptions in the fourth quarter, exceeding the new mortgage production. New mortgage production was comparable with Q3 2017. ABN AMRO's market share in new mortgage production was 18.9%[1] in Q4 2017, which was marginally below Q3 2017 (19.2%[1]), although still strong.

Total redemptions in Q4 2017 amounted to EUR 4.3 billion, 16.6% higher than in Q3 2017 and 5.6% higher compared with Q4 2016. Contractual redemptions gradually increased, in line with the change in the portfolio composition. In Q4 2017, extra repayments due to the traditionally high level of redemptions in the fourth quarter amounted to EUR 0.8 billion, which was 5.3% lower than Q4 2016. Incentives for extra repayments are the very low interest rates on savings and an increased awareness among home owners that they may ultimately have a debt at the end of their loan term.

The proportion of redeeming mortgages increased to 24% of the residential mortgage portfolio at 31 December 2017 (30 September 2017: 22%).

The NHG-guaranteed proportion of the residential mortgage portfolio remained stable at 25.3%. Rising housing prices and a gradual reduction of the maximum NHG limit in recent years have resulted in fewer mortgages being eligible for an NHG guarantee.

Regulatory capital

RWA (REA) for the residential mortgage portfolio decreased to EUR 17.2 billion (30 September 2017 EUR 18.0 billion). Exposure at Default (EAD) decreased to EUR 165.1 billion (30 September 2017 EUR 167.3 billion). The decline in RWA (REA) was mainly the result of higher collateral values and lower business volumes. EAD decreased mainly due to lower off-balance sheet items and lower business volumes.

Credit quality indicators

Credit quality indicators remained positive in line with the performance of the Dutch economy and the Dutch housing market. The past due ratio increased mainly due to limited inflow into past due exposures in the short-term arrears.

Loan to Market Value (LtMV)

Rising housing prices and restrictions on the maximum Loan to Market Value (LtMV) for new mortgages led to a continued improvement of the average indexed LtMV, both guaranteed and unguaranteed.The long-term LtMV of the bank's portfolio is expected to decrease further as a result of rising housing prices, extra redemptions and current tax regulations.

The gross carrying amount of mortgages with an LtMV above 100% continued to decline to EUR 11.8 billion (30 September 2017: EUR 15.3 billion). Note that LtMVs in excess of 100% do not necessarily indicate that these clients are in financial difficulties. However, ABN AMRO actively approaches clients with an interest-only mortgage in combination with high a LtMV level in order to adjust their mortgage. Approximately 9% of the extra repayments relate to mortgages with an LtMV>100%.

Fully interest-only mortgages account for 18% of the total mortgages, and approximately a quarter of the extra redemptions relate to this loan type. We have noted a decline of the fully interest-only mortgages portfolio with an LtMV > 100%.

[1] Source: Dutch Land Registry (Kadaster)

Residential mortgages to indexed market value

(in millions)	31 December 2017 Gross carrying amount	Per-centage of total	- of which guaran-teed[2]	- of which unguar-anteed	30 September 2017 Gross carrying amount	Per-cent-age of total	- of which guar-anteed[2]	- of which unguar-anteed	31 December 2016 Gross carrying amount	Percent-age of total	- of which guaran-teed[2]	- of which unguar-anteed
LtMV category[1]												
<50%	31,365	20.8%	2.3%	18.5%	28,755	19.0%	2.2%	16.8%	26,021	17.4%	1.9%	15.5%
50% - 80%	58,691	39.0%	9.2%	29.8%	55,591	36.7%	8.1%	28.6%	47,631	31.9%	6.4%	25.5%
80% - 90%	26,384	17.5%	6.8%	10.7%	26,395	17.4%	6.6%	10.8%	23,498	15.7%	5.5%	10.2%
90% - 100%	20,821	13.8%	4.5%	9.3%	23,410	15.5%	5.4%	10.1%	25,498	17.1%	7.0%	10.1%
100% - 110%	8,941	5.9%	1.8%	4.2%	10,975	7.2%	2.2%	5.0%	15,596	10.4%	3.6%	6.9%
110% - 120%	2,377	1.6%	0.5%	1.1%	3,511	2.3%	0.7%	1.7%	6,999	4.7%	1.4%	3.2%
>120%	495	0.3%	0.1%	0.2%	840	0.6%	0.2%	0.4%	2,110	1.4%	0.5%	1.0%
Unclassified	1,487	1.0%			1,944	1.3%			1,904	1.3%		
Total	**150,562**	**100%**			**151,421**	**100%**			**149,255**	**100%**		

[1] ABN AMRO calculates the Loan-to-Market Value using the indexation of the CBS (Statistics Netherlands).
[2] NHG guarantees.

Breakdown of residential mortgage portfolio by loan type

(in millions)	31 December 2017 Gross carrying amount	Percentage of total	30 September 2017 Gross carrying amount	Percentage of total	31 December 2016 Gross carrying amount	Percentage of total
Interest only (partially)	48,734	32%	48,178	32%	47,798	32%
Interest only (100%)	27,231	18%	28,003	18%	29,638	20%
Redeeming mortgages (annuity/linear)	36,057	24%	33,664	22%	26,883	18%
Savings	18,160	12%	19,384	13%	20,860	14%
Life (investment)	13,419	9%	14,248	9%	15,451	10%
Other[1]	6,960	5%	7,944	5%	8,625	6%
Total	**150,562**	**100%**	**151,421**	**100%**	**149,255**	**100%**

[1] Other includes hybrid, other and unclassified mortgage types. The hybrid portfolio consists of a combination of savings and investment mortgages.

Energy, Commodities & Transportation Clients

During the fourth quarter, the oil price moved between USD 57-67 per barrel (Q3 2017: USD 47-57 range per barrel). In Energy, there are signs that the offshore segment has reached the bottom and is slowly recovering. The oil and gas industry is gradually increasing investments. Sentiment in the main shipping markets is improving, although the circumstances for the offshore support segment remain challenging.

Loan portfolio

The vast majority of the loan portfolio is USD denominated. The on-balance loan portfolio increased by 4.2% to EUR 30.0 billion (30 September 2017: EUR 28.8 billion). Increases were observed in Commodities and Energy, with a slight decrease in Transportation. Oil prices increased significantly in Q4 (approximately 16.2%), partially offset by a further weakening of the US dollar by 1.6%.

Impairment charges

The impairment charges amounted to EUR 33 million in Q4 2017 (Q4 2016: EUR 35 million). Cost of risk for Q4 2017 improved slightly compared to Q4 2016 (46bps in Q4 2017 versus 50bps in Q4 2016). Impairment charges in Q4 2017 for Energy consist of additions and releases for a number of clients across geographies.

Scenario analysis

Scenario analyses are performed on a regular basis. External developments may prompt us to test the resilience of specific portfolios under adverse conditions.

These scenarios may lead to management actions aimed at mitigating potential impairments and losses.

Our scenario analysis of the oil & gas related portfolio ran from mid-2016 until year-end 2017. The impairment charges (EUR 86 million) recorded in the portfolio over this period ended up well below the mild scenario (with impairments up to EUR 125 million). The impairment charges recorded for the transportation portfolio (EUR 101 million) ended up well below the severe scenario (with impairments up to EUR 225 million), which ran from the beginning of 2016 until year-end 2017.

ECT on- and off-balance sheet exposure

	31 December 2017				30 September 2017	31 December 2016
(in billions)	Energy	Commodities	Transportation	Total ECT clients	Total ECT clients	Total ECT clients
On-balance sheet exposure	**6.2**	**14.2**	**9.6**	**30.0**	**28.8**	**30.8**
Guarantees and letters of credit	1.0	8.0	0.1	9.1	8.6	8.4
Subtotal	**7.2**	**22.2**	**9.6**	**39.0**	**37.4**	**39.1**
Undrawn committed credit facilities	4.2	4.5	1.6	10.4	8.1	6.5
Total on- and off-balance sheet exposure	**11.4**	**26.7**	**11.3**	**49.4**	**45.5**	**45.6**

ECT clients loan impairment charges

(in millions)	Q4 2017	Q4 2016	Q3 2017	2017	2016
Impairments charges ECT clients	33	35	12	186	209
- of which Energy	35	2	3	76	104
- of which Commodities	-1	30	18	68	46
- of which Transportation	-1	3	-8	42	59
Underlying Cost of risk ECT (in bps)[1]	46	50	18	66	83

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount vand excluding fair value adjustment from hedge accounting.

Liquidity risk

Liquidity indicators

	31 December 2017	30 September 2017	31 December 2016
Available liquidity buffer (in billions)	72.5	70.2	78.9
Survival period (moderate stress)	> 12 months	> 12 months	> 12 months
LCR	>100%	>100%	>100%
NSFR	>100%	>100%	>100%
Loan-to-Deposit ratio	112%	111%	113%

The survival period reflects the period that the liquidity position is expected to remain positive in an internally developed (moderate) stress scenario. This scenario assumes wholesale funding markets will deteriorate and retail and commercial clients will withdraw part of their deposits. The survival period was consistently >12 months in Q4 2017. The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) both remained above 100% in Q4 2017. This is in line with the bank's targeted early compliance with future LCR and NSFR regulatory requirements.

Loan-to-Deposit ratio

The Loan-to-Deposit (LtD) ratio increased to 112% at 31 December 2017 (30 September 2017: 111%). This was due to an increase of EUR 2.4 billion in client loans in Q4 2017, which was partially offset by a EUR 0.8 billion increase in client deposits. The increase in client loans was mainly driven by a EUR 2.1 billion increase in professional loans within Clearing and a EUR 1.4 billion increase in corporate loans within Corporate & Institutional Banking. This was partly offset by a EUR 0.9 billion decrease in residential mortgages due to seasonal redemptions. Client deposits increased by EUR 0.8 billion, largely due to an increase within Corporate & Institutional Banking.

Liquidity buffer composition

	31 December 2017		30 September 2017		31 December 2016	
(in billions)	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible
Cash & central bank deposits[1]	28.9	28.9	27.3	27.3	21.5	21.5
Government bonds	31.0	31.6	30.1	30.6	33.5	34.5
Covered bonds	1.9	1.8	1.6	1.6	2.2	2.1
Retained RMBS	4.1		4.2		11.5	
Third party RMBS					1.5	1.3
Other	6.6	7.0	6.9	7.3	8.8	9.2
Total liquidity buffer	**72.5**	**69.4**	**70.2**	**66.7**	**78.9**	**68.5**

[1] The mandatory cash reserve with the central bank has been deducted from the cash and central bank deposits in the liquidity buffer.

The liquidity buffer increased to EUR 72.5 billion at 31 December 2017 in order to manage our liquidity ratios efficiently (30 September 2017: EUR 70.2 billion). The increase includes a EUR 1.6 billon higher cash position and a EUR 0.9 billion increase in government bonds.

The liquidity buffer consists largely of cash and deposits at central banks, government bonds and RMBS. Most of the securities in the liquidity buffer, with the exception of retained RMBS, qualify for the LCR. Furthermore, both the liquidity buffer and the LCR buffer face haircuts based on their market value. These haircuts are used to determine the liquidity value. Haircuts may differ between these two buffers, as the internal assessment of the liquidity buffer deviates from the LCR Delegated Act. This explains the differences between the liquidity values. Government bonds, for example, will be subject to a higher internal haircut than the haircut based on the LCR Delegated Act. As a result, the value of government bonds for the liquidity buffer is lower than the value that qualifies for LCR.

Funding

Client deposits increased to EUR 235.9 billion at 31 December 2017 (30 September 2017: EUR 235.1 billion). Total wholesale funding (defined as issued debt plus subordinated liabilities) decreased to EUR 86.3 billion at 31 December 2017 (30 September 2017: EUR 88.2 billion). The decrease compared with 30 September 2017 was mainly attributable to maturing senior unsecured medium term notes and the call of a subordinated liability. This was partially offset by an increase in commercial paper and certificates of deposits, within our targeted bandwidth for short-term funding.

Long-term funding raised

Long-term funding raised in Q4 2017 consists of a EUR 0.5 billion GBP senior unsecured medium term note. This funding was issued mainly to replace maturing funding.

Overview of funding types

A key goal of the funding strategy is to diversify funding sources. Our funding programmes allow us to issue various instruments in different currencies and markets, enabling us to diversify our investor base. A description of capital and funding instruments issued by ABN AMRO is provided on our website, abnamro.com/ir. We continuously assess our wholesale funding base in order to optimise the use of funding sources.

Main types of wholesale funding

(in millions)	31 December 2017	30 September 2017	31 December 2016
Euro Commercial Paper	2,408	1,828	2,501
London Certificates of Deposit	9,373	7,985	8,843
French Certificats de Dépôt		211	651
US Commercial Paper	4,115	4,183	4,710
Total Commercial Paper/Certificates of Deposit	**15,896**	**14,207**	**16,705**
Senior unsecured (medium-term notes)	28,751	31,664	32,815
Covered bonds	30,708	30,652	29,355
Securitisations	1,250	1,250	2,350
Saving certificates	6	6	52
Total issued debt	**76,612**	**77,779**	**81,278**
Subordinated liabilities	9,720	10,440	11,171
Total wholesale funding	86,331	88,220	92,450
Other long-term funding[1]	8,796	8,821	5,843
Total funding instruments[2]	**95,128**	**97,041**	**98,292**
- of which CP/CD matures within one year	15,896	14,207	16,705
- of which funding instruments (excl. CP/CD) matures within one year	7,894	8,717	14,244
- of which matures after one year	71,338	74,116	67,342

[1] Includes long-term repos (recorded in securities financing), TLTRO funding (recorded in due to banks) and funding with the Dutch State as counterparty (recorded in due to customers).
[2] Includes FX effects, fair value adjustments and interest movements.

Maturity calendar

The maturity calendar assumes redemption on the earliest possible call date or the legal maturity date. However, this does not mean that the instruments will be called at the earliest possible call date. Early redemption of subordinated instruments is subject to approval by the regulators. The targeted long-term refinancing operations II (TLTRO II) of EUR 8 billion is reported at the legal maturity of four years, although there is a voluntary repayment option after two years. The average remaining maturity of the total outstanding long-term wholesale funding remained stable at 5.1 years at 31 December 2017 (30 September 2017: 5.1 years).

Maturity calendar at 31 December 2017

(notional amounts, in billions)	31 December 2017											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	≥ 2028	Total
Senior unsecured	5.1	8.7	5.2	1.1	4.1	1.2	0.3	1.7	0.1	0.2	0.4	28.1
Covered bonds	1.9	1.8	2.5	2.4	2.7	1.9	1.8	0.5	1.6	0.6	10.8	28.7
Securitisations	0.8	0.5										1.3
Subordinated liabilities			1.6	1.5	1.5	2.4		1.3	0.8		0.2	9.3
Other long-term funding[1]			4.1	4.3					0.3	0.2		8.8
Total Long-term funding	**7.8**	**11.1**	**13.4**	**9.3**	**8.3**	**5.4**	**2.1**	**3.4**	**2.8**	**1.0**	**11.4**	**76.1**

Total Long-term funding

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	≥ 2027	Total
30 September 2017	3.8	7.9	11.2	13.5	9.4	7.8	5.5	2.1	3.4	2.8	12.4	79.7
31 December 2016	14.0	7.4	8.8	13.1	5.5	7.5	4.2	2.1	3.6	2.9	8.0	77.1

[1] Other long-term funding includes TLTRO II and funding with the Dutch State as counterparty.

Capital management

Developments impacting capital ratios

Common Equity Tier 1 (CET1) capital increased slightly during Q4 2017, reflecting profit accumulation partly offset by an increase in the dividend reserve. The gain on the sale of Visa shares did not impact CET1 capital, as this was already reflected in unrealised gains of equity. In October 2017 a EUR 1 billion Additional Tier 1 (AT1) instrument was settled in order to further strengthen the overall capital base and optimise the leverage ratio. The total RWA (REA) increased to EUR 106.2 billion at 31 December 2017 (30 September 2017: EUR 105.8 billion). More information on RWA (REA) is provided in the Key developments section of this report. At 31 December 2017, the fully-loaded Common Equity Tier 1, Tier 1 and Total Capital ratios were 17.7%, 18.6% and 21.4% respectively (30 September 2017: 17.6%, 18.5%, 24.5%). In anticipation of Basel IV and IFRS 9 (see subsection Regulatory capital developments), all capital ratios were well above regulatory minimum requirements and in line with the risk appetite and strategic ambitions.

The CET1 ratio increased slightly during Q4 2017, reflecting accumulated profit partly offset by an RWA increase. The Tier 1 ratio increased compared with 30 September 2017 as a result of the AT1 issuance, partly offset by the effect of the minority interest rule of the European Banking Authority (EBA) published on 3 November 2017. The new EBA interpretation caused a decline in the Total Capital ratio at ABN AMRO Group. The minority interest rule typically impacts bank holding companies with a single subsidiary and a high level of total capital, as is the case for ABN AMRO. It implies that the portion of outstanding AT1 and Tier 2 instruments issued by ABN AMRO Bank N.V. (the resolution entity) in excess of the minimum own funds requirement (excluding the SRB) can no longer fully contribute to the consolidated capital ratios of ABN AMRO Group. The EBA interpretation decreases the fully-loaded capital ratios of ABN AMRO Group by 0.9% Tier 1, 4.0% Total Capital and 0.2% leverage ratio per Q4 2017.

The Maximum Distributable Amount (MDA) trigger level for ABN AMRO Bank N.V. is 9.0% CET1 capital, to be increased by any Additional Tier 1 (AT1) or Tier 2 capital shortfall. Despite the recent EUR 1 billion AT1 issuance, there is an AT1 shortfall of 0.7% due to the minority interest interpretation of the EBA. This implies a MDA trigger level of 9.7%. Based on full phase-in of the SRB (from 1.5% in 2017 to 3.0% in 2019) and the capital conservation buffer (from 1.25% in 2017 to 2.5% in 2019), the fully-loaded MDA trigger level is expected to increase to 11.78% in 2019, including a counter-cyclical buffer (0.03%) and assuming the absence of an AT1 or Tier 2 capital shortfall. The CET1 ratio is comfortably above the MDA trigger level.

In October, the CRR ineligible Tier 2 instrument (SGD 1.0 billion, XS0848055991) was called on the prevailing call date.

Dividend

ABN AMRO proposes a final cash dividend of EUR 752 million or EUR 0.80 per share. Together with the interim cash dividend of EUR 611 million, this will bring the total dividend for 2017 to EUR 1,363 million or EUR 1.45 per share, which is equal to a pay-out ratio of 50% of reported net earnings after deduction of AT1 coupon payments and minority interests. In 2016, the pay-out ratio was 45% with a EUR 0.84 dividend per share, or EUR 790 million, of which EUR 376 million (EUR 0.40 per share) was interim dividend and EUR 414 million (EUR 0.44 per share) was final dividend.

Regulatory capital structure

(in millions)	31 December 2017	30 September 2017	31 December 2016
Total equity (EU IFRS)	**21,330**	**20,966**	**18,937**
Cash flow hedge reserve	919	845	843
Dividend reserve	-752	-489	-414
AT1 capital securities	-2,007	-1,987	-1,004
Profit attributable minus interest paid to holders of AT1 capital securities	21		11
AT1 capital securities	-1,987	-1,987	-993
Other regulatory adjustments	-718	-684	-598
Common Equity Tier 1	**18,793**	**18,651**	**17,775**
AT1 capital securities	1,987	993	993
Other regulatory adjustments[1]	-1,162	-96	-164
Tier 1 capital	**19,618**	**19,548**	**18,605**
Subordinated liabilities Tier 2	7,674	7,828	7,150
Other regulatory adjustments[1]	-4,687	-120	-118
Total regulatory capital	**22,605**	**27,256**	**25,637**
Total risk-weighted assets (risk exposure amount)	**106,157**	**105,767**	**104,215**
Common Equity Tier 1 ratio	17.7%	17.6%	17.1%
Tier 1 ratio	18.5%	18.5%	17.9%
Total capital ratio	21.3%	25.8%	24.6%
Common Equity Tier 1 capital (fully-loaded)	18,737	18,621	17,761
Common Equity Tier 1 ratio (fully-loaded)	17.7%	17.6%	17.0%
Tier 1 capital (fully-loaded)	19,780	19,610	18,749
Tier 1 ratio (fully-loaded)	18.6%	18.5%	18.0%
Total capital (fully-loaded)	22,718	25,924	24,107
Total capital ratio (fully-loaded)	21.4%	24.5%	23.1%

[1] The significant increase in other regulatory adjustments is due to the new minority interest rule of the European Banking Authority (EBA) published on 3 November 2017.

Leverage ratio

	31 December 2017		30 September 2017	31 December 2016
(in millions)	Phase-in	Fully-loaded	Fully-loaded	Fully-loaded
Tier 1 capital	**19,618**	**19,780**	**19,610**	**18,749**
Exposure measure (under CDR)				
On-balance sheet exposures	393,171	393,171	407,550	394,482
Off-balance sheet exposures	31,915	31,915	32,474	32,420
On-balance sheet netting	12,427	12,427	14,343	13,539
Derivative exposures	59,864	59,864	57,929	50,248
Securities financing exposures	1,261	1,261	1,795	2,686
Other regulatory measures	-11,961	-11,971	-11,416	-13,269
Exposure measure	**486,677**	**486,666**	**502,676**	**480,106**
Leverage ratio (CDR)	**4.0%**	**4.1%**	**3.9%**	**3.9%**

The CRR introduced a non-risk based leverage ratio which is expected to become a binding measure with effect from 2019. ABN AMRO aims for a leverage ratio of at least 4% by year-end 2018. The fully-loaded leverage ratio improved to 4.1% at year-end 2017, driven by AT1 issuance and Exposure Measure decrease. This was partly offset by the revised EBA Q&A ruling on minority interest (impact of -0.2%).

Basel IV proposes a change in the calculation of derivative exposures and the credit conversion factors for off-balance sheet items. The revised calculation method of derivative exposures is also mentioned in a draft CRR regulation published in November 2016, which will result in a decrease of the exposure measure for clearing guarantees when implemented. The total impact of Basel IV is estimated to decrease the exposure measure by approximately EUR 55-60 billion, which could improve the fully-loaded leverage ratio by 0.5-0.6 percent.

MREL

(in millions)	31 December 2017	30 September 2017	31 December 2016
Regulatory capital	22,605	27,256	25,637
Reversal minority adjustment AT1 and AT2	5,625		
Other MREL eligible liabilities[1]	1,619	2,156	3,376
Total assets	393,171	407,550	394,482
MREL[2]	7.6%	7.2%	7.4%

1 Other MREL eligible liabilities consists of subordinated liabilities that are not included in regulatory capital.
2 MREL is calculated as total regulatory capital plus other MREL eligible subordinated liabilites divided by total IFRS assets.

We monitor pending regulatory requirements in relation to MREL and aim for MREL eligible liabilities to represent at least 8% of total assets by year-end 2018 (through profit retention, subordinated debt and potentially non-preferred senior debt). The final MREL terms, as well as bank-specific MREL requirements, determine what precise measures need to be undertaken to comply with these requirements. At 31 December 2017, the MREL eligible liabilities (solely based on own funds and other subordinated liabilities) represented 7.6% of total assets. The MREL ratio has increased since 30 September 2017, primarily as a result of a decrease in total assets and the AT1 issuance. MREL is not impacted by the minority interest interpretation of EBA.

Proposals have been published regarding the amendment of current MREL legislation. Among other things, these proposals aim to implement TLAC standards for GSIBs (Global Systemically Important Banks) in the EU. The proposals apply a harmonised minimum TLAC level to EU GSIBs while introducing a firm-specific MREL regime for GSIBs and DSIBs (Domestic Systemically Important Banks) like ABN AMRO. The proposals introduce consequences of breaching MREL requirements relating to the Combined Buffer Requirement and MDA breach. In December, EU Parliament amended the BRRD in order to introduce a non-preferred senior asset class and Member States need to comply by 29 December 2018. In the Netherlands, the consultation process has been initiated. Further amendments include changes to the calculation of MREL and MREL eligibility criteria, which could affect the level of future MREL requirements as well as the level of reported MREL capacity.

Regulatory capital developments and update on capital

CRD IV and CRR constitute the framework for implementation of Basel III in the European Union. CRD IV and CRR have been phased in since 1 January 2014 and will be fully effective by January 2019. Further to this, the European Commission issued draft texts in November 2016 to amend CRD IV and CRR.

Following the publication on Basel IV, ABN AMRO has concluded a preliminary assessment of the potential impact on RWA (REA). Based on year-end 2017 figures, the assessment indicates a potential increase of RWA (REA) of around 35%, when applying a 72.5% floor. The calculations contain uncertainties as a number of assumptions are made on how Basel IV standards will be applied. The potential impact may differ pending the implementation into European law and regulations. The assessment is based on a static balance sheet and does not take into account management action.

We have updated our CET1 capital target range to 17.5 - 18.5% under Basel III. This consists of a prudent Basel IV implementation buffer of 4-5% CET1 on top of our SREP capital requirement, Pillar 2 Guidance and management buffer (totalling 13.5%). We intend to review the buffer and the capital target annually to reflect possible TRIM and Basel IV developments. The target for return on equity (10-13%) remains unchanged under Basel IV.

The Basel Committee has set the implementation date at 1 January 2022. From 1 January 2022, the output floor will be phased-in gradually over a period of 5 years. We aim to meet the fully-loaded Basel IV CET1 requirement early in the phase-in period, subject to further clarity regarding the Systemic Risk Buffer (SRB) and the Pillar 2 Requirements.

IFRS 9 is effective as of 1 January 2018 and replaces current impairment rules. The first time adoption effect on the CET1 ratio is an estimated decline of 0.15% and is fully attributable to Classification and Measurement of public sector loans. In the future, IFRS 9 may lead to more impairment volatility.

From 2018 onwards, the dividend pay-out has been set at 50% of sustainable profit, excluding exceptional items that significantly distort profitability, such as the provision for SME interest rate derivatives (2016) and the book gain on the sale of Private Banking Asia (2017). Additional distributions, which can either be special dividends or share buy-backs (subject to regulatory approval), will be considered when capital is within or above the target range and will be subject to other circumstances, including regulatory and commercial considerations. The combined distribution will be at least 50% of sustainable profit.

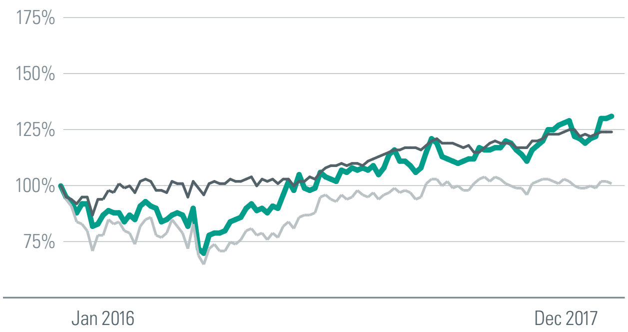
Other

ABN AMRO shares

Key developments

Between 29 September and 29 December 2017, ABN AMRO's share price (depositary receipts) rose 6% while the STOXX Europe 600 Bank index declined 6%. On 21 December NLFI exchanged 59.7 million shares for depositary receipts to avoid the necessity of applying for new declarations of no objections and other similar regulatory approvals in the future.
At year-end 2017, NLFI held a 56.3% stake in ABN AMRO: 49.9% in ordinary shares and 6.4% via depositary receipts.

Share price development
(in %)



Source: S&P Global Market Intelligence.

Listing information

A total of 470.9 million shares, or 50.1%, are held by the STAK AAG ('*Stichting Administratiekantoor Continuïteit ABN AMRO Group*'), which has issued depositary receipts representing such shares, of which 411.2 million (43.7%) are listed on Euronext Amsterdam and 59.7 million are held by NLFI (6.4%). For more information about the STAK AAG, refer to the 'About ABN AMRO' section of abnamro.com. The depositary receipts trade under ISIN code 'NL0011540547', Reuters ticker 'ABNd.AS' and Bloomberg ticker 'ABN:NA'.

Financial calendar[1, 2]

- Extraordinary General Meeting - 28 February 2018
- Publication Annual Report 2017 - 14 March 2018
- Publication first-quarter 2018 - 8 May 2018
- Annual General Meeting - 29 May 2018
- Ex-dividend date final dividend 2017 - 31 May 2018
- Record date final dividend 2017 - 1 June 2018
- Payment date final dividend 2017 - 25 June 2018
- Publication second-quarter 2018 - 8 August 2018
- Publication third-quarter 2018 - 7 November 2018

[1] All dates may be subject to change. Please refer to abnamro.com/ir for the latest information.
[2] Final dividend payment subject to approval at the Annual General Meeting in May 2018.

(in millions)	Q4 2017	Q4 2016	Q3 2017	31 December 2017	31 December 2016
Share count					
Total shares outstanding/issued and paid-up shares	940	940	940	940	940
- of which held by NLFI (shares and depository receipts)	529	659	529	529	659
- of which listed (in the form of depositary receipts)	411	281	411	411	281
- as a percentage of total outstanding shares	44%	30%	44%	44%	30%
Average number of shares	940	940	940	940	940
Average diluted number of shares	940	940	940	940	940
Key indicators per share (EUR)					
Reported earnings per share[1]	0.55	0.34	0.70	2.89	1.87
Shareholder's equity per share	20.53	19.07	20.17	20.53	19.07
Tangible shareholder's equity per share	20.34	18.80	19.93	20.34	18.80
Dividend per share (final dividend, fullyear dividend)[2]	0.80	0.44		1.45	0.84
Share price development (EUR)					
Closing price (end of period)	26.90	21.05	25.34	26.90	21.05
High (during the period)	27.16	22.12	25.37	27.16	22.12
Low (during the period)	24.39	18.13	22.61	20.95	14.02
Market capitalisation (end of period, in billions)	25.29	19.79	23.82	25.29	19.79
Valuation indicators (end of period)					
Price/Earnings	9.31x	9.53x	9.23x	9.31x	9.53x
Price/Tangible book value	1.32x	1.12x	1.27x	1.32x	1.12x
Dividend pay out ratio[2]				50%	45%

[1] Reported profit for the period excluding coupons attributable to AT1 capital securities and results attributable to other non-controlling interests divided by the average outstanding and paid-up ordinary shares.
[2] Dividend per share and payout ratio subject to approval of the annual general meeting in May 2018.
Source: S&P Global Market Intelligence

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Investor call
A conference call will be hosted by the Executive Board for analysts and investors on Wednesday 7 February 2018 at 11:00 am CET (10:00 GMT).

To participate in the conference call, we strongly advise analysts and investors to pre-register for the call using the information provided on the ABN AMRO Investor Relations website.

More information can be found on our website abnamro.com/ir.

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Information on our website does not form part of this Quarterly Report, unless expressly stated otherwise.

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