IR / Press Release

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ABN AMRO reports EUR 1,551 million underlying net profit for FY 2014 and EUR 400 million for Q4 2014

- **Underlying net profit for FY 2014 doubled compared with FY 2013**
- **Q4 underlying net profit of EUR 400 million includes EUR 91 million of Dutch bank tax**
- **Reported net profit for FY 2014 of EUR 1,134 million includes EUR 417 million of negative one-off special items (SNS Reaal levy and pension settlement charge)**
- **FY 2014 underlying cost/income ratio improved to 60% from 64% and underlying ROE to 10.9% from 5.5%**
- **Fully loaded CET1 ratio improved to 14.1% from 12.2% at year-end 2013**
- **Final dividend of EUR 275 million proposed, bringing total 2014 dividend to EUR 400 million**

Gerrit Zalm, Chairman of the Managing Board of ABN AMRO Group, comments:

'We finished the year 2014 with a strong quarter and made good progress in meeting the financial targets set for 2017. The underlying net profit increased from a loss of EUR 47 million in Q4 2013 to a profit of EUR 400 million, largely due to lower loan impairments and higher revenues. The recovery of the Dutch economy and housing market are reflected in these numbers.

The full-year underlying net profit doubled to EUR 1,551 million on the back of a better operating result and lower loan impairments, resulting in an ROE of 10.9% (inside the targeted range for 2017 of 9-12%). The cost/income ratio improved to 60%, at the upper end of the targeted range for 2017 of 56-60%. And lastly, the fully loaded CET1 ratio of 14.1% exceeded the target range for 2017 of 11.5-12.5% and provides us with a cushion for possible regulatory changes. Given the capital position, we propose a final dividend of EUR 275 million, bringing the total dividend for the full year 2014 to EUR 400 million.

We took various additional initiatives to put our clients' interests centre stage. For instance, a broad sector-based approach was rolled out to Corporate Banking clients in 2014. Other initiatives are based on technological enhancements as the trend towards digitisation gains momentum. We are pleased with the progress made in 2014 for our clients and shareholder. Looking ahead, we expect economic growth in the Netherlands to gain further momentum, and this should lead to lower loan impairments and an increase in business activity. On the other hand, the financial industry is subject to increasingly detailed rules and regulations which come at a cost. The various mandatory charges are expected to go up significantly in 2015 and pension costs will be higher as a result of the current low interest rate environment.'

Key figures and indicators

(in EUR millions)	*Q4 2014*	*Q4 2013*	*Change*	*Q3 2014*	*Change*	*FY 2014*	*FY 2013*	*Change*
Operating income	2,145	1,849	16%	2,009	7%	8,055	7,446	8%
Operating expenses	1,397	1,316	6%	1,147	22%	4,849	4,733	2%
Operating result	**748**	**533**	**40%**	**862**	**-13%**	**3,206**	**2,713**	**18%**
Impairment charges on loans and other receivables	181	555	-67%	287	-37%	1,171	1,667	-30%
Income tax expenses	167	25		125	34%	484	294	65%
Underlying profit/(loss) for the period[1]	**400**	**-47**		**450**	**-11%**	**1,551**	**752**	**106%**
Special items and divestments	-	-		- 67		- 417	408	
Reported profit/(loss) for the period	**400**	**-47**		**383**		**1,134**	**1,160**	
Underlying cost/income ratio	65%	71%		57%		60%	64%	
Underlying return on average Equity	10.9%	-1.4%		12.7%		10.9%	5.5%	
CET1/CT1 ratio[2]	14.1%	14.4%		13.0%		14.1%	14.4%	

[1] Underlying results exclude special items which distort the underlying trend. A detailed explanation of special items is provided in the Quarterly Report

[2] 2013 figures are reported under Basel II and the 2014 figures are reported using the Basel III (CRR/CRD IV) framework