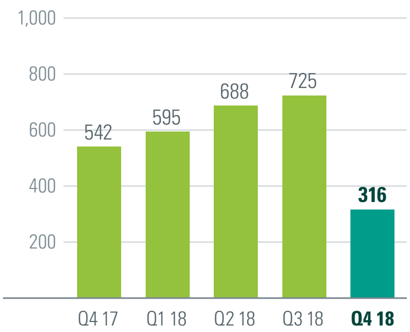
Quarterly Report

Fourth quarter 2018

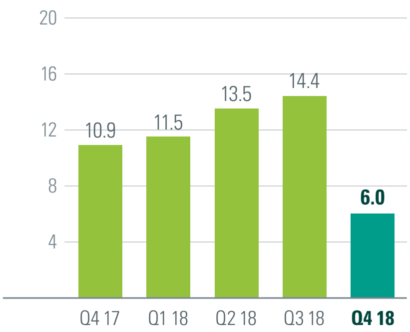
ABN AMRO Group N.V.

Figures at a glance

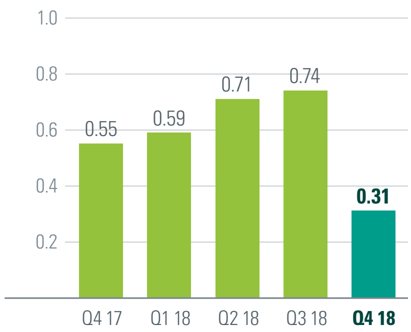
Net profit
(in millions)



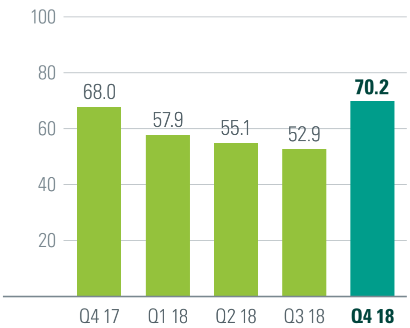
Return on equity
Target range is 10-13 (in %)



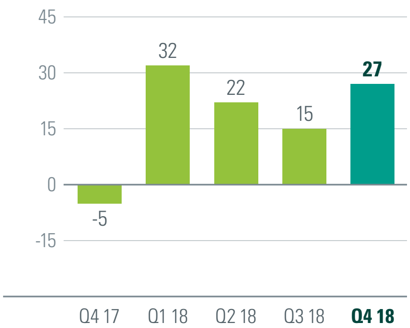
Earnings per share
(in EUR)



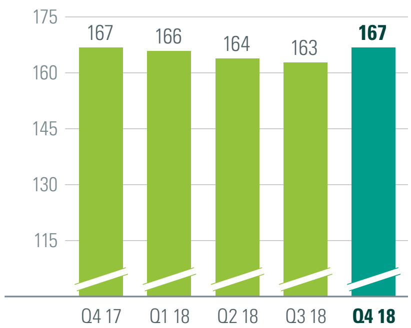
Cost/income ratio
2020 target range is 56-58 (in %)



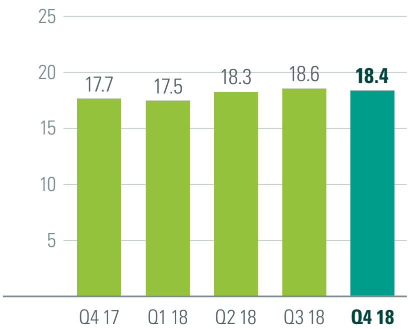
Cost of risk
(in bps)



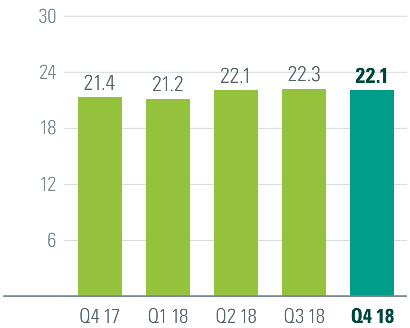
Net interest margin
(in bps)



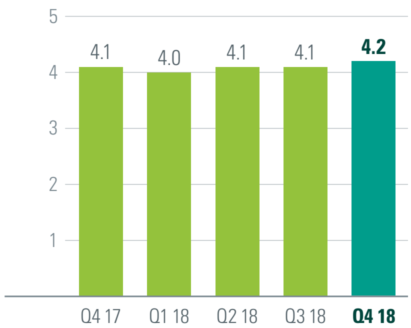
CET1 (fully-loaded)
(end-of-period, in %)
Target range is 17.5-18.5 (in %)



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



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



Message from the CEO

With the introduction of our new purpose, a strategy refresh, the execution of our strategy, continued progress on our financial targets, and our first Investor Day, 2018 was a special year for ABN AMRO.

In Q4 2018, our net profit was EUR 316 million. We saw solid operational delivery in Q4 2018. However, net profit was impacted by additional costs of accelerating Customer Due Diligence (CDD) remediation programmes and by elevated loan impairments in specific sectors. The full-year 2018 profit was good at EUR 2.3 billion. Return on equity for 2018 was 11.4%, well within the 10-13% ROE target range (FY 2017: 14.5%, including the sale of PB Asia), and the cost/income ratio improved to 58.8% (FY 2017: 60.1%). We continue to be on track to meeting the 56-58% C/I target by 2020, having achieved almost EUR 700 million of our planned cost savings of EUR 1 billion. We will focus strongly on achieving the remaining savings by 2020, especially in a challenging environment where interest rates are expected to remain low for longer. It is our aim to further reduce our cost/income target to below 55% by 2022. We reconfirm these targets and the guidance given at our Investor Day despite a somewhat weaker economic outlook.

Our capital position strengthened further, with a fully-loaded Basel III CET1 ratio of 18.4% at year-end 2018 (year-end 2017: 17.7%) and a Basel IV CET1 ratio of around 13.5% before mitigation actions. Basel III RWAs included an initial effect from the targeted review of internal models ('TRIM', the assessment and harmonisation of internal RWA models) and model reviews. These are not expected to materially impact Basel IV fully-loaded ratios. In addition to TRIM, other regulatory developments may affect Basel III and Basel IV capital, including industry-wide Non-Performing Exposure guidance.

Given our strong capital position and in line with our dividend policy, we propose paying an additional amount on top of the targeted 50% of sustainable profit attributable to owners of the company in 2018. Hence, a final dividend of EUR 0.80 per share will be proposed, bringing the FY 2018 dividend proposal to EUR 1.45 per share (FY 2017: EUR 1.45). We expect continued capital generation and are well placed to consider additional distributions on top of 50% of sustainable profit going forward. However, we will continue to take a prudent approach to these additional distributions, also reflecting regulatory and other developments.

The pace of change in our operating environment is gaining further momentum. Only three years ago, a third of our business was done digitally; today, this is over 70%. Our clients want to make a positive impact in society and increasingly ask for sustainable products, looking to their bank to come up with innovative solutions. To navigate the bank through a rapidly changing environment, we defined a new purpose in 2018: 'Banking for better, for generations to come'. As a purpose-led organisation, we want to deploy our capabilities and talents to make a positive impact in the world. We have defined three strategic pillars to guide us in pursuing our purpose: support our clients' transition to sustainability, reinvent the customer experience and build a future-proof bank.

Making a positive impact also means focusing on customer care. We support senior clients in handling their banking affairs, including digital banking and financial planning. We also reach out to clients with interest-only mortgages to discuss potential financial issues upon expiration of their loans. And to help clients avoid running up debt unnecessarily, the default option for current accounts is set at 'no debit'.

We must remain vigilant in detecting financial crime. In the past years, we have worked hard to fulfil our duties and responsibilities in this area. We are now accelerating our CDD remediation programmes at Commercial Banking and ICS (Retail Banking), for which we made a provision of EUR 85 million in Q4. We are raising the bar even further to strengthen and enhance our CDD activities, also as regulatory requirements and scrutiny are intensifying. We are strongly committed to rebuilding trust in the financial system and to further safeguarding society from the threats of money laundering and terrorism financing.

In 2018, we continued to focus on making banking more convenient for our clients. For mortgage advisory meetings, video banking is now the preferred means of communication, enabling us to provide our services when and where this is most convenient for our clients. ABN AMRO was the first bank to offer payments through passive wearables, which is similar to contactless payments. And online retailers can now offer their customers the option of paying for their purchases through Tikkie. In addition to the partnerships with Social Finance and Opportunity Network, which we started in 2018, we recently announced that we have teamed up with a partner to develop accounting software which is fully integrated into online banking for SMEs.

In 2018, we refocused many of our businesses. We continued to transform Private Banking into a scalable and profitable private bank with strong local brands in core countries in Northwest Europe. We doubled the size of our Belgian private bank through an acquisition, and we made clear progress in improving profitability at Corporate & Institutional Banking (CIB). In 2018, CIB's return on equity increased to 7.5% (FY 2017: 4.4%). As announced in 2018, to improve CIB's profitability to an ROE of above 10% by 2020, capital allocated to CIB will be reduced, predominantly in highly cyclical sectors.

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. And finally, I would like to thank our clients for their trust, business and their support in the joint 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 position of ABN AMRO.

Results

Financial highlights

- Net profit at EUR 316 million in Q4 2018, reflecting elevated impairments and several incidentals.
- Adjusted for incidentals, net interest income increased by 2% compared with Q4 2017, mainly on the back of corporate loan growth at stable margins.
- Costs continued to trend down as a result of cost-saving programmes.
- Q4 2018 included a provision of EUR 85 million in Retail Banking ICS and Commercial Banking for additional costs of accelerating Customer Due Diligence (CDD) remediation programmes.
- Strong capital position with CET1 ratio of 18.4% and robust RoE of 11.4%.

Operating results

(in millions)	Q4 2018	Q4 2017	Change	Q3 2018	Change	2018	2017	Change
Net interest income	1,642	1,696	-3%	1,624	1%	6,593	6,456	2%
Net fee and commission income	426	443	-4%	417	2%	1,699	1,747	-3%
Other operating income	90	290	-69%	277	-68%	800	1,086	-26%
Operating income	**2,157**	**2,429**	**-11%**	**2,318**	**-7%**	**9,093**	**9,290**	**-2%**
Personnel expenses	638	686	-7%	593	8%	2,441	2,590	-6%
Other expenses	876	966	-9%	634	38%	2,910	2,991	-3%
Operating expenses	**1,514**	**1,653**	**-8%**	**1,227**	**23%**	**5,351**	**5,582**	**-4%**
Operating result	**643**	**776**	**-17%**	**1,091**	**-41%**	**3,742**	**3,708**	**1%**
Impairment charges on financial instruments	208	-34		106	97%	655	-63	
Operating profit/(loss) before taxation	**435**	**810**	**-46%**	**985**	**-56%**	**3,086**	**3,771**	**-18%**
Income tax expense	119	268	-55%	260	-54%	762	979	-22%
Profit/(loss) for the period	**316**	**542**	**-42%**	**725**	**-56%**	**2,325**	**2,791**	**-17%**
Attributable to:								
Owners of the parent company	290	520	-44%	698	-58%	2,207	2,721	-19%
Holders of AT1 capital securities	20	21	-4%	20		79	53	49%
Other non-controlling interests	6	1		8	-22%	39	18	118%

Incidentals

Restructuring provisions

Q4 2018 included a EUR 69 million restructuring provision for control and support activities and digitalisation and process optimisation (Q4 2017: EUR 98 million). Q3 2018 included a EUR 27 million restructuring provision for the previously announced CIB refocus.

Provision for additional costs of accelerating CDD remediation programmes

Q4 2018 included a provision of EUR 85 million for additional costs of accelerating the CDD remediation programmes. These were recorded in ICS in Retail Banking (EUR 30 million) and Commercial Banking (EUR 55 million).

Positive revaluation equensWorldline

Q4 2018 included a positive revaluation of EUR 23 million in other income for our stake in equensWorldline. The total revaluation of equensWordline for 2018 was EUR 69 million.

Other indicators

	Q4 2018	Q4 2017	Q3 2018	2018	2017
Net interest margin (NIM) (in bps)	167	167	163	165	157
Cost/income ratio	70.2%	68.0%	52.9%	58.8%	60.1%
Cost of risk (in bps)[1]	27	-5	15	24	-2
Return on average Equity[2]	6.0%	10.9%	14.4%	11.4%	14.5%
Dividend per share[3]	0.80	0.80		1.45	1.45
Earnings per share (in EUR)[4]	0.31	0.55	0.74	2.35	2.89

1 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
2 Profit for the period excluding coupons attributable to AT1 capital securities and results attributable to other non-controlling interests divided by the average equity attributable to the owners of the company.
3 Interim/final dividend per share over the relevant period as declared/proposed by the company, subject to approval at the annual general meeting.
4 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.

	31 December 2018	30 September 2018	31 December 2017
Client Assets (in billions)	285.2	301.5	307.0
Risk-weighted assets (in billions)	105.4	104.0	106.2
FTEs	18,830	18,720	19,954

Fourth-quarter 2018 results

Net interest income came down to EUR 1,642 million in Q4 2018. Adjusted for the net favourable incidentals recorded in Q4 2017, net interest income increased by 2%, mainly on the back of higher corporate loan growth at stable margins. Interest income on residential mortgages remained stable as volume decrease was offset by a slight improvement in margins resulting from disciplined pricing. Interest income on consumer loans was marginally down due to lower average volumes and margins. Net interest income also included higher results at Global Markets. On the liability side, average savings volumes remained flat, whereas margins decreased as a result of the continued low interest rate environment. The interest rate paid on main retail savings was 3bps in Q4 2018 (Q4 2017: 10bps). The interest paid on commercial deposits has been nil for some time, while negative rates were charged on professional clients' deposits. Compared with Q3 2018, net interest income increased following higher interest mismatch results.

The net interest margin (NIM) amounted to 167bps in Q4 2018 and was in line with Q4 2017, as the impact of lower net interest income from favourable incidentals in Q4 2017 was offset by the decline in total assets resulting from more active balance sheet management.

Net fee and commission income amounted to EUR 426 million in Q4 2018 (Q4 2017: EUR 443 million). Q4 2017 included a one-off reclassification in Commercial Banking. Excluding this item, net fee and commission income remained broadly stable. The increase in fees in Retail Banking resulting from the raise of payment package fees in July 2018 was largely offset by declines within Private Banking and CIB. Due to the volatility in financial markets in Q4 2018, Private Banking clients were less active in securities transactions. Furthermore, relatively more clients opted for execution-only instead of managed portfolios, and the higher client threshold for advisory services resulted in a decline in advisory volumes. In CIB, lower results in Global Markets, which are volatile by nature, were partly offset by higher Clearing fees following higher market volatility in Q4 2018. Compared with Q3 2018, net fee and commission income increased by EUR 9 million, mainly as a result of a modest increase in Commercial Banking.

Other operating income amounted to EUR 90 million (Q4 2017: EUR 290 million). Adjusted for incidentals, the decline primarily reflects negative hedge accounting-related results, including the effects of the partial sale of the Public Sector Loan (PSL) portfolio (EUR 32 million negative versus EUR 54 million in Q4 2017) and adverse CVA/DVA/FVA results (EUR 11 million negative versus EUR 32 million in Q4 2017). This was partly offset by higher equity participation results (EUR 37 million compared with EUR 8 million in Q4 2017) and more favourable equity stake revaluations within Group Functions and Clearing. Adjusted for incidentals and volatile items, other operating income was slightly lower than in Q3 2018, with most segments showing a slight decline.

Personnel expenses declined by 7% to EUR 638 million in Q4 2018. Adjusted for restructuring provisions, personnel expenses showed a further decrease as wage inflation was more than offset by cost savings resulting from declining FTE levels. Q4 2018 included a restructuring provision of EUR 69 million for further digitalisation and optimisation measures, which were mainly recorded in Commercial Banking, Retail Banking and Group Functions (Q4 2017: EUR 90 million). Adjusted for the restructuring provisions, personnel expenses remained stable compared with Q3 2018.

FTEs came down by 1,124 to 18,830. The decrease in FTEs was visible across all commercial segments, reflecting good progress in the restructuring programmes and the impact of the Private Banking Luxembourg divestment. Compared with Q3 2018, FTE levels increased slightly, mainly at Group Functions. Half of the increase was due to the transfer of FTEs from the commercial segments to Group Functions to further optimise and centralise support functions, while the remaining modest increase was new hires placed in specialist roles.

Other expenses came down by EUR 90 million, totalling EUR 876 million in Q4 2018. Adjusted for incidentals and slightly higher regulatory levies of EUR 128 million (Q4 2017: EUR 121 million), other expenses decreased as a result of cost-saving programmes and effective cost control. This decrease was partly offset by higher costs for external employees hired for short-term regulatory projects. Q4 2018 included a provision of EUR 85 million for additional costs of accelerating the CDD remediation programmes. Compared with Q3 2018, other expenses increased by EUR 242 million as Q4 2018 included the annual Dutch banking tax (EUR 97 million), the said CDD-related provision and higher costs for external staffing.

Impairment charges amounted to EUR 208 million in Q4 2018, compared with a EUR 34 million release in Q4 2017, due to challenges in specific sectors. Additional impairments were recorded mainly for existing impaired corporate loans, primarily in the offshore energy and diamond sectors, and in Commercial Banking across various industry sectors. This resulted in a cost of risk of 27bps in Q4 2018. Q4 2017 saw impairment releases reflecting a model update (EUR 31 million) and IBNI releases (EUR 7 million). Full-year cost of risk was 24bps, in line with the guidance of full-year cost of risk below the through-the-cycle level of 25-30bps.

Client loans have decreased by EUR 2.3 billion since Q3 2018, totalling EUR 252.3 billion, mainly due to lower corporate loans at CIB, which was partly offset by a modest increase in Commercial Banking. Mortgages and consumer loans also declined. **RWA** amounted to EUR 105.4 billion, a EUR 1.4 billion increase on Q3 2018. TRIM (Targeted Review of Internal Models) and model reviews (in corporate lending, Clearing and mortgages) increased RWA by approximately EUR 5 billion. This was partially offset by declining exposure in the business segments.

Full-year results

ABN AMRO's **profit** in 2018 amounted to EUR 2,325 million. The decrease of EUR 467 million compared with full-year 2017 was mainly attributable to the proceeds of the Private Banking Asia divestment and the effect of model refinements driving impairment releases, both recorded in 2017. **Return on equity** for 2018 was 11.4% compared with 14.5% in 2017 (13.4% adjusted for the Private Banking Asia divestment). Adjusted for incidentals, the operating result reflected an improvement as net interest income benefited from corporate loan growth backed by resilient margins and lower cost levels following from restructuring measures.

Operating income amounted to EUR 9,093 million, a decrease of EUR 197 million compared with 2017. Excluding the impact of divestments and incidentals, operating income increased on the back of higher net interest income.

Net interest income increased by EUR 137 million to EUR 6,593 (2017: EUR 6,456 million) on the back of corporate loan growth and higher mortgage penalties. The interest income on residential mortgages remained stable as average volumes and margins were broadly flat despite intensifying competition. Interest income on consumer loans was down due to both lower volumes and margins.

Net fee and commission income decreased by EUR 48 million to EUR 1,699 million (2017: EUR 1,747 million). A third of this decrease was attributable to the Private Banking Asia divestment, as 2017 included four months of fee contributions from this business. The remaining decrease was primarily attributable to Private Banking, as financial markets were more favourable in 2017. This was partly offset by higher fees in Retail Banking as fees charged for payment packages increased, and higher fees in the Clearing business following higher market volatility in 2018.

Other operating income decreased to EUR 800 million in 2018 (2017: EUR 1,086 million). Excluding the Private Banking Asia divestment and incidentals recorded in both years, other operating income decreased due to lower hedge accounting-related income, the partial sale of the Public Sector Loan (PSL) portfolio (EUR 79 million versus EUR 181 million in 2017), adverse results for CVA/DVA/FVA (EUR 3 million negative versus EUR 75 million in 2017) and a less favourable equity stake revaluation in 2018. This was largely offset by better results for equity participations (2018: EUR 274 million, 2017: EUR 114 million).

Personnel expenses declined by EUR 149 million, totalling EUR 2,441 million in 2018. Part of the decline was driven by lower restructuring provisions in 2018 (EUR 129 million versus EUR 156 million in 2017). Adjusted for restructuring provisions, the trend shows a decrease in personnel expenses, reflecting declining FTE levels resulting from continued progress in cost-saving programmes. This was partly offset by wage inflation as the new CLA entailed a 2% wage increase as at 1 January 2018 and a one-off payment of EUR 16 million in 2018.

Other expenses decreased by EUR 82 million to EUR 2,910 million, largely due to lower incidentals which were partly offset by higher regulatory levies. Excluding the incidentals and higher regulatory levies, other expenses declined as a result of cost-saving programmes, which were partly offset by higher costs for external staff hired to increase our short-term capacity for regulatory projects. Regulatory levies increased by EUR 36 million to EUR 336 million, mainly due to a higher Single Resolution Fund contribution.

Impairment charges on financial instruments amounted to EUR 655 million in 2018, versus a release of EUR 63 million in 2017. Despite the continued favourable overall credit quality trend and the positive macroeconomic environment, impairment charges were elevated in 2018 due to charges recorded in specific sectors, primarily offshore (offshore services in Natural Resources, offshore service vessels in Global Transportation & Logistics), and Trade & Commodity Finance, including diamonds and healthcare. Impairment releases in 2017 mainly resulted from model refinements on SME lending and mortgages as well as IBNI releases. The cost of risk amounted to 24bps in 2018, below the through-the-cycle level of 25-30bps.

Recent developments

ABN AMRO operates in a continuously changing environment. In this context, the following recent developments are highlighted:

Customer Due Diligence remediation programmes: ABN AMRO takes its role as a gatekeeper of the financial services industry very seriously, reflecting our obligations. Over the past years, we have been working hard to fulfil our duties and responsibilities in this area. We are now accelerating our Customer Due Diligence (CDD) remediation programmes at ICS (in Retail Banking) and Commercial Banking, for which we took a provision of EUR 85 million in Q4. We need to do more and we raise the bar to further strengthen and enhance our CDD activities, while regulatory requirements and scrutiny are intensifying. We are strongly committed to rebuild trust in our financial system and safeguard our society from threats of money laundering and terrorism financing.

Brexit: the outcome of the Brexit negotiations is still uncertain while the deadline is approaching. Our base case scenario is still that there will not be a no-deal Brexit. As a European bank, headquartered in Amsterdam, we have the resources, infrastructure and contingency plans in place to ensure the continuity of our services to clients in Europe and beyond, whatever the outcome of the EU/UK negotiations. ABN AMRO's direct exposure to the UK is limited. We have conducted a review of our clients with exposure to the UK and have concluded that also the direct exposure of our clients is limited. ABN AMRO remains committed to minimising any disruption Brexit may cause for its clients, its activities and its staff. The impact of any macro economic consequences are uncertain in case of a no-deal Brexit. It is therefore difficult to assess the indirect impact of Brexit on our clients and value chains.

Legal merger: on our Investor Day in November 2018, ABN AMRO announced it would explore the simplification of its corporate structure by merging ABN AMRO Group with ABN AMRO Bank. The bank intends to proceed with this legal merger, which will require regulatory approval and the consent of several stakeholders. A legal merger will result in simplification of our organisation and financial benefit (lower costs and higher regulatory capital ratios, including improving the leverage ratio by 0.2 percentage points as the regulation for minority interests will no longer apply). We do not expect the legal merger to have any negative effects on ABN AMRO or its shareholders and depository receipt holders.

Guidance on financial outlook: at the Investor Day (November 2018), we provided guidance on the financial outlook of the bank reflecting the prevailing economic circumstances. Such guidance remains valid even though in the meantime economic developments have deteriorated somewhat. There is no reason for us to change our guidance at present.

Quarterly reporting 2019: ABN AMRO is continuously looking for ways to increase efficiency while maintaining a high level of transparency. We have decided to condense the Q1 and Q3 results reports.

Balance sheet

Condensed consolidated statement of financial position

(in millions)	31 December 2018	30 September 2018	31 December 2017
Cash and balances at central banks	34,371	29,982	29,783
Financial assets held for trading	495	1,283	1,600
Derivatives	6,191	7,315	9,825
Financial investments	42,184	40,042	40,964
Securities financing	12,375	18,851	15,686
Loans and advances banks	8,124	8,810	10,665
Loans and advances customers	270,886	277,183	274,906
Other	6,668	8,954	9,743
Total assets	**381,295**	**392,419**	**393,171**
Financial liabilities held for trading	253	684	1,082
Derivatives	7,159	7,748	8,367
Securities financing	7,407	14,531	11,412
Due to banks	13,437	16,178	16,462
Due to customers	236,123	237,518	236,699
Issued debt	80,784	78,739	76,612
Subordinated liabilities	9,805	9,576	9,720
Other	4,968	6,147	11,488
Total liabilities	**359,935**	**371,121**	**371,841**
Equity attributable to the owners of the parent company	19,349	19,269	19,303
AT1 capital securities	2,008	1,986	2,007
Equity attributable to other non-controlling interests	2	43	20
Total equity	**21,360**	**21,298**	**21,330**
Total liabilities and equity	**381,295**	**392,419**	**393,171**
Committed credit facilities	61,166	61,335	55,295
Guarantees and other commitments	15,241	15,421	16,165

Main developments in total assets compared with 30 September 2018

Total assets decreased by EUR 11.1 billion, totalling EUR 381.3 billion at 31 December 2018. This decrease was largely driven by lower loans and advances to customers and a seasonal drop in securities financing, Clearing and Global Markets.

Securities financing assets decreased by EUR 6.4 billion to EUR 12.4 billion, largely driven by seasonal effects. The impact is also reflected in the securities financing liabilities position.

Loans and advances customers decreased by EUR 6.3 billion to EUR 270.9 billion, reflecting declines in both professional loans and client loans.

Loans and advances customers

(in millions)	31 December 2018	30 September 2018	31 December 2017
Residential mortgages	148,791	149,960	150,562
Consumer loans	12,263	12,522	12,426
Corporate loans to clients[1]	91,265	92,138	85,455
Of which: Commercial Banking	41,753	41,612	40,082
Of which: Corporate & Institutional Banking	42,521	43,651	38,814
Total client loans[2]	**252,319**	**254,620**	**248,443**
Loans to professional counterparties and other loans[3]	17,642	21,682	25,224
Total Loans and advances customers[2]	**269,961**	**276,302**	**273,666**
Fair value adjustments from hedge accounting	3,185	3,150	3,700
Less: loan impairment allowance	2,260	2,270	2,460
Total Loans and advances customers	**270,886**	**277,183**	**274,906**

1 Corporate loans excluding loans to professional counterparties.
2 Gross carrying amount excluding fair value adjustment from hedge accounting.
3 Loans to professional counterparties and other loans includes loans and advances to government, official institutions and financial markets parties.

Client loans decreased by EUR 2.3 billion, mainly due to lower corporate loans at CIB and lower residential mortgages. Excluding the impact of USD appreciation of EUR 0.4 billion, CIB client loans declined by EUR 1.6 billion, largely in Trade and Commodity Finance (TCF) including Diamonds and to a lesser extent due to small declines across all the other sectors, reflecting the gradual progress of strategy refocus and seasonally lower client activity. Residential mortgages decreased by EUR 1.2 billion to EUR 148.8 billion from the seasonally higher voluntary redemptions in Q4 2018. Consumer loans decreased slightly by EUR 0.3 billion.

Loans to professional counterparties and other loans decreased by EUR 4.0 billion, largely due to seasonal effects primarily within the Global Markets and Clearing business.

Main developments in total liabilities compared with 30 September 2018

Total liabilities came down by EUR 11.1 billion, totalling EUR 359.9 billion at 31 December 2018. The decrease was largely driven by a decline in securities financing activities.

Securities financing decreased by EUR 7.1 billion, largely reflecting a seasonal pattern where clients wind down positions towards year-end.

Issued debt securities went up by EUR 2.0 billion, totalling EUR 80.9 billion due to increased wholesale long-term funding.

Due to customers decreased by EUR 1.4 billion, totalling EUR 236.1 billion. This decrease was mainly recorded within Retail Banking and Private Banking, and was partly offset by slightly higher professional deposits.

Total equity remained stable at EUR 21.4 billion as the inclusion of profit for the period was offset by a decline in other comprehensive income (OCI).

Results by segment

This section includes a discussion and analysis of the results and the financial position of ABN AMRO Group at segment level for Q4 2018 compared with Q4 2017.

Retail Banking

Financial highlights

- Profit for the period declined due to a decrease in operating income, as Q4 2017 included net favourable incidentals of EUR 64 million.
- Interest income on mortgages remained stable despite competitive environment, while consumer loans saw lower volumes and margins year-on-year.
- Costs were down, reflecting FTE reductions following ongoing digitalisation.
- Q4 2018 included a provision of EUR 30 million recorded in ICS (in Retail Banking) for additional costs of accelerating the CDD remediation programmes.

Business developments

- New mortgage production declined by 7.3% compared with Q3 2018 amid strong competition, while total redemptions were 17.1% higher in Q4 2018. This resulted in lower mortgage volume. Strong pricing discipline was maintained in order to protect profitability of the mortgage portfolio.
- ABN AMRO was the first bank to offer payments through passive wearables, this is similar to contactless payments. Fitbit and Garmin pay were recently launched.
- Tikkie and Grip users grew to more than 5 million in 2018.

Operating results

(in millions)	Q4 2018	Q4 2017	Change	Q3 2018	Change	2018	2017	Change
Net interest income	754	784	-4%	774	-3%	3,122	3,233	-3%
Net fee and commission income	97	80	21%	98		365	338	8%
Other operating income	3	126	-97%	12	-74%	31	150	-80%
Operating income	**854**	**990**	**-14%**	**884**	**-3%**	**3,517**	**3,721**	**-5%**
Personnel expenses	108	140	-23%	104	4%	442	473	-7%
Other expenses	448	428	5%	354	27%	1,586	1,566	1%
Operating expenses	**556**	**568**	**-2%**	**457**	**22%**	**2,028**	**2,040**	**-1%**
Operating result	**298**	**422**	**-29%**	**427**	**-30%**	**1,489**	**1,682**	**-11%**
Impairment charges on financial instruments	7	-20				-12	-101	89%
Operating profit/(loss) before taxation	**291**	**442**	**-34%**	**426**	**-32%**	**1,501**	**1,783**	**-16%**
Income tax expense	82	121	-32%	99	-17%	375	454	-17%
Profit/(loss) for the period	**209**	**322**	**-35%**	**328**	**-36%**	**1,126**	**1,329**	**-15%**

Other indicators

	Q4 2018	Q4 2017	Q3 2018	2018	2017
Cost/income ratio	65.1%	57.4%	51.7%	57.7%	54.8%
Cost of risk (in bps)[1]	2	-5	0	-1	-6

[1] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	31 December 2018	30 September 2018	31 December 2017
Loan-to-Deposit ratio	165%	165%	166%
Loans and advances customers (in billions)	154.5	155.7	156.3
Of which Client loans (in billions)[1]	154.8	156.1	156.7
Due to customers (in billions)	93.5	94.6	94.3
Risk-weighted assets (in billions)	27.6	27.4	27.6
FTEs	4,445	4,456	5,060
Total Client Assets (in billions)	103.5	106.1	106.4
Of which Cash	93.5	94.6	94.3
Of which Securities	10.1	11.4	12.1

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

Net interest income decreased by EUR 30 million compared with Q4 2017. Q4 2017 had been negatively impacted by EUR 50 million in provisions relating to Euribor loans and ICS, whereas Q4 2018 was negatively impacted by approximately EUR 30 million as a combined result of the non-maturing deposit (NMD) model update and the reallocation of net interest income from Group Functions. Adjusted for these items, net interest income declined due to lower income from deposits and consumer loans. Deposit income came down as margin pressure continued amid a low interest rate environment. Consumer loans yielded lower average volumes and margins. Interest income from residential mortgages remained stable as a decline in the average volume was offset by a slight improvement in margins as a result of our disciplined pricing amid strong competition. Compared with Q3 2018, net interest income declined, largely as a result of continued margin pressure on deposits.

Net fee and commission income in Q4 2018 reflected an increase of EUR 17 million compared with Q4 2017, which was primarily attributable to an increase of fees for payment packages in July 2018.

Other operating income showed a decrease of EUR 123 million compared with Q4 2017, mainly due to the sale of an equity stake in Visa Inc. resulting in a book gain of EUR 114 million in Q4 2017.

Personnel expenses decreased by EUR 32 million, totalling EUR 108 million in Q4 2018. In Q4 2018, a limited restructuring provision of EUR 5 million was recorded, which was lower than the restructuring provision in Q4 2017 (EUR 24 million). Adjusted for these restructuring provisions, personnel expenses declined on the back of further FTE reductions, partly offset by wage inflation. The number of FTEs declined by 615, reflecting benefits of a further reduction of the number of branch offices and ongoing digitalisation. Compared with Q3 2018, personnel expenses increased by EUR 4 million due to the restructuring provision recorded in Q4 2018.

Other expenses increased by EUR 20 million, totalling EUR 448 million in Q4 2018, mainly due to a provision of EUR 30 million recorded in ICS for additional costs of accelerating CDD remediation programmes. Excluding this item, other expenses declined due to lower cost allocations from Group Functions, which were partly offset by increased costs for external staffing. Compared with Q3 2018, other expenses increased as Q4 2018 included the annual Dutch banking tax and the mentioned CDD provision.

Impairment charges on financial instruments amounted to EUR 7 million in Q4 2018, reflecting a limited increase mainly in consumer loans. Q4 2017 impairment reflected a release of EUR 20 million, primarily due to an IBNI release of EUR 14 million.

Client loans declined by EUR 1.3 billion to EUR 154.8 billion at 31 December 2018, mainly due to a decline in the mortgage volume and to a lesser extent to lower consumer loans. The decline in mortgage volume was primarily attributable to the seasonally higher redemptions in Q4 2018. **RWA** amounted to EUR 27.6 billion, an increase of EUR 0.2 billion, as TRIM and model reviews were partly offset by improved asset quality and declining volumes.

Commercial Banking

Financial highlights

- Continued client lending growth (4% year-on-year) at stable margins, supporting net interest income.
- A provision of EUR 55 million was recorded in Q4 2018 for additional costs of accelerating CDD remediation programmes.
- Cost levels, excluding incidentals, remained under control as a result of well executed cost-saving programmes.
- Higher impairments in Q4 2018 reflected various small impairments across a range of clients in various industry sectors, whereas Q4 2017 included a release following a model update.

Business developments

- ABN AMRO has teamed up with a partner to develop accounting software which is fully integrated into online banking for SMEs.
- We launched a partnership with VraagHugo, a platform for creating tailormade legal documents.

Operating results

(in millions)	Q4 2018	Q4 2017	Change	Q3 2018	Change	2018	2017	Change
Net interest income	392	445	-12%	390		1,602	1,628	-2%
Net fee and commission income	69	79	-12%	64	8%	258	270	-4%
Other operating income	8	24	-67%	8	3%	39	63	-38%
Operating income	**468**	**547**	**-14%**	**462**	**1%**	**1,899**	**1,961**	**-3%**
Personnel expenses	104	94	11%	75	38%	335	328	2%
Other expenses	232	184	26%	149	56%	711	664	7%
Operating expenses	**336**	**278**	**21%**	**225**	**50%**	**1,046**	**991**	**5%**
Operating result	**132**	**270**	**-51%**	**237**	**-44%**	**853**	**969**	**-12%**
Impairment charges on financial instruments	76	-60		64	19%	253	-179	
Operating profit/(loss) before taxation	**56**	**330**	**-83%**	**173**	**-68%**	**600**	**1,148**	**-48%**
Income tax expense	19	85	-78%	43	-57%	153	288	-47%
Profit/(loss) for the period	**37**	**245**	**-85%**	**130**	**-71%**	**448**	**860**	**-48%**

Other indicators

	Q4 2018	Q4 2017	Q3 2018	2018	2017
Cost/income ratio	71.8%	50.7%	48.7%	55.1%	50.6%
Cost of risk (in bps)[1]	62	-59	50	60	-44

[1] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	31 December 2018	30 September 2018	31 December 2017
Loan-to-Deposit ratio	93%	92%	91%
Loans and advances customers (in billions)	41.6	41.5	40.1
Of which Client loans (in billions)[1]	42.3	42.2	40.5
Due to customers (in billions)	45.0	45.3	44.2
Risk-weighted assets (in billions)	27.3	24.8	24.9
FTEs	2,734	2,704	2,905

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

Net interest income amounted to EUR 392 million, a decrease of EUR 53 million compared with Q4 2017. Q4 2017 included positive incidentals relating to a TLTRO funding benefit and unearned interest releases totalling to EUR 54 million, whereas Q4 2018 was negatively impacted by approximately EUR 20 million as a combined result of the non-maturing deposit (NMD) model update and the reallocation of net interest income from Group Functions. Adjusted for these items, net interest income increased on the back of continued growth in client lending (4% vs Q4 2017) across most sectors, while margins remained stable. Excluding the NMD model impact, deposit income was flat as average volume growth was offset by continued margin pressure. Compared with Q3 2018, net interest income remained stable.

Net fees and commission income decreased by EUR 10 million to EUR 69 million, as Q4 2017 included a reclassification. Adjusted for this item, net fees and commissions remained stable amid increasing competition.

Other operating income decreased to EUR 8 million in Q4 2018 (Q4 2017: EUR 24 million), largely due to more favourable revaluation results recorded in Q4 2017.

Personnel expenses increased by EUR 10 million to EUR 104 million in Q4 2018. Q4 2018 included a restructuring provision of EUR 28 million for further digitalisation and process optimisation (Q4 2017: EUR 12 million). Adjusted for the restructuring provision, personnel expenses decreased on the back of declining FTE levels, which was partly offset by wage inflation. FTE level declined by 171 to 2,734, primarily reflecting the integration of Lease and Commercial Finance into one Asset Based Finance organisation.

Other expenses increased by EUR 48 million to EUR 232 million. In Q4 2018, a provision of EUR 55 million was recorded for additional costs of accelerating CDD remediation programmes. Excluding this item, other expenses decreased by EUR 7 million, primary due to lower cost allocations by Group Functions. Compared with Q3 2018, other expenses increased as Q4 2018 included the annual Dutch banking tax and the said CDD provision.

Impairment charges on financial instruments increased to EUR 76 million (Q4 2017: EUR 60 million release) split roughly evenly divided over various smaller impairments across a range of industry sectors and model refinements, resulting in a cost of risk of 62bps in Q4 2018. Q4 2017 saw impairment releases mainly resulting from a model update (EUR 29 million).

Client loans reached EUR 42.3 billion at 31 December 2018, following a modest increase compared with 30 September 2018. Compared with Q4 2017, the client loan book grew by EUR 1.8 billion, reflecting the strong performance of the Dutch economy. **RWA** increased by EUR 2.5 billion to EUR 27.3 billion, primarily as a result of TRIM and model reviews.

Private Banking

Financial highlights

- Higher profit compared with Q4 2017 as lower costs and impairment releases offset the decline in income.
- Net interest income was up 5% compared with Q4 2017, whereas fees were lower due to less favourable financial markets in Q4 2018.
- Costs trending down following substantial FTE reductions, reflecting good progress in the transformation of Private Banking.

Business developments

- A pilot session for a sustainable investment programme was launched with Oxford University.
- Sustainable client assets increased to EUR 14 billion.

Operating results

(in millions)	Q4 2018	Q4 2017	Change	Q3 2018	Change	2018	2017	Change
Net interest income	174	166	5%	182	-4%	719	659	9%
Net fee and commission income	121	143	-15%	119	2%	509	573	-11%
Other operating income	10	20	-50%	25	-60%	111	307	-64%
Operating income	**305**	**328**	**-7%**	**325**	**-6%**	**1,340**	**1,540**	**-13%**
Personnel expenses	92	100	-8%	96	-4%	390	472	-17%
Other expenses	138	187	-26%	133	3%	539	624	-14%
Operating expenses	**230**	**287**	**-20%**	**229**		**929**	**1,095**	**-15%**
Operating result	**75**	**41**	**84%**	**96**	**-22%**	**411**	**444**	**-7%**
Impairment charges on financial instruments	-10	4		1		3	-6	
Operating profit/(loss) before taxation	**85**	**37**	**132%**	**95**	**-11%**	**408**	**450**	**-9%**
Income tax expense	18	6		19	-8%	95	64	48%
Profit/(loss) for the period	**67**	**30**	**121%**	**76**	**-12%**	**312**	**386**	**-19%**

Other indicators

	Q4 2018	Q4 2017	Q3 2018	2018	2017
Cost/income ratio	75.4%	87.6%	70.4%	69.3%	71.1%
Cost of risk (in bps)[1]	-32	13	4	3	-5

[1] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	31 December 2018	30 September 2018	31 December 2017
Loan-to-Deposit ratio	19%	19%	19%
Loans and advances customers (in billions)	12.5	12.4	12.2
Of which Client loans (in billions)[1]	12.6	12.6	12.4
Due to customers (in billions)	66.2	66.7	65.0
Risk-weighted assets (in billions)	9.8	9.2	9.4
FTEs	2,795	2,828	3,240

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

Introduction Business Risk, funding & capital information Other

Client assets

(in billions)	Q4 2018	Q3 2018	Q4 2017
Opening balance Client Assets	**195.5**	**200.9**	**197.1**
Net new assets	-3.2	2.0	1.7
Market performance	-10.5	1.1	1.8
Divestments		-8.5	
Closing Balance Client Assets	**181.7**	**195.5**	**200.6**
	31 December 2018	30 September 2018	31 December 2017
Breakdown by type			
Cash	66.3	66.9	67.2
Securities	115.4	128.6	133.4
-of which Custody	30.9	36.2	36.7
Total	**181.7**	**195.5**	**200.6**
Breakdown by geography			
The Netherlands	58%	58%	55%
Rest of Europe	42%	42%	45%

Net interest income increased by EUR 8 million to EUR 174 million in Q4 2018. This quarter was negatively impacted by approximately EUR 10 million as a combined result of the NMD model update and the reallocation of net interest income with Group Functions. Adjusted for these items and for the impact of the Euribor provision (EUR 10 million) recorded in Q4 2017, net interest income increased primarily due to margin improvements.

Net fee and commission declined by EUR 22 million to EUR 121 million in Q4 2018. Due to volatility in the financial markets in Q4 2018, Private Banking clients were less active in securities transactions. Moreover, relatively more clients opted for execution-only instead of managed portfolios, and the higher client threshold for advisory services resulted in a decline in advisory volumes. Compared with Q3 2018, net fee and commission remained stable.

Other operating income amounted to EUR 10 million (Q4 2017: EUR 20 million), partly due to the divestment of Private Banking Luxembourg. Compared with Q3 2018, other operating income decreased by EUR 15 million as Q3 2018 included the sales proceeds of the divested private banking activities in Luxembourg (EUR 12 million).

Client assets came to EUR 181.7 billion, a decline of EUR 13.8 billion from Q3 2018, primarily due to negative market performance in Q4 2018.

Net new assets (NNA) amounted to EUR 3.2 billion negative in Q4 2018. The negative NNA development was largely driven by custody outflows on several existing clients in the Netherlands.

Personnel expenses decreased by EUR 8 million compared with Q4 2017, reflecting substantial FTE reductions and the impact of divestment, which was partly offset by wage inflation. The decrease of 445 FTEs was primarily attributable to progress made in the restructuring process and the divestment of Private Banking Luxembourg. Compared with Q3 2018, personnel expenses decreased by EUR 4 million following a modest decline in FTEs.

Other expenses came down by EUR 49 million compared with Q4 2017, totalling EUR 138 million. Adjusted for an incidental related to a goodwill impairment in Q4 2017 (EUR 36 million), other expenses decreased due to a decline in costs for external employees and lower cost allocations by Group Functions.

Client loans remained flat at EUR 12.6 billion, compared with Q3 2018. **RWA** increased to EUR 9.8 billion, primarily reflecting the effects of TRIM.

Corporate & Institutional Banking

Financial highlights

- Profit rose by EUR 91 million due to improved net interest income, favourable equity participation results and lower expenses, partly offset by elevated loan impairment charges.
- Strong net interest income compared with Q4 2017 on the back of corporate loan growth and favourable impact of new deals.
- Costs were lower compared with Q4 2017. Cost/income ratio at 58.7%.
- Elevated impairments on existing impaired loans, primarily in the offshore energy and diamond sectors.
- Decline in corporate loans compared with Q3 2018, reflecting the gradual process of the CIB refocus and seasonally lower client activity.

Business developments

- ABN AMRO closed the transaction for the sale of part of its stake in the investment funds of ABN AMRO Participaties (AAP), which resulted in a limited book gain.
- ABN AMRO Energy Transition Fund, together with Greenchoice, Windunie have jointly acquired a 100% stake in 'De Wieken', a project driven by a Dutch private company that will develop a wind farm.

Operating results

(in millions)	Q4 2018	Q4 2017	Change	Q3 2018	Change	2018	2017	Change
Net interest income	309	286	8%	307	1%	1,166	975	20%
Net fee and commission income	125	132	-6%	125		527	538	-2%
Other operating income	81	57	42%	149	-46%	423	317	34%
Operating income	**515**	**476**	**8%**	**580**	**-11%**	**2,116**	**1,830**	**16%**
Personnel expenses	109	120	-9%	137	-20%	480	442	9%
Other expenses	194	300	-35%	141	37%	708	827	-14%
Operating expenses	**302**	**419**	**-28%**	**278**	**9%**	**1,189**	**1,269**	**-6%**
Operating result	**212**	**56**		**303**	**-30%**	**927**	**561**	**65%**
Impairment charges on financial instruments	135	41		55	144%	427	219	95%
Operating profit/(loss) before taxation	**77**	**15**		**247**	**-69%**	**501**	**342**	**46%**
Income tax expense	12	41	-70%	37	-68%	75	121	-38%
Profit/(loss) for the period	**65**	**-26**		**210**	**-69%**	**426**	**221**	**93%**

Other indicators

	Q4 2018	Q4 2017	Q3 2018	2018	2017
Cost/income ratio	58.7%	88.2%	47.8%	56.2%	69.3%
Cost of risk (in bps)[1]	80	28	41	70	38

[1] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	31 December 2018	30 September 2018	31 December 2017
Loan-to-Deposit ratio	183%	209%	173%
Loans and advances customers (in billions)	56.8	61.6	59.7
Of which Client loans (in billions)[1]	42.6	43.8	38.9
Due to customers (in billions)	28.0	27.2	30.3
Risk-weighted assets (in billions)	35.0	37.3	37.7
FTEs	2,528	2,546	2,542

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

Net interest income increased by EUR 23 million compared with Q4 2017. Approximately EUR 20 million of the increase was attributable to the combined impact of the NMD model update and the reallocation of net interest income from Group Functions. Moreover, Q4 2017 included favourable incidentals. Excluding these items, net interest income rose on the back of higher client lending year-on-year (10% vs Q4 2017) and the favourable impact of new deals, whereas loan margins remained stable. Deposit income was slightly higher than in Q4 2017 as margins improved modestly, largely on USD deposits, compensating for lower deposit volumes. In addition, net interest income included higher results at Global Markets.

Net fee and commission amounted to EUR 125 million in Q4 2018, a decrease of EUR 7 million compared with Q4 2017, mainly in Global Markets, which is volatile by nature. This was partly offset by higher fees in Clearing following higher market volatility in Q4 2018. Compared with the previous quarter, net fee and commission remained flat.

Other operating income increased by EUR 24 million to EUR 81 million in Q4 2018. The increase was mainly attributable to favourable equity participation results (EUR 37 million versus EUR 8 million in Q4 2017) and more favourable revaluations in Clearing. CVA/DVA/FVA amounted to EUR 11 million negative in Q4 2018 (Q4 2017: EUR 32 million). Compared with Q3 2018, other operating income decreased by EUR 68 million, mainly due to more favourable equity participation results in Q3 2018 (EUR 107 million).

Personnel expenses amounted to EUR 109 million, a EUR 11 million decline compared with Q4 2017, following a modest decline in the number of FTEs. Q3 2018 included a restructuring provision of EUR 27 million relating to the previously announced CIB strategy refocus. Excluding this provision, personnel expenses remained stable compared with the previous quarter.

Other expenses came down by EUR 106 million to EUR 194 million. This decrease was mainly driven by the lower provision for project costs relating to SME derivative issues in Q4 2017 (EUR 85 million; EUR 4 million in Q4 2018). Moreover, costs allocated from Group Functions decreased. Compared with Q3 2018, other expenses increased as Q4 2018 included the annual Dutch banking tax.

Impairment charges on financial instruments amounted to EUR 135 million (EUR 41 million in Q4 2017). Higher impairments were recorded mainly on existing impaired loans in Diamonds and in Natural Resources, primarily offshore energy markets. As a consequence, the cost of risk increased to 80bps.

Client loans amounted to EUR 42.6 billion, compared with EUR 43.8 billion at 30 September 2018. Excluding the impact of USD appreciation (EUR 0.4 billion positive), client loans decreased by EUR 1.6 billion. The decrease primarily reflects lower volumes in Trade & Commodity Finance and, to a lesser extent, a limited decline in lending across all other sectors. This reflects the CIB strategy refocus, which is expected to gradually impact volumes until 2020, and seasonally lower client activity. **RWA** decreased to EUR 35.0 billion, as a decline in exposure was partly offset by the effects of TRIM and model reviews.

Group Functions

Financial highlights

- Net profit amounted to a loss of EUR 63 million in Q4 2018 (Q4 2017: EUR 29 million negative) due to a decline in operating income, reflecting lower hedge accounting-related results.
- Expenses directly incurred by Group Functions decreased due to lower restructuring provisions and progress made in cost-saving programmes.

Operating results

(in millions)	Q4 2018	Q4 2017	Change	Q3 2018	Change	2018	2017	Change
Net interest income	14	16	-12%	-28		-16	-38	58%
Net fee and commission income	13	9	47%	12	13%	40	28	42%
Other operating income	-12	62		84		196	248	-21%
Operating income	**15**	**88**	**-82%**	**67**	**-77%**	**220**	**238**	**-8%**
Personnel expenses	226	233	-3%	182	24%	794	876	-9%
Other expenses	-136	-133	-2%	-143	5%	-635	-689	8%
Operating expenses	**89**	**100**	**-11%**	**39**	**130%**	**160**	**187**	**-14%**
Operating result	**-74**	**-12**		**28**		**60**	**51**	**17%**
Impairment charges on financial instruments		1		-15	100%	-16	4	
Operating profit/(loss) before taxation	**-74**	**-13**		**43**		**76**	**48**	**60%**
Income tax expense	-11	15		62		64	52	22%
Profit/(loss) for the period	**-63**	**-29**	**-120%**	**-19**		**13**	**-4**	

Other indicators

	31 December 2018	30 September 2018	31 December 2017
Securities financing - assets (in billions)	7.1	14.3	13.0
Loans and advances customers (in billions)	5.5	5.9	6.6
Securities financing - liabilities (in billions)[1]	6.9	13.6	10.8
Due to customers (in billions)	3.5	3.7	2.9
Risk-weighted assets (risk exposure amount; in billions)	5.6	5.3	6.5
FTEs	6,328	6,186	6,206

1 ABN AMRO classified all unsettled securities transactions as other assets and other liabilities, previously these were included in securities financing. Comparative figures have been adjusted.

Net interest income remained stable compared with Q4 2017. As of Q3 2018, net interest income is allocated to the business segments. Net interest income in Q4 2018 included a higher interest mismatch result, which was not allocated to the business segments.

Other operating income decreased by EUR 74 million to EUR 12 million negative in Q4 2018. The decline was largely attributable to lower hedge accounting-related income (EUR 32 million negative versus EUR 54 million in Q4 2017), which included the results of the partial sale of the public sector loan portfolio. This was partly offset by positive revaluation results of the stake in equensWorldline in Q4 2018 (EUR 23 million). Compared with Q3 2018, the decrease in other operating income was attributable to the same drivers.

Personnel expenses came down EUR 7 million, totalling EUR 226 million in Q4 2018. Q4 2018 included a lower restructuring provision of EUR 36 million (Q4 2017: EUR 48 million). Compared with Q4 2017, the number of FTEs increased by 122 to 6,328 at 31 December 2018. Half of the increase was attributable to the transfer of FTEs from the commercial segments to Group Functions to further optimise and centralise support functions, while the other half was new hires placed in specialist roles.

Other expenses amounted to EUR 136 million negative in Q4 2018, broadly flat compared with Q4 2017. Adjusted for the accelerated depreciation of the ATM network, amounting to EUR 17 million in Q4 2017, other expenses increased as fewer costs were allocated to the commercial business following a downward adjustment in allocations. This was partly offset by lower costs incurred directly by Group Functions, reflecting cost-savings benefits and strict cost control.

Additional financial information

Selected financial information

Condensed Consolidated income statement

(in millions)	Q4 2018	Q4 2017	Q3 2018	2018	2017
Income					
Interest income from financial instruments measured at amortised costs and fair value through other comprehensive income	3,140	3,132	2,942	12,510	12,366
Interest income from financial instruments measured at fair value through profit or loss	35	37	48	135	136
Interest expense	1,533	1,472	1,365	6,052	6,045
Net interest income	**1,642**	**1,696**	**1,624**	**6,593**	**6,456**
Fee and commission income	819	790	739	3,169	3,138
Fee and commission expense	394	347	322	1,470	1,391
Net fee and commission income	**426**	**443**	**417**	**1,699**	**1,747**
Net trading income	5	65	50	173	287
Share of result in equity accounted investments	16	4	3	43	54
Other income	69	222	225	584	745
Operating income	**2,157**	**2,429**	**2,318**	**9,093**	**9,290**
Expenses					
Personnel expenses	638	686	593	2,441	2,590
General and administrative expenses	829	862	593	2,737	2,746
Depreciation and amortisation of tangible and intangible assets	47	104	41	173	245
Operating expenses	**1,514**	**1,653**	**1,227**	**5,351**	**5,582**
Impairment charges on financial instruments	208	-34	106	655	-63
Total expenses	**1,722**	**1,619**	**1,333**	**6,006**	**5,519**
Operating profit/(loss) before taxation	**435**	**810**	**985**	**3,086**	**3,771**
Income tax expense	119	268	260	762	979
Profit/(loss) for the period	**316**	**542**	**725**	**2,325**	**2,791**
Attributable to:					
Owners of the parent company	290	520	698	2,207	2,721
AT1 capital securities	20	21	20	79	53
Other non-controlling interests	6	1	8	39	18

Condensed Consolidated statement of comprehensive income

(in millions)	Q4 2018	Q4 2017	Q3 2018
Profit/(loss) for the period	**316**	**542**	**725**
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Remeasurement gains / (losses) on defined benefit plans	20	-12	
(Un)realised gains/(losses) on Liability own credit risk	12		2
Share of other comprehensive income of associates not reclassified to the income statement			
Items that will not be reclassified to the income statement before taxation	**32**	**-12**	**2**
Income tax relating to items that will not be reclassified to the income statement	9	-3	1
Items that will not be reclassified to the income statement after taxation	**22**	**-9**	**2**
Items that may be reclassified to the income statement			
(Un)realised gains/(losses) currency translation	19	-36	-4
(Un)realised gains/(losses) available-for-sale		-119	
(Un)realised gains/(losses) fair value through OCI	-113		-86
(Un)realised gains/(losses) cash flow hedge	-114	-99	26
Share of other comprehensive income of associates reclassified to the income statement	-5	29	-8
Other comprehensive income for the period before taxation	**-213**	**-225**	**-71**
Income tax relating to items that may be reclassified to the income statement	15	-56	-15
Other comprehensive income for the period after taxation	**-228**	**-169**	**-56**
Total comprehensive income/(expense) for the period after taxation	**110**	**364**	**671**
Attributable to:			
Owners of the parent company	84	343	643
Holders of AT1 capital securities	20	21	20
Other non-controlling interests	6	1	8

Condensed Consolidated statement of changes in equity

(in millions)	Share capital	Share premium	Other reserves including retained earnings	Accumulated other comprehen-sive income	Net profit/(loss) attributable to owners of the parent company	Total	AT1 capital securities	Other non-con-trolling interests	Total equity
Balance at 1 October 2017 (IAS 39)	**940**	**12,970**	**3,004**	**-154**	**2,200**	**18,960**	**1,987**	**19**	**20,966**
Total comprehensive income				-178	521	343	21	1	364
Transfer									
Dividend									
Increase/(decrease) of capital									
Paid interest on AT1 capital securities									
Other changes in equity			1						
Balance at 31 December 2017 (IAS 39)	**940**	**12,970**	**3,004**	**-331**	**2,721**	**19,303**	**2,007**	**20**	**21,330**
Balance at 1 October 2018	**940**	**12,970**	**4,142**	**-700**	**1,917**	**19,269**	**1,986**	**43**	**21,298**
Total comprehensive income				-206	290	84	20	6	110
Transfer									
Dividend									
Increase/(decrease) of capital							2		2
Paid interest on AT1 capital securities									
Other changes in equity			-4			-4		-47	-51
Balance at 31 December 2018	**940**	**12,970**	**4,139**	**-906**	**2,207**	**19,349**	**2,008**	**2**	**21,360**

Specification of accumulated other comprehensive income is as follows:

(in millions)	Remeasurements on post-retirement benefit plans	Currency translation reserve	Available-for-sale reserve	Fair value reserve	Cash flow hedge reserve	Accumulated share of OCI of associates and joint ventures	Liability own credit risk reserve	Total
Balance at 1 October 2017 (IAS 39)	**-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 (IAS 39)	**-21**	**-32**	**490**		**-919**	**152**		**-331**
Balance at 1 October 2018	**-21**	**-12**		**367**	**-1,002**	**20**	**-52**	**-700**
Net gains/(losses) arising during the period	20	19		-112	-82	-5	12	-149
Less: Net realised gains/(losses) included in income statement					32			32
Net gains/(losses) in equity	**20**	**19**		**-113**	**-114**	**-5**	**12**	**-182**
Related income tax	5	1		-32	46		5	25
Balance at 31 December 2018	**-6**	**6**		**286**	**-1,162**	**15**	**-45**	**-906**

Risk, funding & capital information

Risk developments

Key figures

(in millions)	31 December 2018	30 September 2018	31 December 2017
Total loans and advances, gross excluding fair value adjustments	277,307	283,569	284,337
- of which Banks	8,133	8,816	10,671
- of which Residential mortgages	148,791	149,960	150,562
- of which Consumer loans	12,263	12,522	12,426
- of which Corporate loans[1]	92,533	97,795	94,220
- of which Other loans and advances - customers[1]	15,587	14,476	16,459
Total Exposure at Default (EAD)	403,565	402,512	393,596
- of which Retail Banking	169,971	171,560	173,365
- of which Commercial Banking	52,551	51,564	50,101
- of which Private Banking	19,626	19,560	19,963
- of which Corporate & Institutional Banking	80,325	83,924	77,769
- of which Group Functions	81,092	75,904	72,399
Credit quality indicators[2]			
Past due ratio	1.3%	1.3%	1.4%
Stage 3 Impaired ratio[3]	2.2%	2.2%	2.5%
Stage 3 Coverage ratio[3]	31.6%	30.6%	33.0%
Regulatory capital			
Total RWA	105,391	103,959	106,157
- of which Credit risk[4]	84,701	82,979	84,141
- of which Operational risk	19,077	19,313	19,626
- of which Market risk	1,612	1,667	2,391
Total RWA / total EAD	26.1%	25.8%	27.0%
Mortgage indicators			
Exposure at Default	162,787	164,133	165,107
- of which mortgages with Nationale Hypotheek Garantie (NHG)	36,257	36,836	38,049
Risk-weighted assets	16,853	17,126	17,236
RWA / EAD	10.4%	10.4%	10.4%
Average Loan-to-Market-Value	64%	66%	70%
Average Loan-to-Market-Value - excluding NHG loans	62%	64%	67%

1 Excluding loans and advances measured at fair value through P&L.
2 Loans and advances customers measured at amortised cost only.
3 The 31 December 2017 amounts are based on IAS 39 figures and therefore do not have stage information. The impaired ratio per 31 December 2017 has been compared with the IFRS 9 stage 3 ratio.
4 RWA for credit value adjustment (CVA) is included in credit risk. CVA per 31 December 2018 is EUR 0.5 billion (30 September 2018: EUR 0.6 billion; 31 December 2017: EUR 0.7 billion).

	Q4 2018	Q4 2017	Q3 2018	2018	2017
Cost of risk (in bps)[1]	27	-5	15	24	-2
Impairment charges on loans and other advances (in EUR million)[2]	208	-34	106	655	-63
Cost of risk on residential mortgages (in bps)[1]	0	3	-3	-1	-3
Impairment charges on residential mortgages (in EUR million)	1	10	-10	-11	-49

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

Highlights

Fourth-quarter developments

Portfolio review

Total loans and advances decreased to EUR 277.3 billion (30 September 2018: EUR 283.6 billion). This was mainly the result of a decline of corporate loans, driven by professional lending activities (mainly Clearing). In addition, residential mortgages continued to decline, partly offset by an increase in other loans and advances to customers.

Exposure at Default

EAD increased to EUR 403.6 billion (30 September 2018: EUR 402.5 billion), mainly reflecting growth in deposits with central banks in Group Functions and to a lesser extent higher business volumes in Commercial Banking. The increase in EAD was partly off-set by decreasing business volumes in CIB and Retail Banking.

Credit quality indicators

The credit quality indicators in the fourth quarter of this year remained fairly stable.

The past due ratio for the fourth quarter of 2018 remained stable at 1.3%. The residential mortgages and other loans and advances contributed to the declines in mid- and long-term arrears. These declines were offset by increases in short- and mid-term arrears in corporate loans due to the inflow of some larger clients at CIB and Commercial Banking. These increases were largely offset by payments received in early 2019.

The stage 3 impaired ratio remained stable at 2.2% for loans and advances to customers. The stage 3 coverage ratio increased slightly to 31.6% (Q3 2018: 30.6%), driven by corporate loans. Impaired corporate loans declined as a result of repayments and write-offs, while allowances increased due to additional credit losses, mainly for specific existing impaired files in the energy offshore, diamonds and shipping industries.

With the exception of other loans and advances, all portfolios showed marginal declines in the impaired portfolio.

Regulatory capital

Total RWA increased to EUR 105.4 billion (30 September 2018: EUR 104.0 billion), reflecting an increase in credit risk, offset partly by a decrease in operational risk. The increase in credit risk was primarily driven by developments within Commercial and Private Banking, offset by a decrease in CIB. These developments were mainly the result of TRIM and model reviews, totalling approximately EUR 5 billion, while business developments in Commercial and Private Banking contributed to the increase to a lesser extent. This was partly offset by exposure decline and asset quality changes, totalling approximately EUR 3.5 billion. The decrease in CIB resulted from a combination of active balance sheet management (in line with the CIB refocus), seasonal effects and asset quality developments (e.g. lower loan balances post impairments, improved credit ratings). The RWA for Group Functions increased slightly, while Retail Banking remained relatively flat.

Cost of Risk

Impairment charges in Q4 amounted to EUR 208 million (cost of risk 27bps) and were largely recorded in stage 3, compared with a release of EUR 34 million in Q4 2017. The increase was mainly attributable to corporate loans and related to CIB, and to a lesser extent to Commercial Banking. Impairments in Retail Banking, Private Banking and Group Functions were not material.

Impairment charges in CIB amounted to EUR 135 million in Q4 2018 (Q4 2017: EUR 41 million). The increase in CIB reflects net additions in Diamonds (EUR 52 million) and Natural Resources (primarily offshore services, EUR 43 million) and mainly relates to existing impaired clients and several newly impaired clients.

Impairments in Commercial Banking increased to EUR 76 million (Q4 2017: EUR 60 million release) split roughly evenly divided over various smaller impairments across a range of industry sectors and model refinements. The releases in Q4 2017 were largely driven by a model update.

For 2018, the cost of risk was 24bps, which is below the through-the-cycle cost of risk of 25-30bps and in line with our expectations.

(in millions)	31 December 2018	30 September 2018
Exposure client loans	**28,909**	**30,032**
- of which Global Transportation & Logistics (GTL)	10,293	10,409
- of which Natural Resources (energy & basic materials)	8,613	8,489
- of which Trade Commodity Finance[1]	10,003	11,134
	Q4 2018	Q3 2018
Impairment charges	**127**	**41**
- of which Global Transportation & Logistics (GTL)	5	5
- of which Natural Resources (energy & basic materials)	43	42
- of which Trade Commodity Finance[1]	78	-7

[1] Including diamond & jewellery clients.

Residential mortgages

Housing market developments

The Dutch housing market was buoyant and prices continued to rise. The housing price index published by Statistics Netherlands (CBS) for Q4 2018 was 8.9% higher than in Q4 2017. The overall price level in December 2018 was 4.7% above the former record level set in August 2008, not corrected for inflation. As a result of the shortage in housing stock, the number of housing transactions was still under pressure, both in existing and new residential properties. This was reflected in the total number of transactions in the Dutch housing market, which was fairly stable compared to Q3 2018, but 14.8% lower in Q4 2018 than in Q4 2017, according to Statistics Netherlands.

The number of transactions also trended downwards, due to elevated price levels impacting the affordability of homes. There was also less demand from people who had postponed their home purchase plans during the crisis, as the majority of them had already moved. The shortage in housing stock was partly the result of home owners preferring to buy a new home before putting their current property up for sale.

Residential mortgages

New mortgage production declined by 7.3% compared with Q3 2018. The proportion of amortising mortgages in our portfolio continued to increase to 29% by the end of Q4 2018 (Q4 2017: 24%). Total redemptions were 17.1% higher in Q4 2018 than in Q3 2018 and 4.9% higher compared with Q4 2017. Contractual redemptions gradually increased, in line with changes in the portfolio composition.

In Q4 2018, extra repayments amounted to EUR 0.9 billion, in line with Q4 2017. Mortgages covered by the National Mortgage Guarantee scheme (NHG) came to 24%, fairly stable compared with Q3 2018 and slightly lower than in Q4 2017 (25%). Full interest-only mortgages accounted for 17% of total mortgages at the end of Q4 2018 and approximately 23% of all extra redemptions related to this type of loan.

Loan to Market Value (LtMV)

Rising housing prices and restrictions set for the maximum Loan to Market Value (LtMV) of new mortgages have led to 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, contractual and extra redemptions and current tax regulations.

The gross carrying amount of mortgages with a LtMV in excess of 100% also continued to decline, coming down to EUR 3.5 billion (30 September 2018: EUR 5.0 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 a high LtMV level to discuss a change in their mortgage products. Mortgages with a LtMV>100% currently account for 2.4% of total mortgages (Q4 2017: 7.8%) and approximately 5% of all extra repayments related to this category (Q4 2017: 9%).

Please see the table Residential mortgages to indexed market values for more details.

Past due but not impaired loans

(in millions)	Gross carrying amount	≤ 30 days	> 30 days & ≤ 90 days	> 90 days[4]	Total past due but not stage[3]	Past due ratio	Past due ratio	Past due ratio
	31 December 2018						30 September 2018	31 December 2017
		Days past due						
Loans and advances banks	**8,133**							
Loans and advances customers								
Residential mortgages[1]	148,791	1,834	140	11	1,984	1.3%	1.4%	1.6%
Consumer loans	12,263	193	122	76	391	3.2%	3.2%	3.5%
Corporate loans[1,2]	92,533	499	202	73	774	0.8%	0.5%	0.8%
Other loans and advances customers[1,2,3]	15,587	294	100	31	426	2.7%	4.6%	2.0%
Total Loans and advances customers[2]	**269,174**	**2,821**	**565**	**190**	**3,576**	**1.3%**	**1.3%**	**1.4%**
Loans at fair value through P&L	787							
Total Loans and advances	**278,094**	**2,821**	**565**	**190**	**3,576**	**1.3%**	**1.3%**	**1.4%**

1 Gross carrying amount excludes fair value adjustments from hedge accounting.
2 Excluding loans at fair value through P&L.
3 Other loans and advances customers consists of Government and official institutions, Financial lease receivables and Factoring.
4 Materiality thresholds are applied for counterparties transferring to stage 3. Below these thresholds, amounts are reported on > 90 days past due.

Coverage and impaired ratio by stage

(in millions)	31 December 2018 Gross carrying amount	Allowances for credit losses	Coverage ratio	Stage ratio	30 September 2018 Coverage ratio	Stage ratio
Stage 1						
Loans and advances banks	**8,074**	**8**	**0.1%**	**99.3%**	**0.1%**	**99.3%**
Residential mortgages	145,337	18	0.0%	97.7%	0.0%	97.6%
Consumer loans	10,768	34	0.3%	87.8%	0.4%	87.7%
Corporate loans	79,562	141	0.2%	86.0%	0.2%	86.2%
Other Loans and advances customers[1]	14,541	13	0.1%	93.3%	0.1%	93.3%
Total Loans and advances customers	**250,209**	**206**	**0.1%**	**93.0%**	**0.1%**	**92.9%**
Stage 2						
Loans and advances banks	**59**	**1**	**1.8%**	**0.7%**	**2.5%**	**0.7%**
Residential mortgages	2,691	14	0.5%	1.8%	0.5%	1.8%
Consumer loans	1,014	55	5.4%	8.3%	5.3%	8.4%
Corporate loans	8,636	114	1.3%	9.3%	1.3%	9.2%
Other Loans and advances customers[1]	738	9	1.2%	4.7%	1.9%	4.9%
Total Loans and advances customers	**13,078**	**191**	**1.5%**	**4.9%**	**1.5%**	**4.9%**
Stage 3						
Loans and advances banks				**0.0%**		**0.0%**
Residential mortgages	763	77	10.0%	0.5%	10.6%	0.5%
Consumer loans	481	229	47.7%	3.9%	50.9%	3.9%
Corporate loans	4,335	1,503	34.7%	4.7%	32.8%	4.6%
Other Loans and advances customers[1]	308	53	17.2%	2.0%	16.1%	1.8%
Total Loans and advances customers	**5,887**	**1,862**	**31.6%**	**2.2%**	**30.6%**	**2.2%**
Total of stages 1, 2 and 3						
Total Loans and advances banks	**8,133**	**9**	**0.1%**		**0.1%**	
Residential mortgages	148,791	108	0.1%		0.1%	
Consumer loans	12,263	318	2.6%		2.8%	
Corporate loans	92,533	1,759	1.9%		1.8%	
Other Loans and advances customers[1]	15,587	75	0.5%		0.5%	
Total Loans and advances customers[2]	**269,174**	**2,260**	**0.8%**		**0.8%**	
Loans at fair value through P&L	**787**					
Fair value adjustments from hedge accounting on Loans and advances customers	**3,185**					
Total Loans and advances banks	8,133	9	0.1%		0.1%	
Total Loans and advances customers	273,146	2,260	0.8%		0.8%	
Total Loans and advances	**281,279**	**2,269**	**0.8%**		**0.8%**	
Other balance sheet items[3]	102,290	6	0.0%		0.0%	
Total on-balance sheet	**383,569**	**2,275**	**0.6%**		**0.6%**	
Irrevocable loan commitments and financial guarantee contracts	70,474	12	0.0%		0.0%	
Other off-balance sheet items	5,946					
Total on- and off-balance sheet	**459,989**	**2,287**	**0.5%**		**0.5%**	

1 Other loans and advances customers consists of Government and official institutions, Financial lease receivables and Factoring.
2 Excluding fair value adjustments from hedge accounting on Loans and advances customers
3 The allowances for credit losses excludes allowances for financial investments held at FVOCI (31 December 2018: EUR 1.6 million; 30 September 2018: EUR 1.7 million).

Coverage and impaired ratio

(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk[3]	Coverage ratio	Impaired ratio
					31 December 2017
Loans and advances banks	**10,671**	**71**	**1**	**1.5%**	**0.7%**
Loans and advances customers					
Residential mortgages[1]	150,562	1,019	111	10.9%	0.7%
Consumer loans	12,426	507	285	56.2%	4.1%
Corporate loans[1)]	94,220	5,114	1,844	36.1%	5.4%
Other loans and advances customers[1,2]	16,459	269	40	15.0%	1.6%
Total Loans and advances customers	**273,666**	**6,909**	**2,280**	**33.0%**	**2.5%**
Total Loans and advances	**284,337**	**6,980**	**2,281**	**32.7%**	**2.5%**

1 Gross carrying amount excludes fair value adjustments from hedge accounting.
2 Other loans and advances 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)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total Loans and advances	Off-balance
							Q4 2018
Balance at begin of period	**6**	**121**	**344**	**1,793**	**11**	**2,276**	**14**
Changes in existing allowances	5	17	8	173	-3	201	-2
Originated or purchased	1	7	3	2		13	3
Matured or sold loans	-3	-20		-2		-25	-2
Changes in risk parameters		1	4	10		15	
Write-offs		-8	-33	-157		-198	
Foreign exchange and other movements		-11	-9	6		-13	
Balance at end of period	**9**	**108**	**318**	**1,825**	**9**	**2,269**	**12**
Impairment charges (releases) on loans and advances	3	6	15	183	-3	203	
Recoveries and other charges (releases)		-5	-11	-2		-18	23
Total impairment charges for the period[1]	**3**	**1**	**4**	**180**	**-3**	**185**	**23**

1 The impairment charges for the period excludes charges (releases) for financial investments held at FVOCI (Q4 2018: EUR -0.1 million; Q3 2018: EUR -1.3 million).

(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	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		-167
Recoveries of amounts previously written-off		-5	-10	-4		-20
Total impairment charges on loans and other advances	**2**	**10**	**-26**	**-20**		**-33**
Other adjustments		-16	-19	-378		-413
Balance at end of period	**7**	**134**	**304**	**2,020**	**2**	**2,467**

Reporting scope risk

(in millions)	31 December 2018 Gross carrying amount	31 December 2018 Loan impairment allowance	31 December 2018 Carrying amount	30 September 2018 Gross carrying amount	30 September 2018 Loan impairment allowance	30 September 2018 Carrying amount	31 December 2017 Gross carrying amount	31 December 2017 Loan impairment allowance	31 December 2017 Carrying amount
Loans and advances banks	**8,133**	**9**	**8,124**	**8,816**	**6**	**8,810**	**10,671**	**7**	**10,665**
Residential mortgages	150,892	108	150,784	151,821	121	151,700	152,825	134	152,691
Less: Fair value adjustment from hedge accounting	2,101		2,101	1,860		1,860	2,264		2,264
Residential mortgages, excluding fair value adjustments from hedge accounting	**148,791**	**108**	**148,683**	**149,960**	**121**	**149,839**	**150,562**	**134**	**150,428**
Consumer loans	**12,263**	**318**	**11,945**	**12,522**	**344**	**12,178**	**12,426**	**304**	**12,122**
Corporate loans	93,603	1,759	91,845	99,076	1,732	97,344	95,645	1,971	93,674
Less: Fair value adjustment from hedge accounting	1,071		1,071	1,281		1,281	1,425		1,425
Corporate loans, excluding fair value adjustments from hedge accounting	**92,533**	**1,759**	**90,774**	**97,795**	**1,732**	**96,063**	**94,220**	**1,971**	**92,250**
Corporate loans at fair value through P&L	**783**		**783**	**1,545**		**1,545**			
Other loans and advances customers[1]	15,600	75	15,525	14,484	72	14,412	16,470	51	16,419
Less: Fair value adjustment from hedge accounting	13		13	8		8	11		11
Other loans and advances customers, excluding fair value adjustments from hedge accounting[1]	**15,587**	**75**	**15,512**	**14,476**	**72**	**14,404**	**16,459**	**51**	**16,407**
Other loans at fair value through P&L	**5**		**5**	**4**		**4**			
Total loans and advances customers, excluding fair value adjustments from hedge accounting	**269,961**	**2,260**	**267,701**	**276,302**	**2,270**	**274,032**	**273,666**	**2,460**	**271,206**
Fair value adjustments from hedge accounting on Loans and advances customers	3,185		3,185	3,150		3,150	3,700		3,700
Total loans and advances customers	**273,146**	**2,260**	**270,886**	**279,452**	**2,270**	**277,183**	**277,366**	**2,460**	**274,906**
Total loans and advances, excluding fair value adjustments from hedge accounting	**278,094**	**2,269**	**275,825**	**285,118**	**2,276**	**282,842**	**284,337**	**2,467**	**281,871**
Total fair value adjustments from hedge accounting on Loans and advances	3,185		3,185	3,150		3,150	3,700		3,700
Total loans and advances	**281,279**	**2,269**	**279,010**	**288,268**	**2,276**	**285,992**	**288,037**	**2,467**	**285,571**
Other		6	102,284		6	106,427			107,600
Total assets		**2,275**	**381,295**		**2,282**	**392,419**			**393,171**

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

Breakdown of residential mortgages portfolio by loan type

(in millions)	31 December 2018		30 September 2018		31 December 2017	
	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total
Interest only (partially)	46,671	31%	47,584	32%	48,734	32%
Interest only (100%)	25,736	17%	26,096	17%	27,231	18%
Redeeming mortgages (annuity/linear)	42,699	29%	41,395	28%	36,057	24%
Savings	16,006	11%	16,542	11%	18,160	12%
Life (investment)	11,749	8%	12,219	8%	13,419	9%
Other[1]	5,930	4%	6,124	4%	6,960	5%
Total	**148,791**	**100%**	**149,960**	**100%**	**150,562**	**100%**

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

Residential mortgages to indexed market values

(in millions)	31 December 2018				30 September 2018				31 December 2017			
	Gross carrying amount	Percentage of total	- of which guaranteed[2]	- of which unguaranteed	Gross carrying amount	Percentage of total	- of which guaranteed[2]	- of which unguaranteed	Gross carrying amount	Percentage of total	- of which guaranteed[2]	- of which unguaranteed
LtMV category[1]												
<50%	37,754	25.4%	3.0%	22.4%	35,686	23.8%	2.8%	21.0%	31,365	20.8%	2.3%	18.5%
50% - 80%	70,164	47.2%	13.1%	34.0%	67,431	45.0%	12.1%	32.9%	58,691	39.0%	9.2%	29.8%
80% - 90%	23,080	15.5%	4.9%	10.6%	24,965	16.6%	5.7%	11.0%	26,384	17.5%	6.8%	10.7%
90% - 100%	13,278	8.9%	2.7%	6.3%	15,825	10.6%	3.2%	7.4%	20,821	13.8%	4.5%	9.3%
>100%	3,497	2.4%	0.6%	1.7%	5,013	3.3%	0.9%	2.4%	11,813	7.8%	2.4%	5.5%
Unclassified	1,017	0.7%			1,040	0.7%			1,487	1.0%		
Total	**148,791**	**100%**			**149,960**	**100%**			**150,562**	**100%**		

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

Liquidity risk

Liquidity indicators

	31 December 2018	30 September 2018	31 December 2017
Available liquidity buffer (in billions)[1]	84.5	74.1	72.5
Survival period (moderate stress)	> 12 months	> 12 months	> 12 months
LCR	>100%	>100%	>100%
NSFR	>100%	>100%	>100%
Loan-to-Deposit ratio	111%	114%	112%

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

The objective of our liquidity management is to manage the bank's liquidity position and to comply at all times with internal, regulatory and other relevant liquidity requirements. Our liquidity objectives are measured by several indicators. The survival period reflects the period that the liquidity position is expected to remain positive in an internally developed (moderate) stress scenario. In Q4 2018, the survival period was consistently longer than 12 months, while the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) both remained above 100%.

Liquidity buffer composition

	31 December 2018		30 September 2018		31 December 2017	
(in billions)	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible
Cash & central bank deposits[1]	33.7	33.7	29.3	29.3	28.9	28.9
Government bonds	35.9	36.7	31.1	31.9	31.0	31.6
Covered bonds	3.0	3.3	3.0	2.8	1.9	1.8
Retained issuances[2]	4.3		2.9		4.1	
Other	7.6	7.7	7.8	8.6	6.6	7.0
Total liquidity buffer	**84.5**	**81.4**	**74.1**	**72.6**	**72.5**	**69.4**

1 The mandatory cash reserve with the central bank has been deducted from the cash and central bank deposits in the liquidity buffer.
2 Contains retained RMBS and Covered Bonds.

The liquidity buffer grew to EUR 84.5 billion at 31 December 2018 (30 September 2018: EUR 74.1 billion), primarily as a result of lower asset volumes and seasonal effects. The higher buffer is mostly reflected in higher cash, governments bonds and retained issuances. The higher government bond position is mostly linked to a further strengthening of the USD liquidity position.

Loan-to-Deposit ratio

The Loan-to-Deposit (LtD) ratio decreased to 111% as at 31 December 2018 (30 September 2018: 114%). Lending decreased by EUR 7.1 billion, with client lending accounting for EUR 2.3 billion of the decline and the remainder mostly relating to professional lending. In addition, the residential mortgage book declined by EUR 1.2 billion. The Consumer Lending and Commercial Banking portfolios remained relatively stable. The impact of the lower loan book was partially offset by a EUR 1.4 billion decrease in client deposits.

Funding

Client deposits decreased to EUR 235.3 billion at 31 December 2018 (30 September 2018: EUR 236.7 billion). Total wholesale funding (defined as issued debt plus subordinated liabilities) increased to EUR 90.6 billion at 31 December 2018 (30 September 2018: EUR 88.3 billion). The increase was mainly attributable to an increase in short-term wholesale funding volumes.

Long-term funding raised

Long-term funding raised in Q4 2018 amounted to EUR 2.0 billion, with a weighted average maturity of 3.1 years, and consisted primarily of EUR 2.0 billion in unsecured medium-term notes. Moreover, EUR 3.0 billion of long-term funding matured in Q4.

Overview of funding types

(in millions)	31 December 2018	30 September 2018	31 December 2017
Euro Commercial Paper	2,026	2,090	2,408
London Certificates of Deposit	9,944	7,300	9,373
US Commercial Paper	3,830	4,005	4,115
Total Commercial Paper/Certificates of Deposit	**15,801**	**13,395**	**15,896**
Senior unsecured (medium-term notes)[1]	31,848	32,672	28,751
Covered bonds	32,629	32,166	30,708
Securitisations	500	500	1,250
Saving certificates	6	6	6
Total issued debt	**80,784**	**78,739**	**76,612**
Subordinated liabilities	9,805	9,576	9,720
Total wholesale funding	**90,589**	**88,315**	**86,331**
Other long-term funding[2]	8,765	8,768	8,796
Total funding instruments[3]	**99,353**	**97,083**	**95,128**
- of which CP/CD matures within one year	15,801	13,395	15,896
- of which funding instruments (excl. CP/CD) matures within one year	11,382	14,228	7,894
- of which matures after one year	72,171	69,461	71,338

1 Includes Senior preferred instruments only.
2 Other long-term funding includes TLTRO II and funding with the Dutch State as counterparty.
3 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 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 8.0 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 5.2 years at 31 December 2018 (30 September 2018: 5.2 years).

(notional amounts, in billions)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	≥ 2029	Total
												31 December 2018
Senior unsecured	8.9	5.8	6.5	4.3	2.4	0.3	2.4	0.1	0.2	0.1	0.3	31.3
Covered bonds	1.8	2.5	2.4	2.7	1.9	1.8	0.5	1.6	0.6	0.7	14.0	30.7
Securitisations	0.5											0.5
Subordinated liabilities		1.6	1.5	1.5	2.4		1.3	0.9			0.3	9.5
Other long-term funding[1]		4.1	4.3					0.3	0.2			8.8
Total Long-term funding	**11.2**	**14.1**	**14.7**	**8.5**	**6.8**	**2.1**	**4.2**	**2.8**	**1.0**	**0.7**	**14.6**	**80.8**

Total Long-term funding	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	≥ 2028	Total
30 September 2018	3.0	11.2	14.0	12.7	8.5	6.7	2.1	4.2	2.8	1.0	15.3	81.6
31 December 2017	7.8	11.1	13.4	9.3	8.3	5.4	2.1	3.4	2.8	1.0	11.4	76.1

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

Capital management

Developments impacting capital ratios

The Common Equity Tier 1 (CET1) capital increased during Q4 2018, reflecting the accumulation of net profit, which was partly offset by an increase in the dividend reserve and other regulatory adjustments. Total RWA increased to EUR 105.4 billion at 31 December 2018 (30 September 2018: EUR 104.0 billion). At 31 December 2018 the fully loaded CET1, Tier 1 and Total Capital ratios were 18.4%, 19.3%, 22.1% respectively (30 September 2018: 18.6%, 19.5%, 22.3%). All capital ratios were in line with the bank's risk appetite and strategic ambitions and were well above regulatory minimum requirements.

The CET1 capital target range under Basel III was 17.5-18.5% for 2018 and has been reconfirmed for 2019. This consisted of a Basel IV implementation buffer of 4-5% on top of the SREP capital requirements, Pillar 2 Guidance and management buffer (totalling 13.5%). The CET1 ratio remained comfortably within the target range, at 18.4% per 31 December 2018. The 0.2 percentage point decrease of the CET1 ratio since Q3 2018 reflected an EUR 1.4 billion increase in RWA and an increase in the dividend reserve, which was partly offset by net profit. The RWA inflation was mainly attributable to an increase in credit risk RWA. The increase in credit risk was primarily due to TRIM and model reviews, totalling approximately EUR 5 billion, partly offset by active balance sheet management (CIB refocus), seasonal effects and asset quality developments, totalling approximately EUR 3.5 billion. For more detailed information, we refer to the Risk developments chapter.

We expect regulatory headwinds from capital regulations, the industry-wide Non-Performing Exposure (NPE) guidance and model reviews (including TRIM), partly offset by progress on the CIB refocus. TRIM is the regulatory assessment and harmonisation of internal RWA models whereas NPE aims to ensure the harmonisation of impairment provisioning across EU banks. TRIM is not expected to materially impact Basel IV fully-loaded RWAs, whereas NPE could impact both Basel III and Basel IV CET1 ratios and the leverage ratio.

We aim to meet the fully-loaded Basel IV CET1 requirement early in the phase-in period, i.e. >13.5%. In Q4 2018, the estimated fully-loaded Basel IV CET1 ratio improved to around 13.5% (pre-mitigation), mainly due to a decrease in credit risk RWA, which can mainly be explained by lower business volume. We are developing mitigating actions to maintain performance under Basel IV and to further reduce the Basel IV RWA impact. This is expected to mitigate around 20% of the Basel IV RWA inflation and will bring the estimated Basel IV CET1 ratio above 14% (post-mitigation). In addition to mitigating actions we are also looking at pricing, new business models and reducing capital intensive activities.

Based on the final SREP, the full phase-in of the SRB (from 2.25% in 2018 to 3.0% in 2019) and the capital conservation buffer (from 1.88% in 2018 to 2.5% in 2019), the SREP requirement increased from 10.45% in 2018 to 11.75% in 2019, excluding a counter-cyclical buffer (0.07%). The Maximum Distributable Amount (MDA) trigger level for ABN AMRO Bank N.V. has become 11.75% of CET1 capital, to be increased by any Additional Tier 1 (AT1) or Tier 2 capital shortfall. Due to the minority interest interpretation of the EBA there is an AT1 shortfall of 0.6%. The CET1 ratio is comfortably above the MDA trigger level.

On our Investor Day in November 2018, ABN AMRO announced it would explore the simplification of its corporate structure by merging ABN AMRO Group with ABN AMRO Bank. The bank intends to proceed with this legal merger, which will require regulatory approval and the consent of several stakeholders. A legal merger will result in simplification of our organisation and financial benefit (lower costs and higher regulatory capital ratios). The simplification of the company structure removes the AT1 shortfall and is beneficial for the Tier 1, total capital and leverage ratio on a consolidated level as the interpretation for the minority interest rules by the EBA no longer applies.

Dividend

Our dividend policy prescribes a 50% payout ratio of sustainable net profit, excluding exceptional items that significantly distort profitability. Additional distributions will be considered when capital is within or above the target range and will be subject to other circumstances, including regulatory considerations. The combined distribution will amount to at least 50% of sustainable profit.

ABN AMRO proposes a final cash dividend of EUR 752 million or EUR 0.80 per share, reflecting an additional distribution of EUR 260 million on top of the 50% payout ratio. Together with the interim cash dividend of EUR 611 million, this will bring the total dividend for 2018 to EUR 1,363 million or EUR 1.45 per share.

This equals a payout ratio of 62% of reported net earnings after deduction of AT1 coupon payments and minority interests and reflects a 12% additional distribution. In 2017, the payout ratio was 50% with a EUR 1.45 dividend per share, or EUR 1.363 million, of which EUR 611 million (EUR 0.65 per share) was interim dividend and EUR 752 million (EUR 0.80 per share) was final dividend.

We expect continuing capital generation and are well placed to consider additional distributions in excess of the targeted 50% payout. However, we will continue to take a prudent approach to additional distributions reflecting commercial and regulatory developments. In 2019, our dividend reservation in CET1 will be 62% of net profit attributable to shareholders, in line with applicable regulation setting out that this should be at least equal to the 2018 payout ratio.

Regulatory capital structure

(in millions)	31 December 2018		30 September 2018		31 December 2017	
Total equity (EU IFRS)		**21,360**		**21,298**		**21,330**
Cash flow hedge reserve		1,162		1,002		919
Dividend reserve		-752		-547		-752
AT1 capital securities	-2,008		-1,986		-2,007	
Profit attributable minus interest paid to holders of AT1 capital securities	20				21	
AT1 capital securities		-1,988		-1,986		-1,987
Other regulatory adjustments		-436		-447		-718
Common Equity Tier 1		**19,346**		**19,321**		**18,793**
AT1 capital securities		1,988		1,986		1,987
Other regulatory adjustments		-1,038		-1,050		-1,162
Tier 1 capital		**20,296**		**20,257**		**19,618**
Subordinated liabilities Tier 2		7,521		7,550		7,674
Other regulatory adjustments		-4,431		-4,497		-4,687
Total regulatory capital		**23,386**		**23,310**		**22,605**
Total risk-weighted assets		**105,391**		**103,959**		**106,157**
Common Equity Tier 1 ratio		18.4%		18.6%		17.7%
Tier 1 ratio		19.3%		19.5%		18.5%
Total capital ratio		22.2%		22.4%		21.3%
Common Equity Tier 1 capital (fully-loaded)		19,345		19,317		18,737
Common Equity Tier 1 ratio (fully-loaded)		18.4%		18.6%		17.7%
Tier 1 capital (fully-loaded)		20,356		20,313		19,780
Tier 1 ratio (fully-loaded)		19.3%		19.5%		18.6%
Total capital (fully-loaded)		23,285		23,181		22,718
Total capital ratio (fully-loaded)		22.1%		22.3%		21.4%

Leverage ratio

(in millions)	31 December 2018 Phase-in	31 December 2018 Fully-loaded	30 September 2018 Phase-in	30 September 2018 Fully-loaded	31 December 2017 Phase-in	31 December 2017 Fully-loaded
Tier 1 capital	**20,296**	**20,356**	**20,257**	**20,313**	**19,618**	**19,780**
Exposure measure (under CDR)						
On-balance sheet exposures	381,295	381,295	392,419	392,419	393,171	393,171
Off-balance sheet exposures	40,092	40,092	34,451	34,451	31,915	31,915
On-balance sheet netting	9,875	9,875	11,857	11,857	12,427	12,427
Derivative exposures	56,786	56,786	62,678	62,678	59,864	59,864
Securities financing exposures	1,580	1,580	2,287	2,287	1,261	1,261
Other regulatory measures	-8,198	-8,198	-7,344	-7,344	-11,961	-11,971
Exposure measure	**481,428**	**481,428**	**496,348**	**496,348**	**486,677**	**486,666**
Leverage ratio (CDR)	**4.2%**	**4.2%**	**4.1%**	**4.1%**	**4.0%**	**4.1%**
Impact CRR 2 (incl. SA-CCR)	-53,496	-53,496	-54,483	-54,483	-56,116	-56,116
Exposure measure (incl. CRR 2)	**427,933**	**427,933**	**441,865**	**441,865**	**430,561**	**430,550**
Leverage ratio (incl. CRR 2)	**4.7%**	**4.8%**	**4.6%**	**4.6%**	**4.6%**	**4.6%**

The CRR capital rules introduced a non-risk-based leverage ratio, which is expected to become a binding measure with effect from 2021. ABN AMRO aims for a leverage ratio of at least 4%. At 31 December 2018, the fully-loaded leverage ratio of ABN AMRO Group increased slightly to 4.2%, reflecting a decrease of exposure measure, mainly due to balance sheet management and seasonal effects.

ABN AMRO expects a change in the methodology for calculating the exposure measure. The Basel Committee on Banking Supervision and the Council of Finance Ministers of the European Union (ECOFIN) both reached agreement on the use of the SA-CCR calculation methodology for clearing guarantees, providing further confidence that this will be applicable via CRR2 in 2021 at the earliest. ABN AMRO estimates that the cumulative CRR2 adjustments including SA-CCR will reduce the exposure measure by approximately EUR 53.5 billion, improving the fully-loaded leverage ratio by 0.6% percentage points to 4.8%. Despite the favourable effects of applying SA-CCR, ABN AMRO continues to monitor and report the leverage ratio as being at least 4%, based on the current CEM methodology. The potential merger between ABN AMRO Bank and ABN AMRO Group will improve the leverage ratio by 0.2 percentage points as the regulation for minority interests will no longer apply.

MREL

(in millions)	31 December 2018	30 September 2018	31 December 2017
Regulatory capital	23,386	23,310	22,605
Reversal minority adjustment AT1 and T2	5,388	5,468	5,625
Other MREL eligible liabilities[1]	1,974	1,880	1,619
Total MREL eligible liabilities	**30,748**	**30,657**	**29,849**
Total risk-weighted assets	105,391	103,959	106,157
MREL	29.2%	29.5%	28.1%

[1] Other MREL eligible liabilities consists of subordinated liabilities that are not included in regulatory capital.

As of 2016, the Minimum Requirement for own funds and Eligible Liabilities (MREL) has been implemented in order to ensure that banks in the European Union have sufficient capacity to absorb losses in the event of a potential bank failure. The Single Resolution Board (SRB) set a requirement for ABN AMRO Bank at the consolidated level in line with a Single Point of Entry resolution strategy.

The Binding MREL requirement for ABN AMRO Bank is set at 8.91% (including senior debt) of Total Liabilities and Own Funds (TLOF), equalling EUR 32.9 billion and 31.55% of RWA. Taking into account MREL eligible senior debt, ABN AMRO currently exceeds this requirement. Subject to further changes in the MREL framework, the ambition remains to meet a MREL of 29.3% of RWA in 2019 based on own funds and subordinated instruments (including, in time, senior non-preferred notes). The Dutch law for senior non-preferred notes has been implemented and is effective.

Regulatory capital developments

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 has been in full effect since January 2019. Further to this, the European Commission issued draft texts in November 2016 to amend CRD IV/CRR/BRRD, which include the abovementioned changes to the leverage ratio and MREL, and the EU legislative bodies are currently discussing finalisation of these proposals.

Other

ABN AMRO shares

Key developments

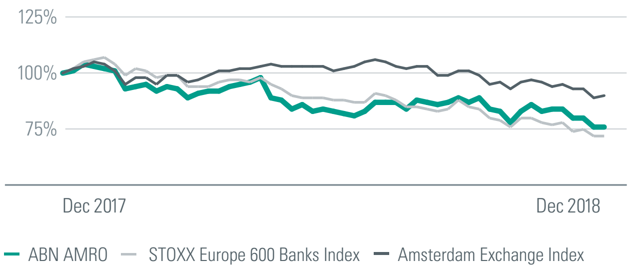
Between 28 September 2018 and 31 December 2018, ABN AMRO's share price (depositary receipts) declined 12%, while the STOXX Europe 600 Bank index declined 16%. Total dividend to be proposed for 2018 will be EUR 1.45 per share, representing a dividend payout of 62%. This consists of an interim dividend of EUR 0.65 paid in September 2018 and a proposed final dividend of EUR 0.80 per share, subject to approval at the Annual General Meeting.

Listing information

A total of 470.9 million shares, representing 50.1% of the total, are held by the STAK AAG ('Stichting Administratiekantoor Continuïteit ABN AMRO Group'). STAK AAG has issued depositary receipts representing such shares, which are listed on Euronext Amsterdam. NLFI holds 59.7 million (6.4%) of these depositary receipts. The remaining 469.1 million shares (49.9%) are held directly by NLFI. For more information about STAK AAG or NLFI, please go to the 'About ABN AMRO' section of abnamro.com or visit stakaag.org or nlfi.nl. The depositary receipts are traded under ISIN code NL0011540547, Reuters ticker 'ABNd.AS' and Bloomberg ticker 'ABN:NA'.

Share price development

(in %)



Source: S&P Global Market Intelligence.

Financial calendar[1]

- Publication Annual Report 2018 – 13 March 2019
- General Meeting trust office (STAK AAG) – early April 2019
- Annual General Meeting – 24 April 2019
- Ex-dividend date final dividend 2018 – 26 April 2019
- Record date final dividend 2018 – 29 April 2019
- Publication first quarter 2019 results – 15 May 2019
- Payment date final dividend 2018 – 20 May 2019
- Publication second quarter 2019 results – 7 August 2019
- Ex-dividend date interim dividend 2019 – 9 August 2019
- Record date interim dividend 2019 – 12 August 2019
- Payment date interim dividend 2019 – 2 September 2019
- Publication third quarter 2019 results – 13 November 2019

1 All dates may be subject to change. Please refer to abnamro.com/ir for the latest information.

(in millions)	Q4 2018	Q4 2017	Q3 2018	2018	2017
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	529	529	529	529
- of which held by other investors (depositary receipts)	411	411	411	411	411
- as a percentage of total outstanding shares	44%	44%	44%	44%	44%
Average number of shares	940	940	940	940	940
Average diluted number of shares	940	940	940	940	940
Key indicators per share (EUR)					
Earnings per share[1]	0.31	0.55	0.74	2.35	2.89
Shareholder's equity per share	20.58	20.53	20.50	20.58	20.53
Tangible shareholder's equity per share	20.41	20.34	20.32	20.41	20.34
Dividend per share (final, full year dividend)[2]	0.80	0.80		1.45	1.45
Share price development (EUR)					
Closing price (end of period)	20.54	26.90	23.45	20.54	26.90
High (during the period)	24.29	27.16	24.46	28.48	27.16
Low (during the period)	19.81	24.39	21.52	19.81	20.95
Market capitalisation (end of period, in billions)	19.31	25.29	22.04	19.31	25.29
Valuation indicators (end of period)					
Price/Earnings	8.74x	9.31x	9.05x	8.74x	9.31x
Price/Tangible book value	1.01x	1.32x	1.16x	1.01x	1.32x
Dividend pay out ratio[2]				62%	50%

1 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 Interim/final dividend per share over the relevant period as declared/proposed by the company, subject to approval at the annual general meeting.

Source: S&P Global Market Intelligence

Notes to the reader

Introduction

This Quarterly Report presents ABN AMRO's results for the fourth quarter of 2018. It provides a quarterly business and financial review, risk, funding, liquidity and capital disclosures, and an update on 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 as our most recent financial statements, which were prepared in accordance with EU IFRS. The figures in this document have not been audited or reviewed by our external auditor.

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 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.

On 1 January 2018, ABN AMRO adopted IFRS 9 "Financial Instruments", which replaces IAS 39 "Financial Instruments: Recognition and Measurement" and includes new requirements for the classification and measurement of financial instruments and impairment of financial assets. Prior years were not restated in line with the transitional provisions of the standard. This may result in prior year figures being less comparable with the figures presented for the fourth quarter of 2018. ABN AMRO has decided to continue applying IAS 39 for hedge accounting, including the application of the EU carve-out.

During the second half of 2018, ABN AMRO assessed the application of its definitions relating to committed and uncommitted credit facilities. It appeared that the methodology of processing these undrawn facilities was not always applied consistently and in line with the definitions. Assessments of the product characteristics and application of the definitions have resulted in an increase in committed credit facilities. Comparative figures have been adjusted accordingly. The change did not impact retained earnings, the result or the total assets and liabilities for any period.

To download this report or to obtain 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, an investor presentation and a fact sheet regarding the Q4 2018 results.

Enquiries

ABN AMRO Investor Relations

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Investor call

A conference call for analysts and investors will be hosted by the bank on Wednesday 13 February 2019 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.

Disclaimer & cautionary statements

ABN AMRO has included in this document, and from time to time may make certain statements in its public statements, that may constitute "forward-looking statements". This includes, without limitation, such statements that include the words "expect", "estimate", "project", "anticipate", "should", "intend", "plan", "probability", "risk", "Value-at-Risk ("VaR")", "target", "goal", "objective", "will", "endeavour", "outlook", "optimistic", "prospects" and similar expressions or variations of such expressions. In particular, the document may include forward-looking statements relating but not limited to ABN AMRO's potential exposures to various types of operational, credit and market risk. Such statements are subject to uncertainties.

Forward-looking statements are not historical facts and represent only ABN AMRO's current views and assumptions regarding future events, many of which are by nature inherently uncertain and beyond our control. Factors that could cause actual results to deviate materially from those anticipated by forward-looking statements include, but are not limited to, macro-economic, demographic and political conditions and risks, actions taken and policies applied by governments and their agencies, financial regulators and private organisations (including credit rating agencies), market conditions and turbulence in financial and other markets, and the success of ABN AMRO in managing the risks involved in the foregoing.

Any forward-looking statements made by ABN AMRO are current views as at the date they are made. Subject to statutory obligations, ABN AMRO does not intend to publicly update or revise forward-looking statements to reflect events or circumstances after the date the statements were made, and ABN AMRO assumes no obligation to do so.