

# IR / Press Release

Amsterdam, 7 February 2018

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

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

Kees van Dijkhuizen, CEO, comments:

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

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

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

### Key figures and indicators (in EUR millions)

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

<sup>1</sup> Underlying results exclude special items which distort the underlying trend. A detailed explanation of special items is provided in the Additional financial information section.