

# IR / Press Release

Amsterdam, 21 February 2014

## **ABN AMRO reports net profit of EUR 1,160 million over 2013 and a net loss of EUR 47 million for Q4 2013**

- **Net profit over 2013 of EUR 1,160 million included a number of large releases on loan impairments**
- **The cost/income ratio over 2013 suffered mainly from higher pension costs and amounted to 65%**
- **A EUR 47 million net loss was reported over Q4 2013 due to the bank tax (EUR 106 million) and high loan impairments (EUR 555 million)**
- **The core Tier 1 ratio improved further to 14.4%. The Tier 1 ratio was 15.3% and the total capital ratio 20.2%**
- **A final dividend of EUR 200 million will be proposed, bringing the total dividend for 2013 to EUR 350 million**

Gerrit Zalm, Chairman of ABN AMRO Group, comments:

*“Net profit over 2013 amounted to EUR 1,160 million. This result was positively impacted by sizeable releases on our Madoff and former Greek files. Adjusting for these and other special items, net profit came to EUR 752 million yielding a return on equity of 5.5%, which declined mainly as a result of high impairment charges of EUR 1.7 billion and higher pension costs.*

*All in all, it has been a difficult year which has led to a modest result for ABN AMRO. We ended 2013 with a loss-making quarter as significant impairment charges were taken and the bank tax was paid. We are predominantly exposed to the Dutch economy, where domestic spending has declined since 2008. In particular, SMEs with a domestic focus have felt the effects of lower domestic spending and the number of businesses in our portfolio that are suffering from financial difficulties was at elevated levels. Our levels of provisioning for commercial real estate were confirmed by the DNB to be adequate. The review it recently performed on this portfolio, which also looked at RWA levels, was positive.*

*In terms of the individual business segments, Retail Banking performed well and Private Banking performed as expected. Commercial Banking posted a small loss over 2013 due to high loan impairments, although this business has made good progress on improving efficiency over the past two years. Within Merchant Banking, the Markets division posted a loss. We are currently conducting a strategic review of this division with a view to improving results.*

*We expect that 2013 was the bottom of the economic cycle. Looking ahead, we see signs of an improving housing market, with prices stabilising and mortgage applications on the rise. Sentiment improved over the course of 2013, with the Purchasing Managers' Index rising and consumer confidence moving towards the long-term average. GDP declined last year, although Q4 showed positive growth. In line with this development we expect GDP to grow again in 2014. However, even if the economy does turn the corner, impairments are expected to remain elevated in 2014.”*

## Income statement

In 2012, ABN AMRO finalised the integration of ABN AMRO Bank and Fortis Bank Nederland. As of the first quarter of 2013, ABN AMRO presents its results on a reported basis. The integration costs of 2012 are part of the special items as defined in Annex 3. Furthermore, ABN AMRO adopted the amended pension accounting standard IAS 19 as from 1 January 2013. As a result, all 2012 disclosed figures have been adjusted accordingly for comparison purposes. The impact of the amendment of IAS 19 on the 2012 figures was EUR 273 million lower pension costs, leading to EUR 205 million higher profit.

## Full-year 2013 compared with full-year 2012

<b>Results<sup>1</sup></b>			
<i>(in EUR million)</i>	<b>FY 2013</b>	<b>FY 2012</b>	<b>Change</b>
Net interest income	5,380	5,028	7%
Net fee and commission income	1,643	1,556	6%
Other non-interest income	301	754	-60%
Operating income	7,324	7,338	0%
Personnel expenses	2,357	2,151	10%
Other expenses	2,413	2,535	-5%
Operating expenses	4,770	4,686	2%
<b>Operating result</b>	<b>2,554</b>	<b>2,652</b>	<b>-4%</b>
Impairment charges on loans and other receivables	983	1,228	-20%
<b>Operating profit before taxes</b>	<b>1,571</b>	<b>1,424</b>	<b>10%</b>
Income tax expenses	411	271	52%
<b>Profit for the period</b>	<b>1,160</b>	<b>1,153</b>	<b>1%</b>

<b>Other indicators</b>		
	<b>FY 2013</b>	<b>FY 2012</b>
Cost/income ratio	65%	64%
Return on average Equity	8.5%	8.5%
Return on average RWA (in bps)	99	92
NII/average total assets (in bps)	134	120
Cost of risk (in bps)	84	98
	<b>31 December 2013</b>	<b>31 December 2012</b>
Risk-weighted assets (in billions)	109.0	121.5
RWA/Total assets	29%	31%
Assets under Management (in billions)	168.3	163.1
FTEs	22,289	23,059

ABN AMRO's net profit over 2013 amounted to EUR 1,160 million, virtually unchanged compared with the previous year. A number of sizeable releases had a significant impact on these results. The releases were related to the remaining Greek government-guaranteed corporate exposures and the sale of collateral related to the Madoff files. The results for 2012 were also impacted by a number of special items, though to a lesser extent. Excluding special items for both years, the net profit for 2013 would have amounted EUR 752 million, a

<sup>1</sup> All 2012 figures have been adjusted for comparison purposes following adoption of the amended pension accounting standard (IAS 19). The figures in this press release are not audited and not reviewed

decline of 32%. The main factors that led to this decline were higher pensions costs, a considerable rise in loan impairments within Commercial Banking and Retail Banking, and lower results for Markets activities. The return on equity excluding special items was 5.5% in 2013.

- **Operating income** amounted to EUR 7,324 million, virtually unchanged compared with last year. Excluding special items, operating income would have risen 5%. Eighty-two per cent of total operating income was generated in the Netherlands.

**Net interest income** amounted to EUR 5,380 million, up 7% compared with last year. The improved results were predominantly driven by higher margins on the loan portfolio.

**Net fee and commission income** rose by 6% to EUR 1,643 million due to higher management fees within Private Banking from increased client activity and a growth of assets under management. ECT and corporate finance also showed higher fee income.

**Other non-interest income** dropped by 60% to EUR 301 million, a decline of EUR 453 million. Excluding special items for both years, other non-interest income would have come down by EUR 117 million to EUR 423 million due mainly to lower results in trading and sales activities within Markets. Income from Private Equity also declined as valuations and exit results were lower.

- **Operating expenses** rose by 2% to EUR 4,770 million. Excluding special items, expenses went up by 12% (to EUR 4,733 million). Of this rise, 8% was due to the increase in pension costs of EUR 353 million largely on the back of a sharply lower discount rate used in 2013. In addition, higher costs were booked for change projects, and expenses last year included compensation from a service level agreement related to the EC Remedy which was terminated in 2012.
- There was a 4% decrease in the **operating result** to EUR 2,554 million, leading to a **cost/income ratio** of 65% over 2013. Excluding special items, the operating result would have come down by 6% to EUR 2,713 million as a result of higher pension costs, partly offset by higher revenues. The cost/income ratio excluding special items was 64%.
- **Impairment charges on loans and other receivables** amounted to EUR 983 million but includes EUR 685 million of releases on the Greek and Madoff files. Excluding these special items, loan impairments amounted to EUR 1,668 million, an increase of EUR 237 million compared with last year. In terms of cost of risk (impairment charges over average RWA), this amounted to 143bps in 2013 compared with 114bps in 2012. Higher loan impairments for SMEs, consumer lending and mortgages were the main cause of this increase.

Domestically-focused SMEs were hit particularly hard by the decline in domestic spending. For SMEs, both the inflow into the Financial Restructuring & Recovery department as well as the proportion of files which ultimately need to be liquidated increased compared with the previous year. We expect the inflow to remain elevated in 2014.

The impairments over the total mortgage book amounted to 24bps over 2013, up from 16bps in 2012. Mortgage impairment charges have remained relatively constant in the past five quarters, indicating an end to the rise seen since 2011.

- **Assets under Management (AuM)** within Private Banking grew by EUR 5.2 billion to EUR 168.3 billion as a result of market performance. Net new assets in the Netherlands were more than offset by a decrease in Jersey.

- A final dividend of EUR 200 million will be proposed, bringing the total dividend over 2013 to EUR 350 million.

## Fourth-quarter 2013 compared with previous quarters

Results <sup>2</sup>					
(in EUR million)	Q4 2013	Q3 2013	Change	Q4 2012	Change
Net interest income	1,389	1,326	5%	1,255	11%
Net fee and commission income	413	401	3%	382	8%
Other non-interest income	47	147	-68%	77	-39%
Operating income	1,849	1,874	-1%	1,714	8%
Personnel expenses	564	594	-5%	600	-6%
Other expenses	752	549	37%	754	0%
Operating expenses	1,316	1,143	15%	1,354	-3%
<b>Operating result</b>	<b>533</b>	<b>731</b>	<b>-27%</b>	<b>360</b>	<b>48%</b>
Impairment charges on loans and other receivables	555	212		466	19%
<b>Operating profit before taxes</b>	<b>- 22</b>	<b>519</b>		<b>- 106</b>	<b>79%</b>
Income tax expenses	25	129	-81%	- 68	
<b>Profit for the period</b>	<b>- 47</b>	<b>390</b>		<b>- 38</b>	<b>-24%</b>

Other indicators			
	Q4 2013	Q3 2013	Q4 2012
Cost/income ratio	71%	61%	79%
Return on average Equity	-1.4%	11.4%	-1.2%
Return on average RWA (in bps)	- 17	138	- 12
NII/average Total assets (in bps)	143	134	120
Cost of risk (in bps)	198	75	146

ABN AMRO posted a loss of EUR 47 million for the fourth quarter of 2013 due to the annual bank tax paid and high loan impairments.

- **Operating income** for the fourth quarter amounted to EUR 1,849 million, a marginal decline compared with Q3 2013 and a marked increase compared with Q4 2012.

**Net interest income** increased to EUR 1,389 million. Margins on loans increased during the year, leading to an 11% rise compared with Q4 2012. Net interest income in the third quarter was negatively impacted by a correction made for past accruals.

**Net fee and commission income** continued to rise, ending at EUR 413 million for Q4 2013. This is an increase of 8% compared with a year ago, due mainly to higher fees within Private Banking.

**Other non-interest income** amounted to EUR 47 million. The results within Group Functions were negatively impacted by fair value movements of derivatives held for hedging purposes and lower valuations on part of the trading book. In addition, CVA movements within Merchant Banking also led to lower results.

<sup>2</sup> All 2012 figures have been adjusted for comparison purposes following adoption of the amended pension accounting standard (IAS 19)

- **Operating expenses** amounted to EUR 1,316 million. This includes the annual bank tax, accelerated depreciations on certain premises and installations, and somewhat higher change project costs (including the re-engineering of our IT landscape). Comparison with the fourth quarter of 2012 is affected by special items and higher pension costs.
- The **cost/income** ratio rose to 71% due to the bank tax and higher depreciations. The cost/income ratio in Q4 2012 stood at 68% excluding special items.
- **Impairment charges on loans and other receivables** amounted to EUR 555 million. Loan impairments showed a modest increase compared with Q4 2012 (EUR 544 million excluding special items). Impairments in Retail Banking and Commercial Banking remained elevated. Private Banking reported a decline due to impairments within the ID&JG business taken in Q4 2012. The cost of risk amounted to 198bps in Q4 2013 (170bps in Q4 2012 excluding special items).

## Balance sheet

### Statement of condensed financial position<sup>3</sup>

<i>(in EUR million)</i>	<b>31 December 2013</b>	<b>31 December 2012</b>
Cash and balances at central banks	9,523	9,796
Financial assets held for trading	23,867	24,343
Financial investments	28,111	21,730
Loans and receivables – banks	31,210	46,461
<i>Of which securities financing activities</i>	7,267	14,306
Loans and receivables – customers	268,147	276,967
<i>Of which securities financing activities</i>	11,119	14,515
Other	11,164	14,461
<b>Total assets</b>	<b>372,022</b>	<b>393,758</b>
Financial liabilities held for trading	14,248	20,098
Due to banks	15,833	21,304
<i>Of which securities financing activities</i>	4,207	4,369
Due to customers	215,643	216,757
<i>Of which securities financing activities</i>	8,059	15,152
Issued debt	88,682	95,048
Subordinated liabilities	7,917	9,736
Other	16,131	17,932
<b>Total liabilities</b>	<b>358,454</b>	<b>380,875</b>
Equity attributable to the owners of the parent company	13,555	12,864
Equity attributable to non-controlling interests	13	19
<b>Total equity</b>	<b>13,568</b>	<b>12,883</b>
<b>Total liabilities and equity</b>	<b>372,022</b>	<b>393,758</b>

### Main developments in assets

Total assets declined by EUR 21.7 billion to EUR 372.0 billion at 31 December 2013.

<sup>3</sup> All 2012 figures have been adjusted for comparison purposes following adoption of the amended pension accounting standard (IAS 19)

- **Financial assets held for trading** decreased by EUR 0.5 billion to EUR 23.9 billion due to lower valuation of the interest rate derivative positions, which also led to a decrease in the **Financial liabilities held for trading**. This was offset to a large extent by the fact that equity derivative client positions were hedged using underlying securities rather than derivatives.
- **Financial investments** increased by EUR 6.4 billion as a result of enlargement of the liquidity buffer.
- **Loans and receivables – banks** decreased by EUR 15.3 billion. Outstanding securities financing client positions were EUR 7.0 billion lower than in 2012. The remainder of the decline was mainly due to lower deposits with the ECB as well as a decrease in pledged cash collateral.
- **Loans and receivables – customers** decreased by EUR 8.8 billion to EUR 268.1 billion. Securities financing was responsible for EUR 3.4 billion of this decline. Commercial loans came down by EUR 2.1 billion (partly due to the sale of EUR 1.0 billion of Greek government-guaranteed corporate loans and EUR 0.4 billion in Madoff-related loans) where most businesses, with the exception of ECT, posted a small decrease in outstanding volumes. The mortgage portfolio shrank by EUR 3.6 billion as a result of extra repayments and lower new production. The total mortgage portfolio was EUR 150.5 billion at 31 December 2013.

#### Loans and receivables – customers

(in EUR million)

	31 December 2013	31 December 2012
<b>Loans and receivables - customers other (incl. impairments)</b>	<b>257,026</b>	<b>262,452</b>
Retail Banking	157,755	161,985
Private Banking	16,919	17,344
Commercial Banking	40,153	42,595
Merchant Banking	38,519	35,148
Group Functions	3,680	5,380
<b>Securities financing activities</b>	<b>11,119</b>	<b>14,515</b>
<b>Total loans and receivables – customers</b>	<b>268,147</b>	<b>276,967</b>

#### Main developments in liabilities

Total liabilities decreased by EUR 22.4 billion to EUR 358.5 billion. The increase in consumer deposits was more than offset by a decline in securities financing volumes and wholesale funding. Lower market values on interest rate derivatives also led to a decrease.

- **Due to customers** declined by EUR 1.1 billion to EUR 215.6 billion, with the decline in securities financing positions largely offset by an increase in deposits of EUR 6.0 billion. The total savings market in the Netherlands grew, on top of which ABN AMRO managed to increase its market share to 24%. Deposits grew particularly in Retail Banking in the Netherlands as well as at MoneYou (the online brand) in Belgium and Germany. Private Banking deposits increased somewhat as growth in the Netherlands was partly offset by a decline outside the Netherlands. Commercial Banking also posted a rise in deposits. The decrease in Merchant Banking was mainly recorded within Markets (including Clearing).

## Due to customers

<i>(in EUR million)</i>	<b>31 December 2013</b>	<b>31 December 2012</b>
<b>Total Deposits</b>	<b>207,237</b>	<b>201,262</b>
Retail Banking	87,515	82,176
Private Banking	59,750	59,061
Commercial Banking	37,871	34,574
Merchant Banking	19,051	21,590
Group Functions	3,049	3,862
<b>Other (including securities financing activities)</b>	<b>8,406</b>	<b>15,495</b>
<b>Total Due to customers</b>	<b>215,643</b>	<b>216,757</b>

- **Issued debt** decreased by EUR 6.4 billion to EUR 88.7 billion. Commercial Paper and Certificates of Deposit declined by EUR 5.5 billion. Maturing long-term funding, as well as transactions which were called or tendered, was more than offset by new issuance. Fair value movements led to a decrease of EUR 1.6 billion.
- **Subordinated liabilities** declined by EUR 1.8 billion as several lower Tier 2 instruments were called that were not Basel III compliant.

**Total equity** grew by EUR 0.7 billion, rising from EUR 12.9 billion to EUR 13.6 billion. The increase was due predominantly to the profit for the period. This was partly offset by the call of EUR 210 million of preference shares, the payment of EUR 250 million final dividend to ordinary shareholders over 2012, and the payment of EUR 150 million of interim dividend over 2013.

## Capital position

In the course of 2013, the core Tier 1 ratio improved to 14.4% compared with 12.1% at year-end 2012, while the Tier 1 ratio rose to 15.3% from 12.9%. The increase was the result of lower RWA and retained profit.. The total capital ratio improved to 20.2%, up from 18.4% at year-end 2012, despite a decline in lower Tier 2 capital as a number of instruments that are not compliant under CRD IV were called.

### Regulatory capital Basel II

(in millions)

31 December 2013

31 December 2012

<b>Total equity (IFRS)</b>	<b>13,568</b>	<b>12,883</b>
Adjustments to core Tier 1 for participations in financial institutions	- 336	- 323
Other regulatory adjustments	2,466	2,140
<b>Core Tier 1 capital</b>	<b>15,698</b>	<b>14,700</b>
Innovative hybrid capital instruments	1,000	997
<b>Tier 1 capital</b>	<b>16,698</b>	<b>15,697</b>
Subordinated liabilities Upper Tier 2	179	183
Subordinated liabilities Lower Tier 2	5,431	6,848
Additional adjustments for participations in financial institutions	- 336	- 323
Other regulatory adjustments	25	- 5
<b>Total capital</b>	<b>21,997</b>	<b>22,400</b>
<b>Risk-weighted assets</b>	<b>109,012</b>	<b>121,506</b>
Credit risk (RWA)	86,201	100,405
Operational risk (RWA)	16,415	15,461
Market risk (RWA)	6,396	5,640
<b>Core Tier 1 ratio</b>	<b>14.4%</b>	<b>12.1%</b>
<b>Tier 1 ratio</b>	<b>15.3%</b>	<b>12.9%</b>
<b>Total capital ratio</b>	<b>20.2%</b>	<b>18.4%</b>

Note: Core Tier 1 ratio is defined as Tier 1 capital excluding all hybrid capital instruments divided by RWA.

### Main changes in RWA position

Total Basel II RWA decreased by 10% in 2013. The decline in RWA reflects the substantial decrease of credit risk RWA partially offset by increases in operational and market risk RWA. **Credit risk RWA** decreased by EUR 14.2 billion primarily due to migration of the large corporates and institutions portfolios from the standardised to advanced approach. **Market risk RWA** increased pending transition from the standardised to the advanced approach. **Operational risk RWA** increased, reflecting the update of the average gross income figures as part of the annual reassessment.

### Basel III / CRD IV

Application of the CRD IV rules to the capital position of 31 December 2013 would result in a phased-in Common Equity Tier 1 (CET1) ratio of 13.9%. On a fully loaded basis, the CET1 ratio would be 12.2%. The fully loaded figures exclude transitional arrangements including the IAS 19R prudential filter and therefore present a transparent look through on the capital position. ABN AMRO aims to move to a defined contribution pension plan which, if an agreement is reached, will lead amongst others to the IAS 19R prudential filter of EUR 1.6

billion<sup>4</sup> to lose its applicability leading to a lower CET1 ratio during the phase-in period. ABN AMRO targets a long-term (2017) CET1 ratio between 11.5% and 12.5%.<sup>5</sup>

### Regulatory capital ratios

	<i>Basel II</i> 31 Dec 2013	<i>Basel III / CRD IV</i> phase-in 2014 <sup>6</sup>	<i>Basel III / CRD IV</i> fully loaded <sup>5</sup>
Core Tier 1 / Common Equity Tier 1 ratio	14.4%	13.9%	12.2%
Tier 1 ratio	15.3%	14.3%	12.2%
Total capital ratio	20.2%	19.0%	14.5%

The leverage ratio based on Tier 1 capital under Basel III phased-in rules (as per January 2014) was 4.1% at 31 December 2013. The fully loaded Basel III leverage ratio was 3.5%.

## Liquidity Management & Funding

ABN AMRO raises its funding primarily through savings and deposits from R&PB and C&MB clients. At 31 December 2013, total client deposits represented 81% of the loan portfolio excluding securities financing (year-end 2012: 77%). The ratio increased on the rise in Retail and Private Banking deposits.

During 2013, EUR 14.9 billion of long-term debt matured and EUR 1.3 billion of government-guaranteed bonds was repurchased. In addition, EUR 16.1 billion of long-term, primarily unsecured, funding was issued. The average original maturity of funding issued during 2013 was 5.2 years. The average maturity of the outstanding long-term funding (including subordinated liabilities) increased to 4.5 years (from 4.3 years at year-end 2012).

### Liquidity parameters

	31 December 2013	31 December 2012
Loan-to-deposit ratio	121%	125%
Available liquidity buffer (in EUR billion)	75.9	68.0
LCR	100%	89%
NSFR	105%	108%

The **loan-to-deposit ratio** improved to 121% on 31 December 2013, down from 125% at year-end 2012, driven by increased retail deposits and a small decrease in loan volumes.

A **liquidity buffer** of unencumbered assets has been retained as a safety cushion in the event of severe liquidity stress. The liquidity buffer increased to EUR 75.9 billion from EUR 68.0 billion at year-end 2012. The rise was due to increased government bond positions and a higher volume of retained RMBS in combination with a higher liquidity value, offset by a decline in the cash component of the liquidity buffer.

<sup>4</sup> As of 31 December 2013

<sup>5</sup> Assuming no further volatility of the pension liability after first-time adoption of the amended IAS 19 as per 1-1-2013

<sup>6</sup> Pro forma, based on 31 December 2013

The **LCR** improved to 100% at 31 December 2013, up from 89% at 31 December 2012, in line with our strategy of early compliance with the LCR. At year end, the **NSFR** was 105% compared with 108% at the end of 2012, comfortably above the expected regulatory minimum of 100% as of 2018.

## Risk management

The Dutch economy in particular continued to suffer in 2013 as concerns over the housing market and pension benefits led to low domestic spending, resulting in continued high impairment charges across our loan book. We further tightened our monitoring and watch procedures early 2013 to detect risk deterioration at an early stage in order to minimise losses and have taken additional measures to limit impairments. At the same time, we further heightened the focus on proactively managing our portfolios on a risk-return basis.

Despite the abovementioned measures, the impact of the economic climate is reflected in an increase of EUR 237 million in loan impairment charges in 2013. Impaired loans increased compared with year-end 2012 (excluding the effects of Greece and Madoff).

### Residential mortgages

The housing market started to improve at the end of 2013. The Market Indicator of the Homeowners' Association (Dutch acronym: VEH) showed a change in sentiment, which is reflected in the number of housing transactions. After a sharp drop in the first half of the year, the number of transactions grew again in the second half of 2013. In addition, consumer confidence<sup>7</sup> is improving.

The residential mortgage portfolio declined to EUR 150.5 billion, down EUR 3.6 billion compared with year-end 2012. This decline was due to lower mortgage production and higher extra repayments. Production for ABN AMRO amounted to EUR 6.4 billion in 2013, a decline of 22% compared with 2012. Of the total new mortgage production in 2013, 46% was NHG-guaranteed. The decline was caused mainly by changes in the Dutch mortgage regime in the beginning of 2013.

The amount of extra repayments increased compared to 2012, while redemptions due to a house sale or refinancing have decreased. Contractual repayments remained fairly stable. Overall, the amount of extra repayments is still considered to be relatively high as homeowners are aware of the negative impact of having residual debt in combination with changes in the fiscal regime. Clients continue to show significant willingness to repay their mortgage debt, however the capacity to make extra repayments is limited.

Of the entire mortgage portfolio, 24% are pure interest only mortgages. Another 34% of mortgages are interest only which form part of a mixed mortgage that also includes some form of scheduled redemptions. Pure interest-only mortgages with a LtMV above 100% amounted to 2% of the mortgage portfolio at 31 December 2013 (2012: 1%). Although this is a low share of the total mortgage portfolio, the number was higher than in 2012 due to lower collateral values as a result of indexation of the market values. The average LtMV of the mortgage portfolio increased to 84% (31 December 2013) from 82% (year-end 2012), mainly due to a decline in the residential property value.

The mortgage portfolio in arrears (past due up to 90 days) increased to EUR 4.1 billion at 31 December 2013 from EUR 3.6 billion at 31 December 2012. This increase is due to the fact that more clients faced financial difficulties and experienced payment problems on their mortgage loan. The impaired portfolio (more than 90 days past due) increased by EUR 235 million to EUR 1.7 billion compared with year-end 2012, mainly as a

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<sup>7</sup> Source: CBS, Economic Monitor (*Conjunctuurbericht*)

result of the economic climate in the Netherlands in 2013. The coverage ratio increased to 27.1% (19.4% at 31 December 2012).

ABN AMRO continues to closely monitor mortgage portfolio developments and takes measures to prevent losses for both clients and the bank. For example, clients with a high mortgage LtMV are proactively approached. Advice to these clients varies from budget coaching and making higher repayments by changing an interest-only mortgage to an amortising mortgage. Clients may also prepay without penalty the part of the mortgage in excess of the market value of their house.

### **Commercial loans**

In the commercial loans portfolio the overall past due decreased from 4.0% YE 2012 to 2.3% YE 2013. This decline was mainly due to stricter management on resolving past due > 30 days. The impaired commercial loan portfolio decreased to EUR 5.2 billion from EUR 6.4 billion at year-end 2012, mainly due to the sale of EUR 1.0 billion of Greek government-guaranteed corporate exposures and EUR 0.5 billion of Madoff-related collateral. Mainly as a result of these transactions, the coverage ratio for the total impaired commercial loan portfolio declined to 64.2% on 31 December 2013 from 67.7% at 31 December 2012. Excluding Madoff and Greece, the coverage ratio would have been 60.0%, unchanged compared with last year.

### **Energy, Commodities & Transportation**

The ECT total loan portfolio is mainly USD denominated and amounted to an equivalent of EUR 16.2 billion in on-balance sheet exposure (2012: EUR 12.6 billion). In line with the strategy to grow this business, the on-balance sheet business volume grew by 29% in 2013. Growth was also realised in the off-balance sheet exposure, mainly consisting of guarantees and short-term letters of credit secured by commodities and including committed credit lines, amounting to EUR 12.2 billion (2012: EUR 10.6 billion). In addition, uncommitted commodity trade finance facilities grew to EUR 16.7 billion (2012: 13.4 billion).

In terms of on-balance sheet composition over the different ECT sectors, the share of commodities increased. The commodities sector made up 57% of the ECT loan portfolio, while the remainder comprised loans to clients in the transportation (30%) and energy (13%) sectors.

Specific loan impairment charges for ECT amounted to EUR 44 million in 2013 (2012: EUR 33 million). The largest part (EUR 29 million) was taken in Q4 2013. Impairment charges for a number of shipping clients amounted to EUR 16 million in 2013. The burn rate over 2013, expressed as impairment charges over the outstanding amount, remained flat at 27bps.

### **Real estate**

The Dutch property market remained under pressure during 2013. The office segment in particular still had a structurally higher vacancy rate. A decrease in asset values, however, increased investor appetite for offices during 2013. The postponement of development projects also impacted land bank values negatively. The investment market for residential property in the Netherlands also saw a further decline in asset values. Residential rental units are, however, still in high demand among clients. Investor appetite for residential real estate has picked up significantly.

ABN AMRO's real estate portfolio has relatively low Loan-to-Values. Loans are based to a large extent on Dutch property. The loan portfolio consists mainly of investment loans diversified across different asset types. Exposures to office investments as well as land banks are limited.

The Exposure at Default (EAD) of ABN AMRO's real estate financing according to the industry classification real estate amounted to EUR 14.1 billion at 31 December 2013 (EUR 14.7 billion at 31 December 2012) based on

the original obligor view. This includes a EUR 4.0 billion exposure to social housing companies, of which EUR 1.7 billion is guaranteed by a state agency.

The impaired exposure in the real estate sector amounted to EUR 819 million at 31 December 2013 (EUR 696 million at 31 December 2012). Specific loan impairment charges amounted to EUR 119 million in 2013 and were predominantly taken in the area of office investment and land bank loans.

The coverage ratio was 63% at 31 December 2013 (31 December 2012: 66%). The slight decrease of the coverage ratio was caused by new inflow with lower provision levels.

DNB performed a detailed review with respect to commercial real estate (CRE) in 2013. CRE is part of the real estate portfolio, which excludes social housing and corporate-based real estate. The outcome of the review, which focused on the adequacy of provisions and RWA for CRE, was positive and confirmed that both provisions and RWA in respect of CRE were adequate.

#### **Update on Greek government-guaranteed corporate exposures**

The last tranche of the Greek government-guaranteed corporate exposures was sold in 2013. A total of EUR 1.0 billion in exposures was sold in 2013, resulting in a EUR 432 million impairment release.

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## Annex 1: Consolidated Income Statement

<b>Results<sup>8</sup></b>			
<i>(in EUR million)</i>	<b>FY 2013</b>	<b>FY 2012</b>	<b>change</b>
<i>Interest income</i>	12,023	13,038	-7.8%
<i>Interest expense</i>	6,643	8,010	-17.1%
Net interest income	5,380	5,028	7.0%
<i>Fee and commission income</i>	2,639	2,552	3.4%
<i>Fee and commission expense</i>	996	996	0.0%
Net fee and commission income	1,643	1,556	5.6%
<i>Net trading income</i>	106	263	-59.7%
<i>Results from financial transactions</i>	- 12	31	
<i>Share of result in equity accounted investments</i>	46	74	-37.8%
<i>Other income</i>	161	386	-58.3%
Operating income	7,324	7,338	-0.2%
<i>Personnel expenses</i>	2,357	2,151	9.6%
<i>General and administrative expenses</i>	2,171	2,269	-4.3%
<i>Depreciation and amortisation of tangible and intangible assets</i>	242	266	-9.0%
Operating expenses	4,770	4,686	1.8%
<b>Operating result</b>	<b>2,554</b>	<b>2,652</b>	<b>-3.7%</b>
Impairment charges on loans and other receivables	983	1,228	-20.0%
<b>Operating profit before taxes</b>	<b>1,571</b>	<b>1,424</b>	<b>10.3%</b>
Income tax expenses	411	271	51.7%
<b>Profit for the period</b>	<b>1,160</b>	<b>1,153</b>	<b>0.6%</b>
<i>Attributable to:</i>			
<i>Owners of the company</i>	1,162	1,153	
<i>Non-controlling interests</i>	- 2	-	
<b>Cost/income ratio</b>	<b>65%</b>	<b>64%</b>	

<sup>8</sup> All 2012 figures have been adjusted for comparison purposes following adoption of the amended pension accounting standard (IAS 19)

## Annex 2: Segmented results

ABN AMRO is organised into Retail & Private Banking (R&PB), Commercial & Merchant Banking (C&MB) and Group Functions. For financial reporting purposes, the Managing Board has adopted the following segment reporting: Retail Banking, Private Banking, Commercial Banking, Merchant Banking and Group Functions.

Please note that the methodology for determining the internal liquidity compensation applied to deposits was changed in 2013. This has led to a transfer of EUR 312 million in net interest income from Group Functions to the business segments, mainly Retail Banking, followed by Private Banking and Commercial Banking.

### Breakdown of Retail & Private Banking result

R&PB consists of Retail Banking and Private Banking (including ID&JG), each of which serves a different client base with a tailored proposition.

#### Results R&PB<sup>9</sup>

(in EUR million)	Retail Banking			Private Banking			R&PB Total	
	FY 2013	FY 2012	Change	FY 2013	FY 2012	Change	FY 2013	FY 2012
Net interest income	2,941	2,604	13%	586	537	9%	3,527	3,141
Net fee and commission income	465	465	0%	539	508	6%	1,004	973
Other non-interest income	29	36	-19%	58	69	-16%	87	105
Operating income	3,435	3,105	11%	1,183	1,114	6%	4,618	4,219
Personnel expenses	494	393	26%	453	417	9%	947	810
Other expenses	1,278	1,231	4%	440	471	-7%	1,718	1,702
Operating expenses	1,772	1,624	9%	893	888	1%	2,665	2,512
<b>Operating result</b>	<b>1,663</b>	<b>1,481</b>	<b>12%</b>	<b>290</b>	<b>226</b>	<b>28%</b>	<b>1,953</b>	<b>1,707</b>
Loan impairments	598	383	56%	113	203	-44%	711	586
<b>Operating profit before taxes</b>	<b>1,065</b>	<b>1,098</b>	<b>-3%</b>	<b>177</b>	<b>23</b>		<b>1,242</b>	<b>1,121</b>
Income tax expenses	277	276	0%	41	-28		318	248
<b>Profit for the period</b>	<b>788</b>	<b>822</b>	<b>-4%</b>	<b>136</b>	<b>51</b>		<b>924</b>	<b>873</b>

#### Other indicators

	Retail Banking			Private Banking			R&PB Total	
	FY 2013	FY 2012		FY 2013	FY 2012		FY 2013	FY 2012
Cost/income ratio	52%	52%		75%	80%		58%	60%
Return on average RWA	254	267		138	37		226	196
Cost of risk (in bps)	193	125		115	148		174	132
	<b>31 Dec</b>	<b>31 Dec</b>		<b>31 Dec</b>	<b>31 Dec</b>		<b>31 Dec</b>	<b>31 Dec</b>
	<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>2013</b>	<b>2012</b>
Loan-to-deposit ratio	174%	190%		28%	28%		117%	123%
Loans and receivables customers (in billions)	157.8	162.0	-3%	16.9	17.4	-2%	174.7	179.3
Of which: mortgages	147.3	150.7	-2%	3.2	3.4	-5%	150.5	154.1
Due to customers (in billions)	87.5	82.2	6%	59.8	59.1	1%	147.3	141.2
Risk-weighted assets (in billions)	32.6	30.1	8%	9.3	10.7	-13%	41.9	40.8
FTEs (end of period)	6,227	6,335	-2%	3,523	3,648	-3%	9,750	9,983

<sup>9</sup> All 2012 figures have been adjusted for comparison purposes following adoption of the amended pension accounting standard (IAS 19)

## Retail Banking

Retail Banking's net profit for 2013 decreased by 4% to EUR 788 million. Higher impairment charges and expenses were partly offset by the strong increase in operating income.

- **Operating income** increased by EUR 330 million to EUR 3,435 million.

**Net interest income** rose by EUR 337 million to EUR 2,941 million. The increase was due to the previously mentioned change in liquidity compensation as well as higher margins and higher savings volumes. Deposit volumes increased by EUR 5.3 billion in 2013, with the MoneYou label, also active in Germany and Belgium, accounting for the bulk of this growth. As of 2013, staff benefits on mortgage rates are booked as interest costs within each business segment rather than a compensation to Retail Banking through expenses. This has led to a one-off increase in both NII and expenses within Retail Banking.

**Net fee and commission income** remained unchanged at EUR 465 million.

- **Operating expenses** showed a marked increase due to higher pension costs.

**Personnel expenses** grew by EUR 101 million mainly due to the impact of higher pension costs. **Other expenses** increased due to the abovementioned change made to booking of staff benefits on mortgages.

- The **operating result** improved by EUR 182 million and the **cost/income** ratio amounted to 52%, unchanged from 2012 notwithstanding the increase in pension costs.
- **Impairment charges on loans and other receivables** rose by 56% to EUR 598 million. Half of the increase in impairment charges was due to mortgages, the other was due to the consumer lending portfolio.
- **Loans and receivables – customers** came down slightly compared with year-end 2012 to EUR 157.8 billion. The mortgage book continued its gradual decline. Low new production due to a still sluggish housing market as well as extra repayments were the main drivers for the decline in outstanding volume. The amount of consumer loans declined slightly.
- **Due to customers** rose by 6% to EUR 87.5 billion at year-end. ABN AMRO managed to increase its share of the growing savings market. Outside the Netherlands, MoneYou posted growth in Germany and Belgium, accounting for the remainder of the volume increase.
- The number of **FTEs** decreased by 108 to 6,227.

## Private Banking

Private Banking's net profit in 2013 amounted to EUR 136 million. The increase of EUR 85 million compared with last year is due to lower impairments in the ID&JG business. In addition, Private Banking posted higher income, while costs remained unchanged.

- **Operating income** amounted to EUR 1,183 million, an increase of 6%.

**Net interest income** rose by EUR 49 million to EUR 586 million. Excluding the abovementioned change in the liquidity compensation, net interest income would have shown a limited decline. **Net fee and commission income** benefited from higher client activity as well as higher assets under management, increasing by 6% to EUR 539 million. **Other non-interest income** declined by EUR 11 million, although this was mainly the result of a release on divested activities booked in 2012.

- **Operating expenses** were virtually flat, at EUR 893 million. Higher pension costs were offset by lower project costs.
- **The operating result** increased by EUR 64 million to EUR 290 million, while the **cost/income ratio** improved to 75% from 80%.
- **Impairment charges on loans and other receivables** came to EUR 113 million compared with EUR 203 million, mainly due to a number of impairments in ID&JG in 2012 whereas some releases were booked in 2013.
- **Loans and receivables – customers** showed a 2% decline. Like in the Dutch retail business, mortgages and consumer loans decreased somewhat.
- **Due to customers** went up marginally, to EUR 59.8 billion. The increase of EUR 1.8 billion in the Netherlands was offset by a decline in the international network, mainly in Jersey.
- The number of **FTEs** decreased by 125 to 3,523.
- **Assets under Management (AuM)** increased by EUR 5.2 billion to EUR 168.3 billion due to market performance. Net new assets in the Netherlands were more than offset by a decrease in Jersey.

### Assets under Management developments

(in EUR billion)

	FY 2013	FY 2012
<b>Opening balance AuM</b>	<b>163.1</b>	<b>146.6</b>
Net new assets	- 2.0	3.1
Market performance	7.1	13.4
Divestments/acquisitions	-	-
Other	0.1	-
<b>Closing balance AuM</b>	<b>168.3</b>	<b>163.1</b>

## Breakdown of Commercial & Merchant Banking result

C&MB is organised into Commercial Banking and Merchant Banking, each of which serves a different client base with tailored business propositions.

### Results C&MB<sup>10</sup>

(in EUR million)	Commercial Banking			Merchant Banking			C&MB Total	
	FY 2013	FY 2012	Change	FY 2013	FY 2012	Change	FY 2013	FY 2012
Net interest income	1,385	1,264	10%	673	652	3%	2,058	1,916
Net fee and commission income	273	302	-10%	370	376	-2%	643	678
Other non-interest income	27	19	42%	114	433	-74%	141	452
Operating income	1,685	1,585	6%	1,157	1,461	-21%	2,842	3,046
Personnel expenses	292	255	15%	326	277	18%	618	532
Other expenses	606	680	-11%	612	637	-4%	1,218	1,317
Operating expenses	898	935	-4%	938	914	3%	1,836	1,849
<b>Operating result</b>	<b>787</b>	<b>650</b>	<b>21%</b>	<b>219</b>	<b>547</b>	<b>-60%</b>	<b>1,006</b>	<b>1,197</b>
Loan impairments	796	587	36%	163	256	-36%	959	843
<b>Operating profit before taxes</b>	<b>- 9</b>	<b>63</b>		<b>56</b>	<b>291</b>	<b>-81%</b>	<b>47</b>	<b>354</b>
Income tax expenses	- 1	22		45	27	67%	44	49
<b>Profit for the period</b>	<b>- 8</b>	<b>41</b>		<b>11</b>	<b>264</b>	<b>-96%</b>	<b>3</b>	<b>305</b>

### Other indicators

	Commercial Banking			Merchant Banking			C&MB Total	
	FY 2013	FY 2012		FY 2013	FY 2012		FY 2013	FY 2012
Cost/income ratio	53%	59%		81%	63%		65%	61%
Return on average RWA (in bps)	- 3	15		3	60		0	43
Cost of risk (in bps)	294	214		40	58		142	118
	<b>31 Dec</b>	<b>31 Dec</b>		<b>31 Dec</b>	<b>31 Dec</b>		<b>31 Dec</b>	<b>31 Dec</b>
	<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>2013</b>	<b>2012</b>
Loan-to-deposit ratio	106%	122%		184%	155%		132%	135%
Loans and receivables customers (in billions)	40.2	42.6	-6%	49.4	49.7	0%	89.6	92.2
Due to customers (in billions)	37.9	34.6	10%	27.5	37.1	-26%	65.3	71.7
Risk-weighted assets (in billions)	24.7	28.8	-14%	34.7	45.5	-24%	59.4	74.3
FTEs	3,048	3,249	-6%	2,204	2,142	3%	5,252	5,391

## Commercial Banking

Commercial Banking posted a strong increase in its operating result due to higher net interest income and lower costs. However, this was more than offset by higher impairments, resulting in an EUR 8 million net loss for 2013, a decline of EUR 49 million compared with the previous year.

- **Operating income** amounted to EUR 1,685 million, an increase of EUR 100 million despite the divestment of some insurance activities in 2012.

**Net interest income** rose by 10% to EUR 1,385 million as a limited decline in outstanding commercial loans was more than offset by higher margins. In addition, increasing commitment fees are being charged on current accounts. **Net fee and commission income** declined by 10%, due chiefly to the divestment of part of

<sup>10</sup> All 2012 figures have been adjusted for comparison purposes following adoption of the amended pension accounting standard (IAS 19)

the insurance activities partly offset by higher transaction fees. Fee income also declined due to a reclassification of interbank payment fees from other costs to negative fee income.

- **Operating expenses** declined by 4%. **Personnel expenses** increased by 15% to EUR 292 million, primarily as a result of higher pension costs partly offset by a reduction in FTEs. **Other expenses** dropped by EUR 74 million largely due to the abovementioned reclassification.
- The **operating result** showed a strong increase of 21% to EUR 787 million. The **cost/income ratio** improved by 6 percentage points to 53% from 59% last year.
- **Impairment charges on loans and other receivables** amounted to EUR 796 million in 2013, an increase of 36% compared with 2012. Impairment levels for Corporate Clients (clients with turnover between EUR 30 and EUR 500 million) remained flat, with the full increase in loan impairments due to SMEs. The construction, retail, commercial real estate and horticulture sectors were particularly affected. Files now remain longer within the Financial Restructuring & Recovery department and the proportion of clients that are restored to health has declined. Inflow of SMEs in the Financial Restructuring & Recovery department remains high.
- **Loans and receivables – customers** came down by EUR 2.4 billion to EUR 40.2 billion as commercial loans declined, partly offset by growth within factoring.
- **Due to customers** increased by 10% to EUR 37.9 billion, due to volume growth both in Corporate Clients and Business Banking (SMEs).
- The number of **FTEs** decreased by 201 to 3,048.

### Merchant Banking

Net profit for 2013 amounted to EUR 11 million. Excluding special items, net profit would have amounted to EUR 120 million, a decline of EUR 144 million compared with last year. This was due to lower results across a wide array of market activities as well as the strategic decision to terminate the non-client-related equity derivatives business and lower results for Private Equity, offset by lower loan impairments.

- **Operating income** declined by EUR 304 million compared with last year.

**Net interest income** rose by 3% to EUR 673 million. Interest income from ECT, Real Estate, and Large Corporates increased. This was partly offset by lower results at securities financing as the 2012 results benefited from higher margins following the European sovereign debt crisis. **Net fee and commission income** decreased by 2% to EUR 370 million. **Other non-interest income**, excluding special items, declined by 45% to EUR 236 million. Within Markets, trading income was lower across the board, although this was due in part to the strategic decision to terminate the non-client-related part of the business, bringing down income compared with 2012. Private Equity also contributed to the decline as favourable revaluations in 2012 were followed by negative revaluations in 2013.

- **Operating expenses** increased by 3% to EUR 938 million.

**Personnel expenses** rose 18% to EUR 326 million mainly as a result of higher pension costs. **Other expenses** were down 4% to EUR 612 million.

- The **operating result** excluding special items declined by EUR 206 million to EUR 341 million and the **cost/income ratio** excluding special items rose to 73% from 63% in 2012.

- **Impairment charges on loans and other receivables** amounted to EUR 163 million, coming down by EUR 93 million. The decline was mainly due to a significant provision booked in 2012 for a single client.
- **Loans and receivables – customers** amounted to EUR 49.4 billion, virtually unchanged compared with 2012. Growth was recorded in ECT and Clearing, offset by a decline within client volumes in securities financing activities.
- **Due to customers** declined by EUR 9.6 billion to EUR 27.5 billion. This decrease was mainly attributable to lower client volumes in securities financing activities.
- The number of **FTEs** increased by 62 to 2,204.

### Breakdown of Group Functions result

Group Functions supports the business segments and consists of Technology, Operations & Property Services (TOPS); Finance; Risk Management & Strategy; People, Regulations & Identity (PRI); Group Audit and the Corporate Office. The majority of Group Functions' costs are allocated to the businesses. Group Functions' results include the results of ALM/Treasury.

Results Group Functions <sup>11</sup>			
(in EUR million)	FY 2013	FY 2012	Change
Net interest income	- 205	- 29	
Net fee and commission income	- 4	- 95	96%
Other non-interest income	73	197	-63%
Operating income	- 136	73	
Personnel expenses	792	809	-2%
Other expenses	- 523	- 484	-8%
Operating expenses	269	325	-17%
<b>Operating result</b>	<b>- 405</b>	<b>- 252</b>	<b>-61%</b>
Impairment charges on loans and other receivables	- 687	- 201	
<b>Operating profit before taxes</b>	<b>282</b>	<b>- 51</b>	
Income tax expenses	49	- 26	
<b>Profit for the period</b>	<b>233</b>	<b>- 25</b>	

Other indicators			
	31 Dec 2013	31 Dec 2012	Change
Loans and receivables customers (in billions)	3.9	5.4	-27%
Due to customers (in billions)	3.1	3.9	-21%
Risk-weighted assets (in billions)	7.7	6.4	20%
FTEs	7,287	7,685	-5%

The net result for Group Functions rose to EUR 233 million from EUR 25 million negative as a result of significant impairment releases, offset by lower operating income and higher expenses. The result was heavily impacted by special items in both years. Excluding these, Group Functions would have posted a net loss of EUR 285 million.

<sup>11</sup> All 2012 figures have been adjusted for comparison purposes following adoption of the amended pension accounting standard (IAS 19)

- **Operating income** excluding special items remained virtually unchanged.

**Net interest income** decreased by EUR 176 million, due mainly to the previously mentioned change to the liquidity compensation of EUR 312 million. The mismatch result increased due to lower short-term interest rates. The costs of funding as well as capital increased somewhat as maturing debt issued before the crisis was refinanced at higher spread levels. **Net fee and commission income** increased by EUR 91 million, due mainly to a reallocation of fees paid for interbank payments to the business. **Other non-interest income**, excluding special items, increased by EUR 91 million due to changes to the valuations within the investment and trading portfolios as well as higher DVA.

- **Operating expenses** excluding special items increased by EUR 357 million. **Personnel expenses** showed a marginal decline however in 2012 EUR 162 million of integration costs of the pension funds was booked (part of special items). Excluding special items, personnel expenses increased due to higher pension costs, partly offset by lower FTEs. **Other expenses** excluding special items increased mainly as compensation from a service level agreement (related to the EC Remedy) lowered expenses in 2012 and due to higher costs for change projects, slightly offset by lower depreciation costs.
- **Impairment charges on loans and other receivables** was negative EUR 687 million and was almost entirely the result of the releases on Madoff and the Greek loans.
- The number of **FTEs** decreased by 398 to 7,287.

## Annex 3: Special items

### Impact of special items

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
<b>Operating income (in EUR million)</b>								
<i>Positive revaluations of EC Remedy-related provisions</i>	-	-	-	-	68	18	81	48
<i>Reassessment of discontinued securities financing activities</i>	-	-	-	-70	-	-	-	-
<i>Costs of wind-down of non-client-related equity derivatives activities</i>	-	-	-52	-	-	-	-	-
<b>Total</b>	-	-	-52	-70	68	18	81	48
<b>Operating expenses (in EUR million)</b>								
<i>Integration costs</i>	-	-	-	-	241	96	70	43
<i>Reorganisation provision</i>	-	-	-	37	-	-	-	-
<b>Total</b>	-	-	-	37	241	96	70	43
<b>Loan impairments (in EUR million)</b>								
<i>Greek releases</i>	-	-135	-	-297	-	-125	-	-
<i>Madoff releases</i>	-	-	-253	-	-78	-	-	-
<b>Total</b>	-	-135	-253	-297	-78	-125	-	-
<b>Profit for the period (in EUR million)</b>								
<b>Total</b>	-	101	182	125	-44	40	29	16

## Annex 4: Quarterly results

The amendment of IAS 19 has had an impact on the previously published 2012 figures whereby pension expenses were lower by EUR 65 million in Q1, EUR 64 million in Q2, EUR 67 million in Q3, and EUR 77 million in Q4. Positive impact on net profit was EUR 49 million in Q1, EUR 48 million in Q2, EUR 50 million, and EUR 58 million in Q4. As Q4 2012 included the cost for the merger of the pension funds, the impact in this quarter differs from the rest of the year.

### Quarterly results<sup>12</sup>

<i>(in EUR million)</i>	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net interest income	1,389	1,326	1,360	1,305	1,255	1,258	1,278	1,237
Net fee and commission income	413	401	417	412	382	386	385	403
Other non-interest income	47	147	115	- 8	77	167	235	275
Operating income	1,849	1,874	1,892	1,709	1,714	1,811	1,898	1,915
Operating expenses	1,316	1,143	1,141	1,170	1,354	1,103	1,133	1,096
<b>Operating result</b>	<b>533</b>	<b>731</b>	<b>751</b>	<b>539</b>	<b>360</b>	<b>708</b>	<b>765</b>	<b>819</b>
Impairment charges on loans and other receivables	555	212	254	- 38	466	208	367	187
<b>Operating profit before taxes</b>	<b>- 22</b>	<b>519</b>	<b>497</b>	<b>577</b>	<b>- 106</b>	<b>500</b>	<b>398</b>	<b>632</b>
Income taxes	25	129	95	162	- 68	149	61	129
<b>Profit for the period</b>	<b>- 47</b>	<b>390</b>	<b>402</b>	<b>415</b>	<b>- 38</b>	<b>351</b>	<b>337</b>	<b>503</b>

<sup>12</sup> All 2012 figures have been adjusted for comparison purposes following adoption of the amended pension accounting standard (IAS 19)

## Annex 5: Risk tables and charts<sup>13</sup>

### Financial assets past due but not impaired

31 December 2013

<i>(in EUR million)</i>	Gross carrying amount	Carrying amount of assets (not classified as impaired)	≤30 days past due	> 30 days & ≤ 60 days past due	> 60 days & ≤90 days past due	>90 days past due	Total past due but not impaired	Past due ratio
<b>Loans and receivables – banks</b>	<b>31,234</b>	<b>31,211</b>	-	-	-	-	-	<b>0.0%</b>
Loans and receivables - customers								
Residential mortgages <sup>14</sup>	154,024	152,285	3,444	519	145	-	4,108	2.7%
Other consumer loans	16,241	15,354	461	115	78	231	885	5.4%
<b>Total consumer loans<sup>15</sup></b>	<b>170,265</b>	<b>167,639</b>	<b>3,905</b>	<b>634</b>	<b>223</b>	<b>231</b>	<b>4,993</b>	<b>2.9%</b>
Commercial loans <sup>14</sup>	84,330	79,292	1,426	219	140	565	2,350	2.8%
Other commercial loans <sup>16</sup>	17,759	17,622	31	2	1	2	36	0.2%
<b>Total commercial loans</b>	<b>102,089</b>	<b>96,914</b>	<b>1,457</b>	<b>221</b>	<b>141</b>	<b>567</b>	<b>2,386</b>	<b>2.3%</b>
Government and official institutions	768	768	-	-	-	-	-	0.0%
<b>Total Loans and receivables - customers</b>	<b>273,122</b>	<b>265,321</b>	<b>5,362</b>	<b>855</b>	<b>364</b>	<b>798</b>	<b>7,379</b>	<b>2.7%</b>
Accrued income and prepaid expenses	722	722	-	-	-	-	-	0.0%
<b>Total accrued income and prepaid expenses</b>	<b>722</b>	<b>722</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
Other assets	3,888	3,875	48	25	7	9	89	2.3%
<b>Total</b>	<b>308,966</b>	<b>301,129</b>	<b>5,410</b>	<b>880</b>	<b>371</b>	<b>807</b>	<b>7,468</b>	<b>2.4%</b>

<sup>13</sup> Reconciliation with the other risk tables in the Annual Report still has to be finalised and analysed. For transparency purposes we decided to disclose this information

<sup>14</sup> Carrying amount includes fair value adjustment from hedge accounting.

<sup>15</sup> Consumer loans in the programme lending portfolio that are more than 90 days past due are immediately impaired.

<sup>16</sup> Other commercial loans consist of reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.

## Financial assets past due but not impaired

31 December 2012

(in EUR million)	Gross carrying amount	Carrying amount of assets (not classified as impaired)	≤30 days past due	> 30 days & ≤ 60 days past due	> 60 days & ≤90 days past due	>90 days past due	Total past due but not impaired	Past due ratio
<b>Loans and receivables - banks</b>	<b>46,489</b>	<b>46,465</b>	-	-	-	-	-	<b>0.0%</b>
Loans and receivables - customers								
Residential mortgages <sup>17</sup>	159,035	157,531	2,957	518	169	-	3,644	2.3%
Other consumer loans	16,645	15,970	284	116	112	205	717	4.3%
<b>Total consumer loans<sup>18</sup></b>	<b>175,680</b>	<b>173,501</b>	<b>3,241</b>	<b>634</b>	<b>281</b>	<b>205</b>	<b>4,361</b>	<b>2.5%</b>
Commercial loans <sup>17</sup>	86,727	80,441	2,766	605	190	694	4,255	4.9%
Other commercial loans <sup>19</sup>	18,742	18,622	10	1	1	2	14	0.1%
<b>Total commercial loans</b>	<b>105,469</b>	<b>99,063</b>	<b>2,776</b>	<b>606</b>	<b>191</b>	<b>696</b>	<b>4,269</b>	<b>4.0%</b>
Government and official institutions	1,330	1,330	-	-	-	-	-	0.0%
<b>Total Loans and receivables - customers</b>	<b>282,479</b>	<b>273,894</b>	<b>6,017</b>	<b>1,240</b>	<b>472</b>	<b>901</b>	<b>8,630</b>	<b>3.1%</b>
Accrued income and prepaid expenses	799	799	-	-	-	-	-	0.0%
<b>Total accrued income and prepaid expenses</b>	<b>799</b>	<b>799</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
Other assets	5,860	5,847	55	-	-	-	55	0.9%
<b>Total</b>	<b>335,627</b>	<b>327,005</b>	<b>6,072</b>	<b>1,240</b>	<b>472</b>	<b>901</b>	<b>8,685</b>	<b>2.6%</b>

ABN AMRO has adopted a more conservative approach to monitoring exposures that are past due but not impaired. When a counterparty is past due or exceeds its credit limit, the all loans and receivables in the related credit arrangement are considered past due. The 2012 comparative information is adjusted to improve the comparability to the 2013 information presented.

<sup>17</sup> Carrying amount includes fair value adjustment from hedge accounting.

<sup>18</sup> Consumer loans in the programme lending portfolio that are more than 90 days past due are immediately impaired.

<sup>19</sup> Other commercial loans consist of reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.

## Impaired credit risk exposure

	31 December 2013					31 December 2012				
(in EUR million)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
<b>Loans and receivables - banks</b>	<b>31,234</b>	<b>23</b>	<b>-23</b>	<b>100.0%</b>	<b>0.1%</b>	<b>46,489</b>	<b>24</b>	<b>-24</b>	<b>100.0%</b>	<b>0.1%</b>
<i>Loans and receivables - customers</i>										
Residential mortgages <sup>20</sup>	154,024	1,739	-472	27.1%	1.1%	159,035	1,504	-292	19.4%	0.9%
Other consumer loans	16,241	887	-512	57.7%	5.5%	16,645	675	-392	58.1%	4.1%
<b>Total consumer loans</b>	<b>170,265</b>	<b>2,626</b>	<b>-984</b>	<b>37.5%</b>	<b>1.5%</b>	<b>175,680</b>	<b>2,179</b>	<b>-684</b>	<b>31.4%</b>	<b>1.2%</b>
Commercial loans <sup>20,21</sup>	84,330	5,038	-3,237	64.3%	6.0%	86,727	6,286	-4,253	67.7%	7.2%
Other commercial loans <sup>22</sup>	17,759	137	-86	62.8%	0.8%	18,742	120	-85	70.8%	0.6%
<b>Total commercial loans</b>	<b>102,089</b>	<b>5,175</b>	<b>-3,323</b>	<b>64.2%</b>	<b>5.1%</b>	<b>105,469</b>	<b>6,406</b>	<b>-4,338</b>	<b>67.7%</b>	<b>6.1%</b>
Government and official institutions	768	-	-			1,330	-	-		
<b>Total Loans and receivables – customers</b>	<b>273,122</b>	<b>7,801</b>	<b>-4,307</b>	<b>55.2%</b>	<b>2.9%</b>	<b>282,479</b>	<b>8,585</b>	<b>-5,022</b>	<b>58.5%</b>	<b>3.0%</b>
Accrued income and prepaid expenses	722	-	-			799	-	-		
<b>Total accrued income and prepaid expenses</b>	<b>722</b>	<b>-</b>	<b>-</b>			<b>799</b>	<b>-</b>	<b>-</b>		
Other assets	3,888	13	-5	38.5%	0.3%	5,860	13	-4	30.8%	0.2%
<b>Total on-balance sheet</b>	<b>308,966</b>	<b>7,837</b>	<b>-4,335</b>	<b>55.3%</b>	<b>2.5%</b>	<b>335,627</b>	<b>8,622</b>	<b>-5,050</b>	<b>58.6%</b>	<b>2.6%</b>
Total off-balance sheet	101,525	8	-		0.0%	106,756	7	-		0.0%
<b>Total credit risk exposure</b>	<b>410,491</b>	<b>7,845</b>	<b>-4,335</b>	<b>55.3%</b>	<b>1.9%</b>	<b>442,383</b>	<b>8,629</b>	<b>-5,050</b>	<b>58.5%</b>	<b>2.0%</b>

<sup>20</sup> Carrying amounts include fair value adjustment from hedge accounting.

<sup>21</sup> Includes impairments on Madoff and the Greek government-guaranteed corporate exposures.

<sup>22</sup> Other commercial loans consist of reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.

## Collateral & guarantees received as security of total fin. assets and comm.

31 December 2013

	Carrying amount		Collateral received					
		Master netting agreement	Financial instruments	Property & equipment	Other collateral and guarantees	Total collateral received	Surplus collateral	Net exposure
<i>(in EUR million)</i>								
<b>Loans and receivables - banks</b>	<b>31,210</b>	<b>7,198</b>	<b>8,383</b>	-	-	<b>15,581</b>	<b>1,778</b>	<b>17,407</b>
<i>Loans and receivables – customers</i>								
Residential mortgage <sup>23</sup>	153,439	-	212	208,018	5,410	213,640	73,178	12,977
Other consumer loans	15,628	-	1,889	5,989	77	7,955	235	7,908
<b>Total consumer loans</b>	<b>169,067</b>	<b>-</b>	<b>2,101</b>	<b>214,007</b>	<b>5,487</b>	<b>221,595</b>	<b>73,413</b>	<b>20,885</b>
Commercial loans <sup>23</sup>	80,659	274	14,872	28,921	9,086	53,153	4,464	31,970
Professional securities transactions <sup>24</sup>	11,119	1	12,423	-	-	12,424	1,934	629
Other commercial loans <sup>25</sup>	6,534	-	3,417	2,714	-	6,131	2,028	2,431
<b>Total commercial loans</b>	<b>98,312</b>	<b>275</b>	<b>30,712</b>	<b>31,635</b>	<b>9,086</b>	<b>71,708</b>	<b>8,426</b>	<b>35,030</b>
Government and official institutions	768	360	23	-	159	542	-	226
<b>Total Loans and receivables - customers</b>	<b>268,147</b>	<b>635</b>	<b>32,836</b>	<b>245,642</b>	<b>14,732</b>	<b>293,845</b>	<b>81,839</b>	<b>56,141</b>
Accrued income and prepaid expenses	722	-	-	-	-	-	-	722
<b>Total accrued income and prepaid expenses</b>	<b>722</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>722</b>
Other assets	3,883	1,359	2	-	33	1,394	-	2,489
<b>Total on-balance sheet</b>	<b>303,962</b>	<b>9,192</b>	<b>41,221</b>	<b>245,642</b>	<b>14,765</b>	<b>310,820</b>	<b>83,617</b>	<b>76,759</b>
Total off-balance sheet	101,524	-	247	1,898	2,173	4,318	306	97,512
<b>Total credit exposure</b>	<b>405,486</b>	<b>9,192</b>	<b>41,468</b>	<b>247,540</b>	<b>16,938</b>	<b>315,138</b>	<b>83,923</b>	<b>174,271</b>

<sup>23</sup> Carrying amount includes fair value adjustment from hedge accounting.

<sup>24</sup> Professional securities transactions consist of reverse repurchase agreements and securities borrowing transactions.

<sup>25</sup> Other commercial loans consist of financial lease receivables and factoring.

## Collateral & guarantees received as security of total fin. assets and comm.

31 December 2012

	Carrying amount	Collateral received						
		Master netting agreement	Financial instruments	Property & equipment	Other collateral and guarantees	Total collateral received	Surplus collateral	Net exposure
<i>(in EUR million)</i>								
<b>Loans and receivables - banks</b>	<b>46,461</b>	<b>9,671</b>	<b>13,974</b>	-	<b>60</b>	<b>23,705</b>	<b>265</b>	<b>23,021</b>
<i>Loans and receivables - customers</i>								
Residential mortgage <sup>26</sup>	158,666	-	346	221,843	4,876	227,065	82,384	13,985
Other consumer loans	16,199	-	1,822	6,716	67	8,605	20	7,614
<b>Total consumer loans</b>	<b>174,865</b>	-	<b>2,168</b>	<b>228,559</b>	<b>4,943</b>	<b>235,670</b>	<b>82,404</b>	<b>21,599</b>
Commercial loans <sup>26</sup>	82,133	732	13,761	30,227	9,331	54,051	3,122	31,204
Professional securities transactions <sup>27</sup>	14,515	572	14,380	-	-	14,952	665	228
Other commercial loans <sup>28</sup>	4,124	-	2,870	2,537	-	5,407	1,718	435
<b>Total commercial loans</b>	<b>100,772</b>	<b>1,304</b>	<b>31,011</b>	<b>32,764</b>	<b>9,331</b>	<b>74,410</b>	<b>5,505</b>	<b>31,867</b>
Government and official institutions	1,330	810	23	-	209	1,042	-	288
<b>Total Loans and receivables - customers</b>	<b>276,967</b>	<b>2,114</b>	<b>33,202</b>	<b>261,323</b>	<b>14,483</b>	<b>311,122</b>	<b>87,909</b>	<b>53,754</b>
Accrued income and prepaid expenses	799	-	-	-	-	-	-	799
<b>Total accrued income and prepaid expenses</b>	<b>799</b>	-	-	-	-	-	-	<b>799</b>
Other assets	5,856	1,961	2	-	36	1,999	-	3,857
<b>Total on-balance sheet</b>	<b>330,083</b>	<b>13,746</b>	<b>47,178</b>	<b>261,323</b>	<b>14,579</b>	<b>336,826</b>	<b>88,174</b>	<b>81,431</b>
Total off-balance sheet	106,755	-	2,436	1,747	1,950	6,133	120	100,742
<b>Total credit exposure</b>	<b>436,838</b>	<b>13,746</b>	<b>49,614</b>	<b>263,070</b>	<b>16,529</b>	<b>342,959</b>	<b>88,294</b>	<b>182,173</b>

<sup>26</sup> Carrying amount includes fair value adjustment from hedge accounting.

<sup>27</sup> Professional securities transactions consist of reverse repurchase agreements and securities borrowing transactions.

<sup>28</sup> Other commercial loans consist financial lease receivables and factoring.

## Impaired exposures by industry sector

	31 December 2013		31 December 2012	
(in EUR million)	Impaired exposures	Allowances for impairments for identified credit risk	Impaired exposures	Allowances for impairments for identified credit risk
<b>Industry sector</b>				
Banks	23	- 23	24	- 24
Financial services <sup>29</sup>	720	- 674	1,237	- 1,101
Industrial goods and services <sup>30</sup>	1,374	- 721	2,275	- 1,422
Real Estate	819	- 520	696	- 458
Oil and gas	105	- 104	106	- 106
Food and beverage	421	- 250	401	- 203
Retail	517	- 292	415	- 231
Basic Resources	208	- 121	259	- 215
Healthcare	48	- 25	43	- 19
Construction and materials	381	- 271	360	- 247
Travel and leisure	272	- 139	293	- 136
Other <sup>31</sup>	380	- 274	368	- 218
<b>Subtotal Industry Classification Benchmark</b>	<b>5,268</b>	<b>- 3,414</b>	<b>6,477</b>	<b>- 4,380</b>
Private individuals <sup>32</sup> (including mortgages)	2,577	- 921	2,095	- 617
Public administration <sup>32</sup>	-	-	57	- 53
<b>Subtotal non-Industry Classification Benchmark</b>	<b>2,577</b>	<b>- 921</b>	<b>2,152</b>	<b>- 670</b>
<b>Total</b>	<b>7,845</b>	<b>- 4,335</b>	<b>8,629</b>	<b>- 5,050</b>

<sup>29</sup> Financial services include asset managers, credit card companies and providers of personal financial services and securities and brokers.

<sup>30</sup> Decline in impaired exposures in 2013 mainly due to the sale of the Greek government guaranteed corporate exposures

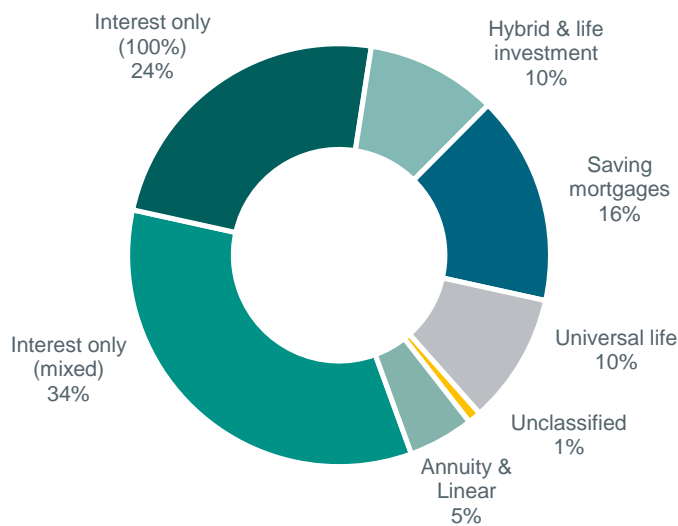
<sup>31</sup> Other includes, in addition to unclassified, insurance, utilities, personal and household goods, media, technology, automobiles and parts, chemicals and telecommunication.

<sup>32</sup> Non-Industry Classification Benchmark

## Mortgages LtMV (Indexed)<sup>33</sup>

(in EUR million)	31 December 2013		31 December 2012	
	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total
NHG	35,603	24%	34,860	23%
<50%	21,050	14%	23,610	15%
50%-60%	8,833	6%	9,636	6%
60%-70%	10,360	7%	11,383	7%
70%-80%	11,200	7%	11,357	7%
80%-90%	11,929	8%	13,176	9%
90%-100%	13,496	9%	14,625	9%
100%-110%	13,705	9%	13,661	9%
110%-120%	11,496	8%	13,038	9%
120%-130%	7,996	5%	4,408	3%
>130%	2,804	2%	1,454	1%
Unclassified <sup>34</sup>	2,021	1%	2,921	2%
<b>Total</b>	<b>150,493</b>	<b>100%</b>	<b>154,129</b>	<b>100%</b>

## Portfolio product split



<sup>33</sup> ABN AMRO calculates the Loan-to-Market Value using the indexation of the CBS (Central Bureau of Statistics). Savings which have been pledged by the client to repay the loan are deducted from the loan amount.

<sup>34</sup> The unclassified part of the portfolio comprises several smaller portfolios that are administered by external service providers. As new production will only be recorded on the internal target platform, the unclassified part is expected to decrease over time.

## Cautionary statement on forward-looking statements

We have included in this press release, and from time to time may make certain statements in our public filings, press releases or other public statements that may constitute “forward-looking statements” within the meaning of the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995. 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 on such expressions.

In particular, this document includes forward-looking statements relating, but not limited, to ABN AMRO Group’s potential exposures to various types of operational, credit and market risk, such as counterparty risk, interest rate risk, foreign exchange rate risk and commodity and equity price risk. Such statements are subject to risks and uncertainties. These forward-looking statements are not historical facts and represent only ABN AMRO Group’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond our control.

Other factors that could cause actual results to differ materially from those anticipated by the forward-looking statements contained in this document include, but are not limited to:

- The extent and nature of future developments and continued volatility in the credit and financial markets and their impact on the financial industry in general and ABN AMRO Group in particular;
- The effect on ABN AMRO Group’s capital of write-downs in respect of credit exposures;
- Risks related to ABN AMRO Group’s merger, separation and integration process;
- General economic, social and political conditions in the Netherlands and in other countries in which ABN AMRO Group has significant business activities, investments or other exposures, including the impact of recessionary economic conditions on ABN AMRO Group’s performance, liquidity and financial position;
- Macro-economic and geopolitical risks;
- Reductions in ABN AMRO’s credit rating;
- Actions taken by governments and their agencies to support individual banks and the banking system;
- Monetary and interest rate policies of the European Central Bank and G-20 central banks;
- Inflation or deflation;
- Unanticipated turbulence in interest rates, foreign currency exchange rates, commodity prices and equity prices;
- Liquidity risks and related market risk losses;
- Potential losses associated with an increase in the level of substandard loans or non-performance by counterparties to other types of financial instruments, including systemic risk;
- Changes in Dutch and foreign laws, regulations and taxes;
- Changes in competition and pricing environments;
- Inability to hedge certain risks economically;
- Adequacy of loss reserves and impairment allowances;
- Technological changes;
- Changes in consumer spending, investment and saving habits;
- Effective capital and liquidity management; and
- The success of ABN AMRO Group in managing the risks involved in the foregoing.

The forward-looking statements made in this press release are only applicable as at the date of publication of this document. ABN AMRO Group does not intend to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this report, and ABN AMRO Group does not assume any responsibility to do so. The reader should, however, take into account any further disclosures of a forward-looking nature that ABN AMRO Group may make in ABN AMRO Group’s reports.