

IR / Press Release

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ABN AMRO reports EUR 960 million underlying net profit for Q2 2017

- Net profit for Q2 2017 includes a EUR 200 million book gain on the sale of Private Banking Asia
- The mortgage and Commercial Banking loan books continued to grow
- Costs, excluding incidentals, are trending down
- Loan impairments benefited from continued growth of the Dutch economy and model refinements
- ROE for Q2 2017 was 20.0% (H1 2017: 16.7%) and the cost/income ratio was 54.9% (H1 2017: 57.4%)
- Fully-loaded CET1 ratio increased to 17.6% and the fully-loaded leverage ratio improved to 3.9%
- An interim dividend of EUR 0.65 per share will be paid
- ABN AMRO commits to 2 megatonne reduction of carbon emissions in the Netherlands by 2030

Kees van Dijkhuizen comments:

'We are diligently executing our strategy. We continue to invest in our digital strategy and introduced several new features for our mortgage products in Q2. An example is the 'My Mortgage' platform, which allows clients to carry out activities relating to their mortgage application digitally and when it suits them best, including uploading documents and viewing their mortgage offer. We are on track with our IT transformation programme.

The 2017 second-quarter result, a net profit of EUR 960 million, was positively impacted by a book gain of EUR 200 million on the sale of Private Banking Asia and refinements of two risk models. The underlying trend in the second quarter was generally positive and supported by continued growth of the Dutch economy. The mortgage and Commercial Banking loan books continued their growth path. The CIB loan book declined on the back of a lower US dollar and lower oil prices. Excluding these effects, this loan book showed growth as well.

The underlying cost development is starting to show the benefits from the previously announced cost-saving plans. The cost/income ratio improved to 57.4% in H1 2017 (H1 2016: 61.8%) and the return on equity increased to 16.7% (H1 2016: 13.1%). Both benefited from the incidentals mentioned. Pending Basel IV, we increased our capital position to a fully-loaded CET1 ratio of 17.6% at the end of June 2017. If there is no agreement on Basel IV this year, we will present an updated view on our capital position in the first quarter of 2018. The interim dividend for H1 2017 has been set at EUR 0.65 per share. Over the full-year 2017 we intend to pay out 50% of the reported net profit as dividend.

ABN AMRO is committed to making residential and commercial real estate in the Netherlands more sustainable. We aim to improve the average energy efficiency of our own and our clients' properties to label 'A' by 2030. This represents a reduction of 2 megatonnes of carbon emissions in the Netherlands, which is equivalent to the annual emissions produced by 800,000 cars. We are already implementing measures at our own branches and headquarters, and will facilitate our clients in this process by offering online tools, advice and financing products. In this way we will create value for clients, employees, investors and society as a whole.'

Key figures and indicators

(in EUR millions)	Q2 2017	Q2 2016	Change	Q1 2017	Change	H1 2017	H1 2016	Change
Operating income	2,492	2,201	13%	2,246	11%	4,738	4,172	14%
Operating expenses	1,367	1,260	9%	1,353	1%	2,720	2,579	5%
Operating result	1,124	941	19%	893	26%	2,018	1,593	27%
Impairment charges on loans and other receivables	-96	54		63		-33	56	
Income tax expenses	260	225	15%	215	21%	475	400	19%
Underlying profit/(loss) for the period¹	960	662	45%	615	56%	1,576	1,136	39%
Special items	-	-271		-		-	-271	
Reported profit/(loss) for the period	960	391	146%	615	56%	1,576	866	82%
Underlying cost/income ratio	54.9%	57.2%		60.2%		57.4%	61.8%	
Underlying return on average Equity	20.0%	15.1%		13.2%		16.7%	13.1%	
Fully-loaded CET1 ratio	17.6%	16.2%		16.9%		17.6%	16.2%	

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