

# Quarterly Report

Fourth quarter 2015



# Notes to the reader

## Introduction

This Quarterly Report presents ABN AMRO's result for the fourth quarter of 2015. The report contains an update of our share's performance, our quarterly operating and financial review, an economic update and selected risk, capital, liquidity and funding disclosures.

## Presentation of information

The financial information contained in this Quarterly Report has been prepared according to the same accounting policies and methods of computation 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.

To provide a better understanding of the underlying trends, ABN AMRO has adjusted its results reported in accordance with EU IFRS for defined special items and material divestments.

The balance sheet line item Commercial loans has been renamed Corporate loans in order to avoid any confusion with the Corporate Banking sub-segment Commercial Clients.

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 that 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.

In addition to this report, ABN AMRO provides the following supplementary documents for its 2015 results on [abnamro.com/ir](http://abnamro.com/ir):

- ▶ statistical factsheet;
- ▶ investor call presentation;
- ▶ road show presentation;
- ▶ quarterly reports first, second and third quarter 2015.

For a download of this report or more information, please visit us at [abnamro.com/ir](http://abnamro.com/ir) or contact us at [investorrelations@nl.abnamro.com](mailto:investorrelations@nl.abnamro.com).

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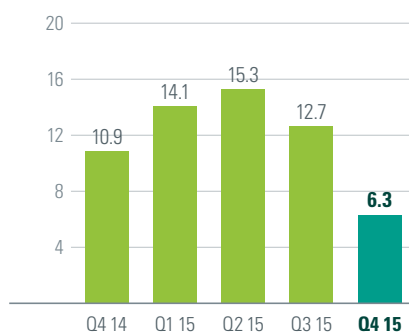
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# Figures at a glance

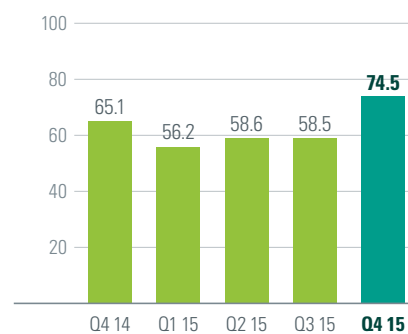
## Underlying return on equity

Target range is 10-13 (in %)



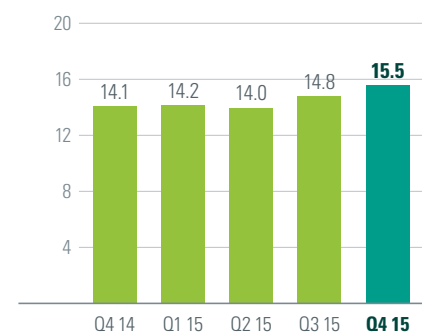
## Underlying cost/income ratio

2017 target range is 56-60 (in %)



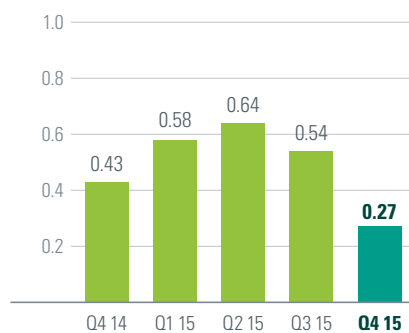
## CET1 (fully-loaded)

Target range is 11.5-13.5 (in %)



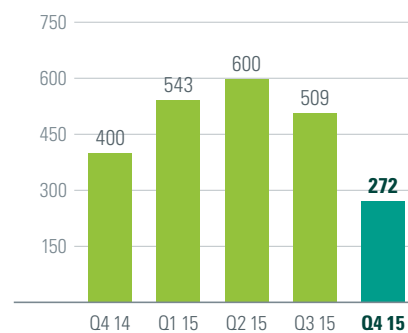
## Underlying earnings per share

(in EUR)



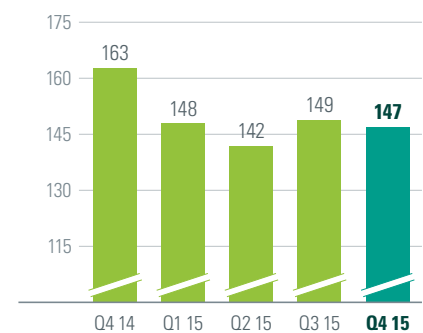
## Reported net profit

(in millions)



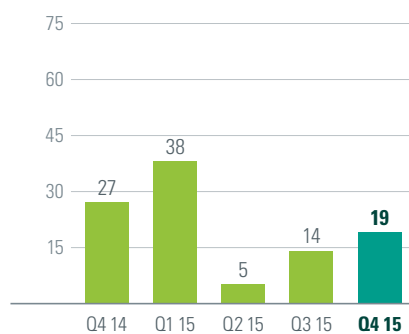
## Underlying net interest margin

(in bps)



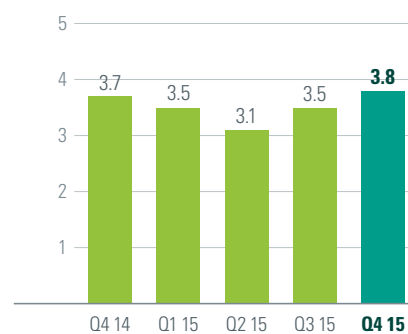
## Underlying cost of risk

(in bps)



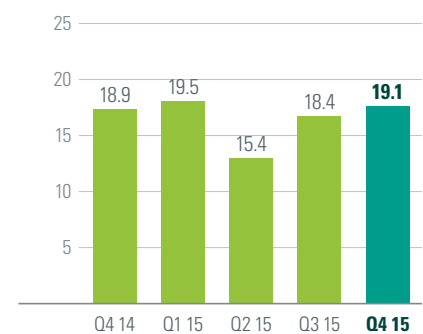
## Leverage ratio (fully-loaded, CDR)

(end-of-period, in %)



## Total capital ratio (fully-loaded)

(end-of-period, in %)





# Message from the Chairman of the Managing Board

2015 was a good year for the bank. We worked hard to create long-term value for all our stakeholders. A fourth quarter milestone was the IPO and listing of ABN AMRO on Euronext Amsterdam.

Our strategy is based on five priorities. While each of these five priorities is a key ingredient for the success of our bank, the most important is enhancing client centricity. We took various initiatives bank-wide in 2015 to put our clients' interests centre stage in everything we do. Many of these initiatives consist of technological enhancements as the trend towards digitalisation gains momentum.

Retail Banking created a new Digital Banking unit, in line with the shift in client preferences for mobile and online services. Retail Banking will continue to invest in innovative ways to ensure that our mobile services - already very popular - are future-proof. We recently introduced the possibility for clients with a mortgage to arrange a new interest period themselves online, and Florius clients can now track the status of their mortgage application online. The ABN AMRO Social Impact Fund, together with a number of partners, launched a Social Impact Bond for Buzinezzclub Utrecht which specialises in getting young people benefits by helping them to find a job, start their own business or undergo training. While our own Equity Capital Markets team had a lead role in the IPO of ABN AMRO, it also participated in the IPO of Intertrust and Flow Traders, won the mandate for the IPO of ASR and won the award for best deal with the IPO of Grandvision. And early 2016 ABN AMRO joined forces with NEOS, which offers SME clients alternative financing for growth or other purposes, funded by professional investors. This makes ABN AMRO the first Dutch bank to bring entrepreneurs in the Netherlands directly into contact with a supplemental financier when multi-layered financing is the solution of choice. MT Finance Magazine ranked our corporate bank number 1 in the Netherlands in five categories: Corporate Asset Management, Cash Management - Payments, Credit Management, Factoring & Collections, Corporate Finance and Risk Management.

ABN AMRO also issued a EUR 500 million five-year Green Bond last May which was chosen as SRI (Socially Responsible Investment) bond of the year at the annual IFR (International Financing Review) awards. An important event was the IPO of ABN AMRO in November 2015. The listing on Euronext Amsterdam was the result of years of hard work of all of us.

Turning to the results, the underlying net profit for the full year 2015 went up 24% to EUR 1,924 million. The fourth-quarter underlying net profit declined by 32% to EUR 272 million and, as previously indicated, was negatively impacted by regulatory levies (EUR 190 million). The fourth quarter of 2015 also contains provisions for an identified group of SMEs with possible derivative-related issues and legal claims. An underlying net profit of EUR 1,924 million, or EUR 2.03 per share, translates into an ROE of 12.0% for 2015, up from 10.9% in 2014. At the same time, we were able to further improve our fully-loaded CET1 ratio from 14.1% to 15.5%. The increase in profitability was achieved on sharply lower impairments and despite higher regulatory levies and project costs. Operating income for full-year 2015 went up by 5% compared with full-year 2014, on the back of a further repricing of the loan portfolio and higher fee and commission income.

In 2014 and 2015, we reviewed client records of an identified group of SMEs with possible interest rate derivative-related issues for any irregularities. We did so in close consultation with the Netherlands Authority for the Financial Markets (AFM). In December 2015 the AFM came to the conclusion that the reassessments would have to be redone. The provision we took in the second quarter of 2015 was therefore increased in the fourth quarter. As the current situation poses uncertainty about the scope and magnitude of the required reassessment going forward, we continue to consult with the AFM to determine how the latest changes will affect ABN AMRO's review process in 2016.



Operating expenses in 2015 were up by 8% compared with full-year 2014. This increase was mainly due to EUR 129 million higher regulatory levies recorded in the fourth quarter of 2015, increasing project costs (for various IT and digitalisation projects, and projects to update and improve the quality of our client files and electronic archives) and higher pension. The continuously changing regulatory requirements also drove up our costs.

We started investing in our core IT infrastructure in 2013, to transform the group-wide IT platform into a less complex and more agile system, and will continue to make these investments up to 2020. In addition, we are investing in a Retail digitalisation programme to accelerate our digital banking proposition, ensuring that we maintain our leading offering in both mobile and internet banking. In 2015, total investments in the two programmes amounted to EUR 159 million and the combined cost savings were EUR 101 million. These two programmes will help us control costs in the long term.

Loan impairments in 2015 more than halved to EUR 505 million, benefiting from the improvement of the Dutch economy. Even though oil and commodity prices showed significant moves in the last six months of the year, the cost of risk for our ECT business was 52 basispoints for the full year 2015, in the middle of the estimated through the cycle cost of risk of Corporate Banking. We know our clients in these sectors well and aim to finance them conservatively, with a preference for collateralised, transactional or senior lending, using covenants to allow for timely amendments to a transaction. However, it is clear that the risk in our ECT portfolio has increased and we are actively monitoring all clients, taking appropriate action where necessary.

Last September we updated our financial targets. These are now:

- ▶ a fully-loaded Common Equity Tier 1 ratio of 11.5-13.5%
- ▶ a cost/income ratio of 56-60% by 2017
- ▶ a return on equity of 10-13% in the coming years
- ▶ a dividend payout ratio of 50% as from and over the full year 2017

In 2015 we achieved a cost/income ratio of 61.8% (60.2% in 2014). We were faced with higher investment levels and increasing regulatory levies in 2015, which will continue in 2016. Our cost saving measures are expected to bring down the cost/income ratio to within our target range by 2017. The ROE was within the target range and rose to 12.0% in 2015 from 10.9% in 2014.

As mentioned, the capital position continued to grow and the fully-loaded CET1 ratio was 15.5%, compared with 14.1% at the end of 2014. As the implementation of the new Basel proposal may lead to significant risk-weighting inflation for the bank, we will continue to grow our capital position until there is more clarity on this topic. In the meantime, we have increased the proposed dividend payout ratio for 2015 from 35% to 40% of the reported full-year net profit, or EUR 0.81 per share. This is EUR 764 million, of which EUR 414 million (EUR 0.44 per share) is proposed as final cash dividend.

Looking ahead, we will continue to focus on executing our strategy and adapting to challenging market developments, such as the continued low interest rate environment, increasing competition in the mortgage market, and regulatory and economic uncertainty. One thing we know for sure is that regulatory levies will increase further in 2016. To protect our main source of income, net interest income, we apply hedges designed to stabilise net interest income against (upward or downward) fluctuations in interest rates. Since the second half of 2015, we have been experiencing increasing competition from insurance companies, pension funds and other new entrants for mortgages with a long dated interest period - a product which poses a number of risks to our balance sheet, which is why we take a prudent approach.

I would like to take this opportunity to thank our clients for doing business with us and to our employees for their willingness and ability to adapt in times of continuous change. With their dedication and determination, we are confident that the bank is equipped to take on the opportunities and challenges that will come our way in the years ahead.

**Gerrit Zalm**

Chairman of the Managing Board



# ABN AMRO shares

## Key developments

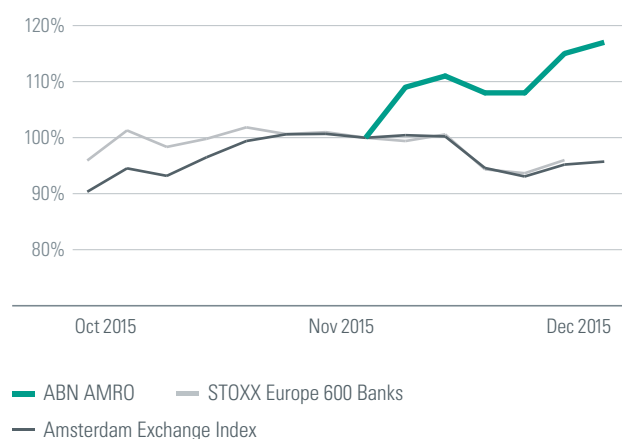
Following the IPO on 20 November 2015 and the subsequent exercise of the overallotment option ('greenshoe'), a total of 23% of ABN AMRO's depository receipts representing ordinary shares have been listed on the Euronext Amsterdam exchange. These depository receipts were allocated mainly to European and US-based institutional investors and to Dutch retail investors. The remaining 77% of the shares are held by NLFi ('Stichting administratiekantoor beheer financiële instellingen') on behalf of the Dutch government.

## Listing information

A total of 216.2 million shares, or 23% of ordinary shares, are currently held by the STAK AAG ('Stichting Administratiekantoor Continuïteit ABN AMRO Group'), which subsequently issued depository receipts representing such shares. For more information about the STAK AAG, please refer to the 'About ABN AMRO' section of abnamro.com. The depository receipts trade under ISIN code 'NL0011540547', Reuters ticker 'ABN.AS' and Bloomberg ticker 'ABN NA'.

## Share price development

(in %)



## Financial calendar<sup>1</sup>

- ▶ Publication first-quarter results - 11 May 2016
- ▶ Annual General Meeting - 18 May 2016
- ▶ Record date final dividend - 23 May 2016
- ▶ Publication second-quarter results - 17 August 2016
- ▶ Record date interim dividend - 22 August 2016
- ▶ Publication third-quarter results - 16 November 2016

| (in millions)  | Q4 2015 | Q3 2015 | Q4 2014 | 2015  | 2014  |
|--|---------|---------|---------|-------|-------|
| <b>Share count</b>                                     |         |         |         |       |       |
| Total shares outstanding/issued and paid-up shares     | 940     | 940     | 940     | 940   | 940   |
| - of which held by NLFi                                | 724     | 940     | 940     | 724   | 940   |
| - of which listed (in the form of depository receipts) | 216     |         |         | 216   |       |
| - as a percentage of total outstanding shares          | 23%     | 0%      | 0%      | 23%   | 0%    |
| Average number of shares                               | 940     | 940     | 940     | 940   | 940   |
| Average diluted number of shares                       | 940     | 940     | 940     | 940   | 940   |
| <b>Key indicators per share (EUR)</b>                  |         |         |         |       |       |
| Underlying earnings per share                          | 0.27    | 0.54    | 0.43    | 2.03  | 1.65  |
| Shareholder's equity per share                         | 17.63   | 17.12   | 15.81   | 17.63 | 15.81 |
| Tangible shareholder's equity per share                | 17.36   | 16.84   | 15.54   | 17.44 | 15.54 |
| Dividend per share                                     |         |         |         | 0.81  | 0.43  |
| <b>Share price development (EUR)</b>                   |         |         |         |       |       |
| Closing price (end of period)                          | 20.67   |         |         | 20.67 |       |
| High (during the period)                               | 20.80   |         |         | 20.80 |       |
| Low (during the period)                                | 18.00   |         |         | 18.00 |       |
| Market capitalisation (end of period, in billions)     | 19.43   |         |         | 19.43 |       |
| <b>Valuation indicators (end of period)</b>            |         |         |         |       |       |
| Price/Earnings   | 10.2x   |         |         | 10.2x |       |
| Price/Tangible book value                              | 1.2x    |         |         | 1.2x  |       |

<sup>1</sup> All dates are subject to change. Please refer to abnamro.com/ir for the latest information. Dividend record date applies only if a final or interim dividend is paid.

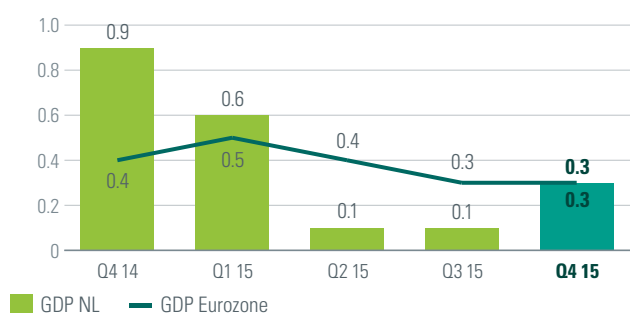
# Economic environment

Uncertainty surrounding developments on the global and financial markets continued in the fourth quarter. This was mainly attributable to disappointing developments in emerging economies, especially commodity-exporting countries and China. Growth of world trade and global GDP remained low, according to available data.

The US economy continued to grow, although the pace of expansion slowed further in Q4 2015. The labour market, however, continued to improve in Q4. Economic growth in the eurozone remained low at 0.3% compared with the preceding quarter. This modest figure was attributable to the slowdown in exports to emerging markets, while growth in domestic demand was stable. Economic growth in the eurozone is still supported by lower oil prices, lower financing costs and further improvements in the credit channel.

Following minor growth in Q3 2015, economic growth in the Netherlands picked up slightly to 0.3% in Q4 2015 in comparison with the preceding quarter. Exports were affected by the slow expansion of world trade. Private consumption fell slightly due to significantly lower spending on gas caused by the extremely mild weather. Investment, however, was strong due to sizeable investments in housing and in passenger cars (in anticipation of a less favourable tax regime for energy-friendly cars in 2016). On a year-on-year basis, Dutch GDP amounted to 1.6% in Q4. Average GDP growth in full-year 2015 accelerated to 1.9%, which was higher than the eurozone average of 1.5%.

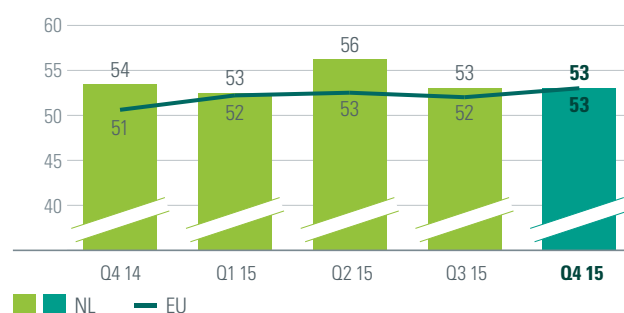
**Quarterly development of Gross Domestic Product**  
(in % q-o-q growth)



Source: Eurostat and CBS

- ▶ GDP growth picked up slightly in Q4 - to 0.3% quarter-on-quarter;
- ▶ Domestic demand growth was stable at 0.6% quarter-on-quarter;
- ▶ The increase in exports was small, which reflects the low expansion of world trade.

**Purchasing Managers' Index**  
(>50: growth, <50: contraction, end-of-period)



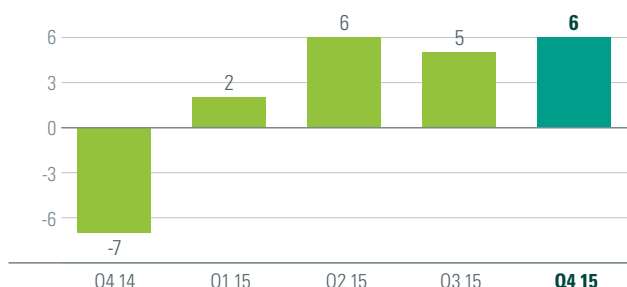
Source: Markit

- ▶ Manufacturing PMI rose slightly in Q4 2015, following a larger drop in Q3 2015;
- ▶ At 53.4, the PMI in Q4 2015 was still well above 50, the turning point between contraction and growth;
- ▶ Dutch PMI was at approximately the same level as the eurozone manufacturing figure.



### Consumer confidence in the Netherlands

(as % balance of positive and negative answers, end-of-period)

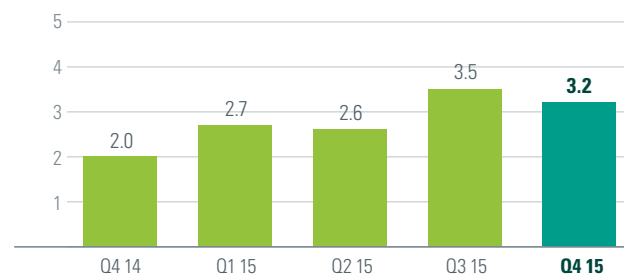


Source: CBS

- ▶ Consumer confidence was roughly stable, on balance, in Q4 2015;
- ▶ At +6 (end Q4 2015), confidence was significantly higher than the long-term average (approximately -8);
- ▶ The 'Willingness to buy' sub-index improved slightly in Q4 2015.

### House prices in the Netherlands

(in % year-over-year growth)

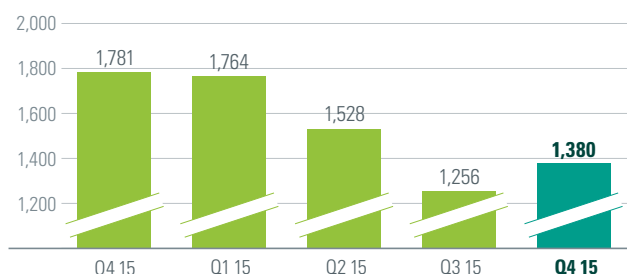


Source: CBS

- ▶ House prices rose by 3.2% year-on-year in Q4 2015 (full-year 2015: +2.8%);
- ▶ Number of houses sold rose by 2.2% year-on-year in Q4 2015;
- ▶ This smaller rise than in preceding quarters was due to an extremely strong sales figure in December 2014.

### Bankruptcies in the Netherlands

(number of bankruptcies)

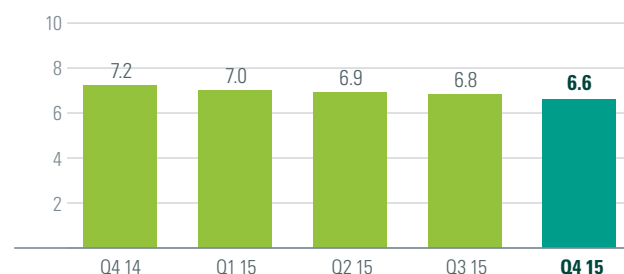


Source: CBS

- ▶ The number of bankruptcies dropped by 23% in Q4 2015 compared with Q4 2014 (but +8% against Q3 2015);
- ▶ For full-year 2015, the number fell by 22% (following a drop of 19% in 2014);
- ▶ The decline is attributable to a better economic climate.

### Unemployment in the Netherlands

(in % of total labour force, end-of-period)



Source: CBS

- ▶ Unemployment fell slightly further in Q4 2015;
- ▶ This was due to a slight rise in the number of jobs and to people that left the labour market;
- ▶ The number of dismissal permits continued to drop.



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# Operating and financial review

This operating and financial review includes a discussion and analysis of the results of operations and sets out the financial condition of ABN AMRO Group on the basis of underlying results. For a reconciliation of reported versus underlying results, please refer to the Additional Financial Information section of this report.

As of 2015, ABN AMRO has extended the definition of assets under management for the Group to include client assets in Retail Banking and has changed the name of assets under management to client assets. Client assets include cash and securities of clients held on accounts with ABN AMRO. The development of client assets is explained for Private Banking.

As of Q3 2015, the definition of the underlying return on average equity has been altered to reflect the implications of the accounting treatment for Additional Tier 1 instruments. Return on equity is now calculated as underlying profit for the period attributable to owners of the company (i.e. underlying profit after deduction of net reserved payments for capital securities and result attributable to non-controlling interests) divided by the average equity attributable to the owners of the company (i.e. excluding capital securities and non-controlling interests).

## Income statement

### Operating results

| (in millions)   | Q4 2015      | Q4 2014      | Change      | Q3 2015      | Change      | 2015         | 2014         | Change     |
|---|--------------|--------------|-------------|--------------|-------------|--------------|--------------|------------|
| Net interest income   | 1,497        | 1,620        | -8%         | 1,524        | -2%         | 6,076        | 6,023        | 1%         |
| Net fee and commission income                                     | 454          | 431          | 5%          | 449          | 1%          | 1,829        | 1,691        | 8%         |
| Other operating income  | 101          | 95           | 7%          | 136          | -26%        | 550          | 341          | 61%        |
| <b>Operating income</b>   | <b>2,052</b> | <b>2,145</b> | <b>-4%</b>  | <b>2,109</b> | <b>-3%</b>  | <b>8,455</b> | <b>8,055</b> | <b>5%</b>  |
| Personnel expenses  | 640          | 650          | -2%         | 619          | 3%          | 2,492        | 2,396        | 4%         |
| Other expenses  | 889          | 748          | 19%         | 615          | 44%         | 2,736        | 2,453        | 12%        |
| <b>Operating expenses</b>   | <b>1,528</b> | <b>1,397</b> | <b>9%</b>   | <b>1,234</b> | <b>24%</b>  | <b>5,228</b> | <b>4,849</b> | <b>8%</b>  |
| <b>Operating result</b>   | <b>524</b>   | <b>748</b>   | <b>-30%</b> | <b>875</b>   | <b>-40%</b> | <b>3,227</b> | <b>3,206</b> | <b>1%</b>  |
| Impairment charges on loans and other receivables                 | 124          | 181          | -31%        | 94           | 32%         | 505          | 1,171        | -57%       |
| <b>Operating profit/(loss) before taxation</b>                    | <b>399</b>   | <b>567</b>   | <b>-30%</b> | <b>781</b>   | <b>-49%</b> | <b>2,722</b> | <b>2,035</b> | <b>34%</b> |
| Income tax expense  | 128          | 167          | -24%        | 272          | -53%        | 798          | 484          | 65%        |
| <b>Underlying profit/(loss) for the period</b>                    | <b>272</b>   | <b>400</b>   | <b>-32%</b> | <b>509</b>   | <b>-47%</b> | <b>1,924</b> | <b>1,551</b> | <b>24%</b> |
| Special items   |              |              |             |              |             |              | -417         |            |
| <b>Reported profit/(loss) for the period</b>                      | <b>272</b>   | <b>400</b>   | <b>-32%</b> | <b>509</b>   | <b>-47%</b> | <b>1,924</b> | <b>1,134</b> | <b>70%</b> |
| <i>Of which available for AT1 capital securities (net of tax)</i> | 11           |              |             |              |             | 11           |              |            |
| <i>Of which non-controlling interests</i>                         | 5            |              |             | -1           |             | 5            | -0           |            |

### Other indicators

|   | Q4 2015 | Q4 2014 | Q3 2015 | 2015  | 2014  |
|---|---------|---------|---------|-------|-------|
| Net interest margin (NIM) (in bps)                  | 147     | 163     | 149     | 146   | 153   |
| Underlying cost/income ratio                        | 74.5%   | 65.1%   | 58.5%   | 61.8% | 60.2% |
| Underlying cost of risk (in bps) <sup>1</sup>       | 19      | 27      | 14      | 19    | 45    |
| Underlying return on average Equity <sup>2</sup>    | 6.3%    | 10.9%   | 12.7%   | 12.0% | 10.9% |
| Underlying earnings per share (in EUR) <sup>3</sup> | 0.27    | 0.43    | 0.54    | 2.03  | 1.65  |

|                             | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|-----------------------------|------------------|-------------------|------------------|
| Client Assets (in billions) | 314              | 306               | 302              |
| FTEs                        | 22,048           | 22,101            | 22,215           |

<sup>1</sup> Annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

<sup>2</sup> Underlying profit for the period excluding reserved coupons for AT 1 Capital securities (net-of-tax) and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company.

<sup>3</sup> Underlying profit for the period excluding reserved coupons for AT 1 Capital securities and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

## Fourth-quarter 2015 results

ABN AMRO's **underlying profit** for the fourth quarter of 2015 amounted to EUR 272 million, a decrease of EUR 128 million compared with the fourth quarter of 2014, reflecting a EUR 99 million (net-of-tax) increase of regulatory levies, a provision for the Euribor mortgages legal claim and an additional provision for an identified group of SMEs with possible derivative-related issues.

The **underlying return on equity (ROE)** decreased to 6.3% in Q4 2015, compared with 10.9% in the same period in 2014. The fourth quarter of 2015 included **regulatory levies** for the National Resolution Fund (NRF), Dutch bank tax and Deposit Guarantee Scheme (DGS). The charge for the Dutch bank tax was also included in Q4 2014. If these regulatory levies had been divided equally over the quarters, ROE would have been 9.7% in Q4 2015 (versus an adjusted ROE of 12.8% in the same period of 2014).

**Operating income** decreased by EUR 93 million to EUR 2,052 million from EUR 2,145 million in Q4 2014.

**Net interest income** declined to EUR 1,497 million in Q4 2015 from EUR 1,620 million in Q4 2014. The net interest income development was impacted by several negative one-off items in Q4 2015 (including a provision for the Euribor mortgages legal claim) and a EUR 37 million positive one-off in Q4 2014.

Net interest income on residential mortgages increased compared with Q4 2014 as margin improvements more than offset the decrease in portfolio volumes. Margins improved due to continued gradual repricing at higher margins, in particular mortgages that originated pre-crisis. The impact of repricing of the mortgage book in recent years continues to contribute to higher net interest income. Compared with Q3 2015, the repricing effect gradually levelled off.

Net interest income on consumer loans decreased due to declining average loan volumes and slightly lower margins.

Net interest income on corporate loans increased in Q4 2015 compared with Q4 2014 due to the positive impact of improved margins and, to a lesser extent, increased average volumes. Margin improvements were mainly recorded in Commercial Clients. The increase in average corporate loan volumes was driven chiefly by volume growth in the ECT Clients loan portfolio (including currency developments). Average corporate loan volumes in Commercial Clients showed a limited decline compared with Q4 2014.

Net interest income was negatively impacted by higher liquidity buffer costs.

In combination with modestly higher average total assets, this resulted in a net interest margin (NIM) of 147bps in Q4 2015.

**Net fee and commission income**, at EUR 454 million in Q4 2015, was EUR 23 million higher than in Q4 2014. The limited increase was recorded in all business segments.

**Other operating income** amounted to EUR 101 million in Q4 2015 compared with EUR 95 million in Q4 2014. Favourable hedge accounting-related results at Group Functions and Equity Participations results were accompanied by positive CVA/DVA/FVA results (EUR 20 million positive in Q4 2015 versus EUR 12 million negative in Q4 2014). This was partly offset by an additional provision for an identified group of SMEs with possible derivative-related issues at Corporate Banking. Q4 2014 included a gain of EUR 40 million resulting from the sale of part of the stake in Holland Clearing House.

**Personnel expenses** amounted to EUR 640 million in Q4 2015, down by EUR 10 million compared with Q4 2014. The fourth quarter of 2015 included a restructuring provision in Group Functions. The fourth quarter of 2014 included a restructuring provision at Retail Banking and a release from the provision for employee benefits.

**Other expenses** increased to EUR 889 million in Q4 2015 from EUR 748 million in Q4 2014. The increase was mainly caused by the EUR 129 million higher regulatory levies recorded in Q4 2015 (totalling EUR 220 million) compared with Q4 2014. The regulatory levies in Q4 2015 included the Dutch bank tax (EUR 98 million), the National Resolution Funds (EUR 119 million) and the Deposit Guarantee Scheme (EUR 3 million). Implementation of the Dutch DGS has been postponed by the national regulator to Q1 2016; the DGS charge recorded in the fourth quarter is therefore lower than previously communicated. In Q4 2014, only the Dutch bank tax was recorded (EUR 91 million). Both quarters included releases on the Deposit Guarantee Scheme for the DSB default, although the amount recorded in Q4 2015 was lower than in Q4 2014 (EUR 35 million in Q4 2015 versus EUR 66 million in Q4 2014). In addition, Q4 2014 included a EUR 25 million goodwill impairment.

The **operating result** declined by EUR 224 million compared with the fourth quarter of 2014 and the **underlying cost/income ratio** increased by 9.4 percentage points to 74.5%. If the regulatory levies had been divided equally over the quarters, the cost/income ratio would have been 66% in Q4 2015 (versus 62% in Q4 2014).

**Impairment charges** on loans and other receivables amounted to EUR 124 million in Q4 2015, down by EUR 57 million compared with the same quarter in 2014. Continued improved economic conditions in the Netherlands are reflected in the gradually declining impaired portfolio, which resulted in lower impairment charges.

The cost of risk for mortgages remained low with a charge of 2bps for the fourth quarter of 2015 compared with 5bps in the same quarter of the previous year.

Impairment charges on corporate loans increased in Q4 2015 compared with Q4 2014. Impairment charges in Commercial Clients further improved but was more than offset by the increase in International Clients mainly at Large Corporates. ECT impairment charges declined to EUR 31 million in Q4 2015 from EUR 37 million at Q4 2014.

The **underlying cost of risk** amounted to 19bps in Q4 2015, down from 27bps in Q4 2014. Compared with Q3 2015, the cost of risk went up by 5bps.

## International results

Operating income from international activities grew by 2% compared with the fourth quarter of 2014 and represents 20% of overall operating income. The higher contribution made by international activities was driven mainly by volume growth in foreign ECT Clients in combination with increased income at Capital Markets Solutions - Clearing and higher net fee and commission income in the international Private Banking activities due mainly to growth in Germany and France. Full year operating income grew by 10%. Growth was mainly in Capital Markets Solutions - Clearing, International Clients and Private Banking (due partly to the full-year contribution in 2015 of the acquired German private banking activities of Credit Suisse, consolidated as of 1 September 2014).

## Full-year 2015 results

**Underlying profit** for 2015 amounted to EUR 1,924 million, up EUR 373 million compared with the previous year. The increase was mainly due to lower loan impairments and higher operating income.

The **underlying return on equity (ROE)** increased to 12.0% in 2015, compared with 10.9% in 2014.

**Net interest income** rose marginally to EUR 6,076 million in 2015 compared with EUR 6,023 million in 2014. The net interest income development was impacted by several negative one-offs in 2015 (including a provision for the Euribor mortgages legal claim) and one-offs with a positive impact in 2014.

The underlying increase was primarily driven by improved margins on loans (mainly mortgages and, to a lesser extent, corporate loans) and higher average corporate loan volumes. The average volume of residential mortgages, however, was lower. In addition, lower funding costs due to lower credit spreads were partly offset by higher liquidity buffer costs.

**Net fee and commission income**, at EUR 1,829 million in 2015, was EUR 138 million higher than in 2014. The increase was primarily recorded in Private Banking, due to a favourable stock market performance, and in Corporate Banking on higher transaction volumes at Clearing.

**Other operating income** amounted to EUR 550 million in 2015, up by EUR 209 million compared with the previous year. The increase was primarily driven by higher CVA/DVA/FVA results (EUR 76 million positive in 2015 versus EUR 58 million negative in 2014), favourable hedge accounting-related results at Group Functions as a result of interest rate movements, and higher tax-exempt results at Equity Participations on the back of improved market conditions. This was partly offset by a one-off tax-exempt provision in Group Functions related to the part of securities financing activities discontinued in 2009 and a provision in Corporate Banking for an identified group of SMEs with possible interest rate derivative-related issues.

**Personnel expenses** amounted to EUR 2,492 million in 2015, up EUR 96 million compared with the previous year. Pension expenses were higher in 2015 due to lower discount rates.

Additionally, personnel expenses for our international activities increased mainly as a result of FX rate developments. Personnel expenses in 2014 were positively impacted by releases from the employee benefits provision. Comparable restructuring provisions were included in 2014 and 2015.

**Other expenses** rose by EUR 283 million to EUR 2,736 million. The increase was driven by EUR 129 million higher regulatory levies and higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes (including TOPS 2020 and Retail Digitalisation programmes). In 2015, a EUR 55 million settlement with Vestia was recorded. These increases were partly offset by a considerable VAT refund which was the result of discussions with the tax authorities related to the period 2007-2014.

The **operating result** improved marginally to EUR 3,227 million, up by EUR 21 million compared with the same period last year, and the **underlying cost/income ratio** increased by 1.6 percentage points to 61.8%.

**Impairment charges** on loans and other receivables amounted to EUR 505 million, EUR 666 million lower than in 2014. Lower impairment charges were recorded on all portfolios due to improvement in the risk profile of the portfolios on the back of improved economic circumstances. This also led to IBNI releases, which are determined based on recent loan losses in the portfolio. The decreasing loan loss levels resulted in an IBNI release of EUR 221 million in 2015 compared with an IBNI addition of EUR 22 million in 2014.

The **underlying cost of risk** amounted to 19bps in 2015, down from 45bps in 2014.

The **effective tax rate** in 2015, at 29%, was negatively impacted by a reassessment of our tax position.

## Balance sheet

### Condensed consolidated statement of financial position

| (in millions)   | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|---|------------------|-------------------|------------------|
| Cash and balances at central banks                      | 26,195           | 20,738            | 706              |
| Financial assets held for trading                       | 1,706            | 8,592             | 9,017            |
| Derivatives   | 19,138           | 20,695            | 25,285           |
| Financial investments                                   | 40,542           | 40,412            | 41,466           |
| Securities financing                                    | 20,062           | 35,475            | 18,511           |
| Loans and receivables - banks                           | 15,680           | 17,794            | 21,680           |
| Loans and receivables - customers                       | 259,319          | 261,742           | 261,910          |
| Other   | 7,676            | 7,839             | 8,292            |
| <b>Total assets</b>                                     | <b>390,317</b>   | <b>413,287</b>    | <b>386,867</b>   |
| Financial liabilities held for trading                  | 459              | 2,940             | 3,759            |
| Derivatives   | 22,425           | 24,624            | 30,449           |
| Securities financing                                    | 11,372           | 25,901            | 13,918           |
| Due to banks  | 14,630           | 18,487            | 15,744           |
| Due to customers  | 230,297          | 228,529           | 216,011          |
| Issued debt   | 76,207           | 79,126            | 77,131           |
| Subordinated liabilities                                | 9,708            | 9,660             | 8,328            |
| Other   | 7,635            | 6,927             | 6,652            |
| <b>Total liabilities</b>                                | <b>372,733</b>   | <b>396,193</b>    | <b>371,990</b>   |
| Equity attributable to the owners of the parent company | 16,575           | 16,089            | 14,865           |
| Capital securities                                      | 993              | 993               |                  |
| Equity attributable to non-controlling interests        | 17               | 12                | 12               |
| <b>Total equity</b>                                     | <b>17,584</b>    | <b>17,094</b>     | <b>14,877</b>    |
| <b>Total liabilities and equity</b>                     | <b>390,317</b>   | <b>413,287</b>    | <b>386,867</b>   |

### Main developments in total assets compared with 30 September 2015

**Total assets** declined by EUR 23.0 billion to EUR 390.3 billion at 31 December 2015, due mainly to a decline in Securities financing assets.

**Cash and balances at central banks** went up by EUR 5.5 billion as part of the liquidity buffer.

**Financial assets held for trading** at 31 December 2015 decreased by EUR 6.9 billion to EUR 1.7 billion compared with 30 September 2015, mainly due to a decrease in government bonds.

**Derivatives** went down by EUR 1.6 billion at 31 December 2015 compared with 30 September 2015, mainly reflecting the impact of interest rate movements.

This is also observed in derivative liabilities.

**Financial investments** was EUR 40.5 billion at 31 December 2015, virtually stable compared with 30 September 2015.

**Securities financing** declined by EUR 15.4 billion compared with 30 September 2015, to EUR 20.1 billion at 31 December 2015. This decline is related to the cyclicity of the business, as clients wind down their positions towards year-end.

**Loans and receivables - banks** at 31 December 2015 decreased by EUR 2.1 billion compared with 30 September 2015, partly as a result of lower cash collateral pledged due to the decrease of the financial liabilities held for trading.



## Loans and receivables - customers

| (in millions)  | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|--|------------------|-------------------|------------------|
| Residential mortgages                                      | 146,932          | 148,535           | 148,402          |
| Consumer loans   | 15,147           | 15,409            | 16,052           |
| Corporate loans to clients <sup>1</sup>                    | 78,195           | 80,874            | 80,065           |
| <b>Total client loans<sup>2</sup></b>                      | <b>240,274</b>   | <b>244,818</b>    | <b>244,519</b>   |
| Loans to professional counterparties                       | 12,194           | 9,165             | 9,635            |
| Other loans <sup>3</sup>                                   | 6,357            | 7,255             | 6,777            |
| <b>Total Loans and receivables - customers<sup>2</sup></b> | <b>258,825</b>   | <b>261,238</b>    | <b>260,931</b>   |
| Fair value adjustments from hedge accounting               | 4,849            | 5,028             | 5,739            |
| Less: loan impairment allowance                            | 4,355            | 4,524             | 4,761            |
| <b>Total Loans and receivables - customers</b>             | <b>259,319</b>   | <b>261,742</b>    | <b>261,910</b>   |

<sup>1</sup> Corporate loans excluding loans to professional counterparties.

<sup>2</sup> Gross carrying amount excluding fair value adjustment from hedge accounting.

<sup>3</sup> Other loans consists of loans and receivables to government, official institutions and financial markets parties.

**Loans and receivables - customers** decreased by EUR 2.4 billion compared with 30 September 2015 mainly due to a decline in Residential mortgages.

Residential mortgages declined to EUR 146.9 billion, down by EUR 1.6 billion compared with 30 September 2015. The market share in new mortgage production declined to 16% in Q4 2015 driven by fierce competition on longer interest rate periods. Redemptions were higher due to increased refinancing, whereas extra repayments in 2015 returned to the same levels as previous years. Low interest rates and increased awareness among homeowners of the possibility of residual debt are still incentives for extra redemptions. Contractual repayments are gradually growing, following the amended tax regulations. As a result, redemptions exceeded new mortgage production.

Corporate loans to clients decreased due to the reallocation of part of the public sector loan portfolio from Corporate Banking to Group Functions (EUR 2.3 billion). This reallocation is related to the specific expertise required to manage risks, other than credit risk, associated with these longer dated loans. Corporate Banking will continue to manage client relationships. As a result of this reallocation, the portfolio was moved to loans to professional counterparties.

Other loans declined to EUR 6.4 billion, driven mainly by lower volumes at Capital Markets Solutions.

## Main developments in total liabilities compared with 30 September 2015

**Total liabilities** declined by EUR 23.5 billion compared with 30 September 2015, due mainly to decreased Securities financing volumes.

**Financial liabilities held for trading** came down by EUR 2.5 billion due to decreased short positions in bonds.

**Derivative liabilities** decreased by EUR 2.2 billion to EUR 22.4 billion at 31 December 2015, mainly reflecting the impact of interest rate movements.

**Securities financing** decreased by EUR 14.5 billion compared with 30 September 2015 to EUR 11.4 billion at 31 December 2015. The decline is related to the cyclicity of the business as clients wind down their positions towards year-end.

**Due to banks** banks decreased by EUR 3.9 billion mainly as a result of declined money market positions.

## Due to customers

| (in millions)                 | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|-------------------------------|------------------|-------------------|------------------|
| Retail Banking                | 98,674           | 98,996            | 95,915           |
| Private Banking               | 66,465           | 66,665            | 62,902           |
| Corporate Banking             | 62,850           | 60,498            | 54,740           |
| Group Functions               | 2,308            | 2,369             | 2,454            |
| <b>Total Due to customers</b> | <b>230,297</b>   | <b>228,529</b>    | <b>216,011</b>   |
| Demand deposits               | 119,109          | 115,956           | 109,753          |
| Saving deposits               | 92,472           | 94,233            | 88,655           |
| Time deposits                 | 18,555           | 18,183            | 17,459           |
| <b>Total deposits</b>         | <b>230,136</b>   | <b>228,372</b>    | <b>215,867</b>   |
| Other due to customers        | 160              | 156               | 144              |
| <b>Total Due to customers</b> | <b>230,297</b>   | <b>228,529</b>    | <b>216,011</b>   |

**Due to customers** increased by EUR 1.8 billion, mainly driven by a EUR 2.4 billion growth of deposits at Corporate Banking, partly offset by a decline at Retail Banking and Private Banking (EUR 0.3 billion and EUR 0.2 billion, respectively). The combined market share of 21%<sup>1</sup> in retail deposits at Retail Banking and Private Banking in the Netherlands at 31 December 2015 was stable compared with 30 September 2015.

**Issued debt** decreased by EUR 2.9 billion to EUR 76.2 billion at 31 December 2015 as the need for wholesale funding declined.

**Total equity** rose to EUR 17.6 billion at 31 December 2015 mainly as a result of the fourth quarter reported profit.

## Main developments of total assets and liabilities compared with 31 December 2014

**Total assets** increased by EUR 3.4 billion to EUR 390.3 billion at 31 December 2015 from EUR 386.9 billion at 31 December 2014, due mainly to higher cash and balances at central banks, partly offset by lower financial assets held for trading, derivatives and loans and receivables - banks.

**Total liabilities** increased marginally by EUR 0.7 billion to EUR 372.7 billion at 31 December 2015 compared with EUR 372.0 billion at 31 December 2014. The increase in due to customers and subordinated liabilities was largely offset by a decline in derivatives, financial liabilities held for trading, securities financing, due to banks and issued debt.

**Total equity** rose by EUR 2.7 billion to EUR 17.6 billion, due mainly to the reported profit for 2015 and, to a lesser extent, the inaugural launch of EUR 1 billion of capital securities qualifying as Additional Tier 1 capital.

<sup>1</sup> Source: De Nederlandsche Bank

# Results by segment

The results by segment section includes a discussion and analysis of the results of operations and of the financial condition of ABN AMRO Group at segment level for the fourth quarter of 2015 compared with the fourth quarter of 2014, on the basis of underlying results. A large part of the interest expenses and operating expenses incurred by Group Functions are allocated to the business lines through net interest income and other expenses, respectively.

## Retail Banking

### Operating results

| (in millions)                                     | Q4 2015    | Q4 2014      | Change      | Q3 2015    | Change      | 2015         | 2014         | Change     |
|---|------------|--------------|-------------|------------|-------------|--------------|--------------|------------|
| Net interest income                               | 805        | 885          | -9%         | 853        | -6%         | 3,302        | 3,379        | -2%        |
| Net fee and commission income                     | 132        | 124          | 6%          | 133        | -0%         | 527          | 522          | 1%         |
| Other operating income                            | 5          | 14           | -67%        | 3          | 61%         | 25           | 41           | -40%       |
| <b>Operating income</b>                           | <b>941</b> | <b>1,024</b> | <b>-8%</b>  | <b>988</b> | <b>-5%</b>  | <b>3,853</b> | <b>3,942</b> | <b>-2%</b> |
| Personnel expenses                                | 120        | 186          | -35%        | 121        | -0%         | 487          | 560          | -13%       |
| Other expenses                                    | 495        | 411          | 21%         | 389        | 27%         | 1,619        | 1,475        | 10%        |
| <b>Operating expenses</b>                         | <b>616</b> | <b>597</b>   | <b>3%</b>   | <b>510</b> | <b>21%</b>  | <b>2,106</b> | <b>2,035</b> | <b>3%</b>  |
| <b>Operating result</b>                           | <b>325</b> | <b>427</b>   | <b>-24%</b> | <b>478</b> | <b>-32%</b> | <b>1,748</b> | <b>1,907</b> | <b>-8%</b> |
| Impairment charges on loans and other receivables | 9          | 99           | -91%        | 52         | -82%        | 99           | 460          | -79%       |
| <b>Operating profit/(loss) before taxation</b>    | <b>316</b> | <b>328</b>   | <b>-4%</b>  | <b>426</b> | <b>-26%</b> | <b>1,649</b> | <b>1,447</b> | <b>14%</b> |
| Income tax expense                                | 89         | 90           | -1%         | 108        | -17%        | 423          | 368          | 15%        |
| <b>Underlying profit/(loss) for the period</b>    | <b>227</b> | <b>238</b>   | <b>-5%</b>  | <b>319</b> | <b>-29%</b> | <b>1,226</b> | <b>1,079</b> | <b>14%</b> |
| Special items                                     |            |              |             |            |             |              |              |            |
| <b>Reported profit/(loss) for the period</b>      | <b>227</b> | <b>238</b>   | <b>-5%</b>  | <b>319</b> | <b>-29%</b> | <b>1,226</b> | <b>1,079</b> | <b>14%</b> |

Retail Banking's **underlying profit** was EUR 227 million, a decline of EUR 11 million compared with the fourth quarter of 2014. This decline was mainly the result of lower net interest income and higher regulatory levies.

**Net interest income** declined by EUR 80 million compared with Q4 2014 to EUR 805 million in Q4 2015. This was largely driven by provisions taken related to legal claims (including Euribor mortgages) in Q4 2015 and a positive one-off item in Q4 2014.

Margins on residential mortgages improved compared with Q4 2014, due to the gradual repricing of the residential mortgage book. In particular, mortgages which were originated pre-crisis had low margins. This was partly offset by lower average residential mortgage loan volumes. Compared with Q3 2015 the repricing effect levelled off.

Net interest income on consumer loans decreased due to lower average loan volumes and lower margins.

Net interest income on deposits remained relatively stable compared with Q4 2014. Modestly higher average savings volumes were offset by slightly lower margins.

**Net fee and commission income** increased slightly compared with the same quarter of the previous year.

**Personnel expenses** declined by EUR 66 million to EUR 120 million in Q4 2015 compared with EUR 186 million in Q4 2014. This was due largely to a restructuring provision of EUR 60 million in 2014. Excluding the restructuring provision, personnel expenses declined EUR 6 million due to a lower average number of staff employed in Retail Banking following a further reduction in branches.

**Other expenses** were up EUR 84 million in Q4 2015. The **regulatory levies** in Q4 2015 were EUR 48 million higher compared with Q4 2014 (EUR 87 million versus EUR 39 million). Excluding the regulatory levies, other expenses increased by EUR 36 million. This was mainly attributable to higher project costs (including the Retail Digitalisation programme).

**Operating result** decreased by EUR 102 million in Q4 2015 to EUR 325 million. The **underlying cost/income ratio** increased by 7.1 percentage points to 65.4%. If the regulatory levies had been divided equally over the quarters, the cost/income ratio would have been 59% in Q4 2015 (55% in Q4 2014).

**Impairment charges** on loans and other receivables were EUR 9 million in Q4 2015, down EUR 90 million from Q4 2014. The decline in impairments is visible in both the consumer loan portfolio and the mortgage portfolio. Impairments on the mortgage portfolio decreased on the back of improved conditions in the housing market. In addition, the recovery of the Dutch economy contributed to a lower inflow of mortgages in the impaired portfolio, increased outflow and an improvement of the portfolio's risk profile. Consumer loans also benefited from improved economic circumstances and active risk management of the portfolio of clients in arrears, leading to significantly lower loan impairments.

## Other indicators

|   | Q4 2015 | Q4 2014 | Q3 2015 | 2015  | 2014  |
|---|---------|---------|---------|-------|-------|
| Underlying cost/income ratio                  | 65.4%   | 58.3%   | 51.6%   | 54.6% | 51.6% |
| Underlying cost of risk (in bps) <sup>1</sup> | 2       | 25      | 13      | 6     | 29    |

|  | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|--|------------------|-------------------|------------------|
| Loan-to-Deposit ratio                                    | 152%             | 153%              | 158%             |
| Loans and receivables - customers (in billions)          | 154.2            | 156.1             | 156.0            |
| Due to customers (in billions)                           | 98.7             | 99.0              | 95.9             |
| Risk-weighted assets (risk exposure amount; in billions) | 34.8             | 35.6              | 36.8             |
| FTEs   | 5,844            | 5,885             | 6,258            |

<sup>1</sup> Cost of risk consists of annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

**Loans and receivables - customers** decreased by EUR 1.9 billion compared with the previous quarter of 2015, to EUR 154.2 billion. The Retail Banking mortgage portfolio declined compared with 30 September 2015. Market share in new mortgage production declined to 16% in Q4 2015 driven by fierce competition on longer interest rate periods. Redemptions were higher due to increased refinancing, whereas extra repayments in 2015 returned to the same level as previous years. Low interest rates and increased awareness among homeowners of

the possibility of residual debt are still incentives for extra repayments. Contractual repayments are gradually growing, following amended tax regulations. As a result, redemptions exceeded new mortgage production.

**Due to customers** showed a marginal decrease of EUR 0.3 billion compared with 30 September 2015. MoneYou deposits recorded outside the Netherlands remained stable.

## Client Assets

| (in billions)              | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|----------------------------|------------------|-------------------|------------------|
| Cash                       | 98.7             | 99.0              | 95.9             |
| Securities                 | 15.6             | 15.2              | 16.0             |
| <b>Total Client Assets</b> | <b>114.3</b>     | <b>114.2</b>      | <b>111.9</b>     |

# Private Banking

As of Q4 2015 the gross margin on client assets is included for Private Banking. Gross margin on client

assets is defined as operating income for the period divided by average client assets for the period.

## Operating results

| (in millions)                                     | Q4 2015    | Q4 2014    | Change     | Q3 2015    | Change      | 2015         | 2014         | Change     |
|---|------------|------------|------------|------------|-------------|--------------|--------------|------------|
| Net interest income                               | 149        | 156        | -5%        | 147        | 1%          | 589          | 597          | -1%        |
| Net fee and commission income                     | 149        | 140        | 6%         | 149        | 0%          | 619          | 544          | 14%        |
| Other operating income                            | 20         | 4          |            | 18         | 12%         | 101          | 51           | 98%        |
| <b>Operating income</b>                           | <b>318</b> | <b>301</b> | <b>6%</b>  | <b>314</b> | <b>1%</b>   | <b>1,310</b> | <b>1,193</b> | <b>10%</b> |
| Personnel expenses                                | 119        | 123        | -3%        | 133        | -10%        | 501          | 460          | 9%         |
| Other expenses                                    | 160        | 156        | 3%         | 136        | 18%         | 549          | 503          | 9%         |
| <b>Operating expenses</b>                         | <b>279</b> | <b>279</b> | <b>0%</b>  | <b>269</b> | <b>4%</b>   | <b>1,050</b> | <b>964</b>   | <b>9%</b>  |
| <b>Operating result</b>                           | <b>39</b>  | <b>21</b>  | <b>81%</b> | <b>45</b>  | <b>-14%</b> | <b>260</b>   | <b>229</b>   | <b>13%</b> |
| Impairment charges on loans and other receivables | 6          | -12        |            | 5          | 15%         | -4           | 23           |            |
| <b>Operating profit/(loss) before taxation</b>    | <b>33</b>  | <b>33</b>  | <b>-2%</b> | <b>40</b>  | <b>-18%</b> | <b>264</b>   | <b>206</b>   | <b>28%</b> |
| Income tax expense                                | 6          | 19         | -67%       | 12         | -46%        | 49           | 46           | 6%         |
| <b>Underlying profit/(loss) for the period</b>    | <b>26</b>  | <b>15</b>  | <b>82%</b> | <b>28</b>  | <b>-6%</b>  | <b>214</b>   | <b>160</b>   | <b>34%</b> |
| Special items                                     |            |            |            |            |             |              |              |            |
| <b>Reported profit/(loss) for the period</b>      | <b>26</b>  | <b>15</b>  | <b>82%</b> | <b>28</b>  | <b>-6%</b>  | <b>214</b>   | <b>160</b>   | <b>34%</b> |

Private Banking's **underlying profit** increased by EUR 11 million compared with the fourth quarter of 2014 to EUR 26 million in Q4 2015. The increase was due to higher operating income in Q4 2015. In addition, Q4 2014 was impacted by a high effective tax rate due to tax-exempt one-offs.

**Net interest income** decreased to EUR 149 million in Q4 2015, down by EUR 7 million compared with Q4 2014. Higher average deposit volumes were more than offset by lower margins on deposits.

**Net fee and commission income** increased to EUR 149 million in Q4 2015, up by EUR 9 million compared with the same quarter of the previous year. Net fees increased due to higher average client assets.

**Other operating income** in Q4 2015 was EUR 16 million higher due mainly to a provision for a legal claim in Q4 2014.

**Personnel expenses** decreased by EUR 4 million to EUR 119 million in Q4 2015. Personnel expenses in the international activities in particular were lower due to a one-off release in Q4 2015. Q3 2015 included a restructuring provision related to the integration of the Jersey office into Guernsey.

**Other expenses** increased by EUR 4 million compared with Q4 2014. The **regulatory levies** in Q4 2015 were EUR 7 million higher compared with Q4 2014 (EUR 11 million versus EUR 4 million). The fourth quarter of 2015 also included higher project costs related to enhancing client centricity and client documentation and continuous improvement of products, services and IT processes. A goodwill impairment of EUR 25 million was included in Q4 2014.

**Operating result** increased by EUR 18 million to EUR 39 million in Q4 2015 compared with EUR 21 million in Q4 2014.

The **underlying cost/income ratio** for Private Banking amounted to 87.9% in Q4, a decrease of 5.0 percentage points compared with Q4 2014. If the regulatory levies had been divided equally over the quarters, the cost/income ratio would have been 85% compared with 92% in Q4 2014.

**Impairment charges** on loans and other receivables increased by EUR 18 million to EUR 6 million compared with EUR 12 million negative in Q4 2014. Q4 2014 included a release on a single client.

## Other indicators

|   | Q4 2015 | Q4 2014 | Q3 2015 | 2015  | 2014  |
|---|---------|---------|---------|-------|-------|
| Underlying cost/income ratio                  | 87.9%   | 92.9%   | 85.7%   | 80.2% | 80.8% |
| Underlying cost of risk (in bps) <sup>1</sup> | 14      | -28     | 12      | -2    | 14    |
| Gross margin on client assets (in bps)        | 64      | 64      | 62      | 65    | 67    |

|  | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|--|------------------|-------------------|------------------|
| Loan-to-Deposit ratio                                    | 25%              | 25%               | 26%              |
| Loans and receivables - customers (in billions)          | 16.6             | 16.5              | 16.7             |
| Due to customers (in billions)                           | 66.5             | 66.7              | 62.9             |
| Risk-weighted assets (risk exposure amount; in billions) | 8.2              | 8.7               | 8.3              |
| FTEs   | 3,722            | 3,684             | 3,599            |

<sup>1</sup> Annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

**Loans and receivables - customers** remained virtually stable at EUR 16.6 billion compared with 30 September 2015.

**Due to customers** showed a limited decrease of EUR 0.2 billion compared with 30 September 2015.

## Client Assets

| (in billions)                        | Q4 2015          | Q3 2015           | Q4 2014          |
|--------------------------------------|------------------|-------------------|------------------|
| <b>Opening balance Client Assets</b> | <b>191.3</b>     | <b>206.1</b>      | <b>187.5</b>     |
| Net new assets                       | -0.4             | -3.3              | 0.3              |
| Market performance                   | 8.3              | -11.5             | 2.7              |
| <b>Closing balance Client Assets</b> | <b>199.2</b>     | <b>191.3</b>      | <b>190.6</b>     |
|                                      | 31 December 2015 | 30 September 2015 | 31 December 2014 |
| <b>Breakdown by type</b>             |                  |                   |                  |
| Cash                                 | 66.5             | 66.9              | 63.6             |
| Securities                           | 132.8            | 124.4             | 127.0            |
| - of which Custody                   | 35.0             | 31.6              | 31.3             |
| <b>Total</b>                         | <b>199.2</b>     | <b>191.3</b>      | <b>190.6</b>     |
| <b>Breakdown by geography</b>        |                  |                   |                  |
| The Netherlands                      | 48%              | 48%               | 47%              |
| Rest of Europe                       | 44%              | 43%               | 44%              |
| Rest of the world                    | 8%               | 9%                | 9%               |

**Client assets** grew to EUR 199.2 billion at 31 December 2015 compared with EUR 191.3 billion at 30 September 2015. This was due mainly to improved market performance.

**Net new assets** (NNA) in Q4 2015 was EUR 0.4 billion negative as net outflow was recorded outside the eurozone, which was partly offset by net inflow in the eurozone. The NNA in Q3 2015 was impacted by the outflow of custody assets of a single client.



# Corporate Banking

## Operating results

| (in millions)                                     | Q4 2015    | Q4 2014    | Change      | Q3 2015    | Change      | 2015         | 2014         | Change      |
|---|------------|------------|-------------|------------|-------------|--------------|--------------|-------------|
| Net interest income                               | 545        | 545        | -0%         | 515        | 6%          | 2,142        | 2,019        | 6%          |
| Net fee and commission income                     | 186        | 176        | 6%          | 187        | -0%         | 751          | 646          | 16%         |
| Other operating income                            | 3          | 59         | -94%        | 60         | -94%        | 227          | 173          | 31%         |
| <b>Operating income</b>                           | <b>734</b> | <b>780</b> | <b>-6%</b>  | <b>762</b> | <b>-4%</b>  | <b>3,120</b> | <b>2,839</b> | <b>10%</b>  |
| Personnel expenses                                | 166        | 158        | 5%          | 166        | 0%          | 676          | 618          | 9%          |
| Other expenses                                    | 418        | 329        | 27%         | 283        | 48%         | 1,264        | 1,116        | 13%         |
| <b>Operating expenses</b>                         | <b>584</b> | <b>487</b> | <b>20%</b>  | <b>449</b> | <b>30%</b>  | <b>1,940</b> | <b>1,734</b> | <b>12%</b>  |
| <b>Operating result</b>                           | <b>151</b> | <b>293</b> | <b>-49%</b> | <b>313</b> | <b>-52%</b> | <b>1,180</b> | <b>1,105</b> | <b>7%</b>   |
| Impairment charges on loans and other receivables | 109        | 97         | 12%         | 41         |             | 419          | 717          | -42%        |
| <b>Operating profit/(loss) before taxation</b>    | <b>42</b>  | <b>196</b> | <b>-79%</b> | <b>273</b> | <b>-85%</b> | <b>762</b>   | <b>388</b>   | <b>96%</b>  |
| Income tax expense                                | 17         | 52         | -67%        | 54         | -68%        | 165          | 91           | 83%         |
| <b>Underlying profit/(loss) for the period</b>    | <b>24</b>  | <b>144</b> | <b>-83%</b> | <b>218</b> | <b>-89%</b> | <b>596</b>   | <b>298</b>   | <b>100%</b> |
| Special items                                     |            |            |             |            |             |              |              |             |
| <b>Reported profit/(loss) for the period</b>      | <b>24</b>  | <b>144</b> | <b>-83%</b> | <b>218</b> | <b>-89%</b> | <b>596</b>   | <b>298</b>   | <b>100%</b> |

Corporate Banking's **underlying profit** decreased by EUR 120 million compared with Q4 2014 to EUR 24 million in Q4 2015. This was due mainly to higher regulatory levies in Q4 2015 and a further provision for an identified group of SMEs with possible derivative-related issues.

**Net interest income** remained stable at EUR 545 million in Q4 2015 compared with Q4 2014. A marginal decline at Commercial Clients was offset by a small increase at International Clients.

Commercial Clients posted a decline in net interest income of EUR 5 million to EUR 340 million in Q4 2015.

The margins on loans and average deposit volumes increased, while deposit margins decreased compared with the same quarter in 2014. Average loan volumes also decreased due to the reallocation of part of the public sector loan portfolio to Group Functions.

Net interest income at International Clients increased modestly by EUR 6 million compared with Q4 2014. ECT Clients showed steady growth of net interest income in line with previous quarters. In general, there is increasing pressure on deposit margins.

Net interest income in Capital Markets Solutions decreased by EUR 1 million to EUR 29 million in Q4 2015.

**Net fee and commission income** showed an increase of EUR 10 million compared with Q4 2014, rising to EUR 186 million.

**Other operating income** declined by EUR 56 million to EUR 3 million in Q4 2015. The decrease was driven by a further provision for an identified group of SMEs with possible derivative-related issues at Capital Markets Solutions. Q4 2014 included a EUR 40 million gain at Clearing on the partial sale of its share in Holland Clearing House. CVA/DVA/FVA impact improved compared with Q4 2014 (EUR 15 million positive in Q4 2015 versus EUR 15 million negative in Q4 2014) and the tax-exempt results by Equity Participations increased on the back of improved market conditions.

**Personnel expenses** amounted to EUR 166 million, up by EUR 8 million compared with the same period last year. This was due mainly to higher personnel expenses at International Clients.

**Other expenses** rose by EUR 89 million compared with Q4 2014. The **regulatory levies** in Q4 2015 were EUR 73 million higher compared with Q4 2014 (EUR 122 million versus EUR 49 million). The remainder of the increase was due mainly to higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes (including the TOPS 2020 programme).

**Operating result** was EUR 151 million in the fourth quarter of 2015, down EUR 142 million compared with the same period in 2014. The **underlying cost/income ratio** increased to 79.5% in Q4 2015, from 62.4% in Q4 2014. If the Q4 regulatory levies had been divided equally over the quarters, the cost/income ratio would have been 67% in Q4 2015 (58% in Q4 2014).

**Impairment charges** on loans and other receivables amounted to EUR 109 million, up by EUR 12 million compared with Q4 2014.

Impairment charges in Commercial Clients decreased substantially by EUR 96 million to EUR 3 million in Q4 2015. The specific loan impairments for Commercial Clients declined sharply compared to the fourth quarter of 2014. In addition, an IBNI release of EUR 35 million was recorded in Q4 2015.

Loan impairments in International Clients were EUR 103 million, which is EUR 106 million higher than in Q4 2014. This was mainly the result of a higher level of impairment charges at Large Corporates, mainly seen in the Retail industry sector, in combination with EUR 20 million IBNI additions. In the fourth quarter of 2015, the impairment charges for ECT amounted to EUR 31 million compared with EUR 37 million in the same period in 2014. In Q4 2014 International Clients benefited from releases on a limited number of files.

Loan impairments in Capital Markets Solutions were limited.



## Other indicators

|   | Q4 2015 | Q4 2014 | Q3 2015 | 2015  | 2014  |
|---|---------|---------|---------|-------|-------|
| Underlying cost/income ratio                  | 79.5%   | 62.4%   | 58.9%   | 62.2% | 61.1% |
| Underlying cost of risk (in bps) <sup>1</sup> | 50      | 46      | 17      | 46    | 86    |

|  | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|--|------------------|-------------------|------------------|
| Loan-to-Deposit ratio                                    | 121%             | 129%              | 143%             |
| Loans and receivables - customers (in billions)          | 80.6             | 85.5              | 85.0             |
| Due to customers (in billions)                           | 62.9             | 60.5              | 54.7             |
| Risk-weighted assets (risk exposure amount; in billions) | 55.1             | 56.8              | 53.5             |
| FTEs   | 4,959            | 5,013             | 4,995            |

<sup>1</sup> Annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

**Loans and receivables - customers** decreased to EUR 80.6 billion at 31 December 2015 compared with EUR 85.5 billion at 30 September 2015. The decline was driven by lower volumes at Commercial Clients and Capital Markets Solutions. The decline at Commercial Clients was mainly due to the reallocation of part of the public sector loan portfolio (EUR 2.3 billion) from Corporate Banking to Group Functions. This reallocation is related to the specific expertise required to manage the risks, other than credit risk, associated with these longer dated loans. Corporate Banking continues to manage client relationships.

**Due to customers** amounted to EUR 62.9 billion at 31 December 2015, up EUR 2.4 billion compared with 30 September 2015. This was mainly the result of increased deposit volumes at Commercial Clients (EUR 1.2 billion increase) and International Clients (EUR 0.9 billion increase).

## Corporate Banking - Commercial Clients

### Operating results

| (in millions)                                     | Q4 2015    | Q4 2014    | Change      | Q3 2015    | Change      | 2015         | 2014         | Change     |
|---|------------|------------|-------------|------------|-------------|--------------|--------------|------------|
| Net interest income                               | 340        | 345        | -1%         | 305        | 11%         | 1,305        | 1,275        | 2%         |
| Net fee and commission income                     | 50         | 49         | 1%          | 53         | -5%         | 205          | 196          | 5%         |
| Other operating income                            | -9         | 9          |             | 7          |             | 13           | 30           | -56%       |
| <b>Operating income</b>                           | <b>381</b> | <b>404</b> | <b>-6%</b>  | <b>365</b> | <b>4%</b>   | <b>1,524</b> | <b>1,502</b> | <b>1%</b>  |
| <b>Operating expenses</b>                         | <b>248</b> | <b>229</b> | <b>8%</b>   | <b>202</b> | <b>22%</b>  | <b>861</b>   | <b>788</b>   | <b>9%</b>  |
| <b>Operating result</b>                           | <b>133</b> | <b>175</b> | <b>-24%</b> | <b>163</b> | <b>-18%</b> | <b>663</b>   | <b>713</b>   | <b>-7%</b> |
| Impairment charges on loans and other receivables | 3          | 99         | -97%        | -17        |             | 213          | 605          | -65%       |
| <b>Operating profit/(loss) before taxation</b>    | <b>130</b> | <b>76</b>  | <b>71%</b>  | <b>180</b> | <b>-28%</b> | <b>450</b>   | <b>108</b>   |            |
| Income tax expense                                | 42         | 21         | 99%         | 45         | -7%         | 121          | 27           |            |
| <b>Underlying profit/(loss) for the period</b>    | <b>89</b>  | <b>55</b>  | <b>60%</b>  | <b>135</b> | <b>-35%</b> | <b>329</b>   | <b>82</b>    |            |
| Special items                                     |            |            |             |            |             |              |              |            |
| <b>Reported profit/(loss) for the period</b>      | <b>89</b>  | <b>55</b>  | <b>60%</b>  | <b>135</b> | <b>-35%</b> | <b>329</b>   | <b>82</b>    |            |

### Other indicators

|   | Q4 2015 | Q4 2014 | Q3 2015 | 2015  | 2014  |
|---|---------|---------|---------|-------|-------|
| Underlying cost/income ratio                  | 65.0%   | 56.7%   | 55.3%   | 56.5% | 52.5% |
| Underlying cost of risk (in bps) <sup>1</sup> | 3       | 96      | -17     | 53    | 145   |

|  | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|--|------------------|-------------------|------------------|
| Loans and receivables - customers (in billions)          | 35.3             | 38.1              | 38.1             |
| Due to customers (in billions)                           | 34.8             | 33.6              | 31.7             |
| Risk-weighted assets (risk exposure amount; in billions) | 21.5             | 22.0              | 20.8             |

<sup>1</sup> Annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

## Corporate Banking - International Clients

### Operating results

| (in millions)                                     | Q4 2015    | Q4 2014    | Change      | Q3 2015    | Change      | 2015         | 2014       | Change     |
|---|------------|------------|-------------|------------|-------------|--------------|------------|------------|
| Net interest income                               | 176        | 170        | 3%          | 172        | 2%          | 709          | 648        | 9%         |
| Net fee and commission income                     | 66         | 59         | 12%         | 54         | 22%         | 232          | 217        | 7%         |
| Other operating income                            | 31         | -8         |             | 21         | 48%         | 104          | 3          |            |
| <b>Operating income</b>                           | <b>272</b> | <b>220</b> | <b>24%</b>  | <b>246</b> | <b>11%</b>  | <b>1,044</b> | <b>868</b> | <b>20%</b> |
| <b>Operating expenses</b>                         | <b>157</b> | <b>118</b> | <b>34%</b>  | <b>121</b> | <b>30%</b>  | <b>522</b>   | <b>456</b> | <b>14%</b> |
| <b>Operating result</b>                           | <b>115</b> | <b>103</b> | <b>12%</b>  | <b>125</b> | <b>-8%</b>  | <b>522</b>   | <b>412</b> | <b>27%</b> |
| Impairment charges on loans and other receivables | 103        | -3         |             | 58         | 77%         | 191          | 113        | 69%        |
| <b>Operating profit/(loss) before taxation</b>    | <b>12</b>  | <b>105</b> | <b>-88%</b> | <b>68</b>  | <b>-82%</b> | <b>331</b>   | <b>299</b> | <b>11%</b> |
| Income tax expense                                | -5         | 31         |             | 3          |             | 40           | 67         | -41%       |
| <b>Underlying profit/(loss) for the period</b>    | <b>17</b>  | <b>74</b>  | <b>-77%</b> | <b>65</b>  | <b>-74%</b> | <b>292</b>   | <b>232</b> | <b>26%</b> |
| Special items                                     |            |            |             |            |             |              |            |            |
| <b>Reported profit/(loss) for the period</b>      | <b>17</b>  | <b>74</b>  | <b>-77%</b> | <b>65</b>  | <b>-74%</b> | <b>292</b>   | <b>232</b> | <b>26%</b> |

### Other indicators

|   | Q4 2015 | Q4 2014 | Q3 2015 | 2015  | 2014  |
|---|---------|---------|---------|-------|-------|
| Underlying cost/income ratio                  | 57.8%   | 53.4%   | 49.0%   | 50.0% | 52.6% |
| Underlying cost of risk (in bps) <sup>1</sup> | 122     | -4      | 69      | 57    | 40    |

|  | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|--|------------------|-------------------|------------------|
| Loans and receivables - customers (in billions)          | 32.2             | 32.2              | 32.2             |
| Due to customers (in billions)                           | 19.0             | 18.1              | 16.7             |
| Risk-weighted assets (risk exposure amount; in billions) | 22.6             | 22.8              | 19.9             |

<sup>1</sup> Annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

## Corporate Banking - Capital Markets Solutions

### Operating results

| (in millions)                                     | Q4 2015     | Q4 2014    | Change      | Q3 2015    | Change      | 2015       | 2014       | Change      |
|---|-------------|------------|-------------|------------|-------------|------------|------------|-------------|
| Net interest income                               | 29          | 30         | -5%         | 38         | -25%        | 127        | 96         | 33%         |
| Net fee and commission income                     | 71          | 68         | 4%          | 80         | -12%        | 314        | 233        | 35%         |
| Other operating income                            | -18         | 58         |             | 32         |             | 110        | 140        | -21%        |
| <b>Operating income</b>                           | <b>82</b>   | <b>156</b> | <b>-48%</b> | <b>150</b> | <b>-46%</b> | <b>551</b> | <b>469</b> | <b>18%</b>  |
| <b>Operating expenses</b>                         | <b>179</b>  | <b>140</b> | <b>27%</b>  | <b>125</b> | <b>43%</b>  | <b>555</b> | <b>489</b> | <b>13%</b>  |
| <b>Operating result</b>                           | <b>-97</b>  | <b>16</b>  |             | <b>25</b>  |             | <b>-3</b>  | <b>-20</b> | <b>84%</b>  |
| Impairment charges on loans and other receivables | 4           | 1          |             | -0         |             | 15         | -1         |             |
| <b>Operating profit/(loss) before taxation</b>    | <b>-101</b> | <b>15</b>  |             | <b>25</b>  |             | <b>-18</b> | <b>-19</b> | <b>6%</b>   |
| Income tax expense                                | -19         | 1          |             | 7          |             | 6          | -4         |             |
| <b>Underlying profit/(loss) for the period</b>    | <b>-81</b>  | <b>14</b>  |             | <b>18</b>  |             | <b>-24</b> | <b>-15</b> | <b>-57%</b> |
| Special items                                     |             |            |             |            |             |            |            |             |
| <b>Reported profit/(loss) for the period</b>      | <b>-81</b>  | <b>14</b>  |             | <b>18</b>  |             | <b>-24</b> | <b>-15</b> | <b>-57%</b> |

### Other indicators

|   | Q4 2015 | Q4 2014 | Q3 2015 | 2015   | 2014   |
|---|---------|---------|---------|--------|--------|
| Underlying cost/income ratio                  | 218.8%  | 89.9%   | 83.3%   | 100.6% | 104.3% |
| Underlying cost of risk (in bps) <sup>1</sup> | 13      | 3       | -2      | 9      | -1     |

|  | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|--|------------------|-------------------|------------------|
| Financial assets held for trading (in billions)          | 1.7              | 8.5               | 8.9              |
| Loans and receivables - customers (in billions)          | 13.1             | 15.3              | 14.7             |
| Financial liabilities held for trading (in billions)     | 0.5              | 2.9               | 3.8              |
| Due to customers (in billions)                           | 9.1              | 8.8               | 6.3              |
| Risk-weighted assets (risk exposure amount; in billions) | 11.0             | 12.0              | 12.8             |

<sup>1</sup> Annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

# Group Functions

## Operating results

| (in millions)                                     | Q4 2015   | Q4 2014   | Change      | Q3 2015    | Change      | 2015        | 2014        | Change      |
|---|-----------|-----------|-------------|------------|-------------|-------------|-------------|-------------|
| Net interest income                               | -2        | 33        |             | 8          |             | 44          | 28          | 56%         |
| Net fee and commission income                     | -13       | -10       | -38%        | -18        | 27%         | -68         | -21         |             |
| Other operating income                            | 73        | 17        |             | 55         | 33%         | 197         | 75          |             |
| <b>Operating income</b>                           | <b>58</b> | <b>40</b> | <b>45%</b>  | <b>45</b>  | <b>29%</b>  | <b>172</b>  | <b>82</b>   | <b>111%</b> |
| Personnel expenses                                | 234       | 182       | 29%         | 200        | 17%         | 828         | 758         | 9%          |
| Other expenses                                    | -184      | -148      | -24%        | -193       | 5%          | -695        | -641        | -8%         |
| <b>Operating expenses</b>                         | <b>49</b> | <b>33</b> | <b>48%</b>  | <b>7</b>   |             | <b>133</b>  | <b>117</b>  | <b>14%</b>  |
| <b>Operating result</b>                           | <b>9</b>  | <b>7</b>  | <b>29%</b>  | <b>38</b>  | <b>-77%</b> | <b>39</b>   | <b>-35</b>  |             |
| Impairment charges on loans and other receivables | -0        | -3        | 99%         | -4         | 99%         | -8          | -28         | 71%         |
| <b>Operating profit before taxation</b>           | <b>9</b>  | <b>10</b> | <b>-10%</b> | <b>42</b>  | <b>-79%</b> | <b>48</b>   | <b>-7</b>   |             |
| Income tax expense                                | 15        | 6         | 133%        | 99         | -85%        | 160         | -21         |             |
| <b>Underlying profit/(loss) for the period</b>    | <b>-6</b> | <b>3</b>  |             | <b>-56</b> | <b>89%</b>  | <b>-112</b> | <b>14</b>   |             |
| Special items                                     |           |           |             |            |             |             | -417        |             |
| <b>Reported profit/(loss) for the period</b>      | <b>-6</b> | <b>3</b>  |             | <b>-56</b> | <b>89%</b>  | <b>-112</b> | <b>-402</b> | <b>72%</b>  |

The **underlying result** of Group Functions was a loss of EUR 6 million in the fourth quarter of 2015 compared with a profit of EUR 3 million in Q4 2014.

**Net interest income** decreased to EUR 2 million negative in Q4 2015 compared with EUR 33 million positive in Q4 2014. The decrease of net interest income was mainly due to a higher cash level in the liquidity buffer. This was partly offset by the replacement of maturing funding with relatively high spreads by new cheaper funding.

**Net fee and commission income** decreased by EUR 3 million, mainly driven by higher fees paid to Capital Markets Solutions related to Securities Financing activities. The client-related part of the operating income of Securities Financing activities is allocated to Capital Markets Solutions via net fee and commission income.

**Other operating income** went up by EUR 56 million compared with the same period in the previous year. This was mainly the result of higher hedge accounting-related results.

**Personnel expenses** increased to EUR 234 million in Q4 2015 from EUR 182 million in the same quarter in 2014. This was mainly due to higher additions to restructuring provisions in Q4 2015 compared with Q4 2014, a modest increase in the number of FTEs in 2015, and the fact that Q4 2014 was positively impacted by adjustments to employee benefits.

**Other expenses** decreased by EUR 36 million compared with the same period in 2014. Group Functions had higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes (including Retail Digitalisation programmes). This was, however, offset by the fact that more operating expenses were allocated to the commercial segments (visible as negative expenses). Other expenses in both

years were positively impacted in Q4 by releases of the Deposit Guarantee Scheme provision for DSB (EUR 35 million in Q4 2015 compared with EUR 66 million in Q4 2014) and cost savings generated by the TOPS 2020 programme.

**Income tax** in Q3 2015 was negatively impacted by the reassessment of our tax position.

## Other indicators

|  | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|--|------------------|-------------------|------------------|
| Securities financing - assets                            | 15.5             | 29.5              | 14.5             |
| Loans and receivables - customers (in billions)          | 7.9              | 3.6               | 4.2              |
| Securities financing - liabilities                       | 10.2             | 23.6              | 12.6             |
| Due to customers (in billions)                           | 2.3              | 2.4               | 2.5              |
| Risk-weighted assets (risk exposure amount; in billions) | 9.9              | 9.5               | 11.0             |
| FTEs   | 7,522            | 7,518             | 7,362            |

**Securities financing assets** decreased by EUR 14.0 billion and Securities financing liabilities decreased by EUR 13.4 billion compared with 30 September 2015. These declines were related to the cyclical nature of the business as clients wind down their positions in the fourth quarter.

**Loans and receivable - customers** increased to EUR 7.9 billion at 31 December 2015, mainly as a result of the reallocation of part of the public sector loan portfolio from Corporate Banking to Group Functions to address the specific expertise required to manage the risks, other than credit risk, associated with these longer dated loans. Corporate Banking continues to manage client relationships.



# Additional financial information

## Overview of results in the last five quarters

The following table provides an overview of the quarterly results.

### Quarterly results

| (in millions)                                     | Q4 2015      | Q3 2015      | Q2 2015      | Q1 2015      | Q4 2014      |
|---|--------------|--------------|--------------|--------------|--------------|
| Net interest income                               | 1,497        | 1,524        | 1,511        | 1,545        | 1,620        |
| Net fee and commission income                     | 454          | 449          | 456          | 470          | 431          |
| Other operating income                            | 101          | 136          | 159          | 154          | 95           |
| <b>Operating income</b>                           | <b>2,052</b> | <b>2,109</b> | <b>2,126</b> | <b>2,168</b> | <b>2,145</b> |
| Personnel expenses                                | 640          | 619          | 615          | 619          | 650          |
| Other expenses                                    | 889          | 615          | 632          | 600          | 748          |
| <b>Operating expenses</b>                         | <b>1,528</b> | <b>1,234</b> | <b>1,247</b> | <b>1,219</b> | <b>1,397</b> |
| <b>Operating result</b>                           | <b>524</b>   | <b>875</b>   | <b>879</b>   | <b>949</b>   | <b>748</b>   |
| Impairment charges on loans and other receivables | 124          | 94           | 34           | 252          | 181          |
| <b>Operating profit/(loss) before taxation</b>    | <b>399</b>   | <b>781</b>   | <b>845</b>   | <b>697</b>   | <b>567</b>   |
| Income tax expense                                | 128          | 272          | 244          | 154          | 167          |
| <b>Underlying profit/(loss) for the period</b>    | <b>272</b>   | <b>509</b>   | <b>600</b>   | <b>543</b>   | <b>400</b>   |
| Special items                                     |              |              |              |              |              |
| <b>Reported profit/(loss) for the period</b>      | <b>272</b>   | <b>509</b>   | <b>600</b>   | <b>543</b>   | <b>400</b>   |

## Difference between underlying and reported results

To provide a better understanding of the underlying results, ABN AMRO adjusts its reported results for defined special items and material divestments.

Special items are material and non-recurring items which are not related to normal business activities.

As of 2014, ABN AMRO has a higher materiality threshold to qualify as a special item.

Adjustments include past results from material divestments and the related transaction result. No material divestments took place in the reported periods in this report.

The following table presents the reconciliation from underlying to reported results.

## Reconciliation from underlying to reported results

| (in millions)                                     | 2015         |               |              | 2014         |               |              |
|---|--------------|---------------|--------------|--------------|---------------|--------------|
|   | Underlying   | Special items | Reported     | Underlying   | Special items | Reported     |
| Net interest income                               | 6,076        |               | 6,076        | 6,023        |               | 6,023        |
| Net fee and commission income                     | 1,829        |               | 1,829        | 1,691        |               | 1,691        |
| Other operating income                            | 550          |               | 550          | 341          |               | 341          |
| <b>Operating income</b>                           | <b>8,455</b> |               | <b>8,455</b> | <b>8,055</b> |               | <b>8,055</b> |
| Personnel expenses                                | 2,492        |               | 2,492        | 2,396        | 288           | 2,684        |
| Other expenses                                    | 2,736        |               | 2,736        | 2,453        | 201           | 2,654        |
| <b>Operating expenses</b>                         | <b>5,228</b> |               | <b>5,228</b> | <b>4,849</b> | <b>489</b>    | <b>5,338</b> |
| <b>Operating result</b>                           | <b>3,227</b> |               | <b>3,227</b> | <b>3,206</b> | <b>-489</b>   | <b>2,717</b> |
| Impairment charges on loans and other receivables | 505          |               | 505          | 1,171        |               | 1,171        |
| <b>Operating profit/(loss) before taxation</b>    | <b>2,722</b> |               | <b>2,722</b> | <b>2,035</b> | <b>-489</b>   | <b>1,546</b> |
| Income tax expense                                | 798          |               | 798          | 484          | -72           | 412          |
| <b>Profit/(loss) for the period</b>               | <b>1,924</b> |               | <b>1,924</b> | <b>1,551</b> | <b>-417</b>   | <b>1,134</b> |

## Special items

| (in millions)                                | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 | Q3 2014    | Q2 2014     | Q1 2014    |
|--|---------|---------|---------|---------|------------|-------------|------------|
| <b>Operating income</b>                      |         |         |         |         |            |             |            |
| <b>Total impact on Operating Income</b>      |         |         |         |         |            |             |            |
| <b>Operating expenses</b>                    |         |         |         |         |            |             |            |
| Pension settlement charge                    |         |         |         |         |            | 288         |            |
| SNS Levy                                     |         |         |         |         | 67         | 67          | 67         |
| <b>Total impact on Operating expenses</b>    |         |         |         |         | <b>67</b>  | <b>355</b>  | <b>67</b>  |
| <b>Loan impairments</b>                      |         |         |         |         |            |             |            |
| <b>Total impact on Loan impairments</b>      |         |         |         |         |            |             |            |
| <b>Total impact on Income tax expense</b>    |         |         |         |         |            | <b>-72</b>  |            |
| <b>Total impact on result for the period</b> |         |         |         |         | <b>-67</b> | <b>-283</b> | <b>-67</b> |

The SNS levy amounted to a total of EUR 201 million recorded in 2014, spread over the first three quarters of 2014.



# Risk, funding & capital information

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# Key developments

## Key figures

|   | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|---|------------------|-------------------|------------------|
| Total assets  | 390,317          | 413,287           | 386,867          |
| <i>Of which Residential mortgages</i>                         | 150,009          | 151,670           | 151,998          |
| <i>Of which Consumer loans</i>                                | 14,587           | 14,790            | 15,398           |
| <i>Of which Corporate loans</i>                               | 88,367           | 88,028            | 87,866           |
| Total Exposure at Default (EAD)                               | 369,169          | 376,828           | 350,762          |
| Total RWA (REA)/total EAD                                     | 29.3%            | 29.4%             | 31.3%            |
| <b>Regulatory capital</b>                                     |                  |                   |                  |
| Total RWA (REA)   | 108,001          | 110,602           | 109,647          |
| <i>Of which Credit risk<sup>1</sup></i>                       | 86,063           | 88,564            | 87,667           |
| <i>Of which Operational risk</i>                              | 16,227           | 16,227            | 16,168           |
| <i>Of which Market risk</i>                                   | 5,710            | 5,810             | 5,811            |
| Fully-loaded CET1 ratio                                       | 15.5%            | 14.8%             | 14.1%            |
| Fully-loaded leverage ratio                                   | 3.8%             | 3.5%              | 3.7%             |
| <b>Credit quality indicators</b>                              |                  |                   |                  |
| Forbearance ratio <sup>3</sup>                                | 3.5%             | 3.7%              | 3.5%             |
| Past due ratio <sup>3</sup>                                   | 1.9%             | 1.9%              | 2.3%             |
| Impaired ratio <sup>3</sup>                                   | 2.7%             | 2.7%              | 2.9%             |
| Coverage ratio <sup>3</sup>                                   | 55.8%            | 56.6%             | 53.6%            |
| Cost of risk (year to date, in bps) - underlying <sup>2</sup> | 19               | 19                | 45               |
| <b>Liquidity and funding indicators</b>                       |                  |                   |                  |
| Loan-to-Deposit ratio   | 108.9%           | 110.2%            | 116.5%           |
| LCR   | >100%            | >100%             | >100%            |
| NSFR  | >100%            | >100%             | >100%            |

<sup>1</sup> RWA (REA) for credit value adjustment (CVA) is included in credit risk. CVA per 31 December 2015 amounted to EUR 1.1 billion (30 September 2015 EUR 1.1 billion; 31 December 2014 EUR 1.3 billion).

<sup>2</sup> Annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

<sup>3</sup> Loans and receivables - customers only.

|                                  | Q4 2015 | Q4 2014 | Q3 2015 |
|----------------------------------|---------|---------|---------|
| Underlying cost of risk (in bps) | 19      | 27      | 14      |

## Fourth-quarter developments

In the fourth quarter of 2015 gross domestic product (GDP) in the Netherlands grew by 0.3%, totalling to 1.9% year-on-year. The increase is related entirely to a rise in consumption and investments. The revival of investments

was partly driven by an improvement of manufacturing capacity utilisation. Growth in consumption is being fueled by a rise in the real disposable income of family households, which is due to the fact that wages are rising faster than inflation.

The continued improvement of Dutch economic conditions is reflected in the gradual decline of the impaired portfolio, which resulted in lower impairment charges. Total impairment charges on loans and other receivables declined by EUR 57 million amounting to EUR 124 million in Q4 2015, compared with EUR 181 million in the same period last year. This decline was mainly the result of lower impairment charges in the Consumer loans portfolio and, to a lesser extent, the Residential mortgage portfolio, offset partly by an increase in impairment charges for Corporate loans.

Total impairment charges for Q4 2015 remained in line with the annualised Impairment charges in Q3 2015, as a result of which the cost of risk remained at the same level (19bps) in Q4 2015. Compared with Q4 2014 the cost of risk improved to 19bps from 45bps in Q4 2015, due to considerably lower Impairment charges.

The Residential mortgage portfolio, which includes a fair value adjustment for hedge accounting, decreased by EUR 1.7 billion, amounting to a total of EUR 150.0 billion at 31 December 2015. The decline in Residential mortgages was the result of repayments on existing mortgage loans exceeding new production of mortgage loans. The Consumer loan and Corporate loan portfolios remained relatively stable at 31 December compared with 30 September 2015.

The forbearance ratio improved in the fourth quarter, amounting to 3.5% at 31 December 2015, compared with 3.7% at 30 September 2015. The ratio declined mainly as a result of debt repayments on existing forbore contracts. The past due ratio remained at 1.9% in the fourth quarter of 2015. The impaired ratio remained at the same level in this period. The coverage ratio declined to 55.8% in the fourth quarter of 2015, compared with 56.6% at 30 September 2015.

Total RWA decreased by EUR 2.6 billion to EUR 108.0 billion at 31 December 2015, compared with EUR 110.6 billion at 30 September 2015. This movement was mainly related to credit risk. The decline in RWA was mainly the result of a decrease of EUR 1.7 billion in Corporate Banking.

Total Exposure at Default declined by EUR 7.7 billion, arriving at EUR 369.2 billion on 31 December 2015, compared with EUR 376.8 billion at 30 September 2015. The decline was mainly attributable to adjusted calculations for markets exposures at Capital Markets Solutions within Corporate Banking, and lower business volumes at Retail Banking, and was partly offset by an increase at Group Functions due to a rise in deposits at central banks.

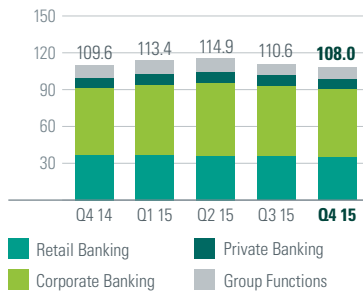
The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) both remained above 100% in the final quarter of 2015. This is in line with the bank's targeted early compliance with future regulatory requirements.

The LtD ratio showed a steady decrease throughout 2015. This is reflected in the gradual increase of the cash position throughout 2015.

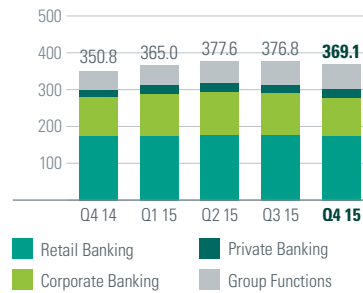
During 2015, ABN AMRO raised EUR 14.3 billion in long-term wholesale funding (including EUR 2.8 billion subordinated debt), of which EUR 2.9 billion in the final quarter of 2015. The average remaining maturity of long-term wholesale funding increased during 2015 from 4.3 to 4.6 years, mainly due to the issuance of long-term secured funding in the third quarter of 2015. In the final quarter of 2015, the average remaining maturity remained stable at 4.6 years.

## Quarterly developments

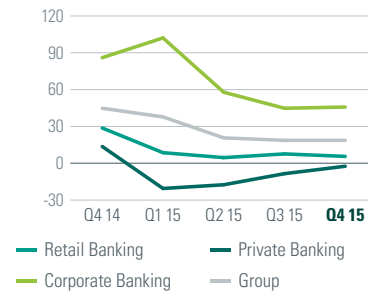
**RWA (REA) per business segment**  
(end-of-period, in billions)



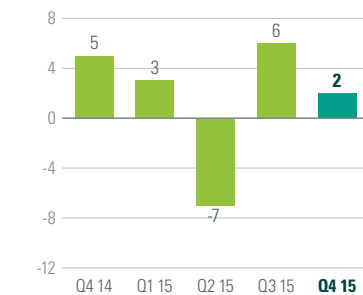
**EAD per business segment**  
(end-of-period, in billions)



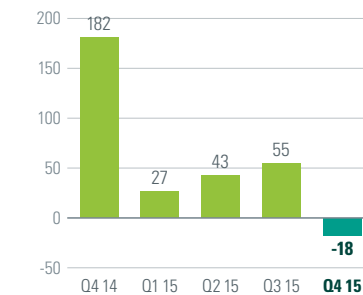
**Cost of risk per business segment**  
(end-of-period, in bps)



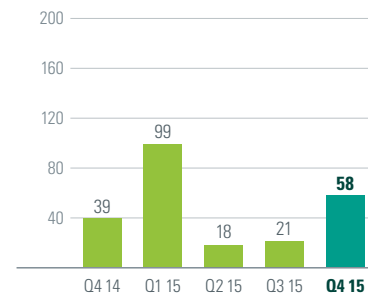
**Underlying cost of risk per product<sup>1</sup>**  
Residential mortgages (in bps)



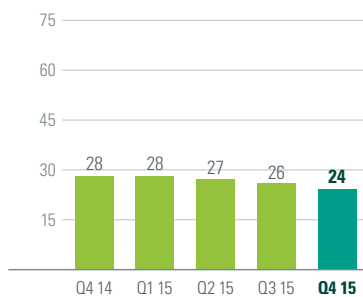
Consumer loans (in bps)



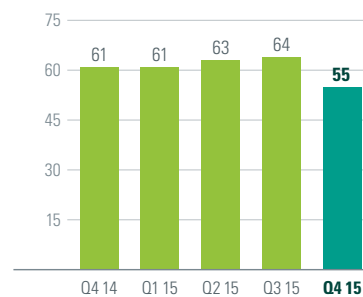
Corporate loans (in bps)



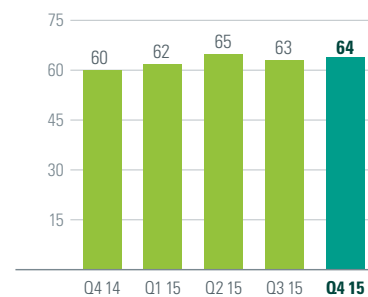
**Coverage ratio**  
Residential mortgages (in %)



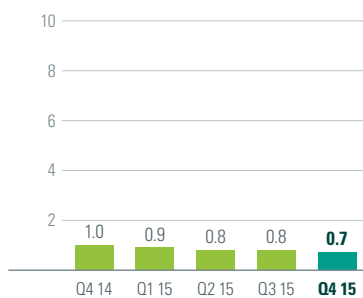
Consumer loans (in %)



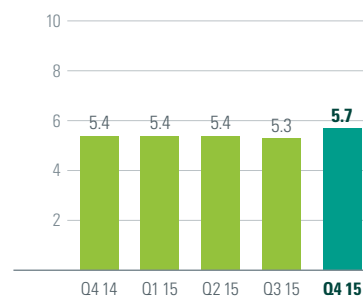
Corporate loans (in %)



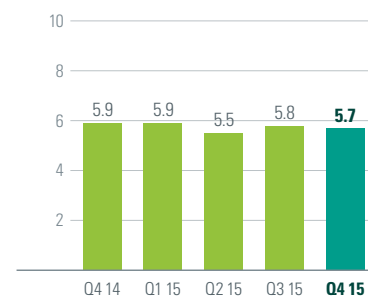
**Impaired ratio**  
Residential mortgages (in %)



Consumer loans (in %)



Corporate loans (in %)

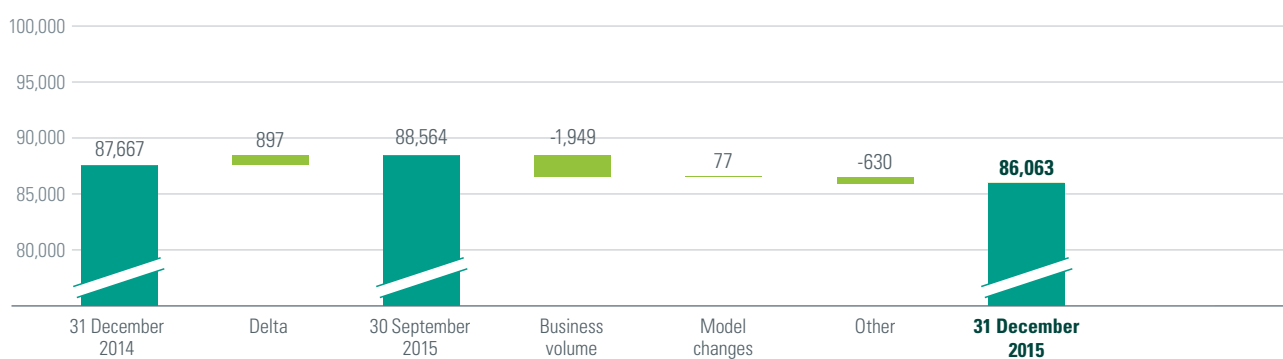


<sup>1</sup> Annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers excluding fair value adjustments from hedge accounting.



# Credit risk

**RWA flow statement credit risk**  
(in millions)



RWA declined from EUR 88.6 billion at 30 September 2015 to EUR 86.1 billion at 31 December 2015. The decline was mainly attributable to Corporate Banking.

## Reporting scope risk

|  | 31 December 2015      |                           |                 | 30 September 2015     |                           |                 | 31 December 2014      |                           |                 |
|--|-----------------------|---------------------------|-----------------|-----------------------|---------------------------|-----------------|-----------------------|---------------------------|-----------------|
| (in millions)  | Gross carrying amount | Loan impairment allowance | Carrying amount | Gross carrying amount | Loan impairment allowance | Carrying amount | Gross carrying amount | Loan impairment allowance | Carrying amount |
| <b>Loans and receivables - banks</b>   | <b>15,682</b>         | <b>2</b>                  | <b>15,680</b>   | <b>17,796</b>         | <b>3</b>                  | <b>17,794</b>   | <b>21,680</b>         |                           | <b>21,680</b>   |
| Residential mortgages  | 150,333               | 324                       | 150,009         | 152,044               | 374                       | 151,670         | 152,536               | 538                       | 151,998         |
| Less: Fair value adjustment from hedge accounting on residential mortgages                   | 3,401                 |                           | 3,401           | 3,509                 |                           | 3,509           | 4,134                 |                           | 4,134           |
| <b>Residential mortgages, excluding fair value adjustments</b>                               | <b>146,932</b>        | <b>324</b>                | <b>146,608</b>  | <b>148,535</b>        | <b>374</b>                | <b>148,161</b>  | <b>148,402</b>        | <b>538</b>                | <b>147,864</b>  |
| <b>Consumer loans</b>  | <b>15,147</b>         | <b>561</b>                | <b>14,587</b>   | <b>15,409</b>         | <b>620</b>                | <b>14,790</b>   | <b>16,052</b>         | <b>654</b>                | <b>15,398</b>   |
| Corporate loans  | 86,312                | 3,380                     | 82,932          | 86,136                | 3,421                     | 82,715          | 86,299                | 3,439                     | 82,860          |
| Less: Fair value adjustment from hedge accounting on corporate loans                         | 1,448                 |                           | 1,448           | 1,519                 |                           | 1,519           | 1,605                 |                           | 1,605           |
| <b>Corporate loans, excluding fair value adjustments</b>                                     | <b>84,864</b>         | <b>3,380</b>              | <b>81,484</b>   | <b>84,618</b>         | <b>3,421</b>              | <b>81,196</b>   | <b>84,694</b>         | <b>3,439</b>              | <b>81,255</b>   |
| Other loans and receivables - customers <sup>1</sup>   | 11,882                | 90                        | 11,792          | 12,676                | 109                       | 12,567          | 11,783                | 129                       | 11,654          |
| Less: Fair value adjustment from hedge accounting on other loans and receivables - customers | 1                     |                           | 1               | -3                    |                           | -3              | -16                   |                           | -16             |
| <b>Other loans and receivables - customers, excluding fair value adjustments<sup>1</sup></b> | <b>11,881</b>         | <b>90</b>                 | <b>11,791</b>   | <b>12,679</b>         | <b>109</b>                | <b>12,570</b>   | <b>11,799</b>         | <b>129</b>                | <b>11,669</b>   |
| <b>Total loans and receivables - customers, excluding fair value adjustments</b>             | <b>258,824</b>        | <b>4,355</b>              | <b>254,469</b>  | <b>261,241</b>        | <b>4,524</b>              | <b>256,717</b>  | <b>260,947</b>        | <b>4,761</b>              | <b>256,186</b>  |
| Fair value adjustments on Loans and receivables - customers                                  | 4,850                 |                           | 4,850           | 5,025                 |                           | 5,025           | 5,724                 |                           | 5,724           |
| <b>Total loans and receivables - customers</b>   | <b>263,674</b>        | <b>4,355</b>              | <b>259,319</b>  | <b>266,266</b>        | <b>4,524</b>              | <b>261,742</b>  | <b>266,670</b>        | <b>4,761</b>              | <b>261,910</b>  |

<sup>1</sup> Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

The table above gives an overview of the figures reported in the consolidated balance sheet (net) and the figures reported in the Risk Management chapter (gross).



## Credit risk mitigation

a forced sale and is equal to the expected recovery value of the collateral pledged to the bank.

### Collateral

Starting in the fourth quarter of 2015, we are reporting the value of collateral based on its Net Collateral Value (NCV). NCV expresses the value of collateral in the event of

A surplus for guarantees will no longer be included after 31 December 2015, as the debtor can only be liable for the maximum debt.

### Collateral & guarantees received as security as at 31 December 2015<sup>1</sup>

|  |                 | 31 December 2015                        |                         |                      |                                 |                       |                                  |                           |
|--|-----------------|---|-------------------------|----------------------|---------------------------------|-----------------------|----------------------------------|---------------------------|
| (in millions)  | Carrying amount | Collateral received                     |                         |                      |                                 | Total risk mitigation | Surplus collateral <sup>15</sup> | Net exposure <sup>6</sup> |
|  |                 | Master netting agree- ment <sup>4</sup> | Financial instru- ments | Property & equipment | Other collateral and guarantees |                       |                                  |                           |
| Loans and receivables - banks                        | 15,680          | 7,282                                   | 1,742                   |                      | 4                               | 9,027                 | 1,332                            | 7,984                     |
| Loans and receivables - customers                    |                 |   |                         |                      |                                 |                       |                                  |                           |
| Residential mortgages <sup>2</sup>                   | 146,608         |   | 160                     | 180,455              | 7,812                           | 188,427               | 56,291                           | 14,472                    |
| Consumer loans                                       | 14,587          |   | 6,474                   | 5,462                | 53                              | 11,990                | 4,583                            | 7,180                     |
| Corporate loans <sup>2</sup>                         | 81,484          | 3,920                                   | 29,721                  | 42,638               | 13,006                          | 89,284                | 24,931                           | 17,131                    |
| Other loans and receivables - customers <sup>3</sup> | 11,791          | 748                                     | 2,590                   | 3,006                | 1,406                           | 7,750                 | 842                              | 4,883                     |
| Fair value adjustment from hedge accounting          | 4,850           |   |                         |                      |                                 |                       |                                  | 4,850                     |
| Total Loans and receivables - customers              | 259,319         | 4,668                                   | 38,944                  | 231,561              | 22,277                          | 297,450               | 86,647                           | 48,515                    |
| Total Loans and receivables                          | 274,998         | 11,950                                  | 40,686                  | 231,561              | 22,281                          | 306,477               | 87,978                           | 56,500                    |

<sup>1</sup> As of year-end 2015, a refined methodology for collateral reporting has been applied. Previous figures have been adjusted.

<sup>2</sup> Carrying amount includes loan impairment allowances.

<sup>3</sup> Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

<sup>4</sup> Collateral in the column Master netting agreement is mainly markets related and consists of master netting agreements which also includes cash collateral as part of these agreements. Cash collateral not part of master netting agreements has been reported under Financial instruments.

<sup>5</sup> Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.

<sup>6</sup> Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

## Collateral & guarantees received as security as at 30 September 2015<sup>1</sup>

| 30 September 2015                                    |                 |                                       |                       |                      |                                 |                       |                                 |                           |
|--|-----------------|---------------------------------------|-----------------------|----------------------|---------------------------------|-----------------------|---------------------------------|---------------------------|
| (in millions)  | Carrying amount | Collateral received                   |                       |                      |                                 | Total risk mitigation | Surplus collateral <sup>5</sup> | Net exposure <sup>6</sup> |
|  |                 | Master netting agreement <sup>4</sup> | Financial instruments | Property & equipment | Other collateral and guarantees |                       |                                 |                           |
| <b>Loans and receivables - banks</b>                 | <b>17,794</b>   | <b>8,217</b>                          | <b>334</b>            |                      | <b>2</b>                        | <b>8,553</b>          |                                 | <b>9,241</b>              |
| <b>Loans and receivables - customers</b>             |                 |                                       |                       |                      |                                 |                       |                                 |                           |
| Residential mortgages <sup>2</sup>                   | 148,161         |                                       | 81                    | 209,411              | 4,655                           | 214,148               | 74,231                          | 8,245                     |
| Consumer loans                                       | 14,790          |                                       | 4,290                 | 5,181                | 33                              | 9,505                 | 1,142                           | 6,427                     |
| Corporate loans <sup>2</sup>                         | 81,196          | 3,104                                 | 20,130                | 39,309               | 13,737                          | 76,280                | 18,012                          | 22,929                    |
| Other loans and receivables - customers <sup>3</sup> | 12,570          | 1,057                                 | 4,540                 | 2,981                | 1,626                           | 10,204                | 2,631                           | 4,997                     |
| Fair value adjustment from hedge accounting          | 5,025           |                                       |                       |                      |                                 |                       |                                 | 5,025                     |
| <b>Total Loans and receivables - customers</b>       | <b>261,742</b>  | <b>4,161</b>                          | <b>29,042</b>         | <b>256,882</b>       | <b>20,051</b>                   | <b>310,136</b>        | <b>96,017</b>                   | <b>47,622</b>             |
| <b>Total Loans and receivables</b>                   | <b>279,536</b>  | <b>12,378</b>                         | <b>29,376</b>         | <b>256,882</b>       | <b>20,053</b>                   | <b>318,690</b>        | <b>96,017</b>                   | <b>56,863</b>             |

<sup>1</sup> As of year-end 2015, a refined methodology for collateral reporting has been applied. Previous figures have been adjusted.

<sup>2</sup> Carrying amount includes loan impairment allowances.

<sup>3</sup> Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

<sup>4</sup> The Master netting agreement amount presents legal netting rights and cash collateral.

<sup>5</sup> Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.

<sup>6</sup> Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

## Collateral & guarantees received as security as at 31 December 2014<sup>1</sup>

| 31 December 2014   |                 |                                       |                       |                      |                                 |                       |                                 |                           |
|--|-----------------|---------------------------------------|-----------------------|----------------------|---------------------------------|-----------------------|---------------------------------|---------------------------|
| (in millions)  | Carrying amount | Collateral received                   |                       |                      |                                 | Total risk mitigation | Surplus collateral <sup>5</sup> | Net exposure <sup>6</sup> |
|  |                 | Master netting agreement <sup>4</sup> | Financial instruments | Property & equipment | Other collateral and guarantees |                       |                                 |                           |
| <b>Loans and receivables - banks</b>                       | <b>21,680</b>   | <b>9,850</b>                          |                       |                      |                                 | <b>9,850</b>          |                                 | <b>11,830</b>             |
| <b>Loans and receivables - customers</b>                   |                 |                                       |                       |                      |                                 |                       |                                 |                           |
| Residential mortgages <sup>2</sup>                         | 147,864         | 25                                    | 98                    | 205,730              | 5,072                           | 210,925               | 71,635                          | 8,574                     |
| Consumer loans   | 15,398          | 139                                   | 4,361                 | 5,260                | 48                              | 9,807                 | 1,422                           | 7,013                     |
| Corporate loans <sup>2</sup>                               | 81,255          | 3,121                                 | 26,146                | 30,749               | 8,434                           | 68,450                | 18,083                          | 30,888                    |
| Other loans and receivables - customers <sup>3</sup>       | 11,669          | 1,585                                 | 4,008                 | 2,866                | 2,488                           | 10,946                | 2,287                           | 3,010                     |
| Fair value adjustment from hedge accounting                | 5,724           |                                       |                       |                      |                                 |                       |                                 | 5,724                     |
| <b>Total Loans and receivables - customers<sup>1</sup></b> | <b>261,910</b>  | <b>4,870</b>                          | <b>34,613</b>         | <b>244,605</b>       | <b>16,041</b>                   | <b>300,129</b>        | <b>93,427</b>                   | <b>55,208</b>             |
| <b>Total Loans and receivables</b>                         | <b>283,590</b>  | <b>14,720</b>                         | <b>34,613</b>         | <b>244,605</b>       | <b>16,041</b>                   | <b>309,979</b>        | <b>93,427</b>                   | <b>67,038</b>             |

<sup>1</sup> As of year-end 2015, a refined methodology for collateral reporting has been applied. Previous figures have been adjusted.

<sup>2</sup> Carrying amount includes loan impairment allowances.

<sup>3</sup> Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

<sup>4</sup> The Master netting agreement amount presents legal netting rights and cash collateral.

<sup>5</sup> Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.

<sup>6</sup> Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

## Fourth quarter developments

Total net exposure of Total Loans and receivables - customers increased to EUR 48.5 billion at 31 December 2015, an increase of EUR 0.9 billion from EUR 47.6 billion at 30 September 2015. This increase is mainly the result of the implementation of the NCV valuation method.

Total risk mitigation for residential mortgages decreased by EUR 25.7 billion, amounting to EUR 188.4 billion at 31 December 2015, compared with EUR 214.1 billion at 30 September 2015. This decrease is mainly the result of the implementation of the NCV valuation method. Although total risk mitigation decreased significantly, the increase of net exposure was limited. The effect of the NCV valuation method was most noticeable for existing surplus collateral. Surplus collateral is over-collateralisation, serving as additional security in case the collateral value declines.

The impact of the NCV valuation method on Other loans and receivables - customers is visible, as total risk mitigation decreased by EUR 2.4 billion and surplus collateral by EUR 1.8 billion.

Total net exposure of Total Loans and receivables - customers decreased by EUR 6.7 billion, coming down from EUR 55.2 billion at 31 December 2014 to EUR 48.5 billion at 31 December 2015. This decrease is mainly attributable to improved collateral reporting offset by the implementation of the NCV valuation method.

## Management of forborne, past due and impaired loans

### Forborne loans

The following table provides an overview of forborne assets, broken down into performing and non-performing assets, specified by type of forbearance measure.

Clients in (potential) financial difficulty, for whom contract amendments that are considered concessions on the part of the bank have been made since 1 January 2012, are accounted for as forborne assets. Contracts that are in a recovery phase at the reporting date are not considered forborne.

### Overview forbearance as at 31 December 2015

| (in millions)  | Gross carrying amount | Performing assets      |                        |              |              | Non-performing assets  |                        |             |              | 31 December 2015      |                   |
|--|-----------------------|------------------------|------------------------|--------------|--------------|------------------------|------------------------|-------------|--------------|-----------------------|-------------------|
|  |                       | Temporary modification | Permanent modification | Refinancing  | Total        | Temporary modification | Permanent modification | Refinancing | Total        | Total forborne assets | Forbearance ratio |
| <b>Loans and receivables - banks</b>                   | <b>15,682</b>         |                        |                        |              |              |                        |                        |             |              |                       | <b>0.0%</b>       |
| <b>Loans and receivables - customers</b>               |                       |                        |                        |              |              |                        |                        |             |              |                       |                   |
| Residential mortgages                                  | 146,932               | 1,122                  | 23                     | 204          | 1,349        | 354                    | 14                     | 39          | 408          | 1,757                 | 1.2%              |
| Consumer loans   | 15,147                | 174                    | 77                     | 174          | 426          | 105                    | 72                     | 47          | 223          | 648                   | 4.3%              |
| Corporate loans  | 84,864                | 1,368                  | 1,330                  | 1,244        | 3,941        | 594                    | 839                    | 902         | 2,335        | 6,276                 | 7.4%              |
| Other loans and receivables - customers <sup>1,2</sup> | 11,881                | 110                    | 39                     |              | 148          | 109                    | 124                    | 2           | 235          | 383                   | 3.2%              |
| <b>Total Loans and receivables - customers</b>         | <b>258,824</b>        | <b>2,775</b>           | <b>1,468</b>           | <b>1,622</b> | <b>5,865</b> | <b>1,162</b>           | <b>1,049</b>           | <b>990</b>  | <b>3,201</b> | <b>9,065</b>          | <b>3.5%</b>       |
| <b>Total<sup>1</sup></b>                               | <b>274,506</b>        | <b>2,775</b>           | <b>1,468</b>           | <b>1,622</b> | <b>5,865</b> | <b>1,162</b>           | <b>1,049</b>           | <b>990</b>  | <b>3,201</b> | <b>9,065</b>          | <b>3.3%</b>       |

<sup>1</sup> Gross carrying amount excludes fair value adjustments from hedge accounting.

<sup>2</sup> Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

## Overview forbearance as at 30 September 2015

| (in millions)  | Gross carrying amount | Performing assets      |                        |              |              | Non-performing assets  |                        |              |              | 30 September 2015     |                   |
|--|-----------------------|------------------------|------------------------|--------------|--------------|------------------------|------------------------|--------------|--------------|-----------------------|-------------------|
|  |                       | Temporary modification | Permanent modification | Refinancing  | Total        | Temporary modification | Permanent modification | Refinancing  | Total        | Total                 |                   |
|  |                       |                        |                        |              |              |                        |                        |              |              | Total forborne assets | Forbearance ratio |
| <b>Loans and receivables - banks</b>                       | <b>17,796</b>         |                        |                        |              |              |                        |                        |              |              |                       | <b>0.0%</b>       |
| <b>Loans and receivables - customers</b>                   |                       |                        |                        |              |              |                        |                        |              |              |                       |                   |
| Residential mortgages                                      | 148,535               | 1,125                  | 14                     | 195          | 1,334        | 401                    | 25                     | 39           | 464          | 1,798                 | 1.2%              |
| Consumer loans   | 15,409                | 152                    | 68                     | 156          | 377          | 120                    | 65                     | 52           | 238          | 614                   | 4.0%              |
| Corporate loans  | 84,618                | 1,272                  | 1,270                  | 1,739        | 4,280        | 719                    | 1,006                  | 990          | 2,715        | 6,995                 | 8.3%              |
| Other loans and receivables - customers <sup>1,2</sup>     | 12,679                | 99                     | 24                     |              | 123          | 117                    | 71                     | 5            | 193          | 316                   | 2.5%              |
| <b>Total Loans and receivables - customers<sup>1</sup></b> | <b>261,241</b>        | <b>2,649</b>           | <b>1,376</b>           | <b>2,090</b> | <b>6,114</b> | <b>1,357</b>           | <b>1,166</b>           | <b>1,087</b> | <b>3,610</b> | <b>9,724</b>          | <b>3.7%</b>       |
| <b>Total<sup>1</sup></b>                                   | <b>279,038</b>        | <b>2,649</b>           | <b>1,376</b>           | <b>2,090</b> | <b>6,114</b> | <b>1,357</b>           | <b>1,166</b>           | <b>1,087</b> | <b>3,610</b> | <b>9,724</b>          | <b>3.4%</b>       |

<sup>1</sup> Gross carrying amount excludes fair value adjustments from hedge accounting.

<sup>2</sup> Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

## Overview forbearance as at 31 December 2014

| (in millions)  | Gross carrying amount | Performing assets      |                        |              |              | Non-performing assets  |                        |              |              | 31 December 2014      |                   |
|--|-----------------------|------------------------|------------------------|--------------|--------------|------------------------|------------------------|--------------|--------------|-----------------------|-------------------|
|  |                       | Temporary modification | Permanent modification | Refinancing  | Total        | Temporary modification | Permanent modification | Refinancing  | Total        | Total                 |                   |
|  |                       |                        |                        |              |              |                        |                        |              |              | Total forborne assets | Forbearance ratio |
| <b>Loans and receivables - banks</b>                   | <b>21,680</b>         |                        |                        |              |              |                        |                        |              |              |                       | <b>0.0%</b>       |
| <b>Loans and receivables - customers</b>               |                       |                        |                        |              |              |                        |                        |              |              |                       |                   |
| Residential mortgages                                  | 148,402               | 1,027                  | 28                     | 122          | 1,177        | 606                    | 3                      | 29           | 638          | 1,814                 | 1.2%              |
| Consumer loans   | 16,052                | 92                     | 68                     | 126          | 286          | 99                     | 32                     | 52           | 184          | 470                   | 2.9%              |
| Corporate loans  | 84,694                | 1,215                  | 872                    | 1,823        | 3,910        | 729                    | 878                    | 1,181        | 2,788        | 6,698                 | 7.9%              |
| Other loans and receivables - customers <sup>1,2</sup> | 11,799                | 23                     |                        |              | 24           | 64                     | 4                      |              | 68           | 92                    | 0.8%              |
| <b>Total Loans and receivables - customers</b>         | <b>260,947</b>        | <b>2,358</b>           | <b>968</b>             | <b>2,071</b> | <b>5,397</b> | <b>1,498</b>           | <b>917</b>             | <b>1,262</b> | <b>3,677</b> | <b>9,074</b>          | <b>3.5%</b>       |
| <b>Total<sup>1</sup></b>                               | <b>282,627</b>        | <b>2,358</b>           | <b>968</b>             | <b>2,071</b> | <b>5,397</b> | <b>1,498</b>           | <b>917</b>             | <b>1,262</b> | <b>3,677</b> | <b>9,074</b>          | <b>3.2%</b>       |

<sup>1</sup> Gross carrying amount excludes fair value adjustments from hedge accounting.

<sup>2</sup> Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

## Fourth quarter developments

The total forborne assets decreased from EUR 9.7 billion at 30 September 2015 to EUR 9.1 billion at 31 December 2015. This decline was mainly attributable to developments within the Corporate loan portfolio. Total forborne assets within Residential mortgages and Consumer loans have remained fairly stable since 30 September 2015.

Total forborne for Corporate loans decreased significantly, amounting to EUR 6.3 billion at 31 December 2015, compared with EUR 7.0 billion at 30 September 2015.

This decline was mainly the result of debt repayments on existing forborne contracts with refinancing measures in the performing portfolio, primarily relating to one specific

client in the real estate sector. To a lesser extent, the decrease in exposure is related to debt repayments by several clients in the industrial goods and services sector. Total forborne Corporate loans within the non-performing portfolio amounted to EUR 2.3 billion at 31 December 2015, declining from EUR 2.7 billion at 30 September 2015, mainly due to the outflow of forborne exposure.

Total forborne for Other loans and receivables - customers increased slightly to EUR 0.4 billion at 31 December 2015, coming from EUR 0.3 billion at 30 September 2015.

Comparing year-end 2015 with year-end 2014, total forborne exposure remained stable.

## Past due loans

### Financial assets past due but not impaired as at 31 December 2015

| (in millions)  | Carrying amount |                                   | Days past due |                  |                  |            | 31 December 2015                |                |
|--|-----------------|-----------------------------------|---------------|------------------|------------------|------------|---------------------------------|----------------|
|  | Gross           | Assets not classified as impaired | < 30          | > 30 days & < 60 | > 60 days & < 90 | > 90       | Total past due but not impaired | Past due ratio |
|  |                 |                                   |               |                  |                  |            |                                 |                |
| <b>Loans and receivables - banks</b>                 | <b>15,682</b>   | <b>15,680</b>                     |               |                  |                  |            |                                 | <b>0.0%</b>    |
| <b>Loans and receivables - customers</b>             |                 |                                   |               |                  |                  |            |                                 |                |
| Residential mortgages <sup>1</sup>                   | 146,932         | 145,900                           | 2,354         | 322              | 70               | 30         | 2,776                           | 1.9%           |
| Consumer loans                                       | 15,147          | 14,287                            | 306           | 122              | 30               | 149        | 607                             | 4.0%           |
| Corporate loans <sup>1</sup>                         | 84,864          | 79,992                            | 610           | 134              | 9                | 323        | 1,076                           | 1.3%           |
| Other loans and receivables - customers <sup>2</sup> | 11,881          | 11,671                            | 187           | 36               | 17               | 160        | 400                             | 3.4%           |
| <b>Total Loans and receivables - customers</b>       | <b>258,824</b>  | <b>251,852</b>                    | <b>3,457</b>  | <b>614</b>       | <b>126</b>       | <b>662</b> | <b>4,858</b>                    | <b>1.9%</b>    |
| <b>Total Loans and receivables</b>                   | <b>274,506</b>  | <b>267,532</b>                    | <b>3,457</b>  | <b>614</b>       | <b>126</b>       | <b>662</b> | <b>4,858</b>                    | <b>1.8%</b>    |

<sup>1</sup> Gross carrying amount excludes fair value adjustments from hedge accounting.

<sup>2</sup> Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

## Financial assets past due but not impaired as at 30 September 2015

| (in millions)  | Carrying amount |                                   | Days past due |                  |                  |            | 30 September 2015               |                |
|--|-----------------|-----------------------------------|---------------|------------------|------------------|------------|---------------------------------|----------------|
|  | Gross           | Assets not classified as impaired |               |                  |                  |            | Total past due but not impaired | Past due ratio |
|  |                 |                                   | < 30          | > 30 days & < 60 | > 60 days & < 90 | > 90       |                                 |                |
| <b>Loans and receivables - banks</b>                 | <b>17,796</b>   | <b>17,795</b>                     |               |                  |                  |            |                                 | <b>0.0%</b>    |
| <b>Loans and receivables - customers</b>             |                 |                                   |               |                  |                  |            |                                 |                |
| Residential mortgages <sup>1</sup>                   | 148,535         | 147,396                           | 2,565         | 376              | 94               |            | 3,035                           | 2.0%           |
| Consumer loans                                       | 15,409          | 14,599                            | 334           | 123              | 45               | 201        | 702                             | 4.6%           |
| Corporate loans <sup>1</sup>                         | 84,618          | 79,668                            | 578           | 135              | 56               | 452        | 1,221                           | 1.4%           |
| Other loans and receivables - customers <sup>2</sup> | 12,676          | 12,455                            | 32            | 5                | 2                | 20         | 58                              | 0.5%           |
| <b>Total Loans and receivables - customers</b>       | <b>261,241</b>  | <b>254,120</b>                    | <b>3,508</b>  | <b>638</b>       | <b>197</b>       | <b>672</b> | <b>5,016</b>                    | <b>1.9%</b>    |
| <b>Total Loans and receivables</b>                   | <b>279,038</b>  | <b>271,915</b>                    | <b>3,508</b>  | <b>638</b>       | <b>197</b>       | <b>672</b> | <b>5,016</b>                    | <b>1.8%</b>    |

<sup>1</sup> Gross carrying amount excludes fair value adjustments from hedge accounting.

<sup>2</sup> Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

## Financial assets past due but not impaired as at 31 December 2014

| (in millions)  | Carrying amount |                                   | Days past due |                  |                  |            | 31 December 2014                |                |
|--|-----------------|-----------------------------------|---------------|------------------|------------------|------------|---------------------------------|----------------|
|  | Gross           | Assets not classified as impaired |               |                  |                  |            | Total past due but not impaired | Past due ratio |
|  |                 |                                   | < 30          | > 30 days & < 60 | > 60 days & < 90 | > 90       |                                 |                |
| <b>Loans and receivables - banks</b>                 | <b>21,680</b>   | <b>21,680</b>                     |               |                  |                  |            |                                 | <b>0.0%</b>    |
| <b>Loans and receivables - customers</b>             |                 |                                   |               |                  |                  |            |                                 |                |
| Residential mortgages <sup>1</sup>                   | 148,402         | 146,924                           | 3,057         | 463              | 118              |            | 3,639                           | 2.5%           |
| Consumer loans                                       | 16,052          | 15,184                            | 335           | 135              | 38               | 125        | 633                             | 3.9%           |
| Corporate loans <sup>1</sup>                         | 84,694          | 79,704                            | 924           | 182              | 51               | 590        | 1,747                           | 2.1%           |
| Other loans and receivables - customers <sup>2</sup> | 11,799          | 11,533                            | 72            | 8                | 3                | 12         | 94                              | 0.8%           |
| <b>Total Loans and receivables - customers</b>       | <b>260,947</b>  | <b>253,346</b>                    | <b>4,388</b>  | <b>788</b>       | <b>210</b>       | <b>727</b> | <b>6,114</b>                    | <b>2.3%</b>    |
| <b>Total Loans and receivables</b>                   | <b>282,627</b>  | <b>275,027</b>                    | <b>4,388</b>  | <b>788</b>       | <b>210</b>       | <b>727</b> | <b>6,114</b>                    | <b>2.2%</b>    |

<sup>1</sup> Gross carrying amount excludes fair value adjustments from hedge accounting.

<sup>2</sup> Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

## Fourth quarter developments

Total Loans and receivables past due decreased marginally at 31 December 2015, arriving at EUR 4.9 billion, compared with EUR 5.0 billion at 30 September 2015.

With regard to Residential mortgages, Consumer loans and Corporate loans portfolio, no major movements were noted in this period.

Other loans and receivables - customers increased by EUR 0.3 billion to EUR 0.4 billion at 31 December 2015.

This increase was mainly attributable to the fact that we aligned the reporting view for lease contracts with the bank-wide view on past-due exposure.

Total past due but not impaired for total loans and receivables continued its downward trend, arriving at EUR 4.9 billion at 31 December 2015 compared with EUR 6.1 billion at year-end 2014. This was mainly the result of effective credit monitoring and the improved Dutch economy.

## Impaired loans

### Coverage and impaired ratio as at 31 December 2015

31 December 2015

| (in millions)  | Gross carrying amount | Impaired exposures | Allowances for Impairments for identified credit risk | Coverage ratio | Impaired ratio |
|--|-----------------------|--------------------|---|----------------|----------------|
| <b>Loans and receivables - banks</b>                   | <b>15,682</b>         | <b>2</b>           | <b>-2</b>   | <b>100.0%</b>  | <b>0.0%</b>    |
| <b>Loans and receivables - customers</b>               |                       |                    |   |                |                |
| Residential mortgages                                  | 146,932               | 1,031              | -245  | 23.8%          | 0.7%           |
| Consumer loans   | 15,147                | 860                | -471  | 54.8%          | 5.7%           |
| Corporate loans  | 84,864                | 4,872              | -3,098  | 63.6%          | 5.7%           |
| Other loans and receivables - customers <sup>1,2</sup> | 11,881                | 210                | -78   | 37.4%          | 1.8%           |
| <b>Total Loans and receivables - customers</b>         | <b>258,824</b>        | <b>6,973</b>       | <b>-3,892</b>   | <b>55.8%</b>   | <b>2.7%</b>    |
| <b>Total Loans and receivables<sup>3</sup></b>         | <b>274,506</b>        | <b>6,974</b>       | <b>-3,894</b>   | <b>55.8%</b>   | <b>2.5%</b>    |
| Securities financing                                   | 20,073                | 11                 | -11   | 100.0%         | 0.1%           |
| <b>Total on- and off-balance sheet</b>                 | <b>414,782</b>        | <b>7,016</b>       | <b>-3,909</b>   | <b>55.7%</b>   | <b>1.7%</b>    |

<sup>1</sup> Gross carrying amount excludes fair value adjustments from hedge accounting.

<sup>2</sup> Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

<sup>3</sup> Amounts excluding Incurred But Not Identified (IBNI).

### Coverage and impaired ratio as at 30 September 2015

30 September 2015

| (in millions)  | Gross carrying amount | Impaired exposures | Allowances for Impairments for identified credit risk | Coverage ratio | Impaired ratio |
|--|-----------------------|--------------------|---|----------------|----------------|
| <b>Loans and receivables - banks</b>                   | <b>17,796</b>         | <b>2</b>           | <b>-2</b>   | <b>100.0%</b>  | <b>0.0%</b>    |
| <b>Loans and receivables - customers</b>               |                       |                    |   |                |                |
| Residential mortgages                                  | 148,535               | 1,139              | -295  | 25.9%          | 0.8%           |
| Consumer loans   | 15,409                | 811                | -520  | 64.2%          | 5.3%           |
| Corporate loans  | 84,618                | 4,950              | -3,123  | 63.1%          | 5.8%           |
| Other loans and receivables - customers <sup>1,2</sup> | 12,676                | 222                | -96   | 43.4%          | 1.7%           |
| <b>Total Loans and receivables - customers</b>         | <b>261,241</b>        | <b>7,121</b>       | <b>-4,034</b>   | <b>56.6%</b>   | <b>2.7%</b>    |
| <b>Total Loans and receivables<sup>3</sup></b>         | <b>279,038</b>        | <b>7,123</b>       | <b>-4,036</b>   | <b>56.7%</b>   | <b>2.6%</b>    |
| Securities financing                                   | 35,485                | 10                 | -10   | 100.0%         | 0.0%           |
| <b>Total on- and off-balance sheet</b>                 | <b>436,829</b>        | <b>7,171</b>       | <b>-4,052</b>   | <b>56.5%</b>   | <b>1.6%</b>    |

<sup>1</sup> Gross carrying amount excludes fair value adjustments from hedge accounting.

<sup>2</sup> Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

<sup>3</sup> Amounts excluding Incurred But Not Identified (IBNI).

## Coverage and impaired ratio as at 31 December 2014

| 31 December 2014                                       |                       |                    |   |                |                |
|--|-----------------------|--------------------|---|----------------|----------------|
| (in millions)  | Gross carrying amount | Impaired exposures | Allowances for Impairments for identified credit risk | Coverage ratio | Impaired ratio |
| <b>Loans and receivables - banks</b>                   | <b>21,680</b>         |                    |   | <b>0.0%</b>    | <b>0.0%</b>    |
| <b>Loans and receivables - customers</b>               |                       |                    |   |                |                |
| Residential mortgages                                  | 148,402               | 1,478              | -408  | 27.6%          | 1.0%           |
| Consumer loans   | 16,052                | 868                | -533  | 61.4%          | 5.4%           |
| Corporate loans  | 84,694                | 4,989              | -3,017  | 60.5%          | 5.9%           |
| Other loans and receivables - customers <sup>1,2</sup> | 11,799                | 265                | -115  | 43.2%          | 2.2%           |
| <b>Total Loans and receivables - customers</b>         | <b>260,947</b>        | <b>7,601</b>       | <b>-4,073</b>   | <b>53.6%</b>   | <b>2.9%</b>    |
| <b>Total Loans and receivables<sup>3</sup></b>         | <b>282,627</b>        | <b>7,601</b>       | <b>-4,073</b>   | <b>53.6%</b>   | <b>2.7%</b>    |
| Securities financing                                   | 18,521                | 10                 | -10   | 100.0%         | 0.1%           |
| <b>Total on- and off-balance sheet</b>                 | <b>413,092</b>        | <b>7,632</b>       | <b>-4,089</b>   | <b>53.6%</b>   | <b>1.8%</b>    |

<sup>1</sup> Gross carrying amount excludes fair value adjustments from hedge accounting.

<sup>2</sup> Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

<sup>3</sup> Amounts excluding Incurred But Not Identified (IBNI).

### Fourth quarter developments

In the fourth quarter of 2015, impaired exposures and Allowances for Impairments declined compared with 30 September 2015.

A growing number of loans managed in the restructuring portfolio are flowing back into the regular portfolio, in line with the improving conditions in the Dutch economy. Nevertheless, some sectors are still facing issues of a more permanent nature, for example certain Agri-sectors and the Retail industry. The inflow of loans into the non-performing portfolio is declining.

The coverage ratio for Total loans and receivables – customers decreased to 55.8% at 31 December 2015, compared with 56.6% the year before. The Impaired ratio in this period remained stable at 2.7%.

The coverage ratio for the residential mortgages portfolio decreased to 23.8% at 31 December 2015, coming from 25.9% at 30 September 2015. Both the Impaired portfolio and Allowances for impairments decreased, although the decrease of Allowances for impairments was relatively larger. The Impaired exposure dropped, as there was lower inflow into and higher outflow from the impaired portfolio. The allowances decreased mainly due to the upswing in

the Dutch housing market and continually improving economic circumstances, which led to a lower average loss on foreclosures. The impaired ratio decreased slightly to 0.7%, from 0.8% at 30 September 2015, mainly as a result of a further decline of the impaired portfolio, which totalled EUR 1.0 billion at 31 December 2015, compared with EUR 1.1 billion at 30 September 2015.

Impaired exposures in the Consumer loan portfolio increased slightly during the fourth quarter of 2015. The impaired ratio increased to 5.7% at 31 December 2015, compared with 5.3% at 30 September 2015. Allowances for Impairments decreased slightly. These developments resulted in a coverage ratio of 54.8% at 31 December 2015, down from 64.2% at 30 September 2015.

Coverage ratio for Corporate loans increased slightly, amounting to 63.6% at 31 December 2015, compared with 63.1% at 30 September 2015, whereas the impaired ratio remained relatively stable.

Compared with 31 December 2014, impaired exposures decreased by EUR 0.6 billion to EUR 7.0 billion at 31 December 2015 and Allowances for Impairments decreased by EUR 0.2 billion to EUR 3.9 billion at 31 December 2015.





## Loan impairment charges and allowances

Q4 2015

| (in millions)  | Securities<br>financing | Banks     | Corporate<br>loans | Residential<br>mortgages | Consumer<br>loans | Other loans | Total        |
|--|-------------------------|-----------|--------------------|--------------------------|-------------------|-------------|--------------|
| <b>Balance at begin of period</b>  | <b>10</b>               | <b>3</b>  | <b>3,530</b>       | <b>374</b>               | <b>620</b>        | <b>1</b>    | <b>4,537</b> |
| Impairment charges for the period  | -0                      | -0        | 312                | 23                       | 26                |             | 361          |
| Reversal of impairment allowances no longer required                                       |                         | -0        | -186               | -11                      | -21               | -0          | -219         |
| Recoveries of amounts previously written-off   |                         | -0        | -1                 | -7                       | -11               |             | -19          |
| <b>Total impairment charges on loans and other receivables</b>                             |                         | <b>-1</b> | <b>125</b>         | <b>6</b>                 | <b>-7</b>         | <b>-0</b>   | <b>123</b>   |
| Amount recorded in interest income from unwinding of discounting                           |                         |           | -11                | -10                      | -2                |             | -23          |
| Currency translation differences   |                         |           | 31                 |                          | -0                | 2           | 33           |
| Amounts written-off (net)  | -0                      |           | -224               | -46                      | -47               |             | -317         |
| Reserve for unearned interest accrued on impaired loans                                    |                         |           | 11                 |                          | 2                 |             | 13           |
| Other adjustments  | -0                      |           | 8                  |                          | -4                | -3          | 1            |
| <b>Balance at end of period</b>  | <b>11</b>               | <b>2</b>  | <b>3,470</b>       | <b>324</b>               | <b>561</b>        | <b>1</b>    | <b>4,368</b> |
| <b>Reconciliation from reported to underlying impairment charges</b>                       |                         |           |                    |                          |                   |             |              |
| <b>Total reported on-balance sheet impairment charges on loans and other receivables</b>   |                         | <b>-1</b> | <b>125</b>         | <b>6</b>                 | <b>-7</b>         | <b>-0</b>   | <b>123</b>   |
| <b>Total underlying on-balance sheet impairment charges on loans and other receivables</b> |                         | <b>-1</b> | <b>125</b>         | <b>6</b>                 | <b>-7</b>         | <b>-0</b>   | <b>123</b>   |

Q4 2014

| (in millions)  | Securities<br>financing | Banks | Corporate<br>loans | Residential<br>mortgages | Consumer<br>loans | Other loans | Total        |
|--|-------------------------|-------|--------------------|--------------------------|-------------------|-------------|--------------|
| <b>Balance as at begin of period</b>   | <b>10</b>               |       | <b>3,690</b>       | <b>599</b>               | <b>644</b>        | <b>132</b>  | <b>5,074</b> |
| Impairment charges for the period  |                         |       | 381                | 88                       | 111               | 7           | 587          |
| Reversal of impairment allowances<br>no longer required                                      |                         |       | -289               | -62                      | -31               | -5          | -387         |
| Recoveries of amounts previously<br>written off  |                         |       | -7                 | -5                       | -7                |             | -19          |
| <b>Total impairment charges on loans<br/>and other receivables</b>                           |                         |       | <b>86</b>          | <b>20</b>                | <b>73</b>         | <b>2</b>    | <b>181</b>   |
| Amount recorded in interest income<br>from unwinding of discounting                          |                         |       | -13                | -15                      | -3                |             | -31          |
| Currency translation differences   | 1                       |       | 7                  |                          | -0                | -0          | 8            |
| Amounts written off (net)  |                         |       | -358               | -57                      | -57               | -5          | -476         |
| Reserve for unearned interest accrued<br>on impaired loans                                   |                         |       | 8                  | 12                       | -6                |             | 14           |
| Other adjustments  | -0                      |       | 19                 | -21                      | 4                 | -0          | 1            |
| <b>Balance as at end of period</b>   | <b>11</b>               |       | <b>3,439</b>       | <b>538</b>               | <b>654</b>        | <b>129</b>  | <b>4,771</b> |
| <b>Reconciliation from reported to<br/>underlying impairment charges</b>                     |                         |       |                    |                          |                   |             |              |
| <b>Total reported on-balance<br/>impairment charges on loans<br/>and other receivables</b>   |                         |       | <b>86</b>          | <b>20</b>                | <b>73</b>         | <b>2</b>    | <b>181</b>   |
| <b>Total underlying on-balance<br/>impairment charges on loans<br/>and other receivables</b> |                         |       | <b>86</b>          | <b>20</b>                | <b>73</b>         | <b>2</b>    | <b>181</b>   |

| (in millions)  | Q4 2015    | Q4 2014    |
|--|------------|------------|
| On-balance sheet   | 123        | 181        |
| Off-balance sheet  | 1          | -1         |
| <b>Total impairment charges on loans and other receivables</b> | <b>124</b> | <b>181</b> |

### Fourth quarter developments

Compared with the fourth quarter of 2014, the on-balance Impairment charges declined by EUR 58 million in the fourth quarter of 2015, arriving at EUR 123 million on 31 December 2015. The decrease in Impairment charges is the result of the continued improvement of economic circumstances in the Netherlands.

The decrease in Impairment charges is mainly attributable to improvement in Consumer loans and to a lesser extent to Residential mortgages, and is partly offset by an increase in Impairment charges for Corporate loans.

Impairment charges for Corporate loans increased by EUR 39 million, amounting to EUR 125 million in the fourth quarter of 2015, compared with EUR 86 million in the same period last year. The increase in impairment charges was largely concentrated in the International Clients portfolio, mainly with regard to Large Corporates and to a lesser extent to ECT Clients. Within Corporate loans, the Commercial Clients portfolio slowly improved as the inflow of loans managed in the restructuring portfolio of Financial Restructuring & Recovery (FR&R) declined and more files were transferred back to the performing portfolio.

Impairment charges for Residential mortgages declined by EUR 14 million compared with the last quarter of 2014, arriving at EUR 6 million in the last quarter of 2015. Since the end of 2014, the Dutch housing market has continuously improved, driven by historically low interest rates and a larger number of transactions compared with last quarter of 2014. As a result, impairment charges for the Residential Mortgage portfolio were lower in the last quarter 2015 than they were in 2014.

In the fourth quarter of 2015, impairment charges for Consumer loans decreased by EUR 80 million compared with the same period last year. The impaired volume decreased compared with a year ago, and as a result the Impairment charges decreased.

### Loan impairment charges and allowances over the full year

|  |                      |          |                 |                       |                |             | 2015         |
|--|----------------------|----------|-----------------|-----------------------|----------------|-------------|--------------|
| (in millions)  | Securities financing | Banks    | Corporate loans | Residential mortgages | Consumer loans | Other loans | Total        |
| <b>Balance as at 1 January</b>   | <b>11</b>            | <b>0</b> | <b>3,439</b>    | <b>538</b>            | <b>654</b>     | <b>129</b>  | <b>4,771</b> |
| Impairment charges for the period  |                      | 1        | 1,096           | 137                   | 160            |             | 1,394        |
| Reversal of impairment allowances no longer required                                       | -0                   | -0       | -643            | -99                   | -76            | -0          | -818         |
| Recoveries of amounts previously written-off   |                      | -0       | -7              | -25                   | -42            |             | -74          |
| <b>Total impairment charges on loans and other receivables</b>                             | <b>-0</b>            |          | <b>446</b>      | <b>14</b>             | <b>43</b>      | <b>-0</b>   | <b>502</b>   |
| Amount recorded in interest income from unwinding of discounting                           |                      |          | -45             | -50                   | -10            |             | -105         |
| Currency translation differences   | 1                    |          | 79              |                       |                | 2           | 82           |
| Amounts written-off (net)  | -0                   |          | -629            | -174                  | -150           |             | -953         |
| Reserve for unearned interest accrued on impaired loans                                    |                      |          | 59              |                       | 12             |             | 71           |
| Other adjustments  | -0                   | 2        | 123             | -5                    | 12             | -131        | -0           |
| <b>Balance as at 31 December</b>   | <b>11</b>            | <b>2</b> | <b>3,470</b>    | <b>324</b>            | <b>561</b>     | <b>1</b>    | <b>4,368</b> |
| <b>Reconciliation from reported to underlying impairment charges</b>                       |                      |          |                 |                       |                |             |              |
| <b>Total reported on-balance sheet impairment charges on loans and other receivables</b>   | <b>-0</b>            | <b>0</b> | <b>446</b>      | <b>14</b>             | <b>43</b>      | <b>-0</b>   | <b>502</b>   |
| <b>Total underlying on-balance sheet impairment charges on loans and other receivables</b> | <b>-0</b>            |          | <b>446</b>      | <b>14</b>             | <b>43</b>      | <b>-0</b>   | <b>502</b>   |

2014

| (in millions)  | Securities<br>financing | Banks | Corporate<br>loans | Residential<br>mortgages | Consumer<br>loans | Other loans | Total        |
|--|-------------------------|-------|--------------------|--------------------------|-------------------|-------------|--------------|
| <b>Balance as at 1 January</b>   | <b>24</b>               |       | <b>3,672</b>       | <b>585</b>               | <b>612</b>        | <b>106</b>  | <b>4,999</b> |
| Impairment charges for the period  | 1                       |       | 1,289              | 436                      | 340               | 70          | 2,135        |
| Reversal of impairment allowances<br>no longer required  | -16                     |       | -562               | -228                     | -81               | -21         | -908         |
| Recoveries of amounts previously<br>written-off  |                         |       | -13                | -11                      | -36               |             | -60          |
| <b>Total impairment charges on loans<br/>and other receivables</b>                                 | <b>-15</b>              |       | <b>714</b>         | <b>197</b>               | <b>223</b>        | <b>49</b>   | <b>1,168</b> |
| Amount recorded in interest income<br>from unwinding of discounting                                |                         |       | -47                | -66                      | -11               |             | -125         |
| Currency translation differences   | 2                       |       | 67                 |                          |                   | 2           | 71           |
| Amounts written-off (net)  |                         |       | -984               | -196                     | -182              | -27         | -1,389       |
| Reserve for unearned interest accrued<br>on impaired loans   |                         |       | 37                 | 39                       | -10               |             | 65           |
| Other adjustments  | -0                      |       | -19                | -20                      | 22                | -0          | -17          |
| <b>Balance as at 31 December</b>   | <b>11</b>               |       | <b>3,439</b>       | <b>538</b>               | <b>654</b>        | <b>129</b>  | <b>4,771</b> |
| <b>Reconciliation from reported to<br/>underlying impairment charges</b>                           |                         |       |                    |                          |                   |             |              |
| <b>Total reported on-balance sheet<br/>impairment charges on loans<br/>and other receivables</b>   | <b>-15</b>              |       | <b>714</b>         | <b>197</b>               | <b>223</b>        | <b>49</b>   | <b>1,168</b> |
| <b>Total underlying on-balance sheet<br/>impairment charges on loans<br/>and other receivables</b> | <b>-15</b>              |       | <b>714</b>         | <b>197</b>               | <b>223</b>        | <b>49</b>   | <b>1,168</b> |

| (in millions)  | 2015       | 2014         |
|--|------------|--------------|
| On-balance sheet   | 502        | 1,168        |
| Off-balance sheet  | 3          | 3            |
| <b>Total impairment charges on loans and other receivables</b> | <b>505</b> | <b>1,171</b> |

## Developments over the full year

The on-balance sheet impairment charges in 2015 declined by EUR 666 million, amounting to EUR 502 million at 31 December 2015, compared with EUR 1,168 million at 31 December 2014. Lower impairment charges were noted across all of the portfolios and were partly due to IBNI releases. ABN AMRO bases its IBNI levels on recent losses in the portfolio. Decreasing loss levels resulted in an IBNI release of EUR 221 million in 2015, representing around a third of the decline in impairment charges.

Impairment charges for the Corporate loans portfolio dropped by EUR 266 million, totalling EUR 446 million in 2015, compared with EUR 714 million in 2014. This decline was mainly the result of a decrease in impairment charges in the Commercial Clients portfolio, which was the result of a combination of strict credit monitoring, a well-balanced portfolio intake and the continued upturn of the economy. The decline was partly offset by higher impairment charges for International Clients. Impairment charges for the Corporate loans portfolio included an IBNI release of EUR 138 million.

Impairment charges for the Residential Mortgages portfolio dropped by EUR 183 million in 2015, amounting to EUR 14 million at 31 December 2015. This material decrease was attributable to the improvements in the housing market and Dutch economy, which resulted in a lower impaired volume. The impairment charges for the Residential mortgage portfolio included an IBNI release of EUR 52 million.

For Consumer loans, the impairment charges dropped to EUR 43 million in 2015, coming down from EUR 223 million in 2014. This decline was also the result of the upward trend of the Dutch economy and an IBNI release of EUR 31 million.

### Impaired loans by industry

| (in millions)   | 31 December 2015   |   | 30 September 2015  |   | 31 December 2014   |   |
|---|--------------------|---|--------------------|---|--------------------|---|
|   | Impaired exposures | Allowances for impairments for identified credit risk | Impaired exposures | Allowances for impairments for identified credit risk | Impaired exposures | Allowances for impairments for identified credit risk |
| <b>Industry sector</b>                                      |                    |   |                    |   |                    |   |
| Banks   | 12                 | -12   | 12                 | -12   | 10                 | -10   |
| Financial services <sup>1</sup>                             | 808                | -696  | 853                | -702  | 813                | -693  |
| Industrial goods and services                               | 1,136              | -608  | 1,077              | -607  | 1,328              | -703  |
| Real estate   | 656                | -324  | 665                | -343  | 793                | -390  |
| Oil and gas   | 170                | -73   | 222                | -103  | 119                | -76   |
| Food and beverage   | 492                | -246  | 538                | -248  | 544                | -245  |
| Retail  | 449                | -282  | 497                | -310  | 630                | -355  |
| Basic resources   | 293                | -223  | 286                | -214  | 212                | -152  |
| Healthcare  | 207                | -167  | 192                | -159  | 65                 | -39   |
| Construction and materials                                  | 408                | -285  | 385                | -266  | 371                | -254  |
| Travel and leisure  | 167                | -88   | 184                | -98   | 202                | -119  |
| Other <sup>2</sup>  | 353                | -207  | 363                | -195  | 220                | -136  |
| <b>Subtotal Industry Classification Benchmark</b>           | <b>5,152</b>       | <b>-3,210</b>   | <b>5,273</b>       | <b>-3,258</b>   | <b>5,308</b>       | <b>-3,170</b>   |
| Private individuals (non-Industry Classification Benchmark) | 1,864              | -698  | 1,897              | -795  | 2,324              | -918  |
| <b>Subtotal non-Industry Classification Benchmark</b>       | <b>1,864</b>       | <b>-698</b>   | <b>1,897</b>       | <b>-795</b>   | <b>2,324</b>       | <b>-918</b>   |
| <b>Total<sup>3</sup></b>                                    | <b>7,016</b>       | <b>-3,909</b>   | <b>7,171</b>       | <b>-4,052</b>   | <b>7,632</b>       | <b>-4,089</b>   |

<sup>1</sup> Financial services include asset managers, credit card companies and providers of personal financial services and securities and brokers.

<sup>2</sup> Other includes, personal and household goods, media, technology, automobiles and parts, chemicals, telecommunication and insurance, in addition to unclassified.

<sup>3</sup> Amounts excluding Incurred But Not Identified (IBNI).

## Fourth quarter developments

Within the industry sectors, decreases were noted for Impaired exposures in Oil and Gas, Food and beverage and Retail. These were partly offset by an increase in Industrial goods and services.

Oil and Gas showed a decrease in impaired exposure, mainly as result of a write-off of a relatively large single file alongside a lower exposure in another large file.

The Impaired exposure in the Food & Beverage sector was impacted by the finalisation of restructuring of impaired files, which resulted in write-offs. Besides, Allowances for impairments in this sector were raised for existing impaired files.

The Impaired exposure for Retail is volatile and the decrease in this quarter was mainly attributable to write-offs and releases, which were partly offset by a few new files.

Impaired exposures for Industrial goods and services increased due to the restructuring of one of the larger impaired files.

The Impaired exposure declined by EUR 0.6 billion, totalling EUR 7.0 billion at 31 December 2015 compared with 7.6 billion at 31 December 2014. Allowances for Impairments declined by EUR 0.2 billion, amounting to EUR 3.9 billion at 31 December 2015 compared with EUR 4.1 billion at 31 December 2014.

In 2015, main decreases in impaired exposure at industry level were noted for Private Individuals, Industrial goods and services, Retail, Real Estate and Food and Beverage, partly offset by increases in the sectors Health care, Basic resources and Oil and Gas.

## Developments in specific portfolios

### Residential mortgages

The sentiment in the Dutch housing market continued to be positive in the fourth quarter of 2015. The upswing was noticeable in all Dutch regions and all price categories. The number of transactions in the Dutch housing market was 2.2% higher than in the fourth quarter of 2014, and the total number of transactions in 2015 increased by 16% compared with 2014 (increase of 3.6% for Q4 2015 compared with Q3 2015), according to Statistics Netherlands (CBS). The increase in transactions is based on homes sold to first-time buyers as well as existing homeowners.

The CBS housing price index was 0,6% higher in the fourth quarter of 2015 than it was in the third quarter of 2015 and almost 7% higher than the lowest level in 2013. The last quarter of 2015 was characterised by higher activity levels on the mortgage market. In the last quarter of 2015, a growing number of existing mortgage loans were refinanced to benefit from low long-term mortgage interest rates.

ABN AMRO's production of new mortgages in the fourth quarter of 2015 was equal to that in the same period last year, but 30% lower than the third quarter of 2015. The lower level of production was driven by fierce competition on the longer interest rate periods. Insurers and pension funds were active on the mortgage market, as mortgages provided an attractive alternative to low-yielding government bonds and other low-risk asset classes. Regulations for these parties differ from banks in terms of required capital buffers, giving them a competitive edge on long-term interest rates.

ABN AMRO was market leader in new mortgage production in 2015, holding a market share of 20.3% despite our lower market share in the fourth quarter of 2015. The NHG proportion of the new mortgage production was 26% in the fourth quarter of 2015, compared with 39% in the third quarter of 2015. The lower NHG contribution can be explained by the lower NHG limit of EUR 245,000 since 1 July 2015.

Total redemptions for the fourth quarter of 2015 amounted to EUR 4.0 billion, compared with EUR 3.6 billion in 2014. For 2015 as a whole, total redemptions amounted to EUR 12.3 billion, compared with EUR 10.2 billion in 2014.

The higher number of total redemptions was caused by an increase in refinancing and relocation, while extra

repayments in 2015 stayed at the same levels as in previous years. Low interest rates on savings and increased awareness among homeowners of the possibility of residual debt are still incentives for extra redemptions. Contractual repayments are gradually growing, following modified tax regulations.

### Key residential mortgage indicators

| (in millions)   | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|---|------------------|-------------------|------------------|
| Gross carrying amount excl. fair value adjustment from hedge accounting | 146,932          | 148,535           | 148,402          |
| <i>Of which Nationale Hypotheek Garantie (NHG)</i>                      | 38,872           | 39,003            | 37,540           |
| Gross carrying amount   | 150,333          | 152,044           | 152,536          |
| Exposure at Default <sup>1</sup>  | 162,405          | 164,663           | 160,291          |
| Risk-weighted assets/ risk exposure amount <sup>1</sup>                 | 20,779           | 22,044            | 22,062           |
| RWA (REA)/EAD   | 12.8%            | 13.4%             | 13.8%            |
| Forbearance ratio   | 1.2%             | 1.2%              | 1.2%             |
| Past due ratio  | 1.8%             | 2.0%              | 2.4%             |
| Impaired ratio  | 0.7%             | 0.8%              | 1.0%             |
| Coverage ratio  | 23.8%            | 25.9%             | 27.6%            |
| Cost of risk (year to date, in bps)                                     | 1                | 1                 | 13               |
| Average Loan-to-Market-Value  | 80%              | 81%               | 83%              |
| Average Loan-to-Market-Value - excluding NHG                            | 76%              | 77%               | 79%              |
| Total risk mitigation   | 188,427          | 214,148           | 210,925          |
| Total risk mitigation/carrying amount                                   | 125.3%           | 140.8%            | 138.3%           |

<sup>1</sup> The RWA (REA) and Exposure at Default amounts are based on the exposure class Secured by immovable property. This scope is slightly broader than the residential mortgage portfolio.

As a result of redemptions exceeding new mortgage production, the gross carrying amount of the residential mortgage portfolio came to EUR 146.9 billion at 31 December 2015, a decrease of 1.1% compared with EUR 148.5 billion at 30 September 2015 (31 December 2014: EUR 148.4 billion). NHG-guaranteed loans account for 26% of the residential mortgage portfolio.

The RWA for the Residential mortgage portfolio decreased considerably, coming to EUR 20.8 billion at 31 December 2015 as a result of a decreasing number of clients in arrears and a rise in housing prices. The EAD decreased to EUR 162.4 at 31 December 2015 in line with the reduced size of the mortgage portfolio.

The forbearance ratio remained stable at 1.2%. The mortgage portfolio in arrears, expressed in the past-due ratio, further declined to 1.8% at 31 December 2015, compared with 2.0% at 30 September 2015, a significant decline from 2.4% at 31 December 2014.

Cost of risk at 31 December 2015 improved to 1 bps, compared with 13 bps at 31 December 2014. This improvement is attributable to the substantial decline of total impairment charges, which in turn is the result of a decrease of the impaired portfolio.

The coverage ratio for the residential mortgages portfolio stood at 23.8% on 31 December 2015, down from 25.9% at 30 September 2015 and 27.6% at 31 December 2014. Both the impaired portfolio and Allowances for impairments decreased. The allowances decreased mainly due to the upswing in the housing market and continued improved economic circumstances, which led to lower loss levels on foreclosures.

The impaired ratio remained stable at 0.7%. This was the result of a further decrease of the impaired portfolio, which totalled EUR 1.0 billion at 31 December 2015, compared with EUR 1.1 billion at 30 September 2015 and EUR 1.5 billion at 30 December 2014, in combination with a reduced Residential mortgage portfolio.

The abovementioned Risk ratios have improved as a result of continually improving economic circumstances combined with extensive portfolio management for clients who are in the early stages of financial difficulties. Fewer clients go into arrears, while more clients are recovering from arrears.

The increase in house prices, combined with restrictions on the maximum Loan-to-Market Value (LtMV) for new residential mortgages resulted in a strong improvement of the average LtMV of the mortgage portfolio, which amounted to 80% at 31 December 2015, compared with 81% at 30 September 2015 and 83% at 31 December 2014. The same trend can be noted for the LtMVs excluding NHG.

The rise in Dutch house prices was particularly strong in the densely populated Randstad area, where more than 50% of the houses financed by ABN AMRO are situated.

Total risk mitigation for residential mortgages decreased by EUR 25.7 billion, coming to EUR 188.4 billion at 31 December 2015, compared with EUR 214.1 billion at 30 September 2015. This decrease is mainly the result of the implementation of the NCV valuation method.

## Residential mortgages to indexed market value

| (in millions)                    | 31 December 2015      |                     |                       |                         | 30 September 2015     |                     |                       |                         | 31 December 2014      |                     |                       |                         |
|----------------------------------|-----------------------|---------------------|-----------------------|-------------------------|-----------------------|---------------------|-----------------------|-------------------------|-----------------------|---------------------|-----------------------|-------------------------|
|                                  | Gross carrying amount | Percentage of total | - of which guaranteed | - of which unguaranteed | Gross carrying amount | Percentage of total | - of which guaranteed | - of which unguaranteed | Gross carrying amount | Percentage of total | - of which guaranteed | - of which unguaranteed |
| <b>LtMV category<sup>1</sup></b> |                       |                     |                       |                         |                       |                     |                       |                         |                       |                     |                       |                         |
| <50%                             | 24,768                | 16.9%               | 1.8%                  | 15.1%                   | 24,332                | 16.4%               | 1.7%                  | 14.6%                   | 23,707                | 16.0%               | 1.7%                  | 14.3%                   |
| 50% - 80%                        | 39,755                | 27.1%               | 5.0%                  | 22.1%                   | 38,328                | 25.8%               | 4.6%                  | 21.2%                   | 36,927                | 24.9%               | 4.2%                  | 20.7%                   |
| 80% - 90%                        | 18,218                | 12.4%               | 3.6%                  | 8.8%                    | 17,645                | 11.9%               | 3.3%                  | 8.6%                    | 16,488                | 11.1%               | 2.8%                  | 8.3%                    |
| 90% - 100%                       | 24,943                | 17.0%               | 6.9%                  | 10.1%                   | 23,485                | 15.8%               | 6.1%                  | 9.7%                    | 20,396                | 13.7%               | 4.5%                  | 9.2%                    |
| 100% - 110%                      | 18,928                | 12.9%               | 5.0%                  | 7.9%                    | 20,635                | 13.9%               | 5.6%                  | 8.3%                    | 21,455                | 14.5%               | 5.8%                  | 8.7%                    |
| 110% - 120%                      | 12,648                | 8.6%                | 2.9%                  | 5.7%                    | 14,229                | 9.6%                | 3.2%                  | 6.4%                    | 16,280                | 11.0%               | 3.8%                  | 7.2%                    |
| >120%                            | 5,721                 | 3.9%                | 1.3%                  | 2.5%                    | 7,525                 | 5.1%                | 1.7%                  | 3.4%                    | 10,885                | 7.3%                | 2.5%                  | 4.8%                    |
| Unclassified                     | 1,951                 | 1.3%                |                       |                         | 2,356                 | 1.6%                |                       |                         | 2,264                 | 1.5%                |                       |                         |
| <b>Total</b>                     | <b>146,932</b>        | <b>100%</b>         |                       |                         | <b>148,535</b>        | <b>100%</b>         |                       |                         | <b>148,402</b>        | <b>100%</b>         |                       |                         |

<sup>1</sup> ABN AMRO calculates the Loan-to-Market Value using the indexation of the CBS (Statistics Netherlands).

The volume of the portfolio with LtMV rates above 100% (i.e. the mortgage loan exceeds the value of the property) decreased considerably, coming down to 25.3% at

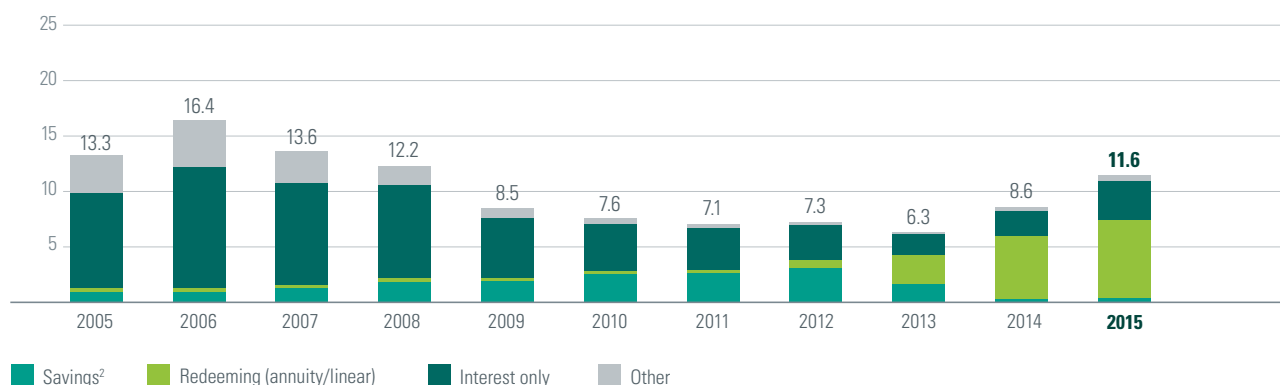
31 December 2015 from 28.5% at 30 September 2015. Note that LtMVs of more than 100% do not necessarily indicate that these clients are in financial difficulties.



## Breakdown of residential mortgage origination by loan type<sup>1</sup>

### Breakdown of the residential mortgage portfolio by year of loan modification as from 2015<sup>1</sup>

(in billions)


<sup>1</sup> Production includes the new mortgage production and all mortgages with a modification date.

<sup>2</sup> Other includes universal life, life investment, hybrid, other and unclassified mortgage types. The hybrid portfolio consists of a combination of savings and investment mortgages.

Under Dutch tax regulations implemented on 1 January 2013, mortgage interest is only deductible for redeeming mortgage loans. In 2015, mortgage loan type origination (defined as new production and mortgages with a loan type modification) breaks down into 31.4% interest-only

mortgages (2012: 45%), 60.6% redeeming mortgages (2012: 10.0%) and 3.4% savings mortgages (2012: 42%). Production of interest-only and savings mortgages can still take place when clients refinance loans that originated before 2013.

## Breakdown of residential mortgage portfolio by loan type

| (in millions)                        | 31 December 2015      |                     | 30 September 2015     |                     | 31 December 2014      |                     |
|--------------------------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|
|                                      | Gross carrying amount | Percentage of total | Gross carrying amount | Percentage of total | Gross carrying amount | Percentage of total |
| Interest only (partially)            | 47,943                | 33%                 | 48,488                | 33%                 | 48,936                | 33%                 |
| Interest only (100%)                 | 32,076                | 22%                 | 32,800                | 22%                 | 34,081                | 23%                 |
| Redeeming mortgages (annuity/linear) | 18,569                | 13%                 | 17,203                | 12%                 | 11,956                | 8%                  |
| Savings                              | 21,735                | 15%                 | 21,975                | 15%                 | 23,243                | 16%                 |
| Life (investment)                    | 17,787                | 12%                 | 18,619                | 13%                 | 20,279                | 14%                 |
| Other <sup>1</sup>                   | 8,822                 | 6%                  | 9,449                 | 6%                  | 9,908                 | 7%                  |
| <b>Total</b>                         | <b>146,932</b>        | <b>100%</b>         | <b>148,535</b>        | <b>100%</b>         | <b>148,402</b>        | <b>100%</b>         |

<sup>1</sup> Other includes hybrid, other and unclassified mortgage types. The hybrid portfolio consists of a combination of savings and investment mortgages.

The shift in new production to redeeming mortgages is also reflected in the composition of the mortgage portfolio. Redeeming mortgages increased to 13% of the residential

mortgage portfolio, up from 12% at 30 September 2015 and 8% at 31 December 2014. 'Redeeming mortgages' is the only category that increased in volume.

## Energy, Commodities & Transportation Clients

### ECT on- and off-balance sheet exposure

| (in billions)                                   | 31 December 2015 |             |                |                   | 30 September 2015 |             |                |                   | 31 December 2014  |
|---|------------------|-------------|----------------|-------------------|-------------------|-------------|----------------|-------------------|-------------------|
|   | Energy           | Commodities | Transportation | Total ECT clients | Energy            | Commodities | Transportation | Total ECT clients | Total ECT clients |
| <b>On-balance sheet exposure</b>                | <b>4.7</b>       | <b>11.1</b> | <b>9.3</b>     | <b>25.0</b>       | <b>4.5</b>        | <b>11.6</b> | <b>8.5</b>     | <b>24.6</b>       | <b>22.2</b>       |
| Guarantees and letters of credit                | 0.7              | 5.5         | 0.2            | 6.3               | 0.6               | 5.6         | 0.2            | 6.4               | 7.7               |
| <b>Subtotal</b>                                 | <b>5.3</b>       | <b>16.5</b> | <b>9.5</b>     | <b>31.4</b>       | <b>5.1</b>        | <b>17.2</b> | <b>8.7</b>     | <b>31.0</b>       | <b>29.9</b>       |
| Undrawn committed credit facilities             | 2.3              | 2.4         | 1.9            | 6.7               | 2.4               | 2.2         | 1.4            | 6.0               | 5.2               |
| <b>Total on- and off-balance sheet exposure</b> | <b>7.6</b>       | <b>19.0</b> | <b>11.4</b>    | <b>38.0</b>       | <b>7.5</b>        | <b>19.4</b> | <b>10.1</b>    | <b>37.0</b>       | <b>35.0</b>       |

ABN AMRO provides financial solutions and support to clients across the entire value chain of the Energy, Commodities and Transportation (ECT) industry. ECT Clients finances and services corporate clients who are internationally active in Energy (upstream, offshore, midstream, FPSO, corporate lending), Commodities (energy, agricultural and metals) and Transportation (ocean-going vessels and containers).

The majority of the loan book is US-dollar denominated and typically secured by either commodities for which liquid markets exist, first-priority ship mortgages, or pledged contracted project cash flows. Conservative advance rates are applied, taking into account through-the-cycle asset values.

The ECT Clients' total loan portfolio amounted to an equivalent of EUR 25.0 billion on-balance sheet exposure at 31 December 2015, compared with EUR 24.6 billion at 30 September 2015. The on-balance sheet exposure of the ECT Clients portfolio increased by 1.8% in the fourth quarter of 2015, mainly due to an increase in Energy and Transportation and supported by a stronger US dollar. The increase was partially offset by a decrease in Commodities, caused by low commodity prices.

Commodities Clients remains the largest sector of ECT Clients, accounting for EUR 11.1 billion of the ECT Clients loan portfolio (down from EUR 11.6 billion at 30 September 2015). Loans to clients in the Transportation Clients sector now account for EUR 9.3 billion (up from EUR 8.5 billion at 30 September 2015). Energy Clients' share in the on-balance sheet exposure is now EUR 4.7 billion (up from EUR 4.5 billion at 30 September 2015).

The off-balance-sheet exposure, consisting mainly of short-term letters of credit secured by commodities, guarantees and availability under committed credit lines, increased to EUR 13.0 billion at 31 December 2015, of which EUR 3.0 billion in Energy Clients, EUR 7.9 billion in Commodities Clients and EUR 2.1 billion in Transportation Clients. At 30 September 2015 the off-balance sheet exposure was EUR 12.4 billion.

In the fourth quarter of 2015, impairment charges for Energy, Commodities and Transportation amounted to EUR 31 million, compared with EUR 37 million in the same period last year. Like other parts within International Clients, impairment charges for ECT Clients are typically incurred for a few individual files can be relatively large compared with other parts of the corporate loan book.

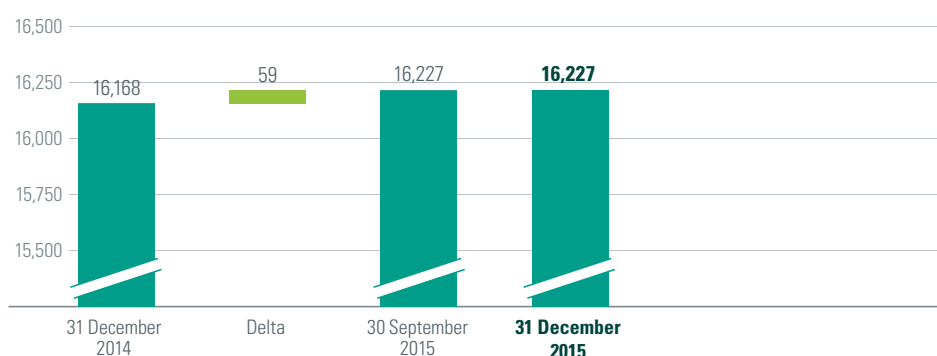


ECT Clients operates in cyclical sectors. This cyclicity is carefully considered in relation to lending policies, financing structures, advance rates and risk management. As some of the clients in the ECT sectors are facing challenging market circumstances, the impact of these developments needs to be monitored closely.

The bank periodically performs sensitivity analyses and stress testing exercises to gain insight into the credit performance under price scenarios, economic scenarios and risk measures. The developments in commodity prices and specifically in Oil & Gas are continuously subject to close risk management attention and stringent credit monitoring.

# Operational risk

## RWA flow statement operational risk (in millions)



RWA for operational risk is calculated based on the Standardised Approach (TSA). To calculate the required capital, once a year the gross income is multiplied by a percentage (predefined by the directives).

## Fourth-quarter developments

As the calculation is revised yearly, no changes are noted in the fourth quarter of 2015 compared with the third quarter of 2015.

In the fourth quarter of 2015, the total operational loss amount increased. However, excluding the settlement of one claim relating to the sale of interest rate derivative contracts, the total operational loss amount would have decreased. The loss amount for external fraud remained at the low level of 2014. Apart from this, the bank provisioned for litigation of some larger historical claims.

In early Q4 2015, ABN AMRO submitted an application for the Advanced Measurement Approach (AMA) status to the supervisor (ECB) for approval.

## Developments in the full year

RWA remained stable in 2015.

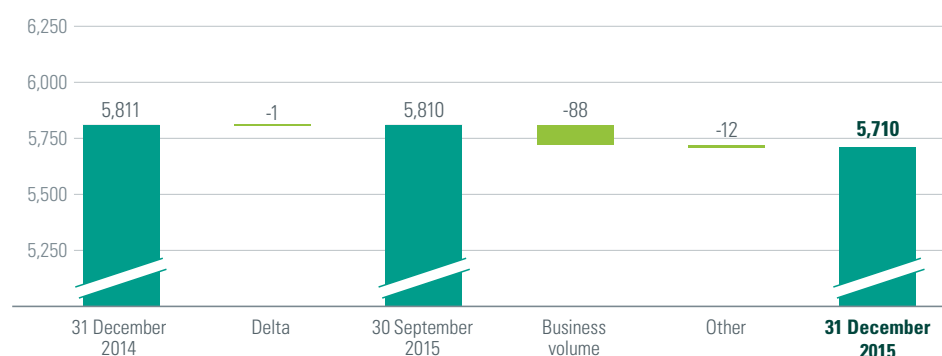
# Market risk

ABN AMRO is exposed to market risk in its trading book and banking book.

## Market risk in the trading book

ABN AMRO has limited exposure in the trading book

### RWA flow statement market risk (in millions)



RWA remained relatively stable at EUR 5.7 billion at 31 December 2015 compared with 30 September 2015.

The Internal Model Approach (IMA) was submitted to the regulator in October 2014. The regulator is currently reviewing this model.

### Internal aggregated diversified and undiversified VaR for all trading positions

| (in millions)                     | Q4 2015     |               | Q4 2014     |               | Q3 2015     |               |
|-----------------------------------|-------------|---------------|-------------|---------------|-------------|---------------|
|                                   | Diversified | Undiversified | Diversified | Undiversified | Diversified | Undiversified |
| VaR at last trading day of period | 3.0         | 3.4           | 1.4         | 2.5           | 6.3         | 8.4           |
| Highest VaR                       | 8.7         | 11.0          | 1.8         | 2.8           | 8.5         | 14.4          |
| Lowest VaR                        | 1.8         | 2.9           | 0.8         | 1.6           | 3.5         | 4.6           |
| Average VaR                       | 2.9         | 4.1           | 1.2         | 2.3           | 5.6         | 7.3           |

In the fourth quarter of 2015, the diversified VaR increased by EUR 1.6 million compared with the same period in 2014. The average diversified VaR increased by EUR 1.7 million. While the risk profile remained stable and moderate, this

increase was driven by low interest rates linked to ECB quantitative easing in Q1 2015 and the VaR methodology. The VaR methodology was enhanced in Q4 2015 to handle low interest rates.

## Market risk in the banking book

Market risk in the banking book is the risk that the bank's value or earnings decline because of unfavourable market movements. The market risk of the banking book consists predominantly of interest rate risk. Interest rate risk arises from holding loans with different interest rate maturities than the interest rate maturities of the savings and funding of the bank.

The assets have on average a longer behavioural maturity than the liabilities, especially savings. ABN AMRO uses a combination of portfolio (macro) hedges and specific asset or liability (micro) hedges to swap fixed interest rates to a floating interest rate position. The resulting interest rate position, after application of interest rate hedges, is in line with the bank's strategy and risk appetite.

### Interest rate risk metrics

|                               | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|-------------------------------|------------------|-------------------|------------------|
| NII-at-risk (in %)            | 1.3              | 2.2               | 2.2              |
| Duration of equity (in years) | 3.6              | 3.4               | 4.0              |

NII-at-Risk is defined as the worst outcome of two scenarios: a gradual increase in interest rates and a gradual decline in interest rates by 200bps. A floor on interest rates is assumed in the falling rates scenario. NII-at-Risk in Q4 decreased to 1.3% (approximately EUR 80 million) and, like in the previous quarter, reflects a reduction of NII of approximately EUR 80 million in

the falling rates scenario. In a scenario in which interest rates rise, NII would increase by 2.0% (approximately EUR 120 million).

Duration of equity increased moderately to 3.6 years, driven by business developments.

# Liquidity risk

## Liquidity indicators

|  | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|--|------------------|-------------------|------------------|
| Loan-to-Deposit ratio                    | 109%             | 110%              | 117%             |
| LCR                                      | >100%            | >100%             | >100%            |
| NSFR                                     | >100%            | >100%             | >100%            |
| Survival period (moderate stress)        | >12 months       | >12 months        | >12 months       |
| Available liquidity buffer (in billions) | 82.8             | 85.4              | 73.9             |

The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) both remained above 100% in the final quarter of 2015. This is in line with the bank's targeted early compliance with future regulatory requirements.

The survival period reflects the period that the bank's liquidity position is expected to remain positive in an

internal stress scenario in which wholesale funding markets deteriorate and retail and commercial clients withdraw a proportion of their deposits. The survival period was consistently >12 months in the final quarter of 2015.

## Loan-to-Deposit ratio

| (in millions)                                     | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|---|------------------|-------------------|------------------|
| Loans and receivables - customers                 | 259,319          | 261,742           | 261,910          |
| Net adjustments                                   | -1,737           | -2,918            | -2,975           |
| <b>Adjusted loans and receivables - customers</b> | <b>257,582</b>   | <b>258,824</b>    | <b>258,935</b>   |
| Due to customers                                  | 230,297          | 228,529           | 216,011          |
| Net adjustments                                   | 6,216            | 6,358             | 6,196            |
| <b>Adjusted due to customers</b>                  | <b>236,513</b>   | <b>234,887</b>    | <b>222,207</b>   |
| <b>Loan-to-Deposit ratio</b>                      | <b>109%</b>      | <b>110%</b>       | <b>117%</b>      |

The Loan-to-Deposit (LtD) ratio improved to 109% in the final quarter of 2015, compared with 110% at 30 September 2015. For full-year 2015, the LtD ratio improved to 109% at 31 December 2015, compared with 117% at 31 December

2014. The main drivers were a large increase in client deposits across all business segments, particularly in the first half of the year. Client loans showed a small decrease in the final quarter of 2015.

## Liquidity buffer composition

|   | 31 December 2015 |                       | 30 September 2015 |                       | 31 December 2014 |                       |
|---|------------------|-----------------------|-------------------|-----------------------|------------------|-----------------------|
| (in billions)                             | Liquidity buffer | of which LCR eligible | Liquidity buffer  | of which LCR eligible | Liquidity buffer | of which LCR eligible |
| Cash & central bank deposits <sup>1</sup> | 24.4             | 24.4                  | 18.9              | 18.9                  | 5.3              | 5.3                   |
| Government bonds                          | 26.0             | 26.9                  | 26.3              | 27.2                  | 27.3             | 28.3                  |
| Covered bonds                             | 1.4              | 1.3                   | 1.5               | 1.3                   | 2.0              | 1.8                   |
| Retained RMBS                             | 24.0             |                       | 31.2              |                       | 31.8             |                       |
| Third party RMBS                          | 0.7              | 0.6                   | 0.7               | 0.6                   | 1.0              | 0.8                   |
| Other                                     | 6.3              | 3.3                   | 6.7               | 3.7                   | 6.5              | 3.7                   |
| <b>Total liquidity buffer</b>             | <b>82.8</b>      | <b>56.5</b>           | <b>85.4</b>       | <b>51.8</b>           | <b>73.9</b>      | <b>40.0</b>           |
| - of which in EUR                         | 94.1%            |                       | 94.2%             |                       | 92.7%            |                       |
| - of which in other currencies            | 5.9%             |                       | 5.8%              |                       | 7.3%             |                       |

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

The liquidity buffer consists to a large extent of cash and deposits at central banks, government bonds and retained RMBS. Most of the securities in the liquidity buffer, with the exception of the retained RMBS, are eligible for the LCR. The internal assessment of the eligibility and haircut for several liquidity instruments deviates from the Basel III regulation, which explains the differences between the liquidity values. For government bonds, the internal haircut is higher. This explains why the liquidity buffer value for government bonds is lower than the LCR eligible amount.

Retained RMBS are not eligible for the LCR. However, they do have liquidity value for internal stress testing purposes. The gradual increase of the cash position throughout 2015 as a result of an improved LtD ratio allowed for decreasing the retained RMBS portfolio in the final quarter of 2015. This resulted in a further optimisation of our liquidity buffer.

The liquidity buffer decreased by EUR 2.6 billion, amounting to EUR 82.8 billion at 31 December 2015, compared with EUR 85.4 billion at 30 September 2015. The decrease in the liquidity buffer was primarily driven by the decline in retained RMBS and was partially offset by a higher cash position.

The liquidity buffer increased by EUR 8.9 billion, arriving at EUR 82.8 billion at 31 December 2015, compared with EUR 73.9 billion at 31 December 2014. The increase in the buffer over the year was primarily driven by the higher cash position. This increase was partially offset by the decrease in retained RMBS in the final quarter of 2015.



# Funding

ABN AMRO's strategy for wholesale funding is derived from the bank's moderate risk profile. This strategy aims to optimise and diversify the bank's funding sources in order to maintain market access and the targeted funding position. We aim to have a balance sheet with a diverse, stable and cost-efficient funding base.

Client deposits (payable to clients) are a source of funding, complemented by a well-diversified book of wholesale funding. Client deposits amounted to EUR 230.3 billion on 31 December 2015, up by EUR 1.8 billion from EUR 228.5 billion at 30 September 2015. Total wholesale funding amounted to EUR 85.9 billion on 31 December 2015, down by EUR 2.9 billion from EUR 88.8 billion at 30 September 2015.

## Funding raised

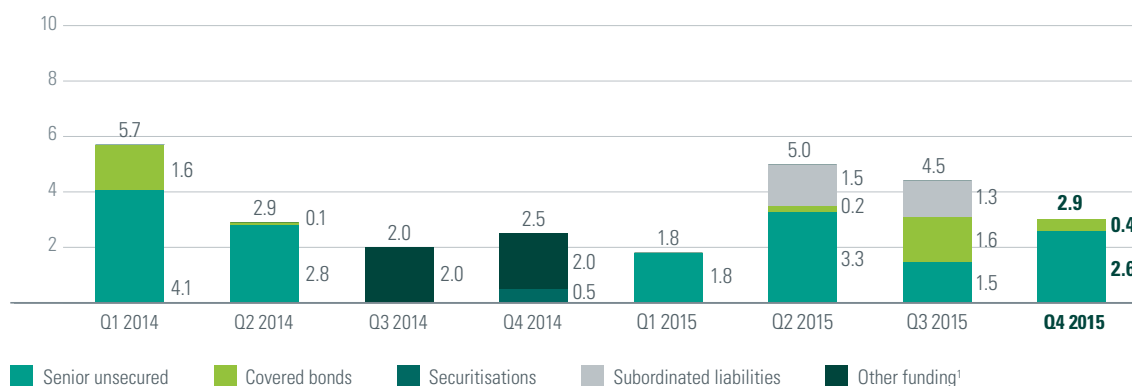
Long-term funding raised in the final quarter of 2015 amounted to EUR 2.9 billion, 52% of which was raised in non-euro currencies. During 2015, ABN AMRO raised EUR 14.3 billion in long-term wholesale funding (including EUR 2.8 billion subordinated debt) compared with EUR 9.2 billion in 2014. Furthermore, EUR 1 billion of Additional Tier 1 capital instruments were issued in September 2015. More information on capital instruments is provided in the Capital management section of this report.

## Overview of funding types

A key goal of the funding strategy is to diversify funding sources. To this end, the set of funding instruments includes a broad set of funding programmes in different currencies, markets, maturities and investor bases. A description of capital and funding instruments issued by ABN AMRO is provided on our website, [abnamro.com](http://abnamro.com). We continuously assess our wholesale funding base in order to determine the optimal use of funding sources.

### Long-term funding raised in 2014 and 2015

(notional amounts, in billions)



<sup>1</sup> Other long-term funding includes long-term repos, TLTRO funding and funding with the Dutch State as counterparty.

The main wholesale funding types can be specified as follows:

| (in millions)  | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|--|------------------|-------------------|------------------|
| Euro Commercial Paper  | 1,326            | 2,798             | 1,706            |
| London Certificates of Deposit                                       | 3,744            | 4,119             | 1,436            |
| French Certificats de Dépôt  | 164              | 357               | 1,517            |
| US Commercial Paper  | 4,585            | 4,440             | 4,070            |
| <b>Total Commercial Paper/Certificates of Deposit</b>                | <b>9,820</b>     | <b>11,714</b>     | <b>8,729</b>     |
| <b>Senior unsecured (medium-term notes)</b>                          | <b>37,404</b>    | <b>35,403</b>     | <b>32,252</b>    |
| <b>Covered bonds</b>   | <b>25,956</b>    | <b>26,482</b>     | <b>27,077</b>    |
| <b>Securitisations</b>   | <b>2,968</b>     | <b>5,468</b>      | <b>9,001</b>     |
| <b>Saving certificates</b>   | <b>59</b>        | <b>59</b>         | <b>72</b>        |
| <b>Total issued debt</b>   | <b>76,207</b>    | <b>79,126</b>     | <b>77,131</b>    |
| <b>Subordinated liabilities</b>                                      | <b>9,708</b>     | <b>9,660</b>      | <b>8,328</b>     |
| <b>Total wholesale funding</b>                                       | <b>85,915</b>    | <b>88,786</b>     | <b>85,458</b>    |
| <b>Other long-term funding<sup>1</sup></b>                           | <b>6,813</b>     | <b>6,798</b>      | <b>6,900</b>     |
| <b>Total funding instruments<sup>2</sup></b>                         | <b>92,728</b>    | <b>95,584</b>     | <b>92,358</b>    |
| - of which CP/CD matures within one year                             | 9,820            | 11,714            | 8,729            |
| - of which funding instruments (excl. CP/CD) matures within one year | 12,044           | 13,422            | 11,618           |
| - of which matures after one year                                    | 70,865           | 70,448            | 72,012           |

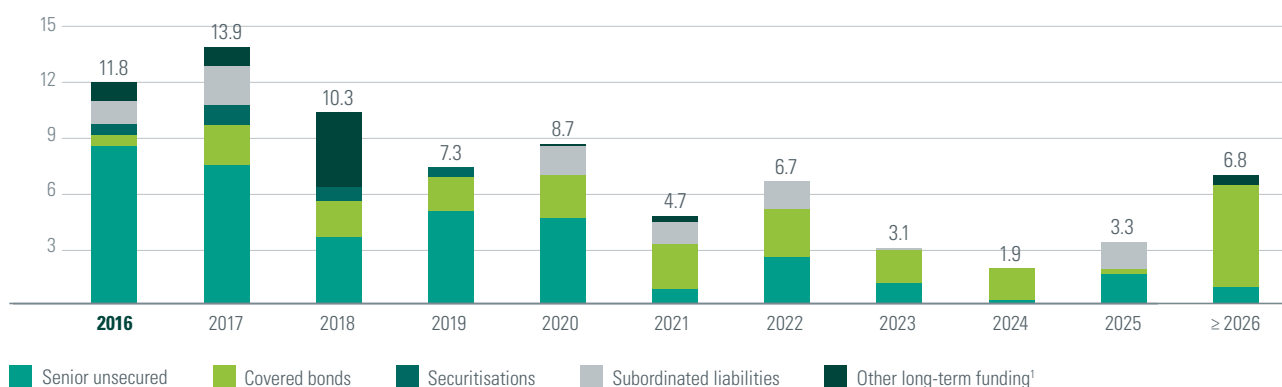
<sup>1</sup> Includes long-term repos (recorded in Securities financing), TLTRO funding (recorded in Due to banks) and funding with the Dutch State as counterparty (recorded in Due to customers).

<sup>2</sup> Includes FX effects, fair value adjustments and interest movements.

## Maturity calendar

### Maturity calendar at 31 December 2015

(notional amounts, in billions)



<sup>1</sup> Other long-term funding includes long-term repos, TLTRO funding and funding with the Dutch State as counterparty.

## Maturity calendar

|                                      | 31 December 2015 |             |             |            |            |            |            |            |            |            |            |             |
|--------------------------------------|------------------|-------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| (notional amounts, in billions)      | 2016             | 2017        | 2018        | 2019       | 2020       | 2021       | 2022       | 2023       | 2024       | 2025       | ≥ 2026     | Total       |
| Senior unsecured                     | 8.5              | 7.5         | 3.6         | 5.0        | 4.6        | 0.8        | 2.5        | 1.1        | 0.2        | 1.6        | 0.9        | 36.5        |
| Covered bonds                        | 0.6              | 2.1         | 1.9         | 1.8        | 2.3        | 2.4        | 2.6        | 1.8        | 1.7        | 0.3        | 5.5        | 23.1        |
| Securitisations                      | 0.6              | 1.1         | 0.8         | 0.5        |            |            |            |            |            |            |            | 3.0         |
| Subordinated liabilities             | 1.2              | 2.1         |             |            | 1.6        | 1.2        | 1.5        | 0.1        |            | 1.4        |            | 9.2         |
| Other long-term funding <sup>1</sup> | 1.0              | 1.0         | 4.0         |            | 0.1        | 0.3        |            |            |            |            | 0.5        | 6.8         |
| <b>Total</b>                         | <b>11.8</b>      | <b>13.9</b> | <b>10.3</b> | <b>7.3</b> | <b>8.7</b> | <b>4.7</b> | <b>6.7</b> | <b>3.1</b> | <b>1.9</b> | <b>3.3</b> | <b>6.8</b> | <b>78.5</b> |

<sup>1</sup> Other long-term funding includes long-term repos, TLTRO funding and funding with the Dutch State as counterparty.

The average remaining maturity of the total outstanding long-term wholesale funding was 4.6 years on 31 December 2015, which is stable compared with 30 September 2015 and an increase compared with 31 December 2014 (4.3 years). This was caused mainly by the issuance of long-term secured funding in the third quarter of 2015.

The stated maturity calendar assumes redemption on the earliest possible call date or the legal maturity date, as early redemption of subordinated instruments is subject to the approval of the regulators. However, this does not mean that the instruments will be called at the earliest possible call date.

In 2014, ABN AMRO participated in the Targeted Long-Term Refinancing Operations (TLTRO) programme, which is the European Central Bank's programme to support lending to the real economy (particular for SMEs). ABN AMRO participated in the TLTRO for a total amount of EUR 4.0 billion. The contractual maturity date is 2018. However, depending on developments in the eligible lending activities underlying the TLTRO programme, early repayment could be mandatory. Given expected developments, early repayment in the second half of 2016 is considered likely.

# Capital management

ABN AMRO's solid capital position ensures that the bank is already compliant with the fully-loaded capital requirements of the Capital Requirements Directive IV (CRD IV). The overall capital base increased over the fourth quarter due to accumulated profit. The bank strives to optimise its

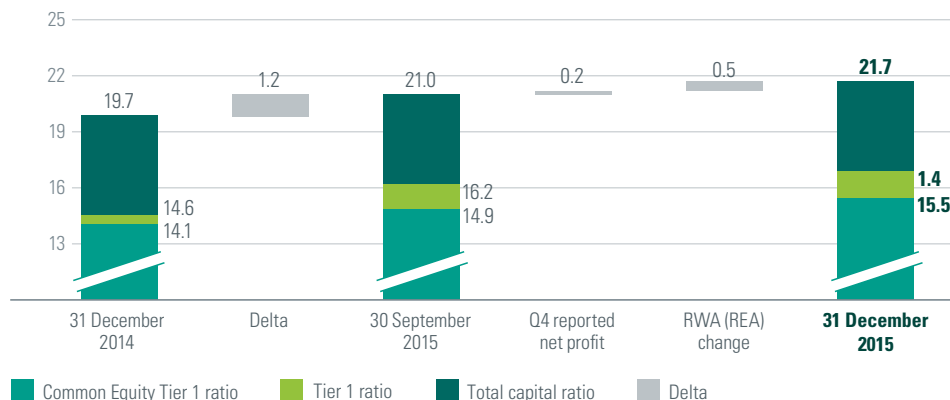
capital structure in anticipation of pending regulatory requirements. The capital structure consists mainly of common equity and highly loss-absorbing capital to cover unexpected losses. The subordination of specific capital instruments provides further protection to senior creditors.

## Regulatory capital structure

| (in millions)  | 31 December 2015 | 30 September 2015 | 31 December 2014 |
|--|------------------|-------------------|------------------|
| <b>Total equity (EU IFRS)</b>                            | <b>17,584</b>    | <b>17,094</b>     | <b>14,877</b>    |
| Cash flow hedge reserve                                  | 1,056            | 1,152             | 1,223            |
| Dividend reserve   | -414             | -312              | -275             |
| Capital securities                                       | -993             | -993              |                  |
| Other regulatory adjustments                             | -466             | -436              | -399             |
| <b>Common Equity Tier 1</b>                              | <b>16,768</b>    | <b>16,505</b>     | <b>15,426</b>    |
| Innovative hybrid capital instruments                    | 700              | 700               | 800              |
| Capital securities                                       | 993              | 993               |                  |
| Other regulatory adjustments                             | -234             | -237              | -241             |
| <b>Tier 1 capital</b>                                    | <b>18,226</b>    | <b>17,961</b>     | <b>15,985</b>    |
| Subordinated liabilities Tier 2                          | 4,938            | 4,885             | 5,502            |
| Excess Tier 1 capital recognised as Tier 2 capital       | 300              | 300               | 200              |
| Other regulatory adjustments                             | -33              | 30                | -39              |
| <b>Total regulatory capital</b>                          | <b>23,431</b>    | <b>23,177</b>     | <b>21,648</b>    |
| <b>Total risk-weighted assets (risk exposure amount)</b> | <b>108,001</b>   | <b>110,602</b>    | <b>109,647</b>   |
| Common Equity Tier 1 ratio                               | 15.5%            | 14.9%             | 14.1%            |
| Tier 1 ratio   | 16.9%            | 16.2%             | 14.6%            |
| Total capital ratio                                      | 21.7%            | 21.0%             | 19.7%            |
| Common Equity Tier 1 capital (fully-loaded)              | 16,695           | 16,380            | 15,435           |
| Common Equity Tier 1 ratio (fully-loaded)                | 15.5%            | 14.8%             | 14.1%            |
| Tier 1 capital (fully-loaded)                            | 17,688           | 17,373            | 15,435           |
| Tier 1 ratio (fully-loaded)                              | 16.4%            | 15.7%             | 14.1%            |
| Total capital (fully-loaded)                             | 20,624           | 20,311            | 20,746           |
| Total capital ratio (fully-loaded)                       | 19.1%            | 18.4%             | 18.9%            |

## Developments impacting capital ratios in Q4 2015

(in %)



At 31 December 2015, the phase-in CRD IV Common Equity Tier 1, Tier 1 and total capital ratios were 15.5%, 16.9% and 21.7% respectively, an increase compared with Q3 2015. All capital ratios were well above regulatory minimum requirements and in line with the bank's risk appetite and strategic ambitions. ABN AMRO's capital position strengthened over the fourth quarter, as a result of profit accumulation.

Capital ratios are supported by a decrease in group level RWA (REA) compared with 30 September 2015. Total RWA (REA) decreased by EUR 2.6 billion, amounting to EUR 108.0 billion at 31 December 2015, compared with EUR 110.6 billion at 30 September 2015. This decrease was primarily driven by lower credit risk. More information on RWA (REA) is provided in the risk sections of this report.

The fully-loaded Common Equity Tier 1, fully-loaded Tier 1 and fully-loaded total capital ratios increased to 15.5%, 16.4% and 19.1% respectively over the fourth quarter.

In 2016, ABN AMRO will be required to meet a required minimum CET1 ratio of 10.25% on a consolidated basis, which is composed of a 9.5% SREP requirement and a 0.75% phase-in of the systemic risk buffer (SRB). The SRB is expected to grow by 0.75 percentage points per annum up to 3.0% in 2019. The 9.5% CET1 requirement for 2016

includes the capital conservation buffer. ABN AMRO is comfortably above the 10.25% minimum, with phase-in CET1 at 15.5% per 31 December 2015.

The fully-loaded total capital ratio increased by 0.2 percentage points compared with 31 December 2014. Over 2015, profit accumulation, capital issuances (EUR 1.0 billion AT1 issuance, EUR 1.5 billion T2 issuance and USD 1.5 billion T2 issuance) and a slightly lower RWA level more than compensated for the fact that certain Tier 2 instruments were excluded from the total capital calculation. The exclusion applies to Tier 2 instruments that had been issued after year-end 2011 (the CRR cut-off date) and before revocation of the 403 liability statement of ABN AMRO Group (on 1 June 2015) that had been issued on behalf of ABN AMRO Bank. These Tier 2 instruments no longer meet the requirements of the Capital Requirements Regulation (CRR). Furthermore, three other instruments became subject to the grandfathering regime and their Tier 2 eligibility amortises annually.

## Dividend

ABN AMRO proposes a final cash dividend of EUR 414 million or EUR 0.44 per share. Together with the interim cash dividend of EUR 350 million as paid in August 2015, this will bring the total dividend to EUR 764 million or EUR 0.81 per share and the payout ratio to 40%<sup>1</sup>, in line with the target payout ratio for 2015.

<sup>1</sup> This is based on reported net profit excluding net reserved coupons for AT1 capital securities and net profit attributable to non-controlling interests.

## Leverage ratio

|                                     | 31 December 2015 |                | 31 December 2014 |
|-------------------------------------|------------------|----------------|------------------|
|                                     | Phase-in         | Fully-loaded   | Fully-loaded     |
| <b>Tier 1 capital</b>               | <b>18,226</b>    | <b>17,688</b>  | <b>15,435</b>    |
| <b>Exposure measure (under CDR)</b> |                  |                |                  |
| On-balance sheet exposures          | 390,317          | 390,317        | 386,867          |
| Off-balance sheet items             | 29,183           | 29,183         | 26,702           |
| On-balance sheet netting            | 26,621           | 26,621         | 37,709           |
| Derivative exposure                 | 31,541           | 31,541         | -11,783          |
| Securities financing exposures      | 1,317            | 1,317          | 1,078            |
| Other regulatory measures           | -14,443          | -14,322        | -19,262          |
| <b>Exposure measure</b>             | <b>464,536</b>   | <b>464,657</b> | <b>421,311</b>   |
| <b>Leverage ratio (CDR)</b>         | <b>3.9%</b>      | <b>3.8%</b>    | <b>3.7%</b>      |

The CRR introduced a non-risk based leverage ratio to be monitored until 2017 and to be further refined and calibrated before becoming a binding measure as from 2018. The Commission Delegated Regulation (CDR), applicable since 1 January 2015, amended the leverage ratio definition to enhance comparability of leverage ratio disclosures. The Group aims for at least a 4% leverage ratio by year-end 2018, to be achieved by issuance of AT1 instruments, management of the exposure measure and profit retention.

At 31 December 2015, the Group had a CDR fully-loaded leverage ratio of 3.8%, increasing from 3.5% at 30 September 2015. The leverage ratio benefited from an increase in Tier 1 capital through profit accumulation. In addition, the exposure measure fell significantly over the fourth quarter, predominantly due to a decrease in total assets and in clearing guarantees positions as positions are unwinded towards year-end.

The fully-loaded CDR Leverage Ratio at 31 December 2015 increased by 0.1 percentage point compared with the 2014 year-end level of 3.7%. A revised method for calculating the exposure measure for clearing services was implemented in Q2 2015. This revised method led to an exposure measure add-on per 31 December 2015 of approximately EUR 43 billion. If the fully-loaded leverage ratio had been calculated consistently using this revised calculation method (assuming clearing guarantees positions of EUR 43 billion), the leverage ratio would have amounted to 3.3% at 31 December 2014. It is anticipated that BCBS will issue a consultation to revise the methodology (SA-CCR instead of CEM), which might reduce the exposure measure for clearing guarantees again. Adoption of this method is still under discussion.

## Regulatory capital developments

The CRD IV and the CRR set the framework for the implementation of Basel III in the European Union. CRD IV and CRR have been phased in since 1 January 2014 and will be fully effective by January 2019.

The Bank Recovery and Resolution Directive (BRRD) provides authorities with more comprehensive and effective measures to deal with failing banks. Implementation of BRRD in the European Union began in 2015 and the bail-in framework will be applicable as from January 2016. Implementation of the bail-in framework has led to the introduction of additional loss-absorbing measures, such as the Minimum Requirement for own funds and Eligible Liabilities (MREL).

The Group is monitoring pending regulatory requirements in relation to MREL and aims for at least 8% MREL by year-end 2018 (through subordinated debt and profit retention). The final regulatory requirements for MREL will determine the precise measures to be undertaken to comply with the MREL requirement. At 31 December 2015, the Group had a 6.8% MREL (based on Own Funds and Other subordinated liabilities).

ABN AMRO will continue to issue new capital instruments to further enhance its buffer of loss-absorbing instruments in view of scheduled amortisations, MREL and any other regulatory changes.

Although TLAC is currently not applicable to the bank, ABN AMRO continues to monitor TLAC requirements following publication of the final terms in November 2015. The final terms for TLAC are considered to be in line with the current ambition to steer MREL to 8%, while further convergence between TLAC and MREL requirements is anticipated.

Also commonly referred to as Basel IV, the Basel Committee on Banking Supervision has presented two consultative documents on a revision of the Standardised Approach and the design of a capital floor framework based on this revised Standardised Approach. This framework will replace the current transitional floor based on the Basel I standard. The aim of the revised capital floor framework is to enhance the reliability and comparability of risk-weighted capital ratios. The revision of the Standardised Approach for Residential Real Estate and SMEs in combination with the revision of the capital floors implies a potential significant risk-weighted assets inflation risk for ABN AMRO.

Regulatory developments, such as the Basel proposal (especially with respect to the risk-weighting of mortgages and corporate loans) and increasing capital requirements set by the regulators, could have a significant impact on the bank's capital position going forward. Hence, ABN AMRO will continue to focus on capital efficiency and further strengthen its capital position.



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Other





# Enquiries

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### Investor call

Gerrit Zalm, Chairman of the Managing Board, Kees van Dijkhuizen, CFO, and Wietze Reehoorn, CRO and Head of Group Strategy, will host a conference call for analysts and investors on Wednesday 17 February 2016 at 2:00 pm CET (1:00 pm GMT).

To participate in the conference call, we strongly advise you 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 [www.abnamro.com/ir](http://www.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

The Group has included in this document, and from time to time may make certain statements in its 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”, “aim”, “desire”, “strive”, “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’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’s beliefs regarding future events, many of which by their nature are inherently uncertain and beyond the bank’s 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 in particular;
- ▶ The effect on ABN AMRO’s capital of write-downs in respect of credit exposures;
- ▶ Risks related to ABN AMRO’s merger, separation and integration process;
- ▶ General economic, social and political conditions in the Netherlands and in other countries in which ABN AMRO has significant business activities, investments or other exposures, including the impact of recessionary economic conditions on ABN AMRO’s performance, liquidity and financial position;

- ▶ Macroeconomic and geopolitical risks;
- ▶ Reductions in ABN AMRO’s credit ratings;
- ▶ Actions taken by the EC, governments and their agencies to support individual banks and the banking system;
- ▶ Monetary and interest rate policies of the ECB and G20 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, policies 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;
- ▶ The success of ABN AMRO in managing the risks involved in the foregoing.

The forward-looking statements made in this document are only applicable as from the date of publication of this document. ABN AMRO 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 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 may make in ABN AMRO’s interim reports.

