ABN·AMRO

Quarterly Report

Third quarter 2017

ABN AMRO Group N.V.

Notes to the reader

Introduction

This Quarterly Report presents ABN AMRO's results for the third quarter of 2017. The report provides an update of our quarterly business and financial review, an economic update, selected quarterly risk, funding and capital disclosures and ABN AMRO's share performance.

Presentation of information

The financial information contained in this Quarterly Report has been prepared according to the same accounting policies as our most recent financial statements, which were prepared in accordance with EU IFRS. The figures in this document have not been audited or reviewed by our external auditor. Moreover, to provide a better understanding of the underlying results, ABN AMRO has adjusted its reported results for defined special items.

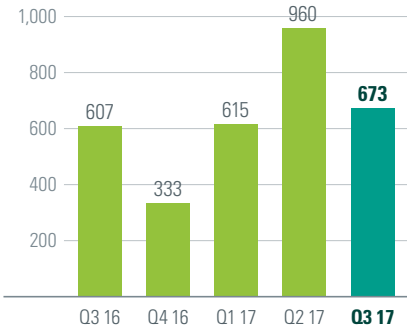
This report is presented in euros (EUR), which is ABN AMRO's presentation currency, rounded to the nearest million (unless otherwise stated). All annual averages in this report are based on month-end figures. Management does not believe that these month-end averages present trends that are materially 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.

As a result of an IFRIC rejection notice of 6 April 2016, ABN AMRO adjusted its accounting policies for offsetting as per Q2 2016. The bank offsets balances if it is legally entitled to set off the recognised amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously. The IFRIC rejection notice provides additional offsetting guidance for cash pooling agreements. The adjusted offsetting policy is applied consistently to all assets and liabilities, if applicable. In addition to the offsetting changes on notional cash pooling, ABN AMRO concluded that offsetting would no longer be applied to bank savings mortgages. To ensure a correct historical interpretation of the bank's performance, the comparative figures in the Figures at a glance, as well as the net interest margin (NIM) and cost of risk (CoR) in the Financial review section, are presented excluding the impact of these adjustments and therefore remain in line with previously disclosed figures.

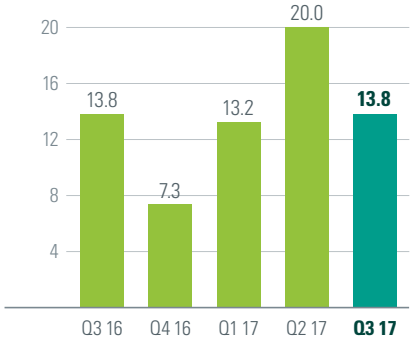
For a download of this report or more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com. In addition to this report, ABN AMRO provides an analyst and investor call presentation, an investor presentation and a factsheet on the Q3 2017 results.

Figures at a glance

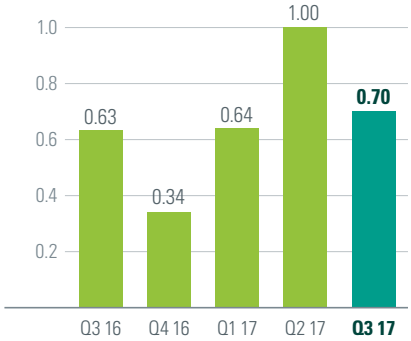
Underlying net profit
(in millions)



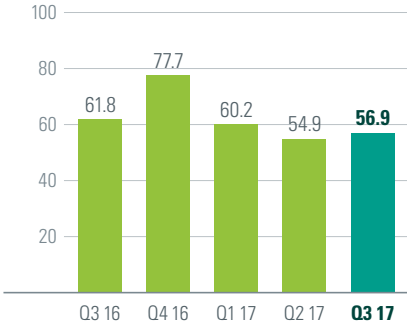
Underlying return on equity
Target range is 10-13 (in %)



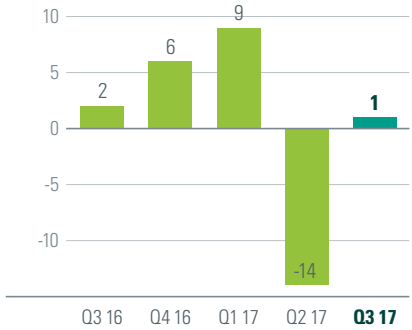
Underlying earnings per share
(in EUR)



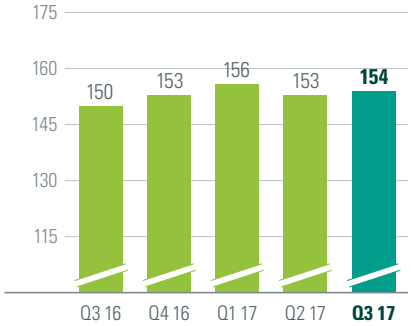
Underlying cost/income ratio
2020 target range is 56-58 (in %)



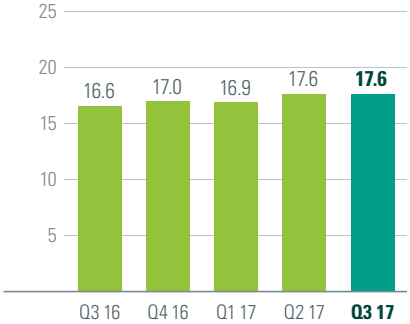
Underlying cost of risk[1]
(in bps)



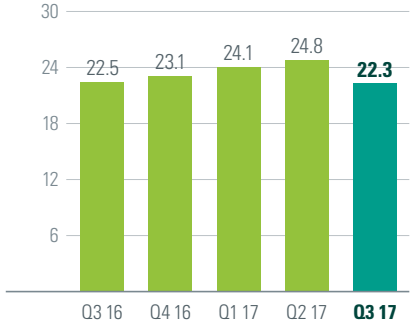
Underlying net interest margin[1]
(in bps)



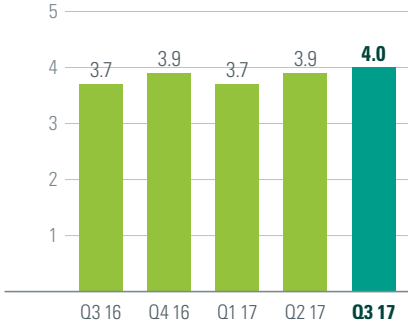
CET1 (fully-loaded)
(end-of-period, in %)
Target range is 11.5-13.5 (in %)



Total capital ratio (fully-loaded)[2]
(end-of-period, in %)



Leverage ratio (fully-loaded, CDR)[2]
(end-of-period, in %)



[1] Netting adjustment as a result of the IFRIC rejection notice issued on 6 April 2016. Further details are provided in the Notes to the reader of this report.
[2] The total capital ratio and the leverage ratio Q3 2017 include the AT1 instrument, that was issued on 27 September 2017 and the EBA interpretation published on 3 November 2017. For further details see Capital management section of this report.

Message from the CEO

I am pleased to report that ABN AMRO had a good third quarter. We took further steps to embed sustainability across the bank as well as with our suppliers and clients. We also moved forward with the digital innovation of our products and services, enhanced the client experience, continued to optimise IT systems and processes, streamlined our organisation and managed costs.

The Q3 2017 net profit came to EUR 673 million, up 11% year-on-year. All major loan books (the mortgage, commercial and corporate loan books) showed continued growth in constant currencies. Operating income showed a small decline year-on-year, due mainly to the divested Private Banking activities in Asia, lower Markets and Clearing fees, Private Equity results and accounting effects. Costs are trending down as the benefits from the IT transformation programme and cost-saving programmes are coming through. This is also reflected in a 6% decline in the number of internal and external FTEs since year-end 2016. Impairment charges remained very low, benefiting from the strong performance of the Dutch economy.

Over the first nine months of the year, the cost/income ratio improved to 57.3% (9M 2016: 61.8%) and the return on equity increased to 15.7% (9M 2016: 13.4%), also benefiting from the gain on the sale of Private Banking Asia (PB Asia) and low impairments. Our capital position remained strong, with a fully-loaded CET1 ratio of 17.6% at the end of September 2017. The recent EBA interpretation of certain capital regulations does not affect the CET1 ratio and only has a minor impact on the leverage ratio. As stated before, we still expect an agreement on Basel IV; however, even if no agreement is reached this year, we will present an updated view on our capital position in the first quarter of 2018.

We have broadened our strategic commitment to sustainable banking. Currently, our Retail and Private Banking clients have around EUR 8 billion invested in sustainable client assets and thirty per cent of our clients are already investing sustainably.

We are firmly committed to taking this a step further and aim to double the volume of sustainable client assets in the next three years to EUR 16 billion. As from 2018, sustainable investments will be the norm for new Private and Retail Banking clients in the Netherlands. Meanwhile, we will also be contacting existing clients to discuss a - purely voluntary - switchover from traditional to sustainable investment. We have developed a strong euro green bond franchise to help finance the sustainability initiatives of our clients and have been involved in eight green bond transactions across regions and sectors this year, raising over EUR 4.5 billion.

Our commitment to making commercial real estate in the Netherlands more sustainable was recently recognised when we achieved the number one position in the 2017 GRESB (Global Real Estate Sustainability Benchmark) ranking, moving up from fourth place a year ago. GRESB is a global benchmark measuring the sustainability performances of financials in terms of commercial real estate investments and financing. Our circular pavilion, Circl, opened its doors in September. We further improved our score in RobecoSAM's annual sustainability assessment which serves as the basis for the Dow Jones Sustainability Index. With a score of 91 points out of 100 - compared with 87 points in 2016 - ABN AMRO is one of the best performing banks worldwide in this sustainability ranking.

One of our main priorities is to continually enhance the experience our clients have with our bank. We want to make banking easier and more convenient. A key element of this is our ability to give clients a seamless digital experience. Our Retail Banking digital distribution channel has grown significantly in recent years. Two years ago, 30% of our products and services were delivered to clients fully digitally; that figure is now 50% and growing.

Our digital product offering is clearly appreciated by the market. The Net Promoter Score of Tikkie, our free payment app, is +74. There are currently 1.4 million individual users of this app, most of whom are not ABN AMRO clients, and it is still gaining in popularity. We are broadening the Tikkie

client base to businesses and organisations such as the Dutch Heart Foundation, which recently raised funds using this ABN AMRO app.

A year ago, we announced our intention to set up small innovators in each business which would develop new and enhanced services for our clients in a short time frame. September saw New10, an ABN AMRO initiative, open its virtual doors. This fully digital lender – which went from concept to launch in ten months – combines our bank's financial expertise with the agility of a start-up. New10 offers business loans ranging between EUR 20,000 and EUR 1 million, with new clients receiving a credit decision within 15 minutes of submitting an application.

And in Germany we will shortly be launching Prospery, a digital wealth manager that offers clients wealth and investment management through a digital platform combined with a personal financial expert - all at a unique fixed flat rate. Prospery is the first digital player in Europe to deliver such a comprehensive digital wealth management proposition.

The ABN AMRO Innovation Centre is supporting the businesses in developing their innovation agendas and is setting up an Innovation Academy together with partners outside the bank.

We also continued to innovate our core products. An example is the Verzilver Hypotheek, an equity release mortgage product for over-60's clients offered by our Florius brand. This mortgage allows clients to use their home equity to, for example, supplement their income, obtain in-home medical care, renovate their home or support their children.

Our IT transformation programme aims to create a robust and secure IT infrastructure which is also fast, scalable and future-fit. This is essential in order to achieve a shorter time-to-market and to substantially lower the cost of maintenance. To ensure that it is future-proof, the IT transformation programme focuses on continuously rationalising and modernising our IT landscape. This multi-year programme, which started in 2013, is well on track. We have, for instance, migrated more than 300 applications to our dedicated, on-premise cloud and by year-end 2018 we expect to have migrated the 700 applications currently targeted.

The focus on digital transformation and innovation does, however, require a change in our workforce and footprint. As our digital distribution channels have grown significantly in recent years, we have reduced the number of branches in the Netherlands and will continue to do so in the coming years. Retail, Private and Commercial Banking are further reducing their workforces as we are accelerating the digitalisation of products and services. We expect to set aside a restructuring provision in the range of EUR 50-100 million in Q4 2017.

To keep our workforce dynamic, we invest in our people's long-term employability and offer a voluntary leave scheme. Under this scheme, employees who choose to leave the bank during a reorganisation receive training, coaching and a budget to help them find a new job, either within the bank or elsewhere. These measures underscore our commitment to being a good employer and lessen the impact of reorganisations.

In the past few months two new Executive Board members, Tanja Cuppen (CRO) and Clifford Abrahams (CFO), joined the bank and we announced the intended appointment of Christian Bornfeld as Chief Innovation & Technology Officer, completing the new leadership team. I would like to express my sincere gratitude to Wietze Reehoorn, who has made a very valuable contribution to building the new ABN AMRO in the past eight years. I would also like to thank our staff. Many of them have gone through, or are currently going through, a period of restructuring or change following the rollout of the agile way of working. I am proud of them and grateful for their resilience and commitment to giving our clients the best possible service. And above all, I would like to thank our clients for their trust and business.

Kees van Dijkhuizen
CEO of ABN AMRO Group N.V.

Business

Financial review

This financial review includes a discussion and analysis of the results and sets out the financial condition of ABN AMRO based on underlying results.

Results

Highlights

- Underlying net profit of EUR 673 million, up by EUR 66 million. Cost/income ratio was 56.9%.
- Underlying trend, excluding incidentals, shows net interest income up and fee income down compared with Q3 2016.
- In constant currencies (no impact USD depreciation), all major loan books showed growth in Q3.
- Underlying trend, excluding incidentals, was a decline in costs as a result of cost-saving programmes (e.g. IT Transformation and reorganisation of support and control activities), also reflected in a decline in the number of FTEs.
- Limited impairment charges as a result of the strong performance of the Dutch economy and an additional release following the Q2 2017 model refinement on mortgages.

Operating results

(in millions)	Q3 2017	Q3 2016	Change	Q2 2017	Change	Nine months 2017	Nine months 2016	Change
Net interest income	1,566	1,575	-1%	1,599	-2%	4,760	4,703	1%
Net fee and commission income	397	437	-9%	418	-5%	1,250	1,303	-4%
Other operating income	160	210	-24%	475	-66%	851	388	119%
Operating income	**2,123**	**2,222**	**-4%**	**2,492**	**-15%**	**6,861**	**6,393**	**7%**
Personnel expenses	616	765	-20%	657	-6%	1,904	2,000	-5%
Other expenses	593	607	-2%	711	-17%	2,025	1,951	4%
Operating expenses	**1,209**	**1,372**	**-12%**	**1,367**	**-12%**	**3,929**	**3,951**	**-1%**
Operating result	**914**	**849**	**8%**	**1,124**	**-19%**	**2,932**	**2,442**	**20%**
Impairment charges on loans and other receivables	5	23	-80%	-96		-29	79	
Operating profit/(loss) before taxation	**910**	**826**	**10%**	**1,220**	**-25%**	**2,960**	**2,363**	**25%**
Income tax expense	236	220	8%	260	-9%	711	620	15%
Underlying profit/(loss) for the period	**673**	**607**	**11%**	**960**	**-30%**	**2,249**	**1,743**	**29%**
Special items							-271	
Reported profit/(loss) for the period	**673**	**607**	**11%**	**960**	**-30%**	**2,249**	**1,472**	**53%**
Attributable to:								
Owners of the company	661	596	11%	938	-30%	2,200	1,439	53%
Holders of AT1 capital securities	11	11	0%	11	0%	32	32	0%
Other non-controlling interests	1			11	-87%	17	1	

Incidentals

Sale of Private Banking Asia

On 30 April 2017 ABN AMRO concluded the sale of the Private Banking business in Asia (the PB Asia divestment). The total gross sale proceeds amounted to EUR 255 million (tax exempt), recorded as other operating income. Costs related to the sale were EUR 21 million in personnel expenses and EUR 35 million in other expenses (both tax exempt). The book gain was therefore EUR 200 million (net of tax). The Q3 2016 figures included a full contribution from the business.

Provision discontinued securities financing activities

This quarter other operating income included a EUR 27 million provision release related to the securities financing activities discontinued in 2009.

Positive revaluation Equens share

The Q3 2016 result included a profit of EUR 52 million related to the revaluation of ABN AMRO's share in Equens.

Restructuring provisions

Q3 2017 included a EUR 29 million addition to the restructuring provision concerning the announced reorganisation of the control and support activities (Q3 2016: EUR 144 million).

Insurance claim settlement

Private Banking included a favourable insurance claim settlement (EUR 8 million) in Q3 2017 and a higher favourable settlement in Q3 2016 (EUR 24 million).

Other indicators

	Q3 2017	Q3 2016	Q2 2017	Nine months 2017	Nine months 2016
Net interest margin (NIM) (in bps)[1]	154	150	153	154	151
Underlying cost/income ratio	56.9%	61.8%	54.9%	57.3%	61.8%
Underlying cost of risk (in bps)[1,2]	1	3	-14	-2	4
Underlying return on average Equity[3]	13.8%	13.8%	20.0%	15.7%	13.4%
Underlying earnings per share (in EUR)[4]	0.70	0.63	1.00	2.34	1.82

[1] For management view purposes the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting. Further details are provided in the Notes to the reader section of this report.
[2] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
[3] Underlying profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company.
[4] Underlying profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

	30 September 2017	30 June 2017	31 December 2016
Client Assets (in billions)	313	311	323
FTEs	20,269	20,756	21,664

Third-quarter 2017 results

ABN AMRO's **underlying profit** for Q3 2017 was EUR 673 million, an increase of EUR 66 million compared with Q3 2016. The **underlying return on equity (RoE)** for Q3 2017 was equal to Q3 2016 (13.8%), as an increase in net profit was offset by higher average equity.

Net interest income decreased by EUR 9 million due to the absence of interest income from Private Banking in Asia. Excluding this, net interest income went up by EUR 4 million. Net interest income benefited from year-on-year volume growth in corporate loans and mortgages. Margins on mortgages and corporate loans remained flat in a competitive environment. Consumer loans declined year-on-year, but have recently stabilised. On the liability side, the rate paid on main retail deposits was 10bps in Q3 2017 (Q3 2016: 30bps). The rate paid on most commercial deposits was nil in both quarters; a larger number of professional clients are being charged negative interest rates on deposits. Net interest income included lower results at Global Markets, after favourable results in Q3 2016, and higher liquidity buffer costs. Net interest margin (NIM) increased to 154bps in Q3 2017 (Q3 2016: 150bps) due to deleveraging of the balance sheet, especially in lower yielding assets. Net interest income decreased by EUR 33 million compared with Q2 2017. This was mainly related to higher releases of reserved net interest income in Q2 (a higher number of non-performing loans became performing again), lower average corporate loan volumes (USD depreciation) and no PB Asia contribution (one month).

Net fee and commission income decreased to EUR 397 million in Q3 2017. Excluding the PB Asia divestment, net fee and commission income went down by EUR 24 million. This was mainly due to a change in fees for payment packages to small businesses in Retail Banking (since January 2017), lower market volatility resulting in lower fee income in the clearing business, and lower fee income at Global Markets. Excluding the PB Asia divestment, fee income in Private Banking increased as improved stock market sentiment resulted in higher average client assets. Compared with Q2 2017 fee income declined by EUR 21 million, primarily visible in Corporate & Institutional Banking. A decrease in the clearing business was related to lower market volatility, while fee income at Global Markets is more volatile.

Other operating income decreased to EUR 160 million and included EUR 28 million Equity Participations results (EUR 33 million in Q3 2016). The decline reflected lower hedge accounting-related results (EUR 9 million versus EUR 28 million in Q3 2016) and lower CVA/DVA/FVA results (EUR 1 million compared with EUR 20 million in Q3 2016).

This quarter included a release of a provision related to the securities financing activities discontinued in 2009 (EUR 27 million). In Q3 2016 a revaluation of ABN AMRO's share in Equens resulted in a EUR 52 million profit. Adjusted for incidentals in both quarters and lower results for Equity Participations, hedge accounting-related income and CVA/DVA/FVA, other operating income remained flat compared with Q2 2017. Incidentals in Q2 2017 were the sale proceeds of the PB Asia divestment (EUR 255 million) and an increase in the existing provision for SME derivatives-related issues (EUR 15 million).

Personnel expenses amounted to EUR 616 million, a EUR 149 million decrease compared with Q3 2016. The underlying trend, excluding incidentals, shows a decrease in personnel expenses as wage inflation and higher pension costs were more than offset by declining FTE levels. Q3 2017 included a EUR 29 million addition to the restructuring provision concerning the announced reorganisation of the control and support activities (EUR 144 million in Q3 2016). Excluding the PB Asia divestment and restructuring provisions in both quarters, personnel expenses decreased compared with Q2 2017, which is also reflected in lower FTE levels.

Internal **FTE levels** declined by 1,540 compared with 30 September 2016 (21,809 FTEs). The decrease was seen primarily at Group Functions due to progress made in existing restructuring programmes (e.g. reorganisation of control and support activities) and at Private Banking as a result of the PB Asia divestment. In Q2 2017 approximately 280 FTEs were transferred from Group Functions to the commercial business segments, to further embed the agile way of working (no impact on Group total).

Other expenses came to EUR 593 million, down by EUR 14 million compared with Q3 2016. The underlying trend, excluding incidentals, showed a decrease in other expenses as progress was made in cost-saving programmes, also reflected in a decline in the number of external FTEs. This quarter's regulatory levies were equal to Q3 2016 (EUR 24 million) and were related to the Deposit Guarantee Scheme. Full-year 2017 regulatory levies are expected to be approximately EUR 295 million. Private Banking included a favourable insurance claim settlement (EUR 8 million) in Q3 2017 and a higher favourable settlement in Q3 2016 (EUR 24 million). In addition, Private Banking's cost base was lower due to the divestment. Excluding the PB Asia divestment and incidentals in both quarters, other expenses went down compared with Q2 2017. The previous quarter included a provision for project costs for SME derivatives-related issues (EUR 54 million).

Impairment charges amounted to EUR 5 million and resulted in an overall cost of risk of 1bp. The strong performance of the Dutch economy resulted in limited impairment charges with net releases on residential mortgages and consumer loans. The Q2 2017 model refinement on mortgages resulted in an additional release in Q3 2017. Q3 2017 included a EUR 10 million IBNI release. Impairment charges on ECT Clients amounted to EUR 12 million (Q3 2016: EUR 33 million). Impairment charges went up compared with Q2 2017 (EUR 96 million release), largely resulting from the Q2 2017 model refinements and lower IBNI releases.

Developments in the first nine months of 2017

ABN AMRO's **underlying profit** for 9M 2017 was EUR 2,249 million, up by EUR 506 million compared with 9M 2016. This was primarily driven by higher operating income (partly due to the gain on the PB Asia divestment), lower loan impairments (strong performance of the Dutch economy and model refinements) and slightly lower operating expenses. The **underlying return on equity (RoE)** increased to 15.7% in 9M 2017 compared with 13.4% in 9M 2016.

Reported profit for 9M 2017 increased by EUR 777 million compared with 9M 2016. Besides movements in the underlying profit, it was also impacted by a provision for SMEs with derivatives-related issues of EUR 271 million in 9M 2016 (special item).

Net interest income rose by EUR 57 million to EUR 4,760 million in 9M 2017. The increase was predominantly driven by volume growth in corporate loans and residential mortgages. Consumer loans saw somewhat lower volumes and margins.

Net fee and commission income went down by EUR 53 million. Excluding the PB Asia divestment, fee income decreased by EUR 18 million. This was mainly driven by a change in fees for payment packages to individual clients (since April 2016) and small businesses (since January 2017) in Retail Banking and lower market volatility resulting in lower fee income in the clearing business. Excluding the contribution of PB Asia, fee income was higher at Private Banking as improved stock market sentiment resulted in higher average client assets.

Other operating income increased by EUR 463 million to EUR 851 million and included EUR 105 million Equity Participations results (EUR 35 million in 9M 2016). The increase was mainly driven by the proceeds from the PB Asia divestment (EUR 255 million), higher hedge accounting-related income (EUR 127 million versus EUR 40 million negative in 9M 2016) and CVA/DVA/FVA results (EUR 43 million versus EUR 27 million negative in 9M 2016). Incidentals in 9M 2016 included book profits/revaluation gains on stakes in Visa Europe (EUR 116 million) and Equens (EUR 52 million), a release of a provision related to the sale of the Swiss private banking activities in 2011 (EUR 21 million) and a provision related to the part of the securities financing activities discontinued in 2009 (of which EUR 27 million was released in 9M 2017).

Personnel expenses decreased by EUR 96 million to EUR 1,904 million in 9M 2017. The underlying trend, excluding incidentals, showed a decrease in personnel expenses as lower FTE levels were only partly offset by wage inflation and higher pension costs. 9M 2017 included EUR 66 million restructuring provisions and EUR 21 million expenses related to the PB Asia divestment. In 9M 2016 the restructuring provision related to the announced reorganisation of the control and support activities, amounting to EUR 144 million.

Other expenses increased to EUR 2,025 million in 9M 2017. The underlying trend shows the benefits from the cost-saving plans. Higher cost levels in 9M 2017 included the provision for project costs for SME derivatives-related issues (EUR 54 million), the PB Asia divestment (EUR 35 million) and higher regulatory levies (EUR 179 million versus EUR 134 million in 9M 2016). 9M 2016 included a favourable settlement of an insurance claim at Private Banking (EUR 24 million versus EUR 8 million in 9M 2017).

Impairment charges amounted to a EUR 29 million release in 9M 2017 (9M 2016: EUR 79 million charge). Releases were recorded on residential mortgages and consumer loans. All were primarily a reflection of the strong performance of the Dutch economy and, to a lesser extent, model refinements. 9M 2016 included more favourable IBNI releases. The overall cost of risk was -2bps in 9M 2017.

Balance sheet

Condensed consolidated statement of financial position

Starting in 2017, individual balance sheet figures are being presented including the impact of netting adjustments.

The Private Banking business in Asia has been recorded as held for sale (under other assets and other liabilities) since Q4 2016. The sale was completed on 30 April 2017.

(in millions)	30 September 2017	30 June 2017	31 December 2016
Cash and balances at central banks	28,443	26,648	21,861
Financial assets held for trading	4,478	4,658	1,607
Derivatives	10,268	11,803	14,384
Financial investments	41,506	42,292	45,497
Securities financing	32,563	28,958	17,589
Loans and receivables - banks	10,133	8,868	13,485
Loans and receivables - customers	271,917	272,059	267,679
Other	8,243	8,533	12,380
Total assets	**407,550**	**403,819**	**394,482**
Financial liabilities held for trading	2,262	2,315	791
Derivatives	8,993	10,808	14,526
Securities financing	25,460	21,786	11,625
Due to banks	17,881	18,056	13,419
Due to customers	235,874	235,584	228,758
Issued debt	77,779	75,461	81,278
Subordinated liabilities	10,440	11,975	11,171
Other	7,894	7,973	13,976
Total liabilities	**386,584**	**383,958**	**375,544**
Equity attributable to the owners of the parent company	18,960	18,839	17,928
AT1 capital securities	1,987	1,004	1,004
Equity attributable to other non-controlling interests	19	17	5
Total equity	**20,966**	**19,861**	**18,937**
Total liabilities and equity	**407,550**	**403,819**	**394,482**
Committed credit facilities	29,930	28,954	27,299
Guarantees and other commitments	15,582	14,573	15,873

Main developments in total assets compared with 30 June 2017

Total assets increased by EUR 3.7 billion, totalling EUR 408 billion at 30 September 2017. The increase was mainly related to higher securities financing volumes and cash and balances at central banks, partly offset by lower derivative assets.

Cash and balances at central banks went up by EUR 1.8 billion, largely due to increased issued debt securities.

Securities financing assets increased by EUR 3.6 billion (cyclical business).

Loans and receivables - customers went down by EUR 0.1 billion. See client and professional loans (in the following table) for a further breakdown.

Loans and receivables - customers

(in millions)	30 September 2017	30 June 2017	31 December 2016
Residential mortgages	151,421	151,047	149,255
Consumer loans	12,404	12,312	12,539
Corporate loans to clients[1]	84,841	85,203	84,362
Of which: Commercial Banking	39,152	39,017	37,891
Of which: C&IB	37,614	38,126	38,311
Total client loans[2]	**248,666**	**248,562**	**246,155**
Loans to professional counterparties	14,266	15,052	12,948
Other loans[3]	8,183	7,694	7,448
Total Loans and receivables - customers[2]	**271,114**	**271,309**	**266,551**
Fair value adjustments from hedge accounting	3,710	3,875	4,794
Less: loan impairment allowance	2,908	3,124	3,666
Total Loans and receivables - customers	**271,917**	**272,059**	**267,679**

1. Corporate loans excluding loans to professional counterparties.
2. Gross carrying amount excluding fair value adjustment from hedge accounting.
3. Other loans consist of loans and receivables to government, official institutions and financial markets parties.

Total client loans went up by EUR 0.1 billion. Corporate loans to clients decreased by EUR 0.4 billion, mainly due to lower loans at Corporate & Institutional Banking, on the back of USD depreciation (around EUR 1 billion negative impact). In constant currencies, corporate loans increased both at Commercial Banking (EUR 0.1 billion) and Corporate & Institutional Banking (EUR 0.5 billion) in Q3 2017. Both mortgage volumes and consumer loans showed growth.

Professional loans (loans to professional counterparties plus other loans) went down by EUR 0.3 billion. The decrease was recorded at Global Markets, partly offset by higher corporate loans at Clearing and other loans (mainly commodities).

Main developments in total liabilities compared with 30 June 2017

Total liabilities increased by EUR 2.6 billion, totalling EUR 387 billion at 30 September 2017. The increase was mainly related to higher securities financing volumes and issued debt securities, partly offset by lower derivatives liabilities.

Securities financing liabilities increased by EUR 3.7 billion (cyclical business).

Due to customers (demand, savings and time deposits) increased by EUR 0.3 billion, with higher professional deposits partly offset by lower client deposits.

Issued debt securities went up by EUR 2.3 billion, reflecting an increase in commercial paper and certificates of deposit. This is within our targeted bandwidth for short-term funding, allowing us to manage our liquidity ratios efficiently.

Total equity increased by EUR 1.1 billion to EUR 21.0 billion, due to the issuance of an AT1 capital security and the inclusion of the reported profit for Q3 2017, partly offset by the interim dividend (EUR 611 million).

Results by segment

This section includes a discussion and analysis of the financial results of ABN AMRO Group at segment level for Q3 2017 compared with Q3 2016. 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

Highlights

- Net profit up by EUR 49 million due to lower expense levels and impairment releases.
- Net interest income benefited from continued growth year-on-year of the residential mortgage portfolio and repricing of deposits.
- Operating expenses decreased as a result of cost-saving programmes.
- The operating result improved by 6%. Cost/income ratio was 51.0% in Q3 2017.
- Impairment releases due to the strong performance of the Dutch economy and an additional release following the Q2 2017 model refinement on mortgages.

Operating results

(in millions)	Q3 2017	Q3 2016	Change	Q2 2017	Change	Nine months 2017	Nine months 2016	Change
Net interest income	866	851	2%	872	-1%	2,604	2,535	3%
Net fee and commission income	100	121	-17%	102	-2%	307	346	-11%
Other operating income	12	5		7	64%	24	125	-81%
Operating income	**978**	**976**	**0%**	**982**	**0%**	**2,935**	**3,006**	**-2%**
Personnel expenses	113	116	-2%	119	-4%	343	358	-4%
Other expenses	385	407	-5%	388	-1%	1,206	1,253	-4%
Operating expenses	**499**	**524**	**-5%**	**506**	**-2%**	**1,549**	**1,611**	**-4%**
Operating result	**479**	**453**	**6%**	**475**	**1%**	**1,386**	**1,394**	**-1%**
Impairment charges on loans and other receivables	-21	16		-55	62%	-80	64	
Operating profit/(loss) before taxation	**500**	**436**	**15%**	**531**	**-6%**	**1,466**	**1,330**	**10%**
Income tax expense	123	108	14%	132	-7%	365	328	11%
Underlying profit/(loss) for the period	**377**	**328**	**15%**	**399**	**-5%**	**1,102**	**1,002**	**10%**
Special items								
Reported profit/(loss) for the period	**377**	**328**	**15%**	**399**	**-5%**	**1,102**	**1,002**	**10%**

Other indicators

	Q3 2017	Q3 2016	Q2 2017	Nine months 2017	Nine months 2016
Underlying cost/income ratio	51.0%	53.6%	51.6%	52.8%	53.6%
Underlying cost of risk (in bps)[1,2]	-5	4	-14	-7	6

[1] For management view purposes the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting. Further details are provided in the Notes to the reader section of this report.
[2] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	30 September 2017	30 June 2017	31 December 2016
Loan-to-Deposit ratio	154%	153%	152%
Loans and receivables - customers (in billions)	158.3	157.8	156.3
Of which Client loans (in billions)[1]	158.7	158.3	156.9
Due to customers (in billions)	102.8	103.4	102.7
Risk-weighted assets (risk exposure amount; in billions)	29.9	30.2	31.8
FTEs	5,214	5,309	5,266
Total Client Assets	115.4	116.8	117.9
Of which Cash	102.8	103.4	102.8
Of which Securities	12.6	13.4	15.1

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

Net interest income increased by 2%, totalling EUR 866 million in Q3 2017. Higher interest income on mortgages and deposits was partly offset by lower interest income on consumer loans. Interest income on residential mortgages improved, driven by higher average volumes year-on-year as a result of elevated production levels. Portfolio margins on mortgages remained flat in a competitive environment. Mortgage production was high, although lower than in the previous quarter, on the back of low interest rates, clients' expectations of rising rates and favourable economic conditions. More than 80% of the new mortgage production has a maturity of 10 years or longer. Contractual redemptions showed a gradual rise. Our market share in new production was 19.2%[1] in Q3 2017 (Q3 2016: 23.1% and Q2 2017: 20.8%). In the first nine months of the year it was 21.9%, in line with our natural market share.

Interest income on deposits increased, mainly driven by higher margins compared with Q3 2016. Due to customers decreased by EUR 0.6 billion in Q3 2017 due to higher consumption during the holiday season and the migration of clients with investable assets above EUR 500,000 to Private Banking. Interest income from consumer loans decreased compared with Q3 2016 as average volumes were lower year-on-year, but have stabilised recently. Clients are advised to choose products with redeeming characteristics.

Net fee and commission income declined by EUR 21 million compared with Q3 2016, due to lower fees being charged for payment packages to small businesses (as from January 2017) and the transfer of client assets to Private Banking. In addition, Q3 2016 included a positive incidental.

Personnel expenses decreased by EUR 3 million to EUR 113 million as Q3 2016 included a small addition to an existing restructuring provision. The number of FTEs declined to 5,214 (30 September 2016: 5,291) following a further reduction in the number of branches, partly offset by a transfer of FTEs from Group Functions to further embed the agile way of working. The number of branches was reduced to 206 in Q3 2017 (Q3 2016: 227), while the volume of mobile banking visits grew by 15% in the same period. Almost all active ABN AMRO retail clients use internet or mobile banking.

[1] Source: Dutch Land Registry (Kadaster)

Other expenses included regulatory levies of EUR 19 million in Q3 2017 (Q3 2016: EUR 22 million). The decrease in other expenses was primarily attributable to lower allocated costs, mainly resulting from cost-saving programmes at Group Functions.

Impairment charges showed a EUR 21 million release in Q3 2017, driven by the strong performance of the Dutch economy, an additional release following the model refinement on mortgages in Q2 2017 and rising house prices. The cost of risk of residential mortgages improved to -4bps.

Commercial Banking

Highlights

- Underlying net profit decreased by EUR 12 million due to lower impairment releases (IBNI).
- Net interest income was stable. Continued loan growth year-on-year and higher average deposit volumes were offset by lower margins on deposits.
- Lower cost levels in Q3 2017 mainly a result of cost-saving programmes.
- Operating result increased by 4%. Cost/income ratio was 50.6%.

Operating results

(in millions)	Q3 2017	Q3 2016	Change	Q2 2017	Change	Nine months 2017	Nine months 2016	Change
Net interest income	341	342	0%	351	-3%	1,028	1,014	1%
Net fee and commission income	48	50	-5%	47	1%	142	151	-6%
Other operating income	13	8	58%	16	-22%	40	42	-7%
Operating income	**402**	**400**	**0%**	**415**	**-3%**	**1,209**	**1,208**	**0%**
Personnel expenses	75	72	5%	76	-1%	225	209	8%
Other expenses	128	138	-7%	133	-4%	412	422	-3%
Operating expenses	**203**	**209**	**-3%**	**209**	**-3%**	**636**	**631**	**1%**
Operating result	**198**	**191**	**4%**	**205**	**-3%**	**573**	**577**	**-1%**
Impairment charges on loans and other receivables	-5	-29	84%	-107	96%	-119	-151	21%
Operating profit/(loss) before taxation	**203**	**220**	**-8%**	**312**	**-35%**	**692**	**728**	**-5%**
Income tax expense	50	55	-9%	77	-36%	171	181	-5%
Underlying profit/(loss) for the period	**153**	**165**	**-7%**	**235**	**-35%**	**521**	**547**	**-5%**
Special items							-8	
Reported profit/(loss) for the period	**153**	**165**	**-7%**	**235**	**-35%**	**521**	**540**	**-4%**

Other indicators

	Q3 2017	Q3 2016	Q2 2017	Nine months 2017	Nine months 2016
Underlying cost/income ratio	50.6%	52.2%	50.4%	52.6%	52.3%
Underlying cost of risk (in bps)[1]	-5	-28	-108	-40	-52

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	30 September 2017	30 June 2017	31 December 2016
Loan-to-Deposit ratio	109%	111%	107%
Loans and receivables - customers (in billions)	39.0	38.8	37.3
Of which Client loans (in billions)[1]	39.8	39.7	38.6
Due to customers (in billions)	35.7	34.8	34.9
Risk-weighted assets (risk exposure amount; in billions)	23.3	22.0	20.6
FTEs	2,792	2,808	2,751

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

Net interest income remained stable at EUR 341 million in Q3 2017. Net interest income benefited from continued growth in client lending year-on-year, including asset-based finance and real estate, and higher average deposit volumes. This was offset by margin pressure on deposits as a result of the low interest rate environment. Most client rates are zero, while negative interest rates are charged only to a select group of clients. Net interest income decreased by EUR 10 million in Q3 2017 compared with the previous quarter, as Q2 2017 included a higher number of non-performing loans which became performing again, resulting in releases of reserved net interest income.

Net fee and commission income decreased to EUR 48 million in Q3 2017, partly due to increased competition.

Other operating income increased by EUR 5 million due to positive revaluation results.

Personnel expenses increased by EUR 3 million, due to a higher number of FTEs (compared with Q3 2016) and, to a lesser extent, wage inflation. The rise in the number of FTEs was mainly due to a transfer from Group Functions (end of April 2017) in order to further embed the agile way of working.

Other expenses decreased by EUR 10 million compared with Q3 2016. This was mainly attributable to lower allocated costs, resulting from cost-saving programmes.

Impairment charges amounted to a release of EUR 5 million in Q3 2017 largely as a result of the strong performance of the Dutch economy. Lower releases compared with Q3 2016 were due to a EUR 19 million IBNI release in Q3 2016 (nil in the current quarter). The underlying cost of risk was -5bps.

Private Banking

Highlights

- Net profit went up by EUR 14 million on the back of a small increase in operating income (even without the PB Asia contribution), lower expense levels and loan impairment releases.
- Excluding the PB Asia divestment, net interest income and net fee and commission income went up by 15% and 10% respectively.
- Excluding the PB Asia divestment and incidentals, other expenses remained flat while personnel expenses increased slightly.
- The operating result improved by 13%. The cost/income ratio was 73.0%.

Operating results

(in millions)	Q3 2017	Q3 2016	Change	Q2 2017	Change	Nine months 2017	Nine months 2016	Change
Net interest income	167	159	6%	162	3%	494	476	4%
Net fee and commission income	139	142	-2%	140	-1%	431	429	0%
Other operating income	13	17	-22%	256	-95%	287	72	
Operating income	**319**	**317**	**1%**	**558**	**-43%**	**1,211**	**977**	**24%**
Personnel expenses	106	125	-15%	141	-25%	371	374	-1%
Other expenses	127	116	10%	165	-23%	436	394	11%
Operating expenses	**233**	**241**	**-3%**	**306**	**-24%**	**808**	**768**	**5%**
Operating result	**86**	**76**	**13%**	**252**	**-66%**	**404**	**209**	**93%**
Impairment charges on loans and other receivables	-6	1				-10	13	
Operating profit/(loss) before taxation	**93**	**75**	**23%**	**252**	**-63%**	**414**	**195**	**112%**
Income tax expense	25	21	16%	18	38%	58	45	29%
Underlying profit/(loss) for the period	**68**	**54**	**26%**	**234**	**-71%**	**356**	**150**	**137%**
Special items								
Reported profit/(loss) for the period	**68**	**54**	**26%**	**234**	**-71%**	**356**	**150**	**137%**

Other indicators

	Q3 2017	Q3 2016	Q2 2017	Nine months 2017	Nine months 2016
Underlying cost/income ratio	73.0%	75.9%	54.8%	66.7%	78.6%
Underlying cost of risk (in bps)[1]	-21	3		-11	11

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	30 September 2017	30 June 2017	31 December 2016
Loan-to-Deposit ratio	19%	19%	20%
Loans and receivables - customers (in billions)	12.3	12.2	12.1
Of which Client loans (in billions)[1]	12.5	12.4	12.3
Due to customers (in billions)	65.6	65.5	61.8
Risk-weighted assets (risk exposure amount; in billions)	9.5	9.3	7.7
FTEs	3,375	3,491	3,844

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

Client assets

(in billions)	Q3 2017	Q2 2017	Q4 2016
Opening balance Client Assets	**194.5**	**208.9**	**198.9**
Net new assets	1.3	3.2	0.2
Market performance	1.2	-0.8	5.7
Divestments		-16.7	
Closing Balance Client Assets	**197.1**	**194.5**	**204.9**
	30 September 2017	30 June 2017	31 December 2016
Breakdown by type			
Cash	65.7	65.7	67.6
Securities	131.4	128.9	137.2
-of which Custody	34.3	33.7	35.4
Total	**197.1**	**194.5**	**204.9**
Breakdown by geography			
The Netherlands	54%	54%	48%
Rest of Europe	46%	46%	44%
Rest of the world	0%	0%	9%

Net interest income rose by EUR 8 million, coming to EUR 167 million in Q3 2017. Excluding the PB Asia divestment, net interest income went up by EUR 22 million. The increase was mainly attributable to higher margins on savings accounts and higher average deposit volumes. Deposit volumes in the Netherlands increased year-on-year due to the migration of clients from Retail Banking as the client threshold was lowered to EUR 500,000 in investable assets (EUR 2.3 billion).

Net fee and commission income decreased by EUR 3 million. Excluding the PB Asia divestment, net fee and commission income went up by EUR 12 million. This increase was attributable to higher average client assets as a result of improved stock market sentiment and the migration of Retail Banking clients.

Client assets increased by EUR 2.6 billion compared with Q2 2017. **Net new assets** amounted to EUR 1.3 billion, which includes EUR 0.9 billion of internal client transfers from Retail Banking mainly resulting from the lowering of the client threshold.

Other operating income decreased by EUR 4 million as a result of the PB Asia divestment. Other operating income decreased by EUR 243 million compared with Q2 2017, primarily related to the EUR 255 million gross sale proceeds of the PB Asia divestment.

Personnel expenses decreased by EUR 19 million as a result of the PB Asia divestment. Excluding this, personnel expenses (in our domestic activities) increased slightly due to a higher average number of employees (transfer of 150 employees from Retail Banking in September 2016). Internal FTE levels declined by 495 compared with 30 September 2016 (3,870), largely a result of the PB Asia divestment. FTE levels are expected to decrease further as a result of the digital transformation of our private bank.

Other expenses went up by EUR 11 million, coming to EUR 127 million in Q3 2017. Excluding incidentals, other expenses remained flat. Q3 2016 included a favourable insurance claim settlement (EUR 24 million), while Q3 2017 included a smaller settlement (EUR 8 million) and a lower cost base following the PB Asia divestment.

Impairment charges amounted to a EUR 6 million release in Q3 3017.

Corporate & Institutional Banking

Highlights

- Net profit decreased to EUR 81 million, mainly driven by lower results in the area of collateral management, lower CVA/DVA/FVA, and a decline in fee income.
- In constant currencies, client lending showed growth in Q3 2017.
- Total cost levels went down, mainly a result of cost-saving programmes.
- Operating result decreased due to lower operating income. Cost/income ratio was 62.1%.
- Impairment charges were almost equal to Q3 2016, with lower ECT impairments.

Operating results

(in millions)	Q3 2017	Q3 2016	Change	Q2 2017	Change	Nine months 2017	Nine months 2016	Change
Net interest income	225	243	-7%	233	-3%	689	674	2%
Net fee and commission income	123	135	-9%	140	-13%	406	415	-2%
Other operating income	59	94	-38%	98	-40%	260	99	
Operating income	**406**	**472**	**-14%**	**471**	**-14%**	**1,355**	**1,188**	**14%**
Personnel expenses	109	105	4%	106	4%	322	292	10%
Other expenses	143	154	-7%	205	-30%	527	487	8%
Operating expenses	**252**	**259**	**-3%**	**310**	**-19%**	**849**	**779**	**9%**
Operating result	**154**	**212**	**-27%**	**161**	**-4%**	**505**	**409**	**24%**
Impairment charges on loans and other receivables	34	35	-4%	67	-49%	178	160	12%
Operating profit/(loss) before taxation	**120**	**177**	**-32%**	**94**	**28%**	**327**	**249**	**31%**
Income tax expense	39	53	-26%	17	133%	80	71	13%
Underlying profit/(loss) for the period	**81**	**124**	**-35%**	**78**	**5%**	**247**	**178**	**38%**
Special items							-263	
Reported profit/(loss) for the period	**81**	**124**	**-35%**	**78**	**5%**	**247**	**-85**	

Other indicators

	Q3 2017	Q3 2016	Q2 2017	Nine months 2017	Nine months 2016
Underlying cost/income ratio	62.1%	55.0%	65.8%	62.7%	65.6%
Underlying cost of risk (in bps)[1]	24	23	46	41	34

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	30 September 2017	30 June 2017	31 December 2016
Loan-to-Deposit ratio	173%	175%	176%
Loans and receivables - customers (in billions)	55.7	56.4	54.2
Of which Client loans (in billions)[1]	37.6	38.1	38.3
Due to customers (in billions)	28.3	28.8	27.4
Risk-weighted assets (risk exposure amount; in billions)	36.5	35.8	34.3
FTEs	2,427	2,397	2,387

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

Net interest income decreased by EUR 18 million compared with Q3 2016. This was entirely due to lower net interest income at Global Markets, largely in the area of collateral management activities following favourable results in the previous year. Net interest income on the back of client lending increased year-on-year. The increase in client loan volume was partly offset by lower margins, due in part to a shift in the portfolio composition towards better rated clients. Deposit margins improved modestly, partly on USD deposits. Moreover, a larger number of professional clients are being charged negative interest rates on deposits. Net interest income went down compared with Q2 2017, impacted by lower average volumes on the back of USD depreciation.

Net fee and commission income declined by EUR 12 million compared with Q3 2016 and EUR 17 million compared with Q2 2017. This decline was due partly to the clearing business, as lower volatility in the financial markets resulted in lower volumes of cleared transactions. In addition, fee income at Global Markets, which is more volatile, was lower as well.

Other operating income decreased to EUR 59 million and included EUR 28 million Equity Participations results. The decline was mainly related to lower CVA/DVA/FVA results (EUR 1 million compared with EUR 20 million in Q3 2016). Both were the main drivers of the decrease compared with Q2 2017.

Personnel expenses increased by EUR 4 million, mainly due to a rise in the number of FTEs (to support the bank's growth ambitions both in the Netherlands and abroad), wage inflation and higher pension costs.

Other expenses amounted to EUR 143 million, down by EUR 11 million compared with Q3 2016. This was primarily due to lower allocated costs, mainly resulting from cost-saving programmes. Other expenses decreased by EUR 62 million compared with Q2 2017, mainly due to the provision taken in Q2 2017 for project costs for SME derivatives-related issues (EUR 54 million).

Impairment charges amounted to EUR 34 million (Q3 2016: EUR 35 million) and included a EUR 5 million IBNI release. Impairment charges within ECT Clients decreased to EUR 12 million (EUR 33 million in Q3 2016). The underlying cost of risk of Corporate & Institutional Banking was 24bps.

Client loans decreased by EUR 0.5 billion compared with Q2 2017 as the impact of the USD depreciation was around EUR 1 billion negative.

Group Functions

Highlights

- Net loss was EUR 6 million in Q3 2017 (Q3 2016: EUR 66 million loss).
- FTE levels further decreased due to progress made in restructuring programmes and an internal FTE transfer to the businesses to support the agile way of working.
- Expenses incurred directly by Group Functions decreased due to lower restructuring provisions, progress made in cost-saving programmes and cost control.

Operating results

(in millions)	Q3 2017	Q3 2016	Change	Q2 2017	Change	Nine months 2017	Nine months 2016	Change
Net interest income	-34	-19	-76%	-19	-75%	-55	3	
Net fee and commission income	-11	-11	-3%	-12	1%	-35	-38	6%
Other operating income	63	86	-27%	97	-35%	240	50	
Operating income	**18**	**56**	**-68%**	**66**	**-73%**	**150**	**15**	
Personnel expenses	212	348	-39%	215	-2%	643	766	-16%
Other expenses	-190	-208	9%	-180	-6%	-556	-605	8%
Operating expenses	**21**	**139**	**-85%**	**36**	**-40%**	**87**	**161**	**-46%**
Operating result	**-3**	**-83**	**96%**	**31**		**64**	**-147**	
Impairment charges on loans and other receivables	3	-1				3	-6	
Operating profit/(loss) before taxation	**-6**	**-82**	**92%**	**31**		**61**	**-140**	
Income tax expense		-17		16	-99%	37	-4	
Underlying profit/(loss) for the period	**-6**	**-66**	**90%**	**15**		**24**	**-136**	
Special items								
Reported profit/(loss) for the period	**-6**	**-66**	**90%**	**15**		**24**	**-136**	

Other indicators

	30 September 2017	30 June 2017	31 December 2016
Securities financing - assets (in billions)	23.5	22.7	12.9
Loans and receivables - customers (in billions)	6.6	6.9	7.8
Securities financing - liabilities (in billions)	21.1	19.3	10.5
Due to customers (in billions)	3.5	3.2	1.8
Risk-weighted assets (risk exposure amount; in billions)	6.6	6.6	9.8
FTEs	6,461	6,752	7,416

Net interest income went down by EUR 15 million. The decline was partly driven by higher liquidity buffer costs following a higher cash balance at the ECB.

Other operating income decreased to EUR 63 million in Q3 2017 (Q3 2016: EUR 86 million) due to lower hedge accounting-related results (EUR 9 million versus EUR 28 million in Q3 2016). Q3 2017 included a release of the provision related to the securities financing activities discontinued in 2009 (EUR 27 million). The revaluation of ABN AMRO's share in Equens resulted in a EUR 52 million profit in Q3 2016.

Personnel expenses declined by EUR 136 million to EUR 212 million. This decrease was due to a restructuring provision concerning the announced reorganisation of the control and support activities recorded in Q3 2016 (EUR 144 million). Q3 2017 included a EUR 29 million addition to this provision. The number of FTEs decreased by 1,075 compared with Q3 2016, totalling 6,461 in Q3 2017. This was mainly due to progress made in the execution of existing restructuring programmes (e.g. IT Transformation programme and reorganisation of the support and control activities). Part of the decline in FTEs (280) was due to a transfer from Group Functions to the commercial business segments as part of further embedding the agile way of working.

Other expenses increased by EUR 18 million as fewer costs were allocated to the commercial segments. Expenses incurred directly by Group Functions decreased due to savings realised from cost-saving programmes and cost control.

Additional financial information

Reconciliation from underlying to reported results

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

In Q2 2016, the addition to the provision for SMEs with derivatives-related issues of EUR 361 million gross (EUR 271 million net of tax) was classified as a special item.

	Q3 2017			Q3 2016			Q2 2017		
(in millions)	Underlying	Special items	Reported	Underlying	Special items	Reported	Underlying	Special items	Reported
Net interest income	1,566		1,566	1,575		1,575	1,599		1,599
Net fee and commission income	397		397	437		437	418		418
Other operating income	160		160	210		210	475		475
Operating income	**2,123**		**2,123**	**2,222**		**2,222**	**2,492**		**2,492**
Personnel expenses	616		616	765		765	657		657
Other expenses	593		593	607		607	711		711
Operating expenses	**1,209**		**1,209**	**1,372**		**1,372**	**1,367**		**1,367**
Operating result	**914**		**914**	**849**		**849**	**1,124**		**1,124**
Impairment charges on loans and other receivables	5		5	23		23	-96		-96
Operating profit/(loss) before taxation	**910**		**910**	**826**		**826**	**1,220**		**1,220**
Income tax expense	236		236	220		220	260		260
Profit/(loss) for the period	**673**		**673**	**607**		**607**	**960**		**960**

(in millions)	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Operating income							
SME derivatives						-361	
Total impact on Operating Income						**-361**	
Operating expenses							
Total impact on Operating expenses							
Loan impairments							
Total impact on Loan impairments							
Total impact on Income tax expense						**-90**	
Total impact on result for the period						**-271**	

Selected financial information

Condensed Consolidated income statement

(in millions)	Q3 2017	Q3 2016	Q2 2017	Nine months 2017	Nine months 2016
Income					
Interest income	3,018	3,082	3,162	9,333	9,452
Interest expense	1,452	1,507	1,563	4,573	4,760
Net interest income	**1,566**	**1,575**	**1,599**	**4,760**	**4,693**
Fee and commission income	740	763	763	2,294	2,304
Fee and commission expense	343	327	345	1,044	1,001
Net fee and commission income	**397**	**437**	**418**	**1,250**	**1,303**
Net trading income	68	69	56	222	-275
Share of result in equity accounted investments	37	7	6	50	32
Other income	55	135	414	578	280
Operating income	**2,123**	**2,222**	**2,492**	**6,861**	**6,033**
Expenses					
Personnel expenses	616	765	657	1,904	2,000
General and administrative expenses	549	565	657	1,884	1,823
Depreciation and amortisation of tangible and intangible assets	44	42	54	141	129
Operating expenses	**1,209**	**1,372**	**1,367**	**3,929**	**3,951**
Impairment charges on loans and other receivables	5	23	-96	-29	79
Total expenses	**1,213**	**1,395**	**1,272**	**3,900**	**4,030**
Operating profit/(loss) before taxation	**910**	**826**	**1,220**	**2,960**	**2,002**
Income tax expense	236	220	260	711	530
Profit/(loss) for the period	**673**	**607**	**960**	**2,249**	**1,472**
Attributable to:					
Owners of the company	661	596	938	2,200	1,439
AT1 capital securities	11	11	11	32	32
Non-controlling interests	1		11	17	1

Condensed Consolidated statement of comprehensive income

(in millions)	Q3 2017	Q3 2016	Q2 2017
Profit/(loss) for the period	**673**	**607**	**960**
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Remeasurement gains / (losses) on defined benefit plans		-1	
Items that will not be reclassified to the income statement before taxation		**-1**	
Income tax relating to items that will not be reclassified to the income statement			
Items that will not be reclassified to the income statement after taxation	**0**	**0**	**0**
Items that may be reclassified to the income statement			
Unrealised gains/(losses) currency translation	-37	-27	-115
Unrealised gains/(losses) available-for-sale	70	35	42
Unrealised gains/(losses) cash flow hedge	75	-25	-9
Share of other comprehensive income of associates	-2	2	1
Other changes			
Other comprehensive income for the period before taxation	**106**	**-15**	**-82**
Income tax relating to items that may be reclassified to the income statement	36	1	8
Other comprehensive income for the period after taxation	**69**	**-16**	**-90**
Total comprehensive income/(expense) for the period after taxation	**742**	**590**	**871**
Attributable to:			
Owners of the company	730	579	848
Holders of AT1 capital securities	11	11	11
Other non-controlling interests	1		11

Condensed Consolidated statement of changes in equity

(in millions)	Share capital	Share premium	Other reserves including retained earnings	Accumulated other comprehen-sive income	Net profit/ (loss) attributable to share-holders	Total	AT1 capital securities	Other non-controlling interests	Total equity
Balance at 1 July 2016	**940**	**12,970**	**2,639**	**-442**	**843**	**16,951**	**1,004**	**5**	**17,960**
Total comprehensive income				-17	596	579	11		590
Transfer									
Dividend			-376			-376			-376
Increase/(decrease) of capital									
Paid interest on AT1 capital securities							-22		-22
Other changes in equity									
Balance at 30 September 2016	**940**	**12,970**	**2,263**	**-459**	**1,439**	**17,154**	**993**	**6**	**18,152**
Balance at 1 July 2017	**940**	**12,970**	**3,613**	**-223**	**1,539**	**18,839**	**1,004**	**17**	**19,861**
Total comprehensive income				69	661	730	11	1	743
Transfer									
Dividend			-611			-611			-611
Increase/(decrease) of capital							993		993
Paid interest on AT1 capital securities							-22		-22
Other changes in equity			2			2			2
Balance at 30 September 2017	**940**	**12,970**	**3,004**	**-154**	**2,200**	**18,960**	**1,987**	**19**	**20,966**

Specification of other comprehensive income is as follows:

(in millions)	Remeasurement gains / (losses) on post-retirement benefit plans	Currency translation reserve	Available-for-sale reserve	Cash flow hedge reserve	Share of OCI of associates and joint ventures	Total
Balance at 1 July 2016	**-49**	**112**	**556**	**-1,148**	**86**	**-442**
Net gains/(losses) arising during the period		-27	41	-17	2	-1
Less: Net realised gains/(losses) included in income statement			6	9		14
Net gains/(losses) in equity		-27	35	-25	2	-15
Related income tax			8	- 6		1
Balance at 30 September 2016	**-49**	**85**	**584**	**-1,167**	**88**	**-459**
Balance at 1 July 2017	**-13**	**41**	**525**	**-901**	**124**	**-223**
Net gains/(losses) arising during the period		-37	70	38	-2	69
Less: Net realised gains/(losses) included in income statement				-37		-37
Net gains/(losses) in equity		**-37**	**70**	**75**	**-2**	**106**
Related income tax			17	19		36
Balance at 30 September 2017	**-13**	**4**	**578**	**- 845**	**122**	**-154**

Economic environment

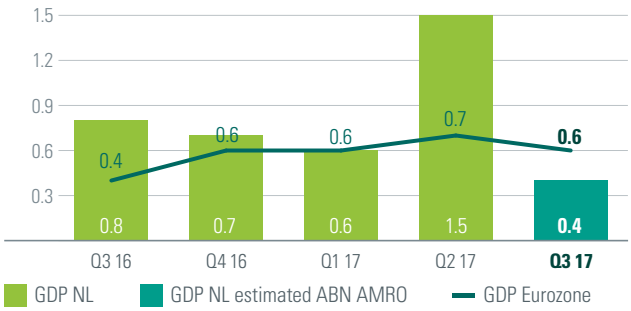
The global economy is experiencing synchronised, slightly above-trend growth. Somewhat surprisingly, momentum seems to have increased in the course of the third quarter. This is a uniform picture across many countries. The gain in momentum is confirmed by stronger activity data, such as growth of industrial production.

After accelerating in Q2 2017, economic growth in the US remained firm at 0.6% quarter-on-quarter (q-o-q) in Q3 2017. Growth in the eurozone also remained strong. GDP increased by 0.6% q-o-q, according to the 'preliminary flash estimate'.

The Dutch economy continued to perform well in Q3. This is suggested by further improvement in sentiment indicators as well as some hard data. The Q3 2017 GDP figure, however, has not yet been released. Most likely, growth was noticeably lower than the extremely strong Q2 2017 figure (+1.5% q-o-q). Due to strong economic expansion, the labour market has continued to improve: unemployment has fallen further on the back of a robust rise in the number of jobs. The housing market has also remained strong: the number of home sales reached a record level in Q3 2017. Year-on-year house price increases remained strong, but eased slightly.

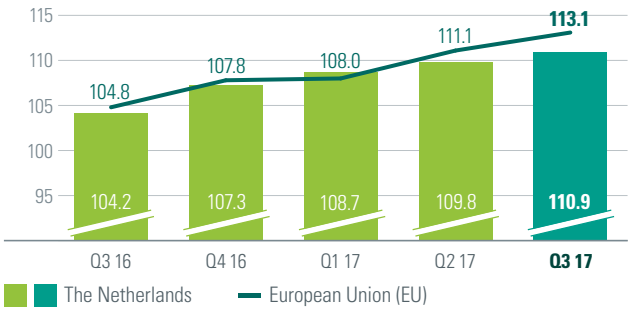
Consequently, the economic environment has continued to remain favourable. Yet there are risks, such as a serious equity market correction, the Brexit, geo-political developments (e.g. North Korea) and the ECB's exit of quantitative easing.

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



Source: Eurostat and CBS.

Economic Sentiment Indicator
(100 is long-term average)



Source: database European Commission.

Dutch GDP is expected to have risen further in Q3 2017.

- However, Q3 2017 growth was probably significantly lower than in Q2 2017 (+1.5% q-o-q), assuming some payback for the exuberant Q2 2017.
- Private consumption, investment in fixed assets and exports are likely to have contributed to growth.

- The ESI - a broad indicator of sentiment in the manufacturing, services, retail and construction sectors as well as consumer sentiment - rose further in Q3: from 109.8 (June) to 110.9 (September).
- The eurozone ESI improved even further.
- Several other Dutch sentiment indicators also rose in the course of Q3 2017, and also pointed to further growth.

Risk, funding & capital information

Key developments

Key figures

(in millions)	30 September 2017	30 June 2017	31 December 2016
Total loans and receivables, gross excluding fair value adjustments	281,252	280,183	280,039
Of which Banks	10,138	8,874	13,488
Of which Residential mortgages	151,421	151,047	149,255
Of which Consumer loans	12,404	12,312	12,539
Of which Corporate loans	91,903	93,191	90,920
Of which Other loans and receivables - customers	15,386	14,758	13,838
On-balance sheet maximum exposure to credit risk	397,052	396,115	383,122
Total Exposure at Default (EAD)	385,735	382,687	383,118
Of which Retail Banking	176,803	176,481	175,879
Of which Private Banking	19,317	19,198	22,752
Of which Commercial Banking	45,421	45,019	43,959
Of which Corporate & Institutional Banking	71,170	70,749	71,208
Of which Group Functions	73,024	71,240	69,320
Credit quality indicators[1]			
Past due ratio	1.3%	1.3%	1.4%
Impaired ratio	2.9%	3.1%	3.3%
Coverage ratio	34.7%	34.8%	38.4%
Regulatory capital			
Total RWA (REA)	105,767	103,970	104,215
Of which Credit risk[2]	83,041	80,600	83,140
Of which Operational risk	19,616	20,023	17,003
Of which Market risk	3,110	3,348	4,072
Total RWA (REA)/total EAD	27.4%	27.2%	27.2%
Liquidity and funding indicators			
Loan-to-Deposit ratio	111.2%	111.6%	112.7%
LCR	>100%	>100%	>100%
NSFR	>100%	>100%	>100%
Capital ratios			
Fully-loaded CET1 ratio	17.6%	17.6%	17.0%
Fully-loaded leverage ratio[3]	3.9%	3.9%	3.9%

[1] Loans and receivables - customers only.
[2] RWA (REA) for credit value adjustment (CVA) is included in credit risk. CVA per 30 September 2017 is EUR 0.7 billion (30 June 2017 is EUR 0.7 billion, 31 December 2016 EUR 0.8 billion).
[3] Under IFRS, the AT1 instrument of EUR 993 million (nominal amount of EUR 1,000 million) that was issued on 27 September 2017, is considered equity and is recognised on the trade date. Under the CRR, the AT1 instrument qualifies as regulatory capital from the settlement date onwards. The settlement date of this instrument was 4 October 2017. The fully-loaded leverage ratio is based on the CRR.

	Q3 2017	Q3 2016	Q2 2017	Nine months 2017	Nine months 2016
Underlying cost of risk (in bps)[1]	1	3	-14	-2	4
Impairment charges on loans and other receivables (in EUR million)	5	23	-96	-29	79

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

Third-quarter developments

Portfolio review

Total loans and receivables increased to EUR 281.3 billion (30 June 2017: EUR 280.2 billion). Growth was mostly attributable to the bank's portfolio. The corporate loan portfolio declined on the back of USD depreciation, partly offset by a limited increase in business volume within Commercial Banking.

Total Exposure at Default

Exposure at Default (EaD) rose to EUR 385.7 billion (30 June 2017: EUR 382.7 billion). This increase was mainly driven by Group Functions due to deposits at central banks and increased business volume within Commercial Banking.

Regulatory capital

Total RWA (REA) increased to EUR 105.8 billion (30 June 2017: EUR 104.0 billion). The rise was mainly caused by movements within credit risk due to downgraded credit ratings for some files (largely related to Commercial Banking) and increased business volume.

Operational risk RWA (REA) is calculated under the Advanced Measurement Approach (AMA), which we implemented as from 1 January 2017. At the time, the regulator imposed several add-ons in RWA (approximately EUR 2-3 billion) until certain conditions with regard to the operational risk framework were fulfilled. We anticipated a regulatory review of the framework in the second half of 2017. The regulator has informed us that it plans to start the review in Q2 2018. Reversal of add-ons are not expected before that time.

Credit quality indicators

The strong performance of the Dutch economy and the Dutch housing market, is reflected in the trend of our credit quality indicators.

Liquidity and funding

The bank maintains a strong liquidity buffer and a stable funding base. The Liquidity Coverage Ratio and the Net Stable Funding Ratio both remained above 100% in Q3 2017. The Loan-to-Deposit (LtD) ratio decreased to 111% at 30 September 2017 (30 June 2017: 112%).

Cost of risk

Cost of risk accounted to 1bp in Q3 2017 (Q3 2016: 3bps). The decrease was driven mainly by residential mortgages and, to a lesser extent, consumer loans. Impairment releases for residential mortgages were driven by an additional release due to the model refinement which was implemented in Q2 2017. Corporate loans were positively impacted by higher IBNI releases in Q3 2016. Impairment charges on ECT Clients decreased to EUR 12 million (Q3 2016: EUR 33 million).

Change in accounting policies: IFRS 9

As of the first of January 2018, the transition from IAS 39 to IFRS 9 becomes effective. As a result, the way we determine risk stages and impairment allowances will change. The underlying risk profile of the loan portfolio will not be affected. The impact of the First Time Adoption (FTA) of IFRS 9 will be taken through equity and could therefore impact the CET1 capital ratio.

Recently, the EBA published the results of its second IFRS 9 Impact Assessment. ABN AMRO was one of the 54 European banks in scope of this assessment. Based on September or December 2016 balance sheets, EBA assesses the average FTA impact on the CET1 capital ratio to be approximately 45bps. The estimated FTA impact on CET1 of IFRS 9 for ABN AMRO is currently well below the EBA assessment, subject to certain limitations, assumptions and simplifications made at the time of the impact calculation.

The impact on the total capital ratio is expected to be smaller, given the offsetting effect of regulatory deductions.

Credit risk

Reporting scope risk

The table below provides an overview of the figures reported in the condensed consolidated balance sheet (net) and the figures reported in the credit risk section (gross).

(in millions)	30 September 2017			30 June 2017			31 December 2016		
	Gross carrying amount	Loan impairment allowance	Carrying amount	Gross carrying amount	Loan impairment allowance	Carrying amount	Gross carrying amount	Loan impairment allowance	Carrying amount
Loans and receivables - banks	**10,138**	**5**	**10,133**	**8,874**	**6**	**8,868**	**13,488**	**3**	**13,485**
Residential mortgages	153,740	139	153,601	153,475	175	153,300	152,328	258	152,069
Less: Fair value adjustment from hedge accounting on residential mortgages	2,319		2,319	2,428		2,428	3,073		3,073
Residential mortgages, excluding fair value adjustments	**151,421**	**139**	**151,282**	**151,047**	**175**	**150,872**	**149,255**	**258**	**148,997**
Consumer loans	**12,404**	**348**	**12,056**	**12,312**	**381**	**11,932**	**12,539**	**433**	**12,106**
Corporate loans	93,285	2,363	90,922	94,628	2,486	92,142	92,641	2,895	89,746
Less: Fair value adjustment from hedge accounting on corporate loans	1,382		1,382	1,437		1,437	1,722		1,722
Corporate loans, excluding fair value adjustments	**91,903**	**2,363**	**89,539**	**93,191**	**2,486**	**90,705**	**90,920**	**2,895**	**88,025**
Other loans and receivables - customers[1]	15,396	57	15,339	14,768	82	14,686	13,838	81	13,757
Less: Fair value adjustment from hedge accounting on other loans and receivables - customers	9		9	10		10			
Other loans and receivables - customers, excluding fair value adjustments[1]	**15,386**	**57**	**15,329**	**14,758**	**82**	**14,676**	**13,838**	**81**	**13,757**
Total loans and receivables - customers, excluding fair value adjustments	**271,114**	**2,908**	**268,206**	**271,309**	**3,124**	**268,185**	**266,551**	**3,666**	**262,884**
Fair value adjustments on Loans and receivables - customers	3,710		3,710	3,875		3,875	4,794		4,794
Total loans and receivables - customers	**274,825**	**2,908**	**271,917**	**275,183**	**3,124**	**272,059**	**271,345**	**3,666**	**267,679**
Total loans and receivables, excluding fair value adjustments	**281,252**	**2,913**	**278,340**	**280,183**	**3,130**	**277,053**	**280,039**	**3,669**	**276,369**
Total fair value adjustments on Loans and receivables	3,710		3,710	3,875		3,875	4,794		4,794
Total loans and receivables	**284,963**	**2,913**	**282,050**	**284,057**	**3,130**	**280,927**	**284,833**	**3,669**	**281,164**
Other			125,500			122,892			113,318
Total assets			**407,550**			**403,819**			**394,482**

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

Third-quarter developments

Highlights

- Limited impairment charges
- Strong performance of the Dutch economy is reflected in the risk drivers
- Past due exposure increased influenced by holiday allowances in Q2 2017

Past due (but not impaired)

Total past due exposure on loans and receivables - customers increased to EUR 3.6 billion (30 June 2017: EUR 3.4 billion). The past due ratio remained stable at 1.3%.

Residential mortgages and consumer loans past due exposure increased. A rise in past due exposures is often seen in the third quarter of each year, mainly as a result of holiday allowances and tax refunds being paid out in the second quarter and causing relatively low past due exposures in the second quarter of every year.

There was a decline in corporate loans past due for short-term arrears (<30 days past due). This was partly offset by several files in the longer term arrears.

While total past due exposure for other loans and receivables decreased, there were some incidentals which impacted the long-term arrears.

Coverage and impaired loans

Impaired exposures relating to the loans and receivables - customers portfolio continued to decline to EUR 7.9 billion (30 June 2017: EUR 8.4 billion) and allowances for impairments decreased to EUR 2.7 billion (30 June 2017: EUR 2.9 billion). The coverage ratio declined marginally to 34.7% (30 June 2017: 34.8%). The impaired ratio improved to 2.9% in the third quarter (30 June 2017: 3.1%). There was a decline in all the impaired sub-portfolios in loans and receivables - customers. The decline was strongest in the impaired corporate loans portfolio, mainly driven by the strong performance of the Dutch economy and the strong housing market.

The impaired corporate loan portfolio declined due to clients returning to performing porfolios, write-offs and to a lesser extent currency movements. Impaired residential mortgages benefitted from a strong performance of the Dutch economy, which led to improved credit quality, and from releases relating to the model refinement that had been implemented in the second quarter of this year. The impaired consumer loans and other loans and receivables - customers declined mainly as a result of write-offs.

Impairment charges

On-balance sheet impairment charges decreased again and resulted in a modest EUR 4 million in Q3 2017 (Q3 2016: EUR 23 million). Main contributors to the decrease were residential mortgages and to a lesser extent consumer loans.

Impairment charges for residential mortgages mainly declined as a result of a additional release following from the model refinement in the previous quarter and saw releases due to a decreasing default portfolio and increasing housing prices. Consumer loans recorded a release in line with the strong performance of the Dutch economy.

The releases mentioned above were partly offset by an increase of the impairment charges for corporate loans. This was mainly the result of more favourable IBNI releases in the third quarter of 2016. Impairment charges for ECT Clients decreased to EUR 12 million (Q3 2016: EUR 33 million).

Past due (but not impaired) loans

(in millions)	30 September 2017						30 June 2017			31 December 2016		
		Days past due										
	Gross carrying amount	<= 30 days	> 30 days & <= 90 days	> 90 days	Total past due but not impaired	Past due ratio	Gross carrying amount	Total past due but not impaired	Past due ratio	Gross carrying amount	Total past due but not impaired	Past due ratio
Loans and receivables - banks	**10,138**						**8,874**			**13,488**		
Loans and receivables - customers												
Residential mortgages[1]	151,421	2,123	174	5	2,301	1.5%	151,047	2,174	1.4%	149,255	2,134	1.4%
Consumer loans	12,404	269	92	53	415	3.3%	12,312	384	3.1%	12,539	488	3.9%
Corporate loans[1]	91,903	320	99	74	492	0.5%	93,191	498	0.5%	90,920	594	0.7%
Other loans and receivables - customers[1,2]	15,386	285	27	35	348	2.3%	14,758	382	2.6%	13,838	386	2.8%
Total Loans and receivables - customers	**271,114**	**2,997**	**392**	**167**	**3,556**	**1.3%**	**271,309**	**3,438**	**1.3%**	**266,551**	**3,602**	**1.4%**
Total Loans and receivables	**281,252**	**2,997**	**392**	**167**	**3,556**	**1.3%**	**280,183**	**3,438**	**1.2%**	**280,039**	**3,602**	**1.3%**

[1] Gross carrying amount excludes fair value adjustments from hedge accounting.
[2] Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Impaired loans

(in millions)	30 September 2017					30 June 2017		31 December 2016	
	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk[3]	Coverage ratio	Impaired ratio	Coverage ratio	Impaired ratio	Coverage ratio	Impaired ratio
Loans and receivables - banks	**10,138**								
Loans and receivables - customers									
Residential mortgages[1]	151,421	1,029	-115	11.1%	0.7%	13.7%	0.7%	16.7%	0.8%
Consumer loans	12,404	606	-319	52.6%	4.9%	52.6%	5.3%	52.4%	5.9%
Corporate loans[1]	91,903	5,921	-2,242	37.9%	6.4%	37.3%	6.8%	41.2%	7.4%
Other loans and receivables - customers[1,2]	15,386	297	-46	15.4%	1.9%	21.3%	2.2%	30.7%	1.6%
Total Loans and receivables - customers	**271,114**	**7,853**	**-2,721**	**34.7%**	**2.9%**	**34.8%**	**3.1%**	**38.4%**	**3.3%**
Total Loans and receivables	**281,252**	**7,853**	**-2,721**	**34.7%**	**2.8%**	**34.8%**	**3.0%**	**38.4%**	**3.2%**

[1] Gross carrying amount excludes fair value adjustments from hedge accounting.
[2] Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
[3] Amounts excluding Incurred But Not Identified (IBNI).

Loan impairment charges and allowances

(in millions)	Securities financing	Banks	Residential mortgages	Consumer loans	Corporate loans[1]	Other loans	Total
							Q3 2017
Balance at begin of period		**6**	**175**	**381**	**2,566**	**3**	**3,130**
Impairment charges for the period		-1	3	41	195		238
Reversal of impairment allowances no longer required			-15	-42	-159		-216
Recoveries of amounts previously written-off			-5	-11	-2		-18
Total impairment charges on loans and other receivables		**-1**	**-17**	**-12**	**34**	**-1**	**4**
Other adjustments			-19	-21	-182		-221
Balance at end of period		**5**	**139**	**348**	**2,418**	**2**	**2,913**

[1] Corporate loans includes Financial lease receivables and Factoring.

(in millions)	Securities financing	Banks	Residential mortgages	Consumer loans	Corporate loans[1]	Other loans	Total
							Q3 2016
Balance at begin of period		**2**	**286**	**508**	**3,176**		**3,973**
Impairment charges for the period		5	54	34	240	2	334
Reversal of impairment allowances no longer required			-32	-26	-235		-293
Recoveries of amounts previously written-off			-6	-9	-4		-19
Total impairment charges on loans and other receivables		**5**	**15**	**-1**	**2**	**2**	**23**
Other adjustments		-0	-23	-34	-98		-155
Balance at end of period		**7**	**278**	**472**	**3,080**	**2**	**3,840**

[1] Corporate loans includes Financial lease receivables and Factoring.

Total impairment charges on loans and other receivables

(in millions)	Q3 2017	Q3 2016
On-balance sheet	4	23
Off-balance sheet		
Total impairment charges on loans and other receivables	**5**	**23**

Developments in specific portfolios

Residential mortgages

Key residential mortgage indicators

(in millions)	30 September 2017	30 June 2017	31 December 2016
Gross carrying amount excl. fair value adjustment from hedge accounting	151,421	151,047	149,255
Of which Nationale Hypotheek Garantie (NHG)	38,371	38,817	39,293
Exposure at Default[1]	167,301	166,876	165,199
Risk-weighted assets/ risk exposure amount[1]	18,010	18,131	19,090
RWA (REA)/EAD	10.8%	10.9%	11.6%
Past due ratio	1.5%	1.4%	1.4%
Impaired ratio	0.7%	0.7%	0.8%
Coverage ratio	11.1%	13.7%	16.7%
Average Loan-to-Market-Value	72%	74%	76%
Average Loan-to-Market-Value - excluding NHG loans	70%	71%	73%

[1] 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.

Underlying cost of risk

	Q3 2017	Q3 2016	Q2 2017	Nine months 2017	Nine months 2016
Underlying cost of risk (in bps)[1]	-4	4	-11	-5	4
Impairment charges on residential mortgages (in EUR million)	-17	15	-40	-60	48

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

Housing market developments

Although confidence remains high, sentiment has faded somewhat in the past year. Since the peak late last year, optimism has weakened slightly – despite the sustained economic recovery. Enthusiasm is being tempered partly by the expectation that interest rates have bottomed out and are expected to rise, but above all, enthusiasm is being tempered by the growing housing shortage. The tightness in the housing market is reflected in the transaction pattern. Sales are rising sharply in regions that were previously lagging behind, but are under strong pressure in the regions where the stock of properties available for sale is limited. The growing shortage is driving prices up. The price increase is causing a growing number of potential buyers to experience difficulties in meeting mortgage criteria; this especially concerns first-time buyers.

The number of transactions in the Dutch housing market in Q3 2017 showed a 1.1% rise compared with the third quarter of 2016 (5.2% compared with Q2 2017), according to Statistics Netherlands (CBS). The CBS housing price index was also 2.3% higher in Q3 2017 than it was in Q2 2017.

Residential mortgage portfolio

The residential mortgage portfolio went up by EUR 0.4 billion. New mortgage production was lower than in the second quarter of this year, but exceeded total redemptions, which were higher in the third quarter of 2017. The NHG-guaranteed proportion of the residential mortgage portfolio decreased further to 25.3% at 30 September 2017 (30 June 2017: 25.7%). The proportion of redeeming mortgages increased to 22% of the residential mortgage portfolio at 30 September 2017 (30 June 2017: 21%).

ABN AMRO's market share in new mortgage production was 19.2%[1] in Q3 2017, which was below Q2 2017 (20.8%), although still strong. The proportion of new mortgage production backed by NHG guarantees amounted to 14%, which was comparable with Q2 2017.

Rising housing prices and a gradual reduction of the maximum NHG limit in recent years have resulted in fewer mortgages being eligible for an NHG guarantee.

Total redemptions in Q3 2017 amounted to EUR 3.7 billion, 5.9% higher than in Q2 2017. Contractual redemptions gradually increased, in line with the change in the portfolio composition. In Q3 2017, extra repayments amounted to EUR 0.4 billion, which was comparable with Q2 2017. Incentives for extra repayments are the very low interest rates on savings and an increased awareness among home owners that they may ultimately have a residual debt at the end of their loan term.

Regulatory capital

RWA (REA) for the residential mortgage portfolio remained relatively stable in the third quarter of 2017. Exposure at Default (EaD) grew in line with the residential mortgage portfolio.

Credit quality indicators

Credit quality indicators continued their positive trend in line with the strong performance of the Dutch economy and the Dutch housing market. In Q3 2017 the coverage ratio decreased as a result of improved credit quality and due to releases relating to the model refinement which had been implemented in the second quarter of this year.

Loan to Market Value (LtMV)

Rising housing prices and restrictions on the maximum Loan to Market Value (LtMV) for new mortgages led to a further improvement of the average LtMV, both guaranteed and unguaranteed. Approximately 10% of the extra repayments relate to mortgages with an LtMV>100%.

The gross carrying amount of mortgages with an LtMV above 100% decreased further to EUR 15.3 billion (30 June 2017: EUR 18.7 billion). Note that LtMVs in excess of 100% do not necessarily indicate that these clients are in financial difficulties. However, ABN AMRO advises clients not to maintain loans at high LtMV levels.

The long-term LtMV of the bank's portfolio is expected to decrease further as a result of the regulatory reduction of the maximum LtMV on mortgage loans, rising housing prices, extra redemptions and current tax regulations.

18% of the mortgage portfolio consists of 100% interest-only mortgages and approximately a quarter of the extra redemptions relate to this loan type. For the interest-only mortgages with an LtMV>100% extra redemptions are relatively limited, as is the portfolio with these characteristics.

[1] Source: Dutch Land Registry (Kadaster)

Residential mortgages to indexed market value

(in millions)	30 September 2017 Gross carrying amount	Percentage of total	- of which guaranteed[2]	- of which unguaranteed	30 June 2017 Gross carrying amount	Percentage of total	- of which guaranteed[2]	- of which unguaranteed	31 December 2016 Gross carrying amount	Percentage of total	- of which guaranteed[2]	- of which unguaranteed
LtMV category[1]												
<50%	28,755	19.0%	2.2%	16.8%	27,519	18.2%	2.0%	16.2%	26,021	17.4%	1.9%	15.5%
50% - 80%	55,591	36.7%	8.1%	28.6%	52,483	34.7%	7.4%	27.4%	47,631	31.9%	6.4%	25.5%
80% - 90%	26,395	17.4%	6.6%	10.8%	25,749	17.0%	6.3%	10.7%	23,498	15.7%	5.5%	10.2%
90% - 100%	23,410	15.5%	5.4%	10.1%	24,705	16.4%	6.1%	10.3%	25,498	17.1%	7.0%	10.1%
100% - 110%	10,975	7.2%	2.2%	5.0%	12,740	8.4%	2.7%	5.7%	15,596	10.4%	3.6%	6.9%
110% - 120%	3,511	2.3%	0.7%	1.7%	4,706	3.1%	0.9%	2.2%	6,999	4.7%	1.4%	3.2%
>120%	840	0.6%	0.2%	0.4%	1,224	0.8%	0.3%	0.5%	2,110	1.4%	0.5%	1.0%
Unclassified	1,944	1.3%			1,921	1.3%			1,904	1.3%		
Total	**151,421**	**100%**			**151,047**	**100%**			**149,255**	**100%**		

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

Breakdown of residential mortgage portfolio by loan type

(in millions)	30 September 2017 Gross carrying amount	Percentage of total	30 June 2017 Gross carrying amount	Percentage of total	31 December 2016 Gross carrying amount	Percentage of total
Interest only (partially)	48,178	32%	48,283	32%	47,798	32%
Interest only (100%)	28,003	18%	28,357	19%	29,638	20%
Redeeming mortgages (annuity/linear)	33,664	22%	31,663	21%	26,883	18%
Savings	19,384	13%	19,921	13%	20,860	14%
Life (investment)	14,248	9%	14,733	10%	15,451	10%
Other[1]	7,944	5%	8,089	5%	8,625	6%
Total	**151,421**	**100%**	**151,047**	**100%**	**149,255**	**100%**

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

Energy, Commodities & Transportation Clients

ECT Clients operates in cyclical market sectors. This cyclicality is reflected in our lending policies, financing structures, advance rates and risk management. Financing provided by ECT Clients is generally secured by assets (i.e. commodities for which liquid markets exist, first-priority mortgages or pledged contracted project cash flows).

The loan book is subject to continuous and stringent credit monitoring. ABN AMRO periodically performs sensitivity analyses and stress testing exercises to gain insight into the credit performance under different price scenarios, economic scenarios and risk measures.

During the third quarter, the oil price moved between USD 47-57 per barrel (Q2 2017: USD 44-55 range per barrel). The oil services segment continues to be vulnerable, as oil majors delay capex investments. Circumstances in a number of shipping markets, especially offshore support vessels, remain challenging, whereas the sentiment for dry bulk ships is slowly improving.

Loan portfolio

The vast majority of the loan portfolio is USD denominated. The on-balance loan portfolio increased by 0.6% to EUR 28.8 billion (30 June 2017: EUR 28.6 billion). Increases were observed in Commodities and Transportation and were partly offset by a further weakening of the US dollar by 3.4% (equivalent to a EUR 0.9 billion decline).

Impairment charges

Impairment charges dropped to EUR 12 million in Q3 2017 (Q3 2016: EUR 33 million). Cost of risk decreased to 18bps for Q3 2017 (Q3 2016: 52bps).

Scenario analysis

Scenario analyses are performed on a regular basis. External developments may prompt us to test the resilience of specific portfolios under adverse conditions. These scenarios may lead to management actions aimed at mitigating potential impairments and losses.

Our scenario analysis of the oil & gas related portfolio runs from mid-2016 until year-end 2017. The impairment charges (EUR 54 million) recorded in this portfolio are currently below the mild scenario (with impairments up to EUR 125 million). The impairment charges currently recorded for the transportation portfolio (EUR 102 million) are below the severe scenario (with impairments up to EUR 225 million), which runs from the beginning of 2016 until year-end 2017.

ECT on- and off-balance sheet exposure

	30 September 2017				30 June 2017	31 December 2016
(in billions)	Energy	Commodities	Transpor-tation	Total ECT clients	Total ECT clients	Total ECT clients
On-balance sheet exposure	**5.8**	**13.3**	**9.7**	**28.8**	**28.6**	**30.8**
Guarantees and letters of credit	1.0	7.5	0.1	8.6	7.6	8.4
Subtotal	**6.8**	**20.8**	**9.7**	**37.4**	**36.2**	**39.1**
Undrawn committed credit facilities	3.7	3.2	1.2	8.1	7.7	6.5
Total on- and off-balance sheet exposure	**10.4**	**24.1**	**11.0**	**45.5**	**43.9**	**45.6**

ECT clients loan impairment charges

(in millions)	Q3 2017	Q3 2016	Q2 2017	Nine months 2017	Nine months 2016
Impairments charges ECT clients	12	33	82	153	175
- of which Energy	3	10	28	42	102
- of which Commodities	18	5	28	69	16
- of which Transportation	-8	19	26	43	57
Underlying Cost of risk ECT (in bps)[1]	18	52	116	73	95

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

Liquidity risk

Liquidity indicators

	30 September 2017	30 June 2017	31 December 2016
Available liquidity buffer (in billions)	70.2	73.4	78.9
Survival period (moderate stress)	> 12 months	> 12 months	> 12 months
LCR	> 100%	> 100%	> 100%
NSFR	> 100%	> 100%	> 100%
Loan-to-Deposit ratio	111%	112%	113%

The objective of ABN AMRO's liquidity management is to manage the bank's liquidity position and to comply at all times with internal, regulatory and other relevant liquidity requirements. To this effect, the bank maintains a strong liquidity buffer and a stable funding base. The liquidity objectives are measured by several indicators.

The survival period reflects the period that the bank's liquidity position is expected to remain positive in an internally developed (moderate) stress scenario. This scenario assumes wholesale funding markets will deteriorate and retail and commercial clients will withdraw part of their deposits. The survival period was consistently >12 months in Q3 2017. The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) both remained above 100% in Q3 2017. This is in line with the bank's targeted early compliance with LCR and NSFR future regulatory requirements.

Loan-to-Deposit ratio

The Loan-to-Deposit (LtD) ratio decreased to 111% at 30 September 2017 (30 June 2017: 112%). This was due to a decline in client loans and an increase in client deposits in Q3 2017.

The decline in client loans in Q3 2017 was mainly driven by a EUR 1.3 billion decrease in Corporate & Institutional Banking loans on the back of USD depreciation (around EUR 1 billion negative impact). This was partially offset by an increase of EUR 0.4 billion in residential mortgages and an increase of EUR 0.3 billion in Commercial Banking loans. Client deposits increased by EUR 0.3 billion, with higher Commercial Banking deposits partly offset by lower Retail Banking deposits.

Liquidity buffer composition

	30 September 2017		30 June 2017		31 December 2016	
(in billions)	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible
Cash & central bank deposits[1]	27.3	27.3	25.6	25.6	21.5	21.5
Government bonds	30.1	30.6	32.4	32.9	33.5	34.5
Covered bonds	1.6	1.6	1.7	1.6	2.2	2.1
Retained RMBS	4.2		6.5		11.5	
Third party RMBS			0.2	0.2	1.5	1.3
Other	6.9	7.3	6.9	7.5	8.8	9.2
Total liquidity buffer	**70.2**	**66.7**	**73.4**	**67.9**	**78.9**	**68.5**
- of which in EUR	91.0%		92.8%		90.3%	
- of which in other currencies	9.0%		7.2%		9.7%	

[1] 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 decreased to EUR 70.2 billion at 30 September 2017 (30 June 2017: EUR 73.4 billion). The decrease was mainly driven by EUR 2.3 billion lower retained residential mortgage backed securities (RMBS) and a decrease of EUR 2.3 billion in government bonds. This was partially offset by an increase in our cash & central bank deposits of EUR 1.7 billion.

The liquidity buffer consists largely of cash and deposits at central banks, government bonds and RMBS. Most of the securities in the liquidity buffer, with the exception of retained RMBS, qualify for the LCR. Furthermore, both the liquidity buffer and the LCR buffer face haircuts based on their market value. These haircuts are used to determine the liquidity value. Haircuts may differ between these two buffers, as the internal assessment of the liquidity buffer deviates from the LCR Delegated Act. This explains the differences between the liquidity values. Government bonds, for example, will be subject to a higher internal haircut than the haircut based on the LCR Delegated Act. As a result, the value of government bonds for the liquidity buffer is lower than the value that qualifies for the LCR.

Funding

ABN AMRO's funding strategy aims to optimise and diversify the bank's funding sources. This strategy leads to a diverse, stable and cost-efficient funding base. Client deposits constitute ABN AMRO's main source of funding. This is complemented by a well-diversified portfolio of wholesale funding. Client deposits increased to EUR 235.1 billion at 30 September 2017 (30 June 2017: EUR 234.8 billion). Total wholesale funding (defined as issued debt plus subordinated liabilities) increased to EUR 88.2 billion at 30 September 2017 (30 June 2017: EUR 87.4 billion). The increase compared with 30 June 2017 was mainly attributable to an increase in commercial paper and certificates of deposit, within our targeted bandwidth for short-term funding, allowing us to manage our liquidity ratios efficiently. Subordinated liabilities decreased by EUR 1.5 billion, mainly due to the calling of a EUR 1.3 billion Tier 2 instrument and currency effects.

Long-term funding raised

Long-term funding raised in Q3 2017 amounted to EUR 3.4 billion. This includes EUR 1.4 billion covered bond instruments, EUR 1.0 billion unsecured funding instruments and a EUR 1.0 billion Additional Tier 1 capital instrument[1]. These funds were issued mainly to replace maturing funding.

The instruments issued are included in the funding overview below, with the exception of the Additional Tier 1 capital instruments. More information on capital instrument 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. Our funding programmes allow us to issue various instruments in different currencies and markets, enabling us to diversify our investor base. A description of capital and funding instruments issued by ABN AMRO is provided on our website, abnamro.com/ir. We continuously assess our wholesale funding base in order to optimise the use of funding sources.

[1] Under IFRS, the AT1 instrument is considered equity and is recognised on the trade date. Under CRR, the AT1 instrument qualifies as regulatory capital from the settlement date onwards. The settlement date of this instrument was 4 October 2017.

Main types of wholesale funding

(in millions)	30 September 2017	30 June 2017	31 December 2016
Euro Commercial Paper	1,828	1,764	2,501
London Certificates of Deposit	7,985	5,210	8,843
French Certificats de Dépôt	211	218	651
US Commercial Paper	4,183	4,300	4,710
Total Commercial Paper/Certificates of Deposit	**14,207**	**11,491**	**16,705**
Senior unsecured (medium-term notes)	31,664	32,397	32,815
Covered bonds	30,652	29,716	29,355
Securitisations	1,250	1,850	2,350
Saving certificates	6	6	52
Total issued debt	**77,779**	**75,461**	**81,278**
Subordinated liabilities	**10,440**	**11,975**	**11,171**
Total wholesale funding	**88,220**	**87,436**	**92,450**
Other long-term funding[1]	**8,821**	**8,812**	**5,843**
Total funding instruments[2]	**97,041**	**96,248**	**98,292**
- of which CP/CD matures within one year	14,207	11,491	16,705
- of which funding instruments (excl. CP/CD) matures within one year	8,717	10,980	14,244
- of which matures after one year	74,116	73,777	67,342

[1] 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).
[2] Includes FX effects, fair value adjustments and interest movements.

Maturity calendar

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

The targeted long-term refinancing operations II (TLTRO II) of EUR 8 billion is reported at the legal maturity of four years, although there is a voluntary repayment option after two years. The average remaining maturity of the total outstanding long-term wholesale funding increased to 5.1 years at 30 September 2017 (30 June 2017: 4.7 years), mainly due to covered bond instruments issued in Q3 2017.

Maturity calendar at 30 September 2017

												30 September 2017
(notional amounts, in billions)	2017[1]	2018	2019	2020	2021	2022	2023	2024	2025	2026	≥ 2027	Total
Senior unsecured	3.1	5.2	8.8	5.2	1.2	3.6	1.2	0.3	1.7	0.1	0.6	30.9
Covered bonds		1.9	1.8	2.5	2.5	2.7	1.9	1.8	0.5	1.6	11.4	28.7
Securitisations		0.8	0.5									1.3
Subordinated liabilities	0.6			1.6	1.5	1.5	2.4		1.3	0.8	0.3	10.0
Other long-term funding[2]				4.1	4.3					0.3	0.2	8.8
Total Long-term funding	**3.8**	**7.9**	**11.2**	**13.5**	**9.4**	**7.8**	**5.5**	**2.1**	**3.4**	**2.8**	**12.4**	**79.7**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	≥ 2027	Total
Total Long-term funding												
30 June 2017	7.3	8.0	11.3	12.9	9.4	7.5	5.5	2.1	3.5	2.8	11.1	81.4
31 December 2016	14.0	7.4	8.8	13.1	5.5	7.5	4.2	2.1	3.6	2.9	8.0	77.1

[1] Includes funding that matures in Q4 2017.
[2] Other long-term funding includes TLTRO II and funding with the Dutch State as counterparty.

Capital management

ABN AMRO's solid capital position ensures compliance with the fully-loaded capital requirements of the Capital Requirements Directive IV (CRD IV) and Capital Requirements Regulation (CRR). The bank strives to optimise its capital structure in anticipation of pending regulatory requirements. The capital structure consists mainly of common equity and loss-absorbing instruments to cover unexpected losses. Subordination of the loss-absorbing instruments provides further protection to senior creditors.

Developments impacting capital ratios

Common Equity Tier 1 capital increased slightly during Q3 2017, mainly as a result of accumulated profit. In September ABN AMRO issued a EUR 1 billion additional Tier 1 instrument in order to further strengthen the overall capital base. This instrument will settle in October. The total RWA (REA) increased to EUR 105.8 billion at 30 September 2017 (30 June 2017: EUR 104.0 billion). More information on RWA (REA) is provided in the Key developments section of this report. At 30 September 2017, the fully-loaded Common Equity Tier 1 (CET1), Tier 1 and Total Capital ratios were 17.6%, 18.5% and 24.5% respectively. In anticipation of Basel IV (see subsection Regulatory capital developments), all capital ratios were well above regulatory minimum requirements and in line with ABN AMRO's risk appetite and strategic ambitions.

The CET1 ratio is comfortably above the 9.0% minimum, with a phase-in CET1 ratio amounting to 17.6% at 30 September 2017.

The Maximum Distributable Amount (MDA) trigger level for ABN AMRO Bank N.V. is 9.0% CET1 capital, to be increased by any Additional Tier 1 (AT1) or Tier 2 capital shortfall. Due to the EUR 1 billion AT1 issuance in September 2017 there is no remaining AT1 shortfall, implying an MDA trigger level of 9.0%. Based on full phase-in of the SRB (from 1.5% in 2017 to 3.0% in 2019) and the capital conservation buffer (from 1.25% in 2017 to 2.5% in 2019), the fully-loaded MDA trigger level is expected to increase to 11.75% in 2019 excluding any counter-cyclical buffer.

The future CET1 capital target is currently expected to be 13.5%, which is at the upper end of the current 11.5-13.5% CET1 target range. This expectation is based on the current SREP requirement, the fully-loaded SRB and capital conservation buffer, Pillar 2 capital guidance and a management buffer. It excludes possible implications and consequences of revisions to the calculation of risk-weighted assets (Basel IV). Given this uncertainty, we continue to hold a buffer above the current CET1 target range. We still expect an agreement on Basel IV. Also, if no agreement is reached this year, we will present an updated view on our capital position in the first quarter of 2018.

ABN AMRO called two CRR ineligible Tier 2 instruments in full (1.5 billion USD XS0827817650 and 1.0 billion SGD XS0848055991) on their prevailing call dates in September and October. The latter has not been reflected in the figures yet.

Dividend

Over the full year 2017, ABN AMRO intends to pay a dividend of 50% of the reported net profit attributable to shareholders. An overview of ABN AMRO's dividend policy is provided on our website, abnamro.com/ir.

Regulatory capital structure[1]

(in millions)	30 September 2017	30 June 2017	31 December 2016
Total equity (EU IFRS)	**20,966**	**19,861**	**18,937**
Cash flow hedge reserve	845	901	843
Dividend reserve	-489	-770	-414
AT1 capital securities	-1,987	-1,004	-1,004
Profit attributable minus interest paid to holders of AT1 capital securities		11	11
AT1 capital securities	-1,987	-993	-993
Other regulatory adjustments	-684	-647	-598
Common Equity Tier 1	**18,651**	**18,352**	**17,775**
AT1 capital securities	993	993	993
Other regulatory adjustments	-96	-87	-164
Tier 1 capital	**19,548**	**19,257**	**18,605**
Subordinated liabilities Tier 2	7,828	8,064	7,150
Other regulatory adjustments	-120	-108	-118
Total regulatory capital	**27,256**	**27,213**	**25,637**
Total risk-weighted assets (risk exposure amount)	**105,767**	**103,970**	**104,215**
Common Equity Tier 1 ratio	17.6%	17.7%	17.1%
Tier 1 ratio	18.5%	18.5%	17.9%
Total capital ratio	25.8%	26.2%	24.6%
Common Equity Tier 1 capital (fully-loaded)	18,621	18,328	17,761
Common Equity Tier 1 ratio (fully-loaded)	17.6%	17.6%	17.0%
Tier 1 capital (fully-loaded)	19,610	19,316	18,749
Tier 1 ratio (fully-loaded)	18.5%	18.6%	18.0%
Total capital (fully-loaded)	25,924	25,761	24,107
Total capital ratio (fully-loaded)	24.5%	24.8%	23.1%

[1] Under IFRS, the AT1 instrument of EUR 993 million (nominal amount of EUR 1,000 million) that was issued on 27 September 2017, is considered equity and is recognised on the trade date. Under the CRR, the AT1 instrument qualifies as regulatory capital from the settlement date onwards. The settlement date of this instrument was 4 October 2017. The regulatory capital structure presented above is based on the CRR.

Leverage ratio

	30 September 2017		30 June 2017	31 December 2016
(in millions)	Phase-in	Fully-loaded	Fully-loaded	Fully-loaded
Tier 1 capital[1]	**19,548**	**19,610**	**19,316**	**18,749**
Exposure measure (under CDR)				
On-balance sheet exposures	407,550	407,550	403,819	394,482
Off-balance sheet exposures	32,474	32,474	31,516	32,420
On-balance sheet netting	14,343	14,343	13,968	13,539
Derivative exposures	57,929	57,929	52,439	50,248
Securities financing exposures	1,795	1,795	2,615	2,686
Other regulatory measures	-11,438	-11,416	-12,264	-13,269
Exposure measure	**502,653**	**502,676**	**492,093**	**480,106**
Leverage ratio (CDR)	**3.9%**	**3.9%**	**3.9%**	**3.9%**

[1] Under IFRS, the AT1 instrument of EUR 993 million (nominal amount of EUR 1,000 million) that was issued on 27 September 2017, is considered equity and is recognised on the trade date. Under the CRR, the AT1 instrument qualifies as regulatory capital from the settlement date onwards. The settlement date of this instrument was 4 October 2017. The Tier 1 capital and leverage ratio is based on the CRR.

The CRR introduced a non-risk based leverage ratio which is expected to become a binding measure with effect from 2019. ABN AMRO aims for a leverage ratio of at least 4% by year-end 2018.

On 6 April 2016, the Basel Committee issued a consultative document on the revision of the Basel III leverage ratio framework. The proposed revision includes a change in calculation of the derivative exposure and the credit conversion factors for off-balance sheet items. The revised calculation method of derivative exposure is also mentioned in a draft CRR regulation published in November 2016, which will result in a decrease of the exposure measure for clearing guarantees. This decrease would amount to approximately EUR 50-60 billion, or a 45-55bps increase in the fully-loaded leverage ratio. The proposed adjustment of credit conversion factors for off-balance sheet exposures by the Basel Committee, for example unconditionally cancellable commitments, would partly offset this potential increase.

MREL

(in millions)	30 September 2017	30 June 2017	31 December 2016
Regulatory capital[1]	27,256	27,213	25,637
Other MREL eligible liabilities[2]	2,156	3,397	3,376
Total assets	407,550	403,819	394,482
MREL[3]	7.2%	7.6%	7.4%

[1] Under IFRS, the AT1 instrument of EUR 993 million (nominal amount of EUR 1,000 million) that was issued on 27 September 2017, is considered equity and is recognised on the trade date. Under the CRR, the AT1 instrument qualifies as regulatory capital from the settlement date onwards. The settlement date of this instrument was 4 October 2017. The regulatory capital is based on the CRR.
[2] Other MREL eligible liabilities consists of subordinated liabilities that are not included in regulatory capital.
[3] MREL is calculated as total regulatory capital plus other MREL eligible subordinated liabilites divided by total IFRS assets.

We monitor pending regulatory requirements in relation to MREL and aim for MREL eligible liabilities to represent at least 8% of total assets by year-end 2018 (through profit retention, subordinated debt and potentially non-preferred senior debt). The final MREL terms, as well as bank-specific MREL requirements, determine what precise measures need to be undertaken to comply with these requirements. At 30 September 2017, the MREL eligible liabilities (solely based on own funds and other subordinated liabilities) represented 7.2% of total assets. The MREL ratio has decreased slightly since 30 June 2017, primarily as a result of an increase in total assets and the call of a CRR ineligible Tier 2 instrument.

Proposals have been published to amend current legislation. Among other things, these proposals aim to implement TLAC standards for GSIBs (Global Systemically Important Banks) in the EU. The proposals apply a harmonised minimum TLAC level to EU GSIBs while introducing a firm-specific MREL regime for GSIBs and DSIBs (Domestic Systemically Important Banks). Furthermore, the proposals introduce consequences of breaching MREL requirements relating to the CBR (Combined Buffer Requirement) and MDA (Maximum Distributable Amount) breach. A revision proposes the introduction of a new liability class of "non-preferred senior" into local insolvency laws. Further amendments include changes to the calculation of MREL and MREL eligibility criteria, which could affect the level of future MREL requirements as well as the level of reported MREL capacity.

Regulatory capital developments

CRD IV and CRR constitute the framework for implementation of Basel III in the European Union. CRD IV and CRR have been phased in since 1 January 2014 and will be fully effective by January 2019. Further to this, the European Commission issued draft texts in November 2016 to amend CRD IV and CRR.

Under what is commonly referred to as Basel IV, the Basel Committee on Banking Supervision has presented two consultative papers on a revision of the Standardised Approach and the design of a capital floor framework based on this revised Standardised Approach. This framework is expected to 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. Revision of the Standardised Approach for mortgages and corporate loans in combination with revision of the capital floors could lead to a significant increase in risk-weighted assets.

The European Banking Authority (EBA) published 3 November 2017 its interpretation of certain capital regulations, applicable to European banks. This impacts the Tier 1, Total capital and leverage ratios of ABN AMRO Group N.V. The CET1 capital ratio of ABN AMRO Group N.V. remains unaffected. There is also no impact on the capital ratios, depositors and debt holders of ABN AMRO Bank N.V.

The EBA interpretation impacts bank holding companies with a single subsidiary, and a high level of total capital as is the case for ABN AMRO. It implies that the portion of outstanding AT1 and T2 instruments, issued by ABN AMRO Bank N.V. (the resolution entity) exceeding the minimum own funds requirement, can no longer fully contribute to the consolidated capital ratios of ABN AMRO Group N.V. This effect is to be reflected in the capital ratios of Q4 2017.

The combined impact of the recently issued AT1 instrument and the EBA interpretation lead to the following ratios of ABN AMRO Group N.V. as per 30 September 2017: Tier 1 ratio 18.9%, Total Capital ratio 22.3% and leverage ratio 4.0%.

Regulatory developments, such as the Basel proposal (especially with respect to risk-weighting of mortgages and corporate loans) and increasingly strict 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 will further strengthen its capital position.

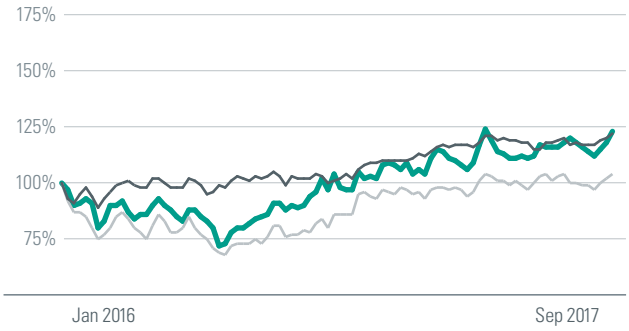
Other

ABN AMRO shares

Key developments

Between 30 June and 30 September 2017, ABN AMRO's share price (depositary receipts) rose 9% while the STOXX Europe 600 Bank index rose 6%. On 15 September 2017, NLFI sold 65 million depositary receipts at a price of EUR 23.50 per depositary receipt to qualified investors. This was the third sell-down transaction since the IPO.

Share price development
(in %)



ABN AMRO — STOXX Europe 600 Banks Index — Amsterdam Exchange Index

Source: S&P Global Market Intelligence.

Listing information

A total of 411.2 million shares are currently held by STAK AAG ('*Stichting Administratiekantoor Continuïteit ABN AMRO Group*'), which subsequently issued depositary receipts representing such shares, which are listed on the Euronext Amsterdam Exchange. More information on STAK AAG is provided in the 'About ABN AMRO' section of abnamro.com. The depositary receipts trade under ISIN code 'NL0011540547', Reuters ticker 'ABNd.AS' and Bloomberg ticker 'ABN:NA'.

Financial calender[1]

- Publication fourth-quarter 2017 results – 7 February 2018
- Publication Annual Report 2017 – 14 March 2018
- Publication first-quarter 2018 results – 8 May 2018
- Annual General Meeting – 29 May 2018
- Publication second-quarter 2018 results – 8 August 2018
- Publication third-quarter 2018 results – 7 November 2018

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

(in millions)	Q3 2017	Q2 2017	Q3 2016
Share count			
Total shares outstanding/issued and paid-up shares	940	940	940
- of which held by NLFI	529	594	724
- of which listed (in the form of depositary receipts)	411	346	216
- as a percentage of total outstanding shares	44%	37%	23%
Average number of shares	940	940	940
Average diluted number of shares	940	940	940
Key indicators per share (EUR)			
Reported earnings per share[1]	0.70	1.00	0.63
Shareholder's equity per share	20.17	20.04	18.25
Tangible shareholder's equity per share	19.93	19.79	17.98
Share price development (EUR)			
Closing price (end of period)	25.34	23.21	18.42
High (during the period)	25.37	25.84	19.10
Low (during the period)	22.61	21.80	14.02
Market capitalisation (end of period, in billions)	23.82	21.82	17.31
Valuation indicators (end of period)			
Price/Earnings	9.23x	8.67x	8.59x
Price/Tangible book value	1.27x	1.17x	1.02x

[1] Reported profit for the period excluding coupons attributable to AT1 capital securities and results attributable to other non-controlling interests divided by the average outstanding and paid-up ordinary shares.

Enquiries

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Investor call

A conference call will be hosted by the Executive Board for analysts and investors on Wednesday 8 November 2017 at 10:30 am CET (09:30 GMT).

To participate in the conference call, we strongly advise analysts and investors to pre-register for the call using the information provided on the ABN AMRO Investor Relations website.

More information can be found on our website, abnamro.com/ir.

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Information on our website does not form part of this Quarterly Report, unless expressly stated otherwise.

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

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

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