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IR/Press Release

ABN AMRO reports net loss of EUR 395 million in Q1 2020

- **Net loss marked by high impairments due to Covid-19, oil prices and market developments**
- **Supporting clients in response to Covid-19 crisis; several measures implemented**
- **Services maintained through digital offering and video banking while working from home**
- **Strong operational performance; net interest income held up well and fees were up**
- **Costs were lower, benefiting from continued cost management**
- **Strong capital position; CET1 ratio of 17.3% under Basel III and around 14% under Basel IV**
- **Review underway to ensure we deliver on our strategic pillars; update after the summer**
- **Priorities include navigating Covid-19 crisis, CIB review and AML activities**

Robert Swaak, CEO, comments:

“Covid-19 is first and foremost a crisis of personal health, but it is also having a significant impact on the economy. In line with our purpose ‘Banking for better, for generations to come’, we are supporting our clients wherever possible. Our strategic investments in IT and digital services in the past years have enabled us to continue serving clients without interruption. We are in close dialogue with our clients and have been implementing several support measures, including automatic deferral of interest and principal payments.

At the FY 2019 results, we announced a review of Corporate & Institutional Banking’s (CIB) activities. Although in the past few years some progress has been made in improving returns, this has not resulted in the required profitability. Also, the risk profile of parts of CIB is not fully aligned with that of the bank. The ongoing CIB review is a short-term priority for me and we will share the outcome in August.

My priorities in the coming period, in addition to the CIB review, are to navigate the Covid-19 crisis and to focus on anti-money laundering activities (AML). In addition, we will review our strategy to ensure we deliver on our three strategic pillars going forward and will provide an update after the summer, also addressing operational efficiency, financial targets and capital.

Impairments were very high (EUR 1.1 billion) due to two exceptional client files and significant upfront collective provisioning for sectors immediately impacted by Covid-19 and oil prices. As a result, we reported a net loss of EUR 395 million over the first quarter. Net interest income held up in the current environment, fees were higher and costs were lower, benefiting from continued cost management. The resulting ROE was a disappointing -8.7% and the cost/income ratio was 67.6%. Our capital position remains strong, with a Basel III CET1 ratio of 17.3% and a Basel IV CET1 ratio of around 14%, comfortably above the regulatory minimum requirements.

It is a challenging, yet exciting time to start as the CEO of ABN AMRO. ABN AMRO is a well-recognised player in Dutch society, with a strong brand and a solid capital and liquidity position. The bank has strong fundamentals and the priorities we need to address are clear. Building on our strategy and strong market positions, I am determined to deliver results in the years to come.”

Key figures and indicators

(in EUR millions)

	Q1 2020	Q1 2019	Change	Q4 2019	Change
Operating income	1,924	2,081	-8%	2,101	-8%
Operating expenses	1,300	1,327	-2%	1,384	-6%
Operating result	624	754	-17%	717	-13%
Impairment charges on financial instruments	1,111	102		314	
Income tax expenses	-92	174		87	
Profit/(loss) for the period	-395	478		316	
Cost/income ratio	67.6%	63.8%		65.9%	
Return on average Equity	-8.7%	9.2%		6.0%	
CET1 ratio	17.3%	18.0%		18.1%	

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