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IR/Press Release

ABN AMRO reports net loss of EUR 5 million for Q2 2020

- **Breakeven net result (EUR 5 million negative) reflects high impairments**
- **Continued engagement with clients to support them through Covid-19**
- **Good operational performance; net interest income under pressure from low interest rates**
- **Costs continue to benefit from cost-saving programmes**
- **Robust capital position, with a CET1 ratio of 17.3% (Basel III) and around 14% (Basel IV)**
- **Bank to focus on Netherlands and Northwest Europe**
- **Significant risk reduction in global sectors is expected to be capital accretive over time**

Robert Swaak, CEO, comments:

'When I started as CEO of ABN AMRO I set four priorities: navigate the bank through the Covid-19 crisis, review the strategy, focus on our licence to operate, and further enhance the bank's culture. We have made progress in all areas, including the strategy review. We will serve clients in segments where we can achieve scale, so we will focus on the Netherlands and Northwest Europe, where we will invest and grow. This is also reflected in the outcome of the CIB review announced today.'

Going forward Corporate & Institutional Banking (CIB) will focus on clients in Northwest Europe and Clearing and will exit all non-European corporate banking activities. Trade & Commodity Finance activities will be discontinued completely, and Natural Resources and Transportation & Logistics will focus on European clients only. In addition, stricter lending criteria and credit limits have been set to also contribute to a moderate risk profile. CIB will be split into core and non-core activities. The non-core activities (around 45% of CIB's client loans, representing approximately 35% of CIB's RWA and over 10% of total RWA) are expected to be wound down in the next 3 to 4 years. Around 800 FTEs are currently dedicated to non-core activities. The winddown, which is subject to regulatory approval, is expected to be capital accretive over time.

Even though in the Netherlands the impact of the soft lockdown on the economy was less severe than in many countries, Covid-19 has had a significant impact on our financial performance and we are reporting an around breakeven net result (EUR 5 million negative) for the second quarter. Operational performance was good despite continued pressure on net interest income. Costs were lower, benefiting from continued cost management. Impairments were high again, due to an exceptional client file, Covid-19 and oil prices. The resilience of our operating performance will not fully offset expected impairments for full-year 2020. ROE was a disappointing -0.7% and the cost/income ratio was 60.4%. Our financial position remains strong, with a CET1 ratio of 17.3% under Basel III, around 14% under Basel IV, comfortably above the regulatory minimum requirement.

Our purpose, 'Banking for better, for generations to come' guides us in delivering on our strategy. In addition to our decision to focus on Northwest Europe, we have defined strategic principles relating to clients, digital, moderate risk and financial ambitions. This will lead us in making clear choices, on which we will provide an update in November, also addressing operational efficiency, financial targets and capital.

Key figures and indicators*(in EUR millions)*

	Q2 2020	Q2 2019	Change	Q1 2020	Change	H1 2020	H1 2019	Change
Operating income	1,985	2,321	-15%	1,924	3%	3,909	4,403	-11%
Operating expenses	1,198	1,310	-8%	1,300	-8%	2,499	2,636	-5%
Operating result	786	1,012	-22%	624	26%	1,410	1,766	-20%
Impairment charges on financial instruments	703	129		1,111	-37%	1,814	231	
Income tax expenses	88	190	-54%	-92		-4	363	
Profit/(loss) for the period	-5	693		-395		-400	1,172	
Cost/income ratio	60.4%	56.4%		67.6%		63.9%	59.9%	
Return on average Equity ¹	-0.7%	13.6%		-8.7%		-4.7%	11.4%	
Fully-loaded CET1 ratio	17.3%	18.0%		17.3%		17.3%	18.0%	

¹ Based on profit for the period attributable to the owners of the parent company**ABN AMRO Press Office**

Jarco de Swart
Senior Press Officer
pressrelations@nl.abnamro.com
+31 20 6288900

ABN AMRO Investor Relations

Dies Donker
Head of Investor Relations
investorrelations@nl.abnamro.com
+31 20 6282282

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