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IR/Press Release

ABN AMRO reports net profit of EUR 301 million in Q3 2020

- Net profit at EUR 301 million in Q3 2020, reflecting good operational performance and moderating impairments
- Strong digital backbone and dedication of employees ensures consistent services to our clients during Covid-19
- Net interest income continues to be impacted by pressure on deposit margins and lower corporate loan volumes
- On track to achieve a cost level of around EUR 5.1 billion for 2020, excluding provisions for the CIB review
- Cost/income ratio for Q3 was 61.5%, return on equity 5.6%
- Strong capital position, Basel III CET1 ratio of 17.2% and Basel IV CET1 of around 15%, provides resilience
- Progressing on CIB non-core portfolio wind-down; outcome strategy review to be presented on 30 November

Robert Swaak, CEO, comments:

'As the Covid-19 health crisis continues to affect us all, the wellbeing of our clients and staff remains our main focus and we will continue to support our clients wherever possible. Our strong digital backbone combined with the dedication and flexibility of our people ensures our services to clients remain consistent and our operating result resilient. In mid-October the Netherlands entered into a partial lockdown. We are therefore cautious about the outlook and concerned about the long-term impact on society. Meanwhile, we are finalising our strategy review and making good initial progress on the wind-down of the CIB non-core portfolio. We also continue to make progress on my other priorities: navigating the bank through Covid-19, safeguarding our licence to operate and further enhancing the bank's culture.'

Net profit in Q3 2020 was EUR 301 million, reflecting good operational performance and moderating impairments under challenging circumstances. This result was supported by a book gain on the sale of our Paris office building, partly offset by provisions for the wind-down of the CIB non-core portfolio. Net interest income continues to be impacted by pressure on deposit margins as well as lower corporate loan volumes as we reduced the CIB non-core portfolio by some EUR 3.7 billion. We remain on track to achieve a cost level of around EUR 5.1 billion for 2020, excluding restructuring provisions for the CIB review. While impairments were lower than in prior quarters, we remain cautious and full-year impairments are expected to be below our Q2 guidance of EUR 3 billion, closer to the Q1 guidance of EUR 2.5 billion.

In Q3, the resulting return on equity was 5.6% and the cost/income ratio was 61.5%. We entered the Covid-19 crisis with a strong capital position – the Q3 Basel III CET1 ratio was 17.2% while the Basel IV CET1 ratio increased to around 15%, comfortably above regulatory requirements. I am pleased with our strong capital position, which provides resilience in a challenging environment. We are committed to resuming payment of dividends, sustainably, conditions permitting and taking into account ECB recommendations.

I look forward to updating you on the outcome of the strategy review at the Investor Update on 30 November.'

Key figures and indicators*(in EUR millions)*

	Q3 2020	Q3 2019	Change	Q2 2020	Change	9M 2020	9M 2019	Change
Operating income	2,207	2,101	5%	1,985	11%	6,115	6,504	-6%
Operating expenses	1,357	1,247	9%	1,198	13%	3,856	3,884	-1%
Operating result	850	854		786	8%	2,260	2,620	-14%
Impairment charges on financial instruments	270	112	141%	703	-62%	2,083	343	
Income tax expenses	279	184	52%	88		275	547	-50%
Profit/(loss) for the period	301	558	-46%	-5		-99	1,730	
Cost/income ratio	61.5%	59.4%		60.4%		63.0%	59.7%	
Return on average Equity ¹	5.6%	11.0%		-0.7%		-1.3%	11.3%	
Fully-loaded CET1 ratio	17.2%	18.2%		17.3%		17.2%	18.2%	

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

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