Amsterdam, 12 May 2021

IR/Press Release

ABN AMRO reports modest loss of EUR 54 million in the first quarter

- **Net loss of EUR 54 million included AML settlement of EUR 480 million recorded in the first quarter**
- **Operational performance in line with previous quarters; net impairment release of EUR 77 million**
- **Dutch economy still weathering the Covid crisis relatively well; rebound expected in second half of the year**
- **Full-year cost of risk (excluding CIB non-core) at or below through-the-cycle guidance of 25-30 basis points**
- **Mortgage market share increased to 17%; reflecting strong operational capabilities**
- **Strong capital position; Basel III CET1 ratio of 17.4% (Basel IV above 15%)**
- **Basel IV threshold of 15% for share buybacks to be recalibrated at Q4 2021; stand ready to pay FY 2019 dividend**

Robert Swaak, CEO, comments:

"Last month, we accepted a settlement offer of EUR 480 million from the Dutch Public Prosecution Service as the outcome of the AML investigation into ABN AMRO Bank N.V. in the Netherlands. We are fully committed to our moderate risk profile and our role as a gatekeeper of the financial system. The settlement means we can now turn to the future and focus on our strategic priorities and financial targets. Our market share of new production in mortgages increased to 17% in Q1 2021, reflecting strong operational capabilities valued by clients. We are making good progress in winding down the CIB non-core business, supported by the recently announced disposal of part of our Trade & Commodity Finance portfolio.

We continue to navigate the bank through Covid-19 and support our clients wherever possible. The Dutch economy continues to weather the Covid crisis relatively well, supported by government programmes. We expect a strong economic rebound later this year as lockdown restrictions ease, provided the vaccination programme progresses steadily.

Excluding the EUR 480 million AML settlement recorded in the first quarter, we reported a EUR 426 million net profit. Operational performance was in line with previous quarters. Net interest income was impacted by continued pressure on deposit margins and lower corporate loan volumes as the CIB non-core portfolio was wound down further. We achieved the first cost reductions as part of our goal of achieving EUR 700 million in cost savings by 2024. Our AML remediation programme is on track; we reconfirm our overall cost guidance. Impairments showed a net release of EUR 77 million for the first quarter as credit quality remained stable while government support continued. Based on the current economic outlook we expect that 2021 cost of risk for the bank (excluding CIB non-core) will be at or below the through-the-cycle guidance of 25-30 basis points. CIB non-core impairments remain uncertain but are expected to be significantly below last year.

Our capital position remained very strong with a Basel III CET 1 ratio of 17.4% (Basel IV above 15%) after absorption of the AML settlement and finalisation of the targeted review of internal models. The Basel IV threshold for share buybacks, currently at 15%, will be recalibrated at Q4 2021. We stand ready to pay FY 2019 dividend, ECB conditions permitting."

Key figures and indicators

(in EUR millions)	*Q1 2021*	*Q1 2020*	*Change*	*Q4 2020*	*Change*
Operating income	1,847	1,924	-4%	1,800	3%
Operating expenses	1,843	1,300	42%	1,401	32%
Operating result	4	624	**-99%**	400	**-99%**
Impairment charges on financial instruments	-77	1,111		220	
Income tax expenses	135	-92		126	7%
Profit/(loss) for the period	-54	-395	**86%**	54	
Cost/income ratio	99.8%	67.6%		77.8%	
Return on average Equity	-1.6%	-8.7%		0.7%	
CET1 ratio	17.4%	17.3%		17.7%	

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

ABN AMRO Investor Relations
Ferdinand Vaandrager
Head of Investor Relations
investorrelations@nl.abnamro.com
+31 20 6282282

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