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IR/Press Release

ABN AMRO reports net profit of EUR 393 million in Q2 2021

- **Operating performance in line with previous quarters; net impairment release of EUR 79 million**
- **Return on equity of 7.6% in spite of continued pressure on net interest income and incidentals**
- **Society gradually opening up; Dutch economy holding up well as government support continues**
- **Well ahead of plan in CIB non-core wind-down; over 80% reduction, supported by loan disposals**
- **Full-year cost of risk expected to be well below the through-the-cycle guidance of 25-30 bps**
- **Very strong capital position, Basel CET1 ratio of 18.3% (Basel IV around 16%)**
- **Final 2019 dividend of EUR 0.68 per share to be paid in October 2021**
- **Making progress in executing our strategy to be a personal bank in the digital age**

Robert Swaak, CEO, comments:

'Society is gradually opening up as vaccination programmes across Europe are steadily progressing and restrictions are easing. Extensive government support measures have enabled the Dutch economy to hold up relatively well. As a result of the improved macroeconomic outlook we again saw a release of impairments in the second quarter. Demand for corporate loans in the Netherlands is still muted as strong government support continues, but it is showing signs of stabilising and the pipeline is improving.

We are making progress in executing our strategy to be a personal bank in the digital age serving clients where we have scale in the Netherlands and Northwest Europe. We are well ahead of plan in the wind-down of the CIB non-core portfolio which has been reduced by over 80% since Q2 2020, supported by loan disposals. We are focusing on attractive segments where we can grow profitably, bringing convenience into the daily lives of our clients and expertise when it matters. In mortgages we are broadening our intermediary offering by repositioning our online label Moneyou as a competitively priced mortgage provider. Sustainability is core to our purpose and we are making good progress in increasing the volume of sustainable client loans; the target of 21% by 2021 has already been met. We are building a future-proof bank by rigorously simplifying and centralising our operating model, delivering a better experience for our clients. This year we are investing in strengthening our foundation, expanding our digital and data capabilities to enable our new client engagement model. Meanwhile we expect to reduce the current portfolio of around 1,300 products by at least 50% by 2024.

We reported a net profit of EUR 393 million for the second quarter, delivering a 7.6% return on equity (11.1% excluding CIB non-core) in spite of continued pressure on net interest income and incidentals. Operating performance was in line with previous quarters and asset quality is strong. Our mortgage portfolio grew while the corporate loan book for the core bank remained stable. We continued to focus on cost reductions as part of our goal of achieving EUR 700 million in cost savings by 2024. Impairments showed a net release of EUR 79 million for the second quarter as the macroeconomic outlook improved and the wind-down of the CIB non-core portfolio progressed. We expect cost of risk for the bank for 2021 to be well below the through-the-cycle guidance of 25-30 basis points.

Our capital position remains very strong, with a Basel III CET 1 ratio of 18.3% (Basel IV around 16%). As the ECB will not extend its recommendation on dividend distributions beyond September, we will pay the final 2019 dividend of EUR 0.68 per share in October 2021. We are committed to resuming payment of dividend at a ratio of 50% of net profit.'

Key figures and indicators

(in EUR millions)	*Q2 2021*	*Q2 2020*	*Change*	*Q1 2021*	*Change*	*H1 2021*	*H1 2020*	*Change*
Operating income	1,732	1,985	-13%	1,847	-6%	3,579	3,909	-8%
Operating expenses	1,228	1,198	2%	1,843	-33%	3,071	2,499	23%
Operating result	**504**	**786**	**-36%**	**4**	**%**	**508**	**1,410**	**-64%**
Impairment charges on financial instruments	-79	703		-77	-3%	-156	1,814	
Income tax expenses	190	88	116%	135	41%	325	-4	
Profit/(loss) for the period	**393**	**-5**		**-54**		**339**	**-400**	
Cost/income ratio	70.9%	60.4%		99.8%		85.8%	63.9%	
Return on average Equity[1]	7.6%	-0.7%		-1.6%		3.0%	-4.7%%	
Fully-loaded CET1 ratio	18.3%	17.3%		17.4%		18.3%	17.3%	

1 Based on profit for the period attributable to the owners of the parent company

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