

IR / Press Release

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ABN AMRO reports EUR 322 million underlying net profit in Q2 2014

- ▶ Underlying net profit increased by EUR 103 million, or 47%, compared with Q2 2013
- ▶ Reported net profit in Q2 2014 of EUR 39 million was impacted by two special items, a EUR 216 million one-off cost for the transition to a new pension scheme and a EUR 67 million levy for SNS Reaal
- ▶ Net interest income improved by 6% year-on-year, whereas total revenues were slightly lower. The underlying cost/income ratio amounted to 61%
- ▶ Underlying loan impairments decreased by EUR 164 million compared with Q2 2013 to EUR 342 million
- ▶ Underlying return on equity for Q2 2014 was 9.2%
- ▶ The CET1 ratio was 12.8% and the fully-loaded CET1 ratio amounted to 12.7%

Gerrit Zalm, Chairman of the Managing Board, comments:

"In the second quarter, the Dutch economy showed signs of further improvement. The Dutch housing market continued to improve in the second quarter, resulting in a growing number of residential housing transactions and an on-going rise in average house prices since the middle of last year.

The underlying net profit of EUR 322 million in the second quarter was up EUR 103 million compared with the corresponding period in 2013. The increase was driven by lower impairment charges, especially in the SME segment and in residential mortgages. Net interest income, the large majority of our income, was 6% higher in the second quarter compared with the same quarter last year. Looking at the first half of this year, we have made good progress in realising the targets set for 2017: a C/I ratio of 56-60%, a ROE of 9-12% and a CET1 ratio of 11.5-12.5%. The underlying net profit of EUR 700 million in the first half of 2014 results in a ROE of 10.1%, a significant improvement on the 7.6% for the same period in 2013. Compared with the first half of 2013, the underlying cost/income ratio decreased by two percentage points to 59%. The CET1 ratio was 12.8%, and the fully-loaded CET1 amounted to 12.7% at the end of June 2014.

Overall, we are satisfied with the results and remain cautiously optimistic about the recovery of the Dutch economy, although with geopolitical risks in the world mounting, the upward trend may be strained going forward."

Key figures and indicators

(in millions)	Q2 2014	Q2 2013	Change	Q1 2014	Change
Operating income	1,917	1,944	-1%	1,983	-3%
Operating expenses	1,162	1,141	2%	1,143	2%
Operating result	755	803	-6%	840	-10%
Impairment charges on loans and other receivables	342	506	-32%	361	-5%
Income tax expenses	91	77	19%	101	-10%
Underlying profit for the period¹	322	220	47%	378	-15%
Special items and divestments	- 283	182		- 67	
Reported profit for the period	39	402		311	
Underlying cost/income ratio	61%	59%		58%	
Underlying return on average Equity	9.2%	6.4%		10.9%	
CET1/CT1 ratio ²	12.8%	13.3%		14.5%	

1. Underlying results exclude special items which distort the underlying trend. A detailed explanation of special items is provided in the Additional financial information section.

2. 2013 figures are reported under Basel II and the 2014 figures are reported using the Basel III (CRR/CRD IV) framework.