

IR / Press Release

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ABN AMRO reports net profit of EUR 595 million for Q1 2018

- **Net profit of EUR 595 million and ROE of 11.5% for Q1 2018, reflecting a strong operating result offset by high impairments in a few specific sectors**
- **Net interest income remained strong, benefiting from loan growth especially in Dutch SMEs and corporate loans**
- **Cost savings coming through, IT transformation and business simplification progressing well**
- **The cost/income ratio improved to 57.9%, on track to achieve 2020 financial targets**
- **Strong capital position with CET1 ratio of 17.5%**

Kees van Dijkhuizen, CEO, comments:

'We saw a solid start to the year with net profit coming to EUR 595 million, reflecting a strong increase in our operating result, offset by high impairments. Net interest income remained strong, benefiting from loan growth, especially in Dutch SMEs and corporate loans. The underlying cost trend in Q1 continues to benefit from cost savings. Impairments were high this quarter due to provisions for specialised loans in a few specific sectors. Impairment provisions for offshore service and offshore shipping clients were elevated as recovery is still fragile in these sectors. The cost/income ratio improved from 60.2% to 57.9%. The return on equity decreased from 13.2% to 11.5% and our capital position remained strong with a fully loaded CET1 ratio of 17.5%, including the First Time Adoption impact for IFRS 9.

We are on track to achieve our strategic priorities and financial targets by 2020. In the past 18 months we have realised over half of the EUR 0.9 billion targeted costs savings and we are on track to achieve the remainder by 2020. We continue to execute the transformation plans of our core banking systems. We are confident in our current approach where we continuously phase-in further modernisations and we do not intend to initiate a new core banking replacement. By combining ABN AMRO services with those of partners we can deliver a broader value proposition in the form of ecosystems. For example, a major Dutch airline used the Tikkie API to build a 'share the bill' functionality for people who buy airline tickets for their friends. Participation in ecosystems will become even more important for the financial sector once PSD II has been introduced and we are well positioned with our large client base and digital services, such as Tikkie, Grip and our mobile banking app.

We continue to broaden our strategic commitment to sustainability, also for corporate clients. In March we financed the re-development of a former prison in Amsterdam into a sustainable hub with carbon-neutral and circular economy aspirations. We aim to become the partner of choice for clients making a step change towards a circular business model. ABN AMRO advises corporates as well as banks on how to structure green bonds and arranges the issue of these bonds for investors. I'm very proud that Environmental Finance, an online news and analysis service, awarded ABN AMRO the 'Green Bond Awards 2018 Lead Manager of the Year – category banks' for our consistent commitment to the green bond market.'

Key figures and indicators

<i>(in EUR millions)</i>	Q1 2018	Q1 2017	Change	Q4 2017	Change
Operating income	2,329	2,246	4%	2,429	-4%
Operating expenses	1,348	1,353	0%	1,653	-18%
Operating result	981	893	10%	776	26%
Impairment charges on loans and other receivables	208	63		-34	
Income tax expenses	178	215	-17%	268	-34%
Profit/(loss) for the period	595	615	-3%	542	10%
Cost/income ratio	57.9%	60.2%		68.0%	
Return on average Equity*	11.5%	13.2%		10.9%	
Fully-loaded CET1 ratio	17.5%	16.9%		17.7%	

* Profit for the period attributable for the owners of the parent company

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