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IR/Press Release

ABN AMRO reports net profit of EUR 2,046 million for FY 2019

- **Q4 2019 net profit of EUR 316 million, impacted by low interest rates and high impairments**
- **Return on equity for FY 2019 solid at 10.0%; cost/income ratio for FY 2019 of 61%**
- **Basel III capital position strong, CET1 ratio at 18.1% and Basel IV CET1 over 14%**
- **Final dividend of EUR 0.68 per share proposed. FY 2019 dividend pay-out ratio maintained at 62%, which equals EUR 1.28 per share**
- **Progress made on remediation programmes; Detecting Financial Crime (DFC) activities reviewed by independent expert, plan shared with regulator**
- **Costs around EUR 5.1 billion in 2020 and below EUR 5.0 billion thereafter; increasing DFC costs to be mitigated by further IT savings**

Kees van Dijkhuizen, CEO, comments:

'In the past year, we continued to focus on diligent execution of our strategy. At Private Banking, the volume of client assets invested sustainably more than doubled to EUR 19 billion, one year ahead of our target. We strengthened our lead in video banking at Retail Banking and have extended this service to all businesses. Florius' clients can now increase their mortgages without having to submit documents, provided they give us permission to use source data – simplifying and digitalising the mortgage application process. Our efforts to be a sustainable bank are reflected by our inclusion in the Dow Jones Sustainability Index, which ranks us in the top 10% of most sustainable banks worldwide.

At present, more than 2,000 FTEs are fully committed to DFC, and we are making progress on our remediation programmes and expect to complete these in 2022. Artificial intelligence and robotics are being incorporated to improve effectiveness and efficiency. There is no update on the investigation by the Dutch public prosecutor.

Net profit in Q4 2019 of EUR 316 million was impacted by low interest rates and high loan impairments in specific sectors at Corporate & Institutional Banking (CIB). We will continue to de-risk part of the CIB loan portfolio and will conduct a further review of CIB's activities. Net profit for 2019 was EUR 2,046 million, resulting in an ROE of 10.0%. Our capital position remains strong at 18.1%, despite material add-ons anticipating TRIM and model reviews. We currently face several regulatory uncertainties and propose maintaining the dividend pay-out stable at 62% and paying a final dividend of EUR 0.68 per share, bringing the FY 2019 dividend proposal to EUR 1.28 per share.

We will continue to focus on costs in the next few years and will reap the benefits from the IT transformation. These cost savings are expected to mitigate increasing DFC costs. We expect costs to be around EUR 5.1 billion in 2020 and to be below EUR 5.0 billion thereafter.'

Key figures and indicators

(in EUR millions)	Q4 2019	Q4 2018	Change	Q3 2019	Change	FY 2019	FY 2018	Change
Operating income	2,101	2,157	-3%	2,101	0%	8,605	9,093	-5%
Operating expenses	1,384	1,514	-9%	1,247	11%	5,268	5,351	-2%
Operating result	717	643	11%	854	-16%	3,337	3,742	-11%
Impairment charges on financial instruments	314	208	51%	112	180%	657	655	0%
Income tax expenses	87	119	-27%	184	-53%	634	736	-14%
Profit/(loss) for the period	316	316	0%	558	-43%	2,046	2,350	-13%
Cost/income ratio	65.9%	70.2%		59.4%		61.2%	58.8%	
Return on average Equity ¹	6.0%	6.0%		11.0%		10.0%	11.4%	
Fully-loaded CET1 ratio	18.1%	18.4%		18.2%		18.1%	18.4%	

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

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