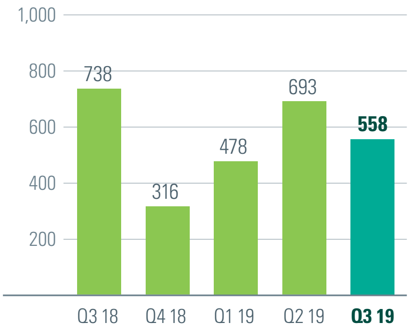
Quarterly Report

Third quarter 2019

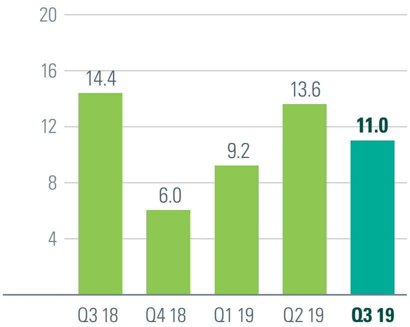
ABN AMRO Bank N.V.

Figures at a glance

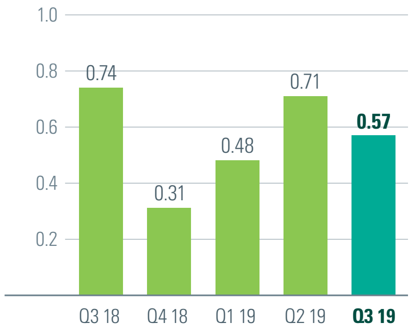
Net profit[1]
(in millions)



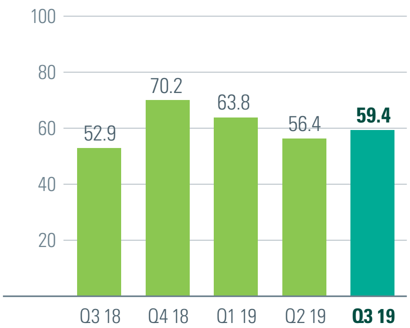
Return on equity[2,3]
Target range is 10-13 (in %)



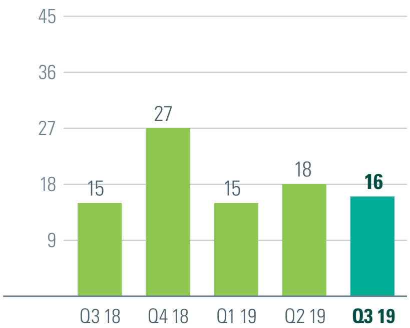
Earnings per share[4]
(in EUR)



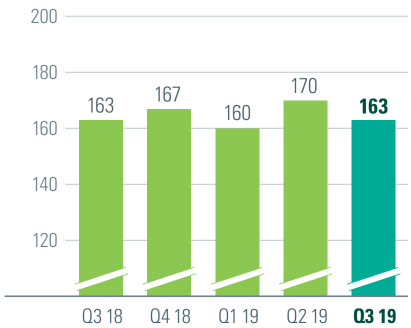
Cost/income ratio
Target range is 56-58 (in %)



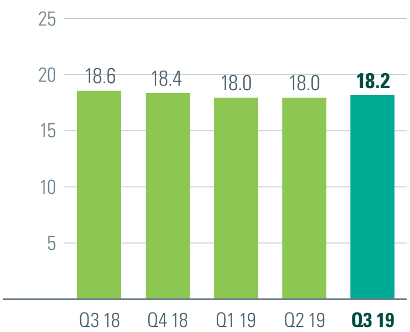
Cost of risk[2]
(in bps)



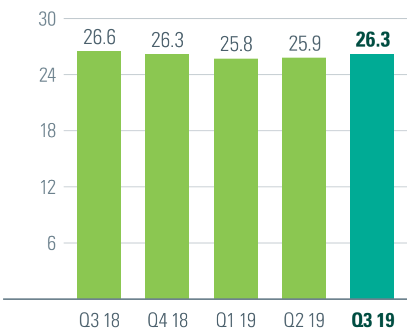
Net interest margin
(in bps)



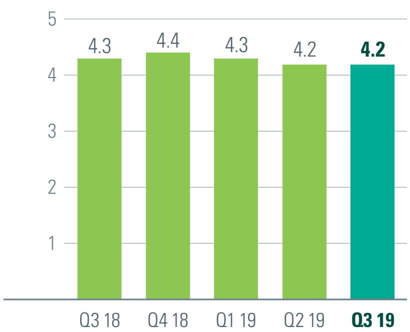
CET1[5]
(end-of-period, in %)
Target range is 17.5-18.5 (in %)



Total capital ratio
(end-of-period, in %)



Leverage ratio (CDR)[5]
(end-of-period, in %)



1 Comparative figures 2018 have been restated. Please refer to About this report.
2 Calculation based on annualised figures.
3 Annualised profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company excluding AT1 capital securities.
4 Profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.
5 As from Q1 2019 interim profits attributable to owners of the parent company, excluding AT1 capital securities, are no longer added to CET1 capital. If interim profits attributable to owners of the parent company, excluding AT1 capital securities, had been added based on last year's 62% pay out ratio, the CET1 ratio would be 0.6 percentage point higher in Q3 2019 and the leverage ratio would be 0.1 percentage point higher in Q3 2019.

Message from the CEO

The third quarter was a mixed quarter. We remained focused on the execution of our strategy and continued to deliver robust financial results, with a return on equity (ROE) of 11%. Meanwhile, the sector is facing major challenges, including the continuing low interest rate environment.

The Dutch public prosecutor informed us that ABN AMRO Bank N.V. is subject of an investigation relating to requirements under the Dutch Act on the prevention of money laundering and financing of terrorism (in Dutch: Wwft). The investigation follows our announcement last August that we are to review all our retail clients and that sanctions, such as an instruction, fines, may be imposed by the authorities. The public prosecutor indicated that the investigation includes whether we have complied with the Wwft in relation to having client files in good order, timely reporting unusual transactions and discontinuing relationships with clients in good time. The timing of the completion of the investigation and the outcome are uncertain; ABN AMRO is cooperating fully.

We are progressing on the customer due diligence (CDD) programmes at Retail Banking, including ICS, and Commercial Banking. The CDD reviews at Corporate & Institutional Banking (CIB) and Private Banking have largely been undertaken. The centralisation of our detecting financial crime (DFC) activities enables further specialisation and knowledge sharing across the bank. We have refined our plan to strengthen the DFC foundation and remediate gaps, and benchmarked our plan against best practises using a comprehensive review by an independent expert. We will further update you on our plans in Q4.

We are exploring possibilities to collaborate with other banks to combat money laundering and are pleased with the Dutch cabinet's plans to clamp down on money laundering, improving cooperation between the government and banks, and among banks.

We are seeing strong commercial momentum in mortgages. Our market share in mortgages increased from 17% in Q2 2019 to 22% in Q3 2019, supported by new products such as a mortgage solution for seniors o cash out on home equity and the 30-year fixed rate mortgages offered as part of a originate-to-distribute platform. The CIB refocus is on track, as we have realised the targeted RWA reduction of EUR 5 billion.

We remained focused on the execution of our strategy and our purpose: Banking for better, for generations to come. We achieved 79 points in the annual RobecoSAM assessment, ranking us in the top 10% of the world's most sustainable banks. At Private Banking, we doubled the volume of sustainable client assets to EUR 16 billion, one year ahead of our target.

Net profit in Q3 2019 was EUR 558 million, reflecting continued solid operational performance and moderate impairments, offset by low other income (including private equity gains). As the Dutch economy continued to outperform the eurozone, net interest income remained strong in spite of the low interest rate environment. Continued cost management was offset by an increase in remediation provisions and an increase in DFC costs. The cost/income ratio was 59.4%. Our capital position remains strong, with a CET1 ratio of 18.2% and we are well positioned to manage the transition through TRIM and Basel IV.

The interest rate environment remains challenging and it will be difficult to offset the impact on deposit margins. If rates stay low, it will take longer to reach our cost/income target of 56-58%. We already charge negative rates to CIB clients and the largest clients in Commercial and Private Banking and have followed a step-by-step approach. We have decided that we will not charge negative rates on deposits below EUR 100,000. This commitment means that around 95% of our clients, representing approximately 40% of our deposit base, will be safeguarded from negative rates.

I am pleased that the bank-wide engagement level in the Employee Engagement Survey was stable at 80%. Our employees are doing a tremendous job, working hard for our clients even though circumstances are sometimes difficult.

Kees van Dijkhuizen
CEO of ABN AMRO Bank N.V.

Financial review

This financial review includes a discussion and analysis of the results and sets out the financial position of ABN AMRO.

Results

Financial highlights

- Net profit amounted to EUR 558 million in Q3 2019, reflecting solid operational performance and moderate impairments.
- Net interest income was stable at EUR 1,628 million (Q3 2018: EUR 1,624 million), despite the low interest rate environment.
- Continued cost management offset by detecting financial crime (DFC) activities, leading to a cost/income ratio of 59.4% and a return on equity (ROE) of 11.0%.
- Strong capital position with CET1 ratio of 18.2% excluding year-to-date 2019 profits, well positioned to manage the transition through TRIM and Basel IV.

Operating results

(in millions)	Q3 2019	Q3 2018	Change	Q2 2019	Change	Nine months 2019	Nine months 2018	Change
Net interest income	1,628	1,624		1,681	-3%	4,882	4,951	-1%
Net fee and commission income	409	417	-2%	413	-1%	1,236	1,273	-3%
Other operating income	63	277	-77%	228	-72%	385	711	-46%
Operating income	**2,101**	**2,318**	**-9%**	**2,321**	**-9%**	**6,504**	**6,935**	**-6%**
Personnel expenses	543	593	-8%	555	-2%	1,665	1,803	-8%
Other expenses	704	634	11%	755	-7%	2,219	2,034	9%
Operating expenses	**1,247**	**1,227**	**2%**	**1,310**	**-5%**	**3,884**	**3,837**	**1%**
Operating result	**854**	**1,091**	**-22%**	**1,012**	**-16%**	**2,620**	**3,098**	**-15%**
Impairment charges on financial instruments	112	106	6%	129	-13%	343	447	-23%
Operating profit/(loss) before taxation	**742**	**985**	**-25%**	**883**	**-16%**	**2,277**	**2,651**	**-14%**
Income tax expense[1]	184	247	-26%	190	-3%	547	617	-11%
Profit/(loss) for the period[1]	**558**	**738**	**-24%**	**693**	**-19%**	**1,730**	**2,034**	**-15%**
Attributable to:								
Owners of the parent company[1]	558	731	-24%	693	-20%	1,730	2,002	-14%
Non-controlling interests		8					33	
Other indicators								
Net interest margin (NIM) (in bps)	163	163		170		164	164	
Cost/income ratio	59.4%	52.9%		56.4%		59.7%	55.3%	
Cost of risk (in bps)[2]	16	15		18		16	23	
Return on average Equity[3]	11.0%	14.4%		13.6%		11.3%	13.1%	
Earnings per share (in EUR)[4]	0.57	0.74		0.71		1.76	2.04	
Client Assets (end of period, in billions)	300.8	301.5		309.2				
Risk-weighted assets (end of period, in billions)	105.6	104.0		106.6				
Employee FTEs (end of period)	17,813	18,720		17,952				
Non-employee FTEs (end of period)	4,370	4,511		4,152				

[1] Comparative figures of 2018 have been restated. Please refer to About this report.
[2] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
[3] Profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company excluding AT1 capital securities.
[4] Profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

Large incidentals

Q3 2019

Provision for Customer Due Diligence (CDD) programme

Commercial Banking's other expenses included an additional provision of EUR 27 million for accelerating its CDD remediation programme. Cumulative provisions for CDD remediation programmes now amount to EUR 226 million (EUR 85 million in Q4 2018, EUR 114 million in Q2 2019 and EUR 27 million in Q3 2019).

Provision for SME derivatives-related issues

Q3 2019 included a EUR 13 million addition to the provision for project costs relating to SME derivatives-related issues in Corporate & Institutional Banking.

Q2 2019

Provision for the Customer Due Diligence (CDD) programme

In Q2 2019, we made a EUR 114 million provision for a CDD remediation programme at Retail Banking. The Dutch central bank (DNB) has determined that we are to review all our retail clients in the Netherlands.

Divestment Stater

Q2 2019 included a EUR 130 million book gain (tax exempt) in other income of Group Functions. ABN AMRO sold 75% of its Stater shares to Infosys at the end of May 2019.

Various one-offs including DSB

Q2 2019 included EUR 45 million for one-offs, largely relating to the positive revaluation of a claim of DSB.

Q3 2018

Private Banking divestment

In Q3 2018, Private Banking's other operating income included EUR 12 million for tax-exempt sale proceeds following the divestment of its activities in Luxembourg.

Restructuring provision

Q3 2018 included a EUR 27 million restructuring provision relating to the refocus of the CIB strategy.

Third-quarter 2019 results

Net interest income totalled EUR 1,628 million and remained flat compared with Q3 2018. The negative impact of increasing margin pressure on deposits was offset by lower liquidity management costs (at Group Functions). On the asset side, interest income on residential mortgages was broadly stable. Our market share in new production recovered to 22% in Q3 2019 (Q3 2018: 16%), which partly offset the decline in new production at the beginning of 2019. Compared with Q3 2018, residential mortgage volumes decreased by EUR 1.0 billion. Interest income on corporate loans was slightly higher on the back of stable margins and corporate loan growth, mainly in Commercial Banking. Interest income on consumer loans decreased as a result of margin pressure. On the liability side, interest income on deposits decreased due to the prolonged low interest rate environment. Interest rates came down compared with Q3 2018, impacting deposit margins. We are currently charging our largest clients negative deposit rates. Compared with Q2 2019, net interest income decreased by EUR 53 million as Q2 2019 included EUR 45 million in favourable incidentals. Excluding the impact of incidentals, net interest income on deposits declined by EUR 23 million, partly offset by a EUR 15 million decline in liquidity management costs.

The net interest margin (NIM) in Q3 2019 remained flat at 163bps as margin pressure on deposits was offset by lower liquidity management costs.

Net fee and commission income came down by EUR 8 million to EUR 409 million in Q3 2019. Excluding divestments, net fee and commission income increased by EUR 15 million. Private Banking accounted for EUR 11 million of the increase, partly as a result of the acquisition of Private Banking activities in Belgium. Net fee and commission income in Clearing increased by EUR 6 million as a result of higher market volatility levels in Q3 2019. Compared with Q2 2019, net fee and commission income remained broadly stable. Adjusted for divestments, fee income growth was mainly attributable to Retail Banking as a result of seasonally higher credit card activities.

Other operating income amounted to EUR 63 million in Q3 2019 (Q3 2018: EUR 277 million). Q3 2019 included a EUR 7 million favourable impact of divestments (including equensWorldline). Q3 2018 included EUR 12 million in sales proceeds from the divestment of the Private Banking activities in Luxembourg. Volatile items in Q3 2019 included lower equity participation results (EUR 20 million versus EUR 107 million in Q3 2018) and lower CVA/DVA/FVA[1] results (EUR 23 million negative versus EUR 9 million positive in Q3 2018).

[1] Credit Valuation Adjustment/Debit Valuation Adjustment/Funding Valuation Adjustment (CVA/DVA/FVA).

Introduction
Financial review
Risk developments
Capital management
Other

The decrease in hedge accounting-related results (EUR 9 million versus EUR 70 million in Q3 2018) included the benefits of the partial sale of the Public Sector Loan (PSL) portfolio. Excluding the impact of divestments and the volatile items in both quarters, other operating income remained almost stable.

Personnel expenses declined by EUR 50 million, totalling EUR 543 million in Q3 2019, due to a EUR 27 million restructuring provision related to the CIB strategy refocus in Q3 2018 and divestments (mainly Stater). In addition, declining FTE levels following the execution of cost-saving programmes were partly offset by higher expenses for DFC activities and wage inflation.

Employee FTEs came down by 907, totalling 17,813 in Q3 2019. The decrease is explained by the sale of Stater (934 FTE). In Private Banking, the reduction in FTEs resulting from the sale of Private Banking Channel Islands was largely offset by the acquisition of Private Banking activities in Belgium. Adjusted for divestments and acquisitions, the FTE decline resulting from restructuring programmes was offset by additional resources for DFC activities. Several internal transfers were made from commercial segments to Group Functions to further optimise and centralise support functions. Compared with Q2 2019, FTEs decreased by 139, primarily as a result of the Private Banking Channel Islands sale.

Other expenses increased by EUR 70 million to EUR 704 million in Q3 2019. Q3 2019 included a EUR 27 million provision for further acceleration of the CDD remediation programme at Commercial Banking and a EUR 13 million addition to the provision for project costs related to SME derivatives-related issues. Adjusted for these incidentals, the increase in other expenses was driven by higher regulatory levies and a rise in costs as we further intensified our DFC activities.

Non-employee FTEs (temporary staff and contractors) decreased by 141 to 4,370 in Q3 2019. The sale of Stater led to a decrease of 383 non-employee FTEs. This was partly offset by an increase in temporary staffing for DFC activities, including CDD remediation programmes, for which we recorded a provision. Compared with Q2 2019, non-employee FTEs increased by 218 mainly due to the abovementioned DFC activities.

Impairment charges were EUR 112 million in Q3 2019, versus EUR 106 million in Q3 2018. The cost of risk remained almost flat at 16bps in Q3 2019, well below the through-the-cycle level of 25-30bps.

Profit attributable to owners of the parent company excluding coupons attributable to AT1 capital securities amounted to EUR 532 million in Q3 2019 compared to EUR 697 million in Q3 2018 and EUR 667 million in Q2 2019.

Client loans remained stable at EUR 254.3 billion in Q3 2019. The increase in mortgage volume resulting from a higher market share was offset by lower corporate loans at Corporate & Institutional Banking.

RWAs declined to EUR 105.6 billion (30 June 2019: EUR 106.6 billion) reflecting the divestments of Private Banking activities in Channel Islands and our equensWorldline participation, and a decrease in operational risk.

Balance sheet

Condensed consolidated statement of financial position

(in millions)	30 September 2019	30 June 2019	31 December 2018
Cash and balances at central banks[1]	28,730	30,281	35,716
Financial assets held for trading	1,963	1,699	495
Derivatives	7,761	6,491	6,191
Financial investments	46,457	44,915	42,184
Securities financing	24,055	21,007	12,375
Loans and advances banks[1]	6,418	6,080	6,780
Loans and advances customers	275,892	275,514	270,886
Other	8,875	10,209	6,668
Total assets	**400,152**	**396,196**	**381,295**
Financial liabilities held for trading	1,199	1,097	253
Derivatives	10,126	7,849	7,159
Securities financing	12,982	12,452	7,407
Due to banks	14,649	16,511	13,437
Due to customers	248,231	242,745	236,123
Issued debt	75,356	74,986	80,784
Subordinated liabilities	10,198	9,958	9,805
Other	6,417	9,284	4,968
Total liabilities	**379,157**	**374,881**	**359,935**
Equity attributable to the owners of the parent company	20,995	21,314	21,357
Equity attributable to non-controlling interests			2
Total equity	**20,995**	**21,314**	**21,360**
Total liabilities and equity	**400,152**	**396,196**	**381,295**
Committed credit facilities	55,569	57,625	61,166
Guarantees and other commitments	15,924	15,910	15,241

[1] ABN AMRO has reclassified EUR 1.3 billion from loans and advances banks to cash and balances at central banks in the comparative figures of 2018. For additional information, please refer to About this report.

Main developments in total assets compared with 30 June 2019

Total assets increased by EUR 4.0 billion, totalling EUR 400.2 billion at 30 September 2019. The increase was mainly driven by an increase in securities financing activities.

Securities financing assets increased by EUR 3.0 billion, mainly due to a seasonal effect.

Loans and advances customers increased by EUR 0.4 billion, totalling EUR 275.9 billion.

Client loans were stable at EUR 254.3 billion. Residential mortgage loans rose in comparison with Q2 2019, reflecting market share recovery in Q3 2019. Corporate & Institutional Banking loans declined mostly from a decline in client lending to financial institutions within CIB.

Loans to professional counterparties and other loans came down slightly by EUR 0.2 billion, mainly at Clearing.

Loans and advances customers

(in millions)	30 September 2019	30 June 2019	31 December 2018
Residential mortgages	148,935	148,145	148,791
Consumer loans	12,335	12,270	12,263
Corporate loans to clients[1]	92,984	93,755	91,265
- of which: Commercial Banking	*42,744*	*42,998*	*41,753*
- of which: Corporate & Institutional Banking	*43,212*	*43,701*	*42,521*
Total client loans[2]	**254,254**	**254,170**	**252,319**
Loans to professional counterparties and other loans[3]	19,365	19,542	17,642
Total Loans and advances customers[2]	**273,618**	**273,712**	**269,961**
Fair value adjustments from hedge accounting	4,452	3,970	3,185
Less: loan impairment allowance	2,179	2,168	2,260
Total Loans and advances customers	**275,892**	**275,514**	**270,886**

1 Corporate loans excluding loans to professional counterparties.
2 Gross carrying amount excluding fair value adjustment from hedge accounting.
3 Loans to professional counterparties and other loans includes loans and advances to government, official institutions and financial markets parties.

Main developments in total liabilities and equity compared with 30 June 2019

Total liabilities increased by EUR 4.3 billion, totalling EUR 379.2 billion at 30 September 2019. This increase was driven by a rise in deposits, which grew by EUR 2.8 billion at Private Banking and by EUR 1.5 billion at Corporate & Institutional Banking.

Issued debt securities increased by EUR 0.4 billion. This increase was mainly attributable to private placements.

Due to customers increased by EUR 5.5 billion, totalling EUR 248.2 billion. This increase was due to a movement from equities to cash at Private Banking and higher client funding at Clearing.

Total equity decreased by EUR 0.3 billion to EUR 21.0 billion, as interim dividend payments were partly offset by the inclusion of the Q3 results.

Equity attributable to owners of the parent company excluding AT1 securities amounted to EUR 19,009 million, resulting in a EUR 20.22 book value per share based on 940,000,001 outstanding shares.

Results by segment

Retail Banking

Highlights

- Net interest income in Q3 2019 was affected by margin pressure on deposits, slightly lower mortgage volumes and lower volumes and margins on consumer loans, all compared with Q3 2018.
- Market share in new mortgage production was high at 22%, recovering from a lower market share at the beginning of 2019 (Q1 2019: 14%), while we maintained pricing discipline. As a result, residential mortgage loans increased by EUR 0.8 billion in comparison with Q2 2019.
- Net fee and commission income was broadly stable. Compared with Q2 2019, net fee and commission income increased by EUR 6 million, driven by seasonally higher credit card activities at International Card Services.
- Personnel expenses and FTEs decreased following the continued execution of cost-saving programmes, digitalisation and process optimisation.
- Non-employee FTEs remained stable as further reductions in temporary staffing were offset by our enhanced focus on CDD remediation programmes, for which we recorded provisions in Q2 2019 and Q4 2018.

Operating results

(in millions)	Q3 2019	Q3 2018	Change	Q2 2019	Change	Nine months 2019	Nine months 2018	Change
Net interest income	729	774	-6%	746	-2%	2,226	2,368	-6%
Net fee and commission income	96	98	-2%	90	6%	272	268	1%
Other operating income	6	12	-52%	13	-53%	34	27	23%
Operating income	**831**	**884**	**-6%**	**849**	**-2%**	**2,532**	**2,663**	**-5%**
Personnel expenses	99	104	-4%	101	-2%	302	334	-10%
Other expenses	369	354	4%	466	-21%	1,230	1,138	8%
Operating expenses	**468**	**457**	**2%**	**567**	**-17%**	**1,532**	**1,472**	**4%**
Operating result	**363**	**427**	**-15%**	**282**	**29%**	**1,000**	**1,191**	**-16%**
Impairment charges on financial instruments	5			17	-73%	23	-18	
Operating profit/(loss) before taxation	**358**	**426**	**-16%**	**265**	**35%**	**977**	**1,210**	**-19%**
Income tax expense	89	99	-10%	65	36%	244	293	-17%
Profit/(loss) for the period	**269**	**328**	**-18%**	**200**	**35%**	**732**	**917**	**-20%**
Cost/income ratio	56.3%	51.7%		66.8%		60.5%	55.3%	
Cost of risk (in bps)[1]	1			4		2	-1	
Other indicators								
Loans and advances customers (end of period, in billions)	154.6	155.7		153.8				
-of which Client loans (end of period, in billions)[2]	*154.9*	*156.1*		*154.1*				
Due to customers (end of period, in billions)	94.8	94.6		96.4				
Risk-weighted assets (end of period, in billions)	27.9	27.4		27.9				
Employee FTEs (end of period)	4,340	4,456		4,375				
Total Client Assets (end of period, in billions)	105.5	106.1		107.3				
- of which Cash	*94.8*	*94.6*		*96.4*				
- of which Securities	*10.7*	*11.4*		*10.9*				

[1] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
[2] Gross carrying amount excluding fair value adjustment from hedge accounting.

Commercial Banking

Highlights

- Net interest income benefited from loan growth compared with Q3 2018, reflecting the strong performance of the Dutch economy. This was more than offset by declining deposit margins resulting from the prolonged low interest rate environment.
- Personnel expenses decreased due to the continued execution of cost-saving programmes and the transfer of 384 FTE to Group Functions to further optimise and centralise support functions.
- Other expenses increased, driven by additional costs of accelerating the CDD remediation programme (EUR 27 million) and additional DFC activities.
- Total number of non-employee FTEs grew, mainly due to the enhanced focus on CDD remediation programmes, for which we recorded provisions in Q4 2018 and Q3 2019.
- Impairments came down by EUR 14 million from Q3 2018.

Operating results

(in millions)	Q3 2019	Q3 2018	Change	Q2 2019	Change	Nine months 2019	Nine months 2018	Change
Net interest income	378	390	-3%	385	-2%	1,153	1,210	-5%
Net fee and commission income	66	64	4%	63	5%	192	189	2%
Other operating income	8	8	10%	6	30%	20	31	-37%
Operating income	**453**	**462**	**-2%**	**455**	**-1%**	**1,365**	**1,431**	**-5%**
Personnel expenses	68	75	-10%	69	-3%	208	231	-10%
Other expenses	187	149	25%	162	16%	526	478	10%
Operating expenses	**255**	**225**	**13%**	**231**	**10%**	**733**	**709**	**3%**
Operating result	**198**	**237**	**-17%**	**224**	**-12%**	**632**	**722**	**-12%**
Impairment charges on financial instruments	50	64	-21%	12		124	177	-30%
Operating profit/(loss) before taxation	**147**	**173**	**-15%**	**211**	**-30%**	**508**	**544**	**-7%**
Income tax expense	36	43	-17%	53	-32%	127	134	-5%
Reported profit/(loss) for the period	**111**	**130**	**-14%**	**159**	**-30%**	**381**	**410**	**-7%**
Cost/income ratio	56.3%	48.7%		50.8%		53.7%	49.6%	
Cost of risk (in bps) [1]	47	50		10		37	60	
Other indicators								
Loans and advances customers (end of period, in billions)	42.6	41.5		42.9				
-of which Client loans (end of period, in billions) [2]	*43.3*	*42.2*		*43.6*				
Due to customers (end of period, in billions)	45.9	45.3		45.3				
Risk-weighted assets (end of period, in billions)	27.2	24.8		27.7				
Employee FTEs (end of period)	2,420	2,704		2,404				

[1] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
[2] Gross carrying amount excluding fair value adjustment from hedge accounting.

Private Banking

Highlights

- Net interest income decreased by EUR 20 million compared with Q3 2018, due to divestments and margin pressure on deposits resulting from the low interest rate environment.
- Adjusted for divestments, net fee and commission income increased, mostly as a result of the acquisition of Private Banking activities in Belgium.
- Personnel expenses were lower following substantial FTE reductions, reflecting progress in the transformation of Private Banking.
- Client assets remained stable as the market downturn at the end of 2018 was reversed by the positive market performance in 2019. Net new assets were up in the Netherlands and France compared to Q2 2019.
- Targeted EUR 16 billion in sustainable assets was delivered in Q3 2019.

Operating results

(in millions)	Q3 2019	Q3 2018	Change	Q2 2019	Change	Nine months 2019	Nine months 2018	Change
Net interest income	162	182	-11%	173	-7%	509	546	-7%
Net fee and commission income	126	119	6%	126	1%	377	388	-3%
Other operating income	7	25	-73%	24	-71%	38	101	-63%
Operating income	**295**	**325**	**-9%**	**323**	**-9%**	**924**	**1,035**	**-11%**
Personnel expenses	92	96	-4%	94	-2%	283	298	-5%
Other expenses	131	133	-2%	134	-2%	411	401	3%
Operating expenses	**223**	**229**	**-3%**	**228**	**-2%**	**694**	**699**	**-1%**
Operating result	**72**	**96**	**-25%**	**95**	**-24%**	**230**	**336**	**-32%**
Impairment charges on financial instruments	9	1		10	-1%	21	13	59%
Operating profit/(loss) before taxation	**63**	**95**	**-34%**	**85**	**-27%**	**209**	**323**	**-35%**
Income tax expense	19	19	-1%	19	-2%	59	78	-24%
Profit/(loss) for the period	**44**	**76**	**-43%**	**66**	**-34%**	**150**	**245**	**-39%**
Cost/income ratio	75.5%	70.4%		70.6%		75.1%	67.5%	
Cost of risk (in bps)[1]	23	4		30		20	15	
Other indicators								
Loans and advances customers (end of period, in billions)	12.6	12.4		12.5				
-of which Client loans (end of period, in billions)[2]	*12.8*	*12.6*		*12.7*				
Due to customers (end of period, in billions)	70.5	66.7		67.7				
Risk-weighted assets (end of period, in billions)	9.6	9.2		10.0				
Employee FTEs (end of period)	2,763	2,828		2,923				
Total Client Assets (end of period, in billions)	195.3	195.5		201.9				
- of which Cash	*70.7*	*66.9*		*71.1*				
- of which Securities	*124.6*	*128.6*		*130.8*				
Net new assets (end of period, in billions)	3.3	5.1		2.4				

[1] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
[2] Gross carrying amount excluding fair value adjustment from hedge accounting.

Corporate & Institutional Banking

Highlights

- Profit decreased by EUR 100 million, driven by lower equity participation results, lower CVA/DVA/FVA and an additional provision for project costs related to SME derivatives-related issues.
- Net interest income remained broadly stable in comparison with Q3 2018. Net interest income in Clearing increased slightly, offset by lower net interest income resulting from lower corporate loans volumes.
- Negative rates are being passed on to clients with large deposits at Corporate and Institutional Banking.
- Personnel expenses declined by EUR 26 million, mainly as Q3 2018 included a EUR 27 million restructuring provision related to the CIB refocus.
- Impairments showed a small decrease of EUR 6 million compared with Q3 2018.

Operating results

(in millions)	Q3 2019	Q3 2018	Change	Q2 2019	Change	Nine months 2019	Nine months 2018	Change
Net interest income	311	307	1%	313	-1%	927	858	8%
Net fee and commission income	127	125	2%	130	-2%	387	402	-4%
Other operating income	23	149	-85%	45	-49%	65	342	-81%
Operating income	**461**	**580**	**-21%**	**488**	**-6%**	**1,379**	**1,602**	**-14%**
Personnel expenses	111	137	-19%	107	4%	326	372	-12%
Other expenses	160	141	13%	143	12%	484	515	-6%
Operating expenses	**271**	**278**	**-3%**	**250**	**8%**	**810**	**887**	**-9%**
Operating result	**190**	**303**	**-37%**	**239**	**-20%**	**570**	**715**	**-20%**
Impairment charges on financial instruments	49	55	-12%	90	-46%	177	291	-39%
Operating profit/(loss) before taxation	**142**	**247**	**-43%**	**148**	**-4%**	**392**	**424**	**-7%**
Income tax expense	31	37	-15%	39	-19%	97	63	54%
Profit/(loss) for the period	**110**	**210**	**-48%**	**110**	**1%**	**296**	**361**	**-18%**
Cost/income ratio	58.7%	47.8%		51.2%		58.7%	55.4%	
Cost of risk (in bps)[1]	33	41		57		39	67	
Other indicators								
Loans and advances customers (end of period, in billions)	60.0	61.6		60.5				
-of which Client loans (end of period, in billions)[2]	*43.3*	*43.8*		*43.7*				
Due to customers (end of period, in billions)	32.0	27.2		27.7				
Risk-weighted assets (end of period, in billions)	36.5	37.3		36.1				
Employee FTEs (end of period)	2,493	2,546		2,522				

[1] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
[2] Gross carrying amount excluding fair value adjustment from hedge accounting.

Introduction
Financial review
Risk developments
Capital management
Other

Group Functions

Highlights

- Net interest income in Q3 2019 increased by EUR 77 million, driven by lower liquidity management costs.
- Net fee and commission income in Q3 2019 decreased following the Stater divestment.
- Other income decreased by EUR 65 million in Q3 2019, mostly due to lower hedge accounting-related results. The decrease was partly offset by a limited impact of divestments, including equensWorldline.
- Personnel expenses decreased due to the sale of Stater, which was partly offset by internal transfers to further optimise and centralise support functions and activities aimed at detecting financial crime (DFC).
- Other expenses was stable compared with Q3 2018. Lower other expenses resulting from the sale of Stater were offset by additional DFC costs.

Operating results

(in millions)	Q3 2019	Q3 2018	Change	Q2 2019	Change	Nine months 2019	Nine months 2018	Change
Net interest income	49	-28		64	-24%	67	-30	
Net fee and commission income	-6	12		3		8	27	-70%
Other operating income	19	84	-77%	140	-86%	229	208	10%
Operating income	**62**	**67**	**-8%**	**207**	**-70%**	**303**	**205**	**48%**
Personnel expenses	173	182	-5%	183	-6%	547	569	-4%
Other expenses	-142	-143	1%	-149	5%	-432	-498	13%
Operating expenses	**31**	**39**	**-19%**	**34**	**-8%**	**114**	**71**	**62%**
Operating result	**30**	**28**	**7%**	**172**	**-82%**	**189**	**134**	**41%**
Impairment charges on financial instruments	-1	-15	91%			-2	-16	85%
Operating profit/(loss) before taxation	**32**	**43**	**-26%**	**172**	**-82%**	**191**	**150**	**27%**
Income tax expense[1]	8	49	-83%	14	-40%	21	49	-58%
Profit/(loss) for the period[1]	**23**	**-6**		**159**	**-85%**	**171**	**101**	**69%**
Other indicators								
Securities financing - assets (end of period, in billions)	17.5	14.3		15.7				
Loans and advances customers (end of period, in billions)	6.1	5.9		5.7				
Securities financing - liabilities (end of period, in billions)	12.3	13.6		11.8				
Due to customers (end of period, in billions)	5.0	3.7		5.6				
Risk-weighted assets (end of period, in billions)	4.4	5.3		4.9				
Employee FTEs (end of period)	5,797	6,186		5,728				

[2] Comparative figures of 2018 have been restated. Please refer to About this report.

Additional financial information

Selected financial information

Condensed consolidated income statement

(in millions)	Q3 2019	Q3 2018	Q2 2019	Nine months 2019	Nine months 2018
Income					
Interest income calculated using the effective interest method[1]	2,381	2,434	2,388	7,270	7,469
Other interest and similar income[1]	71	98	124	276	258
Interest expense calculated using the effective interest method[1]	784	867	779	2,517	2,683
Other interest and similar expense[1]	40	41	52	147	92
Net interest income	**1,628**	**1,624**	**1,681**	**4,882**	**4,951**
Fee and commission income	797	739	800	2,349	2,350
Fee and commission expense	387	322	388	1,113	1,077
Net fee and commission income	**409**	**417**	**413**	**1,236**	**1,273**
Net trading income	-2	50	22	5	168
Share of result in equity accounted investments		3	15	14	28
Other income	65	225	191	366	515
Operating income	**2,101**	**2,318**	**2,321**	**6,504**	**6,935**
Expenses					
Personnel expenses	543	593	555	1,665	1,803
General and administrative expenses	648	593	697	2,039	1,908
Depreciation and amortisation of tangible and intangible assets	57	41	58	180	126
Operating expenses	**1,247**	**1,227**	**1,310**	**3,884**	**3,837**
Impairment charges on financial instruments	112	106	129	343	447
Total expenses	**1,359**	**1,333**	**1,439**	**4,227**	**4,284**
Operating profit/(loss) before taxation	**742**	**985**	**883**	**2,277**	**2,651**
Income tax expense[1]	184	247	190	547	617
Profit/(loss) for the period[1]	**558**	**738**	**693**	**1,730**	**2,034**
Attributable to:					
Owners of the parent company[1]	558	731	693	1,730	2,002
Non-controlling interests		8			33

[1] Comparative figures of 2018 have been restated. Please refer to About this report.

Condensed consolidated statement of comprehensive income

(in millions)	Q3 2019	Q3 2018	Q2 2019
Profit/(loss) for the period[1]	**558**	**738**	**693**
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Remeasurement gains / (losses) on defined benefit plans	-2		
(Un)realised gains/(losses) on Liability own credit risk	3	2	5
Share of other comprehensive income of associates not reclassified to the income statement			
Items that will not be reclassified to the income statement before taxation	**2**	**2**	**5**
Income tax relating to items that will not be reclassified to the income statement		1	1
Items that will not be reclassified to the income statement after taxation	**1**	**2**	**4**
Items that may be reclassified to the income statement			
(Un)realised gains/(losses) currency translation	85	-4	-14
(Un)realised gains/(losses) fair value through OCI	-98	-86	-27
(Un)realised gains/(losses) cash flow hedge	-343	26	-277
Share of other comprehensive income of associates reclassified to the income statement	-5	-8	11
Other comprehensive income for the period before taxation	**-361**	**-71**	**-306**
Income tax relating to items that may be reclassified to the income statement	-98	-15	-56
Other comprehensive income for the period after taxation	**-263**	**-56**	**-250**
Total comprehensive income/(expense) for the period after taxation	**296**	**684**	**447**
Attributable to:			
Owners of the parent company[1]	296	676	447
Non-controlling interests		8	

[1] Comparative figures of 2018 have been restated. Please refer to About this report.

Condensed consolidated statement of changes in equity

(in millions)	Share capital	Share premium	Other reserves including retained earnings	Accumulated other comprehensive income	Net profit/(loss) attributable to owners of the parent company	AT1 capital securities	Total	Non-controlling interests	Total equity
Balance at 1 July 2018	**800**	**4,041**	**13,795**	**-645**	**1,271**	**1,984**	**21,245**	**43**	**21,288**
Total comprehensive income				-54	731		676	8	684
Transfer									
Dividend			-611				-611	-8	-619
Increase/(decrease) of capital									
Paid interest on AT1 capital securities			-53				-53		-53
Other changes in equity			-3				-3		-3
Balance at 30 September 2018	**800**	**4,041**	**13,128**	**-700**	**2,002**	**1,984**	**21,255**	**43**	**21,298**
Balance at 1 July 2019	**940**	**12,970**	**5,563**	**-1,316**	**1,172**	**1,986**	**21,314**		**21,314**
Total comprehensive income				-262	558		296		296
Transfer									
Dividend			-564				-564		-564
Increase/(decrease) of capital									
Paid interest on AT1 capital securities			-53				-53		-53
Capital restucturing									
Other changes in equity			1				1		1
Balance at 30 September 2019	**940**	**12,970**	**4,947**	**-1,578**	**1,730**	**1,986**	**20,995**		**20,995**

Accumulated other comprehensive income breaks down as follows:

(in millions)	Remeasurements on post-retirement benefit plans	Currency translation reserve	Fair value reserve	Cash flow hedge reserve	Accumulated share of OCI of associates and joint ventures	Liability own credit risk reserve	Total
Balance at 1 July 2018	**-21**	**-8**	**431**	**-1,022**	**28**	**-54**	**-645**
Net gains/(losses) arising during the period		-4	-85	-132	-8	2	-227
Less: Net realised gains/(losses) included in income statement			1	-159			-158
Net gains/(losses) in equity		-4	-86	26	-8	2	-69
Related income tax			-21	7		1	-14
Balance at 30 September 2018	**-21**	**-12**	**367**	**-1,002**	**20**	**-52**	**-700**
Balance at 1 July 2019	**-6**	**28**	**294**	**-1,623**	**33**	**-42**	**-1,316**
Net gains/(losses) arising during the period	-2	85	-98	-302	-5	3	-319
Less: Net realised gains/(losses) included in income statement				40			40
Net gains/(losses) in equity	**-2**	**85**	**-98**	**-343**	**-5**	**3**	**-359**
Related income tax	-1	-5	-20	-73		1	-97
Balance at 30 September 2019	**-8**	**117**	**216**	**-1,892**	**28**	**-39**	**-1,578**

Risk developments

Key figures

(in millions)	30 September 2019	30 June 2019	31 December 2018
Total loans and advances, gross excluding fair value adjustments[1,2]	279,299	278,985	275,962
- of which Banks[2]	*6,422*	*6,083*	*6,789*
- of which Residential mortgages	*148,935*	*148,145*	*148,791*
- of which Consumer loans	*12,335*	*12,270*	*12,263*
- of which Corporate loans[1,2]	*104,764*	*105,988*	*101,163*
- of which Other loans and advances - customers[1,2]	*6,844*	*6,499*	*6,957*
Total Exposure at Default (EAD)	398,652	401,488	403,565
Credit quality indicators[3]			
Past due ratio	1.2%	1.1%	1.3%
- of which Residential mortgages	*1.0%*	*1.1%*	*1.3%*
- of which Consumer loans	*3.6%*	*2.9%*	*3.2%*
- of which Corporate loans	*1.1%*	*1.0%*	*1.2%*
Stage 3 Impaired ratio	2.4%	2.3%	2.2%
Stage 3 Coverage ratio	27.8%	28.4%	31.6%
Regulatory capital			
Total RWA	105,633	106,593	105,391
- of which Credit risk[4]	*85,797*	*86,433*	*84,701*
- of which Operational risk	*18,614*	*18,831*	*19,077*
- of which Market risk	*1,222*	*1,330*	*1,612*
Total RWA/total EAD	26.5%	26.5%	26.1%
Mortgage indicators			
Exposure at Default	163,492	163,028	162,787
- of which mortgages with Nationale Hypotheek Garantie (NHG)	*35,671*	*35,625*	*36,257*
Risk-weighted assets	17,024	16,924	16,853
RWA/EAD	10.4%	10.4%	10.4%
Average Loan-to-Market-Value	62%	63%	64%
Average Loan-to-Market-Value - excluding NHG loans	60%	61%	62%

1 Excluding loans and advances measured at fair value through P&L.
2 The comparative figures of 2018 with regard to Loans and advances Banks, Corporate loans and Other loans and advances have been restated. For additional information, please refer to About this report.
3 Loans and advances customers measured at amortised cost only.
4 RWA for credit value adjustment (CVA) is included in credit risk. CVA per 30 September 2019 is EUR 0.5 billion (30 June 2019: EUR 0.5 billion; 31 December 2018: EUR 0.5 billion).

	Q3 2019	Q3 2018	Q2 2019	Nine months 2019	Nine months 2018
Impairment charges on loans and other advances (in EUR million)[1]	112	106	129	343	447
- of which Residential mortgages	*4*	*- 10*	*15*	*20*	*- 12*
- of which Consumer loans	*1*	*13*	*7*	*11*	*- 9*
- of which Corporate loans	*106*	*94*	*102*	*308*	*480*
Cost of risk (in bps)[2]	16	15	18	16	23
- of which Residential mortgages	*1*	*- 3*	*4*	*2*	*- 1*
- of which Consumer loans	*3*	*43*	*22*	*12*	*- 10*
- of which Corporate loans	*40*	*36*	*38*	*39*	*61*

1 Including off-balance sheet exposures.
2 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

Highlights

Third-quarter developments

Portfolio review

Total loans and advances increased to EUR 279.3 billion (30 June 2019: EUR 279.0 billion). Increases in residential mortgages and, to a lesser extent, loans to banks and other loans and advances were partially offset by a EUR 1.2 billion decline in corporate loans. The decrease in corporate loans resulted mainly from a decline in client lending to financial institutions within CIB. Loans and advances for residential mortgages rose in a competitive market. New mortgage production increased to EUR 4.9 billion (30 June 2019: EUR 3.7 billion), while redemptions (including contractual repayments) increased to EUR 4.2 billion (30 June 2019: EUR 3.6 billion).

Exposure at Default

EAD decreased to EUR 398.7 billion (30 June 2019: EUR 401.5 billion). This decline related mainly to lower exposures in CIB, primarily due to lower business volumes. Private Banking's exposures declined due to the sale of Private Banking Channel Islands.

Credit quality indicators

Credit quality indicators remained relatively stable in Q3 2019. The past due ratio for loans and advances to customers increased slightly to 1.2% (Q2 2019: 1.1%), due to a rise of the past due exposure to EUR 3.2 billion (Q2 2019: EUR 3.0 billion). This was mainly driven by increases in mid-term (30-90 days) arrears. Corporate loans contributed most to this increase, due to relatively large CIB and CB clients. The past due ratio for consumer loans rose mainly as a result of an increase in the short-term (<30 days) bucket. The declining trend in residential mortgages continued, on the back of the strong performance of the Dutch economy and housing market.

The stage 3 ratio for loans and advances to customers increased modestly to 2.4%. Part of the new stage 3 impaired exposure for corporate loans had a relatively low coverage ratio, causing the overall stage 3 coverage ratio to decrease to 27.8% (Q2 2019: 28.4%).

Corporate stage 3 loans and allowances for credit losses increased mainly as a result of clients transferring from stage 2. These related mainly to the energy-offshore sector within CIB, and to offshore support vessels (OSV) sector and one client in the utilities sector within CB.

Cost of Risk

Impairment charges in Q3 2019 amounted to EUR 112 million (Q3 2018: EUR 106 million) and resulted in a cost of risk of 16bps (Q3 2018: 15bps). The Q3 charges were almost fully attributable to corporate loans, equally divided between CB and CIB, and were largely recorded for new individual files in stage 3.

Impairment charges for CB were lower this quarter than in Q3 2018, amounting to EUR 50 million (Q3 2018: EUR 64 million). The impairments in this quarter were mainly attributable to the offshore support vessels sector and a new file related to the utilities sector. The additions were partly offset by a release in the healthcare sector.

CIB also recorded lower impairments this quarter, totalling EUR 49 million (Q3 2018: EUR 55 million). The largest contributors to the Q3 impairments were the energy offshore services sector, the energy (up- and mid-stream) sectors and diamonds. The remainder of the impairments were spread across various industry sectors. The additions were partly offset by several smaller releases in various industry sectors.

Residential mortgages and consumer loans within Retail Banking recorded limited additions this quarter, as the housing market and the Dutch economy continued to perform well.

The first nine months resulted in a cost of risk of 16bps. For the full year, we expect to remain below the through-the-cycle range of 25-30bps, although impairments in the fourth quarter will likely be higher compared to the first three quarters, among others in offshore and due to model refinements in Retail Banking.

Introduction
Financial review
Risk developments
Capital management
Other

Regulatory capital

Total RWA declined to EUR 105.6 billion (30 June 2019: EUR 106.6 billion), primarily due to a decrease in credit risk and to a lesser extent in operational risk. The decrease in credit risk reflected the divestment of Private Banking Channel Islands and equensWorldline in Group Functions. Operational risk decreased as a result of updated input variables of the AMA calculation.

Residential mortgages

Housing market developments

Although the overall number of transactions trended upwards, the housing market remained tight as the housing shortage continued to be substantial. The number of properties for sale decreased, giving buyers less choice. The housing shortage together with marginally growing consumer confidence led to the further rise of residential property prices, albeit at a slower pace than in previous periods. The housing price index published by Statistics Netherlands (CBS) for Q3 2019 was 1.8% higher than in Q2 2019, and 6.2% higher than in Q3 2018.

Residential mortgage insights

New mortgage production grew to EUR 4.9 billion, an increase of 34% on Q2 2019. ABN AMRO's market share in new mortgage production grew to 22% in Q3 2019 (Q2 2019: 17%), despite a competitive market. The proportion of amortising mortgages continued to increase, reaching 32% by the end of Q3 2019 (Q2 2019: 31%, Q3 2018: 28%). Rising housing prices and restrictions on the maximum loan-to-market value (LtMV) of new mortgages have led to further improvement of the average indexed LtMV to 62% (60% excluding NHG). The underlying drivers of the LtMV are expected to continue the gradual decline over the next few years as a result of rising housing prices, contractual and extra redemptions, and current tax regulations.

The gross carrying amount of mortgages with an LtMV in excess of 100% also continued to decline, totalling EUR 2.1 billion (30 June 2019: EUR 2.3 billion) and accounting for 1.4% of total mortgages (Q2 2019: 1.6%, Q3 2018: 3.3%). Approximately 3% of the extra repayments related to this category (Q2 2019: 3%, Q3 2018: 6%).

Other developments

Customer Due Diligence (CDD)

After our announcement in 2018 on AML (anti-money laundering) and CTF (counter-terrorism financing), we centralised and bolstered our CDD activities. In 2018, we announced that we were developing programmes for International Card Services and Commercial Banking to accelerate remediation actions. These actions plans have been shared with DNB and we are committed to implementing them. In the first half of 2019, DNB determined that we need to review all our retail clients in the Netherlands. Consequently we initiated further measures and extended our CDD remediation programme, for which we made an additional provision of EUR 114 million in the first half of 2019. This amount is based on (among other things) the total number of files, the time needed to review each file and the percentage of files that will be reviewed using external resources.

In September 2019, the Dutch public prosecutor informed us that ABN AMRO Bank N.V. is subject of an investigation relating to requirements under the Dutch Act on the prevention of money laundering and financing of terrorism (in Dutch: Wwft). The public prosecutor indicated that the investigation includes whether we have complied with the Wwft in relation to having client files in good order, timely reporting of unusual transactions and discontinuing relationships with clients in good time. The timing of the completion of the investigation and the outcome are uncertain; ABN AMRO is cooperating fully. We have not made a provision for a potential fine, as the amount of this fine, if any, cannot be reliably estimated at this time.

Coverage and impaired ratio by stage

(in millions)	Gross carrying amount[4]	Allowances for credit losses	Coverage ratio	Stage ratio	Coverage ratio	Stage ratio	Coverage ratio	Stage ratio
	30 September 2019				30 June 2019		31 December 2018	
Stage 1								
Loans and advances banks[1]	**6,420**	**4**	**0.1%**	**100.0%**	**0.1%**	**99.9%**	**0.1%**	**99.1%**
Residential mortgages	144,798	17	0.0%	97.2%	0.0%	97.4%	0.0%	97.7%
Consumer loans	11,080	29	0.3%	89.8%	0.3%	90.2%	0.3%	87.8%
Corporate loans[1]	91,162	113	0.1%	87.0%	0.1%	86.9%	0.2%	86.3%
Other loans and advances customers[1]	6,758	1	0.0%	98.7%	0.0%	98.7%	0.0%	98.4%
Total Loans and advances customers	**253,798**	**160**	**0.1%**	**93.0%**	**0.1%**	**93.1%**	**0.1%**	**93.0%**
Stage 2								
Loans and advances banks[1]	**2**		**1.0%**	**0.0%**	**1.0%**	**0.1%**	**1.8%**	**0.9%**
Residential mortgages	3,018	11	0.4%	2.0%	0.4%	1.8%	0.5%	1.8%
Consumer loans	889	44	4.9%	7.2%	5.5%	6.7%	5.4%	8.3%
Corporate loans[1]	8,430	112	1.3%	8.0%	1.4%	8.5%	1.3%	9.2%
Other loans and advances customers[1]	82	2	2.7%	1.2%	2.9%	1.2%	3.5%	1.5%
Total Loans and advances customers	**12,418**	**170**	**1.4%**	**4.6%**	**1.4%**	**4.6%**	**1.5%**	**4.9%**
Stage 3								
Loans and advances banks[1]				**0.0%**		**0.0%**		**0.0%**
Residential mortgages	1,119	76	6.8%	0.8%	7.4%	0.8%	10.0%	0.5%
Consumer loans	366	199	54.5%	3.0%	53.6%	3.1%	47.7%	3.9%
Corporate loans[1]	5,173	1,569	30.3%	4.9%	31.2%	4.6%	33.5%	4.6%
Other loans and advances customers[1]	4	4	100.0%	0.1%	87.7%	0.1%	68.9%	0.1%
Total Loans and advances customers[2]	**6,662**	**1,849**	**27.8%**	**2.4%**	**28.4%**	**2.3%**	**31.6%**	**2.2%**
Loans at fair value through P&L	**741**							
Fair value adjustments from hedge accounting	**4,452**							
Total Loans and advances banks[1]	6,422	4	0.1%		0.1%		0.1%	
Total Loans and advances customers	278,071	2,179	0.8%		0.8%		0.8%	
Other balance sheet items[3]	117,846	4	0.0%		0.0%		0.0%	
Total on-balance sheet	**402,339**	**2,187**	**0.5%**		**0.5%**		**0.6%**	
Irrevocable loan commitments and financial guarantee contracts	65,013	16	0.0%		0.0%		0.0%	
Other off-balance sheet items	6,496							
Total on- and off-balance sheet	**473,848**	**2,203**	**0.5%**		**0.5%**		**0.5%**	

1 The comparative figures of 2018 with regard to Loans and advances Banks, Corporate loans and Other loans and advances have been restated. For additional information, please refer to About this report.
2 Excluding fair value adjustments from hedge accounting on Loans and advances customers and Loans at fair value through P&L.
3 The allowances for credit losses excludes allowances for financial investments held at FVOCI (30 September 2019: EUR 1.2 million; 30 June 2019: EUR 1.1 million; 31 December 2018: EUR 1.6 million).
4 Gross carrying amount excludes fair value adjustments from hedge accounting.

Capital management

Regulatory capital structure

(in millions)	30 September 2019	30 June 2019	31 December 2018
Total equity (EU IFRS)	**20,995**	**21,314**	**21,360**
Dividend reserve	-1,090	-1,148	-752
AT1 capital securities	-1,986	-1,986	-1,986
Other regulatory adjustments	1,261	996	724
Common Equity Tier 1	**19,180**	**19,176**	**19,346**
AT1 capital securities	1,986	1,986	1,986
Other regulatory adjustments	-4	-4	-5
Tier 1 capital	**21,162**	**21,158**	**21,327**
Subordinated liabilities Tier 2	6,717	6,536	6,516
Other regulatory adjustments	-70	-64	-75
Total regulatory capital	**27,810**	**27,630**	**27,768**
Total risk-weighted assets	**105,633**	**106,593**	**105,391**
Exposure measure (under CDR)			
On-balance sheet exposures	400,152	396,196	381,295
On-balance sheet netting	8,570	8,690	9,875
Off-balance sheet exposures	105,088	100,974	96,878
Other regulatory measures	-7,623	-5,745	-6,619
Exposure measure	**506,187**	**500,115**	**481,428**
Impact CRR 2 (incl. SA-CCR)	-66,255	-61,429	-53,496
Exposure measure (incl. CRR 2)	**439,932**	**438,686**	**427,933**
Capital ratios			
Common Equity Tier 1 ratio	18.2%	18.0%	18.4%
Tier 1 ratio	20.0%	19.8%	20.2%
Total capital ratio	26.3%	25.9%	26.3%
Leverage ratio (CDR)	4.2%	4.2%	4.4%
Leverage ratio (incl. CRR2)	4.8%	4.8%	5.0%

MREL

(in millions)	30 September 2019	30 June 2019	31 December 2018
Regulatory capital	27,810	27,630	27,768
Other MREL eligible liabilities[1]	2,900	2,975	2,976
Total MREL eligible liabilities	**30,710**	**30,605**	**30,744**
Total risk-weighted assets	105,633	106,593	105,391
MREL[2]	29.1%	28.7%	29.2%

1 Other MREL eligible liabilities consists of subordinated liabilities that are not included in regulatory capital.
2 MREL is calculated as total regulatory capital plus other MREL eligible subordinated liabilities divided by total risk-weighted assets.

Developments impacting capital ratios

Common Equity Tier 1 (CET1) capital remained stable in Q3 2019. As from 2019, year-to-date profits attributable to owners of the parent company (excluding AT1 capital securities) were no longer added to CET1 capital. Total RWA decreased to EUR 105.6 billion at 30 September 2019 (30 June 2019: EUR 106.6 billion). At 30 September 2019, the CET1, Tier 1 and total capital ratios were 18.2%, 20.0% and 26.3% respectively (30 June 2019: 18.0%, 19.8% and 25.9% respectively). All capital ratios were in line with the bank's risk appetite and strategic ambitions and were well above regulatory minimum requirements.

The CET1 capital target range under Basel III is 17.5-18.5%. This consists of a Basel IV implementation buffer of 4-5% on top of the current SREP capital requirement, the Pillar 2 guidance and a management buffer (totalling 13.5%). Our capital position remained strong with a CET1 ratio of 18.2%, which was well within the target range (and pro forma CET1 ratio of 18.8% if year-to-date profits attributable to owners of the parent company, excluding AT1 capital securities, had been added based on last year's 62% payout ratio). Compared with Q2 2019, the CET1 ratio increased by 0.2 percentage point, mainly reflecting a EUR 1.0 billion decline in RWA which was primarily attributable to a decrease in credit risk and to a lesser extent due to operational risk. The decrease in credit risk reflected divestments of Private Banking Channel Islands and equensWorldline in Group Functions. Operational risk decreased as a result of updated input variables of the AMA calculation.

We expect further impact from TRIM and model reviews on RWAs. TRIM refers to the regulatory assessment and harmonisation of internal RWA models. As a result of model reviews, we expect that Clearing will revert to the standardised approach in Q4 2019, for which an equivalent add-on has already been included since Q4 2018. The review of mortgages and market risk models has been concluded and the impact has been included in RWAs. Nevertheless, we anticipate RWA for mortgages to further increase by 2020 as a result of the risk weight floor announced by DNB. The review of our corporate lending and specialised lending portfolios is in progress and we have already included some add-ons in our RWAs to reflect preliminary feedback. As at Q3 2019, we have included approximately EUR 5.0 billion RWAs related to TRIM and model reviews. We expect TRIM to be finalised in the course of 2020, further impacting our Basel III RWAs. TRIM and model reviews, including the risk weight floor announced by DNB, are not expected to materially impact Basel IV fully-loaded RWAs. If TRIM and model reviews reduce the gap between Basel III and Basel IV RWAs, we will lower our Basel III target range of 17.5-18.5% accordingly.

We also expect regulatory capital headwinds from the industry-wide non-performing exposure (NPE) guidance. We expect the combined impact of the prudential backstop and the updated ECB guidelines published on 22 August to gradually build up as from 2021. In addition, the supervisory authority expects us to phase in minimum coverage levels for the existing stock of NPEs during the period running from 2020 to 2024. In Q2 2019, we recorded a supervisory capital deduction of around EUR 0.2 billion, ahead of the phase in of NPE minimum coverage following an ECB review. During the phase in from 2020 to 2024, we estimate the annual impact to be of a similar order of magnitude and we are working on mitigating actions aimed at increasing NPE velocity through intensified management attention for clients in FR&R and realising potential NPE divestments.

In Q4 2018, the estimated fully-loaded Basel IV CET1 ratio was around 13.5% (pre-mitigation). This ratio, excluding the addition of year-to-date net profit, remained largely unchanged at Q3 2019. We are refining our assumptions based on the EBA advice and at this stage we do not expect a material net change. We aim to publish a Basel IV CET1 figure at full-year 2019. We continue to work on mitigations, which are expected to mitigate around 20% of the Basel IV RWA inflation, and are well positioned to meet the Basel IV CET1 target of at least 13.5% early in the phase in period.

The Maximum Distributable Amount (MDA) trigger level under Basel III equals 11.84%, reflecting the current SREP requirements of 11.75% and the counter-cyclical buffer of 0.09%. The reported CET1 ratio is comfortably above the MDA trigger level. The 2020 SREP letter is expected before year-end 2019. We will incorporate this into our capital target at full-year 2019, which will also reflect the

Introduction
Financial review
Risk developments
Capital management
Other

refinement of Basel IV assumptions, latest insights on TRIM and model reviews. The distributable items amount to EUR 18.1 billion at 30 September 2019.

Dividend

At the full-year results, additional distributions in excess of 50% will be considered if capital is within or above the target range and will be subject to other circumstances, including regulatory and commercial considerations. The combined distribution will amount to at least 50% of net sustainable profit.

We recognise the importance of distributions to shareholders and want these to be sustainable. ABN AMRO is strongly capitalised and well positioned to manage the transition through TRIM and Basel IV. We are well placed within our target capital range and expect capital generation to continue. However, we expect further impact from regulatory developments, such as Basel IV, TRIM, model and provision reviews. We are actively engaging with the regulator, and our prudent capital management reflects the current economic and regulatory outlook as well as our approach to sustainable dividends.

Leverage ratio

The CRR capital rules introduced a non-risk-based leverage ratio, which is expected to become a binding measure effective as of 2021. At 30 September 2019, the leverage ratio of ABN AMRO Bank remained stable at 4.2% (30 June 2019: 4.2%). If profits had been added based on last year's 62% payout ratio, the leverage ratio would have amounted to 4.3%.

The CRR rules for calculating the exposure measure are expected to change by 2021, including the use of the SA-CCR calculation methodology for clearing guarantees. ABN AMRO estimates that the cumulative CRR 2 adjustments, including the use of SA-CCR, will reduce the exposure measure by approximately EUR 66.3 billion, improving the fully-loaded leverage ratio by another 0.6 percentage points. Despite the favourable effects of the application of SA-CCR, ABN AMRO continues to monitor and report the leverage ratio as being at least 4% based on currently applicable rules.

MREL

In 2019, European Parliament approved a new version of the Bank Recovery and Resolution Directive (BRRD2) which means that amended international standards on loss absorption and recapitalisation will be incorporated into EU law and are likely to become applicable in the member states during 2020. Based on our current interpretation of the MREL framework, but subject to further changes and SRB guidance, our MREL ambition has been adjusted to approximately 27% of RWA by 2022, based on own funds, subordinated instruments and, in time, senior non-preferred notes. Based on these instruments, MREL was 29.1% at the end of Q3 2019.

About this report

Introduction

This report presents ABN AMRO's results for the third quarter of 2019. It provides a quarterly business and financial review, risk and capital disclosures.

Presentation of information

Except for the changes described below, the financial information contained in this Quarterly Report has been prepared according to the same accounting policies as our most recent financial statements, which were prepared in accordance with EU IFRS. The figures in this document have not been audited or reviewed by our external auditor. This report is presented in euros (EUR), which is ABN AMRO's presentation currency, rounded to the nearest million (unless otherwise stated). All annual averages in this report are based on month-end figures. Management does not believe these month-end averages present trends that are materially different from those that would be presented by daily averages. Certain figures in this report may not tally exactly due to rounding. Furthermore, certain percentages in this document have been calculated using rounded figures.

The IFRS 16 standard became effective for annual periods beginning on or after 1 January 2019. IFRS 16 replaces IAS 17 Leases and removes the distinction between 'operating' and 'finance' leases for lessees.The impact on result and equity is not significant.

In 2019, ABN AMRO concluded that some amounts relating to central banks should not be reported in loans and advances to banks. An amount of EUR 1.3 billion has been reclassified from loans and advances to banks, to cash and balances at central banks in the comparative figures of 31 December 2018.

Within loans and advances to customers, ABN AMRO changed the presentation in the risk disclosure of all financial lease and factoring receivables. An amount of EUR 8.6 billion in assets, including EUR 0.6 billion in stage 2 and EUR 0.3 billion in stage 3, was reclassified from other loans and advances to corporate loans. The comparative figures have been adjusted accordingly.

In 2019, the dividend on the AT1 instruments is no longer tax deductable, contrary to prior years. Furthermore, IAS 12 was amended with regard to dividend on equity instruments. Any income tax impact must be recognised in profit or loss. Changes in accounting policies need to be applied retrospectively. Comparative information has been adjusted, resulting in a EUR 13 million decrease of income tax expenses in the third quarter and EUR 26 million for YTD 2018. Total equity was not impacted.

During the first half of 2019, ABN AMRO changed the presentation of interest income and expense on hedge accounting. Interest income and expense on hedging instruments is presented in the same line items as the hedged item calculated using the effective interest method. This change enhances comparability with market participants and it better reflects the net effective interest results on hedged assets and liabilities in an effective hedge accounting relationship. In addition to the changed presentation of interest income from hedge accounting, the bank decided to present interest expense at the same level of detail as interest income. The voluntary change in accounting policy has led to an adjustment of the comparative figures, resulting in a EUR 1,742 million decrease of both interest income and interest expense as of 30 September 2018.

To download this report or to obtain more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com. In addition to this report, ABN AMRO provides an analyst and investor call, an investor presentation and a fact sheet regarding the Q3 2019 results.

Enquiries

ABN AMRO Investor Relations

investorrelations@nl.abnamro.com

Investor call

A conference call for analysts and investors will be hosted by the bank on Wednesday 13 November 2019 at 11:00 am CET (10:00 London time). To participate in the conference call, we strongly advise analysts and investors to pre-register for the call using the information provided on the ABN AMRO Investor Relations website. More information can be found on our website, abnamro.com/ir.

ABN AMRO Press Office

pressrelations@nl.abnamro.com
+31 20 6288 900

ABN AMRO Bank N.V.

Gustav Mahlerlaan 10, 1082 PP Amsterdam
P.O. Box 283, 1000 EA Amsterdam
The Netherlands
abnamro.com

Information on our website does not form part of this Quarterly Report, unless expressly stated otherwise.

Disclaimer & cautionary statements

ABN AMRO has included in this document, and from time to time may make certain statements in its public statements, that may constitute "forward-looking statements". This includes, without limitation, such statements that include the words "expect", "estimate", "project", "anticipate", "should", "intend", "plan", "probability", "risk", "Value-at-Risk ("VaR")", "target", "goal", "objective", "will", "endeavour", "outlook", "optimistic", "prospects" and similar expressions or variations of such expressions. In particular, the document may include forward-looking statements relating but not limited to ABN AMRO's potential exposures to various types of operational, credit and market risk. Such statements are subject to uncertainties.

Forward-looking statements are not historical facts and represent only ABN AMRO's current views and assumptions regarding future events, many of which are by nature inherently uncertain and beyond our control. Factors that could cause actual results to deviate materially from those anticipated by forward-looking statements include, but are not limited to, macro-economic, demographic and political conditions and risks, actions taken and policies applied by governments and their agencies, financial regulators and private organisations (including credit rating agencies), market conditions and turbulence in financial and other markets, and the success of ABN AMRO in managing the risks involved in the foregoing.

Any forward-looking statements made by ABN AMRO are current views as at the date they are made. Subject to statutory obligations, ABN AMRO does not intend to publicly update or revise forward-looking statements to reflect events or circumstances after the date the statements were made, and ABN AMRO assumes no obligation to do so.