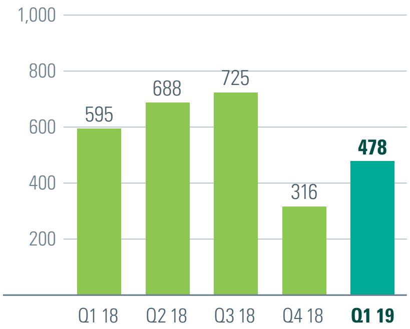
Quarterly Report

First quarter 2019

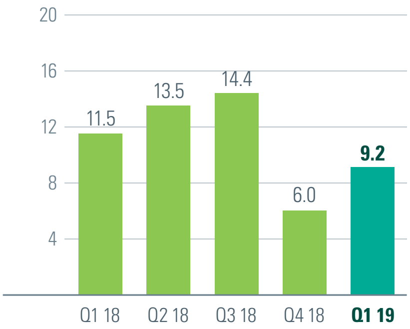
ABN AMRO Group N.V.

Figures at a glance

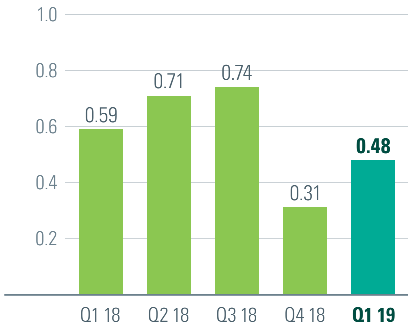
Net profit
(in millions)



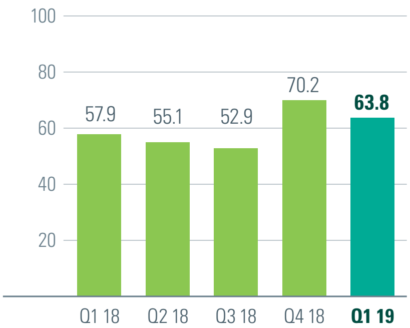
Return on equity[1]
Target range is 10-13 (in %)



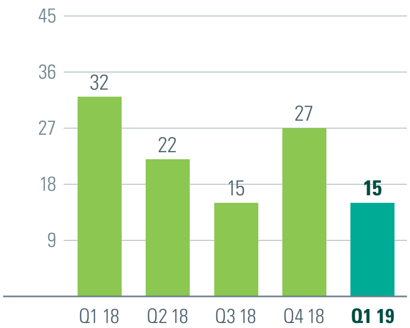
Earnings per share
(in EUR)



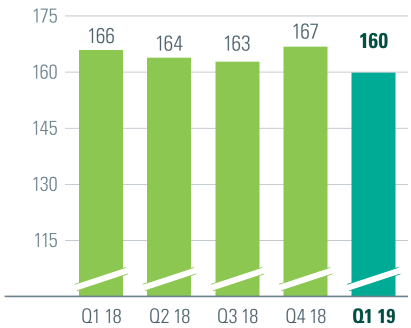
Cost/income ratio
2020 target range is 56-58 (in %)



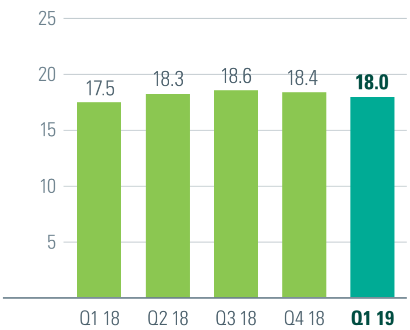
Cost of risk[1]
(in bps)



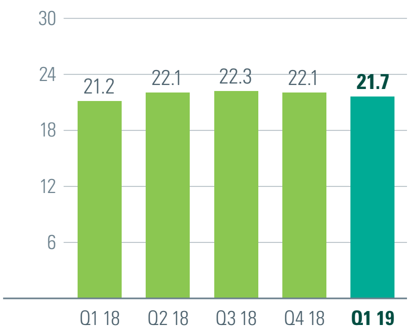
Net interest margin
(in bps)



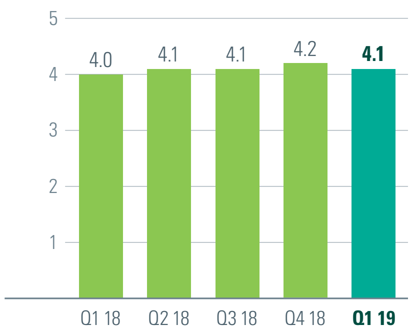
CET1[2]
(end-of-period, in %)
Target range is 17.5-18.5 (in %)



Total capital ratio[2]
(end-of-period, in %)



Leverage ratio (CDR)[2]
(end-of-period, in %)



[1] Calculation based on annualised figures.
[2] As from Q1 2019 interim profits attributable to shareholders are no longer added to CET1 capital. If 62% of the interim profit attributable to shareholders (2018 payout ratio) had been reserved, the CET1 ratio would be 16bps higher.

Message from the CEO

We are making good progress on embedding our strategy. As the economic and interest rate environment has become more demanding, we continue to take action to deliver on our promises going forward. We are actively managing our costs and working on measures to support revenues.

In line with our purpose 'Banking for better, for generations to come', we are focused on accelerating the sustainability shift and developing new sustainable propositions. This past quarter we introduced a mortgage facility allowing homeowners to invest up to EUR 25,000 in energy efficiency measures for their homes. We have also introduced a mortgage solution for seniors enabling them to cash out home equity without selling their property.

We are focusing on creating an effortless and data-driven customer experience and are increasingly working with partners. The use of digital channels in Retail Banking continues to increase and we are also working to make client onboarding a more effortless experience.

We are building a future-proof bank through continued Innovation & Technology (I&T) improvements supported by product and process rationalisation and optimisation. As a result, we have been able to further standardise products while maintaining strong cost and pricing discipline. Products will be more modular to ensure a tailor-made experience. For instance, we have reduced the number of consumer lending products and Alfam, part of Retail Banking, now processes all consumer loans fully straight-through. Acceleration of our Client Due Diligence remediation programmes at Commercial Banking and ICS is progressing. Strict compliance is our licence to operate, and we remain vigilant in detecting financial crime.

We continue to refocus our businesses. In Private Banking, we have started integrating the Belgium acquisition, and the announced sale of our activities in the Channel Islands will conclude our divestments in this business. We also recently announced the sale of a majority stake in Stater.

The refocus of Corporate & Institutional Banking (CIB) is progressing well. We are pleased to see that the targeted EUR 5 billion reduction of risk-weighted assets, excluding TRIM and model reviews, has largely been delivered. We expect to further improve profitability by reducing the cost base and developing a more capital efficient operating model. Client lending at Commercial Banking increased by 2.8% sequentially, whereas continued strict pricing discipline with respect to mortgages resulted in a 0.6% decline of the mortgage portfolio. Looking ahead, we see a well-filled mortgage pipeline and expect our market share in new origination to increase again in Q2 2019. Private Banking saw its assets under management grow by EUR 15.6 billion due to an acquisition, market performance and inflow of net new assets.

The Q1 2019 net profit was EUR 478 million. Net interest income was impacted by temporarily elevated liquidity management costs. Operating expenses included seasonally high regulatory levies offset by effective cost management; we have now achieved around EUR 740 million of our planned cost savings of EUR 1 billion by 2020. We are pleased to see lower loan impairments compared with last year, which is partly attributable to active derisking of parts of the CIB loan portfolio in 2018, and we reconfirm our guidance for the cost of risk to remain below the through-the-cycle level of 25-30 basis points in 2019.

Return on equity of 9.2% and the cost/income ratio of 63.8% reflect seasonally high regulatory levies in the first quarter. If regulatory levies were to be divided equally over the year, return on equity and the cost/income ratio in Q1 would have been 10.2% and 60.2% respectively. The Basel III CET1 ratio, which does not include the Q1 2019 profit, was strong at 18.0%. We expect a further impact from model reviews under Basel III and will lower the 17.5-18.5% capital target range accordingly. The Basel IV CET1 ratio remained largely unchanged versus year-end 2018. In this more demanding environment with rising regulatory and compliance costs, we remain focused on our financial targets.

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

Financial review

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

Results

Financial highlights

- Net profit at EUR 478 million in Q1 2019, reflected lower net interest income and less favourable (equity) participation results (approximately EUR 138 million net of tax), as well as lower impairments.
- Net interest income impacted by low interest rate environment and elevated liquidity management costs (fully offset in other operating income).
- Good cost management is reflected in lower personnel expenses as a result of the execution of cost-saving programmes, despite higher regulatory levies.
- Active derisking of part of our loan portfolio contributed to lower impairments. The cost of risk amounted to 15bps.
- CET1 ratio of 18.0% was within the target range of 17.5-18.5% and does not include Q1 2019 profit.

Operating results

(in millions)	Q1 2019	Q1 2018	Change	Q4 2018	Change
Net interest income	1,573	1,671	-6%	1,642	-4%
Net fee and commission income	414	431	-4%	426	-3%
Other operating income	94	227	-59%	90	5%
Operating income	**2,081**	**2,329**	**-11%**	**2,157**	**-4%**
Personnel expenses	567	629	-10%	638	-11%
Other expenses	760	720	6%	876	-13%
Operating expenses	**1,327**	**1,348**	**-2%**	**1,514**	**-12%**
Operating result	**754**	**981**	**-23%**	**643**	**17%**
Impairment charges on financial instruments	102	208	-51%	208	-51%
Operating profit/(loss) before taxation	**652**	**773**	**-16%**	**435**	**50%**
Income tax expense	174	178	-3%	119	46%
Profit/(loss) for the period	**478**	**595**	**-20%**	**316**	**51%**
Attributable to:					
Owners of the parent company	452	555	-18%	290	56%
Holders of AT1 capital securities	26	19	33%	20	30%
Other non-controlling interests		21	-100%	6	-100%
Other indicators					
Net interest margin (NIM) (in bps)	160	166		167	
Cost/income ratio	63.8%	57.9%		70.2%	
Cost of risk (in bps)[1]	15	32		27	
Return on average Equity[2]	9.2%	11.5%		6.0%	
Earnings per share (in EUR)[3]	0.48	0.59		0.31	
Client Assets (end of period, in billions)	302.2	305.5		285.2	
Risk-weighted assets (end of period, in billions)	108.0	107.9		105.4	
Employee FTEs (end of period)	18,962	19,616		18,830	
Non employee FTEs (end of period)	4,362	4,124		4,608	

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 Profit for the period excluding coupons attributable to AT1 capital securities and results attributable to other non-controlling interests divided by the average equity attributable to the owners of the company.
3 Profit for the period excluding coupons attributable to AT1 capital securities and results attributable to other non-controlling interests divided by the average outstanding and paid-up ordinary shares.

Introduction
Financial review
Risk developments
Capital management
Other

Incidentals

Q1 2019
Provision for SME derivatives-related issues
The process of settling SME derivative-related issues is coming to an end. By the end of March 2019, almost all clients had received the outcome of their evaluation. For the remaining clients, the provision for client compensation (recorded in other operating income) was raised by EUR 34 million. In addition, Q1 2019 included an update of the provision for project costs of EUR 10 million in other expenses.

Q4 2018 and Q1 2018
Restructuring provisions
Q4 2018 included a EUR 69 million restructuring provision for control and support activities, and digitalisation and process optimisation. The provision in Q1 2018 amounted to EUR 31 million and concerned a reduction in footprint and product offering of Global Markets.

Provision for additional costs of accelerating Customer Due Diligence (CDD) remediation programmes
Q4 2018 included a provision of EUR 85 million for additional costs of accelerating the CDD remediation programmes. These were recorded in ICS in Retail Banking (EUR 30 million) and Commercial Banking (EUR 55 million).

Positive revaluation equensWorldline
Q4 2018 included a positive revaluation of EUR 23 million in other operating income for our stake in equensWorldline. The positive revaluation amounted to EUR 46 million in Q1 2018.

Release of penalty fees resulting from interest averaging (mortgages)
Q1 2018 included a EUR 25 million release of penalty fees in net interest income. This related to a change in the accounting policy for interest rate renewals of mortgages prior to the end of their interest period. The change concerned the amortisation over a shorter term of mortgage penalty fees for clients who opted for ‘interest rate averaging’.

Provision for ICS credit cards
Q1 2018 included a EUR 15 million provision addition for ICS in Retail Banking.

Collective Labour Agreement (CLA)
Q1 2018 included a EUR 16 million one-off payment of EUR 1,000 per employee. CLA wages were adjusted for inflation at 2% on 1 January 2018 and 1 January 2019.

First-quarter 2019 results

Net interest income came down by EUR 98 million from Q1 2018, to EUR 1,573 million in Q1 2019. Excluding incidentals (EUR 10 million positive impact in Q1 2018), the decrease reflects continued deposit margin compression, lower interest mismatch results due to the continued low interest rate environment and elevated liquidity management costs. Liquidity management costs were fully offset in other operating income. Please see Group Functions for further details.
Interest income on corporate loans was higher on the back of corporate loan growth, while margins remained stable. Interest income on residential mortgages declined, reflecting lower volumes. New production was lower compared to previous year in order to protect relatively stable margins amid fierce competition. Our market share in new production in Q1 2019 was 14.0% (Q1 2018: 19.9%). Interest income on consumer loans declined due to lower margins, while volumes remained roughly stable. On the liability side, average savings volumes remained flat while margins decreased as a result of the continued low interest rate environment. Interest rates paid on main retail savings products remained low (Q1 2019: 3bps, Q4 18: 3bps and Q1 2018: 5bps). The interest paid on commercial deposits has been nil for some time, while negative rates were charged on professional clients’ deposits. Compared with Q4 2018, net interest income came down by EUR 69 million due to the drivers mentioned above. The impact of elevated liquidity management costs was approximately EUR 40 million.

The net interest margin (NIM) decreased by 6bps to 160bps in Q1 2019.

Net fee and commission income came down by EUR 17 million to EUR 414 million in Q1 2019. Asset management fees in Private Banking were lower, partly due to a lower level of client assets following the market downturn in the latter part of 2018. Furthermore, clients increasingly opted for execution-only instead of managed portfolios. Net fee and commission income in Clearing (part of Corporate & Institutional Banking (CIB)) was lower due to lower market volatility in Q1 2019. Compared with Q4 2018, net fee and commission income decreased by EUR 12 million, as Q4 2018 included annual fee payments to ICS (Retail Banking).

Other operating income amounted to EUR 94 million in Q1 2019. Excluding the impact of incidentals and volatile items in both quarters, other operating income remained stable compared with Q1 2018. Q1 2019 included a EUR 34 million increase in the provision for client compensation related to SME derivative-related issues, lower equity participation results (EUR 10 million, versus EUR 102 million in Q1 2018) and slightly lower CVA/DVA/FVA results (EUR 7 million negative, versus EUR 4 million negative in Q1 2018), while Q1 2018 included a EUR 46 million revaluation gain on the stake in equensWorldline. Other operating income in Q1 2019 was partly offset by more favourable hedge accounting-related results and other results from financial transactions amounting to EUR 63 million (Q1 2018: EUR 24 million), which included the offsetting effect of elevated liquidity management costs and an additional sale of the public sector loan portfolio.

Personnel expenses declined by EUR 62 million, totalling EUR 567 million in Q1 2019. Q1 2018 included a restructuring provision of EUR 31 million for digitalisation and optimisation measures, and a one-off CLA payment of EUR 16 million. Excluding these items, the decrease was driven by a further decline in FTE levels following the execution of cost-saving programmes. The decrease in personnel expenses compared with Q4 2018 is explained by a EUR 69 million restructuring provision for further digitalisation and optimisation measures in Q4 2018.

Employee FTEs came down by 654 to 18,962 in Q1 2019. The decrease occurred in all commercial segments, as a result of cost-saving programmes and a transfer of FTEs from the commercial segments to Group Functions to further optimise and centralise support functions. Compared with Q4 2018, FTEs increased by 132. The increase in FTEs as a result of the acquisition of private banking activities in Belgium was partly offset by the decrease of FTEs following from cost-saving programmes.

Other expenses increased by EUR 40 million, totalling EUR 760 million in Q1 2019. The increase was mainly attributable to higher regulatory levies (Q1 2019: EUR 161 million, Q1 2018: EUR 131 million), as part of the Single Resolution Fund contribution was booked in Q2 2018. In addition, Q1 2019 included a EUR 10 million increase of the provision for project costs related to SME derivatives-related issues. Compared with Q4 2018, other expenses came down by EUR 116 million, as Q4 2018 included a provision of EUR 85 million for accelerating the CDD remediation programmes.

In addition, other expenses were lower due to improved cost discipline and external staffing costs, which came down after seasonally higher costs in Q4 2018. This was partly offset by a EUR 32 million increase in regulatory levies (Q4 2018: EUR 128 million).

Non-employee FTEs (temporary staff and contractors) increased by 238 to 4,362 in Q1 2019. This reflects an increase for regulatory-related projects and enhanced focus on CDD remediation programmes, for which we recorded a provision. Compared with Q4 2018, non-employee FTEs came down by 246, primarily at Retail Banking, reflecting improved cost discipline and a shift from non-employee to employee FTEs.

Impairment charges came down to EUR 102 million in Q1 2019, versus EUR 208 million in both Q1 2018 and Q4 2018. This decrease was mainly visible in CIB, within Global Transportation & Logistics (shipping), Trade & Commodity Finance (primarily diamonds) and Natural Resources (primarily offshore energy). The cost of risk decreased to 15bps in Q1 2019, well below the through-the-cycle level of 25-30bps.

Client loans increased to EUR 255.5 billion in Q1 2019, from EUR 252.3 million in Q4 2018, following corporate loan growth at Commercial Banking, reflecting the strong performance of the Dutch economy. In addition, client loans were higher at CIB after seasonally lower client activity in Q4 2018, as well as the impact of USD appreciation (EUR 0.6 billion positive). This was partly offset by lower residential mortgages, reflecting lower market share in new production.

RWA amounted to EUR 108.0 billion, a EUR 2.6 billion increase on Q4 2018. This increase reflects seasonal volume recovery after Q4 2018 and non-volume related increases, TRIM (Targeted Review of Internal Models) and model reviews, of approximately EUR 1.3 billion. Furthermore, Q1 2019 included a EUR 0.5 billion increase related to the acquisition of private banking activities in Belgium.

Balance sheet

Condensed consolidated statement of financial position

(in millions)	31 March 2019	31 December 2018
Cash and balances at central banks[1]	29,373	35,716
Financial assets held for trading	1,618	495
Derivatives	6,786	6,191
Financial investments	44,319	42,184
Securities financing	18,588	12,375
Loans and advances banks[1]	7,031	6,780
Loans and advances customers	276,742	270,886
Other	9,771	6,668
Total assets	**394,228**	**381,295**
Financial liabilities held for trading	1,117	253
Derivatives	7,779	7,159
Securities financing	10,757	7,407
Due to banks	15,959	13,437
Due to customers	243,507	236,123
Issued debt	73,902	80,784
Subordinated liabilities	9,999	9,805
Other	9,584	4,968
Total liabilities	**372,605**	**359,935**
Equity attributable to the owners of the parent company	19,630	19,349
AT1 capital securities	1,990	2,008
Equity attributable to other non-controlling interests	2	2
Total equity	**21,623**	**21,360**
Total liabilities and equity	**394,228**	**381,295**
Committed credit facilities	58,276	61,166
Guarantees and other commitments	16,421	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.

Main developments in total assets compared with 31 December 2018

Total assets increased by EUR 12.9 billion, totalling EUR 394.2 billion at 31 March 2019. This increase was mainly driven by higher loans and advances to customers and an increase in securities financing activity, reflecting seasonal effects.

Cash and balances at central banks came down by EUR 6.3 billion to EUR 29.4 billion, largely due to maturing funding.

Securities financing assets increased by EUR 6.2 billion to EUR 18.6 billion, largely driven by seasonal effects.

Loans and advances customers increased by EUR 5.9 billion, totalling EUR 276.7 billion. This increase is attributable to both professional loans and client loans.

Client loans rose by EUR 3.2 billion to EUR 255.5 billion. Corporate loans to Commercial Banking clients increased by EUR 1.2 billion, reflecting the strong performance of the Dutch economy. CIB loans grew by EUR 2.6 billion, reflecting a EUR 0.6 billion positive impact from USD appreciation and seasonally higher client activity after a slowdown in Q4 2018. Residential mortgages decreased by EUR 0.9 billion, reflecting lower market share.

Loans to professional counterparties and other loans increased by EUR 2.3 billion, largely due to seasonal effects in Clearing.

Loans and advances customers

(in millions)	31 March 2019	31 December 2018
Residential mortgages	147,910	148,791
Consumer loans	12,367	12,263
Corporate loans to clients[1]	95,209	91,265
- of which: Commercial Banking	42,922	41,753
- of which: Corporate & Institutional Banking	45,333	42,521
Total client loans[2]	**255,486**	**252,319**
Loans to professional counterparties and other loans[3]	19,939	17,642
Total Loans and advances customers[2]	**275,425**	**269,961**
Fair value adjustments from hedge accounting	3,434	3,185
Less: loan impairment allowance	2,117	2,260
Total Loans and advances customers	**276,742**	**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 31 December 2018

Total liabilities increased by EUR 12.7 billion, totalling EUR 372.6 billion at 31 March 2019. This increase was mainly attributable to an increase in due to customers and securities financing (both reflecting seasonally low levels in Q4 2018), and was partly offset by lower issued debt.

Securities financing liabilities increased by EUR 3.4 billion to EUR 10.8 billion, driven largely by seasonal effects.

Issued debt securities came down by EUR 6.9 billion to EUR 73.9 billion as the need for wholesale funding declined. Short-term funding declined by EUR 4.2 billion, while long-term funding decreased by EUR 2.6 billion.

Due to customers rose by EUR 7.4 billion, totalling EUR 243.5 billion. This was largely driven by higher professional deposits (seasonally low in Q4 2018) and to a lesser extent by an increase in client deposits across all commercial segments.

Total equity increased by EUR 0.2 billion to EUR 21.6 billion as the inclusion of the profit for the period was partly offset by a decline in other comprehensive income.

Equity attributable to shareholders amounted to EUR 19,630 million, resulting in a EUR 20.88 book value per share and a EUR 20.68 tangible book value per share on the basis of 940,000,001 outstanding shares.

Results by segment

Retail Banking

Highlights

- Net interest income was impacted by lower mortgage volumes, deposit margin compression, allocation affects and the ICS provision addition of EUR 15 million in Q1 2018.
- Lower personnel expenses and FTEs following the continued execution of cost-saving programmes and digitalisation.
- Market share in new mortgage production was low at 14.0% (Q4 2018: 14.0%) as we maintained strict pricing discipline amid strong competition.
- Introduction of a new sustainable initiative, a mortgage facility allowing homeowners to invest up to EUR 25,000 in energy efficiency measures for their homes.
- Introduction of a mortgage solution for seniors enabling them to cash out home equity without selling their property.

Operating results

(in millions)	Q1 2019	Q1 2018	Change	Q4 2018	Change
Net interest income	752	804	-6%	754	
Net fee and commission income	85	84	2%	97	-12%
Other operating income	15	5		3	
Operating income	**852**	**893**	**-5%**	**854**	
Personnel expenses	101	119	-15%	108	-6%
Other expenses	396	407	-3%	448	-12%
Operating expenses	**498**	**526**	**-5%**	**556**	**-11%**
Operating result	**355**	**367**	**-3%**	**298**	**19%**
Impairment charges on financial instruments	2	4	-55%	7	-74%
Operating profit/(loss) before taxation	**353**	**363**	**-3%**	**291**	**21%**
Income tax expense	90	91	-2%	82	10%
Profit/(loss) for the period	**263**	**272**	**-3%**	**209**	**26%**
Cost/income ratio	58.4%	58.9%		65.1%	
Cost of risk (in bps)[1]		1		2	
Other indicators					
Loans and advances customers (end of period, in billions)	153.7	156.2		154.5	
- of which Client loans (end of period, in billions)[2]	154.1	156.7		154.8	
Due to customers (end of period, in billions)	94.1	93.7		93.5	
Risk-weighted assets (end of period, in billions)	27.8	26.7		27.6	
Employee FTEs (end of period)	4,434	4,989		4,445	
Total Client Assets (end of period, in billions)	105.0	105.4		103.5	
- of which Cash	94.1	93.7		93.5	
- of which Securities	10.9	11.7		10.1	

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.

Allocation effects

The combined result of the non-maturing deposit (NMD) model update and the reallocation of net interest income from Group Functions was approximately EUR 30 million negative in in Q1 2019 (and Q4 2018). These changes were implemented in Q3 2018.

Commercial Banking

Highlights

- Net interest income benefited from continued loan growth, reflecting the strong performance of the Dutch economy, which was more than offset by allocation effects.
- Personnel expenses continued to trend down following improved cost discipline.
- Increasingly working with partners; with Lyanthe we are developing accounting software integrated into online banking systems.

Operating results

(in millions)	Q1 2019	Q1 2018	Change	Q4 2018	Change
Net interest income	389	404	-4%	392	-1%
Net fee and commission income	63	63		69	-9%
Other operating income	5	9	-45%	8	-33%
Operating income	**457**	**476**	**-4%**	**468**	**-2%**
Personnel expenses	70	80	-12%	104	-32%
Other expenses	177	167	6%	232	-24%
Operating expenses	**247**	**247**		**336**	**-26%**
Operating result	**210**	**229**	**-9%**	**132**	**59%**
Impairment charges on financial instruments	61	45	37%	76	-19%
Operating profit/(loss) before taxation	**149**	**185**	**-20%**	**56**	
Income tax expense	38	45	-15%	19	105%
Reported profit/(loss) for the period	**110**	**140**	**-21%**	**37**	
Cost/income ratio	54.1%	51.8%		71.8%	
Cost of risk (in bps)[1]	55	49		62	
Other indicators					
Loans and advances customers (end of period, in billions)	42.9	41.2		41.6	
- of which Client loans (end of period, in billions)[2]	43.5	41.7		42.3	
Due to customers (end of period, in billions)	45.4	44.1		45.0	
Risk-weighted assets (end of period, in billions)	28.0	25.7		27.3	
Employee FTEs (end of period)	2,528	2,744		2,734	

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.

Allocation effects

The combined result of the NMD model update and the reallocation of net interest income from Group Functions was approximately EUR 20 million negative in Q1 2019 (and Q4 2018). These changes were implemented in Q3 2018.

Private Banking

Highlights

- Q1 2019 figures include only one month's contribution by the recent acquisition in Belgium, whereas Q1 2018 included the somewhat higher results of Luxembourg activities (sold in Q3 2018).
- Net interest income benefited from lower average client saving rates, which were offset by allocation effects.
- Net fee and commission income was impacted by lower asset management fees as the level of client assets declined due to the market downturn in the latter part of 2018 and more clients opted for execution-only instead of managed portfolios.
- Client assets increased by EUR 15.6 billion due to positive market performance and the acquisition in Belgium (approximately EUR 6 billion). Net new assets amounted to EUR 1.0 billion.
- The announced sale of our activities in the Channel Islands will conclude our divestments in Private Banking.

Operating results

(in millions)	Q1 2019	Q1 2018	Change	Q4 2018	Change
Net interest income	174	185	-6%	174	
Net fee and commission income	125	137	-9%	121	3%
Other operating income	7	12	-38%	10	-26%
Operating income	**307**	**333**	**-8%**	**305**	
Personnel expenses	97	102	-4%	92	6%
Other expenses	147	138	6%	138	6%
Operating expenses	**244**	**240**	**2%**	**230**	**6%**
Operating result	**63**	**94**	**-33%**	**75**	**-17%**
Impairment charges on financial instruments	2	5	-59%	-10	
Operating profit/(loss) before taxation	**61**	**88**	**-32%**	**85**	**-29%**
Income tax expense	20	23	-11%	18	15%
Profit/(loss) for the period	**40**	**66**	**-39%**	**67**	**-40%**
Cost/income ratio	79.6%	72.0%		75.4%	
Cost of risk (in bps)[1]	7	20		-32	
Other indicators					
Loans and advances customers (end of period, in billions)	12.4	12.2		12.5	
- of which Client loans (end of period, in billions)[2]	12.5	12.3		12.6	
Due to customers (end of period, in billions)	66.3	63.5		66.2	
Risk-weighted assets (end of period, in billions)	10.1	9.3		9.8	
Employee FTEs (end of period)	2,983	3,104		2,795	
Total Client Assets (end of period, in billions)	197.3	200.1		181.7	
- of which Cash	69.9	65.9		66.3	
- of which Securities	127.4	134.2		115.4	

[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.

Allocation effects

The combined result of the NMD model update and the reallocation of net interest income from Group Functions was approximately EUR 10 million negative in Q1 2019 (and Q4 2018). These changes were implemented in Q3 2018.

Corporate & Institutional Banking

Highlights

- Net interest income improved on the back of loan growth (including EUR 2.5 billion of USD appreciation year-on-year) and allocation effects.
- Other operating income reflects EUR 91 million lower equity participation results and includes a EUR 34 million increase in the provision for client compensation related to SME derivative-related issues.
- Loan impairments were significantly lower as both Q1 2018 and Q4 2018 included elevated impairment levels for diamonds, offshore energy and shipping, partly reflecting the active derisking of parts of our loan portfolio.
- CIB refocus has largely delivered the targeted EUR 5 billion RWA reduction, excluding TRIM and model reviews. Profitability is expected to further improve by reducing the cost base and developing a more capital efficient operating model.

Operating results

(in millions)	Q1 2019	Q1 2018	Change	Q4 2018	Change
Net interest income	304	265	15%	309	-2%
Net fee and commission income	129	137	-6%	125	3%
Other operating income	-3	126		81	
Operating income	**430**	**528**	**-19%**	**515**	**-16%**
Personnel expenses	108	118	-9%	109	-1%
Other expenses	181	181		194	-6%
Operating expenses	**289**	**299**	**-3%**	**302**	**-4%**
Operating result	**141**	**229**	**-39%**	**212**	**-34%**
Impairment charges on financial instruments	38	152	-75%	135	-72%
Operating profit/(loss) before taxation	**102**	**77**	**33%**	**77**	**33%**
Income tax expense	27	3		12	121%
Profit/(loss) for the period	**76**	**74**	**3%**	**65**	**17%**
Cost/income ratio	67.3%	56.6%		58.7%	
Cost of risk (in bps)[1]	27	105		80	
Other indicators					
Loans and advances customers (end of period, in billions)	62.6	60.0		56.8	
- of which Client loans (end of period, in billions)[2]	45.4	42.2		42.6	
Due to customers (end of period, in billions)	31.4	28.8		28.0	
Risk-weighted assets (end of period, in billions)	36.9	38.8		35.0	
Employee FTEs (end of period)	2,504	2,594		2,528	

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.

Allocation effects

The combined result of the NMD model update and the reallocation of net interest income from Group Functions was approximately EUR 20 million positive in Q1 2019 (and Q4 2018). These changes were implemented in Q3 2018.

Group Functions

Highlights

- Net interest income includes lower interest mismatch results due to the continued low interest rate environment, elevated liquidity management costs, and an incidental (EUR 25 million release) in Q1 2018, partly offset by favourable allocation effects.
- Other operating income includes the offsetting effect of the elevated liquidity management costs, whereas Q1 2018 included a EUR 46 million positive revaluation of equensWorldline.
- During 2018 FTEs were transferred from commercial segments to Group Functions to further optimise and centralise support functions.
- IT Transformation is on track and we have initiated a DevOps programme, combining IT operations and software development to further optimise processes.
- Sale of a majority of our mortgage provider Stater was announced.

Operating results

(in millions)	Q1 2019	Q1 2018	Change	Q4 2018	Change
Net interest income	-46	13		14	
Net fee and commission income	12	10	14%	13	-13%
Other operating income	69	74	-7%	-12	
Operating income	**35**	**98**	**-64%**	**15**	**127%**
Personnel expenses	190	210	-9%	226	-16%
Other expenses	-141	-173	18%	-136	-4%
Operating expenses	**49**	**37**	**32%**	**89**	**-45%**
Operating result	**-14**	**62**		**-74**	**81%**
Impairment charges on financial instruments	-1	2			
Operating profit/(loss) before taxation	**-13**	**60**		**-74**	**83%**
Income tax expense	-1	16		-11	87%
Profit/(loss) for the period	**-11**	**44**		**-63**	**82%**
Other indicators					
Securities financing - assets (end of period, in billions)	12.4	18.0		7.1	
Loans and advances customers (end of period, in billions)	5.2	6.2		5.5	
Securities financing - liabilities (end of period, in billions)	10.0	17.1		6.9	
Due to customers (end of period, in billions)	6.3	4.2		3.5	
Risk-weighted assets (end of period, in billions)	5.2	7.3		5.6	
Employee FTEs	6,513	6,185		6,328	

Allocation effects

The combined result of the NMD model update and the reallocation of net interest income from Group Functions was approximately EUR 40 million positive in Q1 2019 (and Q4 2018). These changes were implemented in Q3 2018.

Liquidity management costs

This quarter we increased our non-EUR funding position (partly positioning for Brexit), which we swapped back to EUR using FX swaps. The rise in funding costs led to a decrease in net interest income. This decrease was fully offset by an increase in other operating income on the FX swaps.

Additional financial information

Selected financial information

Condensed Consolidated income statement

(in millions)	Q1 2019	Q1 2018	Q4 2018
Income			
Interest income from financial instruments measured at amortised costs and fair value through other comprehensive income	2,572	2,612	2,648
Interest income from financial instruments measured at fair value through profit or loss	541	495	527
Interest expense	1,539	1,437	1,533
Net interest income	**1,573**	**1,671**	**1,642**
Fee and commission income	752	822	819
Fee and commission expense	338	390	394
Net fee and commission income	**414**	**431**	**426**
Net trading income	-14	37	5
Share of result in equity accounted investments	-1	5	16
Other income	109	185	69
Operating income	**2,081**	**2,329**	**2,157**
Expenses			
Personnel expenses	567	629	638
General and administrative expenses	695	678	829
Depreciation and amortisation of tangible and intangible assets	65	42	47
Operating expenses	**1,327**	**1,348**	**1,514**
Impairment charges on financial instruments	102	208	208
Total expenses	**1,429**	**1,556**	**1,722**
Operating profit/(loss) before taxation	**652**	**773**	**435**
Income tax expense	174	178	119
Profit/(loss) for the period	**478**	**595**	**316**
Attributable to:			
Owners of the parent company	452	555	290
AT1 capital securities	26	19	20
Other non-controlling interests		21	6

Condensed Consolidated statement of comprehensive income

(in millions)	Q1 2019	Q1 2018	Q4 2018
Profit/(loss) for the period	**478**	**595**	**316**
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Remeasurement gains / (losses) on defined benefit plans			20
(Un)realised gains/(losses) on Liability own credit risk	-1	4	12
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	**-1**	**4**	**32**
Income tax relating to items that will not be reclassified to the income statement			9
Items that will not be reclassified to the income statement after taxation	**-1**	**4**	**22**
Items that may be reclassified to the income statement			
(Un)realised gains/(losses) currency translation	42	-27	19
(Un)realised gains/(losses) fair value through OCI	16	-28	-113
(Un)realised gains/(losses) cash flow hedge	-305	-75	-114
Share of other comprehensive income of associates reclassified to the income statement	7	-3	-5
Other comprehensive income for the period before taxation	**-240**	**-132**	**-213**
Income tax relating to items that may be reclassified to the income statement	-77	-22	15
Other comprehensive income for the period after taxation	**-163**	**-110**	**-228**
Total comprehensive income/(expense) for the period after taxation	**314**	**489**	**110**
Attributable to:			
Owners of the parent company	288	449	84
Holders of AT1 capital securities	26	19	20
Other non-controlling interests		21	6

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	Total	AT1 capital securities	Other non-controlling interests	Total equity
Balance at 1 January 2018	**940**	**12,970**	**2,789**	**-435**	**2,721**	**18,984**	**2,007**	**20**	**21,011**
Total comprehensive income				-106	555	449	19	21	489
Transfer			2,721		-2,721				
Dividend									
Increase/(decrease) of capital									
Paid interest on AT1 capital securities							-38		-38
Other changes in equity							-2		-2
Balance at 31 March 2018	**940**	**12,970**	**5,509**	**-542**	**555**	**19,432**	**1,986**	**41**	**21,460**
Balance at 1 January 2019	**940**	**12,970**	**4,139**	**-906**	**2,207**	**19,349**	**2,008**	**2**	**21,360**
Total comprehensive income				-164	452	288	26		314
Transfer			2,207		-2,207				
Dividend									
Increase/(decrease) of capital							1		1
Paid interest on AT1 capital securities							-53		-53
Other changes in equity			-7			-7	7		
Balance at 31 March 2019	**940**	**12,970**	**6,338**	**-1,070**	**452**	**19,630**	**1,990**	**2**	**21,623**

Accumulated other comprehensive income break down as follows:

(in millions)	Remeasure-ments 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 January 2018	**-21**	**-33**	**450**	**-919**	**152**	**-64**	**-435**
Net gains/(losses) arising during the period		-27	-28	-75	-3	4	-129
Less: Net realised gains/(losses) included in income statement							
Net gains/(losses) in equity		-27	-28	-75	-3	4	-129
Related income tax		1	-6	-19		1	-22
Balance at 31 March 2018	**-21**	**-61**	**429**	**-975**	**149**	**-61**	**-542**
Balance at 1 January 2019	**-6**	**6**	**286**	**-1,162**	**15**	**-45**	**-906**
Net gains/(losses) arising during the period		42	29	-270	7	-1	-193
Less: Net realised gains/(losses) included in income statement			13	35			49
Net gains/(losses) in equity		**42**	**16**	**-305**	**7**	**-1**	**-241**
Related income tax			-13	-64			-77
Balance at 31 March 2019	**-6**	**49**	**315**	**-1,404**	**22**	**-46**	**-1,070**

Risk developments

Key figures

(in millions)	31 March 2019	31 December 2018
Total loans and advances, gross excluding fair value adjustments[1]	281,355	275,962
- of which Banks	7,035	6,789
- of which Residential mortgages	147,910	148,791
- of which Consumer loans	12,367	12,263
- of which Corporate loans[1]	107,639	101,163
- of which Other loans and advances - customers[1]	6,404	6,957
Total Exposure at Default (EAD)	403,269	403,565
Credit quality indicators[2]		
Past due ratio	1.4%	1.3%
- of which Residential mortgages	1.2%	1.3%
- of which Consumer loans	4.0%	3.2%
- of which Corporate loans	1.5%	1.2%
Stage 3 Impaired ratio	2.2%	2.2%
Stage 3 Coverage ratio	28.7%	31.6%
Regulatory capital		
Total RWA	108,025	105,391
- of which Credit risk[3]	87,077	84,701
- of which Operational risk	19,823	19,077
- of which Market risk	1,126	1,612
Total RWA/total EAD	26.8%	26.1%
Mortgage indicators		
Exposure at Default	162,157	162,787
- of which mortgages with Nationale Hypotheek Garantie (NHG)	35,769	36,257
Risk-weighted assets	16,773	16,853
RWA/EAD	10.3%	10.4%
Average Loan-to-Market-Value	64%	64%
Average Loan-to-Market-Value - excluding NHG loans	61%	62%

1 Excluding loans and advances measured at fair value through P&L.
2 Loans and advances customers measured at amortised cost only.
3 RWA for credit value adjustment (CVA) is included in credit risk. CVA per 31 March 2019 is EUR 0.5 billion (31 December 2018: EUR 0.5 billion).

	Q1 2019	Q1 2018	Q4 2018
Impairment charges on loans and other advances (in EUR million)[1]	102	208	208
- of which Residential mortgages	1	6	1
- of which Consumer loans	3	-7	4
- of which Corporate loans	100	213	180
Cost of risk (in bps)[2]	15	32	27
- of which Residential mortgages		2	
- of which Consumer loans	10	-22	14
- of which Corporate loans	38	84	68

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

First quarter developments

Portfolio review

Total loans and advances increased to EUR 281.4 billion (31 December 2018: EUR 276.0 billion). This was almost fully attributable to a EUR 6.5 billion rise in corporate loans, which included a EUR 0.6 billion positive impact from USD appreciation. The increase was attributable to seasonal movements within CIB, resulting in larger volumes of professional lending to Clearing clients and client lending in Trade and Commodity Finance and Financial Institutions. In addition, client lending in Commercial Banking increased due to continued economic growth. Residential mortgages recorded a decline of EUR 0.9 billion as competition remained fierce and new production was low at EUR 2.7 billion (31 December 2018: EUR 3.2 billion). Redemptions (extra as well as contractual repayments) declined to EUR 3.5 billion from EUR 4.5 billion at the end of 2018. Redemptions in the last quarter of the year are always high. Other loan portfolios did not change materially.

The corporate loan portfolio increased by EUR 3.7 billion compared with 31 March 2018 and included a EUR 2.5 billion positive impact from USD appreciation. Client lending increased in Financial Institutions, Global Transportation & Logistics, Natural Resources and Telecom, Industrials & Real Estate (TIR), and declined in Trade and Commodity Finance (including Diamonds). Professional lending to Clearing clients also declined year-on-year.

Exposure at Default

EAD remained relatively flat at EUR 403.3 billion (31 December 2018: EUR 403.6 billion). Exposures to central banks decreased in Group Functions and Private Banking. This decrease was almost fully offset by business growth in CIB and by the Private Banking acquisition in Belgium.

Credit quality indicators

The credit quality indicators in the first quarter of this year remained relatively stable. The past due ratio on loans and advances to customers recorded a limited increase to 1.4% (Q4 2018: 1.3%). The corresponding past due exposure increased to EUR 3.9 billion (Q4 2018: EUR 3.6 billion). The increase was driven by the corporate loans portfolio and related to a small increase in short term arrears.

The stage 3 impaired ratio for loans and advances to customers continued to be stable at 2.2%. The stage 3 coverage ratio decreased to 28.7% (Q4 2018: 31.6%), driven by corporate loans. The decrease in coverage ratio was attributable to outflow (largely write-offs) of files with a relatively higher coverage ratio, while the new inflow related to files with a lower coverage ratio.

The rise in stage 3 corporate loans exposure was attributable to an increase in impaired exposure for CIB (mainly related to industrial goods & services and the food & beverage sector) and to lesser extent to CB (mainly related to construction and materials, industrial goods & services and the food & beverage sector). The rise in stage 3 exposure was offset by write-offs for both CIB and CB, and to lesser extent by partial repayments.

Stage 3 residential mortgages and allowances for credit losses continued the downward trend and consumer stage 3 loans declined due to write-offs.

Cost of Risk

Impairment charges in Q1 amounted to EUR 102 million (cost of risk 15bps), which was considerably lower than in Q1 2018 and Q4 2018 (EUR 208 million addition), and were largely recorded for individual files in stage 3. Compared with Q1 2018, the drop was almost fully attributable to corporate loans at CIB, supported by the derisking of selective parts of the CIB portfolio, i.e. diamonds and energy offshore. These developments were partly offset by a rise in impairments for Commercial Banking. Impairments for residential mortgages and consumer loans showed limited net additions.

Impairment charges for CIB dropped sharply and amounted to EUR 38 million (Q1 2018: 152 million). This drop in impairment charges related to lower net additions in Global Transportation & Logistics (shipping), Trade & Commodity Finance (primarily diamonds) and Natural Resources (primarily offshore services).

The Q1 impairments for CIB mainly resulted from additional impairments in the energy sector and impaired files in the food & beverage sector.

Commercial Banking impairments increased to EUR 61 million (Q1 2018: EUR 45 million addition). Approximately half of the charges related to the short sea shipping and food & beverage sectors, while the other half concerned various smaller impairments across multiple industry sectors.

Regulatory capital

Total RWA increased to EUR 108.0 billion (31 December 2018: EUR 105.4 billion), mostly reflecting an increase in credit risk and to a lesser extent operational risk, partly offset by lower market risk RWA. The increase in credit risk was primarily driven by developments within CIB due to TRIM, model reviews as well as seasonal volume movements. In addition, Private Banking increased due to the acquisition in Belgium. Operational risk RWA increased in the first quarter of 2019 due to updated scenarios in combination with a revised set of regulatory capital add-ons. Market risk RWA declined due to reduced positions.

Comparing the total RWA with 31 March 2018, the RWA number remained relatively stable at EUR 108.0 billion. In this period, Group Functions declined by EUR 2.1 billion and CIB declined by EUR 1.9 billion offset by increases for Commercial Banking (EUR 3.4 billion) and Private Banking (EUR 0.7 billion). In light of the CIB refocus, excluding the impact of TRIM and model updates, the EUR 5 billion reduction of risk weighted assets has largely been delivered.

Residential mortgages

Housing market developments

Signs of a less overheated housing market are growing stronger. Overall optimism regarding the outlook has declined, prices are losing their upward momentum and the transaction volume has levelled off since 2018. Despite declining optimism, residential property prices are still climbing, but less quickly than before. The housing price index published by Statistics Netherlands (CBS) for Q1 2019 was 1.7% higher than in Q4 2018, and 8.0% higher than in Q1 2018. The number of transactions trended downwards as elevated price levels impacted the affordability of homes. Prices were pushed up by low interest rates and lagging construction output.

Residential mortgage insights

New mortgage production declined by 16.1% to EUR 2.7 billion compared with Q4 2018. ABN AMRO's market share in new mortgage production was 14.0% in Q1 2019, remaining relatively stable compared with Q4 2018. The proportion of amortising mortgages continued to increase, reaching 30% by the end of Q1 2019 (Q4 2018: 29%, Q1 2018: 25%).

Rising housing prices and restrictions set for the maximum Loan to Market Value (LtMV) of new mortgages have led to continued improvement of the average indexed LtMV, both guaranteed and unguaranteed. The decreasing LtMV of the bank's portfolio is expected to gradually continue 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 to EUR 2.8 billion (31 December 2018: EUR 3.5 billion). Mortgages with a LtMV>100% accounted for 1.9% of total mortgages (Q4 2018: 2.4%, Q1 2018: 6.2%) and approximately 4% of the extra repayments related to this category (Q4 2018: 5%, Q1 2018: 6%).

Coverage and impaired ratio by stage

(in millions)	31 March 2019 Gross carrying amount[4]	Allowances for credit losses	Coverage ratio	Stage ratio	31 December 2018 Coverage ratio	Stage ratio
Stage 1						
Loans and advances banks[1]	**6,989**	**4**	**0.1%**	**99.4%**	**0.1%**	**99.1%**
Residential mortgages	144,701	17	0.0%	97.8%	0.0%	97.7%
Consumer loans	11,083	33	0.3%	89.6%	0.3%	87.8%
Corporate loans[1]	93,910	133	0.1%	87.2%	0.2%	86.3%
Other loans and advances customers[1]	6,311	1	0.0%	98.5%	0.0%	98.4%
Total Loans and advances customers	**256,005**	**183**	**0.1%**	**93.3%**	**0.1%**	**93.0%**
Stage 2						
Loans and advances banks[1]	**45**		**0.7%**	**0.6%**	**1.8%**	**0.9%**
Residential mortgages	2,470	16	0.6%	1.7%	0.5%	1.8%
Consumer loans	873	50	5.7%	7.1%	5.4%	8.3%
Corporate loans[1]	8,824	129	1.5%	8.2%	1.3%	9.2%
Other loans and advances customers[1]	87	3	3.7%	1.4%	3.5%	1.5%
Total Loans and advances customers	**12,254**	**197**	**1.6%**	**4.5%**	**1.5%**	**4.9%**
Stage 3						
Loans and advances banks[1]				**0.0%**		**0.0%**
Residential mortgages	739	68	9.3%	0.5%	10.0%	0.5%
Consumer loans	411	204	49.8%	3.3%	47.7%	3.9%
Corporate loans[1]	4,904	1,460	29.8%	4.6%	33.5%	4.6%
Other loans and advances customers[1]	6	4	68.9%	0.1%	68.9%	0.1%
Total Loans and advances customers	**6,060**	**1,737**	**28.7%**	**2.2%**	**31.6%**	**2.2%**
Loans at fair value through P&L	**1,105**					
Fair value adjustments from hedge accounting	**3,434**					
Total Loans and advances banks[1]	7,035	4	0.1%		0.1%	
Total Loans and advances customers	278,859	2,117	0.8%		0.8%	
Other balance sheet items[3]	110,461	5	0.0%		0.0%	
Total on-balance sheet	**396,354**	**2,126**	**0.5%**		**0.6%**	
Irrevocable loan commitments and financial guarantee contracts	68,941	18	0.0%		0.0%	
Other off-balance sheet items	5,773					
Total on- and off-balance sheet	**471,069**	**2,144**	**0.5%**		**0.5%**	

[1] The comparative figures with regard to Loans and advances Banks, Corporate loans and Other loans and advances have been restated. For additional information, 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 (31 March 2019: EUR 1.3 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, fully-loaded)		31 March 2019		31 December 2018
Total equity (EU IFRS)		**21,623**		**21,360**
Dividend reserve		-1,204		-752
AT1 capital securities	-1,990		-2,008	
Profit attributable minus interest paid to holders of AT1 capital securities	3		20	
AT1 capital securities		-1,987		-1,988
Other regulatory adjustments		960		725
Common Equity Tier 1		**19,391**		**19,345**
AT1 capital securities		1,987		1,988
Other regulatory adjustments		-953		-977
Tier 1 capital		**20,426**		**20,356**
Subordinated liabilities Tier 2		6,604		6,516
Other regulatory adjustments		-3,577		-3,588
Total regulatory capital		**23,452**		**23,285**
Total risk-weighted assets		**108,025**		**105,391**
Exposure measure (under CDR)				
On-balance sheet exposures		394,228		381,295
On-balance sheet netting		9,236		9,875
Off-balance sheet exposures		100,356		96,878
Other regulatory measures		-6,118		-6,619
Exposure measure		**497,702**		**481,428**
Impact CRR 2 (incl. SA-CCR)		-58,354		-53,496
Exposure measure (incl. CRR 2)		**439,347**		**427,933**
Capital ratios				
Common Equity Tier 1 ratio		18.0%		18.4%
Tier 1 ratio		18.9%		19.3%
Total capital ratio		21.7%		22.1%
Leverage ratio (CDR)		4.1%		4.2%
Leverage ratio (incl. CRR2)		4.6%		4.8%

MREL

(in millions, fully-loaded)	31 March 2019	31 December 2018
Regulatory capital	23,452	23,285
Other MREL eligible liabilities[1]	7,436	7,459
Total MREL eligible liabilities	**30,888**	**30,744**
Total risk-weighted assets	108,025	105,391
MREL[2]	28.6%	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.

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Developments impacting capital ratios

Common Equity Tier 1 (CET1) capital remained largely unchanged in Q1 2019, as interim profits attributable to shareholders are no longer added to CET1 capital. This is due to stricter interpretation of Capital Requirements Regulation (CRR) and does not reflect a change in our Dividend Policy. Total RWA increased to EUR 108.0 billion at 31 March 2019 (31 December 2018: EUR 105.4 billion). At 31 March 2019 the CET1, Tier 1 and Total Capital ratios were 18.0%, 18.9% and 21.7% respectively (31 December 2018: 18.4%, 19.3% and 22.1%). 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 SREP capital requirement, the Pillar 2 Guidance and a management buffer (totalling 13.5%). The CET1 ratio of 18.0% at 31 March 2019 remained within the target range. The decrease to 18.0% compared with Q4 2018 mainly reflects a EUR 2.6 billion RWA increase and the fact that interim profits attributable to shareholders are no longer added to CET1 capital. The RWA increase is mainly attributable to an increase in credit risk and to lesser extent operational risk, partly offset by lower market risk RWA. The increase in credit risk was primarily driven by developments within CIB due to TRIM, model reviews as well as seasonal volume movements. In addition, Private Banking RWA increased by EUR 0.5 billion due to the acquisition in Belgium. For more detailed information, we refer to the Risk Developments chapter.

We continue to expect regulatory headwinds from TRIM and model and provision reviews. TRIM is the regulatory assessment and harmonisation of internal RWA models. In particular, we expect a further increase in RWA in respect of Clearing as a result of model reviews. Furthermore, provision reviews, including the industry wide NPE guidance, could result in a need for additional prudential loan loss provisions. TRIM and model reviews are not expected to materially impact Basel IV fully-loaded RWAs, whereas provision reviews could impact both Basel III and Basel IV CET1 ratios and the leverage ratio.

In Q4 2018, the estimated fully-loaded Basel IV CET1 ratio was around 13.5% (pre-mitigation). This ratio remained largely unchanged at Q1. 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 >13.5% early in the phase-in period. If TRIM and model reviews further reduce the gap between Basel III and Basel IV RWA, we will lower our Basel III target range of 17.5-18.5% accordingly.

The Maximum Distributable Amount (MDA) trigger level applicable under Basel III for ABN AMRO Bank N.V. equals 12.32%, reflecting the 2019 SREP requirements of 11.75%, the counter-cyclical buffer of 0.07% and the Additional Tier 1 (AT1) shortfall of 0.5% resulting from the minority interest rules on capital. The reported CET1 ratio is comfortably above the MDA trigger level. The distributable items amount to EUR 18.7 billion at 31 March 2019.

Leverage ratio

The CRR capital rules introduced a non-risk-based leverage ratio, which is expected to become a binding measure with effect from 2021. At 31 March 2019, the leverage ratio of ABN AMRO Group decreased slightly to 4.1% (31 December 2018: 4.2%), reflecting an increase of the exposure measure, mainly due to balance sheet management, seasonal effects, and interim profits attributable to shareholders no longer being added to the Tier 1 capital.

The General Meeting approved the legal merger of ABN AMRO Group N.V. into ABN AMRO Bank N.V. which would, once realised, improve the leverage ratio by 0.2 percentage points as the minority interest rules on capital will no longer apply. Subject to regulatory approvals, the merger is expected to be executed in the course of 2019. Furthermore, 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 CRR2 adjustments including the use of SA-CCR will reduce the exposure measure by approximately EUR 58 billion, improving the fully-loaded leverage ratio by another 0.5 percentage points.

Despite the favourable effects of the pending merger and application of SA-CCR, ABN AMRO continues to monitor and report the leverage ratio as being at least 4% based on the currently applicable rules.

MREL

In April 2019, European Parliament approved a new version of the Bank Recovery and Resolution Directive (BRRD) 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. Subject to further changes in the MREL framework, the ambition remains to meet an MREL of 29.3% of RWA in 2019 based on own funds and subordinated instruments (including, in time, senior non-preferred notes). As at Q1 2019, MREL was at 28.6% based on own funds and subordinated debt.

About this report

Introduction

ABN AMRO is continuously looking for ways to increase efficiency while maintaining a high level of transparency. We have therefore condensed this Quarterly Report, which presents ABN AMRO's results for the first 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.

ABN AMRO has reclassified EUR 1.3 billion from loans and advances banks to cash and balances at central banks in the comparative figures.

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 of 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.

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 Q1 2019 results.

Enquiries

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Investor call

A conference call for analysts and investors will be hosted by the bank on Wednesday 15 May 2019 at 10:30 am CET (09:30 GMT). 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.

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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.