ABN·AMRO

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ABN AMRO reports EUR 475 million net profit for Q1 2016

- **Net profit for Q1 2016 of EUR 475 million was 13% lower compared with Q1 2015**
- **Net interest income remained robust; fees and commissions and other operating income were negatively impacted by volatile markets**
- **Costs increased due to EUR 98 million regulatory levies (nil in Q1 2015), also resulting in a considerable drop in the operating result**
- **Loan impairments were almost nil (EUR 252 million in Q1 2015), benefiting from improvements in the Dutch economy**
- **ROE was 11.1% for Q1 2016 and the cost/income ratio was 66.9%**
- **Fully-loaded CET1 ratio increased to 15.8% and the fully-loaded leverage ratio was 3.7%**

Gerrit Zalm, Chairman of the Managing Board of ABN AMRO Group, comments:

'2016 got off to a challenging start due to turmoil in the financial markets, caused by concerns over the Chinese economy and initially a further decline in the oil price, combined with a further reduction in already negative interest rates. Net profit for the first quarter of 2016 was EUR 475 million, a decline of EUR 68 million compared with the same period in 2015. The first quarter of 2016 included regulatory levies of EUR 98 million compared with nil in the first quarter of 2015.

The decline in profitability was the result of lower revenues caused by market volatility in the first two months, combined with higher operating expenses (up 8%) due to regulatory levies – all this resulted in a 31% drop in the operating result. The decline in operating profit was largely offset by a sharp decrease in loan impairments to almost nil, well below the average through-the-cycle and levels seen in the first quarter of 2015. The net profit of EUR 475 million translates into an EPS of EUR 0.49 and an ROE of 11.1%, within the target range of 10-13%. The cost/income ratio increased to 66.9%, or 65.3% if the regulatory levies are divided equally over the four quarters of this year. This is above the target range of 56-60%, which we still aim to reach by 2017. The fully-loaded CET1 ratio increased from 15.5% at year-end 2015 to 15.8%, remaining well above the target range of 11.5-13.5%, and we will continue to grow our capital position until there is more clarity on Basel IV.

In the meantime, we are seeing ever faster and continuous changes in clients' needs, regulations, digitalisation and innovation. In response, we need to be more agile, efficient and cost effective. Hence we are looking into additional cost savings to improve our operational efficiency, and also to further invest in digitalisation and innovation. In the second half of 2016, we expect to announce more specific plans on how we will update our strategy and financial targets up to 2020.'

Key figures and indicators

(in EUR millions)	*Q1 2016*	*Q1 2015*	*Change*	*Q4 2015*	*Change*
Operating income	1,971	2,168	-9%	2,052	-4%
Operating expenses	1,319	1,219	8%	1,528	-14%
Operating result	**651**	**949**	**-31%**	**524**	**24%**
Impairment charges on loans and other receivables	2	252	-99%	124	-99%
Income tax expenses	175	154	14%	128	37%
Underlying profit/(loss) for the period[1]	**475**	**543**	**-13%**	**272**	**75%**
Special items					
Reported profit/(loss) for the period	**475**	**543**		**272**	
Underlying cost/income ratio	66.9%	56.2%		74.5%	
Underlying return on average Equity	11.1%	14.1%		6.3%	
Fully-loaded CET1 ratio	15.8%	14.2%		15.5%	

[1] Underlying results exclude special items which distort the underlying trend.