

IR/Press release

Amsterdam, 5 July 2016

ABN AMRO adheres to advice of derivatives committee

- § Today the committee of independent experts ('the Committee') established by the Dutch Minister of Finance published its advice on the reassessment of SME and middle market interest rate derivatives.
- § ABN AMRO is adhering to this advice. As a result, the bank is increasing the provision charged to the results in the second quarter by around EUR 360 million*. The provision is being increased mainly to cover an additional consideration and the expanded scope of the reassessment.
- § The new framework provides a solution for around 6,800 clients with some 9,000 interest rate derivatives.

This framework provides transparency for our clients. Within the Committee's framework, we will work with our clients towards concluding this matter. Various representatives have responded positively to the recovery framework.

The Committee's recovery framework

The main elements of the Committee's recovery framework are compensation for damage suffered, an additional consideration and an expansion of the scope.

Compensation for damage suffered

Clients who have suffered damage will be compensated. This was the case in the previous reassessment, and it continues to apply now. A provision of EUR 121 million had already been taken for this purpose. Within the new framework, based on the expanded scope, that will be around EUR 180 million. This amount is part of the total provision.

Additional consideration

Within the Committee's recovery framework, our clients may be eligible for an additional consideration, which will be different for each client and will depend on the size and duration of the interest rate derivative contract concluded. This saves our clients from having to go through a complex and time-consuming process. In such a process, it would have to be ascertained whether or not the information provided in each individual case was possibly insufficient. Instead, there will be a more expedient process with a uniform and equivalent additional consideration.

Expanded scope

Originally, all SME and middle market clients with a current interest rate derivative at 1 April 2014 were in scope. The new recovery framework includes clients who had one or more interest rate

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derivatives between 1 April 2011 and 1 April 2014. This is a total of around 6,800 clients with some 9,000 derivatives. In addition, clients who had older interest rate derivatives, but terminated them prematurely, can ask the bank to be considered for a reassessment provided, among other things, the interest rate derivative contract was concluded after 1 January 2005 and had an initial contractual expiry date after 1 April 2011.

Next steps

We will now conduct consultations with the Netherlands Authority for the Financial Markets (AFM) and the Committee on implementation of the recovery framework. We will then inform our clients of the next steps. In the meantime, clients who have questions about this matter can contact their relationship manager or the interest rate derivatives service desk (herbeoordeling@nl.abnamro.com).

An independent party will test the application of the recovery framework. We aim to implement the recovery framework within the term set by the Dutch Minister of Finance (mid-2017).

Background

Last year ABN AMRO conducted a review of the SME and middle market interest rate derivatives files under the auspices of the AFM. That process was nearly completed when the AFM stated on 4 December 2015 that it found the review by the banks was insufficient. In early 2016 the Dutch Minister of Finance appointed a committee of independent experts who were charged with determining a uniform recovery framework. At the time, ABN AMRO stated that it would engage in consultations with the Committee. The bank is now adhering to the recovery framework presented.

More information

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- § *In the event of any differences between the Dutch and English versions of this text, the original Dutch version will prevail*
- § *This statement contains inside information within the meaning of Article 7(1) to (4) of Regulation (EU) No 596/2014 (Market Abuse Regulation)*

***The increase in the provision is exclusive of implementation costs**