

Q4 2014 results

analyst presentation

Investor Relations
20 February 2015

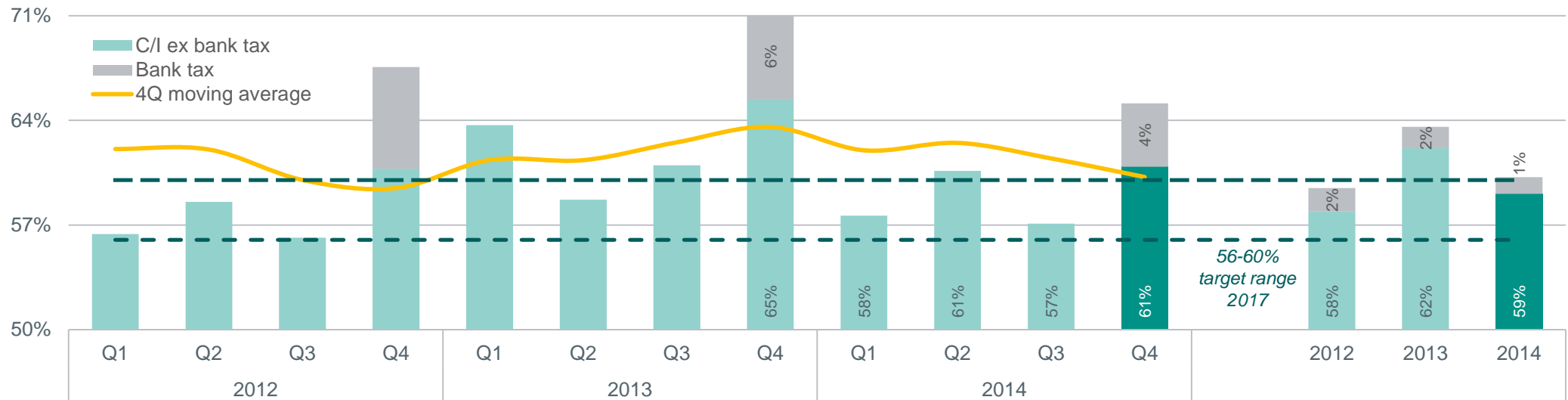
Full year take-aways

2014 more than double the 2013 result, supported by good Q4 result

- ▶ Underlying profit was EUR 1,551m, double that of 2013
- ▶ Operating income rose 8%, driven by higher interest income and fees, while expenses grew by 2%
- ▶ Pick up of economy and Dutch housing market visible in 30% lower impairments across most businesses and products
- ▶ Realisation of 2017 targets on track
 - ▶ Cost/income at 60%
 - ▶ ROE at 10.9%
 - ▶ Fully loaded CET1 at 14.1%
- ▶ Reported profit was EUR 1,134m, resulting from the SNS Reaal levy and the change in pension system (both special items)
- ▶ Proposed total dividend of EUR 400m, final dividend of EUR 275m

Cost/income target

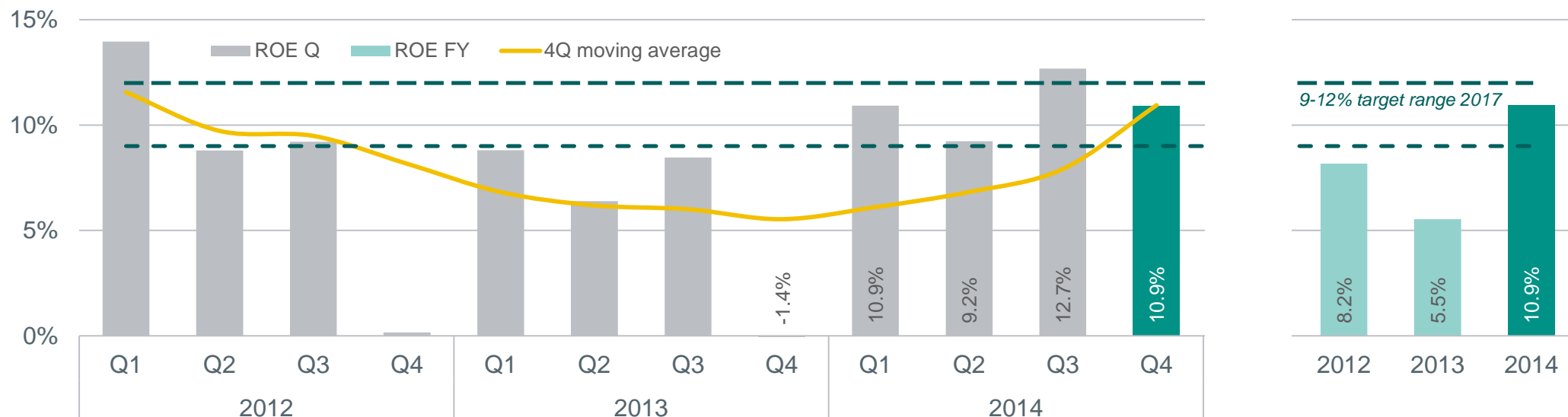
FY2014 Cost/income ratio in upper end of the 2017 target range



- ▶ Q4 C/I came to 65%, includes Dutch bank tax and restructuring charge in Retail Banking
- ▶ FY2014 C/I improved into the upper end of C/I target range of 56-60%
- ▶ Investments in core IT-systems and Retail digitisation target efficiencies towards 2017
- ▶ Extra cost focus is required as regulatory costs and pension cost increase in 2015

Return on Equity target

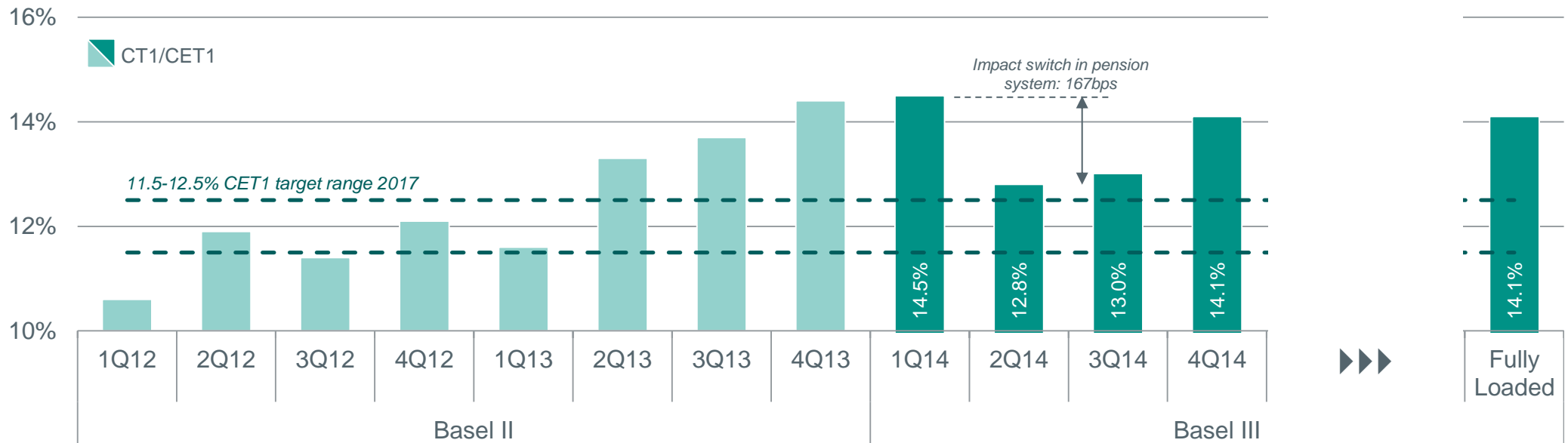
ROE ends inside the 2017 target range



- ▶ FY2014 ROE and moving average both show clear improvements
- ▶ Retail and Private Banking currently drive the ROE performance
- ▶ Corporate Banking improvement supported by higher income and lower impairments

CET1 capital target

Strong capital position, already above 2017 target range



- ▶ Fully loaded CET1 above 2017 target range of 11.5-12.5%
- ▶ Consistent capital accretion, while dividends paid
- ▶ Future capital volatility eliminated through pension switch (DB to CDC) in Q2 2014
- ▶ Fully Loaded Leverage Ratio up: 3.4% CRR (3.1% YE2013)
3.7% CDR (applies ≥2015, 3.2% YE2013)

Q4 2014 take-aways

Q4 performance was good

- ▶ Underlying net profit at EUR 400m, up from EUR 47m loss in Q4 2013
- ▶ Operating income up 16%, particularly driven by higher interest income
- ▶ Expenses up 6%, largely driven by restructuring charge in Retail Banking
- ▶ Cost/income improved by 6pp to 65% compared to Q4 2013
- ▶ Impairments dropped to the lowest level in three years, down 67% vs. Q4 2013
- ▶ ROE improved sharply to 10.9%, up from -1.4% in Q4 2013

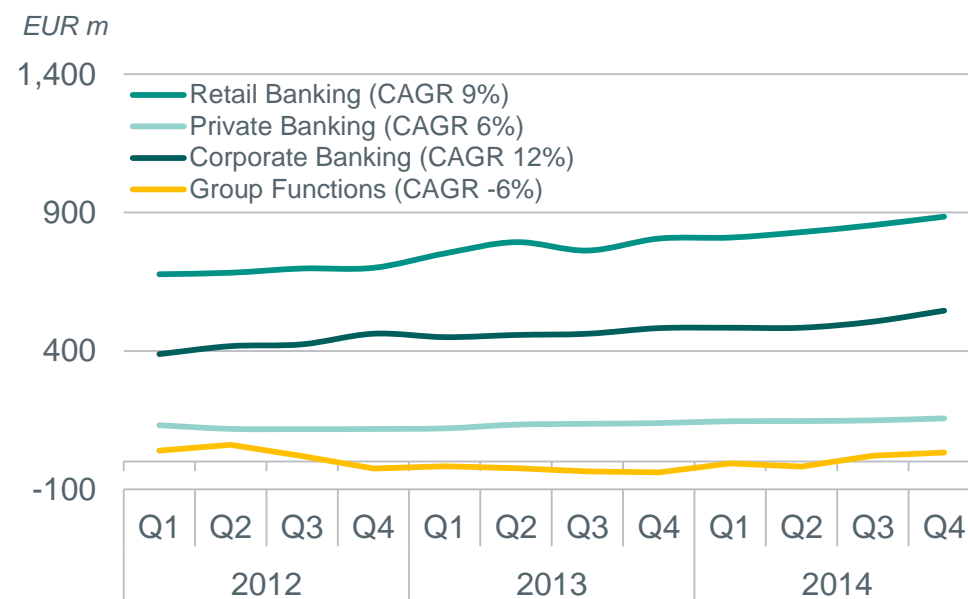
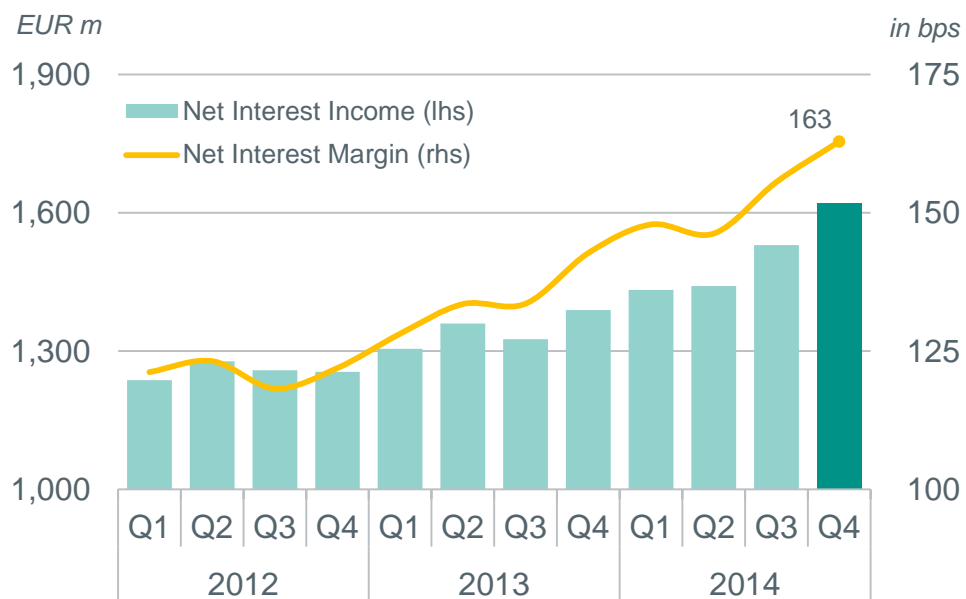
Results

Strong Q4 result supported by higher income and lower impairments

<i>EUR m</i>	2014 Q4	2013 Q4	Delta	2014	2013	Delta
Net interest income	1,620	1,389	17%	6,023	5,380	12%
Net fee and commission income	431	413	4%	1,691	1,643	3%
Other operating income	95	47		341	423	-19%
Operating income	2,145	1,849	16%	8,055	7,446	8%
Operating expenses	1,397	1,316	6%	4,849	4,733	2%
Operating result	748	533	40%	3,206	2,713	18%
Impairment charges	181	555	-67%	1,171	1,667	-30%
Income tax expenses	167	25		484	294	65%
Underlying profit for the period	400	-47		1,551	752	
Special items and divestments	0	0		-417	408	
Reported profit for the period	400	-47		1,134	1,160	-2%
Underlying cost/income ratio (%)	65%	71%		60%	64%	
Underlying return on avg. IFRS equity (%)	10.9%	-1.4%		10.9%	5.5%	
Net interest margin (bps)	163	143		153	134	

Interest income

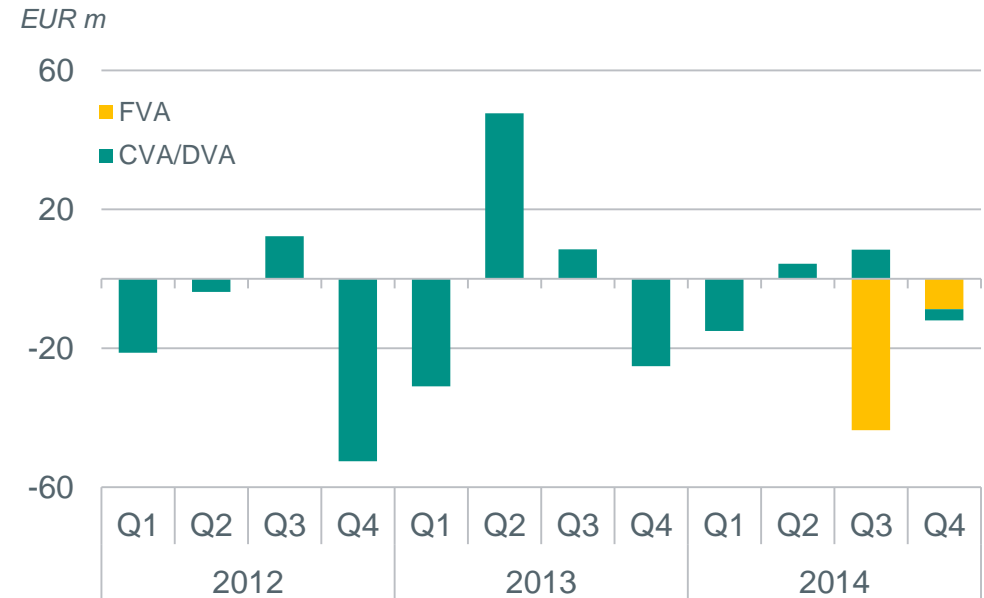
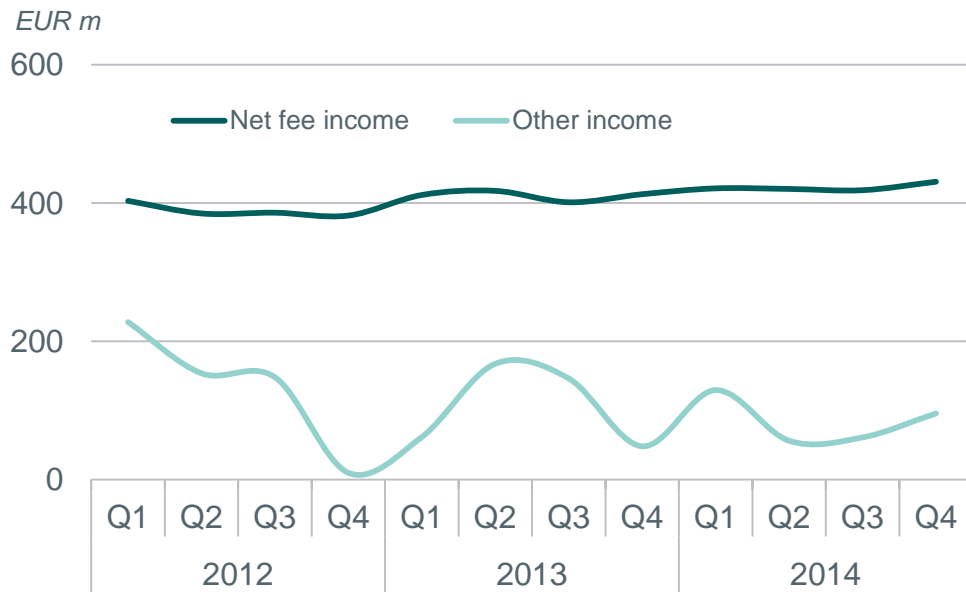
Interest income continues to improve



- ▶ Steady NII growth visible in each of the business lines
- ▶ Driven by higher margins on mortgages and commercial loans, as well as improved ALM interest income

Net Fee and Other operating income

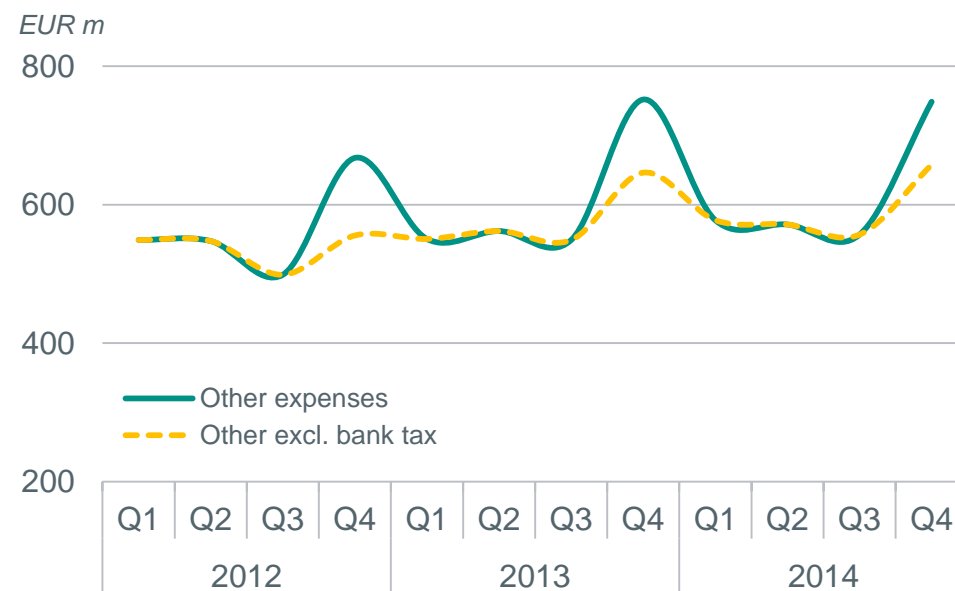
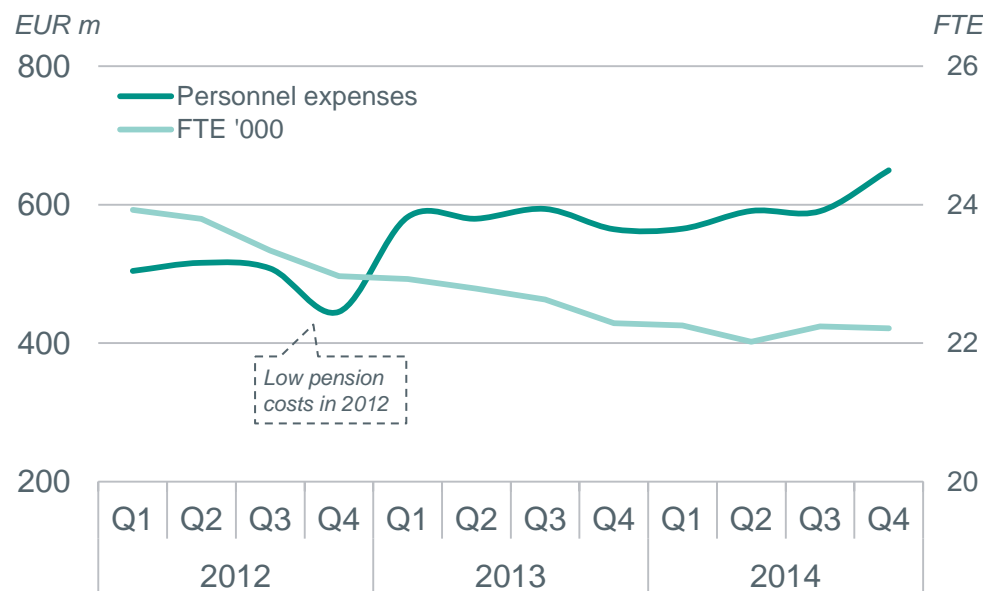
Stable fee income while Other operating income remains volatile



- ▶ Fee income has been more or less stable over the last quarters, however Q4 was up 4% compared to last year
- ▶ Other operating income remains volatile, partly due to volatile CVA, DVA and FVA effects as well as from a partial sale of a stake in Holland Clearing House

Expenses

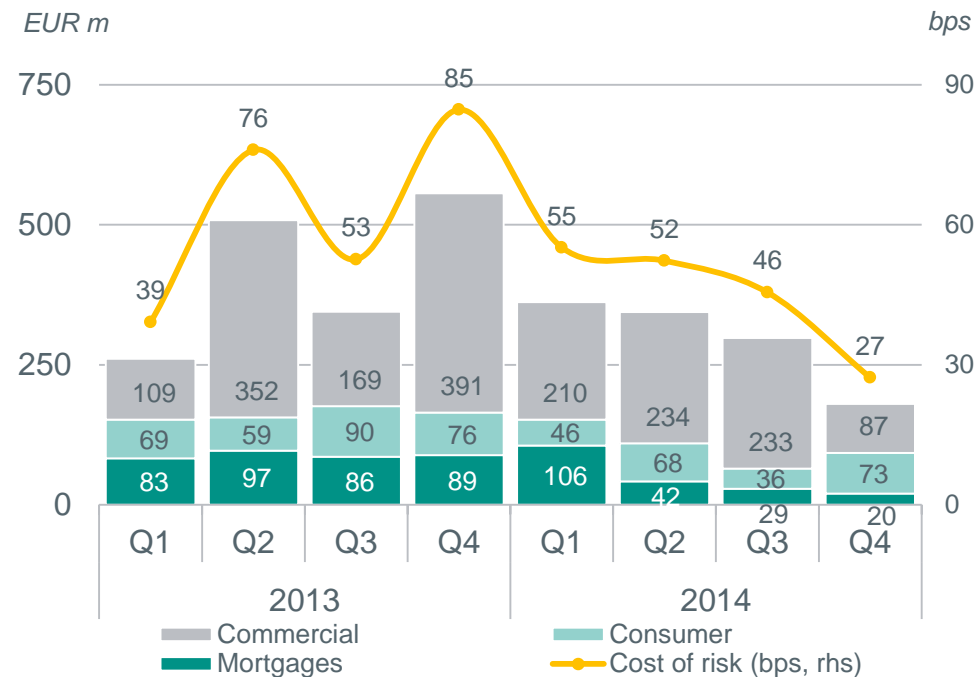
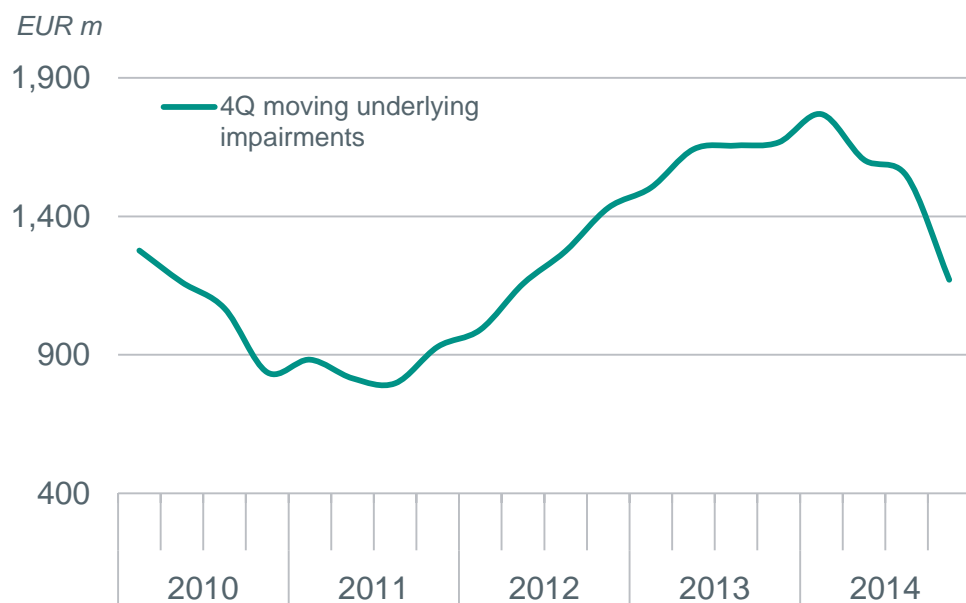
Expenses are under control



- ▶ Personnel expenses under control, although expenses up in Q4 due to
 - ▶ restructuring charge in Retail Banking
 - ▶ full consolidation of Private Banking acquisition in Germany
- ▶ Other expenses typically peak in Q4 due to the annual charge of Dutch bank tax

Loan impairments

Loan impairments fell to significant lower levels

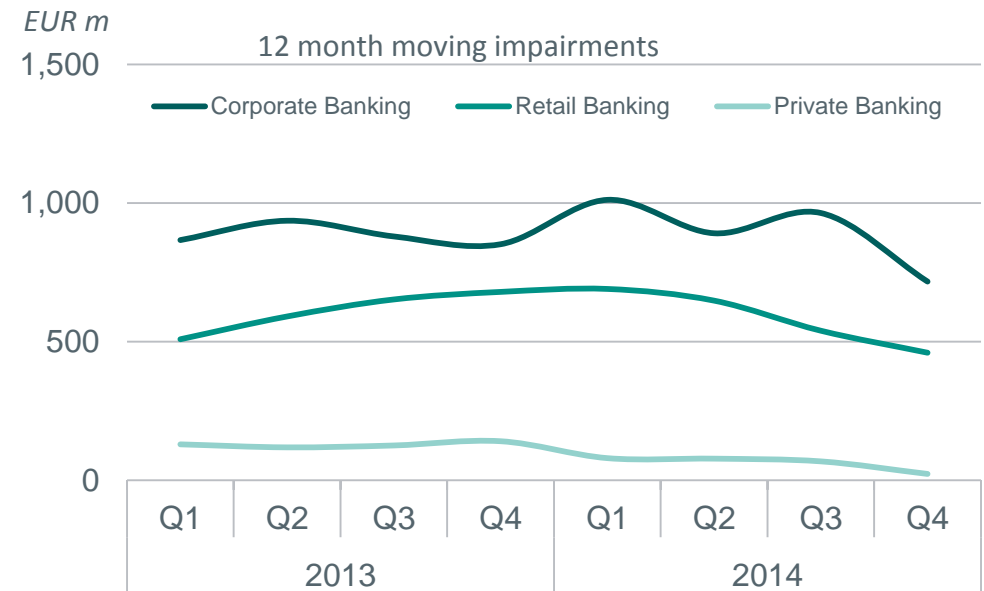
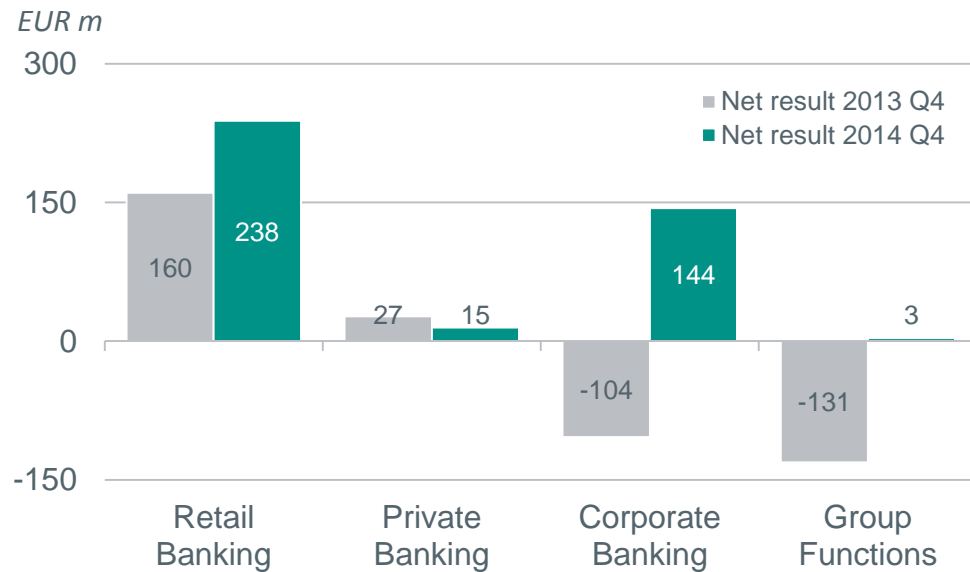


- ▶ Downward trend in loan impairments continued in Q4
- ▶ Mortgages and commercial loans (particularly SMEs) recorded lower impairments in Q4
- ▶ Cost of Risk* declined to 27bps in Q4, from 85bps Q4 2013

* Annualised impairments on L&R – Customers divided by average L&R - Customers

Segment results

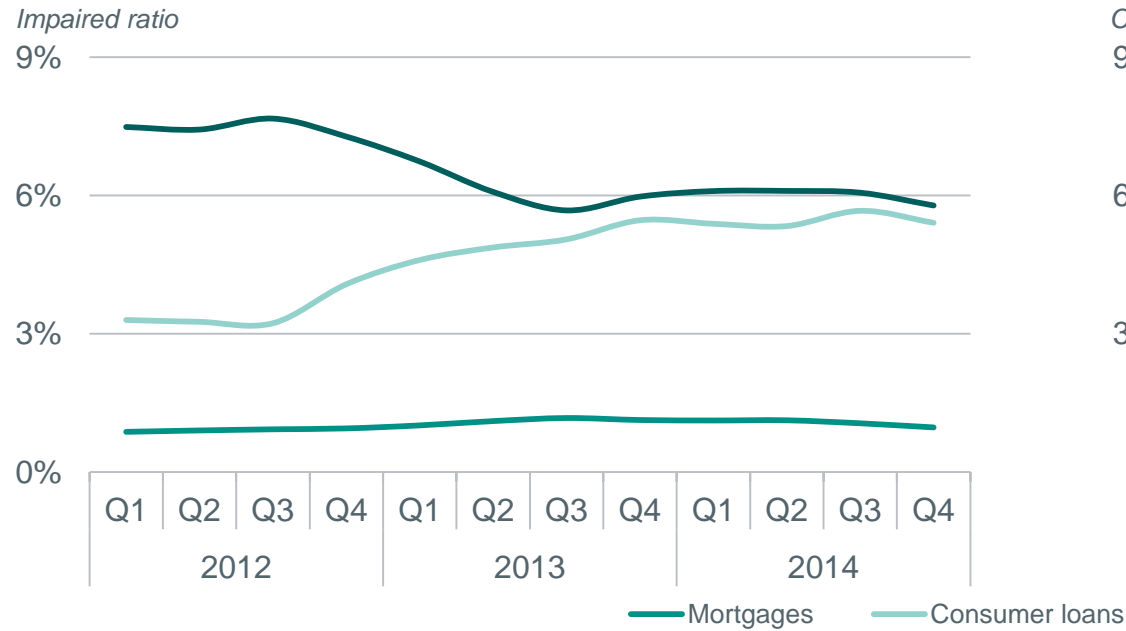
Q4 saw significant improvements in various businesses



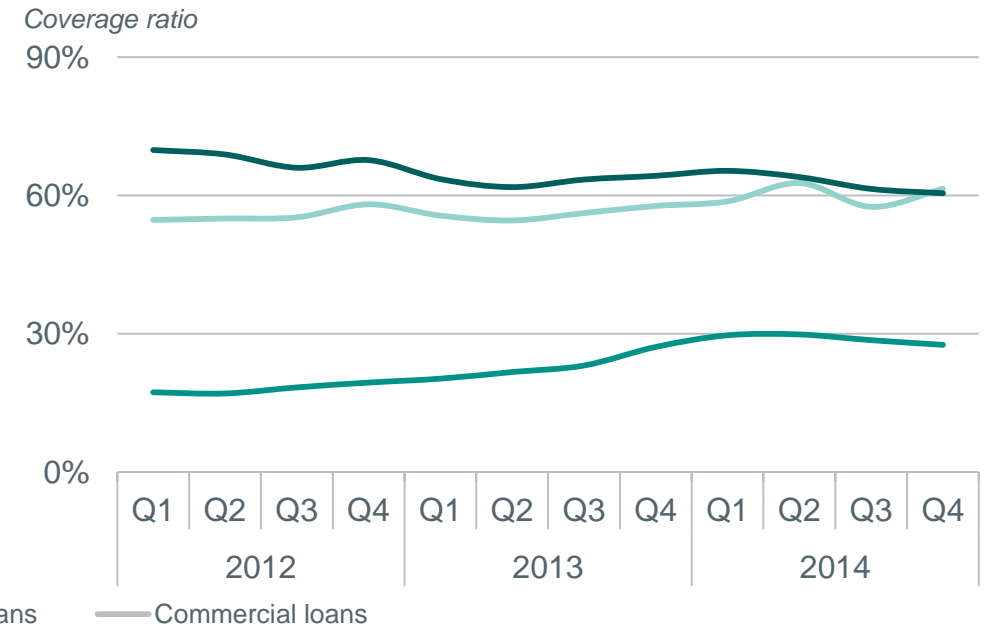
- ▶ RB up 49%, supported by interest income and lower impairments
- ▶ PB down due to integration costs and a goodwill impairment
- ▶ CB clearly improved it's result due to higher operating result and falling impairments
- ▶ GF was breakeven following enhanced allocation of expenses and liquidity cost

Risk ratios

Impaired ratios are declining



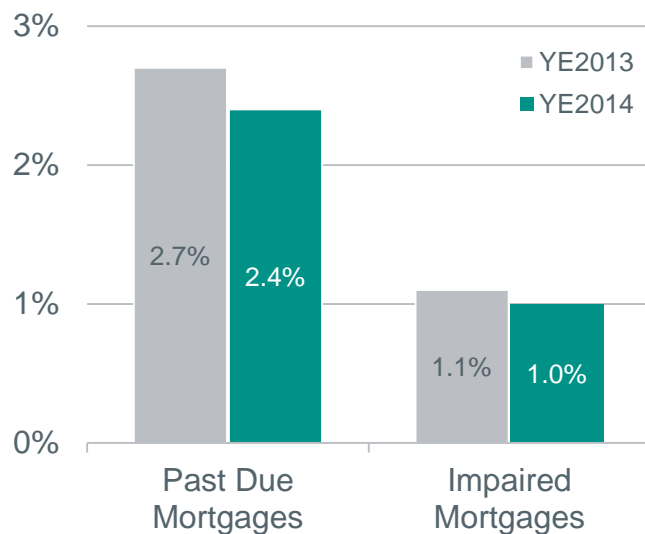
Coverage ratios show some decline



- ▶ For all products the impaired ratios improved slightly towards year-end
- ▶ Impaired loans remain adequately covered

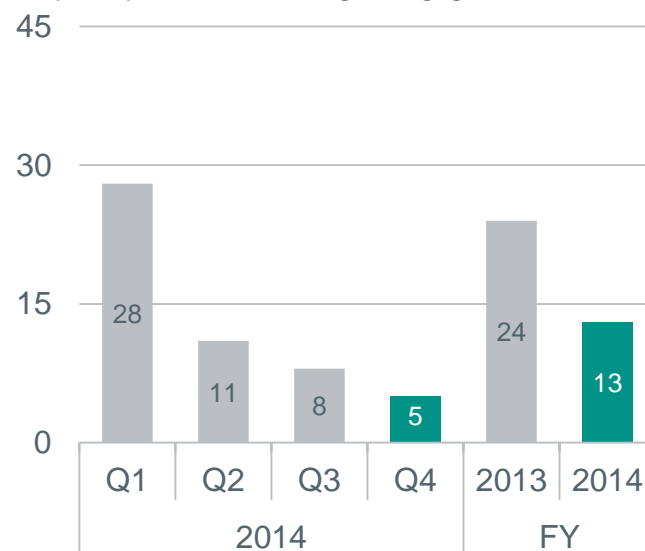
Mortgage loans

Past due & impaired loans

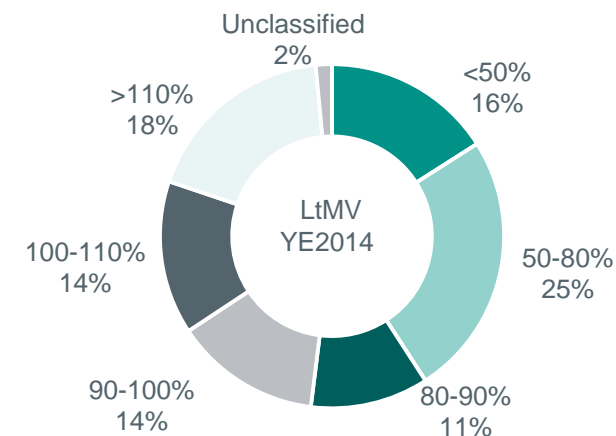


Impairments down

In bps, impairments over avg. mortgage loans



Loan to Market Value



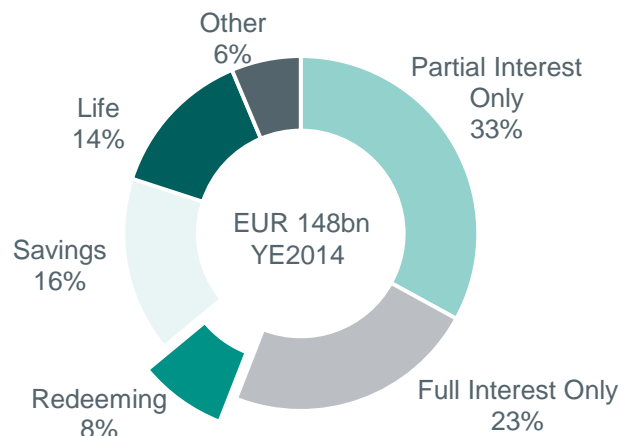
Risk metrics improved from strong recovery of housing market

- ▶ Past Due ratio to 2.4%
- ▶ Impaired ratio to 1.0%
- ▶ Q4 impairments declined to 5bps
- ▶ FY2014 impairments came to 13bps
- ▶ LtMV at 83%, 84% at Q3 2014
- ▶ LtMV at 79% for non-NHG mortgages, 80% Q3 2014

Mortgage loans

Loan book composition

Mortgage book by loan type



Portfolio shift triggered

Change in mortgage loan book, since the beginning of 2013 (EUR bn)



Redeeming mortgages

- ▶ grew to 8% at YE2014 from only 2% at YE2012
- ▶ trend expected to stay

Since the new rules apply

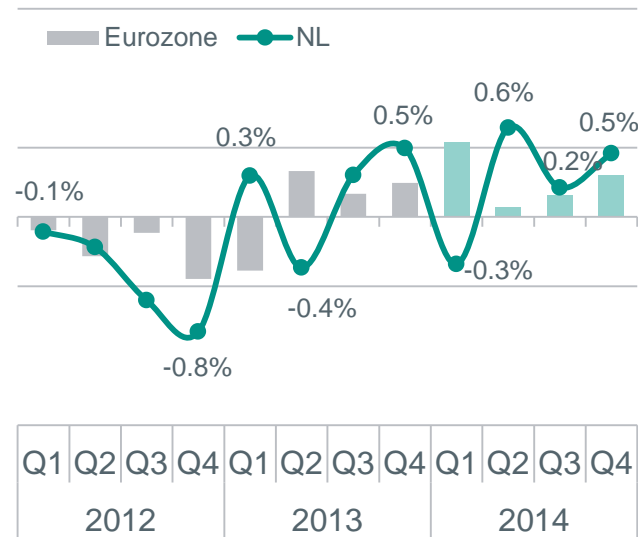
- ▶ redeeming mortgages picked up, while Interest Only and Other declined
- ▶ trend expected to stay

economic update

Economic indicators (1/2)

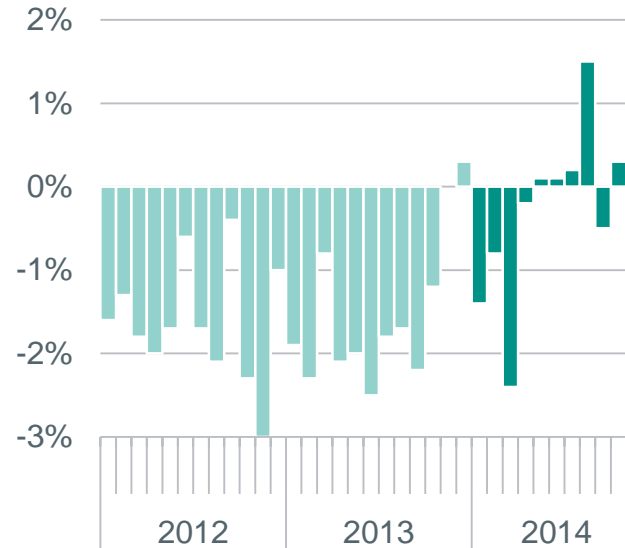
GDP

Q-o-Q, source Thomson Reuters Datastream, CBS



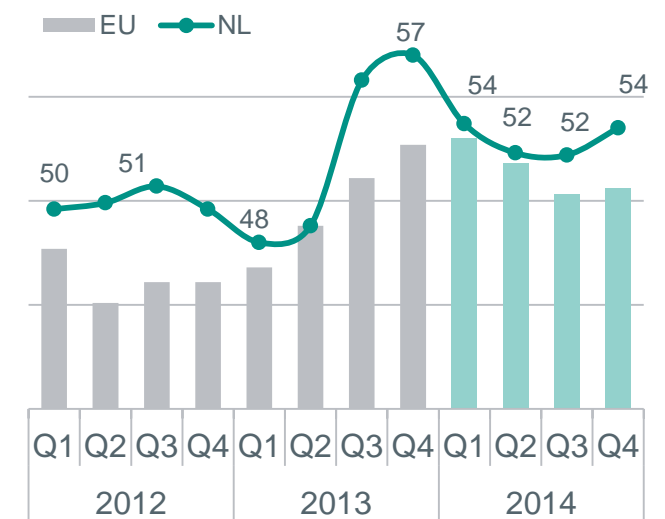
Consumer spending

% change compared with same month year ago, CBS



PMI

PMI indices (end of period), source Thomson Reuters Datastream



- ▶ GDP growth remained on modest growth path in 2014
- ▶ Weak Q1 of 2014 due to mild winter (lower natural gas revenues)

- ▶ Consumer spending is slowly picking up again
- ▶ November* was 0.6% higher compared with same month last year

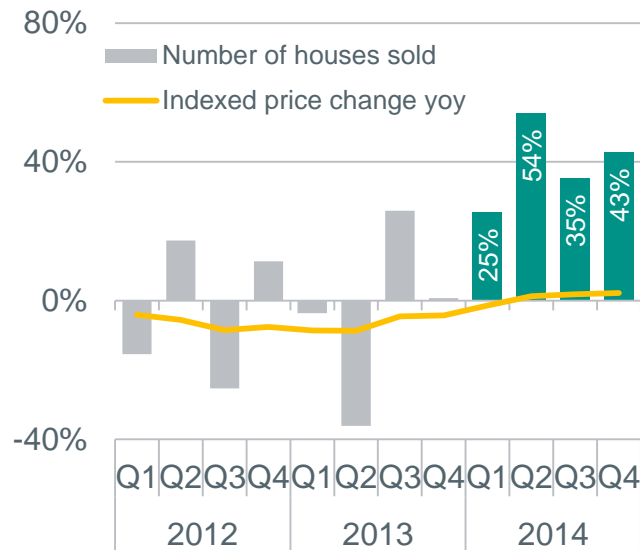
* Latest month available

- ▶ PMI still shows expansion (>50)

Economic indicators (2/2)

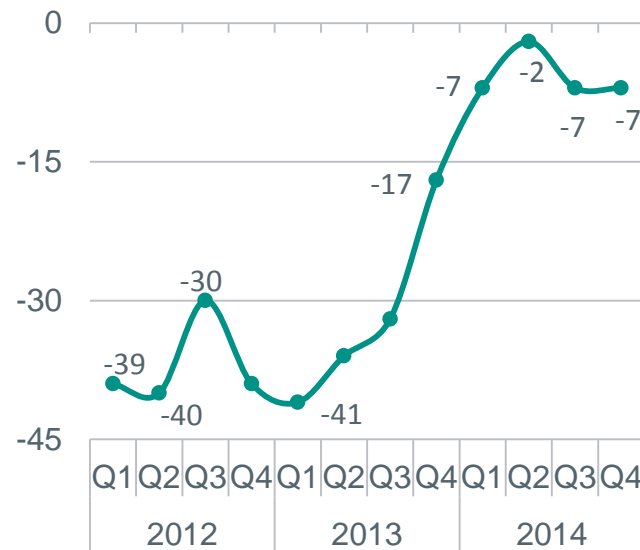
House prices & houses sold

yoy change in avg. price houses sold and no. houses sold, CBS



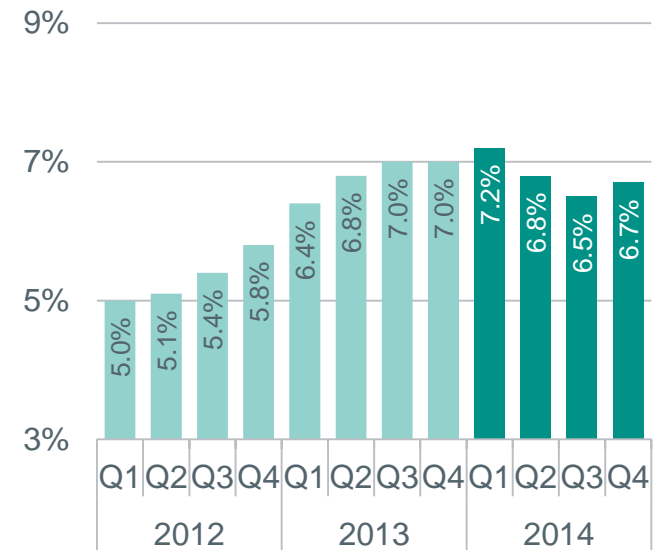
Consumer confidence

The Netherlands, seasonally adjusted confidence (end of period), source CBS



Unemployment

The Netherlands (end of period), source Eurostat



House market recovered

- ▶ Q4: transactions +43%, prices +2.2% vs. Q4 2013
- ▶ 2014: transactions +39%, price index +1% vs. 2013

Dutch consumer confidence

- ▶ improved substantially in 2014
- ▶ remained stable in H2 2014 at -7, equal to the long term average

- ▶ Unemployment improved throughout 2014
- ▶ Q4 unemployment slightly up to 6.7%

Economic forecast

Dutch economy is expected to continue its recovery in 2015

	2012	2013	2014E	2015E	2016E
Netherlands					
GDP (% yoy)	-1.6%	-0.7%	0.8%	1.5%	2.1%
Inflation (% yoy)	2.8%	2.6%	0.3%	0.3%	1.5%
Unemployment rate (%)	5.3%	6.7%	6.8%	6.4%	6.0%
Government debt (% GDP)	67%	69%	69%	70%	69%
Eurozone					
GDP (% yoy)	-0.7%	-0.4%	0.9%	1.6%	2.2%
Inflation (% yoy)	2.5%	1.3%	0.5%	0.2%	1.5%
Unemployment rate (%)	11.3%	12.0%	11.6%	11.2%	10.6%
Government debt (% GDP)	91%	93%	95%	95%	94%

- ▶ GDP forecasted to continue growth in 2015 to 1.5% from 0.8% in 2014
- ▶ Unemployment is trailing GDP
- ▶ Low inflation forecasted, but no deflation

Source: Thomson Financial, Economist Intelligence Unit, ABN AMRO Group Economics, February 2015

Important notice

For the purposes of this disclaimer ABN AMRO Group N.V. and its consolidated subsidiaries are referred to as "ABN AMRO".

This document (the "Presentation") has been prepared by ABN AMRO. For purposes of this notice, the Presentation shall include any document that follows and relates to any oral briefings by ABN AMRO and any question-and-answer session that follows such briefings. The Presentation is informative in nature and is solely intended to provide financial and general information about ABN AMRO following the publication of its most recent financial figures.

This Presentation has been prepared with care and must be read in connection with the relevant Financial Documents (latest Quarterly Report and Annual Financial Statements, "Financial Documents"). In case of any difference between the Financial Documents and this Presentation the Financial Documents are leading.

The Presentation does not constitute an offer of securities or a solicitation to make such an offer, and may not be used for such purposes, in any jurisdiction (including the member states of the European Union and the United States) nor does it constitute investment advice or an investment recommendation in respect of any financial instrument.

Any securities referred to in the Presentation have not been and will not be registered under the US Securities Act of 1933. The information in the Presentation is, unless expressly stated otherwise, not intended for residents of the United States or any "U.S. person" (as defined in Regulation S of the US Securities Act 1933).

No reliance may be placed on the information contained in the Presentation. No representation or warranty, express or implied, is given by or on behalf of ABN AMRO, or any of its directors or employees as to the accuracy or completeness of the information contained in the Presentation. ABN AMRO accepts no liability for any loss arising, directly or indirectly, from the use of such information. Nothing contained herein shall form the basis of any commitment whatsoever.

ABN AMRO has included in this Presentation, 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 on such expressions. In particular, the Presentation 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 on future events, many of which, by their nature, are inherently uncertain and beyond our control. Factors that could cause actual results to differ 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.

>> **Address**
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

>> **Website**
www.abnamro.com/ir

>> **Questions**
investorrelations@nl.abnamro.com
pressrelations@nl.abnamro.com