ABN·AMRO

Investor Relations

results Q3 2021

Investor & analyst presentation | 10 November 2021

Highlights Q3 2021, fees and corporate loans picking up

- Operating result supported by strong fee income and lowering threshold for charging of negative rates
- First signs of economic rebound, corporate loan book for Bank core grew versus Q2 2021
- NII supported by lowering threshold for charging negative interest rates and high prepayment penalties, partly offset by continued pressure from negative rate environment
- Fee income improved by 19% [1)] driven by increased payment activity, positive financial market developments combined with market volatility
- Confirmation of 5.3bn costs in 2021 [2)] despite increase in AML costs and handling costs for compensation scheme
- Continued strong credit quality, FY2021 Cost of Risk for total bank expected around nil
- Very strong capital ratios with Basel III CET1 ratio of 17.8% (Basel IV c.16%) reflecting increase in RWAs

1) Excluding CIB non-core
2) Excluding AML settlement and restructuring costs

Continued good progress on strategy execution agenda

Customer experience

A personal bank in the digital age, for the resourceful and ambitious

- Chatbot Anna, now also accessible via mobile app, handles around half of all chat requests
- Entrepreneur & Enterprise unit in Germany live
- Dutch intermediary award for best mortgage lender and most innovative service

Sustainability

Distinctive expertise in supporting clients' transition to sustainability

- Extension sustainability discount to houses with energy label B
- Inclusive Banking team to remove barriers experienced by e.g. female entrepreneurs
- Further increase in volume of sustainable loans & investments to 26% from 24% in Q2

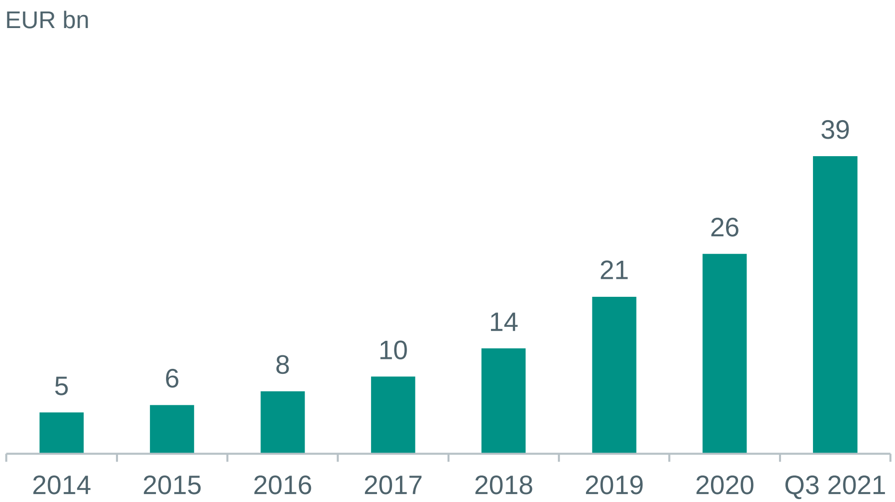
Future-proof bank

Enhance client service, compliance and efficiency

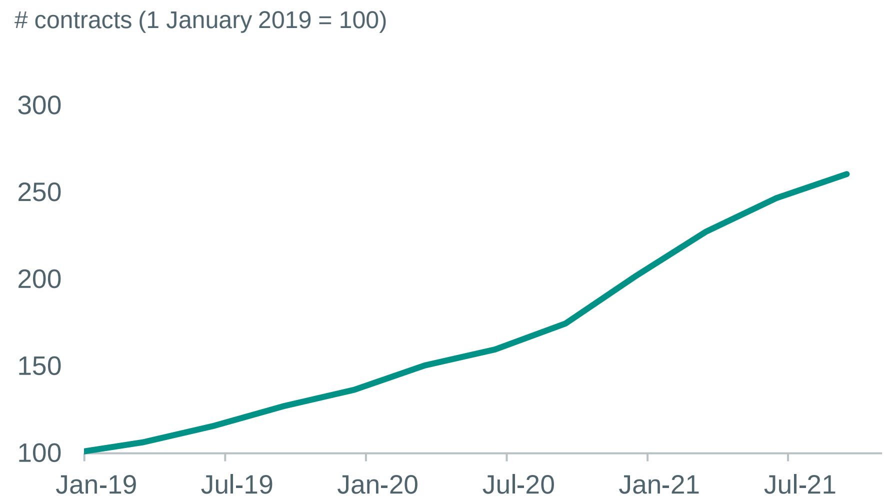
- Ahead of plan with CIB non-core wind down, loans expected <2bn at YE2021
- First bank in NL to offer cash withdrawals at ATMs without a bank card
- Continued progress on AML remediation

Strong growth in ESG client assets to 39bn

ESG client assets



ESG client contracts



- ESG client assets have grown to 39bn in Q3 (in line with SFDR definitions) (Q2 2021 at 36bn)
- Consistent growth since 2014, combining financial with societal return for clients
- Investment in products, reporting tools for clients and staff education support strong increase in ESG client contracts
- Default option for new clients since 2019; increasing engagement with existing clients

Organisation setup around client segments, supporting strategy execution

Convenience

- Fully digital
- Always available
- Data driven

Expertise

- Specialists
- Complex products
- In-depth sector & sustainability knowledge

Personal & Business Banking

- Serving mass consumer, affluent and business clients with banking and partner offerings
- Providing convenience of digital interactions and access to expertise when it matters most

Wealth Management

- Delivering expertise with tailored solutions for wealthy clients
- Focus on investment advisory, financial planning and real estate financing
- Leveraging on digital capabilities of Personal & Business Banking

Corporate Banking

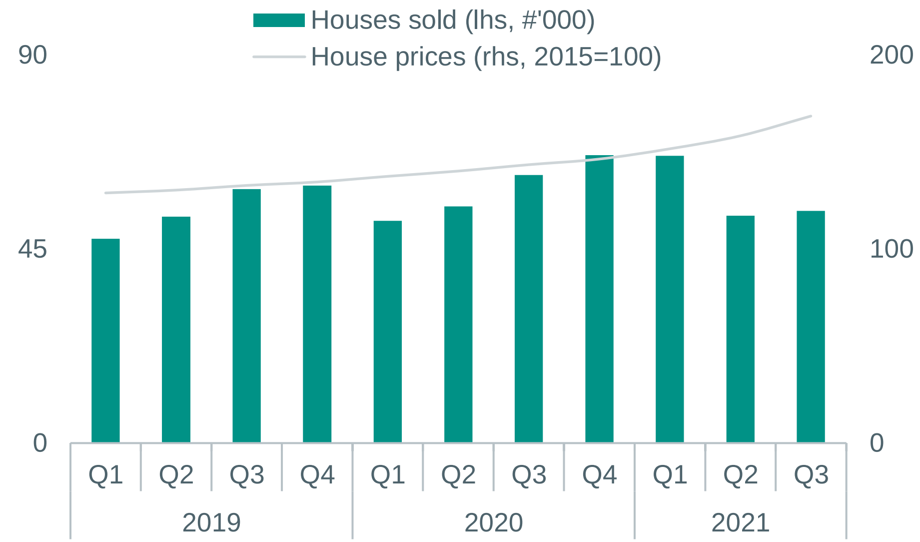
- Delivering tailored financing and capital structuring solutions for mid to large sized corporate clients and financial institutions
- Entrepreneur & Enterprise service concept for business and wealthy clients

Dutch economy rebounding, house prices continue to increase

Dutch economy less impacted [1]

		2020	2021e	2022e
Netherlands	GDP (% yoy)	-3.8%	4.4%	3.0%
	Inflation (indexed % yoy)	1.1%	1.8%	1.5%
	Unemployment rate (%)	3.8%	3.4%	3.8%
	Government debt (% GDP)	55%	57%	56%
Eurozone	GDP (% yoy)	-6.5%	4.9%	3.7%
	Inflation (indexed % yoy)	0.3%	2.3%	1.3%
	Unemployment rate (%)	7.9%	8.0%	8.3%
	Government debt (% GDP)	100%	104%	103%
Interest rates	Deposit facility	-0.50%	-0.50%	-0.50%
	3m interbank rate	-0.55%	-0.55%	-0.55%
	10yr government bond yield NL	-0.50%	-0.10%	-0.30%

House prices rise further while supply decreases [2]



- Strong economic recovery in 2021 reflecting healthy economic fundamentals and comprehensive government support
- Unemployment rate and bankruptcies remain low, expected to rise steadily now government support measures have ended
- Expect house prices to increase 15% this year (10% in 2022) [3]
- Transaction volumes to decline 5% this year (-10% in 2022) [3] reflecting lack of supply

1) Source: ABN AMRO Group Economics forecast of 25 October 2021, Interest rates forecast of 1 October 2021
2) Source: CBS
3) Source: ABN AMRO Group Economics forecast of 21 October 2021

Solid operational performance despite negative interest rate environment

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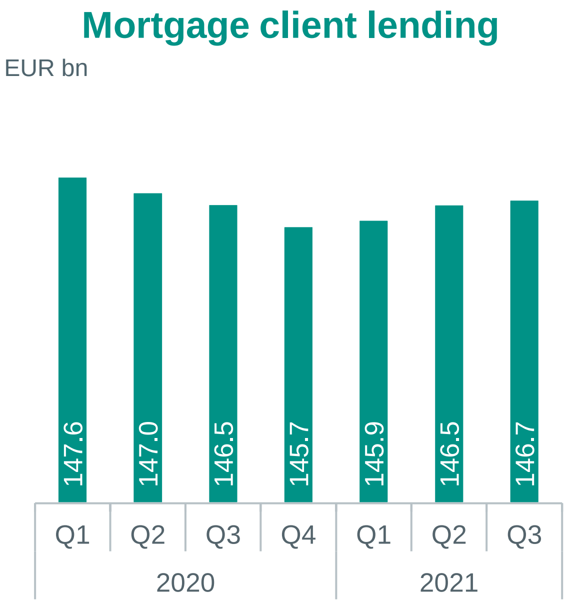
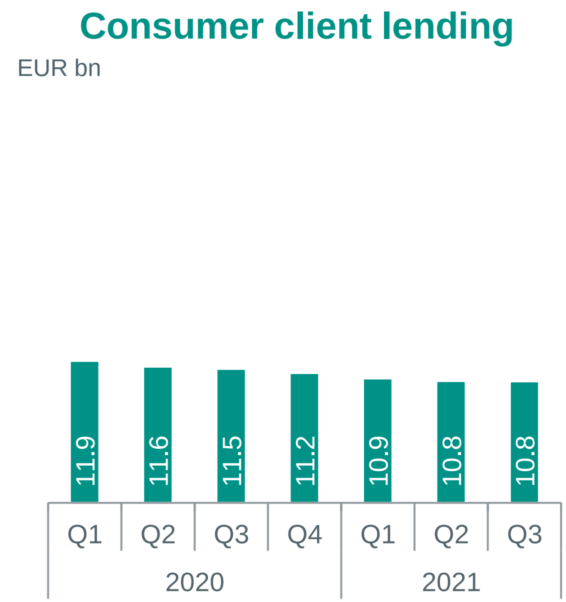
	2021 Q3	2021 Q2	Change
Net interest income	1,202	1,306	-8%
Net fee and commission income	413	399	3%
Other operating income	119	27	346%
Operating income	**1,734**	**1,732**	**0%**
- of which CIB non-core	*27*	*-94*	
Operating expenses	1,301	1,228	6%
- of which CIB non-core	*58*	*63*	*-8%*
Operating result	**432**	**504**	**-14%**
Impairment charges	-12	-79	-85%
Income tax expenses	102	190	-47%
Profit	**343**	**393**	**-13%**
- of which CIB non-core	*-63*	*-170*	*-63%*
Loans & advances (bn)	253.8	246.4	7.4
- of which CIB non-core	*2.8*	*3.8*	*-1.0*
Basel III RWA (bn)	110.6	107.2	3.4
- of which CIB non-core	*4.4*	*5.7*	*-1.3*

- NII impacted by revolving consumer loan provision in Q3 boosted by lower threshold for negative deposit rates and high prepayment penalties
- Fees improved as payment activity normalised and Private Banking fees increased from favourable market performance
- Expenses up due to provision for handling costs revolving consumer credits and higher regulatory levies
- Further impairment releases due to limited stage 3 inflow, model updates and improved economic outlook offset by some impairments in non-core
- CIB non-core progressing well with over 85% of assets wound down

Client lending picking up following economic rebound



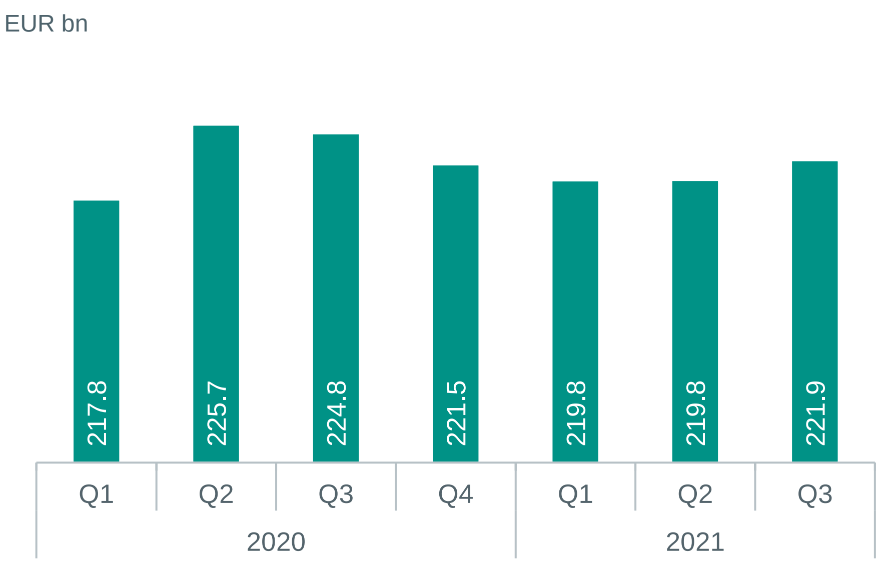


- Mortgages slightly up due to growing mortgage market, mortgage market share in Q3 15% (vs 16% in Q2)
- Corporate loans up, mainly reflecting growth in Financial Institutions and Corporate Lending
- Remain optimistic on achieving TLTRO threshold
- Consumer loans stable, however declining over time in line with overall market in the Netherlands

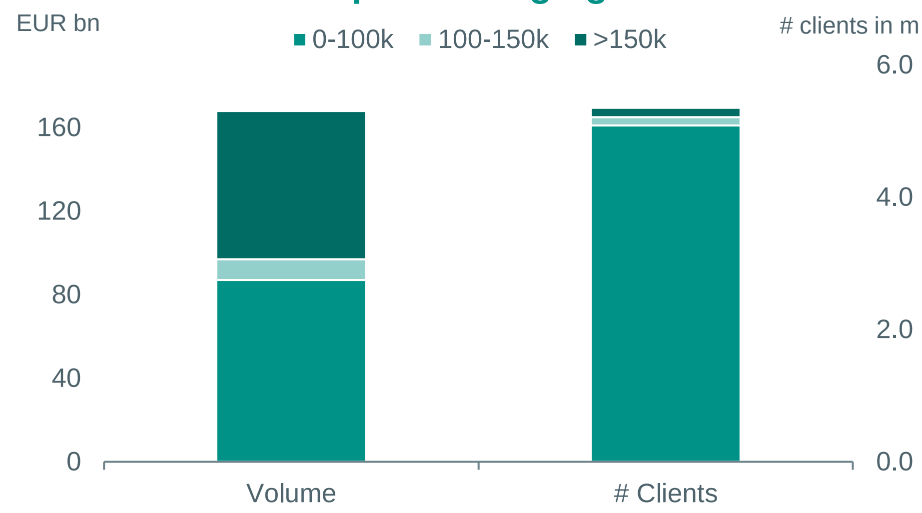
1) FX impact on CIB core 0.2bn versus Q2 2021

Client deposits up despite lower threshold for charging negative rates

Client deposits



Deposit charging 1)

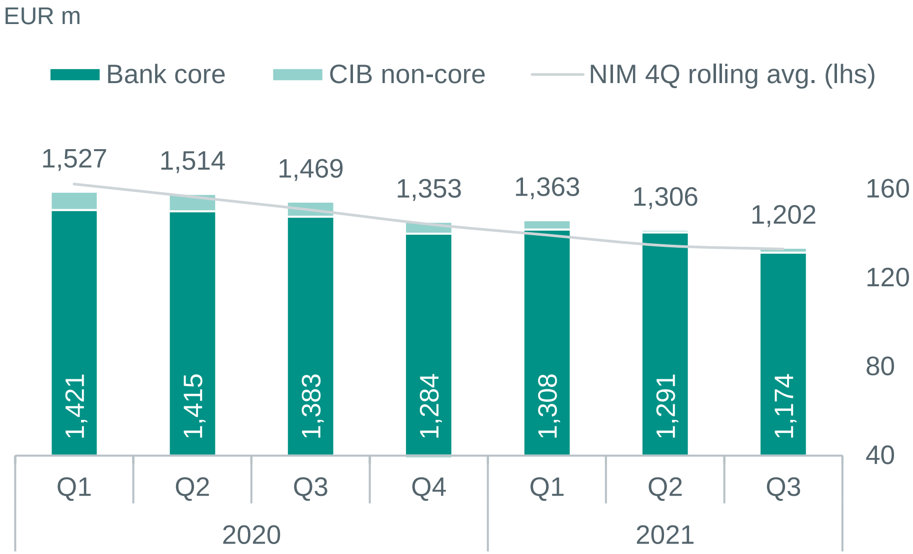


- Limited deposit outflow following introduction and subsequent lowering of negative rate threshold
- As of Jul 1^{st} 2021 threshold lowered to 150k, adding 23bn of volume being charged 50bps
- As of Jan 1^{st} 2022 all volumes >100k to be charged negative rate, representing c.50% of deposits and 5% of all clients 1)

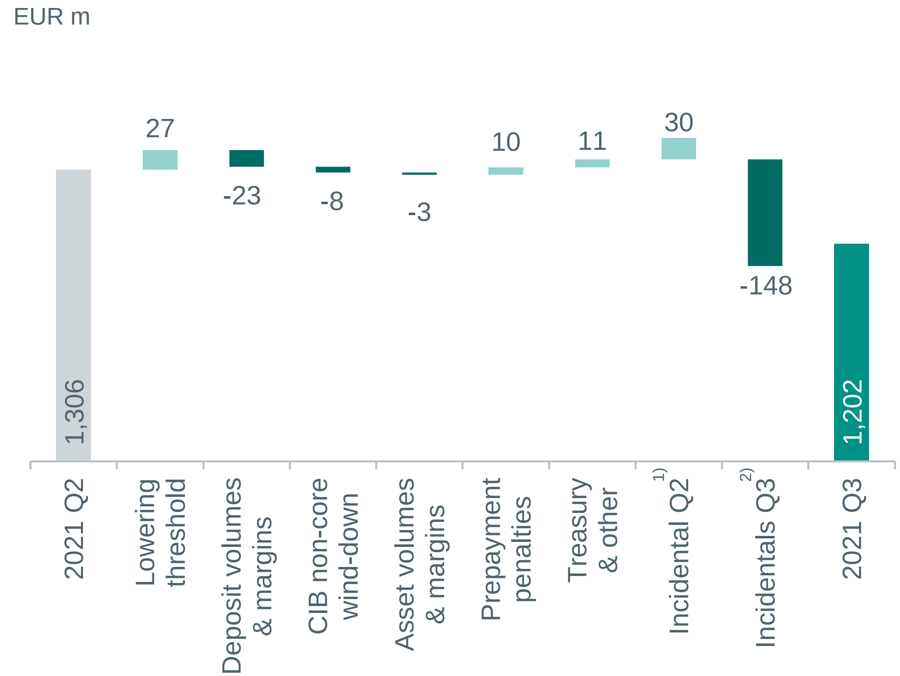
1) Client deposits of RB,CB and PB in the Netherlands and excluding time deposits

NII supported by lower negative rate threshold and prepayment penalties

Net Interest Income (NII) and Margin (NIM)



Transition NII

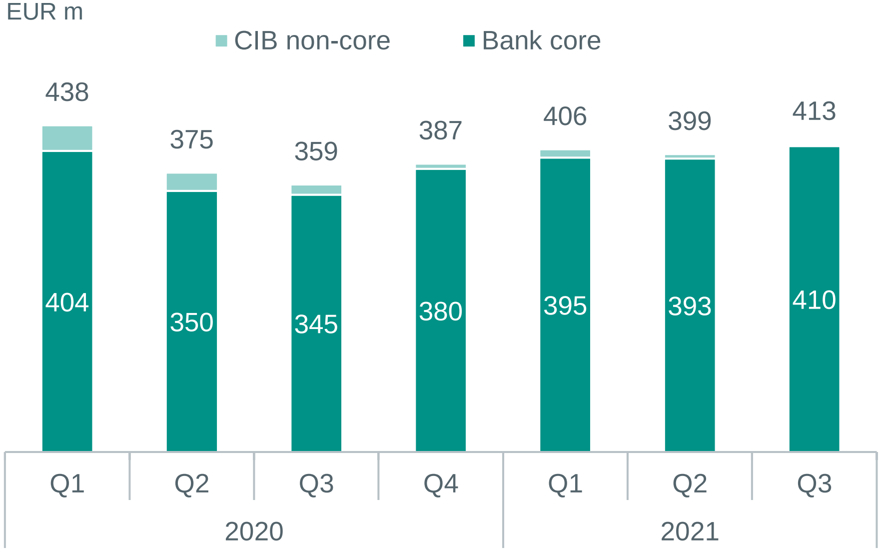


- Benefit of lowering the negative rate threshold offset deposit margin pressure for this quarter
- Prepayment penalties still high as inflation and rate outlook led clients to lock in low rates
- Pressure on front book margins expected to remain, though impact still limited this quarter
- Expect full year NII between 5.3 – 5.4bn (excluding provision for revolving consumer credit), range reflecting impact of achieving TLTRO threshold

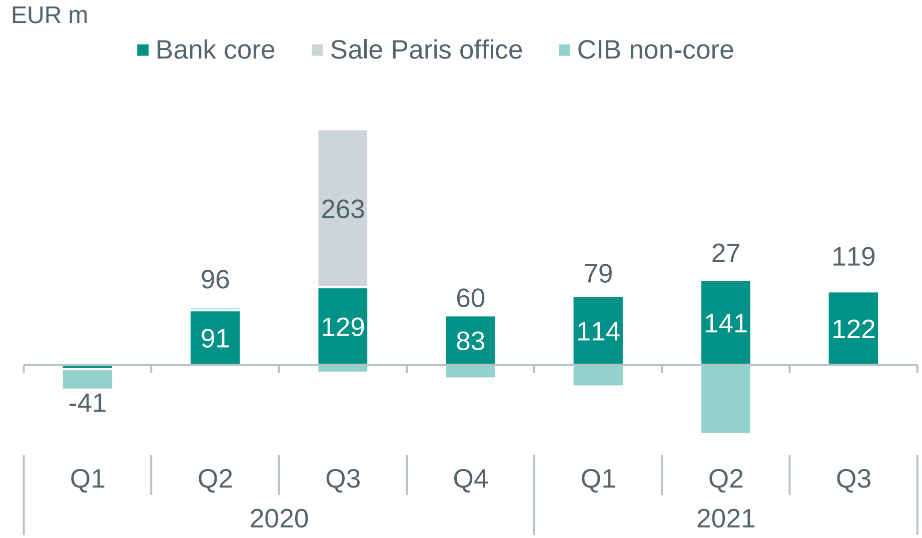
1) Q2 includes 30m provision for accrued interest on potential repayment of German dividend withholding tax credits
2) Q3 includes 174m provision for compensation revolving consumer credits and 26m positive revaluation of DSB claim

Fees up driven by economic rebound and positive equity markets

Net fee and commission income



Other operating income



- Domestic credit card usage and payment transactions almost back to pre Covid-19 levels, positively impacting fees
- Another strong quarter in equity markets benefitting Private Banking
- Clearing saw again high transaction levels this quarter
- Other income Bank core down vs Q2, largely reflecting higher equity revaluations in Q2 [1)]

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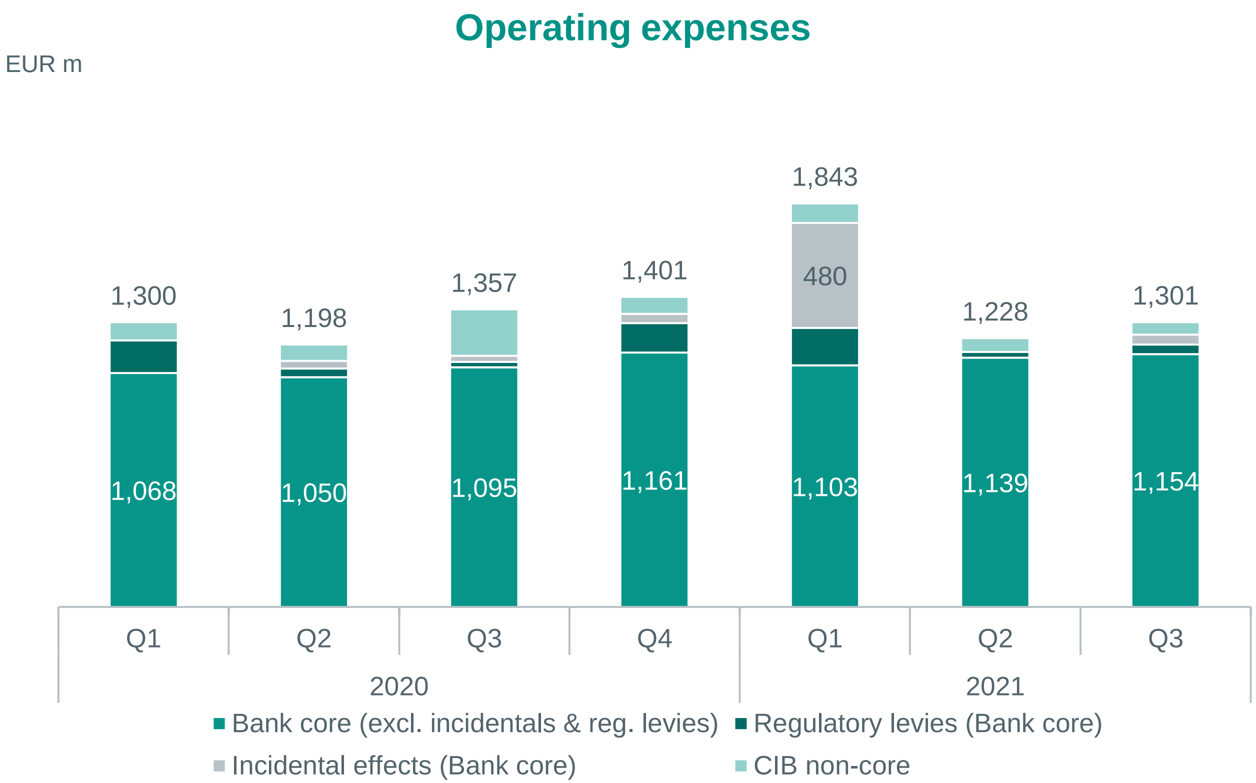
1) Total Bank Q3 2021 (vs Q2 2021): equity participations 56m (87m) incl. venture portfolio, XVA 2m (7m), hedge accounting related results 15m (26m)

On track for 5.3bn operating expenses for FY2021 1)

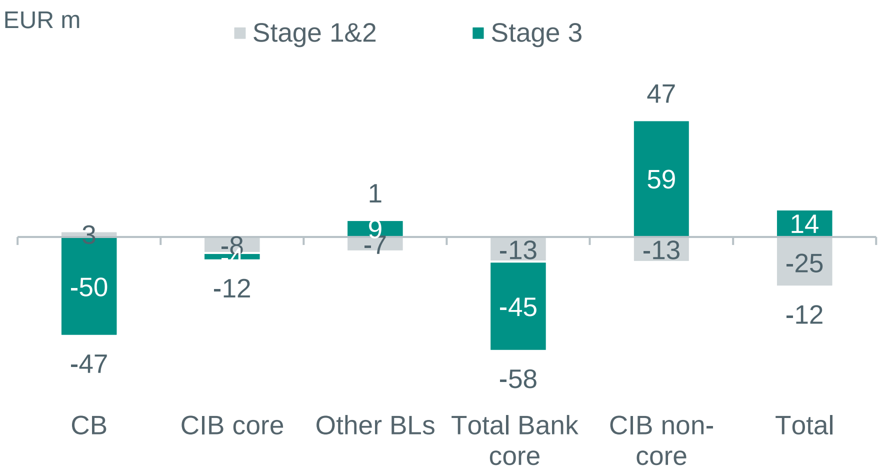


- Costs developments in line with plan
- Increase in Bank core costs mainly related to upscaling of AML activities
- Circa 100m cost savings realised YTD
- Working towards an absolute cost base no higher than 4.7bn by 2024

1) Excluding AML settlement and restructuring costs

Further impairment releases, FY2021 CoR expected around nil

Increase stage 3 impairments for CIB



Client loans well provisioned for

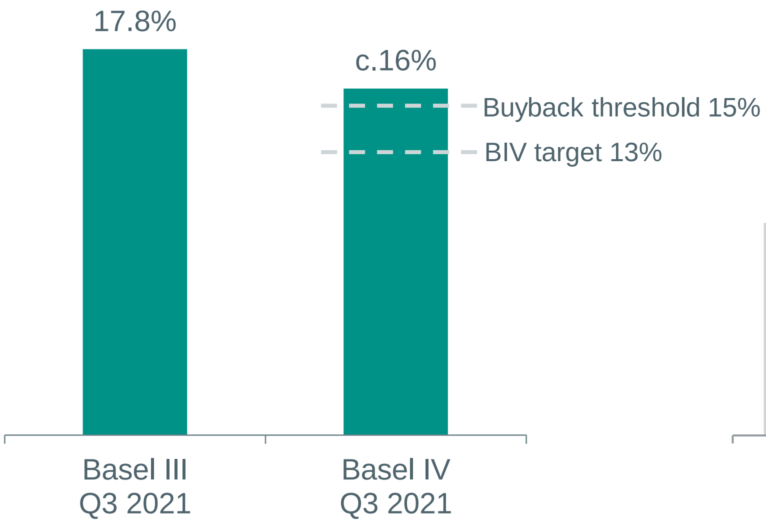
	Stage 1&2 exposure	Stage 3 exposure	Stage 3 provisions	Stage 3 cov. ratio
Mortgages	145.6	1.1	0.0	6%
Consumer Loans	10.3	0.4	0.2	50%
Corporate Loans	79.8	5.6	1.8	32%
- of which CIB non-core	*1.9*	*0.9*	*0.6*	*72%*
Other	10.7	0.0	0.0	28%
Total [1]	**246.5**	**7.1**	**2.0**	**29%**

- Releases due to limited inflow in stage 3, model updates and improved economic outlook
- Management overlays (355m) remain in place, reflecting uncertainty as government support measures have ended
- Based on current economic outlook, FY2021 Cost of Risk expected around nil
- CIB non-core portfolio further reduced, impairments on individual files in Oil & Gas portfolio led to increase of stage 3 coverage ratio

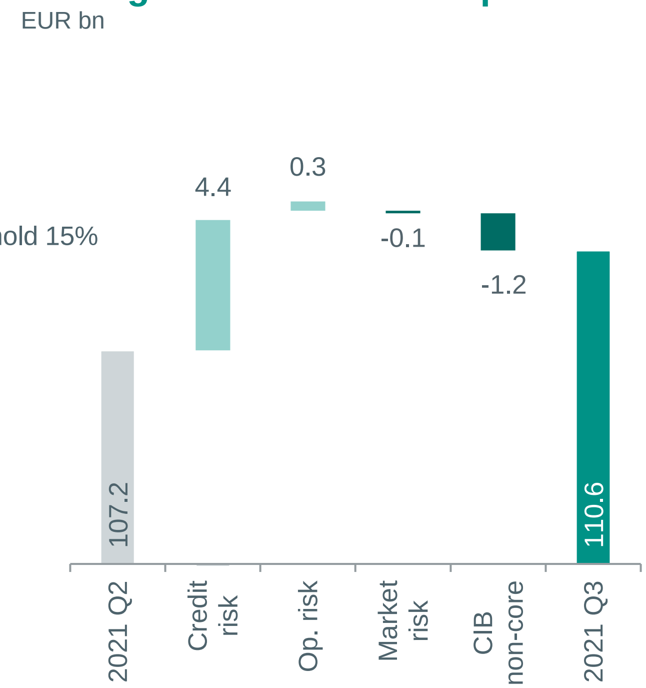
1) Excluding loans at fair value and fair value adjustments from hedge accounting

Very well capitalised under Basel III and Basel IV

Very strong CET 1 ratios 1)



Basel III RWA up from asset growth and model update



- Very well capitalised under Basel III and Basel IV
- Credit risk RWA increased reflecting a model update and growth in CB and CIB core
- Additional model reviews expected in coming quarters 2)
- EU Basel IV proposal published, overall slightly positive vs own assumptions

1) 50% of net profit reserved outside CET1 capital ratio in line with dividend pay-out ratio

2) Model reviews entail moving specific portfolios from BIII advanced to foundation or standardised approach, model updates reflecting EBA guidelines and implementation of DNB mortgage floor as of 1/1/2022

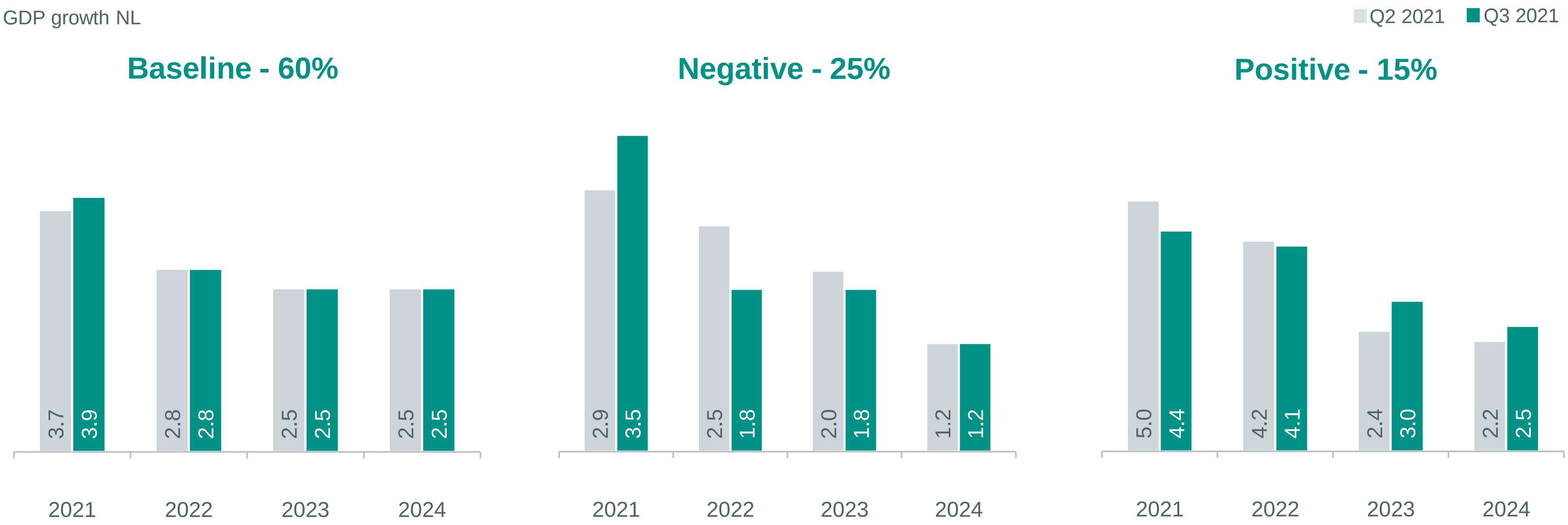
Clear long term targets, 2021 outlook impacted by large incidentals

	Long term targets	YTD2021
Return on Equity	c.8% by 2024 (10% ambition with normalised rates)	4.2% (7.2% excl. AML settlement)
Market share growth	2-5pp in focus segments	Mortgages 16%
Absolute cost base	≤4.7bn FY2024	3.9bn [1)]
Cost of Risk	25-30bps through the cycle	-13bps
Basel IV CET1 ratio	13% (threshold for share buybacks 15%)	c.16%
Dividend pay-out ratio	50% of reported net profit [2)]	Final 2019 dividend paid on 25th of October

1) Excluding AML settlement and restructuring costs
2) After deduction of AT1 coupon payments and minority interests

Appendices

Macro economic scenarios to calculate credit losses 1)



Differences Q3 2021 vs Q2 2021

- Slight improvement of base scenario, showing a further recovery of global and Eurozone economy on back of accommodative central bank policies
- Due to the rapid recovery pace, the 2021 growth forecasts was upgraded and the eurozone GDP is expected to return to its pre-pandemic level in Q1 2022
- Unemployment rate is expected to pick-up and is slightly adjusted positive for 2022
- House prices were adjusted positive for both 2021 and 2022

1) Group Economics scenarios per May 2021 used for Q2, per August 2021 used for Q3

Diversified corporate loan book with strong underlying credit quality

EUR bn

Corporate & Institutional Banking

Core	Stage 1	Stage 2	Stage 3	Total exposure	Stage 3 cov. ratio
Ind. Goods & Services	6.0	0.7	0.3	7.0	26%
Financial Services	4.4	0.1	0.0	4.5	-
Non-food Retail	0.9	0.3	0.1	1.3	78%
Construction & Materials	0.4	0.1	0.0	0.5	59%
Food & Beverage	0.7	0.3	0.0	1.0	9%
Insurance	0.4	0.0	0.0	0.4	7%
Travel & Leisure	0.1	0.3	0.0	0.4	43%
Other sectors	7.0	0.9	0.1	8.1	5%
Sub total	**19.9**	**2.7**	**0.5**	**23.1**	**35%**
Clearing & Markets	21.9	0.1	-	22.0	-
Total 2)	**41.8**	**2.7**	**0.5**	**45.1**	**35%**
Non-core					
Oil & Gas	0.3	0.2	0.3	0.8	73%
Ind. Goods & Services	0.5	0.1	0.2	0.8	48%
Basic resources	0.0	-	0.3	0.3	91%
Food & Beverage	0.1	0.1	0.0	0.2	91%
Non-food Retail	0.0	-	0.1	0.1	98%
Other sectors	0.6	0.1	0.0	0.7	12%
Total 2)	**1.5**	**0.5**	**0.9**	**3.0**	**71%**

Commercial Banking

	Stage 1	Stage 2	Stage 3	Total exposure	Stage 3 cov. ratio
Food & Beverage	6.8	1.4	0.8	9.0	15%
Real Estate 1)	6.7	1.2	0.3	8.2	22%
Ind. Goods & Services	5.2	1.6	1.2	8.0	25%
Non-food Retail	1.5	0.9	0.3	2.7	21%
Travel & Leisure	0.7	1.3	0.4	2.5	15%
Health Care	1.6	0.3	0.2	2.1	13%
Construction & Materials	1.5	0.3	0.2	2.0	53%
Financial services	1.3	0.1	-	1.4	32%
Other sectors	3.1	0.9	0.4	4.3	18%
Total 2)	**28.4**	**8.0**	**3.8**	**40.2**	**22%**

1) Part of Commercial Real Estate portfolio in PB and RB

2) Source: Management Information, Q3 loans and advances to customers, gross excluding fair value adjustments from hedge accounting and loans and advances measured at fair value through P&L

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Address
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Website
www.abnamro.com/ir

Questions
investorrelations@nl.abnamro.com