Investor Relations

results Q2 2023

investor & analyst presentation | 9 August 2023

Highlights Q2 – Very strong net profit of 870m

- Very strong net profit reflecting high NII and impairment releases as credit quality remains solid
- Continued strong NII, benefitting from the higher interest rate environment
- Clients continue to transfer cash to interest bearing accounts, overall deposit base stable
- Business momentum holding up for corporate lending and mortgages
- Underlying costs flat, expected costs for 2023 around 5.2bn reflecting lower SRF contribution
- No longer expect to reach 2024 cost target of 4.7bn as 2023 investments spill over into 2024, inflation is higher and reduction in AML costs is more gradual
- Update of financial targets and capital framework at Q4 results including potential share buyback
- Interim dividend has been set at EUR 0.62 per share

Progressing on our strategy execution

Customer experience

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

Sustainability

Distinctive expertise in supporting clients' transition to sustainability

Future proof bank

Enhance client service, compliance and efficiency

Personal & Business Banking

- Piloting with private ChatGPT, summarising client calls and helps advisor with right product pages
- Florius best Dutch mortgage provider, best innovative service for intermediaries and best innovative service (Gouden Lotus)
- Social point programme, supporting local social initiatives, scaled up

Wealth Management

- Branchification Neuflize finalised, simplifying our organization
- Low threshold Impact fund mandate brings impact investment to broad client group
- ESG + impact investments now 45% of our clients asset volume

Corporate Banking

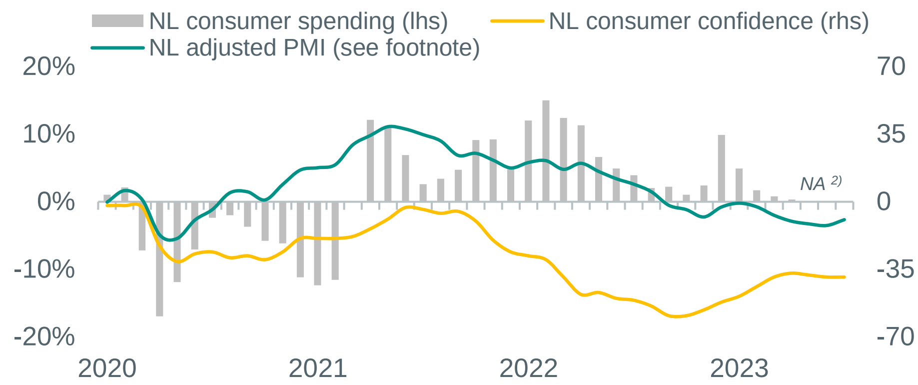
- Investment in ThreatFabric, an Online Fraud Detection solution
- Innovation Industries investment as 1st climate related fund investment
- Winddown CB non-core largely completed

Dutch economy resilient, housing market cooling down

Dutch economy remains resilient 1)

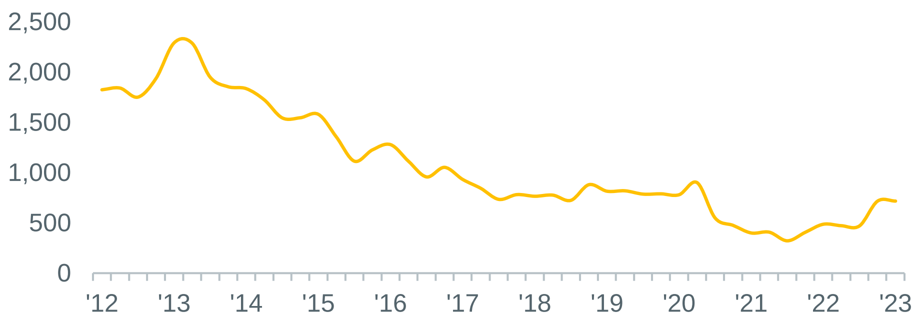
		2022	2023e	2024e
Netherlands	GDP (% yoy)	4.5%	0.7%	1.0%
	Inflation (indexed % yoy)	11.6%	4.3%	3.4%
	Unemployment rate (%)	3.5%	3.7%	4.1%
	Government debt (% GDP)	51%	50%	50%
Eurozone	GDP (% yoy)	3.5%	0.2%	0.8%
	Inflation (indexed % yoy)	8.4%	4.9%	2.1%
	Unemployment rate (%)	6.7%	7.0%	7.3%
	Government debt (% GDP)	93%	93%	93%

Stabilisation latest figures of some economic indicators

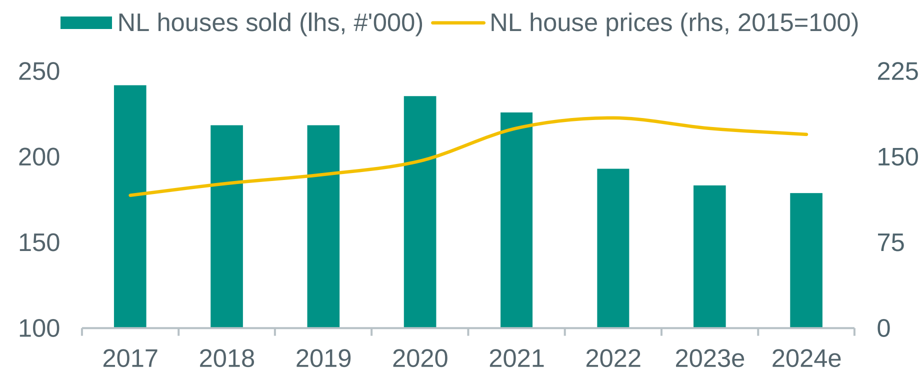


Dutch bankruptcies still historically low 2)

per quarter businesses & institutions



Small house price corrections and less houses sold 3)



1) Source: ABN AMRO Group Economics forecast of 23 June 2023

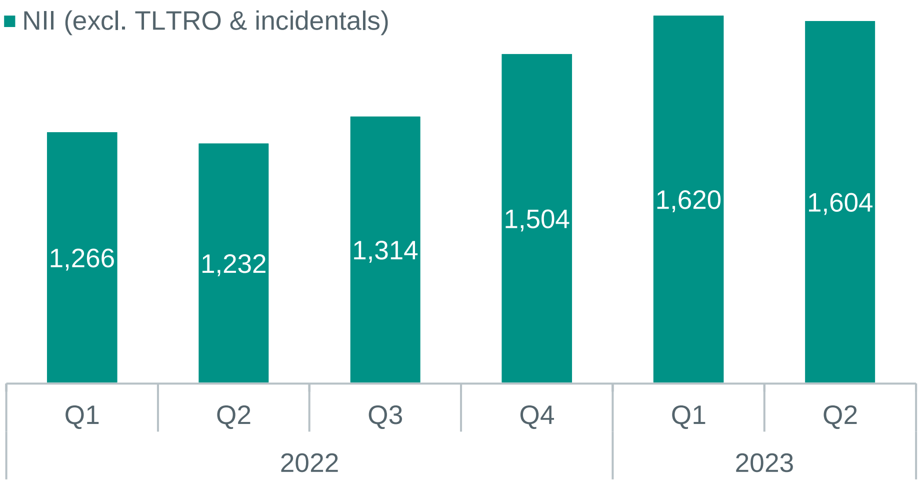
2) Source: Statistics Netherlands (CBS); Consumer spending % change vs previous year (only until April '23), consumer confidence seasonally adjusted (end of period), adjusted PMI is Nevi NL Manufacturing PMI (end of period) and represents expansion if above 0 and contraction below 0

3) ABN AMRO Group Economics forecast 18 July 2023. House prices -5% 2023e and -3% 2024e; transaction volumes -5% 2023e and -2.5% 2024e

Continued strong NII despite temporary decline in treasury result

NII remained strong [1)]

EUR m

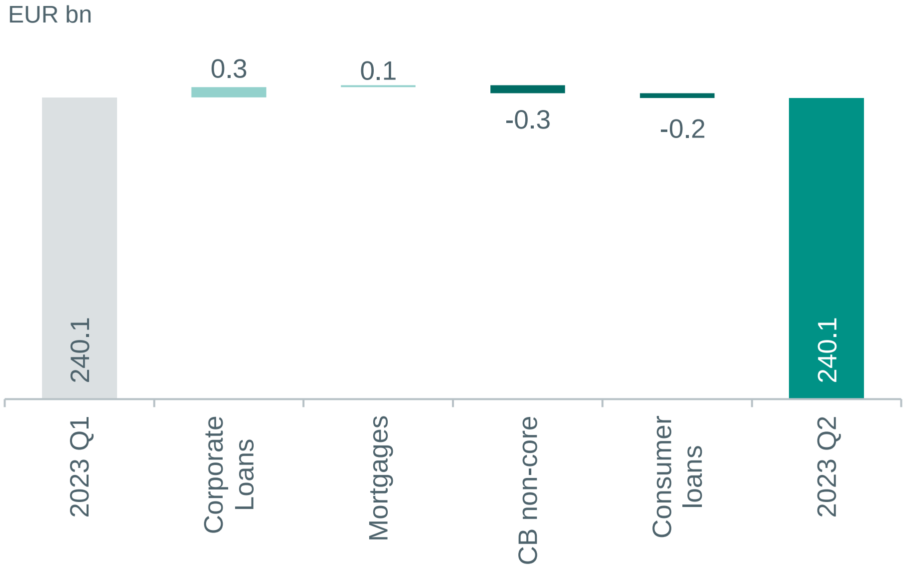


- Q2 deposit margins improved, competition main driver for saving deposit margins going forward
- Savings rates have increased in May, June and again in August by 25bps to now 1.25% [2)]
- Q2 margins on lending products holding up as pricing catching up with higher rates
- Treasury result expected to recover [3)] and remains sensitive to higher interest rates going forward

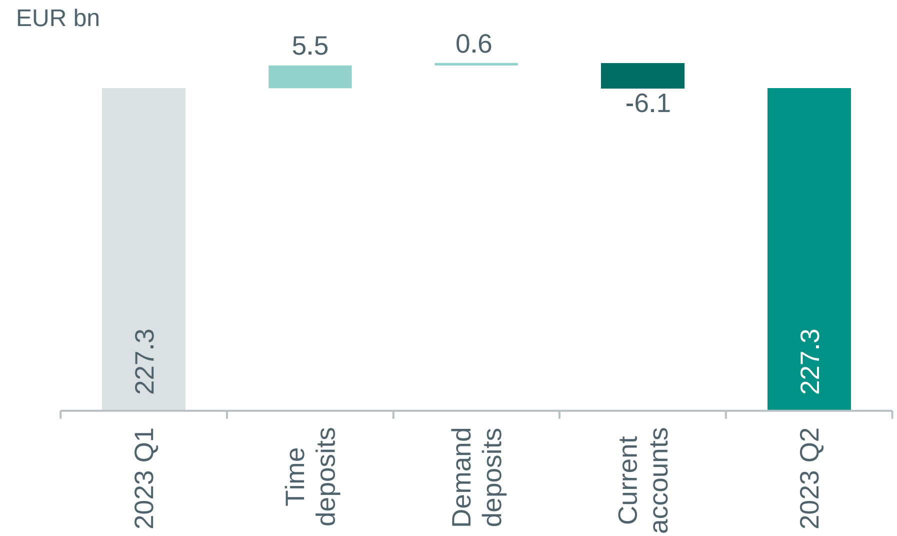
1) Excluding TLTRO in 2022 (Q1 & Q3: 44m, Q2: 41m, Q4: 60m) and incidental in 2022 (Q3: -82m) and 2023 (Q2: 18m)
2) Savings coupon increased from 0 to 25bps on December 1, 2022; to 50bps on March 1, 2023; to 75bps on May 1, 2023 and to 100bps on June 1, 2023
3) Delta in treasury result is c.-50m vs Q1

Net core lending growth, client deposits remained stable

Total client loans stable



Client deposits stable, composition changing

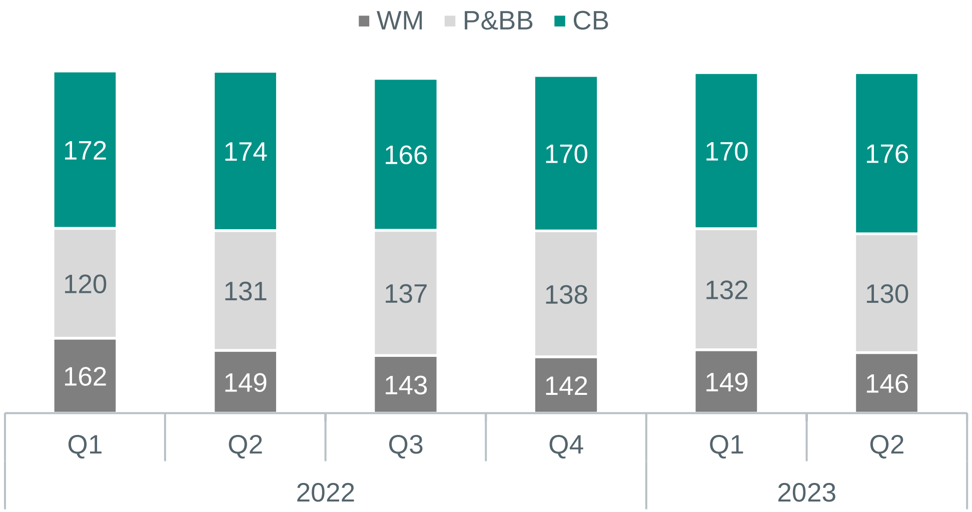


- Corporate loans up from new and increased business volume especially in focus sector digital, mobility and new energy
- Mortgages slightly up despite slowdown of housing market
- Further progress made on CB non-core wind-down, which is largely completed (0.5bn loans remaining)
- Decrease in consumer loans due to higher repayments and less demand
- Client deposits remained stable, flow from current accounts to mainly time deposits continued

Fee and commission income resilient

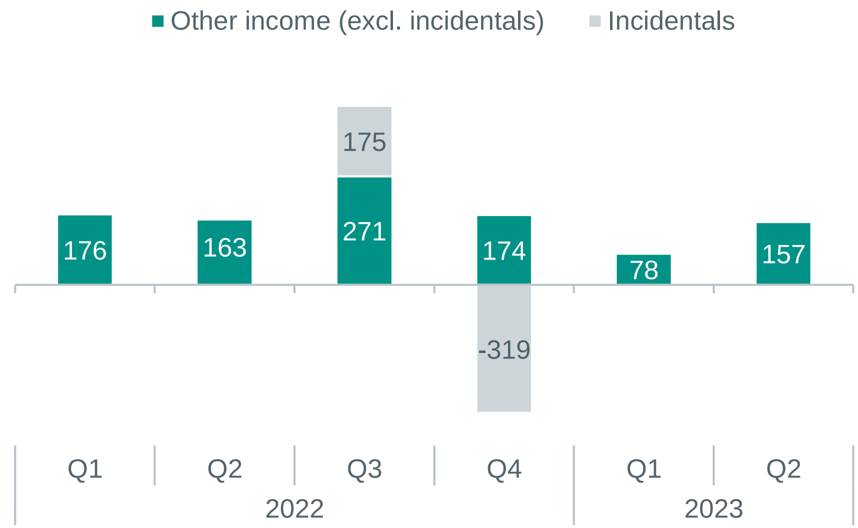
Net fee and commission income stable

EUR m, excluding GF



Other income up [1)]

EUR m



- Lower market volatility and less activity in financial markets impacted fee income in Clearing and Markets, offset by a one-off fee in CB non-core
- Fees at Wealth Management stable driven by stable results for asset management
- Other income up versus Q1, largely related to higher fair value adjustments from IFRS17 and Treasury results

ABN·AMRO

1) Incidentals: Q3 2022 sale AA leven: 42m, sale MP Solar: 60m and sale PPI: 73m; Q4 2022 TLTRO unwind: -319m

Underlying costs flat, FY2023 costs expected at c.5.2bn

Operating expenses [1)]

EUR m

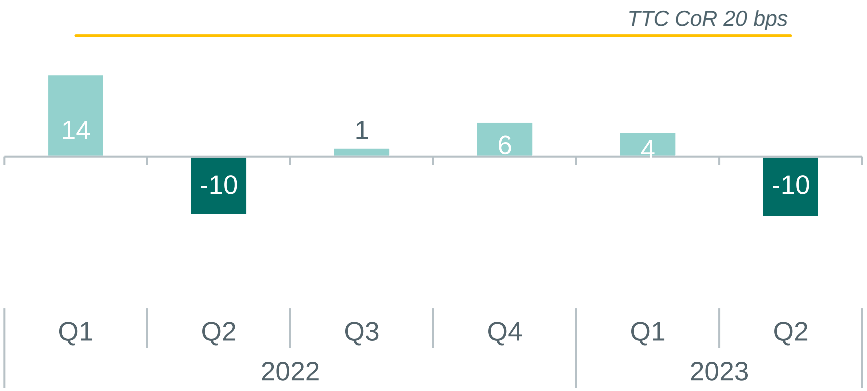
- Underlying costs flat as wage inflation is offset by cost savings in Q2 (total cost savings c.416m as of YE2020)
- FY2023 costs expected at c.5.2bn (from 5.3bn) reflecting:
  - Lower than expected SRF contribution; regulatory levies for full year expected at c.340m
  - Delay in investments given tight labour market
- Remain focussed on cost discipline, but expect not to meet 4.7bn cost target in 2024 as 2023 investments spill over, higher inflation and AML costs will reduce more gradual

1) Incidentals: Q1 2022 AML remediation (50m), Q2 2022 AML remediation (34m), Q3 2022 related to handling costs revolving consumer credit (12m), Q4 2022 CLA related one-off (34m) and Q2 2023 related to handling costs revolving consumer credit (20m)

Credit quality remains solid with impairment releases of EUR 69m

Expected to remain well below TTC CoR for FY2023

CoR in bps



Non-performing loans continued to decrease

	Stage 3 loans (EUR m)		Stage 3 coverage ratio	
	Q2 2023	Q1 2023	Q2 2023	Q1 2023
Mortgages	1,228	1,178	7.0%	7.0%
Corporate loans	3,384	3,452	28.1%	28.2%
- of which CB non-core	*289*	*396*	*54.9%*	*47.7%*
Consumer loans	261	259	46.4%	49.2%
Total [2)]	**4,881**	**4,911**	**23.8%**	**24.2%**
Impaired ratio (stage 3)	**1.9%**	**1.9%**		

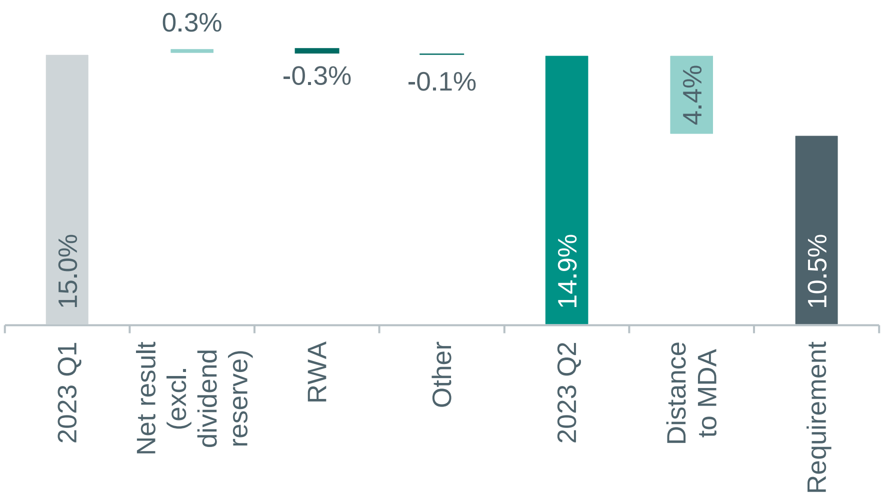
- Impairment releases of 69m, reflecting mainly release of remaining Covid overlay and a net release on individual corporate files
- Prudent buffers remain in place to mitigate uncertainties, including for the war in the Ukraine
- Some new inflow in stage 3 impairments, offset by releases in individual corporates files in CB core and non-core
- Impact of economic slowdown limited so far, non-performing loans continued to decrease reflecting progress in non-core winddown
- CoR for 2023 expected to remain well below TTC CoR of c.20bps

ABN·AMRO

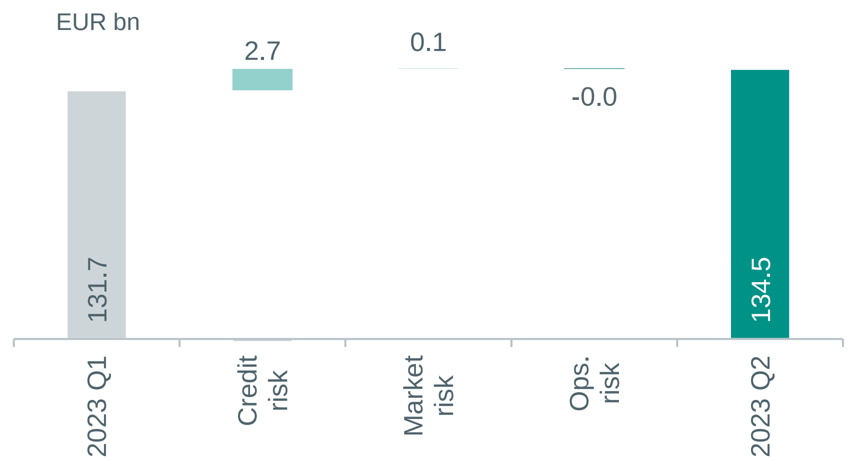
1) Total includes other loans and advances customers (8m for Q2 2023 and 3m for Q1 2023)

Strong capital position

Basel III CET1 ratio [1)]



Basel III RWA



- Well capitalised with a Basel III CET1 ratio of 14.9% and Basel IV CET1 ratio c.16%
- Maximum Distributable Amount (MDA) trigger level increased to 10.5% [1)] due to increase of the Dutch countercyclical buffer as of May 25 [2)]
- RWA increase largely from higher credit risk RWA reflecting model updates, partly offset by asset quality improvements and business developments

1) MDA trigger level and distance to MDA trigger level excl. AT1 shortfall (now 0.4%); distance to MDA trigger level including AT1 shortfall is 4.0%
2) DNB will increase Dutch CcyB further by 1% to 2% and lower O-SII buffer by 0.25% to 1.25%, by Q2 2024 (expected impact on MDA of c.+0.6%)

Our long term financial targets

	Long term targets	YTD 2023
Return on Equity	Ambition 10% by 2024 [1)]	12.9%
Absolute cost base	4.7bn FY2024	2.5bn
Cost of Risk	Around 20bps through the cycle	-3bps
Basel IV CET1 ratio	13% (threshold for share buybacks 15%)	c.16%
Dividend pay-out ratio	50% of reported net profit [2)]	0.62 interim dividend

1) RoE target set as follows in 2020: target c.8% by 2024; ambition 10% with normalised rates
2) After deduction of AT1 coupon payments and minority interests

Appendices

Very strong result with 870m net profit

EUR m

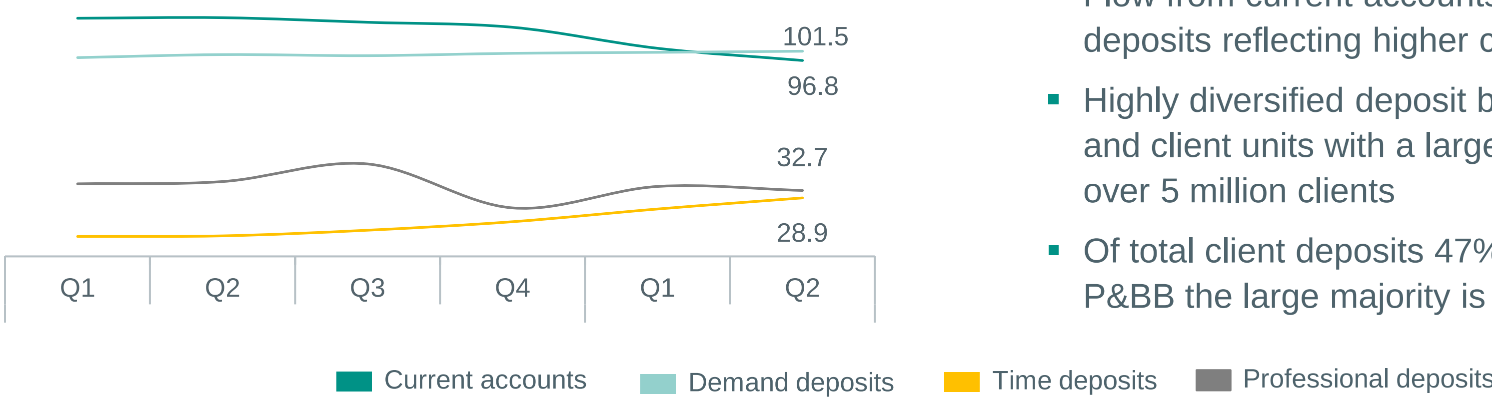
	2023 Q2	2023 Q1	Change
Net interest income	1,622	1,620	0%
Net fee and commission income	444	444	0%
Other operating income	157	78	102%
Operating income	**2,223**	**2,142**	**4%**
- of which CB non-core	*43*	*1*	
Operating expenses	1,137	1,406	-19%
- of which CB non-core	*14*	*29*	*-51%*
Operating result	**1,086**	**736**	**48%**
Impairment charges	-69	14	
Income tax expenses	285	199	43%
Profit	**870**	**523**	**66%**
- of which CB non-core	*69*	*-38*	
Loans & advances (bn)	248.6	249.4	-0.8
- of which CB non-core	*0.4*	*0.6*	*-0.2*
Basel III RWA (bn)	134.5	131.7	2.7
- of which CB non-core	*0.8*	*1.3*	*-0.5*

- NII stable vs Q1 2023, lower Treasury results offset by higher deposit margins and a release for revolving consumer credit
- Fees stable compared to Q1 2023
- Q2 expenses lower due to high regulatory levies in Q1, excluding levies and incidentals, underlying costs flat compared to Q1 2023
- Impairment releases in Q2, largely reflecting releases of remaining Covid overlay and releases on individual files
- CB non-core progressing well with almost all assets wound down since H2 2020 and costs reductions gathering pace

Highly diversified deposit base, client deposits stable

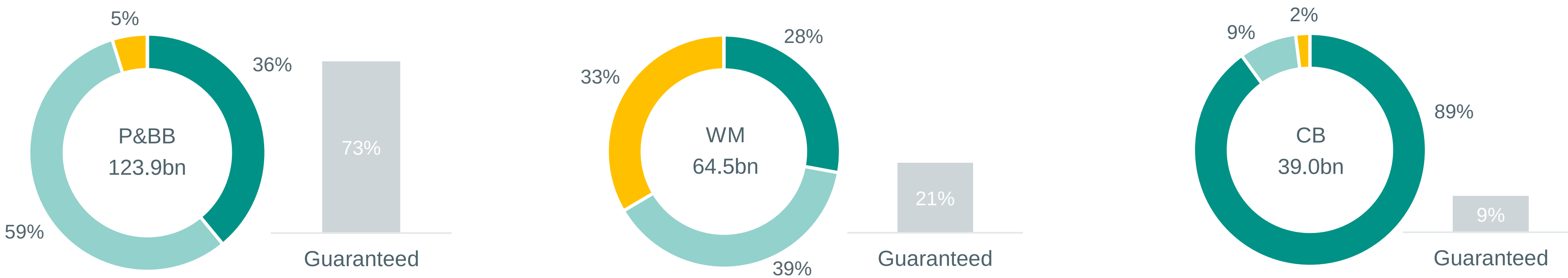
Total deposit base

EUR 260bn 30 Jun 2023 (262bn 30 Mar 2023)



- Total client deposits remained stable vs Q1, professional deposits decreased by 2bn
- Flow from current accounts to mainly time deposits reflecting higher coupons
- Highly diversified deposit base across product and client units with a large customer base of over 5 million clients
- Of total client deposits 47% is guaranteed, in P&BB the large majority is guaranteed (73%)

Client deposits [1] per client unit



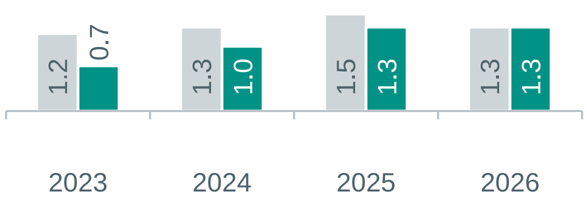
1) Client deposits is excluding professional deposits, guaranteed means insured by deposit guarantee schemes at 30 June 2023

Macroeconomic scenarios to calculate credit losses 1)

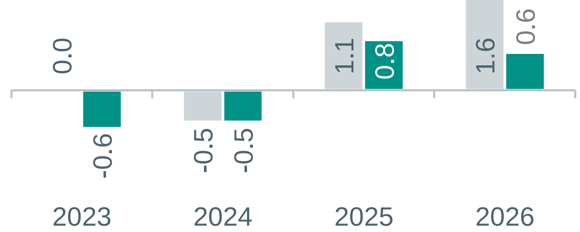
GDP growth NL

Q1 2023 Q2 2023

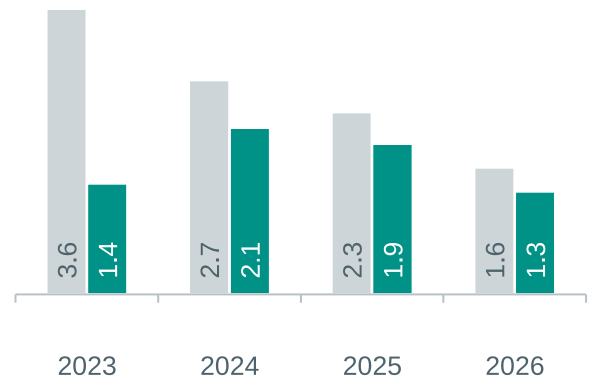
Baseline - 60%



Negative - 25% 2)



Positive - 15% 2)



Differences Q2 2023 vs Q1 2023, NL growth forecasts downgraded

- In base, elevated inflation and starting recession in the broader eurozone weaken the outlook for the Dutch economy, as evidenced by Q1 numbers. In the remainder of 2023, elevated inflation will weigh on spending and, as monetary headwinds intensify, domestic and external demand cool further
- In negative, higher interest rates hurt the economy more. This means sharper corrections for housing and commercial real estate markets, a surge in bankruptcies and the economy enters a serious recession which carries over to 2024
- In positive, the Dutch economy shows resilience in the face of higher interest rates, this means higher GPD growth, a tight labour market and suppressed bankruptcies

ABN·AMRO

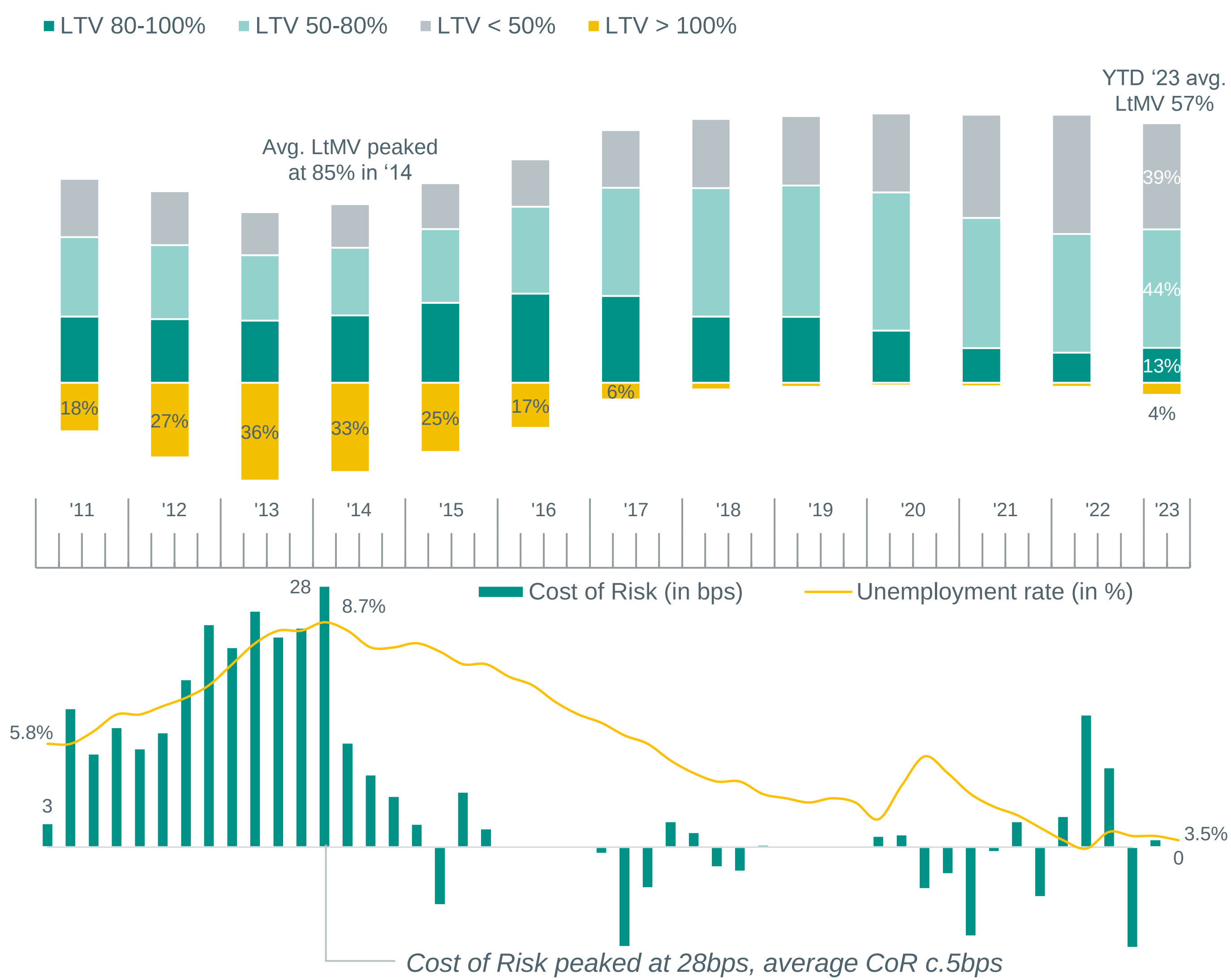
1) Group Economics scenarios per February 2023 used for Q1 2023 and May 2023 used for Q2 2023

Diversified corporate loan book with limited stage 3 loans

EUR bn	Stage 1 exposure	ΔQ1	Stage 2 exposure	ΔQ1	Stage 3 exposure	ΔQ1	Total exposure	ΔQ1	Stage 3 coverage ratio
Financial Services	18.2	0.4	1.2	0.3	0.1	-	19.5	0.7	67%
Industrial Goods & Services	13.4	0.6	2.3	-0.1	0.7	-	16.3	0.2	24%
Real Estate	13.9	0.1	2.0	0.2	0.2	-	16.1	0.3	17%
Food & Beverage	8.3	-	1.9	-0.2	0.8	0.2	11.1	-	13%
Non-food Retail	3.1	0.1	0.8	-0.3	0.4	-	4.3	-0.3	31%
Health care	2.9	-	0.6	-0.1	0.2	-	3.7	-	18%
Construction & Materials	2.1	-	0.7	-	0.3	-	3.0	-	51%
Travel & Leisure	1.7	0.2	1.1	-0.2	0.2	-	2.9	-	27%
Utilities	2.5	0.2	0.2	-	0.1	-	2.8	0.2	43%
Oil & Gas	1.9	0.3	0.2	-0.6	0.2	-0.1	2.2	-0.4	45%
Other smaller sectors	8.6	0.2	0.9	-	0.2	-0.2	9.7	0.4	37%
Total [1)]	**76.6**	**2.1**	**11.9**	**-1.0**	**3.4**	**-0.1**	**91.9**	**1.1**	**28%**

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

Mortgage portfolio significantly more resilient versus previous downturn



- Mortgage losses mainly materialise from combination of negative home equity and unemployment
- In 2013, following a 20% house price decline, over 1/3 of mortgages were underwater [1)]
- Today, a 20% house price decline would only lead to 13% additional mortgages underwater
- Dutch CBS [2)] house price index was 6% lower in May 2023 vs. the July 2022 peak
- Unemployment rate was almost 9% in 2013 versus 3.7% expected for 2023 [2)]

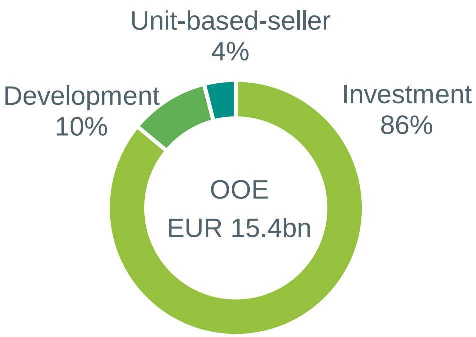
ABN·AMRO

1) Underwater mortgage is a mortgage with LTV > 100%

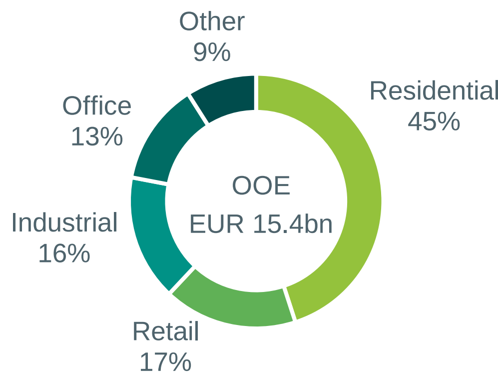
2) Sources: ABN AMRO Group Economics forecast of 23/06/2023 and CBS (Statistics Netherlands)

Commercial Real Estate Portfolio [1)]

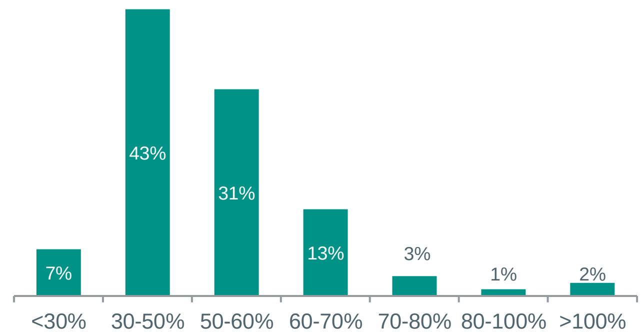
Object type



Asset type [2)]



LTV distribution



- In Q2 OOE increased by 0.3bn, largely related to logistical centres (asset type: industrial)
- Value of Dutch real estate increased in 2022, but in 2023 higher interest rates and economic outlook is expected to depress valuations of retail and office spaces; industrial (logistical buildings) will be less effected
- Internal stress test showed that our CRE portfolio is robust and resilient to market deterioration
- Conservative underwriting: CRE policy in general LTV-threshold of 70%, around 95% of OOE is financed with <70% LTV
- Around 90% of OOE is financed to clients with UCR 4- (sub-investment grade) or better, with UCR3- (investment grade) being dominant with 20% of the OOE [3)]

1) Figures as of 30/6/2023 representing Dutch commercial real estate portfolio. International CRE portfolio c.0.8bn, largely investment CRE
2) Other asset types largely consists of hotels, cafes/restaurants, land and parking
3) Please see Integrated Annual report for mapping internal Uniform Counterparty Rating (UCR) to external credit ratings

ABN·AMRO

Disclaimer

For the purposes of this disclaimer ABN AMRO Bank 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