investor & analyst presentation

Q2 2024 results

Investor Relations, 07 August 2024

ABN·AMRO

Key messages Q2 2024, continued strong results with 642m net profit

- **Continued strong results**: Net profit of 642m and a 10.8% return on equity, driven by improved net interest income and net impairment releases
- **Good business momentum**: Our mortgage loan book expanded by 1.6bn, continuing our market leadership into Q2, while the corporate loan book grew by 0.7bn
- **Improved net interest income outlook**: Benefitting from continued favourable interest rate environment, guidance for FY2024 has been adjusted upwards to above 6.4bn
- **Costs remain under control**: New collective labour agreement reached, starting H2 2024
- **Solid credit quality**: Net impairment releases of 4m, reflecting net additions for individual files offset by a decrease in the management overlays
- **Strong capital position**: Basel III CET1 ratio of 13.8% and Basel IV CET1 ratio of around 14%. Interim dividend has been set at 0.60 per share

Executing on our strategy

Customer experience

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

- Creation of leading private bank in Germany with acquisition of Hauck Aufhäuser Lampe
- Reached 10 million active users of Tikkie, our app for payment requests

Sustainability

Distinctive expertise in supporting
clients' transition to sustainability

- New target for our lending in renewables and other decarbonisation technologies to 10bn by 2030
- 67% of our total loan portfolio covered by Climate Strategy, including additional targets for Trucks and Vans

Future proof bank

Enhance client service,
compliance and efficiency

- Launch of ABN AMRO GPT, a secure, compliant and in-house version of ChatGPT
- Secure and reliable banking services demonstrated by 'Advanced' BitSight [1] rating and almost 100% availability for online payment services

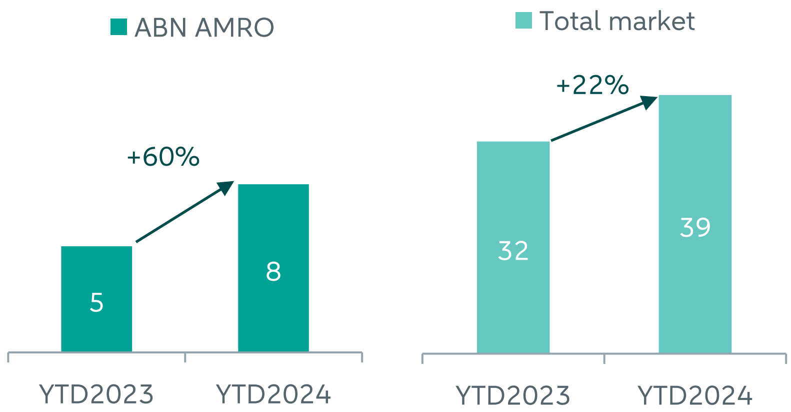
Our purpose - Banking for better for generations to come

1) BitSight is an external, independent scanning service to provide insight into how secure and protected our digital attack surface is against cyber-attacks. With a rating of 800 out of 820, ABN AMRO is industry leader in the Netherlands

ABN AMRO outperformer in new mortgage production

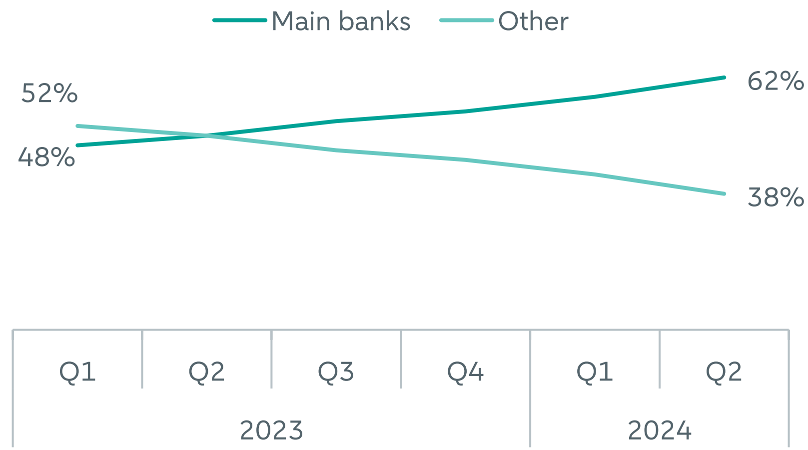
ABN AMRO outperformer in new production [1)]

EUR bn



Mortgage market dynamics changing [1)]

% of total application market



- ABN AMRO outperformer in new mortgage production with a 60% increase Y-o-Y versus 22% for total new mortgage production. Market leader for the second consecutive quarter with a market share of 20% in Q2
- Strong recovery in house prices with a growing share of first-time buyers, has contributed to strong volume growth in mortgage market
- Outlook on housing market positive resulting in upward revision of forecast [2)]:
  - expected number of transactions increased to 10% from 0.5% in 2024
  - house prices expected to increase by 7.5% from 6% in 2024
- Main banks have majority of market share in mortgage application market since the beginning of 2023, with currently 62%

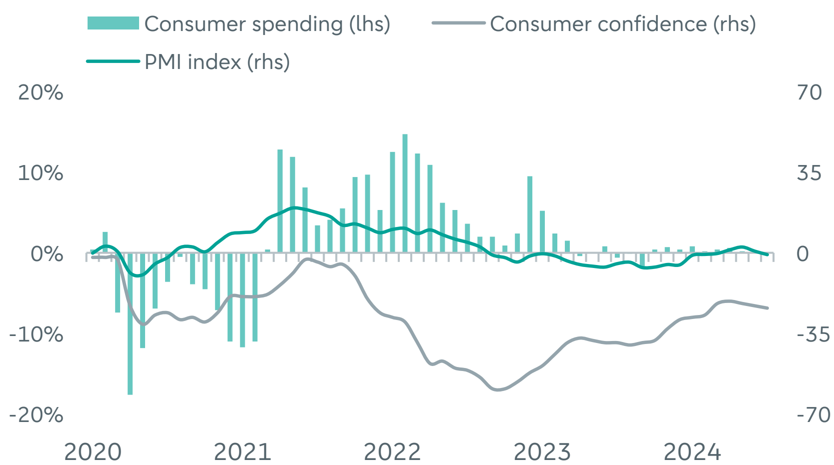
1)Source new production & market applications = Hypotheken Data Network (HDN); main banks are ABN AMRO, ING, Rabobank & Volksbank. New production is excluding bridge loans
2)Group economics forecast of 16 July 2024

Dutch economy remains relatively strong [1)]

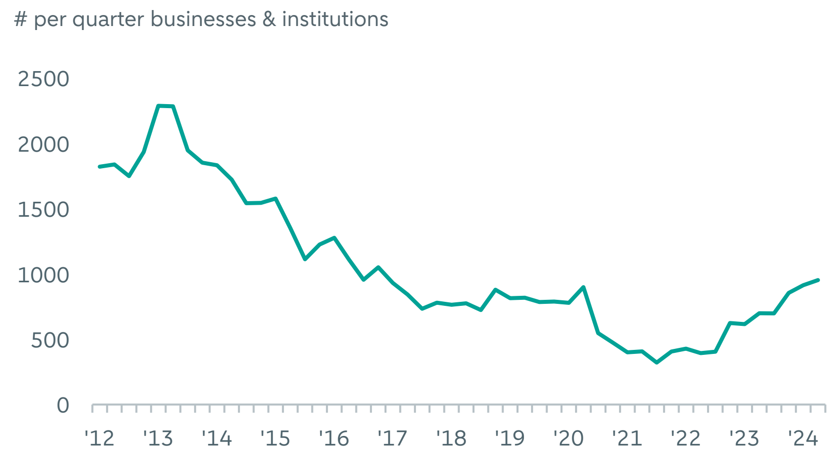
		2023	2024e	2025e	2026e
Netherlands	GDP (% yoy)	0.1%	0.5%	1.3%	1.4%
	Inflation (indexed % yoy)	4.1%	2.7%	2.2%	2.1%
	Unemployment rate (%)	3.5%	3.8%	4.0%	4.2%
Eurozone	GDP (% yoy)	0.5%	0.7%	1.6%	2.0%
	Inflation (indexed % yoy)	5.5%	2.4%	2.0%	2.0%
	Unemployment rate (%)	6.7%	6.5%	6.8%	6.4%

- Growth in the Netherlands expected to pick up in 2024 after slight contraction in Q1
- Growth to pick up from government spending and household consumption
- Household purchasing power to benefit from declining inflation, strong wage growth and stimulus measures as announced in new coalition agreement

Spending positive, PMI and confidence decreasing [2)]



Dutch bankruptcies increasing from a low base [2)]

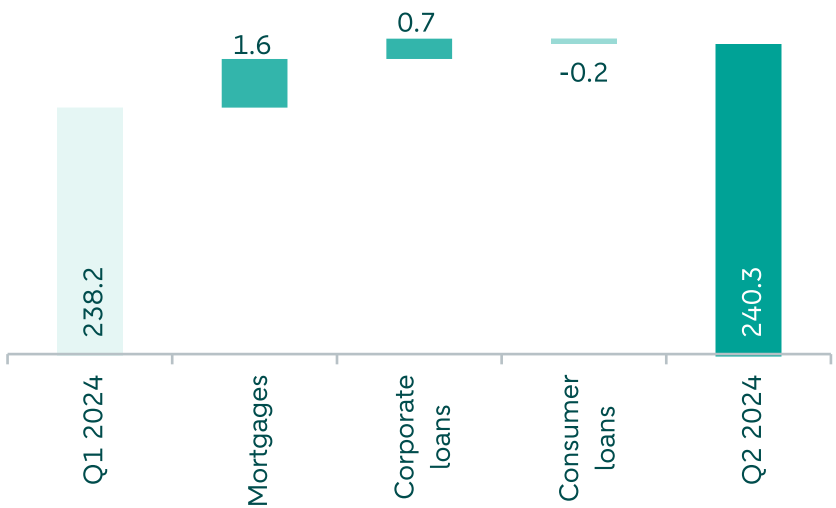


1) Group Economics forecast of 25 June 2024
2) Statistics Netherlands (CBS); Cons. spending % change yoy, consumer confidence seasonally adjusted (eop), PMI is Nevi NL Manufacturing PMI (eop) expansion >0 and contraction <0

Growth in core client lending and client deposits

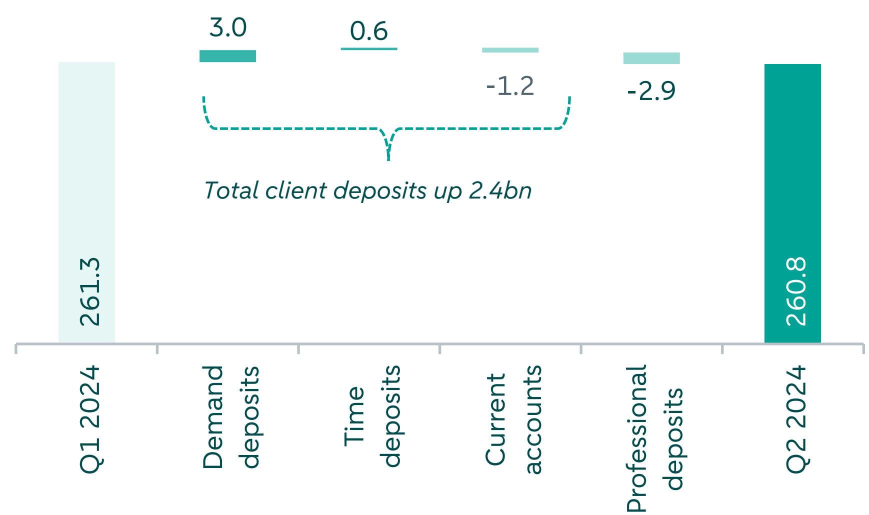
Good business momentum for client loans

EUR bn



Total client deposits increased

EUR bn

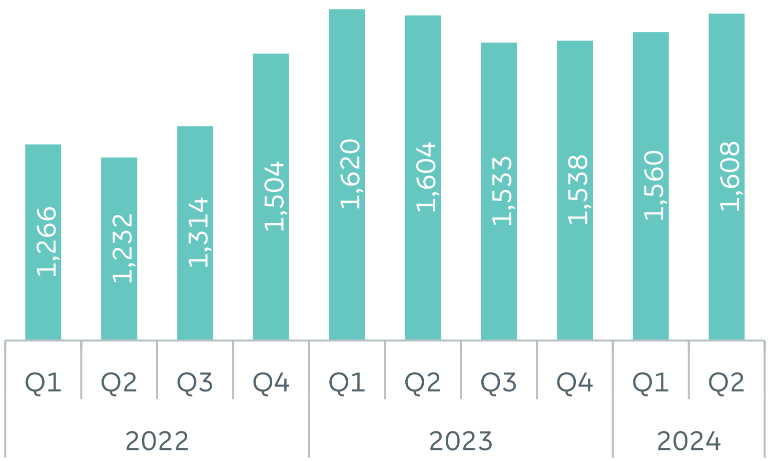


- Continued growth of mortgage portfolio supported by an increase in new customers; market leader in Q2 with a 20% market share
- Corporate lending up driven by growth in transition themes (New Energies, Digital and Mobility) in Northwestern Europe
- Decrease in consumer loans continued from run-off of several products and lower client demand due to stricter lending criteria
- Client deposits up, mainly demand deposits related to holiday allowances; migration from current account into higher interest-bearing products further slowed down this quarter
- Professional deposits, which are volatile, decreased in Q2 mainly at Clearing

Net interest income guidance FY2024 increased to above 6.4bn

Underlying NII increased 1)

EUR m



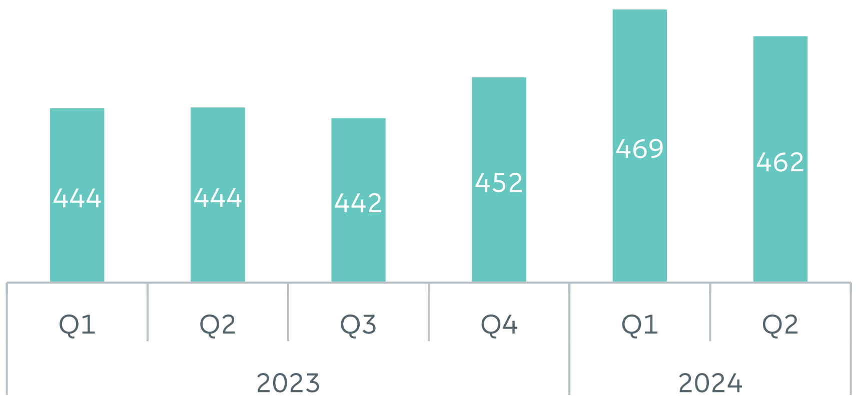
- Positive trend in underlying NII [1)] continued, largely reflecting improved deposit margins and growth in client lending
- Part of increase is not structural and related to a release of part of the Euribor provision (c.10m)
- Margins for corporate loans improved slightly, which was partly offset by limited margin pressure on mortgages
- As a result of the higher-for-longer interest rate outlook, NII for FY2024 expected to end above 6.4bn
- Treasury result expected to improve further in H2, offset by modest margin pressure

1) Underlying NII excludes incidentals (release Euribor provision Q2 2022 28m; provision for revolving consumer credit Q2 2022 -110m, Q2 2023 18m and Q4 2023 -34m; positive revaluation DSB claim Q1 2024 29m) and includes TLTRO benefit (Q1 2022 till Q4 2022, 44m, 41m, 44m and 60m)

Continuation of good fee and commission income

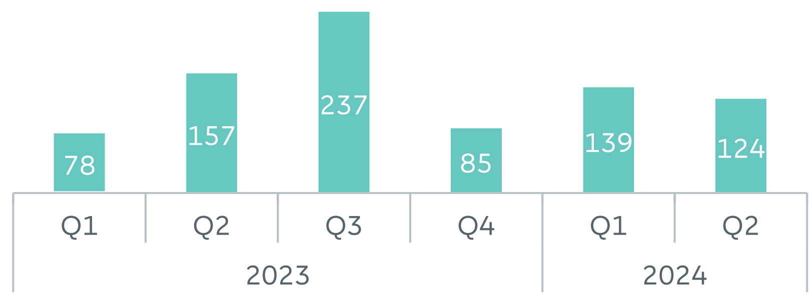
Fee and commission income up by c.4% Y-o-Y

EUR m



Underlying other income down vs. last quarter [1)]

EUR m



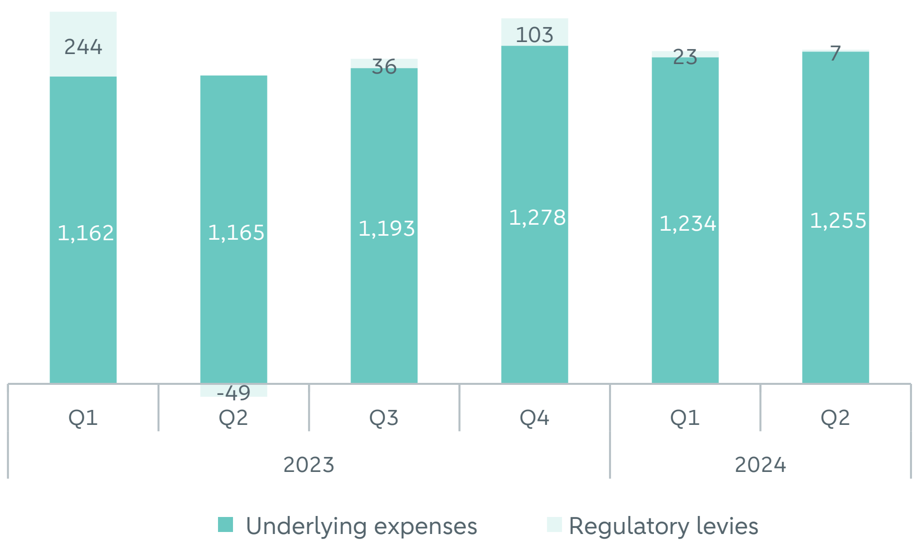
- After strong first quarter for Corporate Banking from good capital market fees, fees were slightly lower in Q2
- Personal & Business Banking fees were lower compared to Q1 as fees expenses for outsourced ATM services went up from seasonally larger transaction volumes
- Wealth Management fees Q-o-Q were stable
- Other income decreased versus Q1, driven by modest haircut on further sale of non-core assets and lower FV revaluations of loans with an insurance component, partly offset by higher ALM/Treasury results

1) Underlying Other income excludes incidental related to a held for sale adjustment of 24m in Q2 2024

Costs under control, FY2024 costs remain at c.5.3bn

Underlying expenses and regulatory levies [1)]

EUR m



- Increase in underlying expenses in Q2 resulting from higher external staffing costs and IT costs
- Regulatory levies in Q2 only include DGS contribution for which the target size has been reached
- In H2 2024 costs expected to increase from new CLA [2)], digitalisation and upscaling of resources for data capabilities and regulatory programs
- Impact CLA in H2 2024 c.100m from salary increase and accrual for annual reward premium (to be paid in 2025)
- FY2024 cost expectation remains at c.5.3bn including regulatory levies
- For FY2025 an additional CLA impact of c.20m as further salary increase and reward premium are partly offset by a decrease in pension premium from 37% to 30%

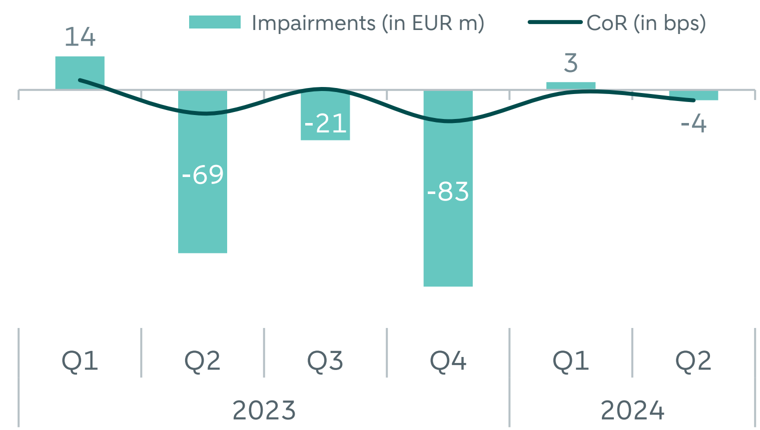
1) Underlying expenses exclude incidentals related to handling costs revolving consumer credit of 20m in Q2 2023 and goodwill impairments of 81m in Q4 2023
2) CLA only for NL with a structural salary increases of 6% from 01/07/2024 and 3.75% from 01/07/2025; additional individual annual reward premium up to 5%

Credit quality remains solid, non-performing loans stable

Impaired ratio stable at 1.9%

	Stage 3 loans (EUR m)		Stage 3 coverage ratio	
	Q2 2024	Q1 2024	Q2 2024	Q1 2024
Mortgages	1,360	1,316	8.9%	9.4%
Corporate loans	3,251	3,276	25.16%	25.6%
Consumer loans	249	243	46.0%	47.1%
Total	**4,867**	**4,841**	**21.7%**	**22.3%**
Impaired ratio (stage 3)	**1.9%**	**1.9%**		

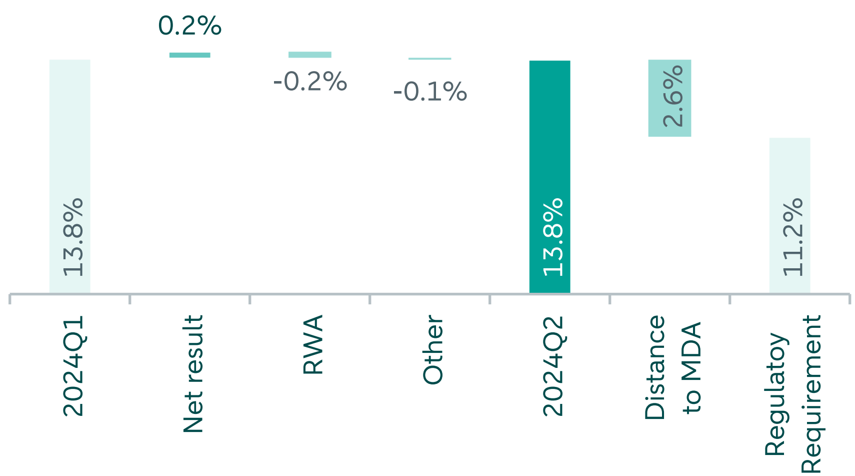
Impairment releases in Q2



- Impaired ratio stable at 1.9% and stage 3 coverage ratio slightly lower, largely related to write-offs
- Net new inflow for new and existing clients was more than offset by a decrease in management overlays, mainly for products in run-off, resulting in impairment releases in Q2
- Management overlays currently c.230m of which c.40% is related to geopolitical uncertainties
- Credit quality remains solid, FY2024 CoR expected well below through the cycle Cost of Risk of 15-20bps

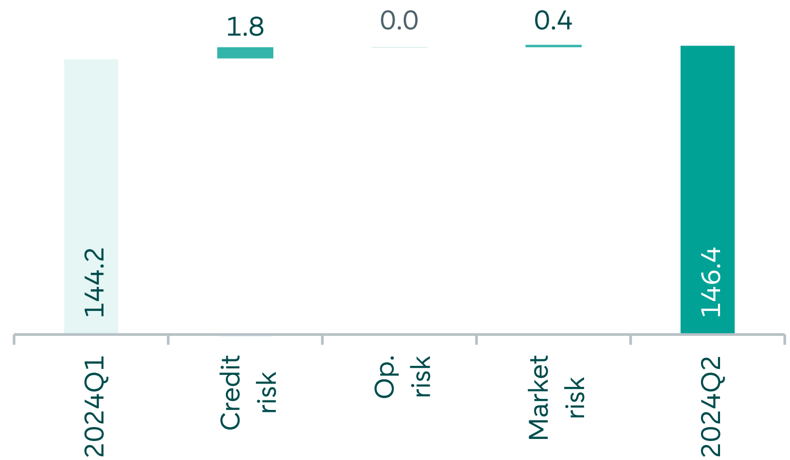
Strong capital position

Basel III CET1 ratio [1]



Basel III RWA

EUR bn



- Strong capital position with a Basel III CET1 ratio of 13.8%, which is well above our regulatory requirement of 11.2%, and a Basel IV CET1 ratio of around 14%, both capital ratios flat versus Q1
- CET1 requirement increased from 10.8% to 11.2% from increase of Dutch CcyB by 1% to 2%, partly offset by lowering of the O-SII buffer by 0.25% to 1.25% as of May
- RWAs increased by 2.2bn, mainly reflecting a rise in credit risk RWAs from business developments, partly offset by an improvement of asset quality, and to a lesser extent a rise in market risk RWAs

1) Net result excluding dividend reserve, which is included in Other

Guidance 2024 and Financial targets 2026

	Guidance 2024	YTD 2024
Net Interest Income	above 6.4bn	3.2bn
Costs	c.5.3bn	2.5bn
Cost of Risk	well below TTC CoR of 15-20bps	-3bps
	2026 targets	**YTD 2024**
Return on equity	c.9-10%	11.2%
Cost income ratio	c.60%	57.7%
CET1 Basel IV target	13.5%	Around 14%
Dividend pay-out	50%	0.60 interim dividend

- **Continued strong results**
- **Good business momentum**
- **Improved NII guidance**
- **Costs remain under control**
- **Solid credit quality**
- **Strong capital position**

Appendices

Continued strong result in Q2

EUR m	Q2 2024	Q1 2024	Δ vs Q1 2024	Q2 2023	Δ vs Q2 2023
Net interest income	1,608	1,589	1%	1,622	-1%
- *Underlying net interest income*	*1,608*	*1,560*	*3%*	*1,604*	*0%*
Net fee and commission income	462	469	-1%	444	4%
Other operating income	100	139	-28%	157	-36%
Operating income	**2,171**	**2,197**	**-1%**	**2,223**	**-2%**
Operating expenses	**1,263**	**1,257**	**1%**	**1,137**	**11%**
- *Underlying expenses*	*1,263*	*1,257*	*1%*	*1,185*	*6%*
- *Underlying excl. reg. levies*	*1,255*	*1,234*	*2%*	*1,165*	*8%*
Operating result	**908**	**940**	**-3%**	**1,086**	**-16%**
Impairment charges	-4	3		-69	
Income tax expenses	271	263	3%	285	-5%
Profit	**642**	**674**	**-5%**	**870**	**-26%**
Client loans (end of period, bn)	240.3	238.2	2.1	240.1	0.2
Client deposits (end of period, bn)	224.2	221.8	2.4	227.3	-3.1

1) Underlying is excluding disclosed incidentals, for details see slides on net interest income and costs

Diversified corporate loan book with limited stage 3 loans

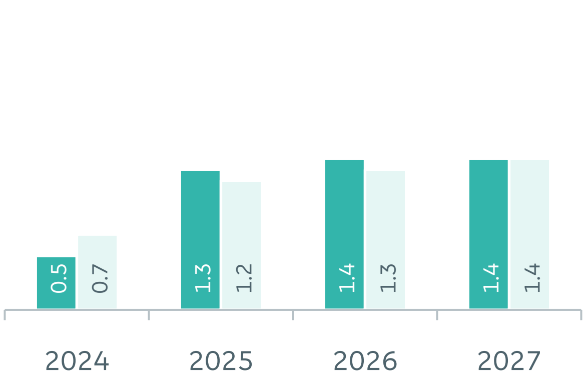
End of period, EUR bn	**Stage 1 exposure**	Δ vs Q1 2024	**Stage 2 exposure**	Δ vs Q1 2024	**Stage 3 exposure**	Δ vs Q1 2024	**Total exposure**	Δ vs Q4 2023	**Stage 3 coverage ratio**
Financial Services	18.7	-2.3	1.0	0.3	0.2	-	19.9	-2.0	40%
Industrial Goods & Services	13.2	0.2	2.1	0.1	0.4	-0.1	15.7	0.3	28%
Real Estate	13.1	0.6	1.5	-0.4	0.3	-	14.9	0.1	19%
Food & Beverage	7.9	-0.1	1.5	-0.2	0.7	-	10.0	-0.3	9%
Non-food Retail	3.2	-0.1	0.9	-0.1	0.3	-	4.3	-0.1	38%
Health Care	2.8	-0.1	0.3	-0.1	0.2	-	3.4	-0.1	11%
Travel & Leisure	2.3	0.3	0.7	-	0.1	-	3.1	0.2	31%
Construction & Materials	2.4	0.1	0.3	-	0.3	-	3.0	0.1	40%
Telecommunications	2.9	0.2	-	-	-	-	3.0	0.2	73%
Utilities	2.5	-0.1	0.4	0.2	0.1	-	3.0	0.1	29%
Technology	2.4	0.1	0.2	0.1	0.1	0.1	2.8	0.2	22%
Automobiles & Parts	2.0	0.1	0.1	-	0.0	-	2.1	0.1	25%
Oil & Gas	1.7	-0.1	-	-	0.1	-	1.9	-0.1	41%
Other smaller sectors	2.9	-0.2	1.0	0.2	0.3	-	4.2	-	28%
Total	**78.0**	**-1.4**	**10.0**	**0.1**	**3.3**	**-**	**91.2**	**-1.3**	**25%**

Macroeconomic scenarios to calculate credit losses 1)

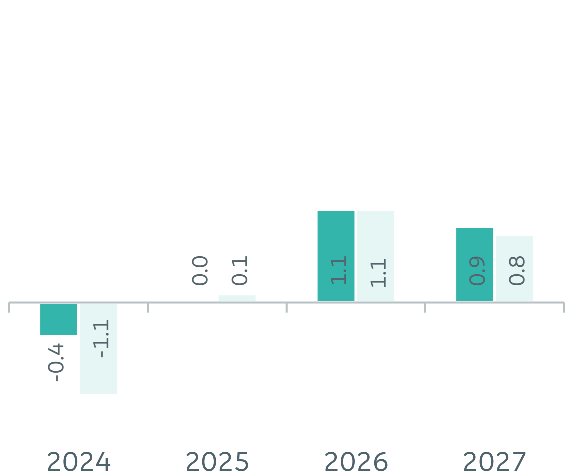
GDP growth NL

Q2 2024 Q1 2024

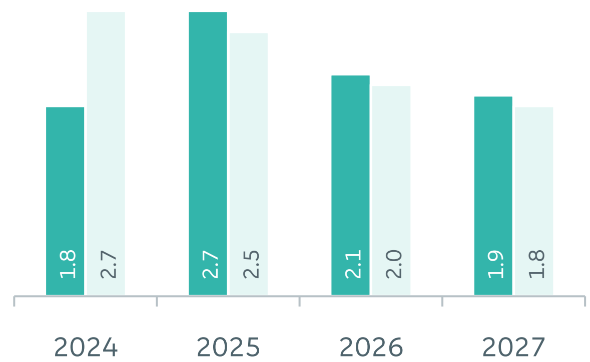
Baseline - 60%



Negative - 25%



Positive - 15%



- In baseline, growth is set to remain positive, but weak over the course of 2024. Weakness in external demand will fade on back of moderate eurozone growth and bottoming out of global trade and industry. Key driver of Dutch growth will be domestic demand: government contributes via expansive fiscal policy and households spending benefits from declining inflation, elevated wage growth, a tight labour market and government measures supporting purchasing power
- In negative, a resurgence of supply bottlenecks reflecting geopolitical risks is assumed, causing new pressure on headline inflation. ECB will initially hike its policy rates further, but due to the growth shock, policy rates will be cut sharper than in the base case
- In positive, the Dutch economy shows resilience despite geopolitical uncertainty and higher for longer interest rates. This means higher GPD growth, a tighter labour market, higher wage growth and suppressed bankruptcies

1) Group Economics scenarios per May 2024 used for Q2 2024 and per February 2024 used for Q1 2024

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