ABN·AMRO

9M 2013 results

Analyst and Investor Call Presentation

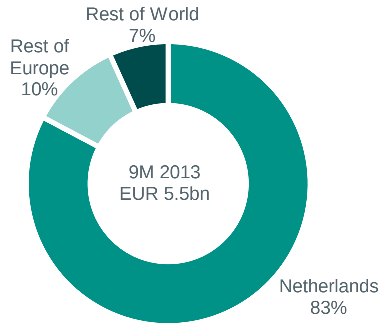
Investor Relations
15 November 2013

Satisfactory results considering the difficulties the Dutch economy is facing

Results

In EUR m	9M 2013	9M 2012	*change*	Q3 2013	Q2 2013
Net interest income	*3,991*	*3,773*	*6%*	*1,326*	*1,360*
Net fee and commission income	*1,230*	*1,174*	*5%*	*401*	*417*
Other non-interest income	*254*	*677*	*-62%*	*147*	*115*
Operating income	5,475	5,624	*-3%*	1,874	1,892
Personnel expenses	*1,793*	*1,551*	*16%*	*594*	*580*
Other expenses	*1,661*	*1,781*	*-7%*	*549*	*561*
Operating expenses	3,454	3,332	*4%*	1,143	1,141
Operating result	**2,021**	**2,292**	***-12%***	**731**	**751**
Impairment charges	428	762	*-44%*	212	254
Operating profit before taxes	**1,593**	**1,530**	***4%***	**519**	**497**
Income tax expenses	386	339	*14%*	129	95
Profit for the period	**1,207**	**1,191**	***1%***	**390**	**402**

Operating income by geography

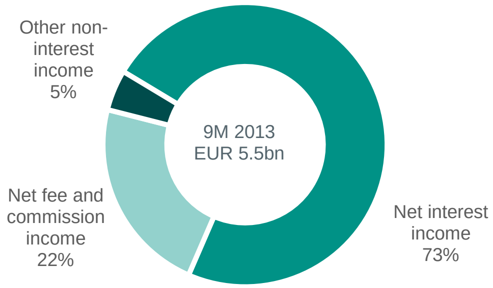


Key indicators

	9M 2013	9M 2012	Q3 2013	Q2 2013
Cost/income ratio	63%	59%	61%	60%
Return on average Equity	12%	12%	11%	12%
Return on average RWA (in bps)	136	128	138	133
NII/average total assets	132	120	134	134
Cost of risk (in bps) [1, 2]	48	82	75	84

In EUR m	30 Sep 2013	31 Dec 2012
Core Tier 1 ratio	13.7%	12.1%
Risk-Weighted Assets (in EUR bn)	114.4	121.5
RWA / Total assets	29%	31%
Assets under Man. (in EUR bn)	166.9	163.1
FTEs (end of period)	22,632	23,059

Operating income by type of income

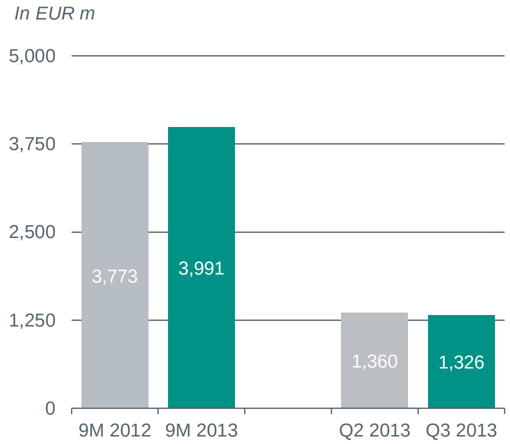


Note(s):
General: 2012 results are adjusted for the adoption of the amended pension accounting standard IAS 19 and therefore differ from previously disclosed figures. In addition, 2012 results are presented on a reported basis, including separation & integration costs

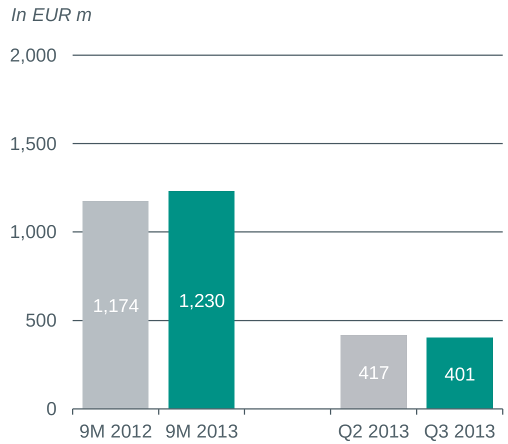
1. *Cost of risk: impairment charges over average RWA.*
2. *Cost of risk excl. special items is 125bps for 9M 2013 (vs 95bps in 9M 2012). It excludes EUR 432m releases related to the sale of a part of Greek exposures and EUR 253m related to the Madoff files. The cost of risk excl. special items was 123bps in Q3 (vs 168bps in Q2)*

Resilient interest and fee income

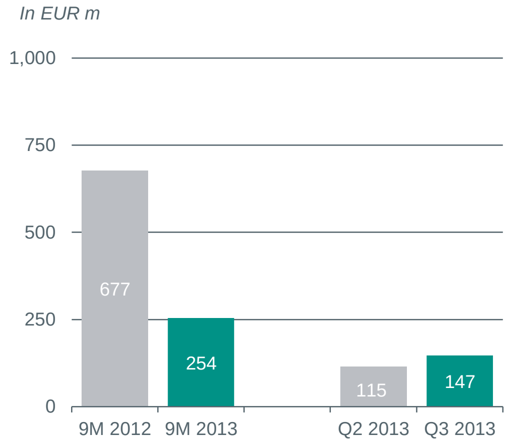
Net interest income



Net fee & commission income



Other non-interest income



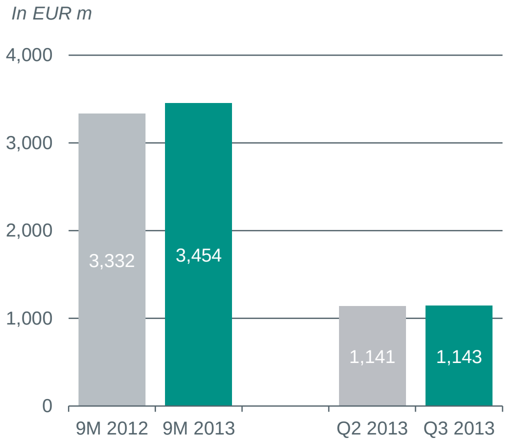
Excl. special items the year-to-date operating income increased by 2%. This was driven by:

- Net interest income increased by 6%, predominantly due to higher margins on loans and higher savings volumes
- Net fee & commission income increased by 5% as a result of increased client activity and AuM growth in Private Banking, and higher fees within ECT and corporate finance
- Other non-interest income decreased mainly due to lower results and special items[1] in Markets

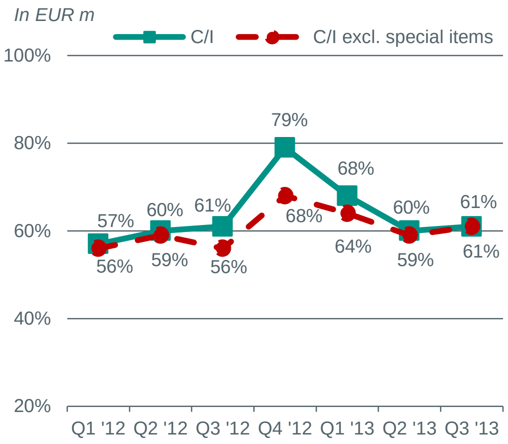
Note(s):
1. "Special items" refers to items defined in the annex of the 9M 2013 press release

Costs impacted by pension expenses and loan impairments remain elevated

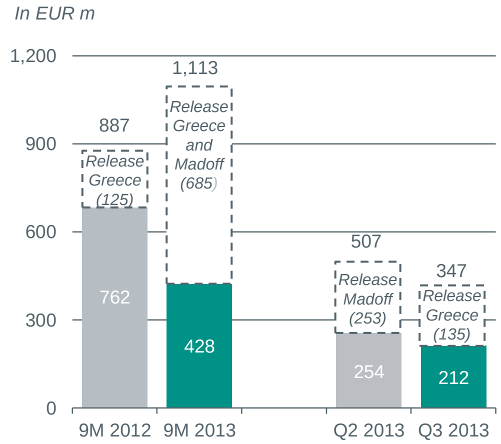
Operating expenses



Cost/income ratio



Impairment charges



- Year-to-date **operating expenses** excl. special items[1] went up by 9%, largely driven by the increase in pension costs (EUR 242m) due to a sharply lower discount rate used in 2013
- The **cost/income ratio** was 61% in Q3 and 63% for the first nine months 2013 (61% excl. special items)
- **Impairment charges** in 9M 2013 increased by 25% (excl. special item releases)
  - Impairment charges were recorded predominantly in the SME loan portfolios and, to a lesser extent, the mortgage portfolio
  - From Q2 to Q3 the impairment charges excl. special items declined 32%, mainly in SMEs and Merchant Banking, and to a lesser extent in Corporate Clients.
  - It is too early to say that the economic downturn has reached the bottom of the cycle even though we have recently seen some green shoots in the housing market, economic growth and lower impairments

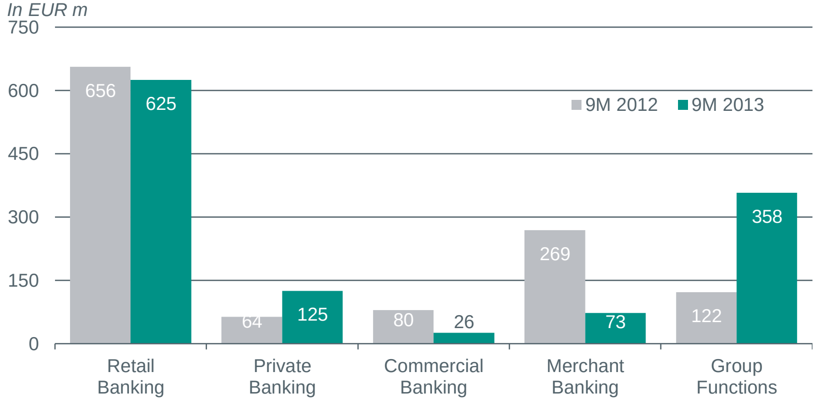
Note(s):
1. “Special items” refers to items defined in the annex of the 9M 2013 press release

Retail Banking remains largest profit contributor, despite higher impairments

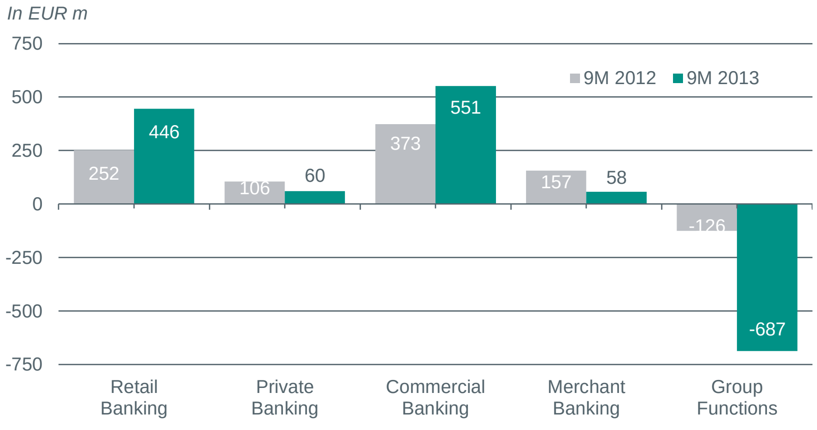
The intragroup methodology for liquidity compensation applied to deposits changed in 2013, leading to a transfer of EUR 223m in net interest income from Group Functions to the business segments: mainly Retail Banking, followed by Private Banking and Commercial Banking

- **Retail Banking** net profit decreased by 5%, due to a correction made for past accruals. Improved margins were offset by increased impairments on mortgages and consumer loans and higher pension expenses
- **Private Banking** almost doubled its result, mainly resulting from higher revenues and lower impairments. Costs were well under control
- **Commercial Banking** operating result showed a 21% increase due to higher revenues and lower costs. This improvement was more than offset by higher impairment charges for SMEs
- Net profit for **Merchant Banking** was down sharply, partly due to lower operating Markets results and special items[1]
- **Group Functions** profit rose to EUR 358m as a result of significant impairment releases on Greek and Madoff exposures (special items), offset by a change to the business liquidity compensation and higher pension expenses

Results by segment



Impairments by segment



Note(s):
1. The non-client related equity derivative activities which were wound down (cost of EUR 52m pre tax) and the reassessment of discontinued securities financing activities (cost of EUR 70m pre-tax)

Balance sheet stable versus year-end 2012

- Total assets remained virtually unchanged
- Financial assets held for trading increased by c. EUR 3bn from on balance sheet hedging of client positions and higher government bond positions
- Loans and receivables customers (excluding securities financing), declined as most business segments (with the exception of ECT) saw lower volumes in the loan portfolio
- Due to customers (excluding securities financing) increased by EUR 4.5bn, particularly in Retail Banking in the Netherlands as well as at MoneYou (online brand) in Belgium and Germany
- Issued debt decreased by c. EUR 5bn due mainly to maturing long-term funding and the call exercises of RMBS transactions, already pre-financed in 2012
- Total equity increased driven mainly by profit for the period, partly offset by dividends paid and preference shares redeemed

Balance sheet

in EUR m	**30 Sep 2013**	**31 Dec 2012**
Cash and balances at central banks	2,888	9,796
Financial assets held for trading	25,608	22,804
Financial investments	25,421	21,407
Loans and receivables - banks	53,066	46,398
of which securities financing	*21,064*	*14,277*
Loans and receivables – customers	273,042	276,283
of which securities financing	*16,148*	*14,495*
Other	13,944	17,070
Total assets	**393,969**	**393,758**
Financial liabilities held for trading	16,465	18,782
Due to banks	19,830	21,263
of which securities financing	*7,382*	*4,360*
Due to customers	229,211	216,021
of which securities financing	*23,691*	15,142
Issued debt	88,766	94,043
Subordinated liabilities	7,806	9,566
Other	18,131	21,200
Total liabilities	**380,209**	**380,875**
Total equity	**13,760**	**12,883**
Total equity and liabilities	**393,969**	**393,758**

Note(s):

1. Client flows from securities financing activities include all repo, reverse repo and securities lending and borrowing transactions and are recorded under loans and receivables-customers, loans and receivables-banks, due to customers and due to banks

Capital, Funding & Liquidity Management

Capital ratios further improve

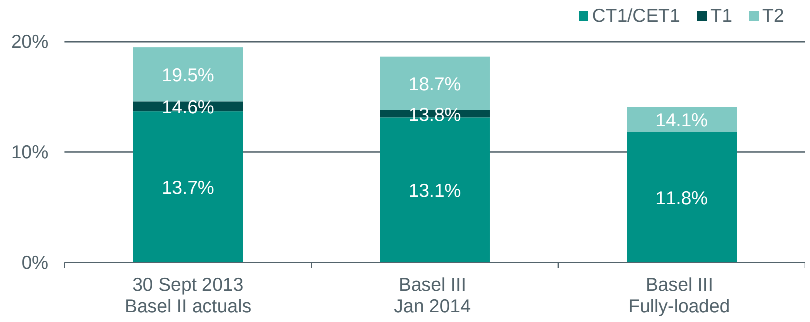
- Core Tier 1 (CT1) ratio increased to 13.7%:
    - Inclusion of YTD retained earnings, partially offset by possible dividend 2013
    - A substantial RWA decrease
    - Effect resulting from IAS 19R is effectively neutralised via a regulatory filter
- Total capital ratio increased to 19.5% despite the call of T2 instruments
    - RWA down by 6% mainly due to model migrations from standardised to advanced
    - Applying the CRD IV rules to the capital position of 30 Sept 2013 would result in a phase-in CET1 ratio of 13.1% and 11.8% on a fully-loaded basis
    - ABN AMRO targets a CET1 ratio of 11.5-12.5% per 2017
- The Basel III phase-in leverage ratio was at 3.7% and fully-loaded at 3.1%

Regulatory capital (Basel II)

In EUR m	30 Sep 2013	31 Dec 2012
Total Equity (IFRS)	**13,760**	**12,883**
Other	1,939	1,817
Core Tier 1 capital	**15,699**	**14,700**
Innovative hybrid capital	1,000	997
Tier 1 Capital	**16,699**	**15,697**
Sub liabilities Upper Tier 2 (UT2)	179	183
Sub liabilities Lower Tier 2 (LT2)	5,798	6,848
Other	-380	- 328
Total Capital	**22,296**	**22,400**
RWA Basel II	**114,433**	**121,506**
Credit risk (RWA)	91,306	100,405
Operational risk (RWA)	16,415	15,461
Market risk (RWA)	6,712	5,640
Core Tier 1 ratio	13.7%	12.1%
Tier 1 ratio	14.6%	12.9%
Total Capital ratio	19.5%	18.4%

Basel II

Basel III impact



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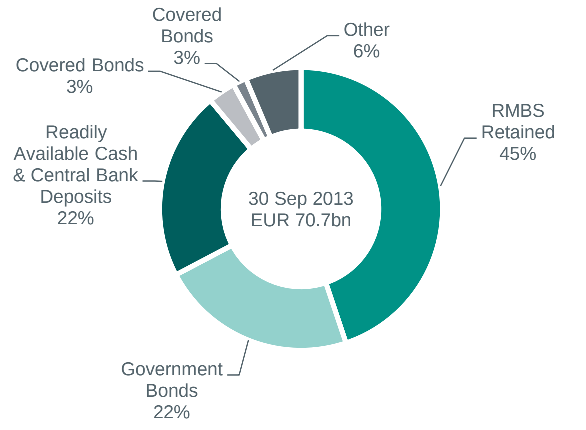
Liquidity actively managed

Liquidity parameters

	30 Sept 2013	31 Dec 2012
Loan-to-deposit ratio (LtD)	122%	125%
Available Liquidity buffer (in EUR bn)	70.7	68.0

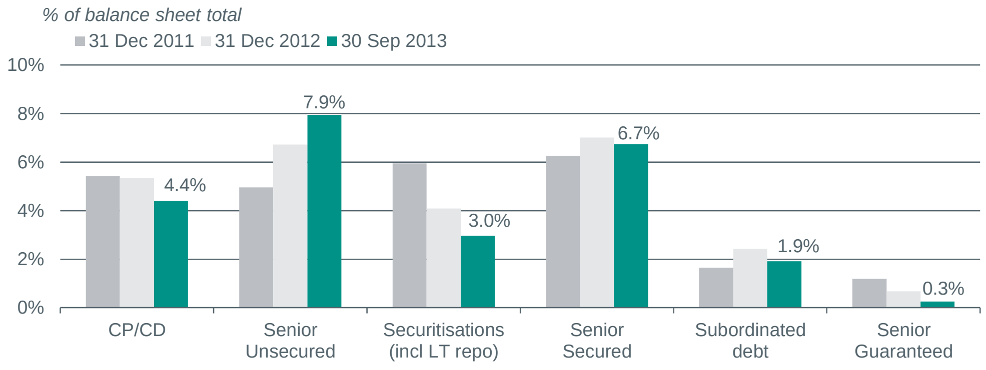
- LtD ratio improved further largely due to increased client deposits and a decline in customer loans
- The liquidity buffer increased mainly due to higher volume of retained RMBS in combination with a higher liquidity value as well as increased government bond positions offset by a decline in the cash component
- A total of EUR 9.1bn of mainly long-term senior unsecured funding was raised during the nine months of the year with an average maturity of 6.4yrs leading to an average remaining maturity of outstanding long-term funding at 4.5yrs

Liquidity buffer



ST funding: 4%

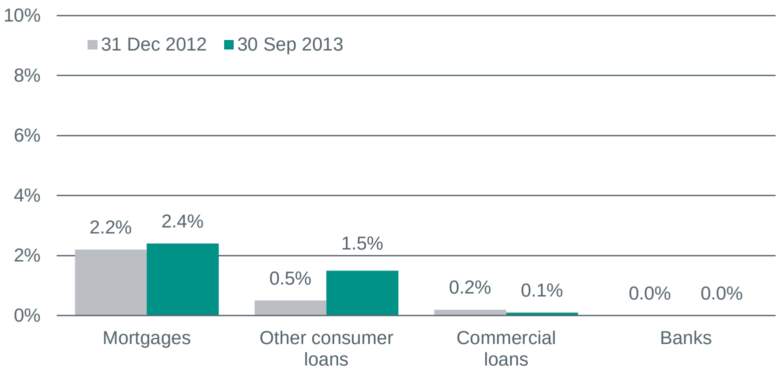
LT funding: 20%



Risk Management

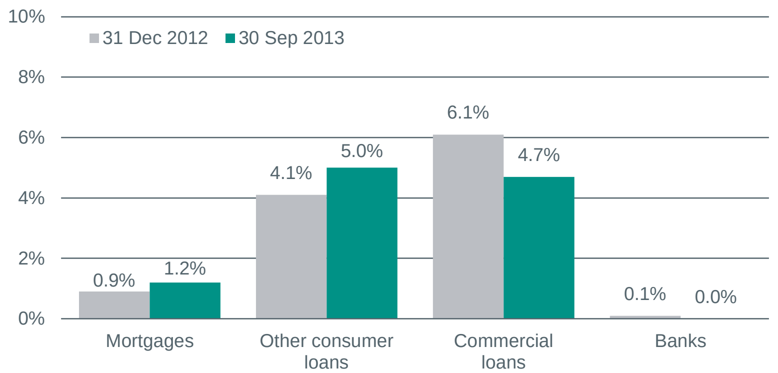
Main risk parameters show continued pressure on asset quality

Past due ratio (up to and including 90+ days)



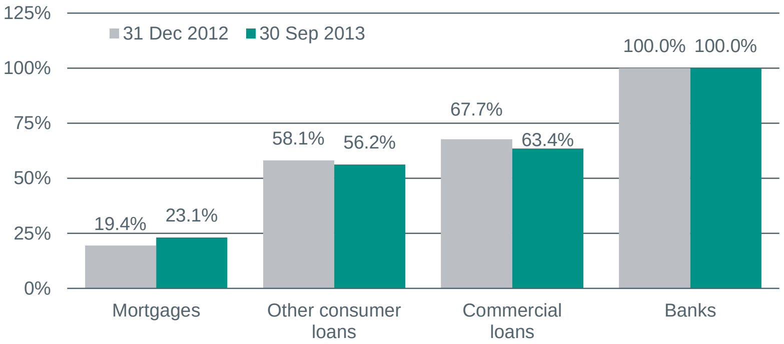
Other consumer loans increased as a result of increased unemployment; commercial loans decreased as a result of stricter management of limit excess (mortgage details on next slide)

Impaired ratio



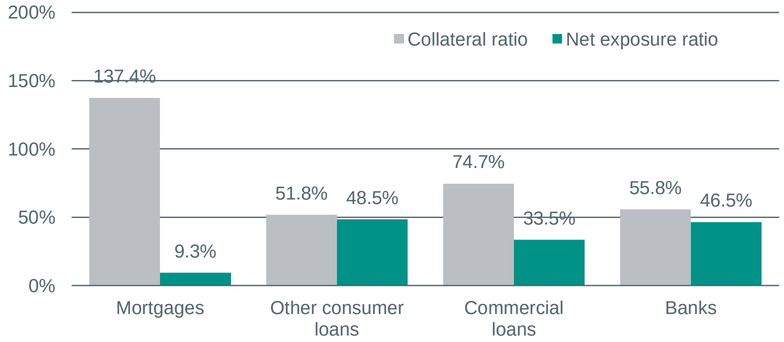
Impaired exposures increased both in mortgages and other consumer loans as a result of deteriorating Dutch economic conditions and decreased in commercial loans due to write-offs and special items

Coverage ratio



The coverage ratio declined to 52.9% mainly following the sale of the remaining Greek exposures and part of the Madoff related collateral, increased write-offs, and high inflow in FR&R of Business Banking clients

Collateral coverage and net exposure ratios



Most of ABN AMRO's loan book is collateralised and only a limited part of the portfolios is uncollateralised

Past due ratio: *Financial assets that are past due (but not impaired) as a percentage of gross carrying amount*

Impaired ratio: *Impaired exposures as a percentage of gross carrying amount. Mortgages that are 90+ days past due are classified as impaired exposures*

Coverage ratio: *Impairment allowances for identified credit risk as a percentage of the impaired exposures*

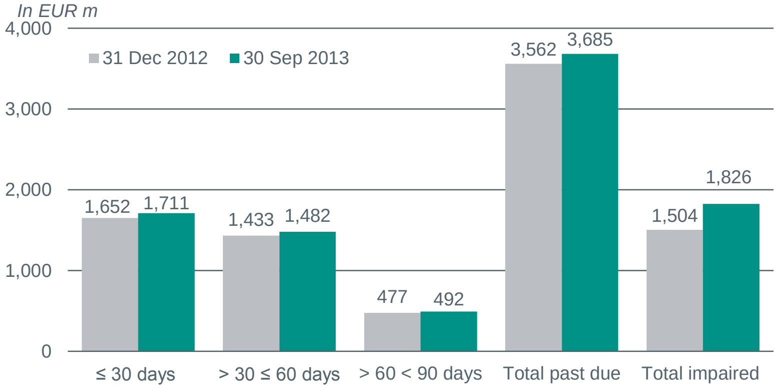
Collateral: *collateral as percentage of portfolio notional*

Net exposure: *uncollateralised part of the portfolio carrying amount*

Note(s)
1. *Certain loans allow 90+ days past due without any impairments taken*

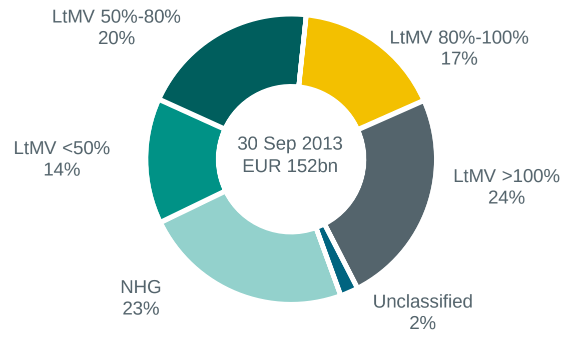
Mortgage portfolio parameters

Past due (up to 90 days) and impaired exposures



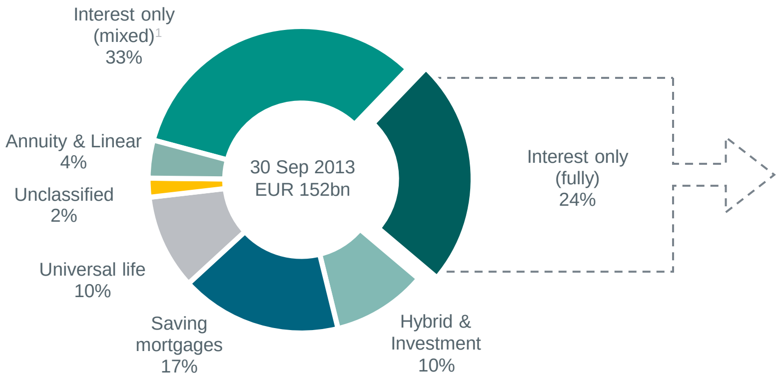
Past due exposures showed a slight increase versus YE2012. Impaired exposures increased as a result of deteriorating economic conditions

Loan to market value (indexed) - LtMV



Increased voluntary repayments partly offset the declining house prices on the average LtMV, leading to a modest increase to 85% compared with 82% at year-end 2012

Portfolio product split



Loan to market value split for 100% interest- only:

LtMV	***30 September 2013*** *% of total mortgage book*	***31 Dec 2012*** *% of total mortgage book*
<50%	9%	10%
50%-70%	6%	8%
70%-100%	7%	5%
> 100%	2%	1%
Total	24%	24%

Product split remained almost unchanged compared to year-end, except for a small increase in annuity & savings products, whereas interest-only decreased. A reclass took place between "investment" and "universal life"

The LtMV bucket 70%-100% increased from 5% to 7% per September 2013, mainly as a result of declining house prices

Note(s):
1. The Interest-only (mixed) bucket include all mortgages with an interest-only portion besides a redemption portion

Real estate

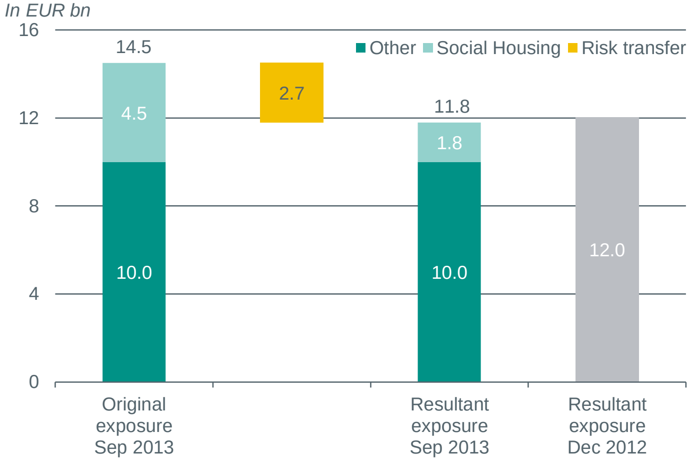
Market developments

- The Dutch property market remained under pressure in Q2 2013 (the latest values available from IPD property index) varying from 2.3% for offices to 0.9% for retail property
- Over the first half of the year offices showed value declines of 4.9%, and retail property[(1)] declined by 1.7%. Direct (rental) returns remained stable
- In H1 2013 vacancy levels in office segment were stable at 14.5% but vacancy levels in retail segment were rising[2]

Portfolio

- The vast majority of investments in Dutch property, diversified across different asset types, with limited exposures to office and land banks
- The portfolio includes exposures to Social Housing (EUR 4.5bn), for a large part guaranteed by WSW (Waarborgfonds Sociale Woningbouw, EUR 2.7bn), and to Private Banking clients, mostly for investment purposes
- Impaired exposures on real estate amounted to EUR 700m at 30 September 2013, slightly up from EUR 696m at YE2012, with EUR 66m impairment charges taken in 9M 2013

Real estate EAD



Transfer of Risk is mainly related to the WSW guarantee on part of the social housing portfolio

Real estate indicators

	30 Sep 2013	31 Dec 2012
EAD original obligor (EUR bn)	14.5	14.7
EAD resultant obligor (EUR bn)	11.8	12.0
Impaired ratio[3]	4.8%	4.7%
Coverage ratio	65%	66%

Note(s):
1. *Source: IPD property index*
2. *Source: ABN AMRO Research*
3. *Based on original obligor*

ABN·AMRO

Address
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Website
www.abnamro.com/ir

Questions
investorrelations@nl.abnamro.com