

financial results 2013

analyst call

21 February 2014

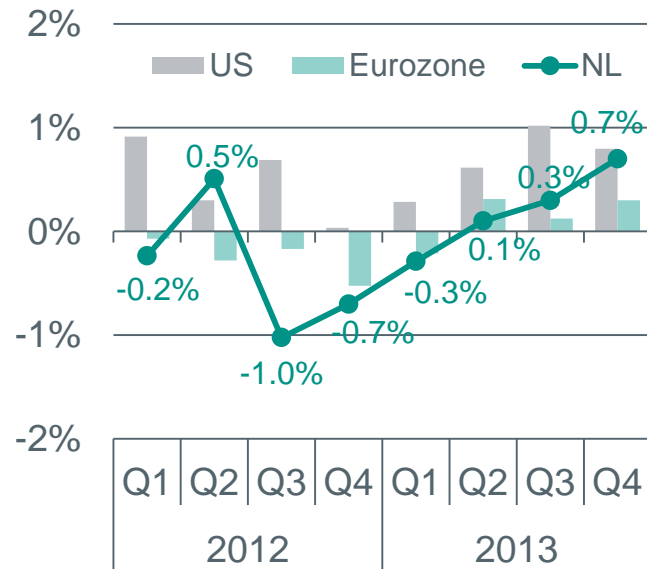
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general
Gerrit Zalm

GDP

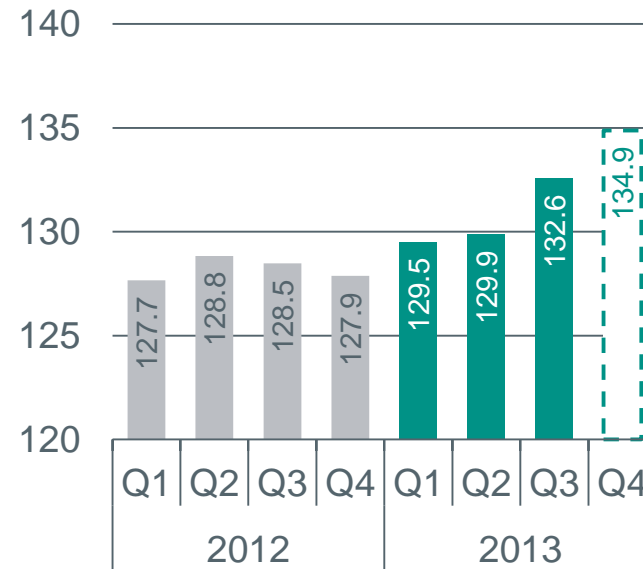
Q-o-Q, source Thomson Reuters Datastream, CBS



- ▶ Improving economic activity clearly visible...
- ▶ ... but impairments to remain high for some time

World trade

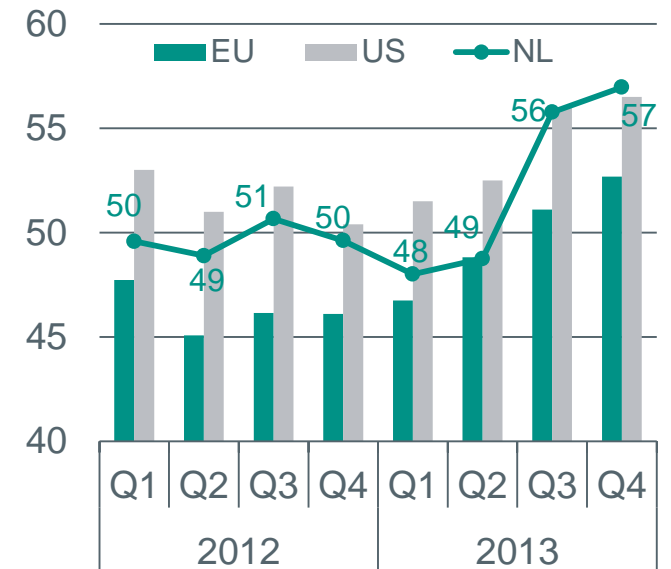
World trade monitor, source CPB



- ▶ World trade picked up slowly

PMI

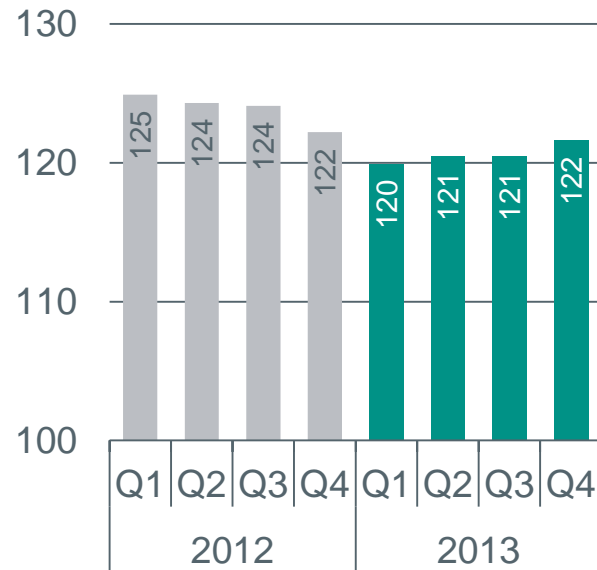
PMI indices, source Thomson Reuters Datastream



- ▶ PMI indices showed upward trends

Domestic demand

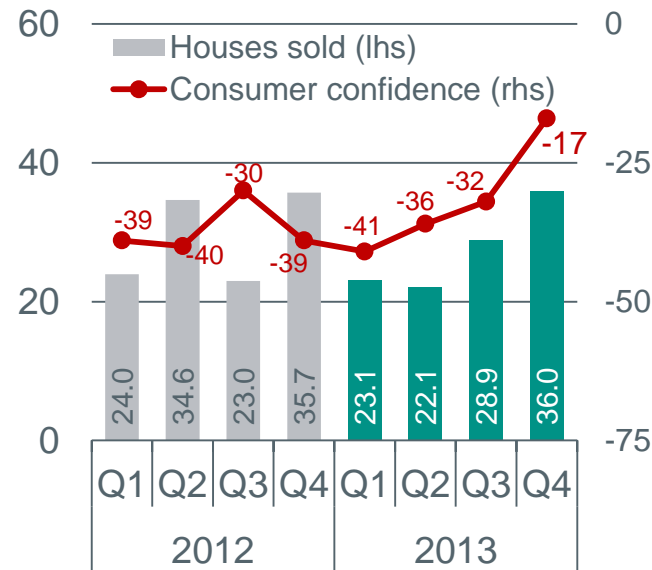
In EUR bn, source ABN AMRO Group Economics



- ▶ Drop in 2013 domestic demand versus 2012
- ▶ Trend points upwards as of Q2 2013

Housing & confidence

The Netherlands, seasonally adjusted confidence, house sales in '000, source CBS

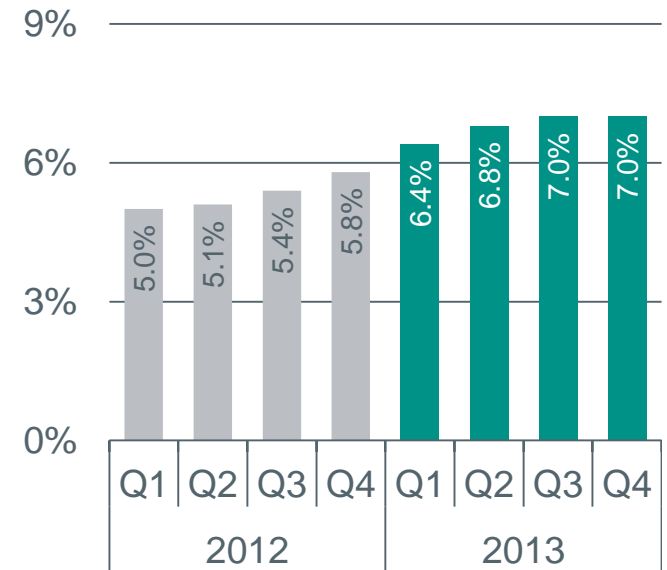


Over 2013

- ▶ Dutch house sales picked up
- ▶ Dutch consumer confidence improved

Unemployment

The Netherlands, source Eurostat



- ▶ Dutch unemployment rate rose in 2013

results

Kees van Dijkhuizen

Annual result

Reported full year result

<i>In EUR m</i>	FY2013	FY2012⁽¹⁾	Delta
Net interest income	5,380	5,028	7%
Net fee and commission income	1,643	1,556	6%
Other non-interest income	301	754	-60%
Operating income	7,324	7,338	0%
Operating expenses	4,770	4,686	2%
Operating result	2,554	2,652	-4%
Impairment charges	983	1,228	-20%
Income tax expenses	411	271	52%
Profit for the period	1,160	1,153	1%
Cost/income ratio (%)	65	64	
Return on avg. IFRS equity (%)	8.5	8.5	
Net interest margin (bps)	134	120	

1. The impact of the amendment of IAS 19 on the 2012 figures was EUR 273m lower pension costs, leading to EUR 205m higher profits

Quarterly result

Reported quarterly result

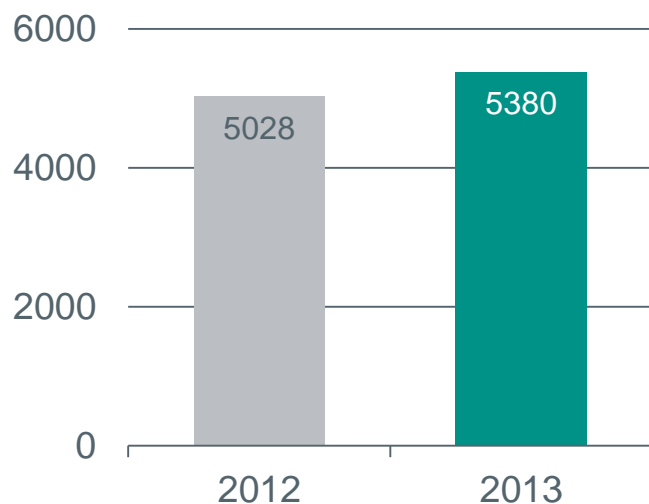
<i>In EUR m</i>	4Q13	4Q12⁽¹⁾	3Q13
Net interest income	1,389	1,255	1,326
Net fee and commission income	413	382	401
Other non-interest income	47	77	147
Operating income	1,849	1,714	1,874
Operating expenses	1,316	1,354	1,143
Operating result	533	360	731
Impairment charges	555	466	212
Income tax expenses	25	-68	129
Profit for the period	-47	-38	390
Cost/income ratio (%)	71	79	61
Return on avg. IFRS equity (%)	-1.4	-1.2	11.4
Net interest margin (bps)	143	120	134

1. The impact of the amendment of IAS 19 on the 4Q12 figures was EUR 77m lower pension costs, leading to EUR 58m higher profits

Income

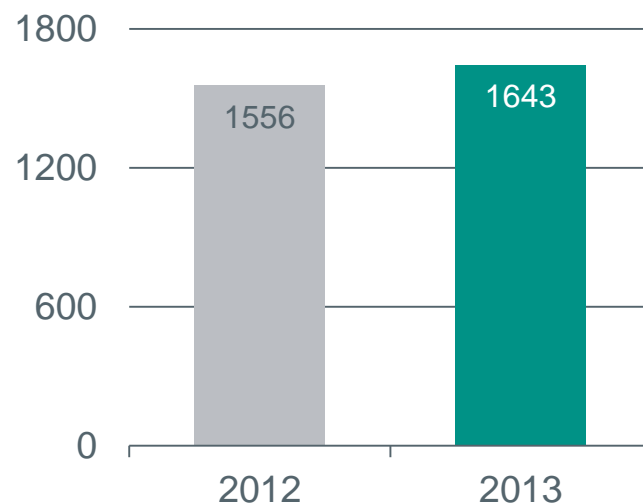
Net interest income: +7%

In EUR m



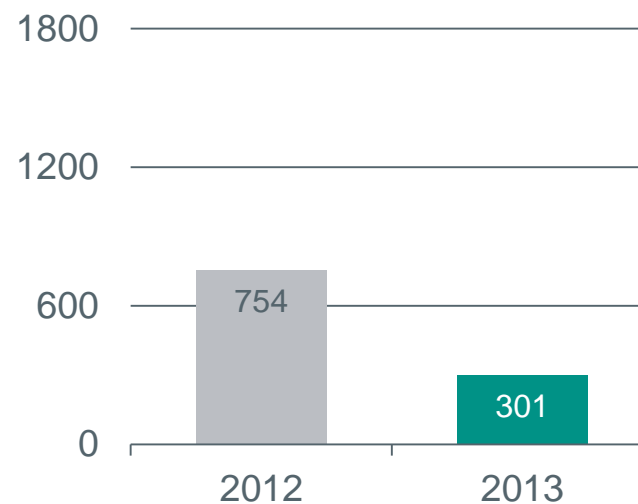
Net fees: +6%

In EUR m



Other income: -60%

In EUR m



- ▶ NII improved, mainly in Retail and Commercial Banking

Net fees

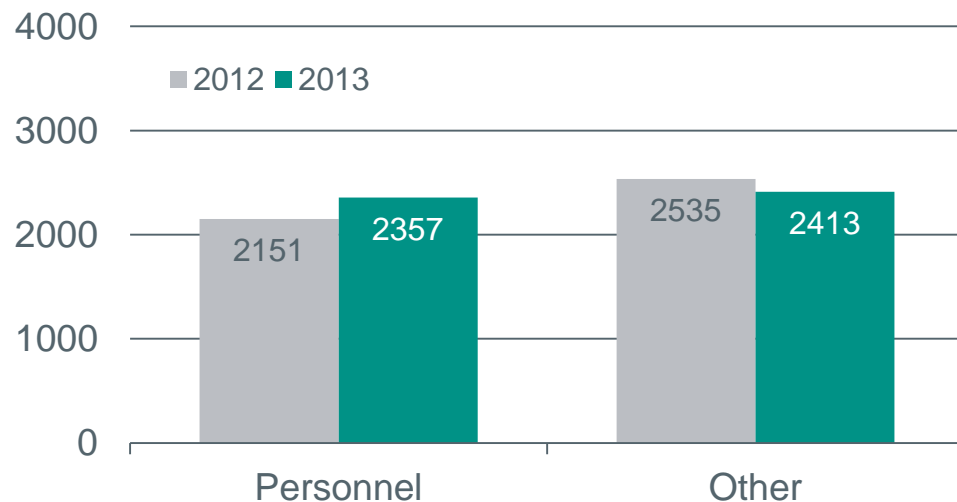
- ▶ rose in Private Banking and Clearing
- ▶ declined in Business Banking and Large Corporates & Merchant Banking

- ▶ Other non-interest income declined sharply, mainly in Markets

Expenses

Operating expenses: +2%

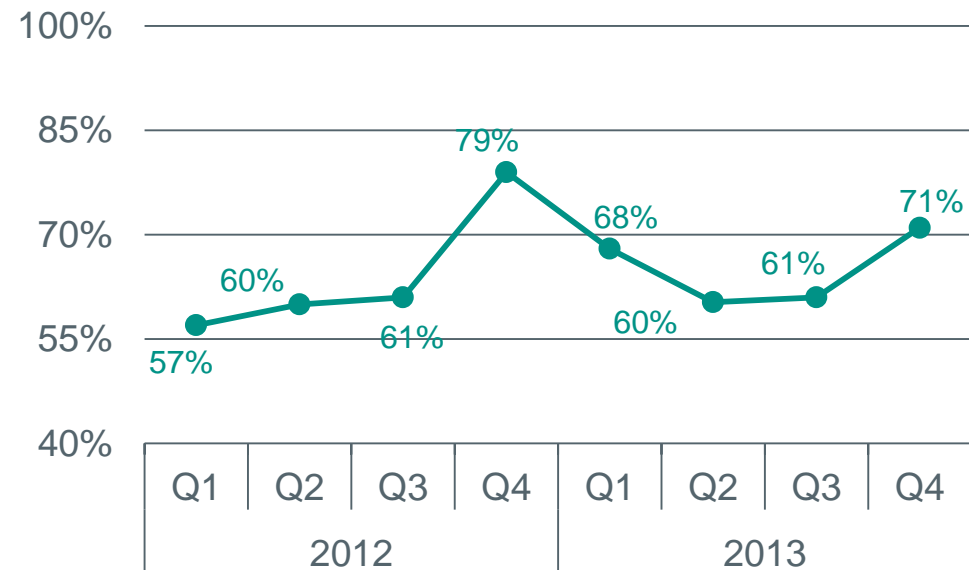
In EUR m



- ▶ Operating expenses rose mainly from increased pension charges

Cost/income ratio

In %

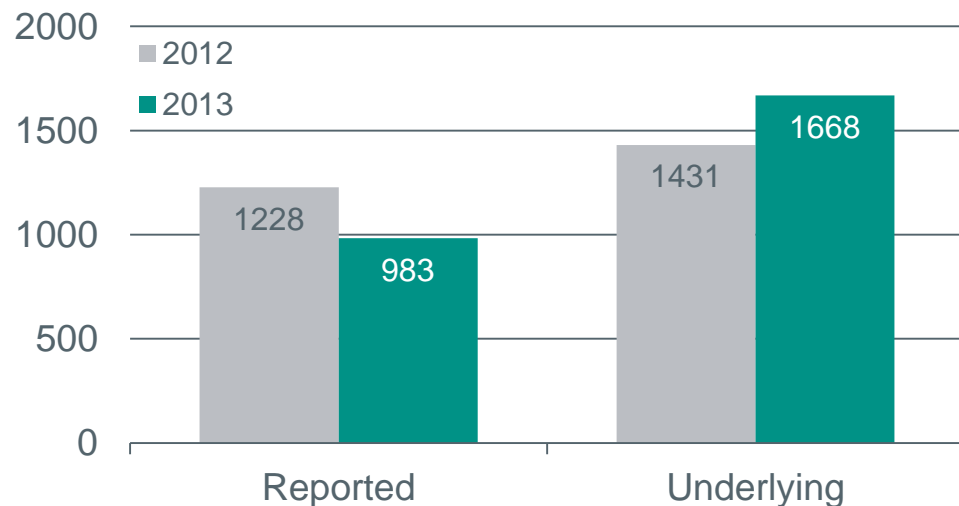


- ▶ C/I ratio over 2013 was 65%
- ▶ Bank tax causes a peak in Q4

Impairments

Impairments

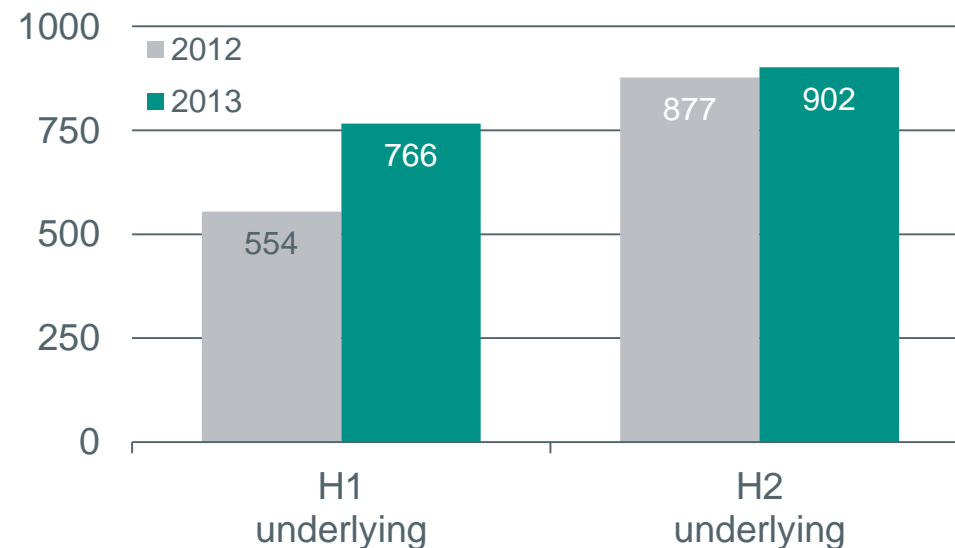
In EUR m



- ▶ Reported decrease 20%
- ▶ Adjusted for large impairment releases +17% (Madoff, Greece)

Impairment trend

In EUR m



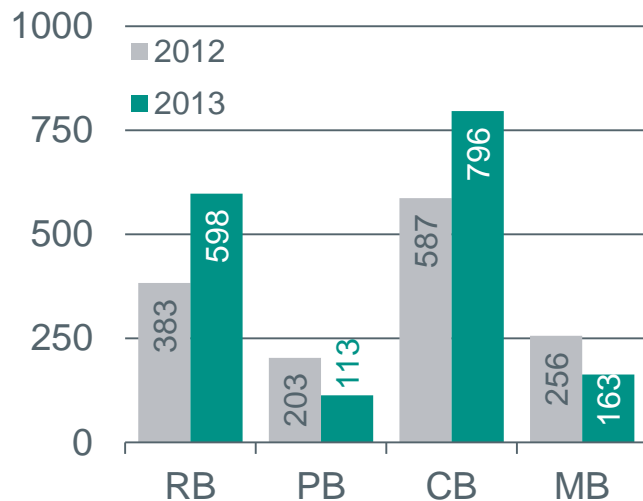
Increase in underlying impairments:

- ▶ considerable in 1H13: +38%
- ▶ modest in 2H13: +3%

Impairments & results by segment

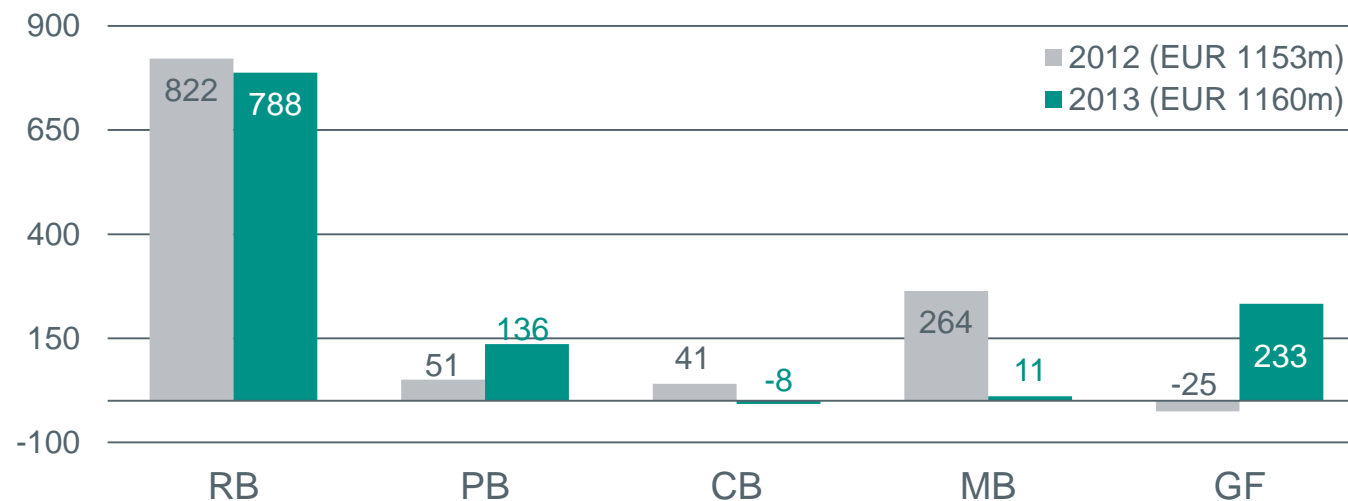
Impairments by business

In EUR m



Results by segment

In EUR m



Impairment increase in

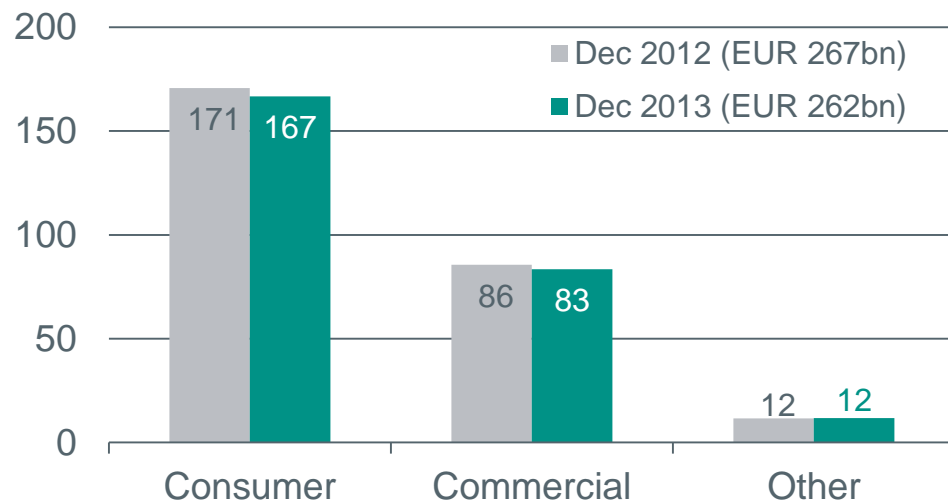
- ▶ Retail Banking
- ▶ Commercial Banking

- ▶ RB: higher revenues partly compensate higher impairments
- ▶ PB: rising revenues and lower impairments (ID&JG)
- ▶ CB: improved operating result and higher impairments
- ▶ MB: lagging results, mainly in Markets and Private Equity
- ▶ GF: positive result due to large impairment releases

Loan & savings volumes customers

Loans & receivables customers: -2%

In EUR bn

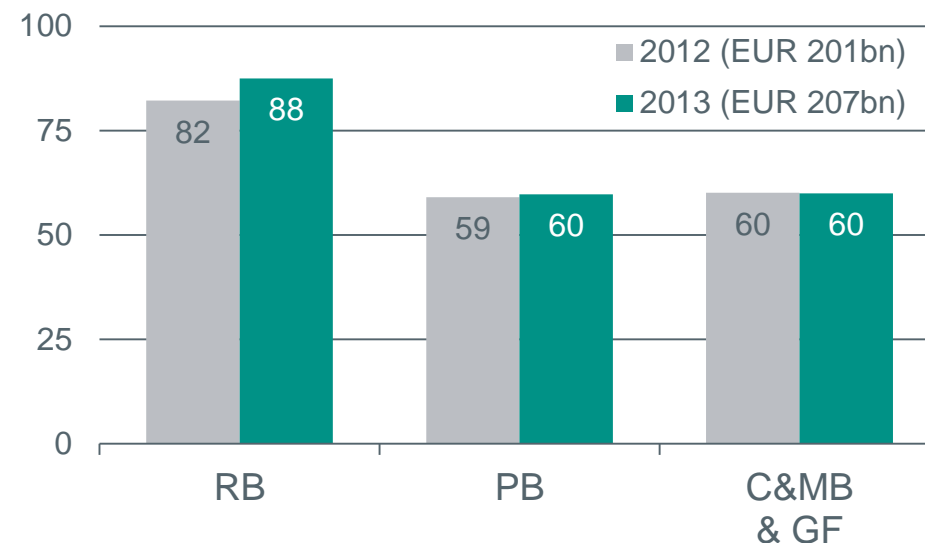


Client lending* declined in

- ▶ consumer loans
- ▶ commercial loans

Savings: +3%

In EUR bn



- ▶ Savings* increased, mainly in Retail Banking
- ▶ Savings levels from commercial clients were constant, apart from intersegment movements

Capital

Capital ratios

Strong capital position

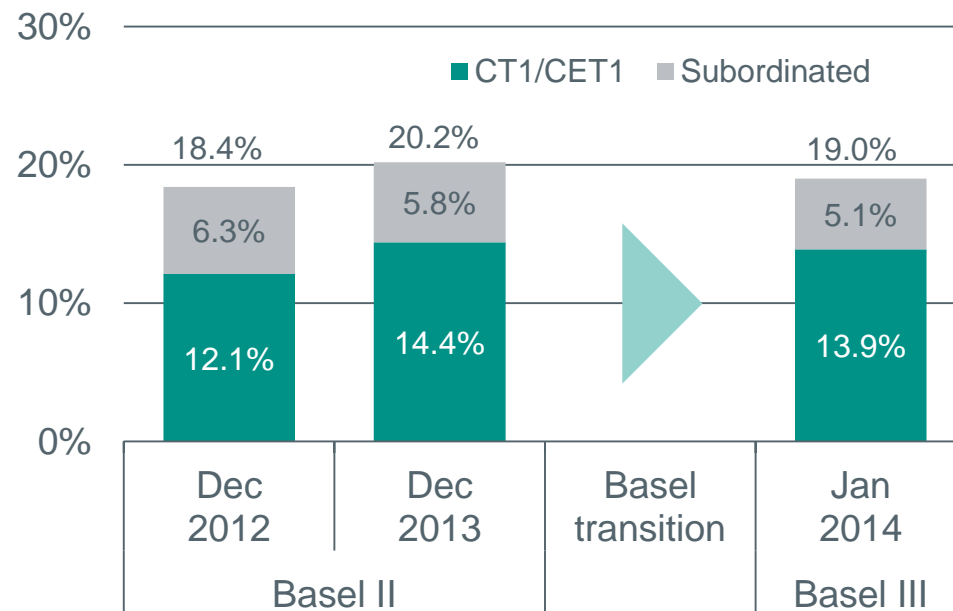
- ▶ Basel II: CT1 of 14.4% and TC of 20.2%
- ▶ Basel III
 - ▶ CET1 of 13.9% and TC of 19.0%
 - ▶ Fully Loaded CET1 of 12.2%

Leverage ratio

- ▶ Basel II: 4.2% at YE2013
- ▶ Basel III
 - ▶ 4.1% at Jan 2014
 - ▶ 3.5% Fully Loaded

Transition effect on capital

In %



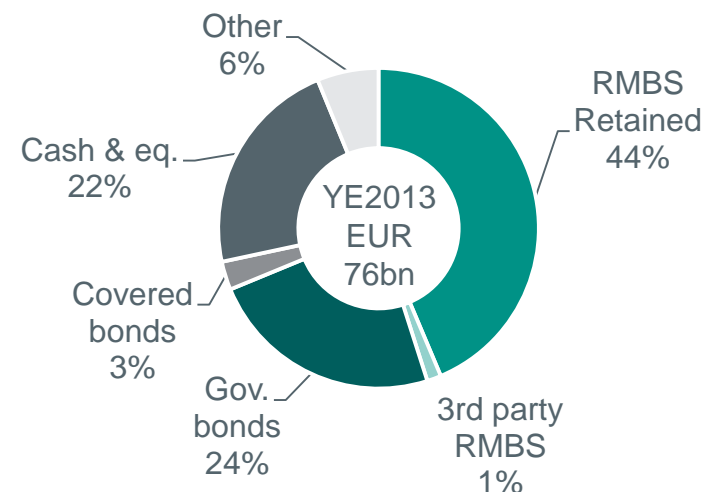
Liquidity

Liquidity parameters

	YE2013	YE2012
Loan to deposit ratio (LtD, %)	121	125
LCR (%)	100	89
NSFR (%)	105	108
Liquidity buffer (EUR bn)	76	68

- ▶ LtD ratio improved further
- ▶ LCR rose to 100%
- ▶ NSFR stable at 105%
- ▶ Liquidity buffer rose to EUR76bn

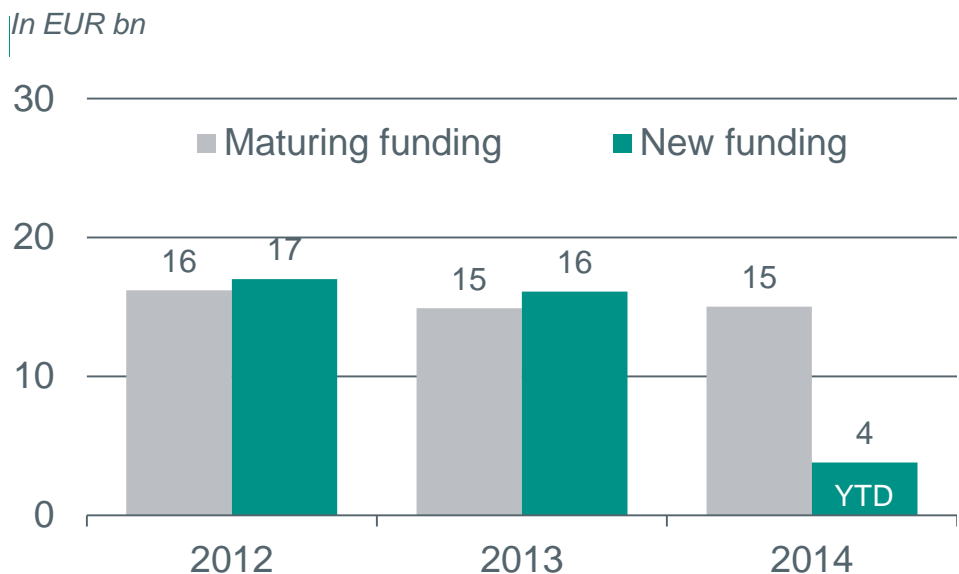
Composition liquidity buffer



- ▶ Strong liquidity buffer
- ▶ Mainly EUR denominated

New long term wholesale funding

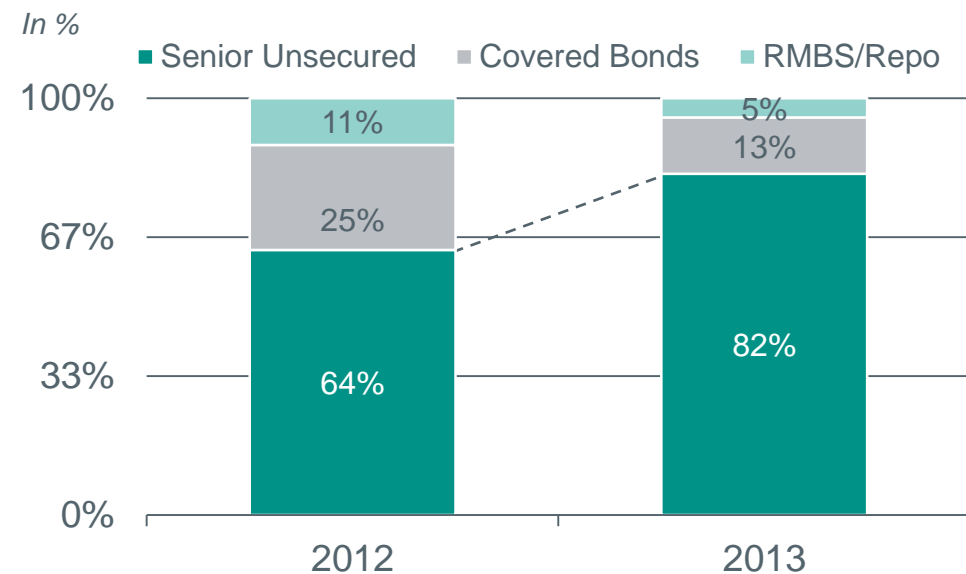
New vs. maturing LT wholesale funding



- ▶ Focus on optimising Basel III liquidity requirements and funding costs

* Excluding hybrid capital

Composition new LT wholesale funding



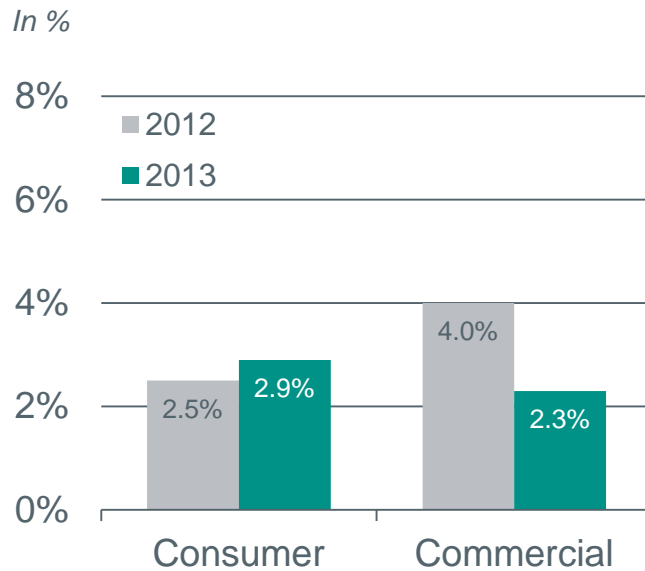
- ▶ Focus on senior unsecured (multi currency) issuance
- ▶ Average maturity of newly issued LT wholesale funding was 5.2 years in 2013

risk

Wietze Reehoorn

Risk management: consumer & commercial loans

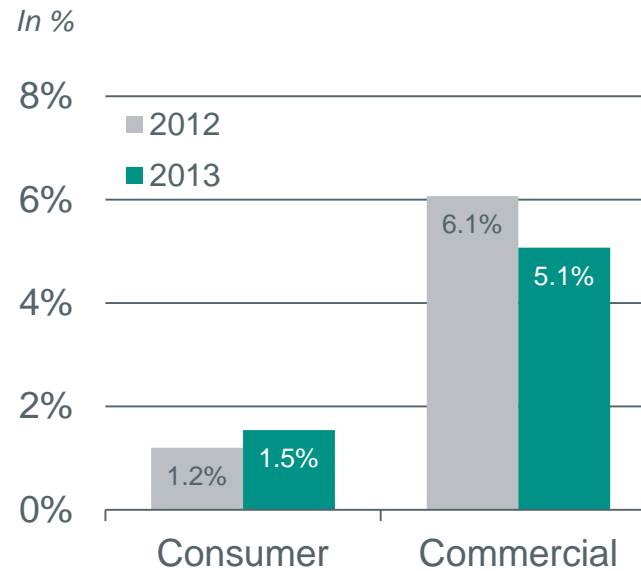
Past due ratio



Past due ratio for

- ▶ consumer loans increased
- ▶ commercial loans declined from stricter focus on resolving >30d past due

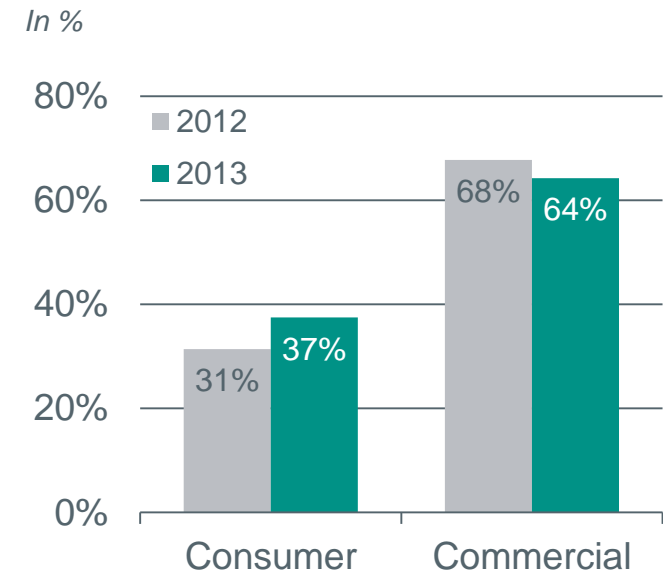
Impaired ratio



Impaired ratio

- ▶ rose for consumer loans
- ▶ declined for commercial loans (Madoff & Greece)

Coverage ratio



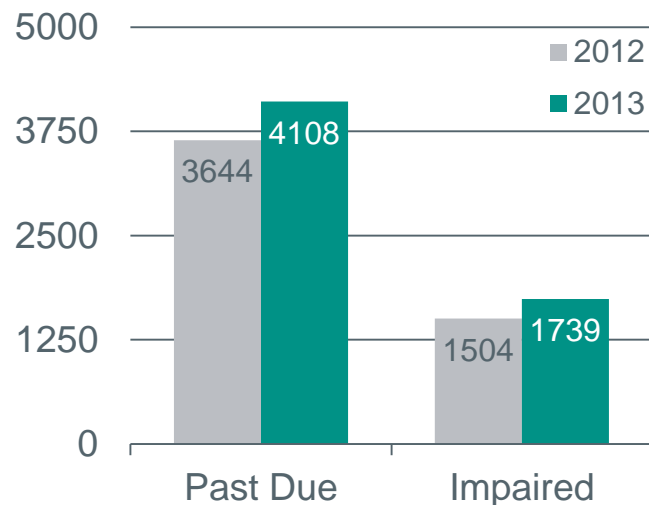
Coverage ratio

- ▶ rose for consumer loans, mainly for mortgages
- ▶ commercial loans was stable at 60% excl. the effect of Madoff & Greece

Risk management: mortgage loans

Arrears in mortgages

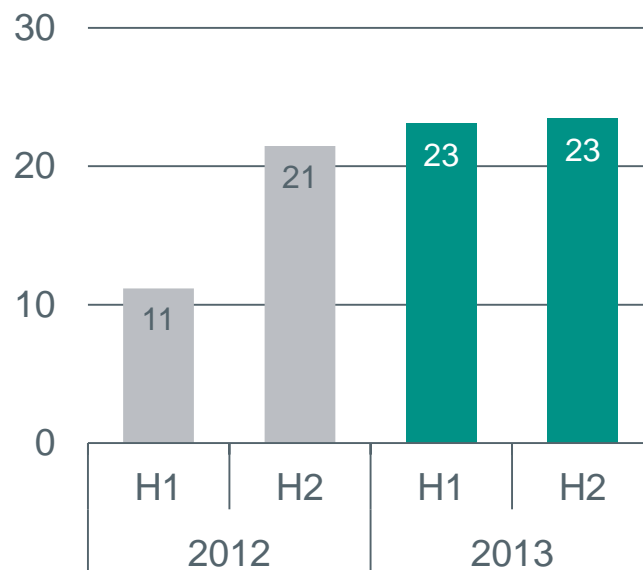
In EUR m



- ▶ Mortgages in arrears further increased, both past due (to 2.7%) and impaired loans (to 1.1%)

Mortgage impairments

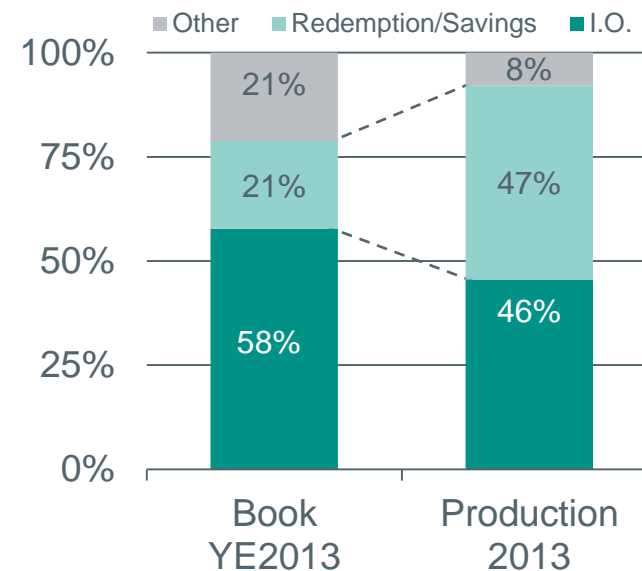
In bps



- ▶ Stabilising impairment trend since 2H12

Book vs. production*

In EUR m



- ▶ New production shows sharp redemption/savings* increase
- ▶ Production share other mortgages types declines

* Production 2013 includes switches. 'Redemption/savings' is the sum of linear, annuity and savings mortgages. In 1Q2013 a transition regime applied, which caused incidentally high production of I.O. mortgages

Risk management: commercial real estate

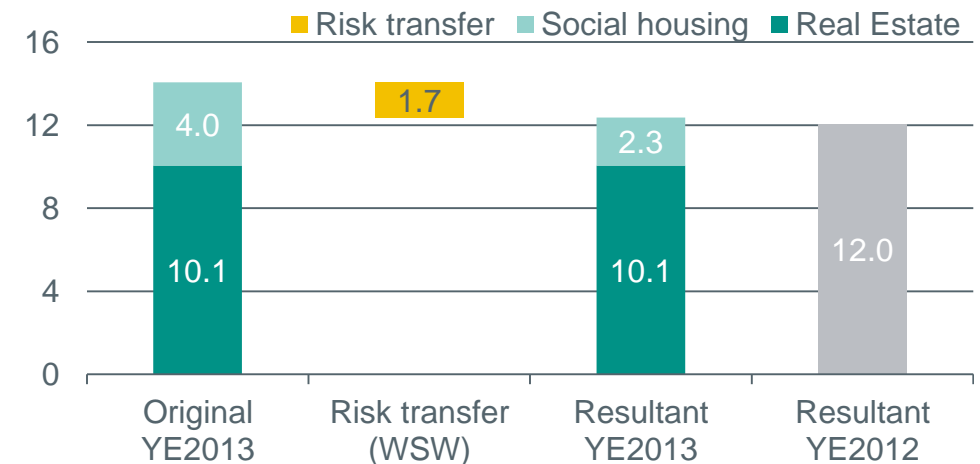
Regulatory review of CRE portfolio

- ▶ DNB conducted a detailed review focused on CRE
- ▶ Focus on
 - ▶ Dutch CRE assets⁽¹⁾
 - ▶ capitalisation, provisioning levels and collateralisation
- ▶ Outcome CRE review
 - ▶ adequate capitalisation & RWAs
 - ▶ adequate provisioning

1: in the businesses LC&MB, Corporate Clients and Business Banking (both part of CB) and R&PB.
Assets excluded were social housing and corporate-based real estate

Real Estate (including CRE)

In EAD bn



- ▶ Portfolio vastly Dutch and diversified, incl. social housing, private banking exposures
- ▶ EUR 819m impaired, 63% coverage ratio
- ▶ Impairments in 2013 EUR 119m (2012: EUR 308m)

concluding

Gerrit Zalm

Concluding

- ▶ Annual result waned from high underlying impairments and lagging results in Merchant Banking
- ▶ Rising NII & Net Fee Income
- ▶ Strong capital position, both under Basel II and III
- ▶ Proposed final 2013 dividend of EUR 200m, following EUR 150m interim dividend
- ▶ Strong liquidity position and good start in 2014 issued LT wholesale funding
- ▶ Outlook 2014:
 - ▶ several signs of improvements visible
 - ▶ impairments expected to remain elevated

questions & answers

appendix

Balance sheet

In EUR bn	YE2013	YE2012
Cash and balances at central banks	9.5	9.8
Financial assets held for trading	23.9	24.3
Financial investments	28.1	21.7
Loans and receivables – banks	31.2	46.5
<i>o/w securities financing</i>	7.3	14.3
Loans and receivables – customers	268.1	277.0
<i>o/w securities financing</i>	11.1	14.5
Other	11.2	14.5
Total assets	372.0	393.8
Financial liabilities held for trading	14.2	20.1
Due to banks	15.8	21.3
<i>o/w securities financing</i>	4.2	4.4
Due to customers	215.6	216.8
<i>o/w securities financing</i>	8.1	15.2
Issued debt	88.7	95.0
Subordinated liabilities	7.9	9.7
Other	16.1	17.9
Total liabilities	358.5	380.9
IFRS Equity	13.6	12.9
Total liabilities & equity	372.0	393.8



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