Investor Relations

results Q4 2021

Investor & analyst presentation | 9 February 2022

Highlights Q4 2021, good result with net profit of 552m

- Good Q4 result supported by sale and lease back of head quarter and strong fees
- Economic recovery continued, corporate loan book for Bank core over 5bn higher versus Q3 2021
- NII supported by TLTRO benefit and high prepayment penalties, offset by continued pressure from negative rate environment and additional provision for revolving consumer credit
- Fee income increased, mainly driven by positive financial market developments combined with market volatility
- FY2021 costs in line with guidance at 5.3bn [1)] despite increase in AML costs and handling costs for compensation scheme; cost savings on track
- Continued strong credit quality, FY2021 Cost of Risk in line with guidance at -7bps
- Very strong capital ratios with Basel III CET1 ratio of 16.3% (Basel IV c.16%)
- Final FY2021 dividend of 0.61 per share proposed and start of 500m share buyback programme

1) Excluding AML settlement

Consistent delivery in ’21; continuing to operate from a position of strength

Delivered on our agenda in 2021

- Back to profit as Dutch economy recovered
- CIB non-core wind-down largely completed, well ahead of schedule
- AML investigation settled; good progress on remediation
- Good progress on strategy execution
  - Successful start of MoneYou mortgages
  - E&E [1] concept launched in Germany & Belgium
  - New SME payment packages introduced
  - Digital and data capabilities strengthened
  - Simplification organisational structure
- Resumed dividend payments
- Share buyback (SBB) announced

Looking ahead

- Continued pressure from low rates, NII expected to bottom out in H2 2023
- Strategy addressing impact of negative rates
  - Income diversification from growth in fee income
  - Focus on cost discipline; reconfirm 2024 target <4.7bn
  - Growth in segments where we can maintain scale
  - De-risked balance sheet, new TTC CoR around 20 bps
- Putting into practice personal bank in digital age
  - Full range banking services available remote as of Q3
  - Digital inclusivity; doubling number of financial coaches
- Continuous AML focus is our license to grow

1) Enterprise & Entrepreneur

ESG impact through lending and investments; updated targets

Products supporting clients in their transition

Climate change

- Energy savings check, sustainable mortgage
- Financing the energy transition

Circular economy

- Since 2019 committed >EUR1.2bn on over 140 circular economy deals

Social impact

- Improve financial resilience (senior care programs, payment holidays)
- Improving inclusiveness of products and services

Updated sustainability targets for 2024 [1)]

	2020	2021	Targets 2021	Targets 2024
ESG & Impact Investments	22%	38%	26%	**42%** (35%)
Sustainable Mortgages	23%	25%	22%	**34%** (28%)
Sustainable CIB loans	9%	13%	12%	**27%** (25%)
Sustainable CB loans	13%	15%	11%	**27%** (27%)
Sustainable client loans & assets [2)]	**20%**	**27%**	**21%**	**36% (30%)**

- Good progress towards updated 2024 targets, with ESG client assets at 43bn at YE2021

1) Based on ABN AMRO Sustainability Acceleration Standard (definitions on clients' sustainability policies, practice and governance)
2) Overall target is calculated as the sum of sustainability client loans (excl. consumer lending) and sustainability client assets, divided by the sum of total client loans (excl. consumer lending) and client assets (excl. cash). In brackets old 2024 targets are shown.

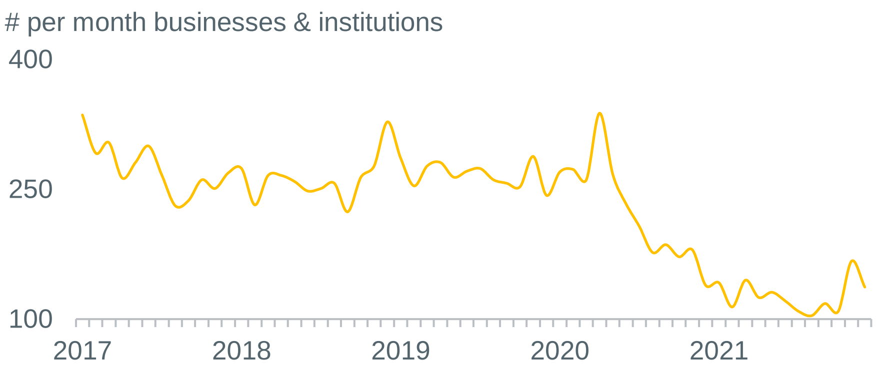
Strong recovery Dutch economy, house prices continue to increase

Dutch economy remarkably resilient [1)]

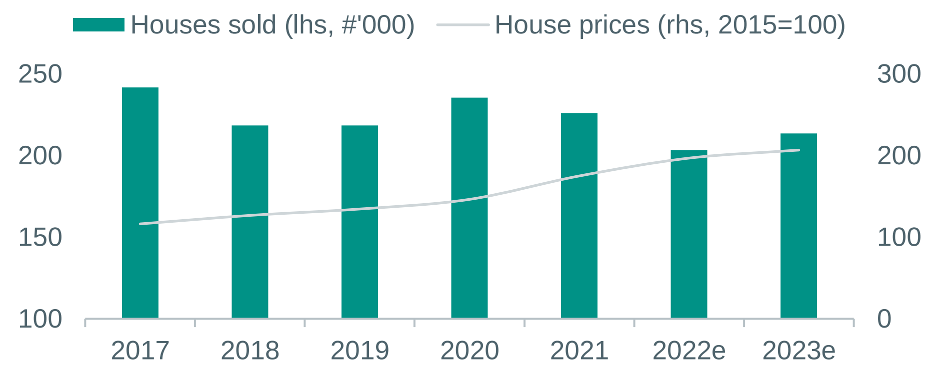
		2020	2021e	2022e	2023e
Netherlands	GDP (% yoy)	-3.8%	4.3%	2.8%	2.7%
	Inflation (indexed % yoy)	1.1%	2.6%	3.5%	1.9%
	Unemployment rate (%)	3.3%	3.1%	2.8%	2.8%
	Government debt (% GDP)	55%	57%	56%	55%
Eurozone	GDP (% yoy)	-6.5%	5.1%	3.7%	2.6%
	Inflation (indexed % yoy)	0.3%	2.6%	2.5%	1.3%
	Unemployment rate (%)	7.9%	7.7%	7.4%	7.2%
	Government debt (% GDP)	99%	102%	100%	99%

- Dutch economy remained remarkably resilient reflecting healthy economic fundamentals & government support
- Strong Dutch economic recovery in 2021. Omicron and inflation expected to weigh on GDP growth in 2022
- Bankruptcies historically low in 2021, expect to rise steadily as government support measures phase out
- House prices +12.5% 2022e, +5% 2023e [1)]
- Transaction volumes -10% 2022e reflecting lack of supply, followed by a slight recovery of +5% 2023e [1)]

Historically low Dutch bankruptcies [2)]



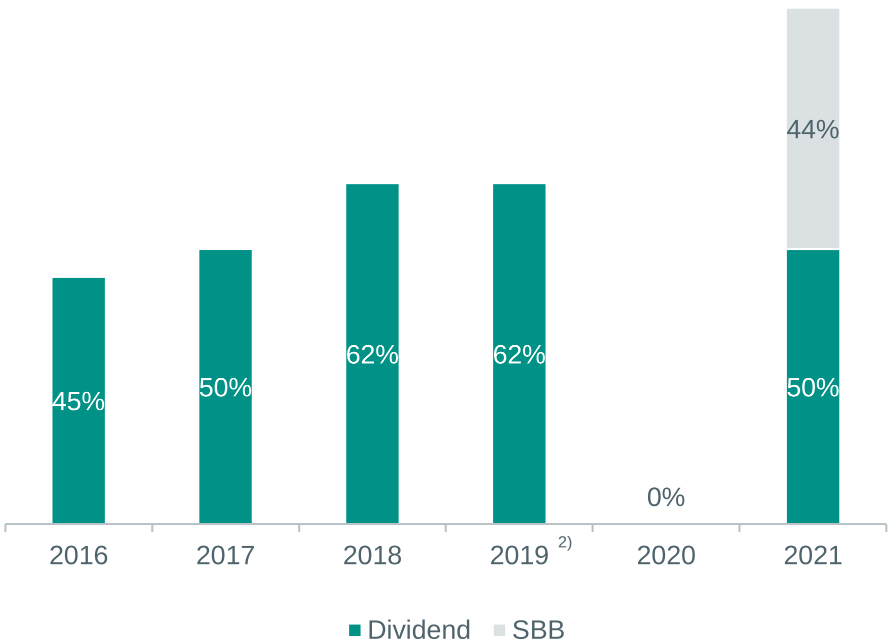
House prices rise further while supply decreases [2)]



1) Source: ABN AMRO Group Economics forecast of 24 January 2022; house prices and transaction volume forecast 6 January 2022
2) Source: CBS

Share buyback programme of 500m and proposed dividend of 0.61 p.s.

Capital return as % of net profit



Attractive capital distribution for shareholder

- Total capital distribution (dividend + SBB) is close to full-year profit
- Pro-rata participation of Dutch state (NLFI) ensures government stake in ABN AMRO remains the same and free float is maintained [1)]
- SBB can be finalised no later than June assuming 5% take-up of average daily volume and NLFI participation
- Intention to use share buybacks (of similar size) on a regular basis to optimise capital position

Current share buyback programme is repeatable

- Threshold not recalibrated for now as capital buffer still sufficient to consider supplementary share buybacks
- Current capital buffer reflects a buffer for M&A and uncertainties
- Uncertainties relate to macroeconomic and regulatory environment
- Aim for gradual reduction over time in constructive dialogue with regulator

1) Please refer to slide 16 for details on the mechanics of the share buyback program
2) FY2019 final dividend paid out in October 2021

FY2021 marked by low interest rate environment and impairment releases

EUR m

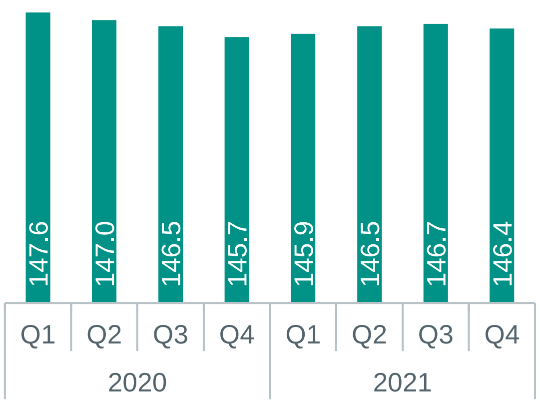
	2021 Q4	2021 Q3	Change	2021	2020	Change
Net interest income	1,339	1,202	11%	5,210	5,863	-11%
Net fee and commission income	446	413	8%	1,664	1,558	7%
Other operating income	499	119		724	494	46%
Operating income	**2,284**	**1,734**	**32%**	**7,597**	**7,916**	**-4%**
- of which CIB non-core	*38*	*27*	*38%*	*1*	*376*	*-100%*
Operating expenses	1,433	1,301	10%	5,806	5,256	10%
- of which CIB non-core	*68*	*58*	*17%*	*278*	*448*	*-38%*
Operating result	**851**	**432**	**97%**	**1,791**	**2,660**	**-33%**
Impairment charges	121	-12		-46	2,303	
Income tax expenses	177	102	75%	604	401	50%
Profit	**552**	**343**	61%	**1,234**	**-45**	
- of which CIB non-core	*-29*	*-63*	*-54%*	*-287*	*-1,185*	*-76%*
Loans & advances (bn)	258.3	253.8	4.5	258.3	252.2	6.1
- of which CIB non-core	*1.5*	*2.2*	*-0.7*	*1.5*	*9.7*	*-8.2*
Basel III RWA (bn)	117.7	110.6	7.1	117.7	110.5	7.2
- of which CIB non-core	*2.9*	*4.4*	*-1.5*	*2.9*	*11.4*	*-8.5*

- NII up in Q4 from TLTRO benefit, higher prepayment penalties & lower incidentals, FY lower given continued deposit margin pressure
- Fees in both Q4 and FY up reflecting good market performance at PB and at Clearing from high market volatility
- Expenses up for Q4 and FY, impacted by handling costs revolving consumer credits, higher regulatory levies and AML costs
- Impairments mainly in CB in Q4, FY impairment releases due to limited stage 3 inflow and improved macroeconomic outlook
- CIB non-core progressing well with over 90% of assets wound down since H2 2020

Client lending picking up following economic rebound

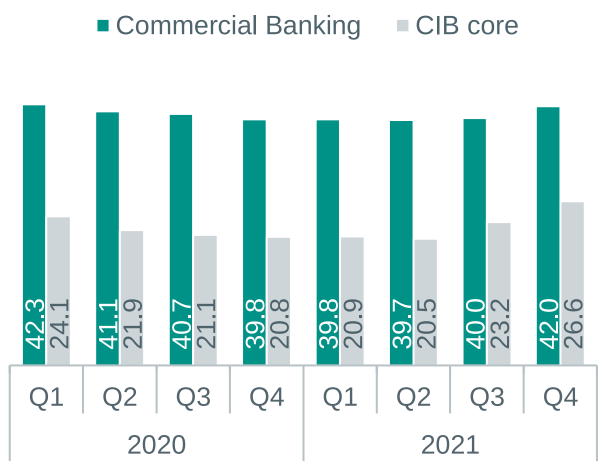
Mortgage client lending

EUR bn



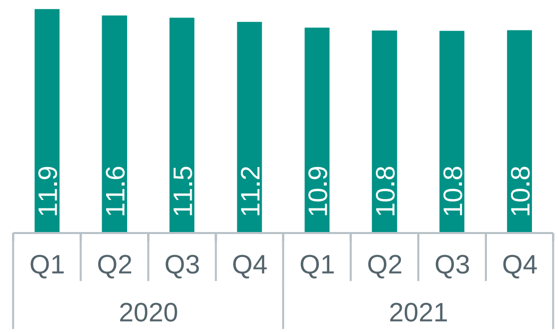
Corporate client lending [1)]

EUR bn



Consumer client lending

EUR bn

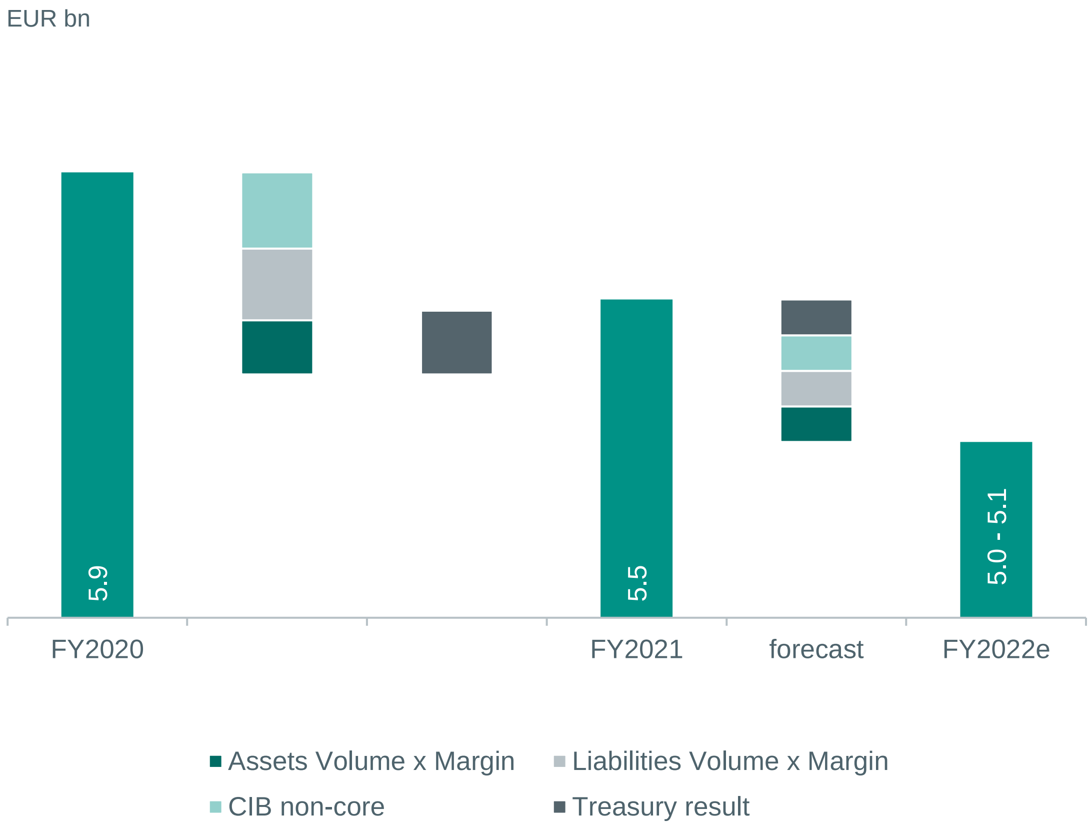


- Mortgage market increased to 16% for FY2021 (YE2020 14%), seasonally high prepayments lead to small decline in portfolio Q-o-Q, Y-o-Y mortgage portfolio grew by 0.7bn
- Corporate lending up driven by new business volume, supported by TLTRO incentive
- Consumer lending stable, however expected to decline over time in line with overall market in the Netherlands

1) FX impact on CIB core 0.2bn versus Q3 2021

NII expected to bottom out in H2 2023

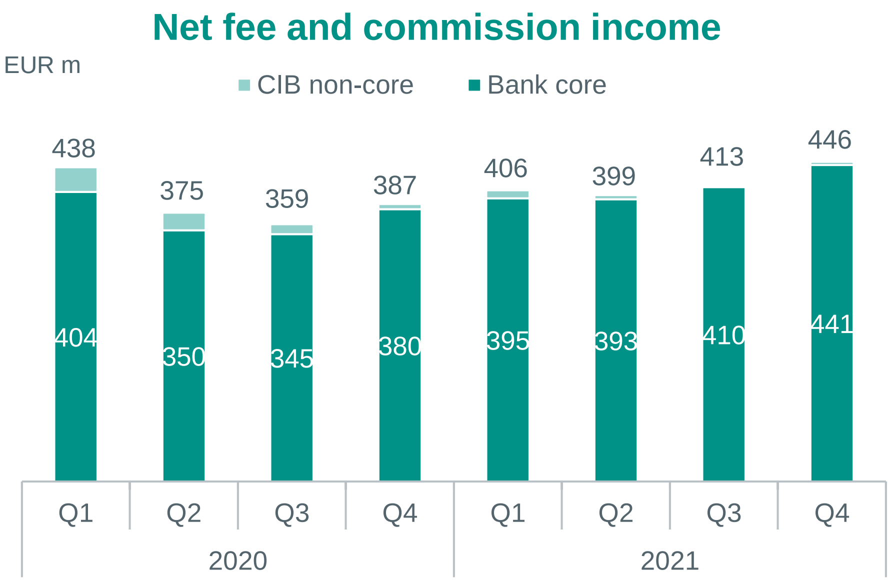
NII [1] development 2020 - 2022

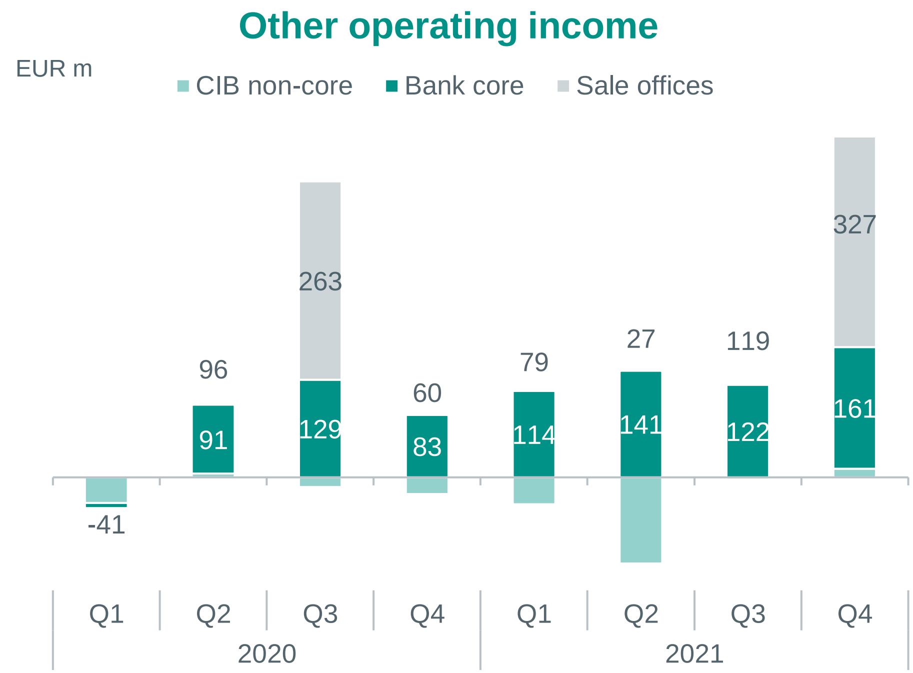


- FY2022 NII expected between 5.0 - 5.1bn based on interest rates and economic outlook of November 2021
- Ongoing deposit margin pressure partly offset by negative deposit pricing >100k as of Jan'22
- Lower NII from loans, mainly from margin pressure
  - Margin pressure all asset classes
  - Volumes up for mortgages and corporate lending, down for consumer lending
- Treasury result expected to partly reverse 2021 gains (mortgage prepayments), in addition impact of low rates and shortening of duration
- Successful CIB non-core wind-down means limited NII during 2021 onwards
- These four components decline around 100m each

1) Excluding in 2020:+23m revaluation DSB claim and -80m amortization penalty interest on mortgages and in 2021: -265m compensation revolving consumer credits, -30m withholding tax and +26m revaluation DSB claim

Fees up driven by strong market performance and high volatility

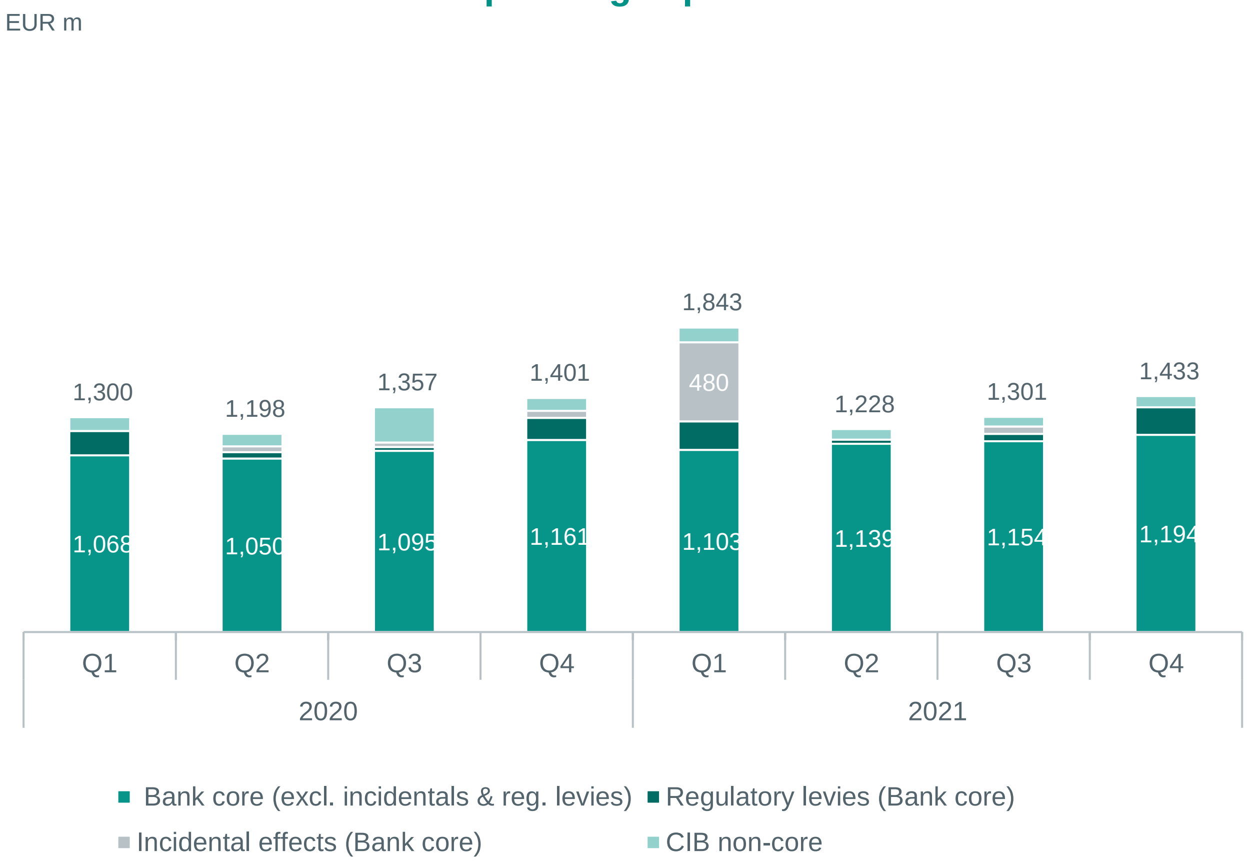




- Fees up vs Q3, mainly driven by another strong quarter for both CIB core as well as asset management fees
- Further fee growth expected as Covid-19 impact recedes and strategic initiatives start to materialise, CAGR of 5-7% expected through 2024
- Other income Bank core (excluding sale and leaseback of HQ) up vs Q3, partly from good PE results and higher trading results at CIB core
- Other income (excluding large incidentals) expected to be structurally below 2021 from moderating private equity results

FY2021 costs in line with guidance at 5.3bn [1], cost savings on track

Operating expenses

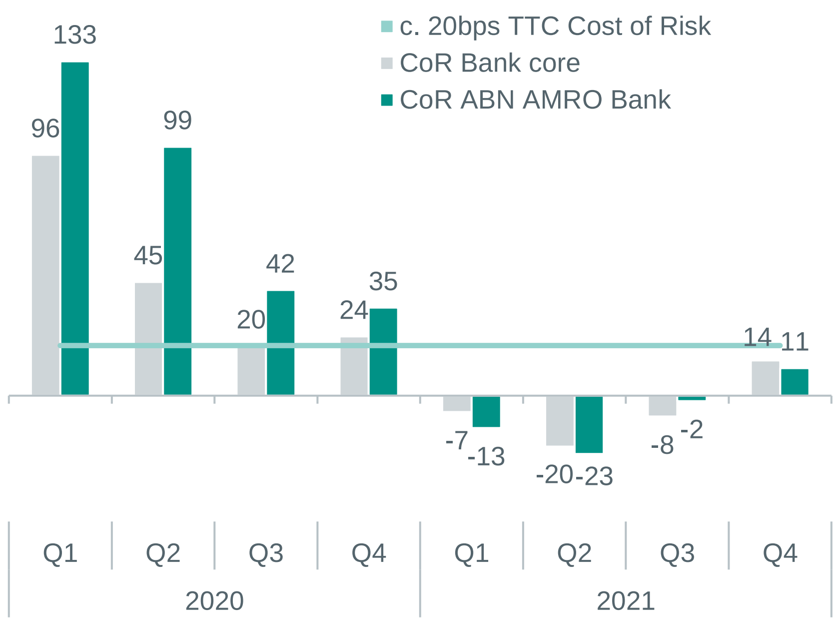


- Increase in Bank core costs in Q4 mainly related to higher FTEs for AML activities and investments in IT
- Continued progress on cost saving programmes (c.130m cost savings FY), while maintaining room for investments
- FY2022 cost expected below 5.2bn [2]
- Working towards an absolute cost base below 4.7bn by 2024

1) Excluding AML settlement
2) Excluding restructuring costs

Non-core wind-down lowered risk profile, new TTC CoR around 20bps

CoR slightly up from increase management buffer



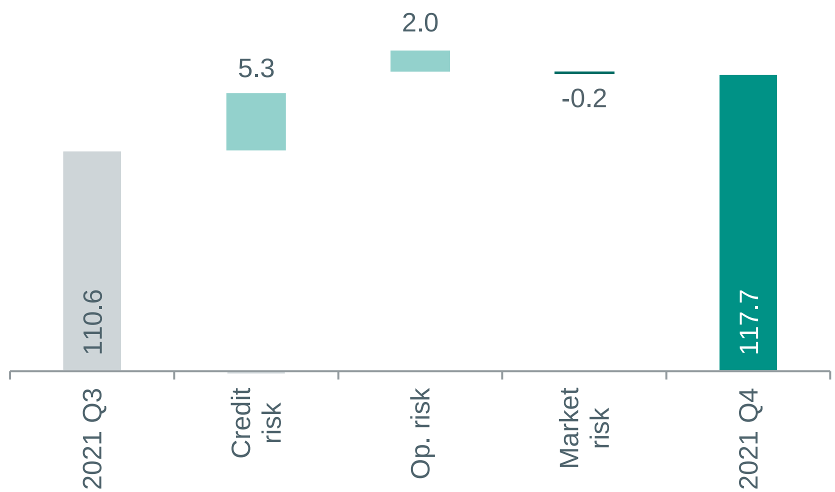
Client loans well provisioned for

	Stage 3 loans (EUR m)		Stage 3 coverage ratio	
	Q4	Q3	Q4	Q3
Retail Banking	1,553	1,342	14.3%	17.5%
Commercial Banking	3,622	3,816	25.6%	21.5%
CIB core	512	622	33.9%	31.0%
CIB non-core	673	882	63.0%	71.8%
Private Banking	299	353	35.0%	31.4%
Total [1)]	**6,701**	**7,056**	**28.3%**	**28.8%**
Impaired ratio (stage 3)	**2.6%**	**2.8%**		

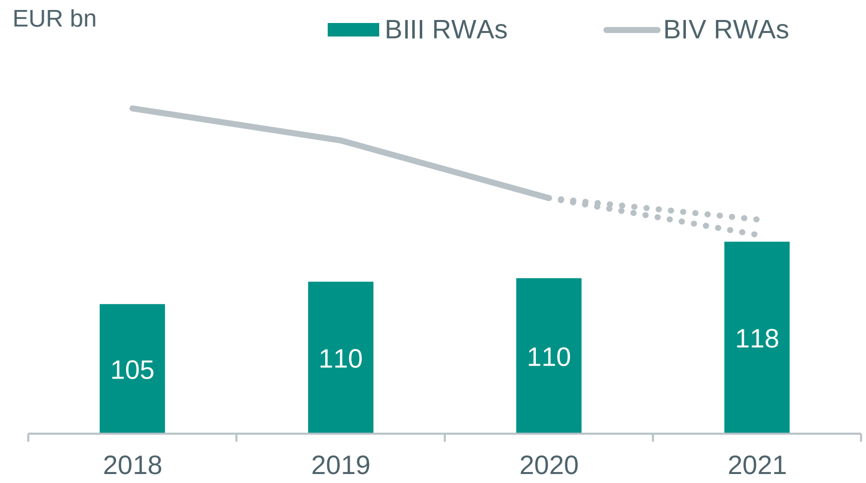
- Impairments in Q4 largely related to corporate loans, driven by a management overlay for loans in stage 3 (CB) and addition for existing stage 3 files (CIB non-core and CB)
- Management overlays (424m) slightly up, largely reflecting ongoing uncertainty related to Covid-19 and government support measures getting phased out and partly related to wind-down of portfolios and products
- FY2021 impairment releases supported by strong credit quality and economic recovery after easing of Covid-19 restrictions during 2021; YE2021 stage 3 ratio down to 2.6%
- Through-the-cycle Cost of Risk adjusted to around 20bps following derisking from CIB non-core wind-down

Gap between Basel III and Basel IV negligible

Basel III RWA increase in credit and operational risk



Basel III and IV RWAs have converged



- Very well capitalised with a Basel III CET1 ratio of 16.3% and Basel IV CET1 ratio of c.16%
- Credit risk RWA increased, reflecting new mortgage models and impact of DNB mortgage floor
- CIB non-core wind-down and seasonal balance sheet reduction partly offset by growth in corporate loans
- Increase in operational risk due to updated scenarios for revolving consumer credits with floating interest rate
- Impact of Basel IV proposal led to RWA reduction, gap between Basel III and Basel IV now negligible

Clear long term targets, TTC CoR lowered to around 20bps

	Long term targets	FY2021
Return on Equity	c.8% by 2024 (10% ambition with normalised rates)	5.8% (7.3% excl. CIB non-core)
Market share growth	2-5pp in focus segments	Mortgages 16%
Absolute cost base	**Below** 4.7bn FY2024	5.3bn [1)]
Cost of Risk	**Around 20bps** through the cycle	-7bps
Basel IV CET1 ratio	13% (threshold for share buybacks 15%) [2)]	c.16% and 500m share buyback programme announced
Dividend pay-out ratio	50% of reported net profit [3)]	Proposed final 2021 dividend of 0.61 per share

1) Excluding AML settlement
2) Share buybacks subject to regulatory approval
3) After deduction of AT1 coupon payments and minority interests

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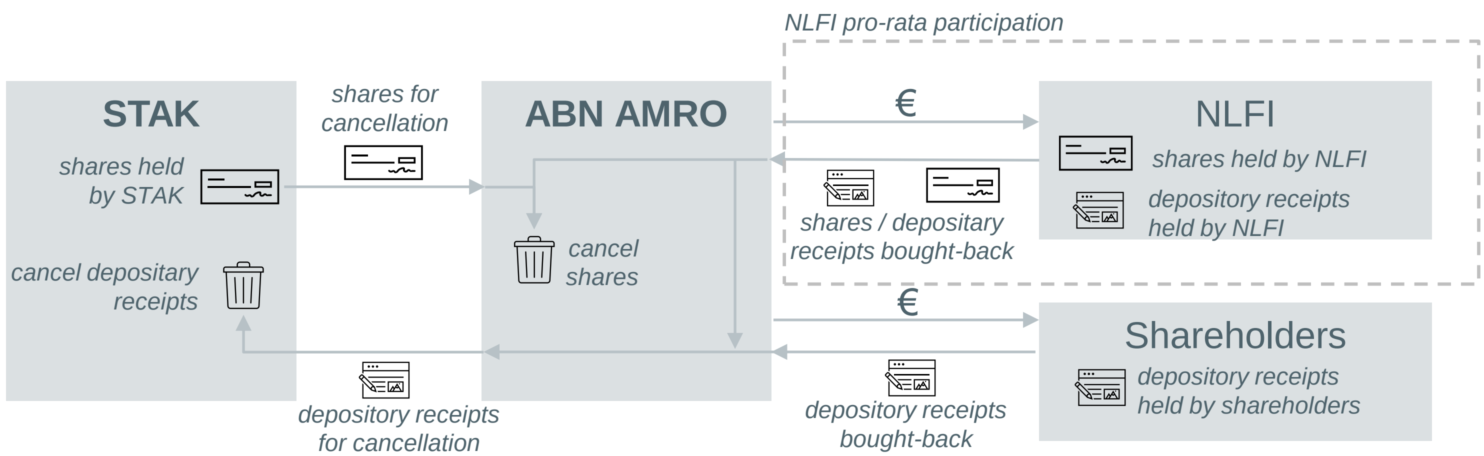
Appendices

Share buyback programme of EUR 500m starting on February 10th

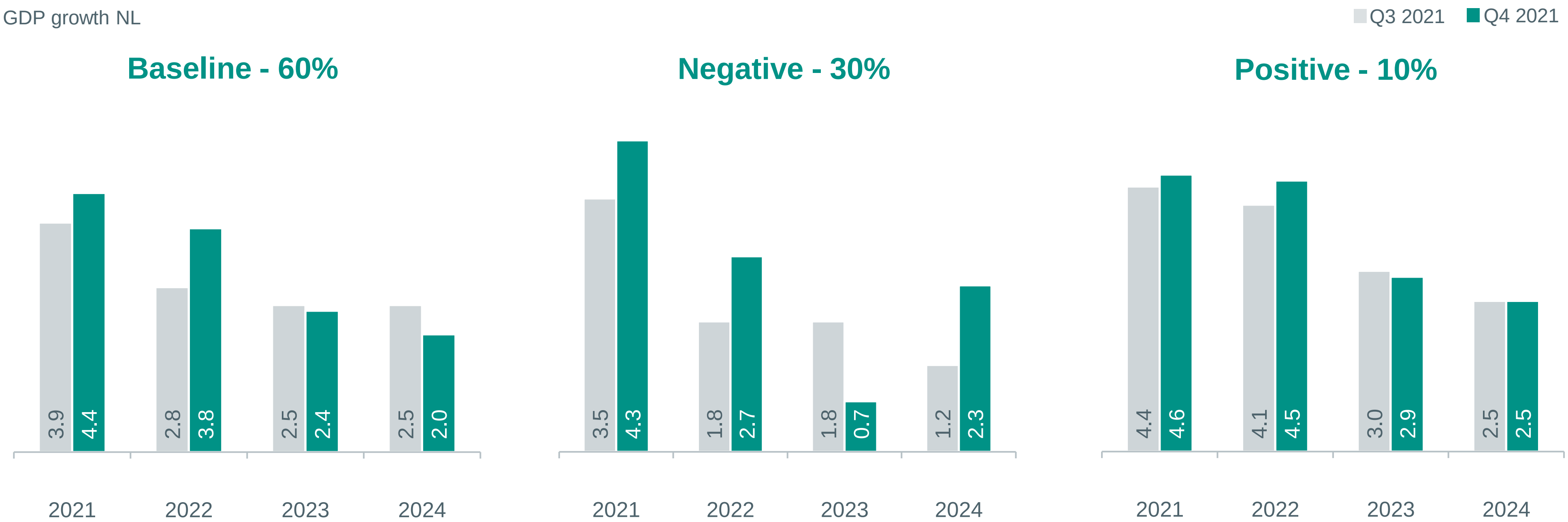


Share buyback maintains relative ownership of Dutch state (56%) and maintains free float

- During share buyback ABN AMRO will acquire depositary receipts [1)] from shareholders in an open market transaction
- Simultaneously, shares and DRs will be bought from NLFI on a pro-rata [2)] basis, and at the same price
- EUR 500 million buyback programme expected to end no later than June 2022

1) The STAK holds shares in ABN AMRO for which depositary receipts (DRs) are issued
2) NLFI holds 56% of all shares and DRs. For every 44 DRs bought on the exchange, 56 shares and DRs will be bought from NLFI at identical price via off-market transactions

Macroeconomic scenarios to calculate credit losses 1)



Differences Q4 2021 vs Q3 2021

- Risks related to the Omicron variant of Covid-19 were reflected in an increase of the weight of the negative scenario from 25% to 30%
- Economic recovery stronger with demand outpacing supply and a sharp rise in energy prices (particularly natural gas) inflation has risen sharply. Normalisation in GDP development is expected as of 2023
- GDP NL for 2021 and 2022 revised upward in all scenario's reflecting baseline's above-trend growth in 2021 and 2022, supported by rebound in external demand and domestic consumption, despite high inflation

1) Group Economics scenarios per August 2021 used for Q3, per November 2021 used for Q4

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	7.1	0.7	0.2	8.0	24%
Financial Services	3.5	0.2	-	3.7	-
Oil & Gas	2.2	0.2	-	2.4	-
Real estate [1)]	2.1	0.1	-	2.2	-
Utilities	2.0	0.1	-	2.1	-
Non-food Retail	1.1	0.3	0.1	1.5	60%
Food & Beverage	0.9	0.3	0.1	1.2	8%
Construction & Materials	0.9	0.1	0.0	1.0	67%
Travel & Leisure	0.6	0.2	0.0	0.8	43%
Other sectors	2.9	0.6	0.1	3.7	27%
Sub total	**23.3**	**2.8**	**0.5**	**26.6**	**34%**

Non-core					
Oil & Gas	0.1	0.1	0.4	0.7	64%
Ind. Goods & Services	0.4	0.0	0.2	0.6	42%
Other sectors	0.6	0.1	0.1	0.7	12%
Total [2)]	**1.1**	**0.2**	**0.7**	**2.0**	**63%**

Commercial Banking

	Stage 1	Stage 2	Stage 3	Total exposure	Stage 3 cov. ratio
Real Estate [1)]	8.7	1.0	0.3	10.0	21%
Food & Beverage	7.2	1.4	0.8	9.3	19%
Ind. Goods & Services	5.3	1.4	1.0	7.7	31%
Non-food Retail	1.4	0.9	0.4	2.7	25%
Travel & Leisure	0.5	1.6	0.4	2.5	17%
Health Care	1.6	0.3	0.2	2.1	16%
Construction & Materials	1.5	0.3	0.2	1.9	55%
Financial services	1.4	0.2	0.1	1.7	27%
Other sectors	2.8	0.7	0.2	4.0	31%
Total [2)]	**30.4**	**7.8**	**3.6**	**41.9**	**26%**

1) Part of Commercial Real Estate portfolio in PB and RB
2) Source: Management Information, Q4 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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