# Investor Presentation

## First quarter 2011

20 May 2011

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# Table of contents

# Executive Summary & Profile

# ABN AMRO announces strong reported and underlying results

## Key messages[1,2]

- Reported net result for the period Q1 2011 amounted to EUR 539 mln
- Excluding separation and integration related expenses (EUR 44 mln net-of-tax), underlying net profit increased by 86% to EUR 583 mln compared to Q1 2010
- Commercial & Merchant Banking (C&MB) realised good revenue growth, Retail & Private Banking (R&PB) maintained its solid performance
- Costs were kept under control
- Underlying cost/income (C/I) ratio improved 13% points to 58%
- Loan impairments were low
- ABN AMRO is well capitalised as per 31 March 2011

## Ratings as of 20 May 2011

| *Rating agency* | *Long term* | *LT outlook* | *Short term* |
|---|---|---|---|
| S&P | A | Stable | A-1 |
| Moody's | Aa3 | Stable | P-1 |
| Fitch Ratings | A+ | Stable | F1+ |
| DBRS | A(high) | Stable | R-1(middle) |

## Key figures

| *in EUR mln* | *Q1 2011* | *Q1 2010* |
|---|---|---|
| Underlying Operating income | 2,032 | 1,835 |
| Underlying Operating expenses | 1,176 | 1,304 |
| Loan impairment/credit prov. | 125 | 79 |
| Underlying Net profit | 583 | 314 |
| Reported Net profit | 539 | 250 |
| Underlying Cost/Income ratio | 58% | 71% |

| *in EUR bln* | *31 Mar 2011* | *31 Dec 2010* |
|---|---|---|
| Total Assets | 387.2 | 379.6 |
| AuM | 167.9 | 164.2 |
| FTEs | 25,862 | 26,161 |
| IFRS equity | 12.8 | 12.1 |
| Tier 1 capital[2] | 15.2 | 14.8 |
| Total capital[2] | 19.5 | 19.3 |
| RWA Basel II | 109.4 | 116.3 |
| Core tier 1 ratio[2,3] | 11.3% | 10.4% |
| Tier 1 ratio[2] | 13.8% | 12.8% |
| Total Capital ratio[2] | 17.9% | 16.6% |

*Note:*

1. *All P&L figures discussed are underlying unless specifically stated otherwise*
2. *Underlying figures are adjusted for separation & integration-related items*
3. *Please note that the pro forma capital figures shown currently do not reflect the impact of the harmonisation of the determination of the RWA and the capital components*
4. *The Core Tier 1 ratio is defined as Tier 1 excluding all hybrid capital instruments divided by RWA*

# A leading bank in the Netherlands with selective presence in international growth areas

ABN·AMRO

***A leading Dutch bank***

| | |
|---|---|
| **Leading bank in the Netherlands, one of the more stable economies of Western Europe** | **Business model underpinned by prudent risk management and a moderate risk profile integrated in all lines of business** |
| **Strong positions in domestic Retail, Private, Commercial and Merchant Banking, complemented by international activities in Private Banking, Clearing, Energy Commodities & Transportation (ECT) and collateralised finance (factoring & lease in Western Europe)** | **High asset quality, high proportion of secured lending and adequately provisioned loan book** |
| **Significant scope for profitability improvements through delivery of significant cost synergies, moderate risk profile and pursuit of operational excellence** | **On track to comply with capital and liquidity requirements ahead of the introduction of Basel III** |

**Experienced management team with the credentials to complete the integration, deliver cost synergies and establish and maintain a prudent funding profile**

## Core values

**The core values – trusted, professional and ambitious – serve as compass to guide ABN AMRO in "how" it does business, how it acts, which choices it makes and what the attitude is**

- Trusted: we strive for long term client relationships and when we make a promise, we always live up to it
- Professional: we create solutions for clients that are simple, understandable and workable. We know our solutions, our clients and the environment they are part of
- Ambitious: we are never satisfied, always stretching our boundaries and striving to achieve more for our clients

# R&PB - To make the client feel truly appreciated and be a trusted advisor

Retail & Private Banking comprises:

- Retail Banking
- Private Banking in the Netherlands
- Private Banking International

| | CLIENT BASE | SERVICE MODEL | MARKET POSITION |
|---|---|---|---|
| **Retail Banking** | *Dutch retail clients*<br>▸ *Mass Retail*<br>▸ *Preferred Banking* | *Multi-channel distribution:*<br>▸ *Internet (www.abnamro.nl, mobile applications, 24/7 web care through social media)*<br>▸ *Client Contact Centre (24/7 telephone service)*<br>▸ *Branch network (508 branches) inclusive sales force members visiting clients (at places of their preference)* | *Number 3 retail bank in the Netherlands serving approximately 6.8 million individuals*<br>*Approximately 15% market share in mortgages (new origination)*<br>*Approximately 20% market share in retail deposits*<br>*Approximately 2.7 million internet users in NL* |
| **Private Banking Netherlands**<br><br>**Private Banking International** | ▸ *Targeted at clients with savings / investable assets > EUR 1 mln (USD 1 mln in Asia):*<br>*1. High Net Worth Individuals: AuM EUR 1 – 25 mln*<br>*2. Ultra High Net Worth Individuals (Private Wealth Management): AuM EUR > 25 mln* | *"Trusted Advisor": a holistic approach providing multiple solutions with tailored services*<br>▸ *Family Money*<br>▸ *Entrepreneurs and their enterprises*<br>▸ *Charities and Institutions*<br>▸ *Professionals and Executives (primarily in the Netherlands)*<br>▸ *World Citizen Services*<br><br>*Specialised services to the diamond and jewellery industry in a select number of countries (ID&JG)* | *Market leader in private banking in the Netherlands with strong local presence in a select number of countries in Europe (local brands e.g. Neuflize OBC (France), Delbruck (Germany)) and Asia.*<br><br>*Global market leader in offering financial services to the diamond and jewellery industry with a market share in lending of 25% -30%* |

ABN·AMRO

# Executive summary

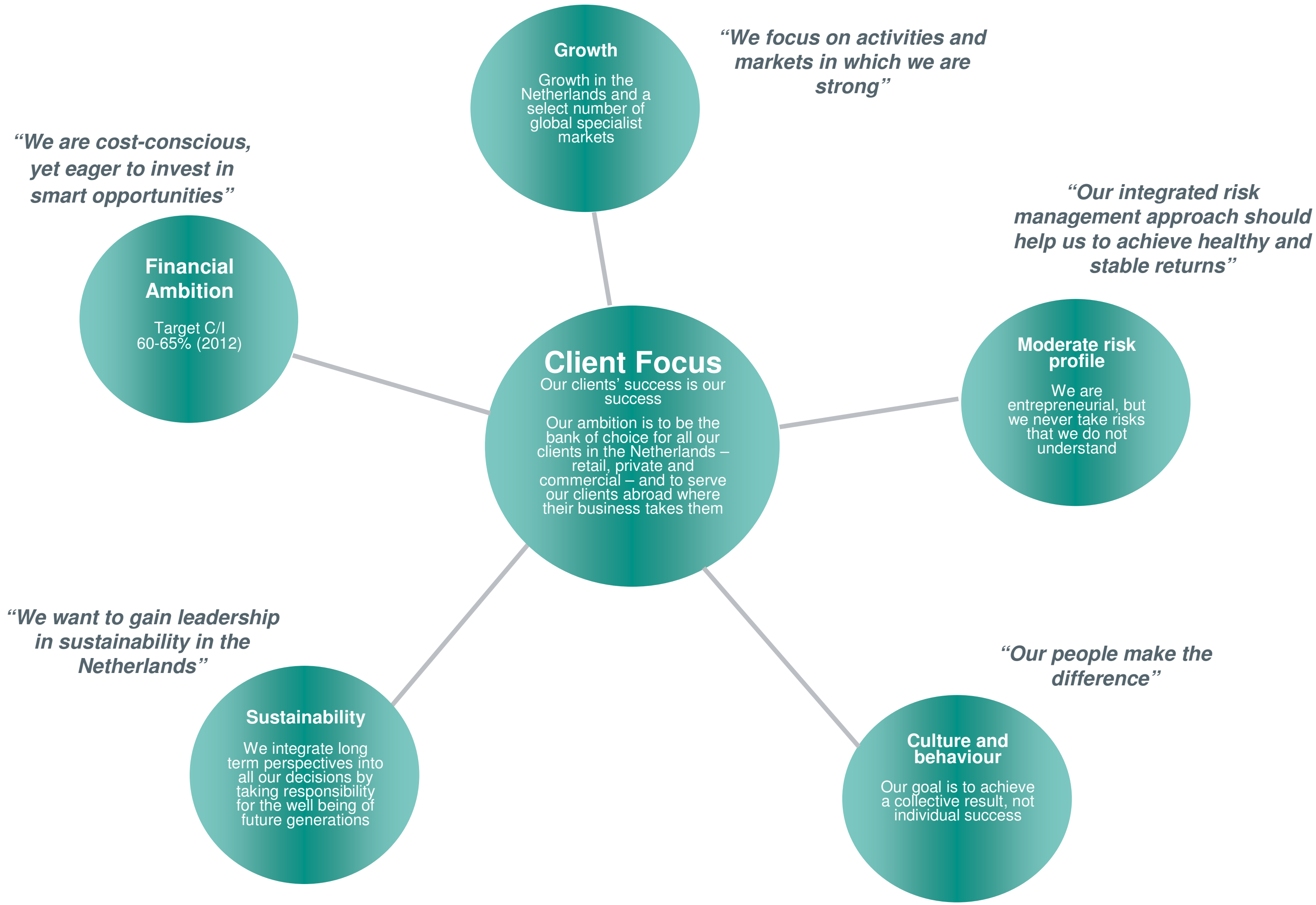
## C&MB - To be the best commercial and merchant bank in the Netherlands

Commercial & Merchant Banking comprises:

- Business Banking
- Corporate Clients
- Large Corporates & Merchant Banking (LC&MB)
- Markets

| | CLIENT BASE | SERVICE MODEL | MARKET POSITION |
|---|---|---|---|
| **Business Banking (SMEs)** | *Clients with turnover < EUR 30 mln* | *YourBusiness Banking, allowing clients to conduct their banking activities through multiple channels*<br>*A dedicated relationship manager who advises on financial matters based on in-depth knowledge of the client's business and market* | *Top 3 position for small and medium sized enterprises* |
| **Corporate Clients** | *Clients with turnover between EUR 30 to 500 mln*<br>*Public sector clients*<br>*Factoring and Leasing* | *Dedicated Client team, consisting of a relationship manager and a (shared) team of specialists in various product areas* | *Market leader for corporate clients, and focus on strengthen market share by regaining the white spots on the Dutch map*<br>*Market leader in factoring* |
| **Large Corporates & Merchant Banking** | *Large corporates with turnover > EUR 500m*<br>*Mid-size to large corporate clients active in:*<br>*Energy Commodities & Transportation (ECT)*<br>*Real Estate*<br>*Financial Institutions* | *Large corporates are served by sector coverage teams. Products and services offered are Debt Solutions, Corporate Finance & Capital Markets, Private Equity, Cash & Liquidity Management*<br>*Dedicated team of professionals for worldwide activities of ECT*<br>*Dedicated client teams for e.g. Financial Institutions* | *Rebuilding LC&MB activities*<br>*Global top 3 position in a number of commodity markets* |
| **Markets** | *Serves a broad client base, ranging from corporates and financial institutions to retail and private banking clients* | *Sales*<br>*Trading*<br>*Two global business lines:*<br>*Clearing*<br>*Securities Financing* | *Worldwide number 3 position in clearing activities*<br>*Rebuilding Markets' position among Dutch based clients* |

# Six strategic themes: our clients' success is our success (1/3)



# Six strategic themes: our clients' success is our success (2/3)

| | 2010: Separation & Integration | 2011: Integration | 2012: Integration & Growth | Beyond 2012: Ambition |
|---|---|---|---|---|
| **1 – Client focus** | **"AWARENESS"**<br>▸Rationalisation of savings offering and simplification of mortgage documentation<br>▸More authority given to local branches to serve clients faster<br>▸Further enhancement of open architecture for investment products | **"CHANGE"**<br>▸Innovation of direct channels<br>▸Further simplification of products and services<br>▸Improvement of efficiency of processing<br>▸Implementation of new service model Private Banking | **"DELIVERY"**<br>▸Improved client satisfaction<br>▸Simplification of product offering in clear and understandable language<br>▸Effective service<br>▸First time right processing | **"ONGOING FOCUS"**<br>▸Ongoing client focus |
| **2 - Financial ambition** | **"COST SAVINGS & CONTROL"**<br>▸Cost savings & cost control (improvement of cost / income ratio from 75% to 70%)<br>▸Integration costs under control<br>▸Cost synergies of EUR 350 mln realised<br>▸Improved funding profile | **"COST SAVINGS & SYNERGIES"**<br>▸Further improvement of C/I ratio through costs savings<br>▸Realise additional cost synergies from integration<br>▸Further improvement and diversification of funding profile | **"SYNERGIES"**<br>▸C/I ratio between 60-65% (YE2012)<br>▸Achieve synergies – EUR 1.1 bln p.a. (YE2012) | **"PROFITABILITY"**<br>▸Further reduction of C/I ratio |
| **3 – Growth** | **"REBUILDING"**<br>▸Re-gained global leading positions in ECT and Clearing<br>▸Rebuilt Markets presence and capabilities<br>▸Restoring presence in the Netherlands of Corporate Clients segment lost due to EC Remedy[1] transaction | **"REBUILDING & GROWTH"**<br>▸Restoring presence in the Netherlands of Corporate Clients segment lost due to EC Remedy transaction<br>▸Follow Dutch customers abroad (no local clients except for specialised activities and Private Banking)<br>▸Selective international growth (specialised activities and PB) | **"GROWTH"**<br>▸Focus on selected markets outside the Netherlands for Private Banking<br>▸Selective development of worldwide specialised activities | **"GROWTH"**<br>▸Established European presence in Private Banking with an Asian growth leg<br>▸Worldwide (ECT, Clearing) and Western- European coverage (asset based finance) in specialised activities |

*Note:*

*1. "EC Remedy" refers to the divestment of the EC Remedy Businesses by ABN AMRO Bank Standalone in order to satisfy the conditions imposed by the European Commission for approval of the integration of FBN with ABN AMRO Bank Standalone through the Legal Merger*

## Executive summary

# Six strategic themes: our clients' success is our success (3/3)

| | 2010: Separation & Integration | 2011: Integration | 2012: Integration | Beyond 2012: Ambition |
|---|---|---|---|---|
| **4 – Moderate Risk Profile** | **"INTEGRATION"**<br>▸Integrated risk governance and risk policy framework including new risk appetite<br>▸Introduction of three lines of defence model | **"HARMONISATION"**<br>▸Further implementation of three lines of defence<br>▸Focused Merchant Bank proposition<br>▸Execute Basel II & prepare for Basel III<br>▸Deeply rooted risk culture, expertise in risk management | **"STRONG RISK CULTURE"**<br>▸Execute Basel II & Basel III | **"NEW DEVELOPMENTS"**<br>▸Basel III: asap, but before YE2014 |
| **5 – Culture & Behaviour** | **"CORE VALUES"**<br>▸Definition of corporate values: Trusted, Professional, Ambitious<br>▸Joint collective labour agreement signed and Social Plan implemented | **"CHANGE"**<br>▸Implementation corporate values<br>▸Implementation new CLA[1]<br>▸Revitalisation Leadership Programme<br>▸Implementation of Three Lines of Defence | **"DESIRED PROFILE"**<br>▸Down-to-earth, thrifty, servient, motivated, entrepreneurial, informal and internationally oriented<br>▸Achieve leading position as attractive employer in the Netherlands | **"RE-INFORCE CULTURE"**<br>▸Customer Excellence<br>▸Collaboration<br>▸Clear goals and transparency<br>▸Diversity targets reached (women: 20% of senior positions and 25% of middle management positions by 2014) |
| **6 – Sustaina-bility** | **"STRATEGY LAUNCHED"**<br>▸Renewed sustainability strategy launched ("Generation Next")<br>▸Sustainability plans set up with each business line<br>▸Launch ABN AMRO Foundation (AAF) | **"IMPLEMENTATION"**<br>▸Implementation sustainability plans in business<br>▸Sustainable risk framework (model, governance and appetite)<br>▸Facilitate integration of organisation in societal context<br>▸Strengthen sustainability reporting and stakeholder engagement | **"SHARING"**<br>▸Structural stakeholder engagement and (integrated) reporting<br>▸"Generation Next" being recognised by internal and external stakeholders<br>▸Sustainability fully integrated in organisational decisions and core processes<br>▸Energy & paper consumption reduction targets (20% by 2012 vs. 2009) achieved | **"MARKET OPPORTUNITIES"**<br>▸AAF thought leader in community involvement<br>▸Leadership position on sustainability spearheads |

*Note:*

*1. CLA: Collective Labour Agreement*

# First quarter 2011 results

# Underlying quarterly profit rose significantly year-on-year

- Reported net profit in the first quarter 2011 amounted to EUR 539 mln, impacted by separation and integration-related items
- Adjusted for these items (EUR 44 mln net-of-tax), underlying net profit increased by 86% to EUR 583 mln compared to Q1 2010
- C&MB realised good revenue growth, R&PB maintained solid performance, costs were kept under control, loan impairments were low

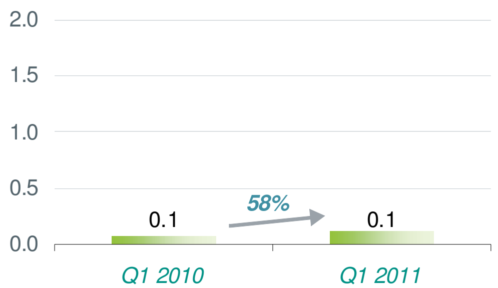
## Income statement

| | *Reported* | | *Separation & integration-related costs* | | *Underlying* | |
|---|---|---|---|---|---|---|
| *in EUR mln* | **Q1 2011** | **Q1 2010** | **Q1 2011** | **Q1 2010** | **Q1 2011** | **Q1 2010** |
| *Net interest income* | 1,264 | 1,188 | 0 | 0 | 1,264 | 1,188 |
| *Non-interest income* | 768 | 647 | 0 | 0 | 768 | 647 |
| Operating income | 2,032 | 1,835 | 0 | 0 | 2,032 | 1,835 |
| Operating expenses | 1,236 | 1,389 | 60 | 85 | 1,176 | 1,304 |
| Loan impairments | 125 | 79 | 0 | 0 | 125 | 79 |
| Operating profit before tax | 671 | 367 | -60 | -85 | 731 | 452 |
| Income tax | 132 | 117 | -16 | -21 | 148 | 138 |
| **Profit for the period** | **539** | **250** | **-44** | **-64** | **583** | **314** |

**Operating income** *(in EUR bln)*

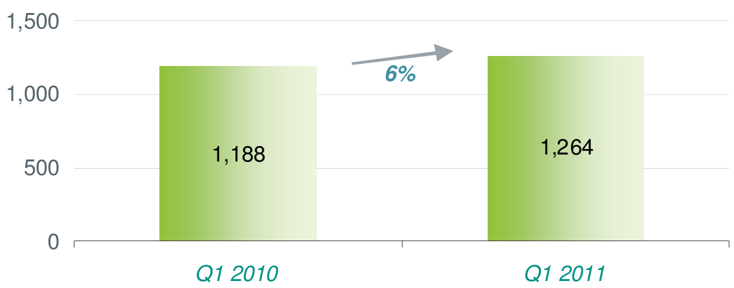

**Operating expenses** *(in EUR bln)*


**Loan impairments** *(in EUR bln)*



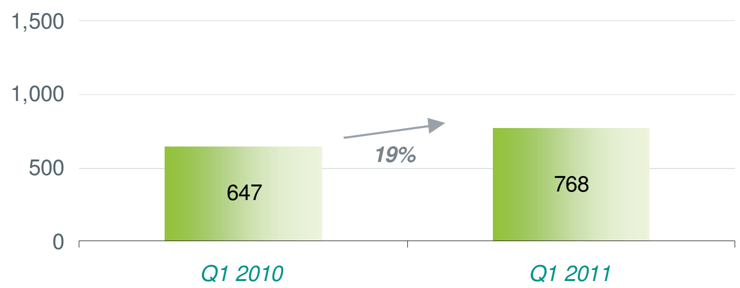
# Increase in income mainly driven by Non-interest income

## Net interest income *(in EUR mln)*




- Net interest income showed an improvement of 6% year-on-year
- Increased focus on clients has resulted increased customer satisfaction in R&PB leading to only limited outflow of customers and deposits despite integration of branches
- Margins on deposits in R&PB were slightly higher
- C&MB benefited from expansion of product offering and rebuilding the international network to serve its Dutch based clients. Loan volumes (excluding securities financing transactions) in especially ECT and Clearing showed growth.
- Q1 2010 Net interest income included EUR 100 mln interest expenses on 2 capital instruments[1] and EUR 68 mln interest income from divested activities, both reported in Group Functions and not recurring in 2011

## Non-interest income *(in EUR mln)*



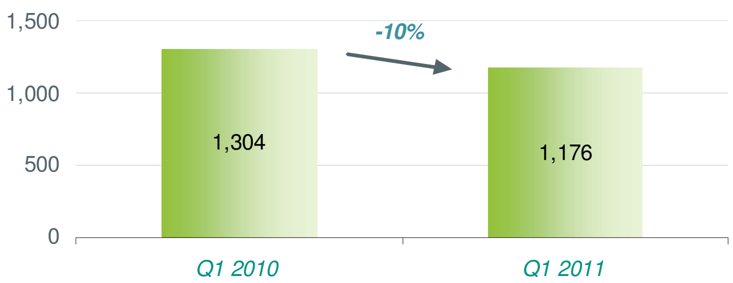

- Non-interest income showed a significant improvement of 19% year-on-year
- C&MB profits benefited from gains on sales of participating interests
- Group Functions benefited from the redemption of a capital relief instrument
- Q1 2010 Non-interest income included EUR 42 mln fee expenses on a credit protection instrument[2] and EUR 26 mln non-interest income from divested activities, both reported in Group Functions and not recurring in 2011

*Note:*

1. *EUR 2.6 bln Mandatory Convertible Security (MCS) issued to the Dutch state converted into equity on 1 April 2010 and EUR 2.0 bln MCS converted on 7 December 2010*
2. *Credit protection bought from the Dutch State on a EUR 34.5 bln portfolio of residential mortgage loans*

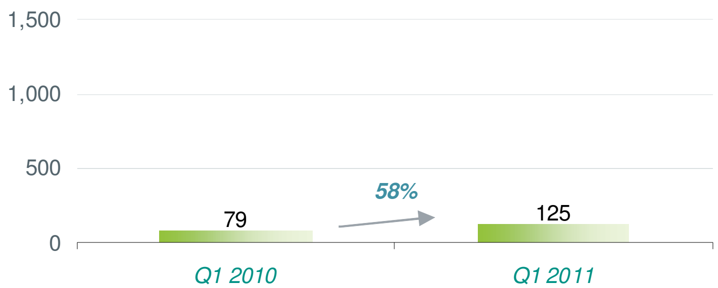
# Expenses decreased year-on-year due to divestments and staff reductions

**Operating expense** *(in EUR mln)*




- Operating expenses decreased 10% year-on-year due to staff reduction following the integration of the branch network and the divestment of activities
- FTE level decreased by 3,440, including 1,132 resulting from divestment of activities
- FTE reduction was partly offset by wage increases and higher pension costs
- Benefits resulting from the merger of the two banks will start to become more material as from 2011 onwards
- Q1 2010 included several large additions to the legal provisions

**Loan impairments** *(in EUR mln)*




- Loan impairments increased year-on-year due to a release of provisions in the divested activities in Q1 2010 (EUR 51 mln)
- Excluding the divested activities loan impairments marginally lower comparing to Q1 2010
  - Slight decrease in R&PB mainly on the consumer loan portfolio and releases in Private Banking
  - Loan impairments C&MB somewhat higher as higher additions in Corporate Clients were only partly offset by net releases in LC&MB and lower additions in Business Banking (SME banking)

## Q1 2011 results

# Balance sheet growth due to increase in securities financing activities

### Balance sheet

| *in EUR mln* | *31 Mar 2011* | *31 Dec 2010* |
|---|---|---|
| Cash and balances | 886 | 906 |
| Financial assets held for trading | 27,586 | 24,300 |
| Financial investments | 17,314 | 20,197 |
| Loans and receivables - banks | 44,938 | 41,117 |
| Loans and receivables customers | 280,157 | 275,755 |
| Other | 16,327 | 17,324 |
| **Total Assets** | **387,208** | **379,599** |
| Financial liabilities held for trading | 20,966 | 19,982 |
| Due to banks | 25,692 | 21,536 |
| Due to customers | 213,580 | 211,277 |
| Issued debt | 88,242 | 86,591 |
| Subordinated liabilities | 8,001 | 8,085 |
| Other | 17,884 | 20,016 |
| **Total Liabilities** | **374,365** | **367,487** |
| **Total Equity** | **12,843** | **12,112** |
| **Total Equity and Liabilities** | **387,208** | **379,599** |

Securities financing activities (part of C&MB) have a considerable impact on the balance sheet throughout the year. The effects of these activities are reflected in Financial assets and liabilities held for trading, Loans and receivables (banks and customers) and Due to banks and customers

- Total assets increased by EUR 7.6 bln
- Financial investments decreased mainly as a result of a maturing transaction
- Excluding the increase in securities financing transactions, Loans and receivables - customers recorded increases at ECT and Clearing
- Majority of Loans and receivables - customers are residential mortgage loans (mainly Dutch), total mortgage loans slightly decreased compared to end of 2010 due partly to change in accounting treatment of specific mortgage loans
- Excluding securities financing transactions, Due to customers marginally lower as a result of higher consumer spending
- Issued debt increased by EUR 1.7 bln on a net basis as a result of new issuances and liability management offset by maturing debt
- Total Equity increased by EUR 0.7 bln to EUR 12.8 bln primarily as a result of the first quarter result

# A very good start of the year

## Quarterly results

| in EUR mln | Q1 2011 | Q4 2010 | Q3 2010 | Q2 2010 | Q1 2010 |
|---|---|---|---|---|---|
| *Net interest income* | 1,264 | 1,234 | 1,235 | 1,248 | 1,188 |
| *Non-interest income* | 768 | 772 | 769 | 566 | 647 |
| Operating income | 2,032 | 2,006 | 2,004 | 1,814 | 1,835 |
| Operating expenses | 1,176 | 1,392 | 1,199 | 1,440 | 1,304 |
| Loan impairments | 125 | 257 | 232 | 269 | 79 |
| Operating profit before taxes | 731 | 357 | 573 | 105 | 452 |
| Income taxes | 148 | 48 | 130 | 94 | 138 |
| **Profit for the period** | **583** | **309** | **443** | **11** | **314** |

- Increase in net profit compared to Q4 2010 due to sharp decline of operating expenses, lower loan impairments and several favourable items in Operating income of Q1 2011
- Q4 2010 Operating income included:
  - interest expenses on a capital instrument (EUR 26 mln, converted in December 2010)
  - fee expenses on a credit protection instrument (EUR 14 mln, called in October 2010)
  - EUR 50 mln release on the 'credit umbrella' (guarantee related to the divested activities)
- Q4 2010 Operating expenses included:
  - impairments of goodwill (total of EUR 54 mln)
  - several large legal provisions and expenses (EUR 39 mln)
- Loan impairments were lower in the first quarter

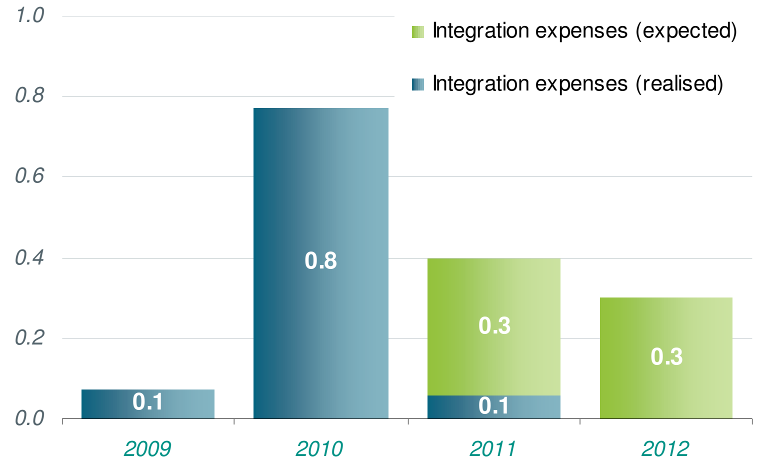
# Update on integration

## Update on Integration Q1 2011

# Integration on track and expected to be finalised within budget

- Integration-related costs in the first quarter of 2011 amounted to EUR 59 mln gross (EUR 43 mln net-of-tax)
- For the remainder of 2011 an amount of EUR 0.3 bln of integration-related costs are expected and for 2012 an amount of EUR 0.3 bln
- Total integration expenses from Q4 2008 up to and including Q1 2011, amount to EUR 919 mln gross (EUR 648 mln net-of-tax)
- Total Integration expenses expected to remain within the overall budget of EUR 1.6 bln (pre-tax)
- Integration benefits continue to come through, we will give an update with the H1 2011 results
- 25 buildings divested and 10 rentals terminated in Q1 2011 (cumulative 52 of 110 buildings divested, 87 of 130 rentals terminated)
- Over 70% of employees informed on future within the organisation

**Integration expenses** *(in EUR bln)*



# Risk Management

# Loan portfolio

## Dutch franchise with limited international exposure

- Compared to 31 December 2010, mortgage loan volumes decreased slightly due partly to changed accounting treatment of specific mortgage loans
- Increase compared to 31 December 2010 in international Loans & Receivables – Banks and Other commercial loans is mainly related to increased securities financing activities

**Loans and receivables[1] 31 March 2011**

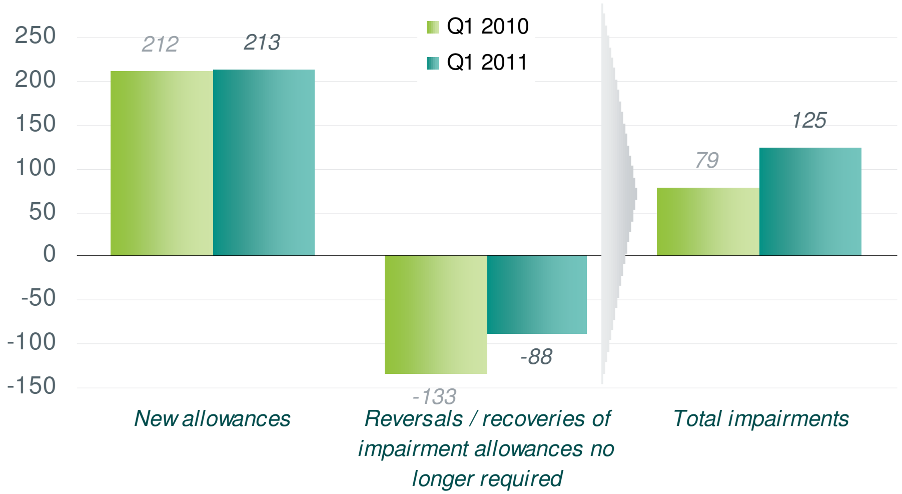
| *EUR bln* | Total | The Netherlands | International |
|---|---|---|---|
| **Loans and receivables customers and banks** | **329** | 257 | 72 |
| Loans and receivables - banks | 45 | 15 | 30 |
| **Loans and receivables customers** | **284** | 242 | 42 |
| Government and official institutions | 3 | 3 | |
| Other commercial loans | 22 | 3 | 19 |
| Commercial loans (incl. fair value adjustment from hedge accounting) | 84 | 63 | 21 |
| Other consumer loans | 14 | 12 | 2 |
| Residential mortgage (including fair value adjustments) | **161** | 161 | 0 |

- Majority of the loan portfolio is originated in the Netherlands (approximately 80%) reflecting our strong position in Dutch Retail, Private and Commercial Banking
- Most of the activities included in Other Commercial Clients are linked to the bank's global securities financing activities

*1. Loan portfolio amount is gross of impairments*

# Loan impairments low in the first quarter

**Total loan impairments** *(in EUR mln)*




- Total loan impairments increased by EUR 46 mln (+58%) compared to the first quarter of 2010, mainly as a result of a release in the divested activities in Q1 2010 (EUR 51 mln)
- New allowances are at the same level as in Q1 2010, as lower impairments on consumer loans (R&PB) were offset by slightly higher provisions on the commercial loan portfolio (C&MB, mainly Corporate Clients)
- Reversals / recoveries decreased due to the above mentioned release in divested activities in Q1 2010
- Commercial and consumer loans are categorised as programme lending or as non-programme lending
  - Provisions on programme lending are determined on a portfolio basis. In general loans categorised as programme lending are considered impaired when interest or principal on a loan is 90 days past due
  - Provisions on non-programme lending are determined on assessment of individual loans

# Capital, Funding & Liquidity Management

# Good capital base with large equity component

## Regulatory capital

| in EUR mln | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Shareholder's Equity | 12,824 | 12,099 |
| Other | -423 | -16 |
| **Core Tier 1 capital** | **12,401** | **12,084** |
| (Non-) Innovative Capital Instruments | 2,750 | 2,750 |
| **Tier 1 Capital** | **15,151** | **14,834** |
| Sub-Debt (Tier 2) | 4,836 | 4,920 |
| Other | -454 | -419 |
| **Total Capital** | **19,533** | **19,335** |
| **RWA Basel II** | 109,415 | 116,329 |
| **Core Tier 1 ratio** | 11.3% | 10.4% |
| **Tier 1 ratio** | 13.8% | 12.8% |
| **Total Capital ratio** | 17.9% | 16.6% |

The Core Tier 1 ratio is defined as Tier 1 excluding all hybrid capital instruments divided by risk-weighted assets (RWA)

- ABN AMRO is well capitalised
- The changes in Q1 2011 Total Capital are mainly the result of:
  - Net profit attributable to owners of the company (EUR 533 mln) of which 60% is to be retained
  - Currency movements of Tier 2 instruments
- RWA decreased to EUR 109.4 bln mainly due to further harmonisation and integration of the Basel II models

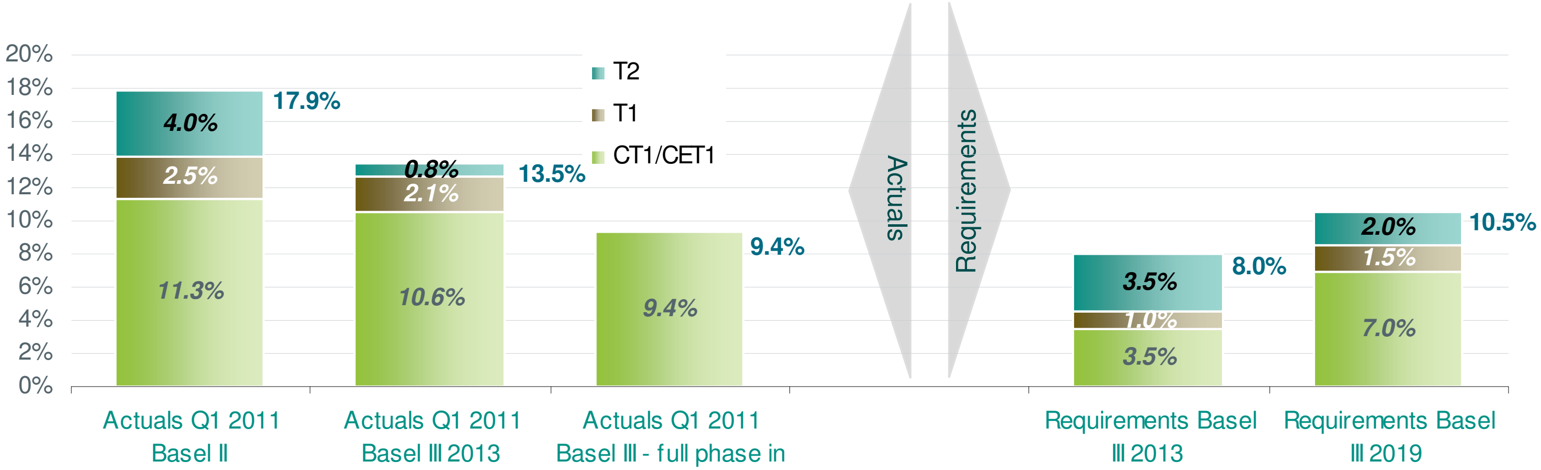
- ABN AMRO agreed a dividend policy with the Dutch State which targets to pay out of 40% of net reported profit attributable to the shareholders of the company
- The European Commission (EC) State Aid decision of 5 April 2011 does allow ABN AMRO to make a dividend payment on its ordinary shares provided the dividend payment exceeds EUR 100 million per annum

***Important note to the figures:***
*IFRS equity is reported based on harmonised accounting principles including minority interest. Risk-weighted-assets (RWA) and capital figures, except for IFRS equity, are based on the aggregation of the RWA and capital components of ABN AMRO Bank N.V. and Fortis Bank Nederland N.V.. The harmonisation of the determination of the RWA and capital components is in process*

# Basel III estimates[1]

## Q1 2011 capital ratios in terms of Basel II & III

## Proposed minimum requirements

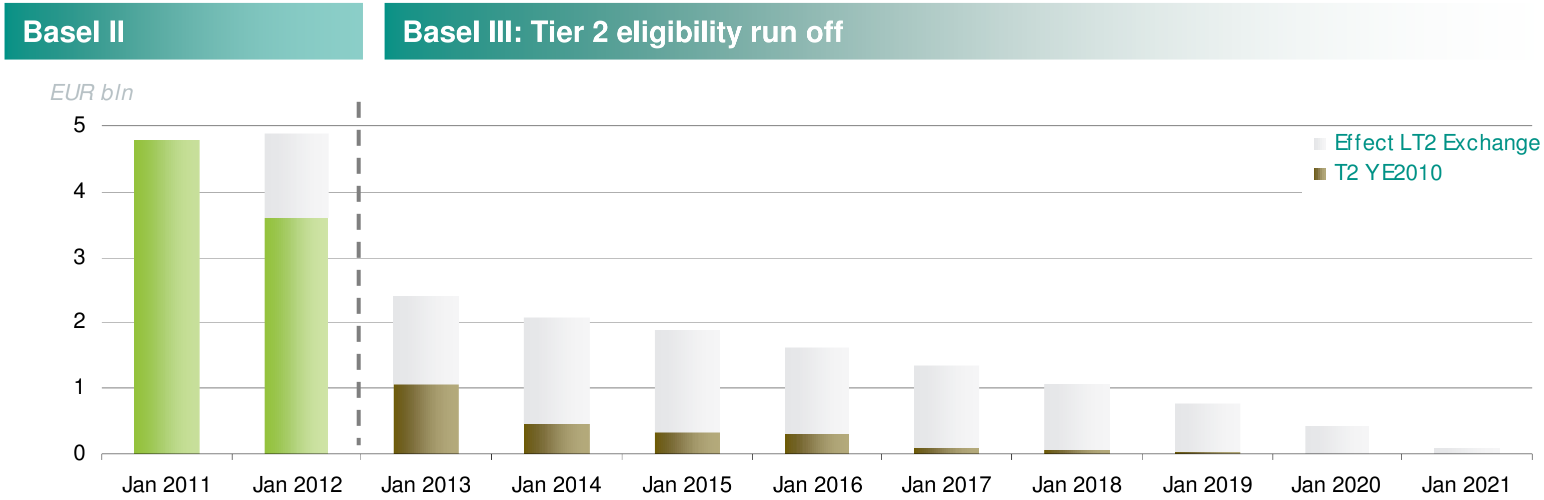



- The numbers presented show the expected effect of the currently known Basel III rules on the reported Q1 2011 actuals
- The capital ratios shown include the expected impact of the increase in Risk Weighted Assets of the new Basel III rules
- Under these assumptions minimum Basel III capital ratio requirements for 2013 are expected to be met without further actions
- Common Equity Tier 1 ratio assuming full Basel III phase-in would amount to 9.4%
- The subordinated liability related to the former MCS is assumed to be grandfathered as Tier 1 capital under Basel III rules in 2013 and is excluded under the full phase-in
- The impact of the lower Tier 2 exchange and new issuance of April 2011 has not been included in the overview. Including these actions the total capital ratio, based on the 2013 requirements, would amount to 14.7%
- Basel III as published by BIS sets a minimum requirement for a leverage ratio of 3% applicable as of 2018. ABN AMRO's Q1 2011 leverage ratio equalled 3.1%

*Note*

*1. The impact of Basel III depends on the translation of the BIS Basel III rues into European and if applicable into national laws. This has not been taken into account. ABN AMRO expects to be classified as a Systemically Important Financial Institution.*

# Basel III requirements cause a run-off of eligible Tier 2 capital




**Basel III impact on Tier 2 capital[1]**

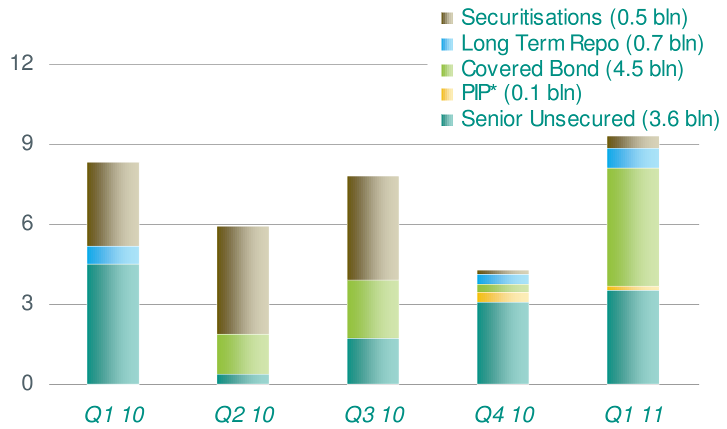
- ABN AMRO's existing Tier 2 capital is expected to qualify to a limited extent under the currently known Basel III rules
- Some instruments are expected to disqualify from January 2013, while others will be subject to the transitional arrangements
- The graph shows the effect of the exchange and new issuance of Lower Tier 2 instruments executed in April 2011. The amount exchanged totalled EUR 1.4 bln and an additional amount of EUR 0.3 bln Lower Tier 2 instruments were issued
- Prior to the exchange offer and new issuance, a notional of EUR 1.1 bln of existing instruments was expected to qualify for grandfathering as of Jan 2013
- Post exchange offer for and new issuance of Lower Tier 2 instruments, the notional that is expected to qualify for grandfathering increased to EUR 2.4 bln

*Note*

*1. The full impact of Basel III depends on the release of the final rules and their translation into European and national laws.*

# Funding & Liquidity

## Issued funding (in EUR bln)




## Liquidity parameters

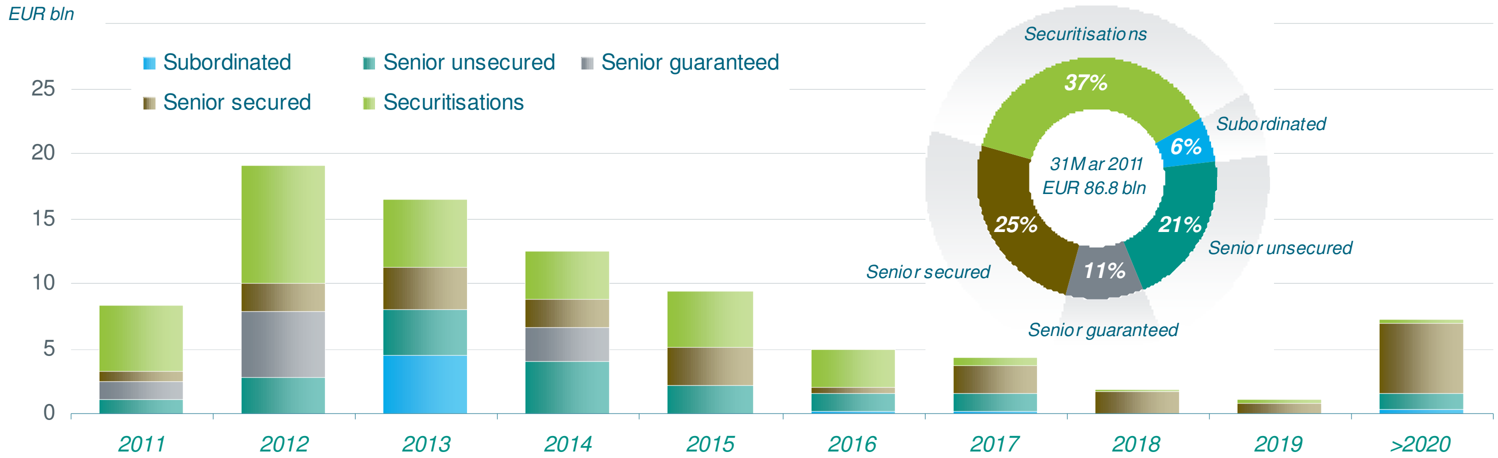
| in EUR bln | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Loan to deposit ratio | 135% | 135% |
| Long term funding issued YtD | 9.3 | 26.3 |
| Available Liquidity buffer | 31 | 48 |

- In the first quarter 2011 EUR 9.3 bln of funding was issued
- Liquidity buffer
  - A liquidity buffer is retained as a safety cushion in the event of severe liquidity stress and for e.g. daily payment capacity and collateralisation.
  - Regular reviews are performed to assess the necessary buffer size based on multiple stress events
  - The buffer consists predominantly of government bonds (OECD), cash and retained RMBS
  - The liquidity buffer decreased by EUR 17 bln since year-end 2010. The decline is to a large extent temporary and relates to certain retained RMBS notes no longer eligible under new legislation. These notes are currently being restructured
- The LtD ratio was 135% by 31 March 2011, unchanged compared to year-end 2010

Note
* PIP: Private Investment Products

# Maturity calendar

## Maturity calendar of long-term senior (un)secured and dated subordinated debt per 31 March 2011




- This maturity graph assumes the redemption on the earliest possible call date or otherwise the legal maturity date as early redemption of subordinated instruments is subject to the approval of regulators.
- In addition ABN AMRO cannot call subordinated instruments up to and including 10 March 2013 without approval of the EC
- Several liability management transactions executed in April 2011 (not included in the maturity profile shown above)
  - GGB tender will decrease the maturing amount in 2012 by EUR 2.7 bln
  - LT2 exchange and LT2 issuance in April 2011 will decrease the maturing amount in 2013 by EUR 1.4 bln and increase the amount maturing in 2020 or later by EUR 1.6 bln

# Annex – Other

# Outcome of state aid investigation by the European Commission

## EC investigation on state aid

On Tuesday 5 April 2011 the EC announced the outcome of its state aid investigation on ABN AMRO. The EC approved under EU state aid rules the support package and restructuring plan for ABN AMRO Group, subject to certain conditions. These include

- a ban on acquisitions above a certain amount (not applicable to certain activities such as private equity);
- a continuation of the price leadership restrictions similar to the ones implemented in 2010;
- a ban on advertising State ownership;
- an interest payment to the Dutch State of EUR 18 million based on a recalculation;
- certain restrictions on coupon payments and calling of capital instruments. The latter dictate that ABN AMRO shall not pay investors any coupon on existing core Tier 1, Tier 1 and Tier 2 capital instruments (including preference shares) or exercise any call option rights in relation to the same instruments until 10 March 2013 inclusive, unless there is a legal obligation to do so;
- a dividend payment on the ordinary shares is allowed if the dividend payment exceeds EUR 100 million. This will oblige ABN AMRO to pay coupons on securities containing a dividend pusher.

Most measures are applicable for the duration of three years starting 5 April 2011.

# Capital instruments currently outstanding (including LT2 exchange in April 2011)

## Tier 1[1]

### Perpetual Bermudan Callable (XS0246487457)

- EUR 1,000 mln subordinated Tier 1 notes, coupon 4.31%
- Callable March 2016 (step-up)

### ABN AMRO Preferred Investments

- EUR 210 mln preference shares, coupon 5.85% with reset after January 2013
- In connection with the legal merger between ABN AMRO Bank and Fortis Bank Nederland, the former Fortis FBN preference shares were replaced by preference shares issued by ABN AMRO Group N.V. on 1 July 2010

### Mandatory Convertible Security

- EUR 2 bln of Mandatory Convertible Securities ("MCS") matured on 7 December 2010 and converted into shares issued by ageas pursuant to the applicable terms and conditions. In consideration herewith, ageas claims the delivery of ABN AMRO shares to ageas
- The Dutch State strongly contests the purported obligation towards ageas
- Until it is certain that ABN AMRO is legally released from the obligations, if any, derecognition of the liability from the balance sheet as a result of extinguishment of aforementioned obligations is not permitted under IFRS. In accordance with IFRS requirements the liability has therefore been retained in the balance sheet as at YE 2010 and of the total amount EUR 1,750 mln continues to qualify as Tier 1 capital

## Upper and Lower Tier 2[1]

### Upper Tier 2 (XS0244754254)

- GBP 150 mln subordinated Upper Tier 2 perpetual notes, callable February 2016 (step up), coupon 5% (originally GBP 750 mln)

### Lower Tier 2 instrument held by the State

- EUR 1,650 mln, callable April 2013, maturity 16 October 2017

### Lower Tier 2 instruments

- EUR 377 mln, quarterly callable March 2013, maturity 22 June 2015, Euribor 3M + 77bps (XS0221514879)[2]
- EUR 441 mln, callable March 2013, maturity 14 September 2016, coupon Euribor 3M + 20bps (XS0267063435)
- USD 457 mln, callable April 2013, maturity 17 January 2017, coupon US Libor 3M + 20bps (XS0282833184)
- EUR 238 mln, callable May 2013, maturity 31 May 2018, coupon Euribor 3M + 25bps (XS0256778464)
- EUR 1,227 mln 6.375% per annum, maturity 27 April 2021 (XS0619548216)
- USD 595 mln 6.250% per annum, maturity 27 April 2022 (XS0619547838)

### Lower Tier 2 instruments (other)

- Several smaller instruments, EUR 324 mln and USD 83 mln
- Maturities between 2010–2020

Notes

1. *On 16 August 2010, reconfirmed in the final ruling on 5 April 2011, the EC stated that Hybrid Tier 1 and Tier 2 instruments issued by ABN AMRO Group N.V. will be subject to a ban on payments of coupon as well as a call restriction, unless there is a legal obligation to make such payments or exercise such call option, similar to other financial institutions involved in state aid proceedings. The ban is for a limited period up to an including 10 March 2013. The call dates represent the first possible call date per instrument, taking into account the EC call restriction*
2. *On 14 May 2010, Fortis Bank Nederland N.V. announced that the European Commission ("EC") denied Fortis Bank Nederland N.V. to early redeem its EUR 499 mln of lower Tier 2 subordinated floating rate notes due 2015 (ISIN XS0221514879) with call date 22 June 2010 as this request to early redeem could not be reconciled with state aid rules*

# Selected YTD 2011 activities



1 **Covered Bond Benchmark**
EUR 1.25 bln
Maturity: 7 yrs

2 **EMTN benchmark**
EUR 1 bln
Maturity: 3 yrs

3 **144a benchmark**
Dual tranche: USD 1+1 bln
Maturities: each 3 yrs

4 **RMBS public sale**
EUR 500 mln
Maturity: 4.9 yrs

5 **LT Repo**
EUR 700m
Maturity: 2 yrs

6 **CB Benchmark**
EUR 2.0bn
Maturity 10yrs

7 **EMTN Benchmark**
EUR 1.5bn
Maturity 5yrs

8 **GGB Cash Tender**
EUR 2.7bn
Take up 54%

**4 March**
**FY 2010 results**

**20 May**
**Q1 2011 results**

Q1

Q2



1 **Tender offer Shield**

Tender offer on Class A and B Notes; acceptance levels 47% and 39% respectively of outstanding

2 **Tender offer Shield & Smile**

Tender offer on remaining Notes; acceptance level 30% of outstanding

3 **Tender offer LT2**

Tender offer on 6 tranches of EUR & USD denominated LT2 Notes; avg acceptance level 48%; issued EUR 1.2bn and USD 0.6bn new LT2 notes

ABN·AMRO



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# Credit ratings ABN AMRO Bank N.V.

For more information please visit:
www.abnamro.com/ratings or
www.moodys.com
www.standardandpoors.com
www.fitchratings.com
www.dbrs.com

| Rating agency | Long term | Short term | Stand alone rating | Outlook | Latest rating change |
|---|---|---|---|---|---|
| S&P | A | A-1 | BBB+ | Stable | 25/06/2010 |
| Fitch Ratings | A+ | F1+ | D | Stable | 23/06/2010 |
| Moody's | Aa3 | P-1 | C- (Baa1) | LT stable/ BFSR positive | 28/06/2010 |
| DBRS(1) | A high | R-1 middle | A | Stable | 25/06/2010 |

### Standard & Poor's

*29/4/2011: "The ratings on … ABN AMRO Bank N.V. principally reflect S&P's … view of potential extraordinary support from the Dutch state if needed, combined with its good market position in Dutch banking, moderate credit risk profile, and sound capital position. However, we believe that the execution risk of its merger and lower-than-peer profitability and funding are weaknesses for the ratings."*

*"We consider ABN AMRO as being of high systemic importance in The Netherlands, a country we classify as "supportive" to its financial system."*

*"The stable outlook … reflects the possibility that we might increase our assessment of the bank's SACP to the level of the current long-term counterparty credit rating in the next two years, assuming the merger's smooth execution.…We would consider a negative rating action in the unlikely case that ABN AMRO's SACP deteriorates significantly and durably…and in the absence of support from the bank's shareholder. We view an upgrade in the medium term as remote, given the gap between our assessment of the SACP and the long-term counterparty credit rating."*

### Moody's

*15/11/2010: "The rating reflects the combined bank's enhanced position within the Dutch banking sector (following the merger between ABN AMRO Bank N.V. and Fortis Bank Nederland N.V.) with a balanced business mix between retail and commercial banking, its moderate risk profile and strong capital position."*

*"These strengths are counter-balanced by the on-going challenges and significant costs associated with the complex merger process as well as the continued interdependencies with the former Fortis group and RFS Holding B.V…"*

*"The bank currently has a bias to short-term funding which we expected to be lengthened over time."*

*"Going forward, the key challenge for ABN AMRO will be to increase profitability in an environment of weakened demand for credit."*

### Fitch Ratings

*6/7/2010: "The IDRs of ABN AMRO Bank N.V. are at their Support Rating Floor, reflecting Fitch Ratings' opinion that Dutch state support will continue to be available to the bank in case of need. This opinion derives from the bank's large domestic franchise and from its state - ownership."*

*"ABN AMRO's Individual Rating reflects the pressure on profitability, and on management time, from the continuing restructuring taking place at the bank. This is also generating higher - than - average operational risk."*

*"Large synergies are expected from the merger which took place on 1 July 2010 with Fortis Bank (Nederland) both in terms of cost benefits and business fit. However, the bank's funding mix is still in a transition phase which creates some uncertainty."*

### DBRS

*7/3/2011: "DBRS sees underlying results as supporting the view that the ABN AMRO franchise remains solid in the Netherlands despite a few tumultuous years."*

*"In DBRS's view, improving underlying results and the successful separation and integration of legacy ABN AMRO and Fortis Bank Nederland have provided greater clarity on the future stand-alone prospects of the Group. Combined with an improved operating environment these factors enabled ABN AMRO to meaningfully improve its funding profile in 2010."*

*"DBRS sees the Group as currently well-positioned to refinance and extend its maturities, while growing its franchise."*

*6/1/2011: "The intrinsic ratings are underpinned by ABN AMRO's strong franchise in the Netherlands. DBRS sees the recently completed merger of ABN AMRO and Fortis Bank Nederland as complementary and an enhancement to the franchise."*

*"DBRS views ABN AMRO's ability to utilise its franchise to generate solid underlying earnings as a factor supporting the intrinsic ratings."*

*"The ratings also reflect the numerous challenges ABN AMRO faces. Common with other mergers and acquisitions…"*



Note
*(1) DBRS also assigned ratings to ABN AMRO Group NV:A/Stable/ R-1 middle*

# Annex – ECT Business Profile

# Energy, Commodities & Transportation (ECT)

**ECT is one of ABN AMRO's global specialist activities serving clients across three different time zones**

- ECT holds leading international positions across the three segments (Energy, Commodities & Transportation)
- ECT serves mid-sized to large corporates active internationally, covering the whole industry value chain
- The portfolio is spread across sectors, rating categories and geographies, enabling ECT to avoid credit concentrations and create portfolio resilience through the cycle
  - Provision levels are below 1% of total outstandings
- Client needs are covered by a broad range of products from loan syndications, export finance and cash management to debt solutions and all types of derivatives' solutions (including Forex, commodity derivatives)


**ECT is part of Large Corporates & Merchant Banking, within our Commercial & Merchant Banking business segment**

- ECT contributes 8% to the operating income of C&MB, around 11% of C&MB customer loans (YE 2010)
- ECT has a C/I ratio < 50%
- The business is growing rapidly QoQ:

# Annex – ECT Business profile

## Energy, Commodities & Transportation – Activities

### Energy

- Oil & Gas
- Oilfield Services
- Drilling
- FPSOs*
- Infrastructure

### Commodities

- Agri: Cotton, Cocoa & Coffee, Sugar, Grains
- Metals: Steel, ores and base metals
- Energy: Crude oil, LPG, refined products

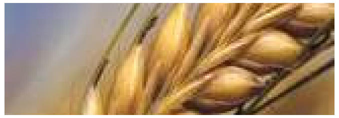
### Transportation

- Deep sea shipping industry
  - Containers
  - Dry bulk
  - Crude, Product & Chemical, Gas
- Intermodal / Containers

### Principal Finance

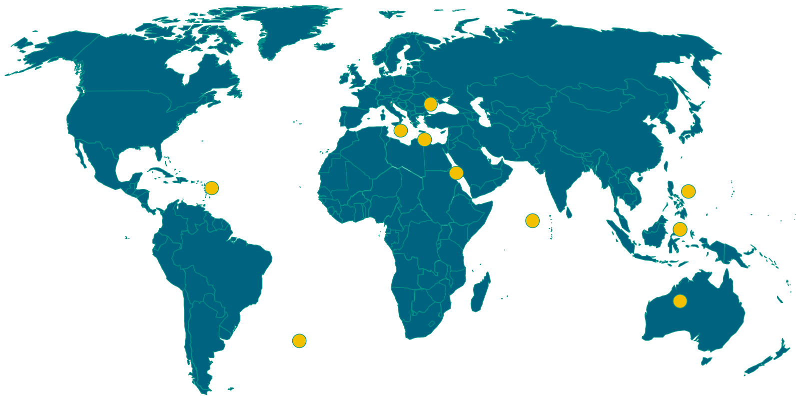
- ECT co-investment activities
- Portfolio of assets (ships, containers) with clients active in ECT sectors

* Floating Production Storage and Offloading systems



### Business description

ECT offers integrated and innovative finance and transactional solutions to companies active on the international markets of Energy, Commodities and Transportation



| Americas | EMEA | Asia |
|---|---|---|
| New York<br>Sao Paulo* | Amsterdam<br>Athens*<br>Dubai*<br>London<br>Oslo<br>Rotterdam | Hong Kong<br>Shanghai* (in set up)<br>Singapore |

*Rep office

### Client base

Client base consists of midsized to large corporates active along the value chains of Energy, Commodities and Transportation, that are largely privately held and some listed. Clients are predominantly internationally active, like the markets they operate in

### Organisation

- > 250 (in FTE) professionals globally with long-term ECT banking expertise
- Full chain of knowledge and procedures for i) transaction structuring, ii) risk management, and iii) credit assessment
- Close co-operation within C&MB to optimize product offering
- Embedded Risk Management
- "Golden Triangle" organisational set up, linking commercial, operational and risk management and enabling risk focus as well as focus on operational excellence

ABN·AMRO

# Annex – ECT Business profile

## Energy, Commodities & Transportation – Portfolio

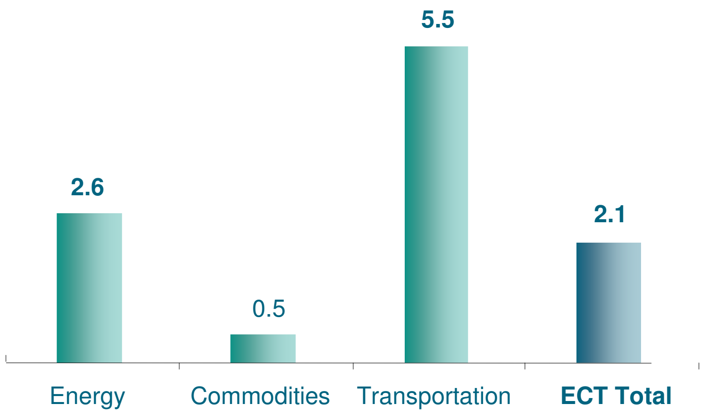
### Market Attractiveness

- Demographic growth worldwide, causing continued growth in demand for natural resources.
- Increased per capita consumption of commodities in key emerging markets like India, China, Brazil.
- World trade continues growing faster than output (GDP)
- Commodities Super cycle
- Limited access to (bank) financing in certain ECT markets allowing for attractive margins

### Competitive position

- ECT has a strong competitive position and is still recognized by the market as being one of the leading banks with a long track record in the industry
- Strong and loyal global client base
- Professional dedicated teams with extensive market knowledge
- Sound historical performance through the cycles
- Value chain approach to service ECT industries
- Embedded risk management
- Operational excellence and risk control systems
- Global presence

### Portfolio Maturity in years*




### Excellent loss history through the cycle

**Energy**

- 7 year zero losses

**Transportation**

- 7 year loss data
- Loss Rate: between 5 and 10 bps

**Commodities**

- 12 year loss data
- Loss Rate: between 10 and 20 bps

* Based on Q2 2010

# Energy, Commodities & Transportation – right-to-win

## Clients and services

### Target segments / Market position

- Long standing track record in the ECT markets
- Long standing client relationships & strong client intimacy
- High client loyalty
- Global coverage
- Leading positions in all 3 segments

### Product capabilities / Service model

- Strong structuring and execution capabilities
- Operational excellence in Collateral Management and Documentary services
- Full client coverage within the business
- Value chain approach to business
- Principal Finance interlinked with Sectors

## Resources and risk

### Talent / Know-how

- Skilled staff with strong industry knowledge
- Strong structuring skills
- Good in-house training and learning on the job

### Systems / Operations

- Globally uniform, highly transparent and flexible system for monitoring positions, obtaining approvals and providing reporting
- Technically sophisticated system compared to most competitors
- Collateral Management Systems (eg OASIS) provide higher level of Basel II compliance
- Current cash management system flexible & tailored to clients

### Risk

- Central risk & portfolio management embedded in business
- Strong team of specialized and experienced risk managers
- Three lines of defense already incorporated for many years
- Dedicated Credit Officers; close to business with good understanding of ECT activities

# Contact details

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## Questions

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