investor & analyst presentation

Q1 2024 results

Investor Relations, 15 May 2024

ABN·AMRO

Key messages Q1 2024, very strong result with 674m net profit

- Very strong performance with a net profit of 674m and a resulting Return of Equity of 11.6%
- Business momentum remained good; growth in both our mortgage and corporate loan books
- Market leader in new mortgage production in Q1 [1)]
- Net interest income strong, continued to benefit from current interest rate environment
- Fee income 6% higher versus same period last year, driven by good performance in all client units
- Credit quality remains solid with limited impairments and improved macroeconomic outlook
- Strong capital with a Basel III CET1 ratio of 13.8% and Basel IV CET1 ratio of around 14%
- Attractive shareholder return, finalised third share buyback programme of 500 million in May

1) Based on Hypotheken Data Network (HDN)

Executing on our strategy

Customer experience

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

- New brand promise ‘For every new beginning’ launched, building on our entrepreneurial spirit and expertise
- ‘Help with Banking’ advisers to double to 200, supporting clients in everyday banking

Sustainability

Distinctive expertise in supporting clients’ transition to sustainability

- 68% of total loans & advances covered by Climate strategy, including targets for 2 additional sectors
- Maturity of mortgages to finance sustainable home improvements extended from 15 to 30 years

Future proof bank

Enhance client service, compliance and efficiency

- Exclusive partnership to bring banking expertise and innovative payment solutions to retailers
- Mortgage market leader in Q1 supported by competitive pricing and continuous improvement customer journey

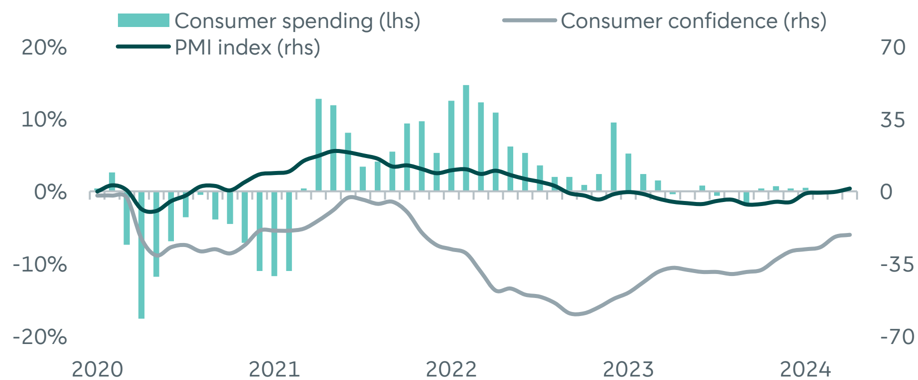
Our purpose - Banking for better for generations to come

Dutch economy resilient and housing market rebounding

Dutch economy remains relatively strong [1)]

		2023	2024e	2025e	2026e
Netherlands	GDP (% yoy)	0.1%	0.7%	1.2%	1.3%
	Inflation (indexed % yoy)	4.1%	2.8%	2.4%	2.2%
	Unemployment rate (%)	3.6%	4.0%	4.2%	4.0%
Eurozone	GDP (% yoy)	0.4%	0.4%	1.6%	2.0%
	Inflation (indexed % yoy)	5.5%	2.3%	2.1%	2.1%
	Unemployment rate (%)	6.5%	7.1%	7.0%	6.5%

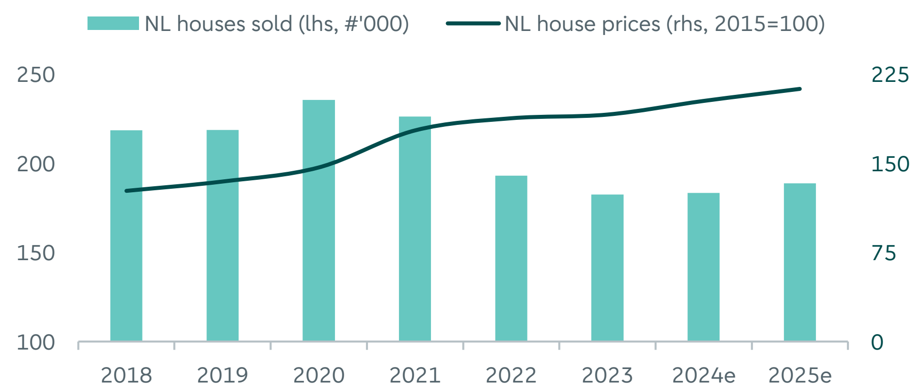
Spending and PMI positive, confidence improving [2)]



Dutch bankruptcies relatively low but increasing [3)]

per quarter businesses & institutions

Rebound of housing market [3)]

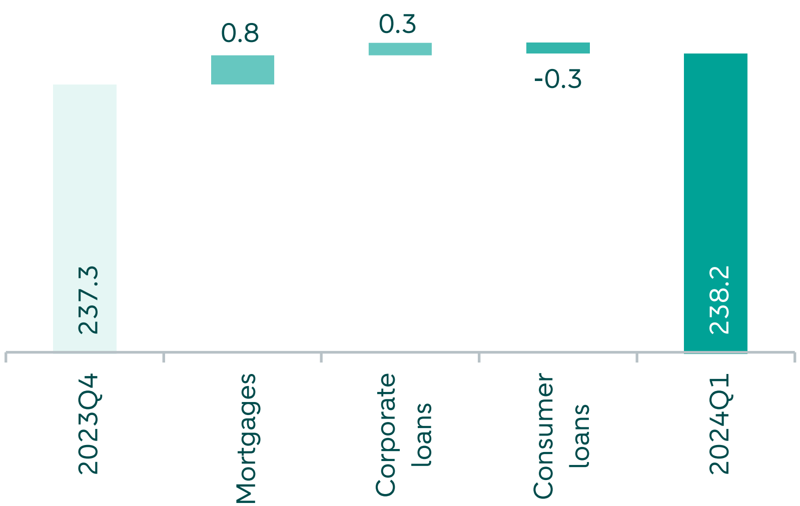


1) Group Economics forecast of 24 April 2024
2) Statistics Netherlands (CBS); Cons. spending % change yoy, consumer confidence seasonally adjusted (eop), PMI is Nevi NL Manufacturing PMI (eop) expansion >0 and contraction <0
3) Statistics Netherlands (CBS), Group Economics forecast of 16 April 2024

Loan demand good, higher deposits with change in composition

Good business momentum for client loans

EUR bn



Total deposits increased

EUR bn

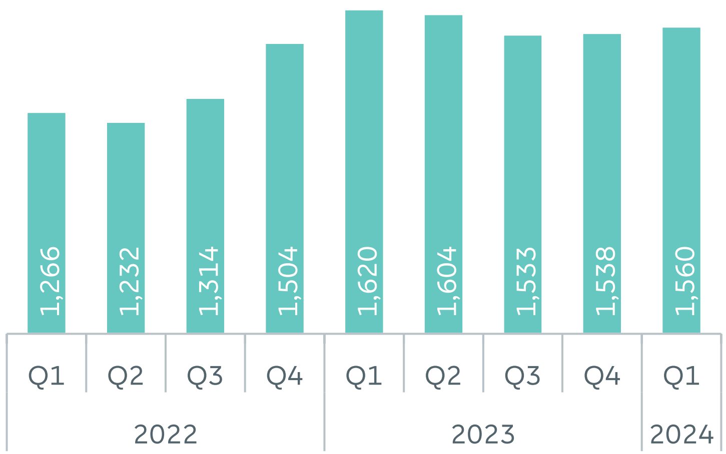
- Strong growth of mortgage portfolio supported by strong position in starter market; market leader in Q1 with a 19% market share [1)]
- Corporate lending up driven by focussed growth in transition sectors in the Netherlands and Northwestern Europe
- Decrease in consumer loans continued from run-off of several products and lower client demand due to stricter lending criteria
- Client deposits down, mainly current accounts related to seasonal effect in Q1 and migration to time deposits and professional deposits
- Professional deposits went up in Q1, mainly reflecting a reversal at Clearing after clients brought down their positions at year-end

1) Data source for new mortgage production and market share changed from Land Registry (Kadaster) to Hypotheken Data Network (HDN)

Resilient net interest income

Underlying NII increased [1)]

EUR m



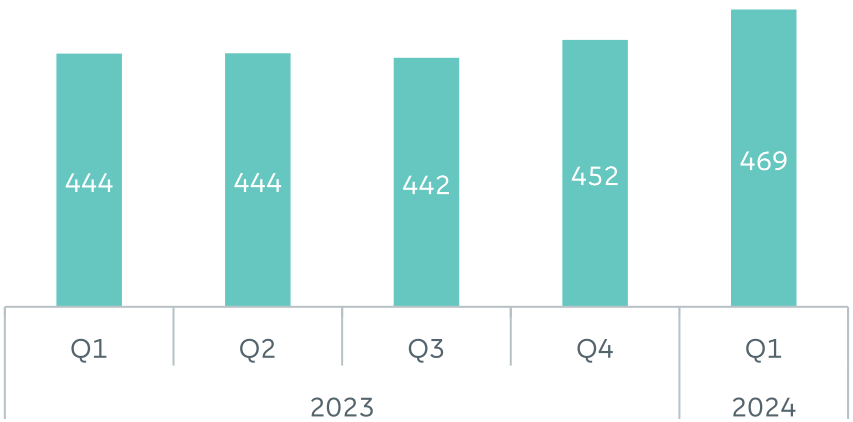
- Underlying NII [1)] increased versus Q4 as Treasury result continues to benefit from the current interest rate environment
- Lower margins on assets from competitive markets
- Lower NII for deposits mainly related to decrease in current accounts from seasonal effects and migration into time deposits
- FY2024 NII expected at c. 6.3bn from further improvement in Treasury result in H2 2024

1) Underlying NII excludes incidentals related to increase provision for revolving consumer credit of 34m in Q4 2023 and 29m positive revaluation DSB claim in Q1 2024

Strong increase in fees and other income

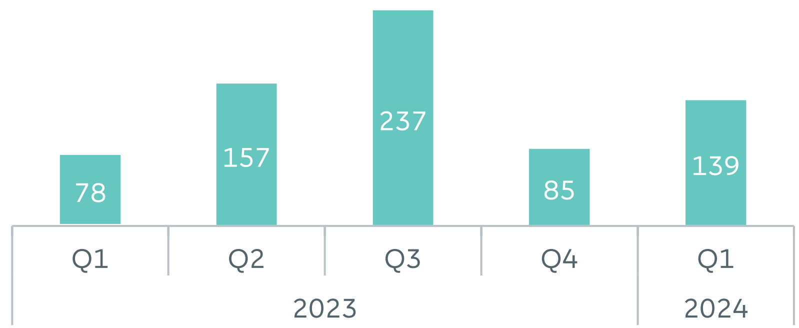
Fee and commission income up by c.6% Y-o-Y

EUR m



Strong increase in other income

EUR m

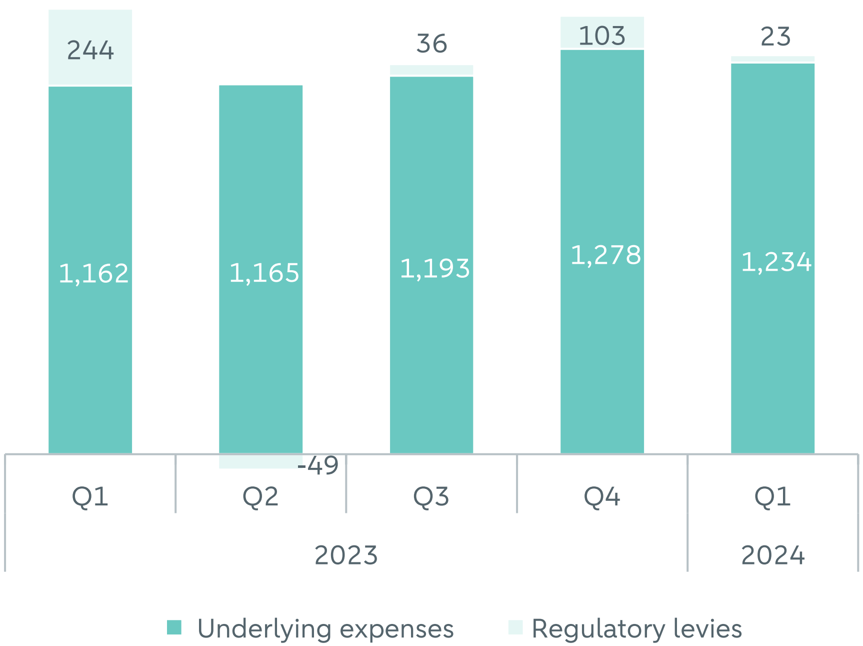


- Higher fees in Q1 versus both comparative quarters driven by good performance in all client units
- Increase in fees in Q1 versus last quarter driven by good market performance leading to higher Assets under Management, increase of payment package fees and good results at Global Markets
- Other income increased versus Q4, largely reflecting higher ALM/Treasury and XVA results

Costs remain under control

Underlying expenses and regulatory levies 1)

EUR m



- Underlying expenses declined in Q1, largely reflecting high marketing and consultancy costs in Q4 2023
- Regulatory levies in Q1 only include DGS contribution as target size for SRF has been reached
- For remainder of 2024 costs expected to increase from inflation, digitalisation and upscaling of resources for data capabilities and regulatory programs
- FY2024 costs expected at c. 5.3bn including regulatory levies

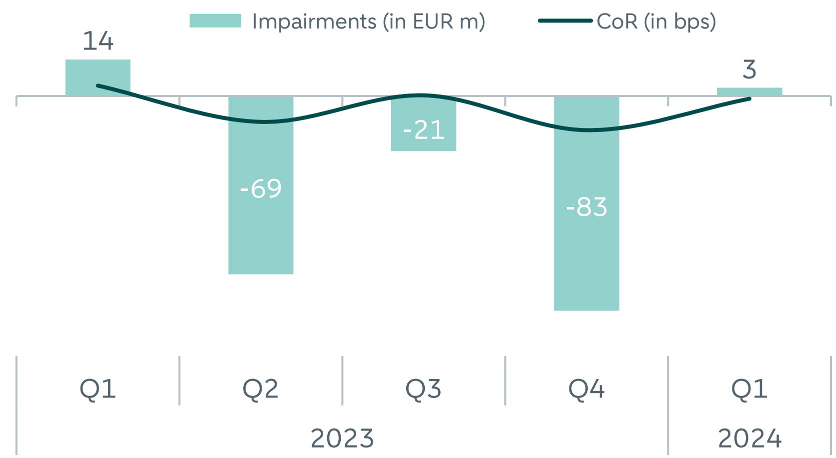
1) Underlying expenses exclude incidentals related to handling costs revolving consumer credit of 20m in Q2 2023 and goodwill impairments of 81m in Q4 2023

Credit quality remains solid, non-performing loans stable

Impaired ratio stable at 1.9%

	Stage 3 loans (EUR m)		Stage 3 coverage ratio	
	Q1 2024	Q4 2023	Q1 2024	Q4 2023
Mortgages	1,316	1,292	9.4%	9.7%
Corporate loans	3,276	3,152	25.6%	26.4%
Consumer loans	243	255	47.1%	46.3%
Total	**4,841**	**4,707**	**22.3%**	**22.9%**
Impaired ratio (stage 3)	**1.9%**	**1.9%**		

Limited impairments in Q1 [1)]

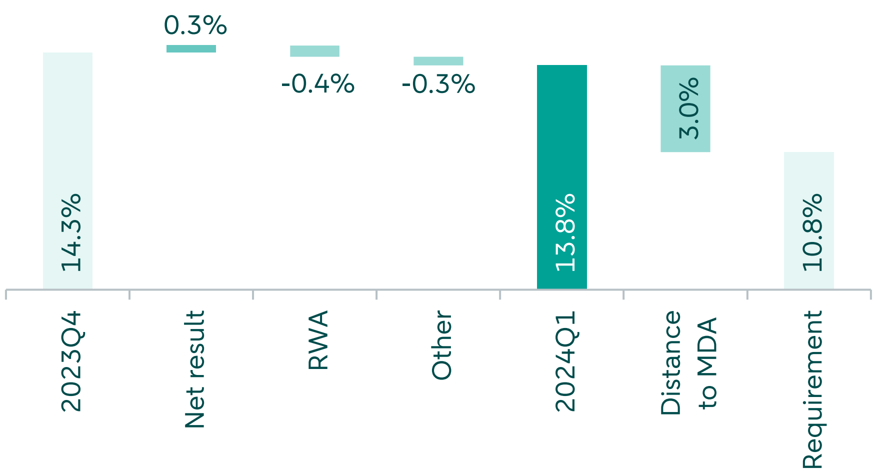


- Impaired ratio stable at 1.9% and stage 3 coverage ratio slightly lower, largely related to write-offs
- Limited impairments in Q1; net new inflow in Stage 3 was largely offset by improved macroeconomic scenarios, especially for the housing market, and a small decrease in management overlays
- Management overlays currently c.250m of which around 1/3 is related to geopolitical uncertainties
- Gradual normalisation of impairments expected towards lower end of through the cycle Cost of Risk of 15-20bps

1) Cost of Risk is calculated using only on balance sheet impairments and exposure, while the impairments include off balance sheet impairments

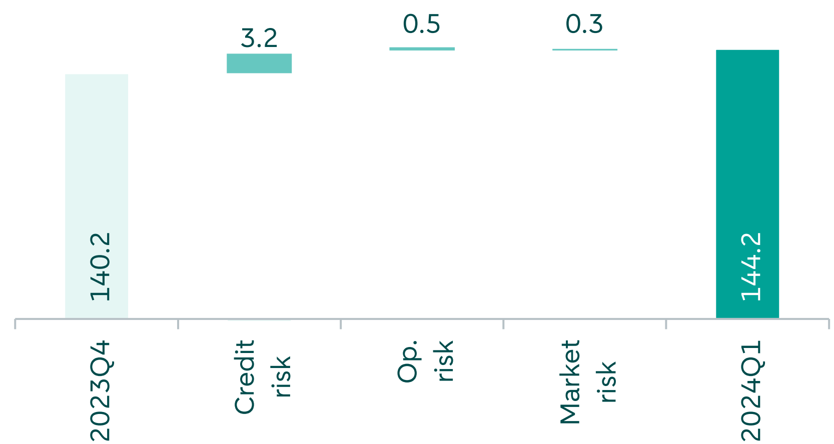
Strong capital position

Basel III CET1 ratio [1)]



Basel III RWA

EUR bn



- Strong capital position with a Basel III CET1 ratio of 13.8%, which is well above our requirement. AT1 shortfall largely addressed through issuance of a new 750 million AT1 instrument
- Decrease in CET1 ratio mainly resulted from an increase in RWAs of 4bn, mainly reflecting a rise in credit risk RWAs and to a lesser extent operational risk RWAs, and capital deductions
- Increase in credit risk RWAs includes 1.7bn model-related add-ons and 1.4bn business developments, mainly seasonal effects at Clearing
- CET1 capital was impacted by capital deductions, which included the effect of moving portfolios to less sophisticated approaches
- Basel IV ratio at Q1 is around 14%, decline versus Q4 is roughly in line with decline of 0.5% in Basel III CET1 ratio

1) Net result excluding dividend reserve, which is included in Other; Pro forma CET1 requirement includes increase of Dutch CcyB by 1% to 2%, decrease of O-SII buffer by 0.25% to 1.25% as of May 2024 and announced CCyB increases in other countries (expected impact on MDA of c.40bps)

Guidance 2024 and Financial targets 2026

	Guidance 2024	YTD 2024
Net Interest Income	c.6.3bn	1.6bn
Costs	c.5.3bn	1.3bn
Cost of Risk	lower end TTC CoR of 15-20bps	-1bps

	2026 targets	YTD 2024
Return on equity	c.9-10%	11.6%
Cost income ratio	c.60%	57.2%
CET1 Basel IV target	13.5%	Around 14%
Dividend pay-out	50%	-

- **Very strong start of the year**
- **Good business momentum**
- **Continued strong NII**
- **Strict cost discipline**
- **Solid credit quality**
- **Strong capital position**

Appendices

Continued strong result in Q1

EUR m	Q1 2024	Q4 2023	Δ vs Q4 2023	Q1 2023	Δ vs Q1 2023
Net interest income	1,589	1,504	6%	1,620	-2%
- Underlying net interest income	*1,560*	*1,538*	*1%*	*1,620*	*-2%*
Net fee and commission income	469	452	4%	444	6%
Other operating income	139	85	63%	78	78%
Operating income	**2,197**	**2,041**	**8%**	**2,142**	**3%**
Operating expenses	**1,257**	**1,462**	**-14%**	**1,406**	**-11%**
- Underlying expenses	*1,257*	*1,381*	*-9%*	*1,406*	*-11%*
- Underlying excl. reg. levies	*1,234*	*1,278*	*-3%*	*1,162*	*9%*
Operating result	**940**	**580**	**62%**	**736**	**28%**
Impairment charges	3	-83		14	-77%
Income tax expenses	263	117	125%	199	32%
Profit	**674**	**545**	**24%**	**523**	**29%**
Client loans (end of period, bn)	238.2	237.3	0.9	240.1	-2.0
Client deposits (end of period, bn)	221.8	229.0	-7.3	227.3	-5.5

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

Diversified corporate loan book with limited stage 3 loans

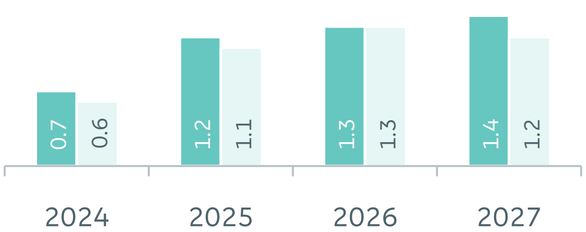
End of period, EUR bn	**Stage 1 exposure**	Δ vs Q4 2023	**Stage 2 exposure**	Δ vs Q4 2023	**Stage 3 exposure**	Δ vs Q4 2023	**Total exposure**	Δ vs Q4 2023	**Stage 3 coverage ratio**
Financial Services	21.0	5.6	0.7	-0.1	0.1	-	21.9	5.5	47%
Industrial Goods & Services	12.9	-0.1	2.0	-	0.5	-	15.4	-0.1	40%
Real Estate	12.5	-0.6	1.9	-0.1	0.4	-	14.8	-0.6	21%
Food & Beverage	8.0	-0.1	1.6	-	0.7	-	10.3	-0.2	9%
Non-food Retail	3.2	0.2	1.0	-	0.2	-	4.5	0.2	38%
Health Care	2.9	-	0.4	-	0.2	-	3.5	-	17%
Construction & Materials	2.3	0.5	0.3	-	0.3	-	2.9	0.4	23%
Travel & Leisure	2.1	0.1	0.7	-	0.1	-	2.9	0.1	28%
Utilities	2.6	0.2	0.2	-0.1	0.1	-	2.9	0.1	36%
Telecommunications	2.7	0.1	-	-	-	-	2.7	0.1	74%
Technology	2.3	0.2	0.2	-	0.1	-	2.6	0.3	16%
Oil & Gas	1.8	-0.1	-	-	0.1	-	1.9	-0.2	41%
Other smaller sectors	5.0	0.1	0.9	0.0	0.4	0.1	6.3	0.2	24%
Total	**79.3**	**6.0**	**10.0**	**-0.4**	**3.3**	**0.1**	**92.5**	**5.7**	**26%**

Macroeconomic scenarios to calculate credit losses 1)

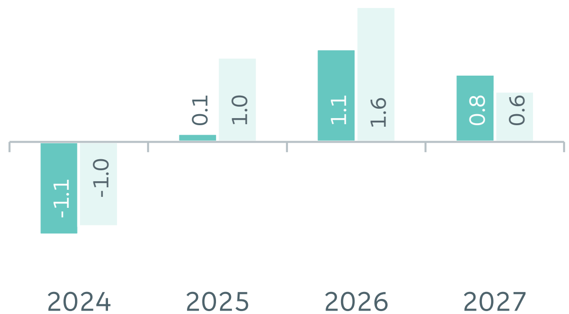
GDP growth NL

Q1 2024 Q4 2023

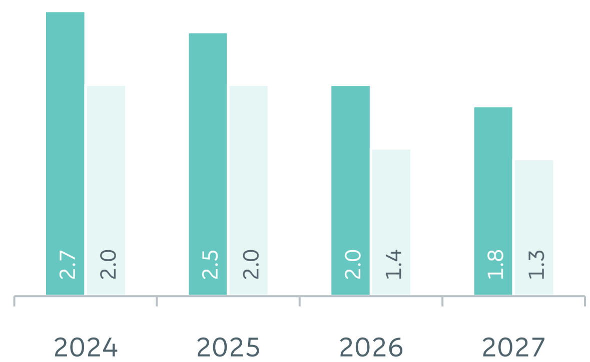
Baseline - 60%



Negative - 25%



Positive - 15%



- In baseline, growth is set to remain positive, but weak over remainder of 2024. Weakness in external demand to bottom out on the back of the return of moderate eurozone growth. The key driver of Dutch growth will be domestic demand: the government will contribute via expansive fiscal policy and households spending will benefit from declining inflation, elevated wage growth, a tight labour market and government measures supporting purchasing power
- In negative, a resurgence of supply bottlenecks is assumed, causing new pressure on headline inflation. ECB will initially pause with rate cuts, but due to the growth shock, policy rate cuts will be sharper
- In positive, the Dutch economy shows resilience in the face of inflation and higher interest rates. This means higher GPD growth, a tight labour market and suppressed bankruptcies

1) Group Economics scenarios per February 2024 used for Q1 2024 and per December 2023 used for Q4 2023

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