ABN·AMRO

Investor Relations

results Q1 2023

investor & analyst presentation | 10 May 2023

Highlights Q1 – Very good start with 523m net profit and 9.6% ROE

- Net profit supported by high NII and low impairments, partly offset by seasonally high regulatory levies
- NII strong from further recovery of deposit margins, good business momentum for corporate lending
- Underlying costs 3% lower than in Q4 2022, reflecting lower external staff costs; FY2023 costs expected at c.5.3bn
- Credit quality remains solid and low impairments; prudent buffers remain in place
- Strong liquidity and capital position, with Basel III CET1 ratio of 15.0% and a Basel IV CET1 ratio of around 16%
- Second share buyback programme of 500m finalised in April

Executing on our strategy

Customer experience

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

Sustainability

Distinctive expertise in supporting clients' transition to sustainability

Future proof bank

Enhance client service, compliance and efficiency

Personal & Business Banking

- Mobile banking app gives insight in personal finances
- Tikkie becoming an important player in recycling market
- EPI to join forces with iDeal to build European digital payment system

Wealth Management

- Best Overall European Private Bank (WealthBriefing)
- ESG & impact investments continue to grow and currently 46% of total client securities
- Entrepreneur & Enterprise live in all countries, focus on growth

Corporate Banking

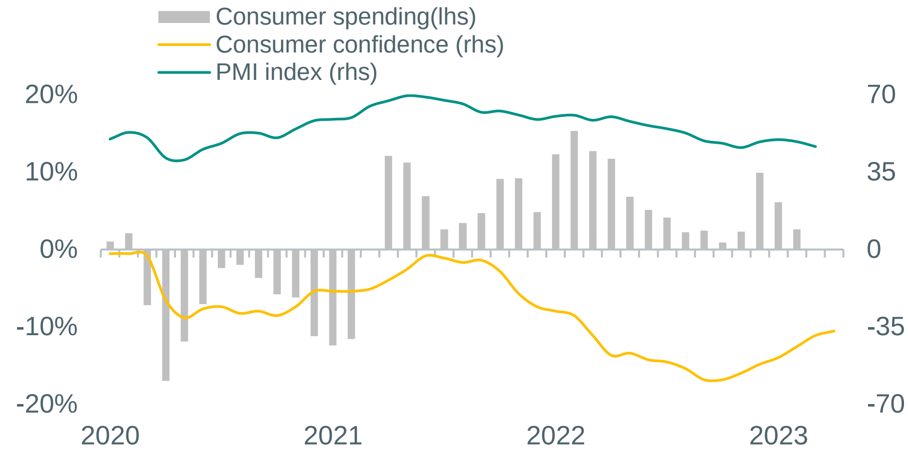
- Several new investments by Sustainable Impact Fund
- Standardized Sustainability Linked Loan to clients with limited financing need (1-25m)
- Growth in focus segments reflecting successful NW-Europe strategy

Dutch economy resilient, housing market cooling down

Dutch economy outperforming Eurozone [1)]

		2022	2023e	2024e
Netherlands	GDP (% yoy)	4.5%	1.2%	1.3%
	Inflation (indexed % yoy)	11.6%	4.4%	3.3%
	Unemployment rate (%)	3.5%	3.8%	3.9%
	Government debt (% GDP)	51%	50%	50%
Eurozone	GDP (% yoy)	3.5%	0.0%	0.9%
	Inflation (indexed % yoy)	8.4%	4.9%	2.1%
	Unemployment rate (%)	6.7%	7.1%	7.3%
	Government debt (% GDP)	95%	96%	95%

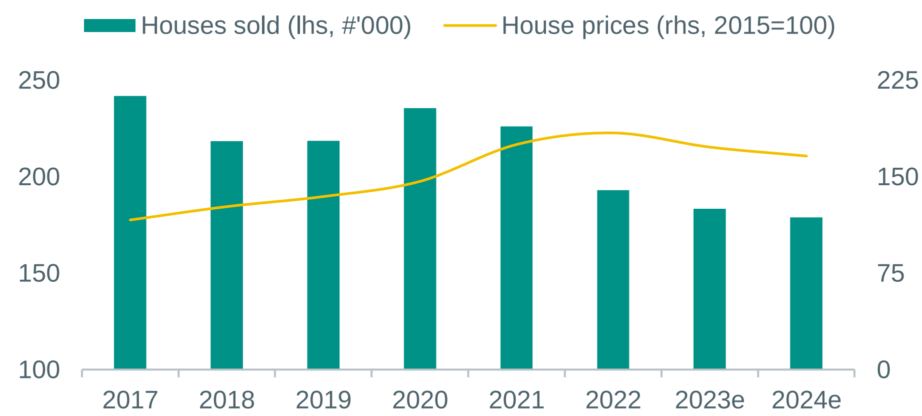
NL confidence recovering, spending and PMI lower [2)]



Dutch bankruptcies rising, but still historically low [2)]

per quarter businesses & institutions

House price increases in NL have come to an end [3)]



1) Source: ABN AMRO Group Economics forecast of 24 April 2023

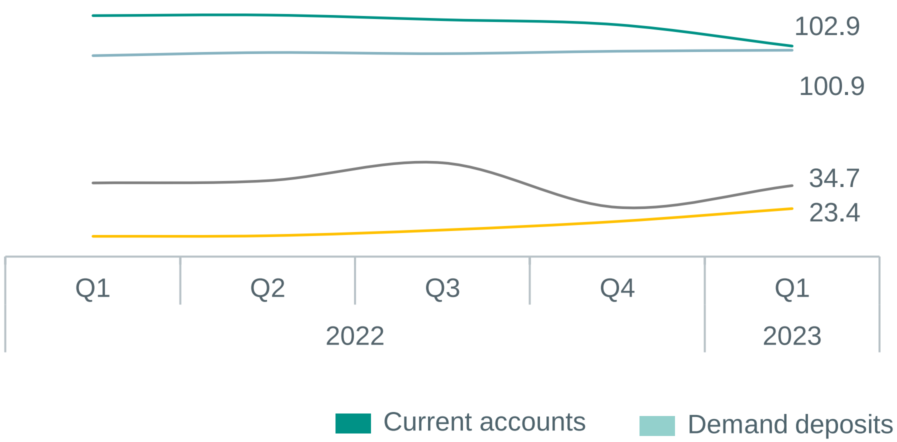
2) Source: Statistics Netherlands (CBS); Consumer spending % change vs previous year (until Feb 2023), consumer confidence seasonally adjusted (end of period until Apr 2023), PMI index is the Nevi Netherlands Manufacturing PMI index (end of period until Mar 2023)

3) ABN AMRO Group Economics forecast 9 May 2023. House prices -6% 2023e and -4% 2024e; transaction volumes -5% 2023e and +2.5% 2024e

Highly diversified deposit base

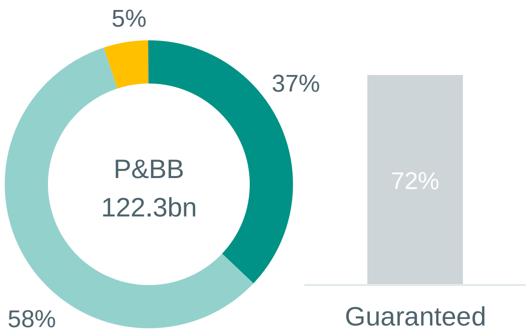
Total deposit base

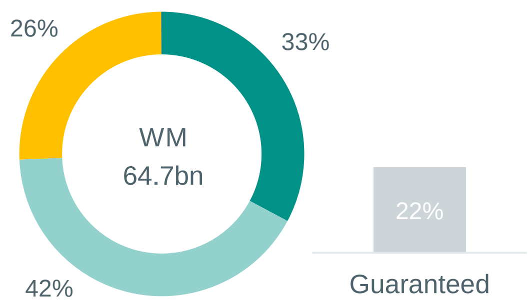
EUR 262bn Q1 2023 (255bn YE2022)

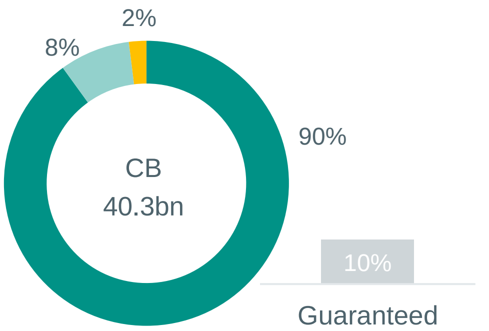


- Total deposits increased vs Q4
- Flow from current accounts to time and professional deposits reflecting higher coupons
- Highly diversified deposit base across product and client units with a large customer base of over 5 million clients
- Of total client deposits 41% is guaranteed, in P&BB the large majority is guaranteed (72%)

Client deposits [1] per client unit





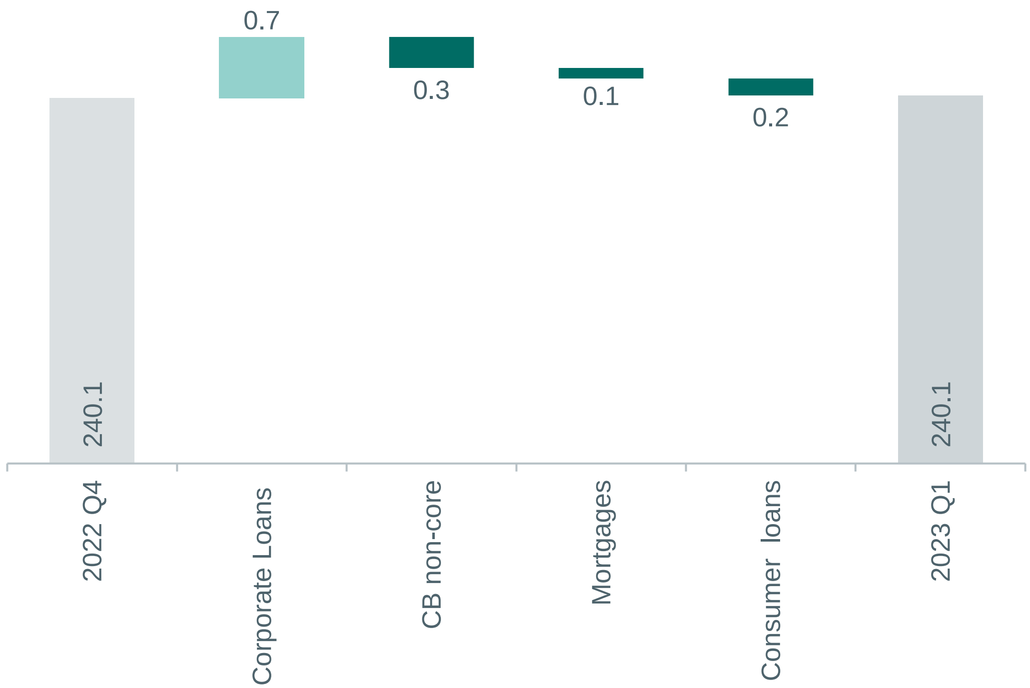


1) Client deposits is excluding professional deposits, guaranteed means insured by deposit guarantee schemes

Good business momentum for corporate lending

Total client loans stable

EUR bn



- Corporate lending up driven by new and increased business volume especially in focus sectors digital, mobility and new energy, partly offset by FX impact (-0.2bn)
- Further progress made on CB non-core wind-down which is largely completed
- Mortgages slightly lower reflecting lower number of transactions given slowdown of housing market
- Consumer loans continue to be impacted by industrywide shift to lower risk products

Strong recovery of NII largely driven by deposit margins

Improvement of NII continues 1)

EUR m

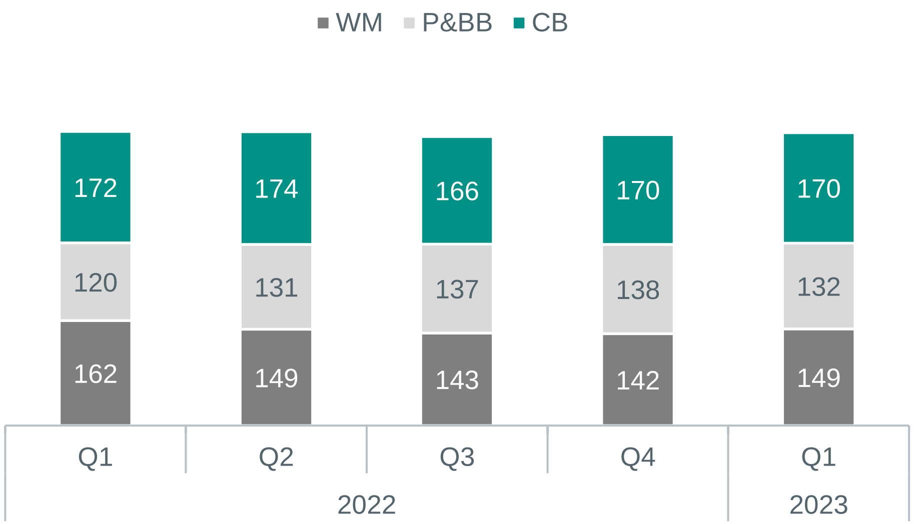
- NII strong as deposit margins continued to improve on the back of increased interest rates
- Competitive behaviour driving savings margins 2)
- As of May 1st, savings coupon increased to 75bps
- Pressure on asset margins, especially mortgages reflecting strong competition in a market with declining demand

1) Excluding TLTRO in 2022 (Q1 & Q3: 44m, Q2: 41m, Q4: 60m) and incidental in 2022 (Q3: -82m)
2) Savings coupon increased from 0 to 25bps on December 1st 2022, to 50bps as of March 1st 2023 and to 75bps as of May 1st 2023

Fee income resilient

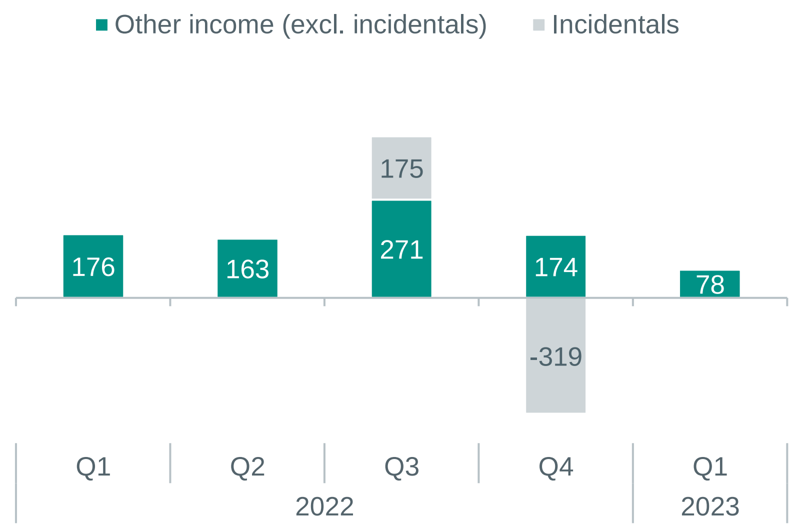
Net fee and commission income

EUR m, excluding GF



Other income 1)

EUR m



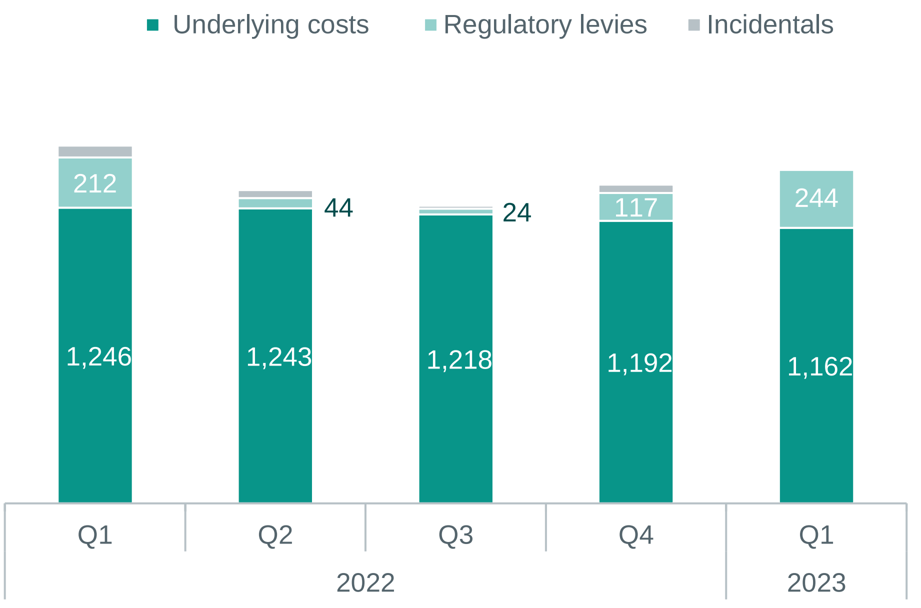
- Fees flat compared to last quarter. Higher Wealth Management fees from improved markets and higher AuM
- Lower consumer spending and less housing transactions led to somewhat lower fees at Personal & Business Banking
- Other income excluding incidentals down versus Q4, mainly related to lower ALM/Treasury results and lower trading results at Markets

1) Incidentals: Q3 2022 sale AA leven: 42m, sale MP Solar: 60m and sale PPI: 73m; Q4 2022 TLTRO unwind: -319m

Underlying costs declined further, FY2023 costs expected at c.5.3bn

Operating expenses [1)]

EUR m



- Underlying costs declined further, mainly related to a reduction of external FTEs
- Cost saving programs delivering further savings (c.370m since YE2020)
- Regulatory levies seasonally higher, increase versus Q1 2022 related to a higher contribution to SRF
- FY2023 costs expected at c.5.3bn
- 2024 cost target challenging due to high inflation and higher investments

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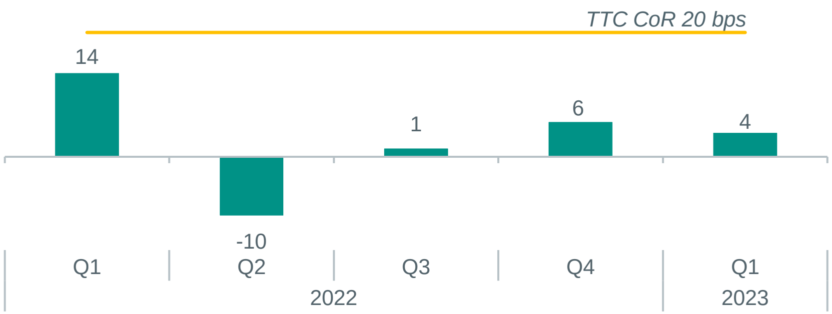
1) Incidentals: Q1 2022 AML remediation (50m), Q2 2022 AML remediation (34m), Q3 2022 related to handling costs revolving consumer credit (12m) and Q4 2022 CLA related one-off (34m)

Low Cost of Risk on the back of improved credit quality

Remain well below the TTC CoR

EUR m



Non-performing loans continued to decrease

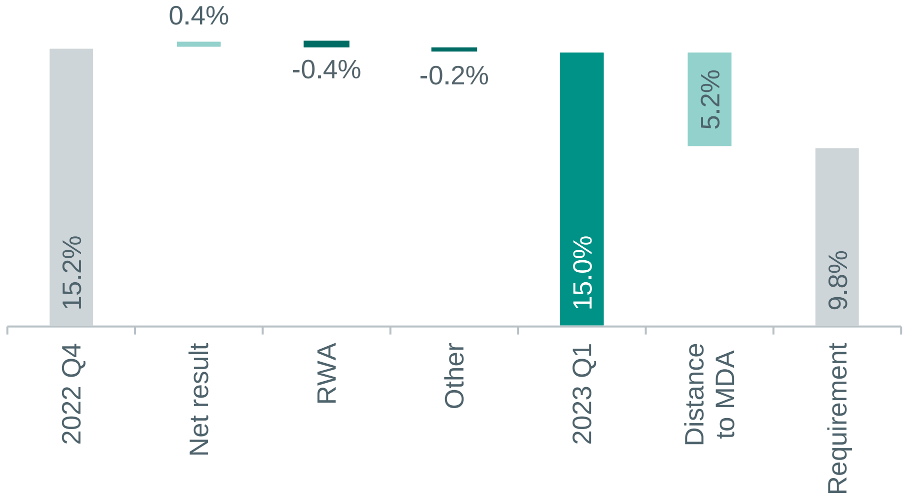
	Stage 3 loans (EUR m)		Stage 3 coverage ratio	
	Q1 2023	Q4 2022	Q1 2023	Q4 2022
Mortgages	1,178	1,143	7.0%	6.6%
Corporate loans	3,452	3,666	28.2%	28.2%
- of which CB non-core	*396*	*471*	*47.7%*	*45.5%*
Consumer loans 1)	259	363	49.2%	58.2%
Total 2)	**4,911**	**5,175**	**24.2%**	**25.6%**
Impaired ratio (stage 3)	**1.9%**	**2.0%**		

- Low impairments of 14m, resulting in Cost of Risk of 4bps, reflecting limited additions to stage 3, partly offset by releases in stage 2
- Additions to stage 3 impairments related to both new and existing files in our corporate loan book
- Prudent buffers remain in place to mitigate uncertainties, including for the war in the Ukraine
- Further drop in non-performing loan exposure, reflecting repayments, write-offs and clients returning to stage 2

1) Decrease of coverage ratio for consumer loans driven by implementation of IFRS17 as loans shifted from amortised costs to fair value accounting
2) Total includes other loans and advances customers (22m for Q1 2023 and 3m for Q4 2022)

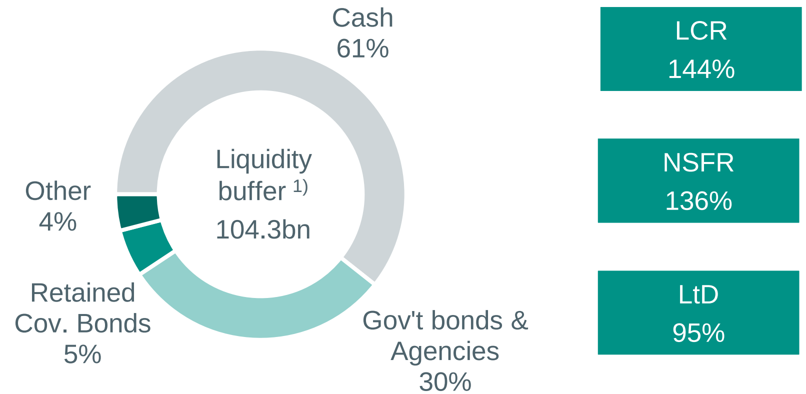
Strong capital and liquidity position

Basel III CET1 ratio



Solid liquidity ratios and large buffer in place

31 March 2023



- Well capitalised with a Basel III CET1 ratio of 15.0% [2)], Basel IV CET1 around 16%
- RWA increased mainly due to business developments, an adjustment in the application of the SME support factor and model updates as part of our ongoing review of models
- First time adoption of IFRS17 led to a decrease of CET1 capital of c.0.2bn
- Strong liquidity ratios well above requirements and a large liquidity buffer of over 104bn [1)]

1) Bonds are hedged against interest rate risk and measured at fair value through Other Comprehensive Income

2) Maximum Distributable Amount (MDA) trigger level of 9.8% (excl. AT1 shortfall). Dutch CcyB to increase by 1% on 25 May 2023, full implementation of 2% expected by Q2 2024; impact on MDA of around 1.5%

Our long term financial targets

	Long term targets	Q1 2023
Return on Equity	Ambition 10% by 2024 [1)]	9.6%
Absolute cost base	4.7bn FY2024	1.4bn
Cost of Risk	Around 20bps through the cycle	4bps
Basel IV CET1 ratio	13% (threshold for share buybacks 15%)	c.16% and 2nd share buyback programme finalised
Dividend pay-out ratio	50% of reported net profit [2)]	-

1) RoE target set as follows in 2020: target c.8% by 2024; ambition 10% with normalised rates
2) After deduction of AT1 coupon payments and minority interests

Appendices

Good start of the year with 523m net profit

EUR m

	2023 Q1	2022 Q4	Change
Net interest income	1,620	1,564	4%
Net fee and commission income	444	443	0%
Other operating income	78	-145	
Operating income	**2,142**	**1,861**	**15%**
- of which CB non-core	*1*	*13*	*-91%*
Operating expenses	1,406	1,343	5%
- of which CB non-core	29	36	-19%
Operating result	**736**	**518**	**42%**
Impairment charges	14	32	-56%
Income tax expenses	199	132	51%
Profit	**523**	**354**	48%
- of which CB non-core	*-38*	*-28*	*34%*
Loans & advances (bn)	249.4	243.9	5.5
- of which CB non-core	*0.6*	*0.9*	*-0.3*
Basel III RWA (bn)	131.7	128.6	3.1
- of which CB non-core	*1.3*	*2.1*	*-0.8*

- NII +4% vs Q4 2022 from higher deposit margins and volumes
- Fees stable compared to Q4 2022
- Q1 expenses higher due to higher levies, excluding levies and incidentals, underlying costs down by 2.5% compared to Q4 2022
- Lower impairments in Q1; releases from change in economic scenario and weight of negative and positive scenario offset by individual impairments
- CB non-core progressing well with almost all assets wound down since H2 2020 and costs reductions gathering pace

Cost flat FY2023, inflation & investments offset savings

Operational expenses [1]

EUR bn

Savings >0.4bn (>40%)
- *Complete CB wind-down (~0.1bn)*
- *Efficient AML BaU (>0.1bn)*
- *Lower regulatory levies (~0.2bn)*

Savings c.0.2bn (c.5%)
- *Cost savings exceed inflation (net ~0.1bn)*
- *Normalisation of strategic investment spend (~0.1bn)*

5.3bn FY2022

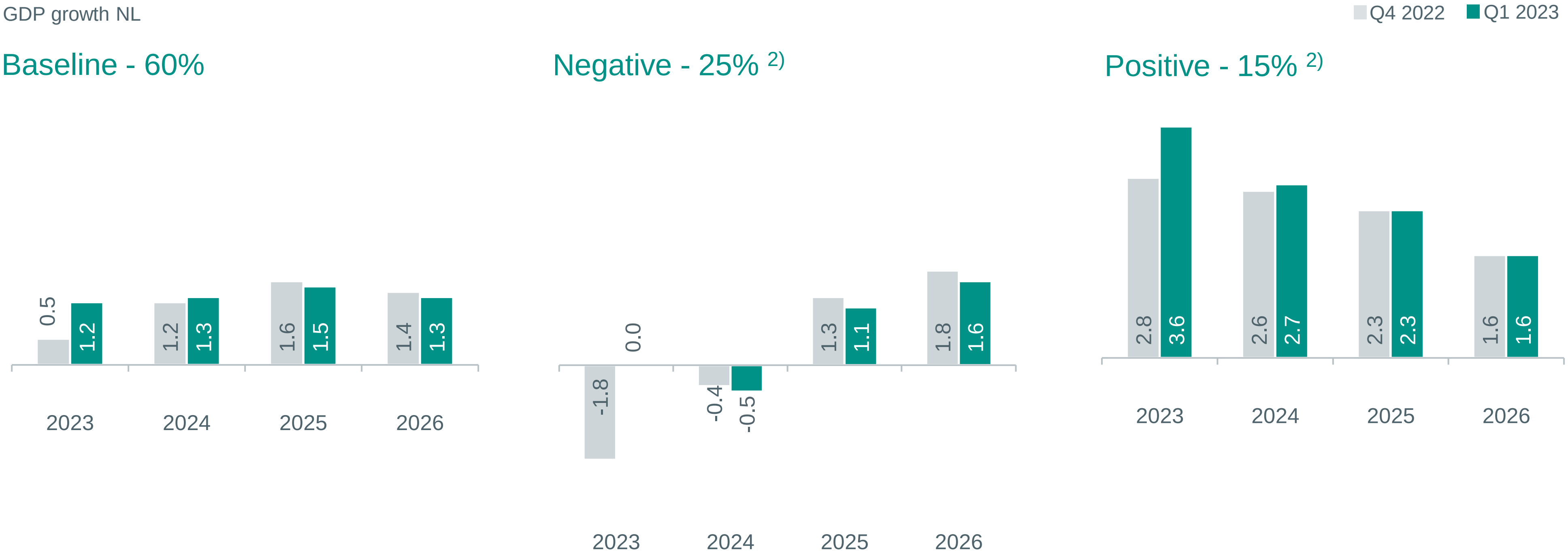
4.7bn FY2024

- FY2023 costs expected flat vs. FY2022 at c.5.3bn
  - CB non-core and AML costs expected to come down (~0.1bn combined)
  - Regulatory levies unchanged in 2023
  - Core cost base expected to increase by ~0.1bn (impact of higher inflation and higher investments)
- Significant back end loaded cost reductions in 2024
  - Completion CB non-core wind-down and more efficient AML processes to reduce cost by another ~0.1bn vs. 2023
  - Regulatory levels expected to reduce by ~0.2bn [2]
  - Reduction of core costs from existing savings programs and lower investment spend
- 2024 target challenging due to increased inflation and higher investments

1) Operational expenses excluding incidentals (130m for FY2022)
2) Regulatory levies assumed lower as SRF and DGS reaching target size in/during 2024

Macroeconomic scenarios to calculate credit losses [1)]

GDP growth NL



Differences Q1 2023 vs Q4 2022, NL growth forecast for 2023 upgraded on stronger than expected Q4 print

- In base, elevated inflation and starting recession in the broader eurozone weaken the outlook for the Dutch economy, Dutch GDP will slow down, particularly at the start of 2023
- In negative, more energy related stress leads to production issues and stronger government rationing of energy supplies affecting the Dutch economy by indirect effects of these stoppages [2)]
- In positive, Dutch government continues with fiscal spending programs to reduce energy reliance on Russia and support energy transition [2)]

1) Group Economics scenarios per December 2022 used for Q4 2022 and February 2023 used for Q1 2023
2) In Q4 2022 weight for negative scenario was 35% and positive 5%

Diversified corporate loan book with limited stage 3 loans

EUR bn	Stage 1 exposure	ΔQ4	Stage 2 exposure	ΔQ4	Stage 3 exposure	ΔQ4	Total exposure	ΔQ4	Stage 3 coverage ratio
Financial Services	17.9	4.2	0.9	0.1	0.1	-	18.8	4.3	78%
Industrial Goods & Services	13.0	0.7	2.4	-1.1	0.7	-0.2	16.1	-0.6	24%
Real Estate	13.8	-0.9	1.8	0.1	0.2	-	15.8	-0.7	26%
Food & Beverage	8.3	0.8	2.1	0.3	0.6	-	11.1	1.2	17%
Non-food Retail	3.0	-	1.1	-	0.4	-	4.6	0.1	26%
Health care	2.9	0.1	0.7	-	0.2	-	3.7	-	13%
Construction & Materials	2.1	-0.3	0.7	0.3	0.3	-	3.0	-	48%
Oil & Gas	1.6	0.2	0.8	-0.2	0.3	-	2.6	-	42%
Travel & Leisure	1.5	-	1.3	0.1	0.2	-0.1	3.0	-	22%
Utilities	2.2	0.5	0.2	-0.1	0.1	-	2.6	0.3	43%
Other smaller sectors	8.2	-0.1	0.9	-0.6	0.4	0.1	9.5	-0.5	29%
Total [1)]	**74.5**	**5.2**	**12.9**	**-1.1**	**3.5**	**-0.2**	**90.8**	**4.1**	**28%**

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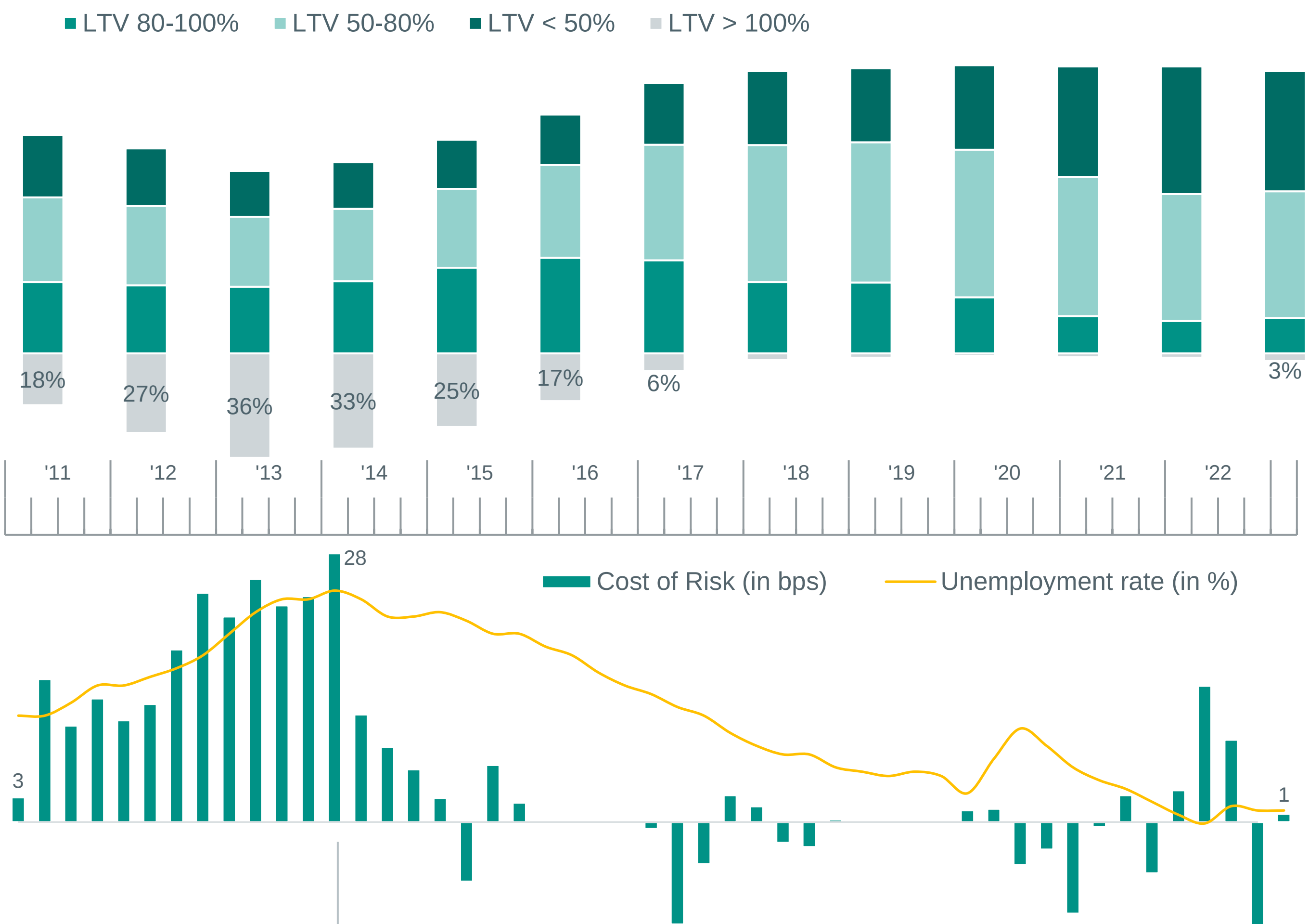
1) Source: Management Information, loans and advances customers, gross excluding fair value adjustments from hedge accounting and measured at fair value through P&L

Mortgage portfolio significantly more resilient versus previous downturn



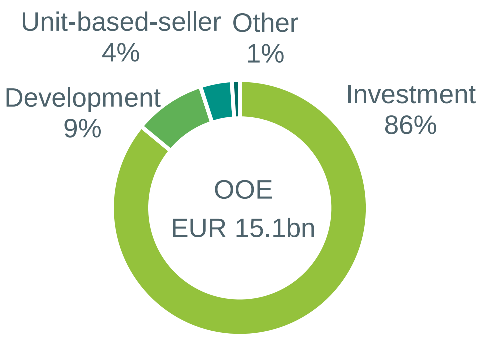
Cost of Risk peaked at 28bps, average CoR c.5bps

- Mortgage losses mainly materialise from combination of underwater mortgage and unemployment
- In 2013, following a 20% house price decline, over 1/3 of mortgages were under water [1)]
- Today, a 20% house price decline would only lead to 12% additional mortgages under water
- Unemployment rate was almost 9% in 2013 versus 3.5% in 2022 and expected to increase slightly next year to 3.8% [2)]

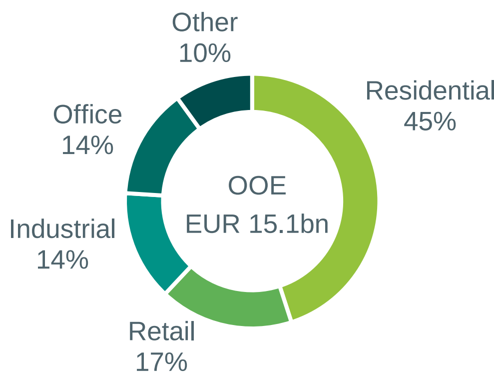
1) Underwater mortgage is a mortgage with LTV > 100%
2) Sources: ABN AMRO Group Economics forecast of 24/04/2023 and CBS

Commercial Real Estate Portfolio 1)

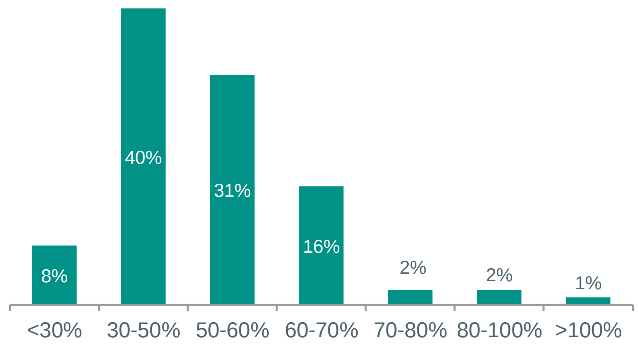
Object type



Asset type 2)



LTV distribution



- Value of Dutch real estate increased in 2022, but in 2023 higher interest rates and worsening economic outlook will depress valuations of retail and office spaces, industrial (logistical buildings) will be less effected
- Recent stress test showed that our CRE portfolio is robust and resilient to market deterioration
- Conservative underwriting; CRE policy in general LTV-threshold of 70%, around 95% of OOE is financed with <70% LTV
- Around 90% of OOE is financed to clients with UCR 4- (sub-investment grade) or better, with UCR3- (investment grade) being dominant with 20% of the OOE 3)

1) Figures as of 31/3/2023 representing Dutch commercial real estate portfolio. International CRE portfolio c.0.8bn, largely investment CRE
2) Other asset types largely consists of hotels, cafes/restaurants, land and parking
3) Please see Integrated Annual report for mapping internal Uniform Counterparty Rating (UCR) to external credit ratings

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Address
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Website
www.abnamro.com/ir

Questions
investorrelations@nl.abnamro.com