ABN·AMRO

Investor Relations

Q4 2023 results and update of financial targets & capital framework

investor & analyst presentation | 14 February 2024

Key messages Q4 2023, new financial targets and capital framework

Key messages Q4

- Net profit of 545m, supported by continued high Interest Income ('NII') and impairment releases
- Net profit of 2.7bn for FY2023 and Return on Equity ('ROE') of 12.2%
- Q4 costs higher, FY2023 costs (excluding incidentals) at 5.1bn in line with guidance
- Credit quality remains solid, impairment releases of 83m; prudent buffers remain in place
- Strong capital position; Basel III CET1 ratio of 14.3% and Basel IV CET1 of around 15%
- Final dividend of 0.89 per share proposed [1], start of new 500m share buyback programme

Update financial targets and capital framework

- Updated financial targets for 2026
  - Return on Equity 9-10% [2]
  - Cost/income ratio c.60%
- Updated capital framework
  - Basel IV CET1 target of 13.5%
  - Dividend policy unchanged: pay-out 50% of reported net profit [3]

1) Total 2023 dividend 1.51 per share
2) Based on new Basel IV CET1 target of 13.5%
3) After deduction of AT1 coupon payments and minority interests

Q4 Results

Strong result Q4 and FY2023

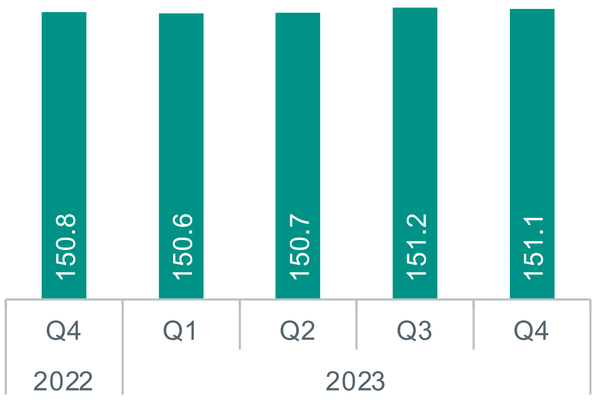
EUR m	2023 Q4	2023 Q3	Change	2023 FY	2022 FY	Change
Net interest income	1,504	1,533	-2%	6,278	5,422	16%
- Underlying net interest income [1)]	*1,538*	*1,533*	*0%*	*6,294*	*5,315*	*18%*
Net fee and commission income	452	442	2%	1,782	1,778	0%
Other operating income	85	237	-64%	558	640	-13%
Operating income	**2,041**	**2,211**	**-8%**	**8,618**	**7,841**	**10%**
Operating expenses	**1,462**	**1,228**	**19%**	**5,233**	**5,425**	**-4%**
- Underlying expenses [1)]	*1,381*	*1,228*	*12%*	*5,133*	*5,295*	*-3%*
- Underlying excl. reg. levies	*1,278*	*1,193*	*7%*	*4,798*	*4,899*	*-2%*
Operating result	**580**	**983**	**-41%**	**3,385**	**2,415**	**40%**
Impairment charges	-83	-21		-158	39	
Income tax expenses	117	246	-52%	847	509	66%
Profit	**545**	**759**	**-28%**	**2,697**	**1,867**	**44%**
Client loans (end of period, bn)	237.3	240.4	-1%	237.3	240.1	-1%
Client deposits (end of period, bn)	229.0	223.7	2%	229.0	231.0	-1%

1) Underlying is excluding disclosed incidentals. An overview is provided in the appendix.

Resilient client lending

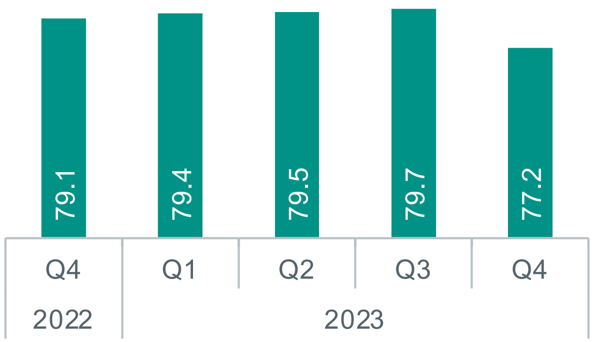
Mortgage client lending

EUR bn



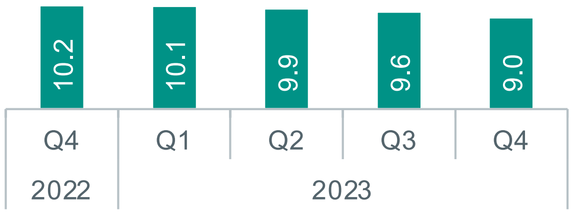
Corporate client lending [1)]

EUR bn



Consumer client lending

EUR bn



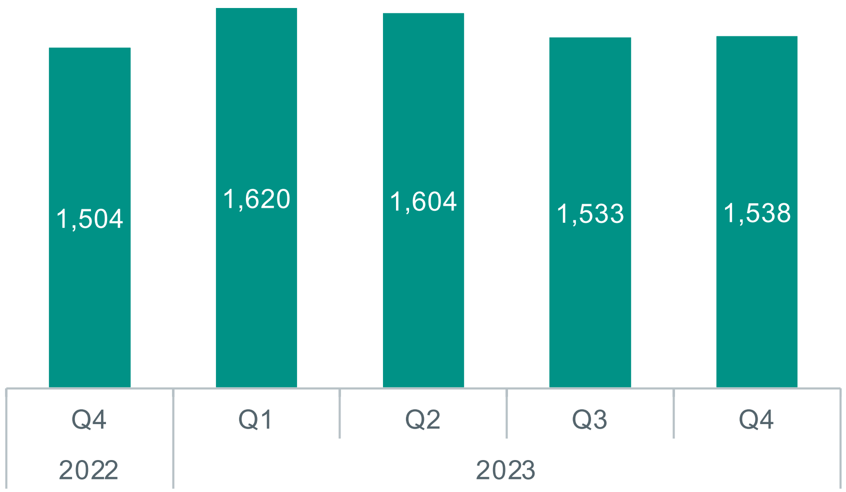
- In a challenging environment mortgage portfolio stable; mortgage market share at 14% for Q4
- Corporate loans down by almost 2bn in 2023 reflecting winding down non-core (0.8bn), maturing TLTRO loans and FX impact; decrease in Q4 reflecting seasonality and FX impact [1)]
- Corporate Banking non-core wind-down is now almost fully completed with non-core loans down over 98% since Q2 2020
- Decrease in consumer loans as several products are in run-off mode and lower client demand due to stricter lending criteria

1) FX impact of -0.3bn Y-o-Y and -0.4bn Q-o-Q

Continued high Net Interest Income

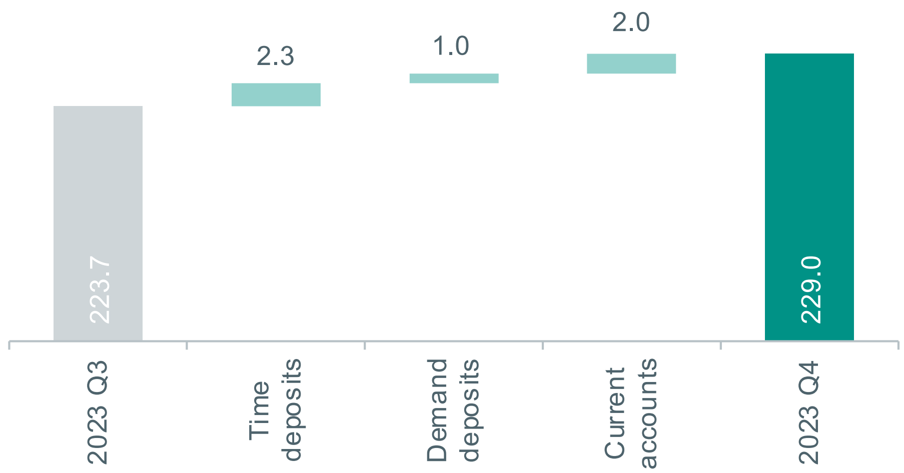
Underlying NII increased [1)]

EUR m



Client deposits increased [2)]

EUR bn



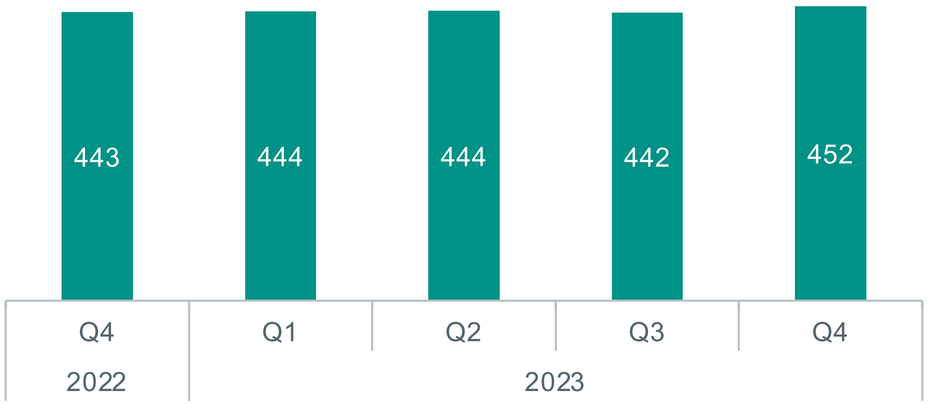
- Underlying NII [1)] maintained at high level of Q3
- Improvement in Treasury result in Q4 was largely offset by change in minimum reserve remuneration of c.20m
- Recovery of margins on corporate loans were partly offset by limited margin pressure on consumer loans and mortgages
- Deposit margins were stable despite increase in savings coupon by 25bps in October. Migration to time deposits slowed down in Q4
- FY2023 NII was 6.3bn and 16% higher versus FY2022 largely reflecting improved deposit margins

1) Underlying NII excludes TLTRO in Q4 2022 of 60m and incidentals related to provisions for revolving consumer credit in Q2 2023 of 18m and Q4 2023 of -34m
2) Client deposits do not include professional deposits; professional deposits were down 12bn Q-o-Q due to seasonality

Fee and commission income resilient

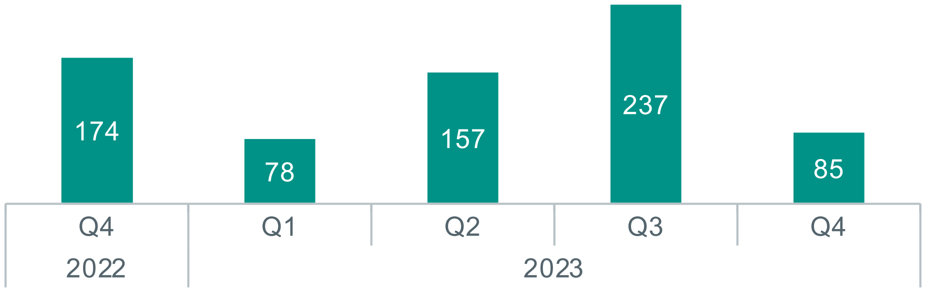
Net fee and commission income up

EUR m



Underlying other income lower [1)]

EUR m



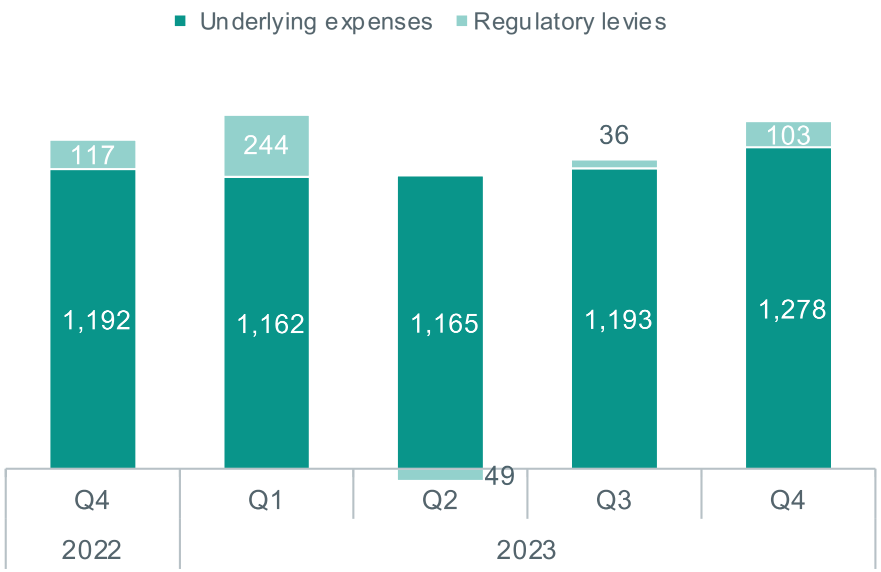
- Fees up by 2% in Q4, largely driven by an increase in Corporate Banking and Wealth Management
- Increase in Wealth Management driven by higher Assets under Management driven by strong market performance during Q4 and higher securities related service fees
- Fees for Corporate Banking are up by 5% in Q4, largely reflecting strong results from Clearing
- Decrease in other income vs Q3, largely reflecting lower XVA results and lower ALM/Treasury results, Q3 also included disposals (c.50m)

1) Underlying Other income excludes incidentals for Q4 2022 TLTRO unwind of -319m

FY2023 cost excluding incidentals of 5.1bn within guidance

Underlying expenses [1] & regulatory levies

EUR m



- Underlying expenses in Q4 up 7% largely reflecting increasing FTEs
- Cost saving programs delivered further savings (c.500m since YE2020)
- FY2023 costs excluding incidentals [1] of 5.1bn in line with guidance of 5.1 - 5.2bn
- Q4 underlying cost base of 1.3bn already reflecting targeted increase in staff, therefore a good reflection of 2024 run rate

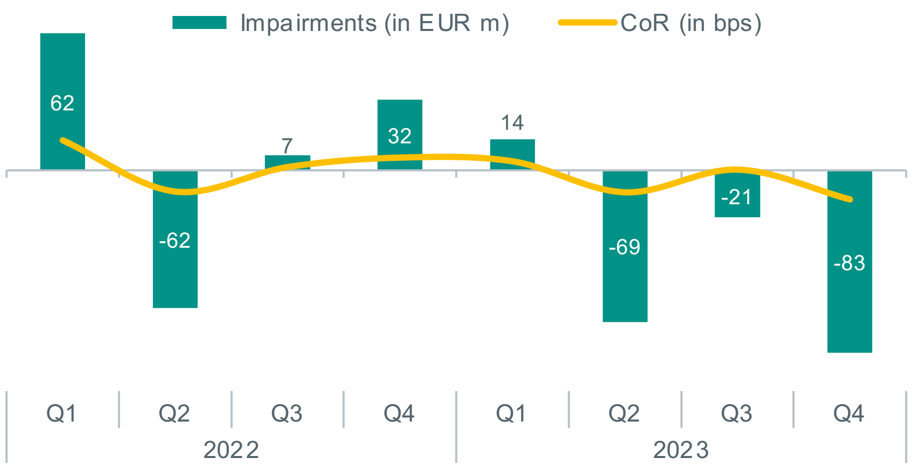
1) Underlying expenses exclude incidentals (20m in Q2 related to handling costs revolving consumer credit and 81m in Q4 for goodwill impairments)

Credit quality remains strong with another quarter of releases

Non-performing loans continued to decrease

	Stage 3 loans (EUR m)		Stage 3 coverage ratio	
	Q4 2023	Q3 2023	Q4 2023	Q3 2023
Mortgages	1,292	1,228	9.7%	7.7%
Corporate loans	3,152	3,242	26.4%	27.8%
- of which CB non-core	*211*	*220*	*50.9%*	*52.2%*
Consumer loans	255	268	46.3%	44.3%
Total [1]	**4,707**	**4,748**	**22.9%**	**23.5%**
Impaired ratio (stage 3)	**1.9%**	**1.8%**		

Impairment releases leading to Cost of Risk -13bps in Q4

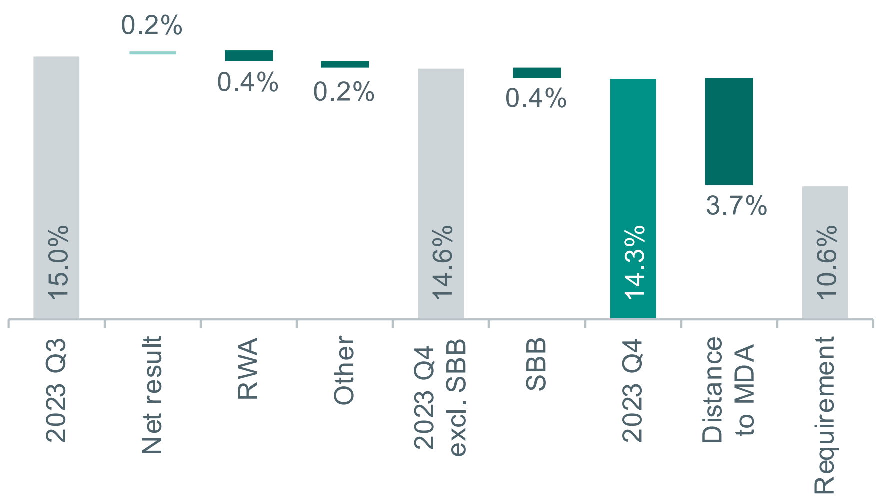


- Impact of economic slowdown limited so far, non-performing corporate loans continued to decrease
- Impairment releases of 83m, largely reflecting stage 1 and 3 releases for corporate and consumer loans, partly offset by increases for mortgages
- New inflow in stage 3 impairments more than offset by releases in individual corporates files, largely in Corporate Banking
- Management overlays of c.260m remain in place, around 50% is related to geopolitical uncertainties
- CoR FY2023 of -5bps reflecting successful recovery of client flies

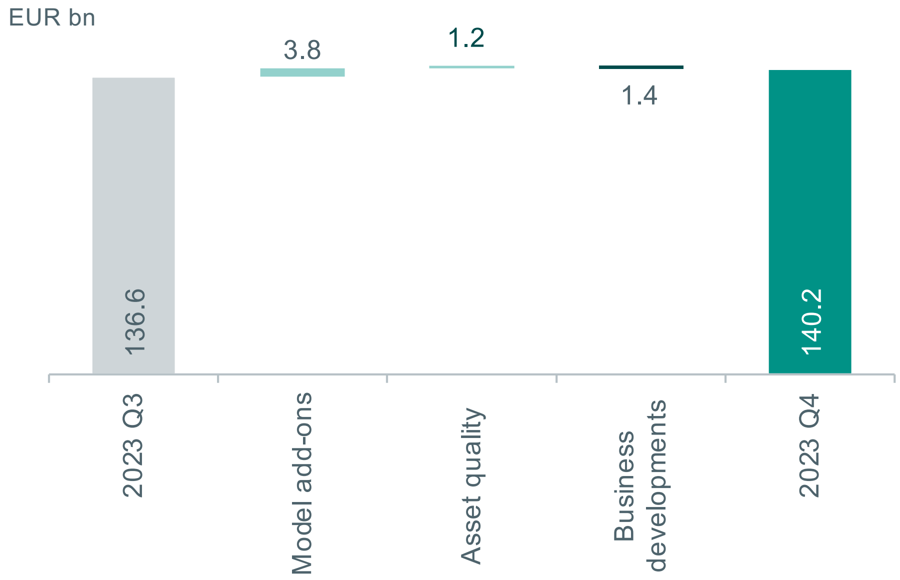
1) Total includes other loans and advances customers (8m for Q4 2023 and 10m for Q3 2023)

Strong capital position

Basel III CET1 ratio [1)]



Basel III RWA



- Well capitalised with a Basel III CET1 ratio of 14.3% after deducting new 500m SBB to be executed as of February 15th
- Basel IV ratio now c.15%, reduction is in line with decline in Basel III CET1 ratio
- Increase in RWA of 3.6bn, largely related to credit risk RWAs reflecting model add-ons

1) Net result excluding dividend reserve, dividend reserve part of other; Distance to MDA trigger level excluding AT1 shortfall

Update of financial targets & capital framework

We confirm our strategic choices

Vision

A personal bank in the digital age, serving clients in segments where we have **scale in the Netherlands & NW Europe**

First choice partner for our clients in **sustainability** in climate change, biodiversity, the circular economy and social impact

Simple, future proof bank; **digital first** and **with a highly simplified operating model**

Focus on strict **risk appetite**; **culture** and **license to grow** are clear priorities

Our purpose - Banking for better for generations to come

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

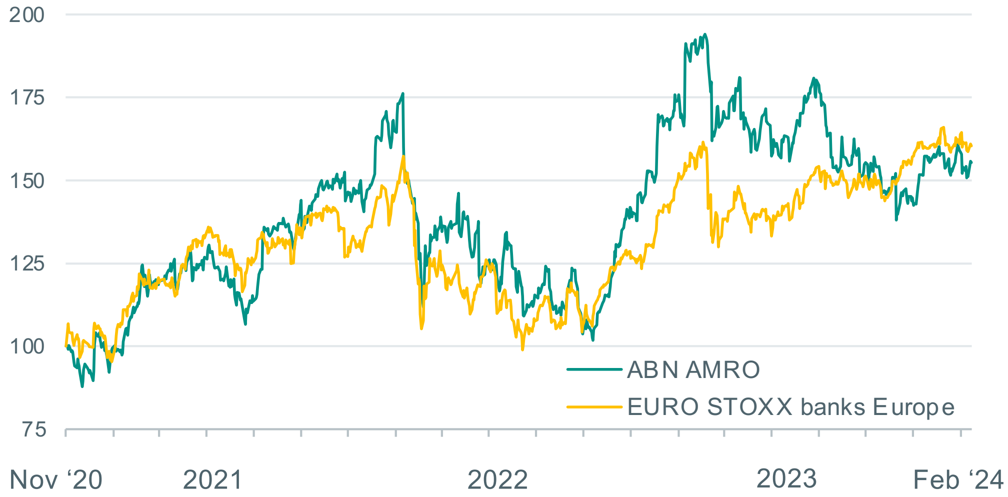
Progress made on financial targets and capital return since 2020

Actuals and targets set in November 2020

	Actuals				Prior targets
	2020	2021	2022	2023	2024
Return on Equity	-0.8%	5.8%	8.7%	12.2%	Ambition 10% by 2024 [1)]
Absolute cost base [2)]	5.2bn	5.3bn	5.3bn	5.1bn	4.7bn FY2024
Cost of Risk	78bps	-7bps	3bps	-5bps	Around 20 bps through the cycle
Basel IV CET ratio	>15%	c.16%	c. 16%	c.15%	13% [3)]
Dividend	-	0.61 p.s.	0.99 p.s.	1.51 p.s.	Pay-out 50% of reported net profit [4)]

Share price development since November 2020

Index is 100 on 30 Nov 2020



Capital return	2020	2021	2022	2023
Dividend	-	570m	888m	1,307m
Share buybacks announced	-	500m	500m	500m

1) RoE target set as follows in 2020: target c.8% by 2024; ambition 10% with normalised rates
2) Cost base excl. disclosed incidentals. Reported operating costs: 5.3bn 2020, 5.8bn 2021, 5.4bn 2022, 5.2bn 2023
3) Threshold for share buybacks 15%
4) After deduction of AT1 coupon payments and minority interests

Successfully executing on our strategy in the past few years

Customer experience

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

- All services digital or remote, enabling footprint of 25 branches
- New Service model implemented
- Progress in focus segments, e.g. Entrepreneur & Enterprise, preferred banking for affluent
- Growth of over 5bn in mortgage portfolio since November 2020

Sustainability

Distinctive expertise in supporting clients' transition to sustainability

- Climate Strategy launched and implemented
- Impact Fund Mandate launched
- Over 100 budget and care coaches to support our clients
- Sustainability as default investment option
- Acceleration sustainable assets from 20% to 34%

Future proof bank

Enhance client service, compliance and efficiency

- Strong progress on AML
- Improved risk profile as winddown of Corporate Banking non-core successfully executed
- Simplification of organisation
- Secure and reliable banking for our clients

Our purpose - Banking for better for generations to come

Operating in a challenging environment

Societal and banking trends

- Geopolitical instability and economic uncertainty
- Acceleration of sustainability transition, including climate change
- New technology
- Regulatory agenda
- Competition for talent

Economic dynamics changing

Economic indicators 1)

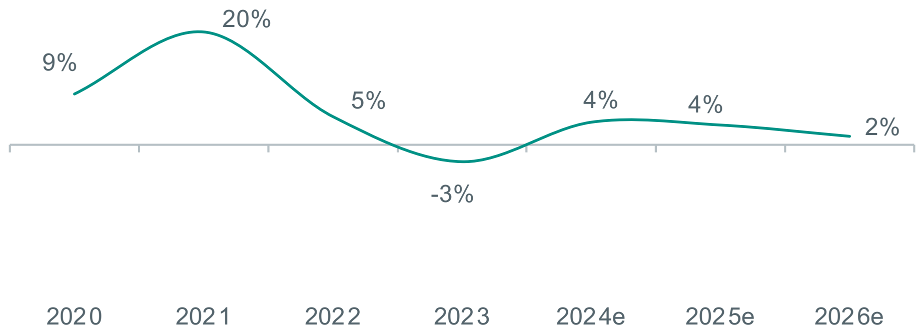
		2023	2024e	2025e	2026e
Netherlands	GDP (% yoy)	0.1%	0.5%	1.1%	1.3%
	Inflation (indexed % yoy)	4.1%	2.8%	2.4%	2.2%
	Unemployment rate (%)	3.6%	4.1%	4.0%	4.0%
Eurozone	GDP (% yoy)	0.4%	0.4%	1.6%	2.0%
	Inflation (indexed % yoy)	5.5%	2.3%	2.1%	2.1%
	Unemployment rate (%)	6.5%	7.1%	7.0%	6.5%

Dutch bankruptcies 2)

per quarter businesses & institutions

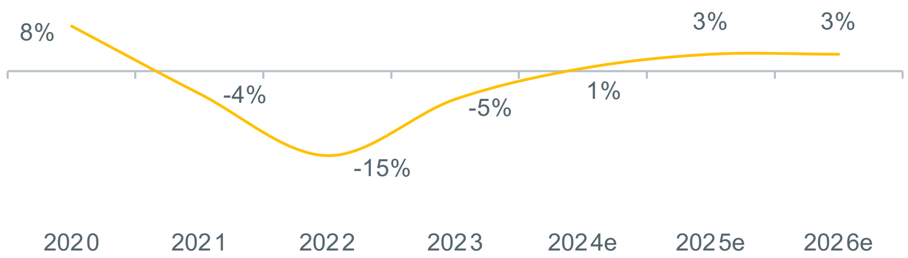
Dutch house price developments 1)

Growth % yoy house prices



Residential houses sold in the Netherlands 1)

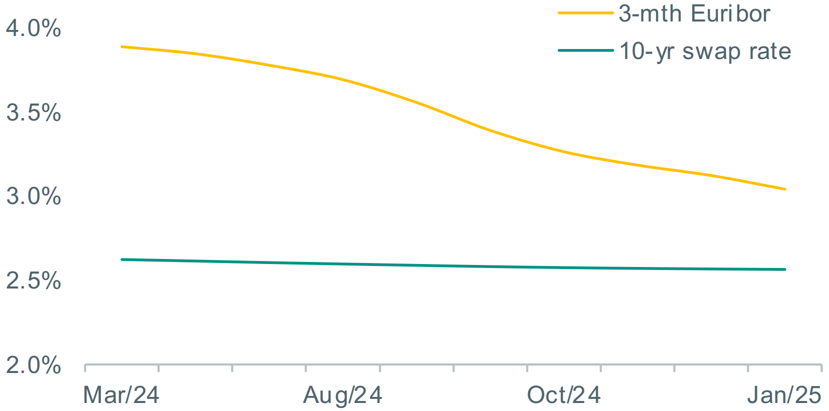
Growth % yoy number of houses sold



1) Group Economics forecast of 26 January 2024
2) Source: Statistics Netherlands (CBS)

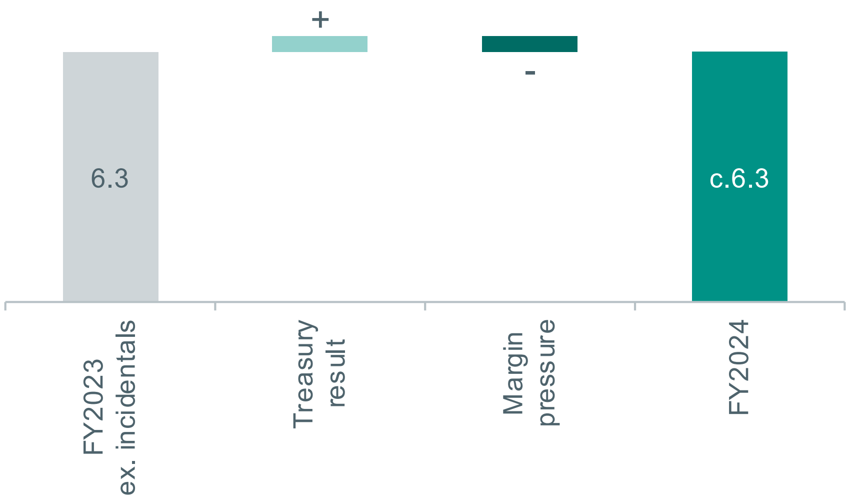
Net Interest Income for 2024 expected to be broadly in line with 2023

Interest rates assumed for 2024 NII guidance [1)]



2024 NII expected in line with 2023

EUR bn



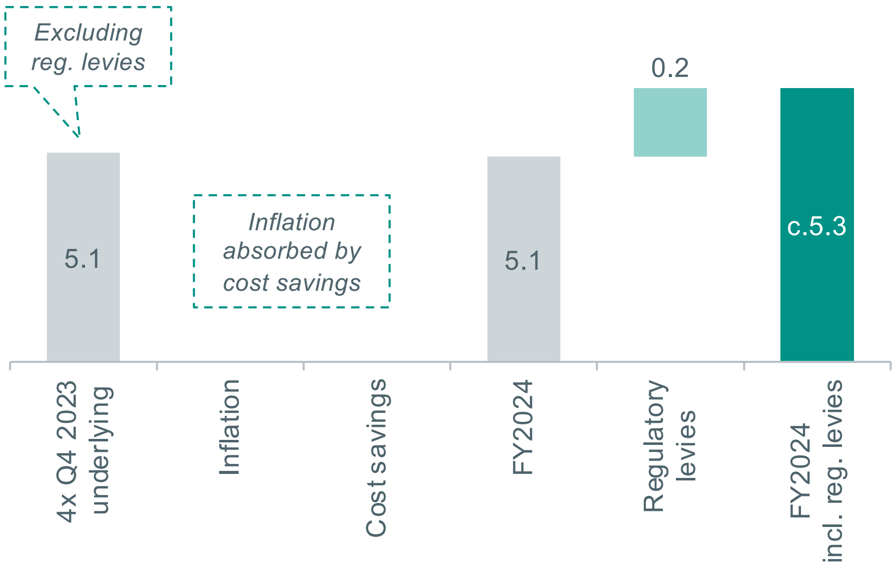
- Net Interest Income for 2024 expected to be broadly in line with 2023 NII
- Interest rates expected to decline during 2024 and first ECB rate cut in June with a deposit rate of 2.75% at YE2024
- Both Treasury result and replicating portfolio expected to benefit from current interest rates environment
- Migration of current accounts into savings and/or term deposits expected to further slowdown; No assumption made on future client saving rate, NII guidance assumes a constant rate
- Expect some pressure on asset margins

1) Forward curves as of beginning of February

Higher costs in 2024 of c.5.3bn, adding significant resources

Costs expected to increase to c.5.3bn in 2024

EUR bn



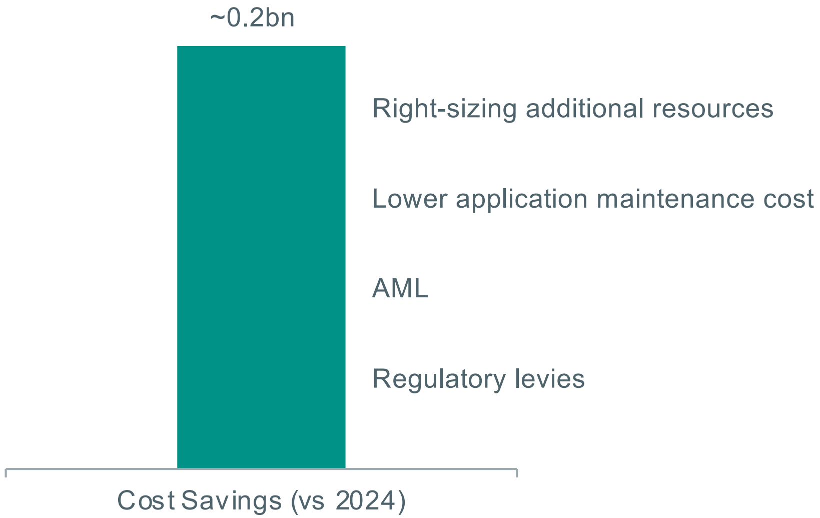
- Hired significant additional resources during Q4 2023 to build
  - Data capabilities and risk models
  - Digitalisation of processes
  - Sustainable Finance Regulation
- Currently at capacity, Q4 2023 already at 2024 run rate
- For 2024 some modest inflation expected, to be absorbed by offsetting cost savings
- Regulatory levies of c.200m expected for 2024

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

Costs remain broadly flat 2024-2026 as cost savings offset inflation

Around 0.2bn cost savings by 2026 [1)]

EUR bn



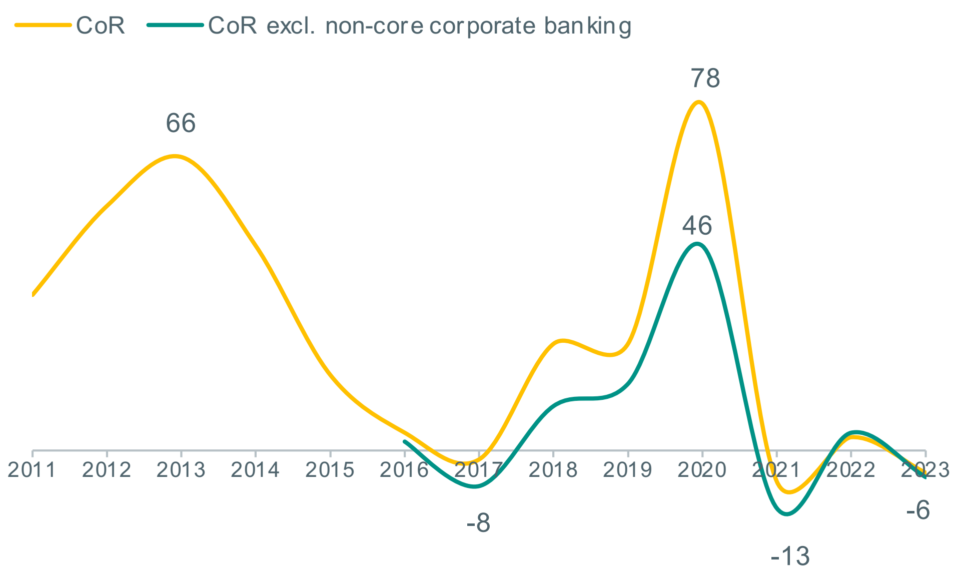
- Costs expected to remain broadly flat assuming cost savings offset inflation during 2024-2026
- Reducing resources towards 2026
- Modular application design to reduce complexity and maintenance cost by 2026
- AML cost expected to gradually come down by 2026
- Regulatory levies expected decrease from c.200m to c.150m by 2026

1) Cost savings relative to 5.3bn cost guidance for 2024

Through the cycle Cost of Risk adjusted downwards to 15-20bps

Cost of Risk development

bps

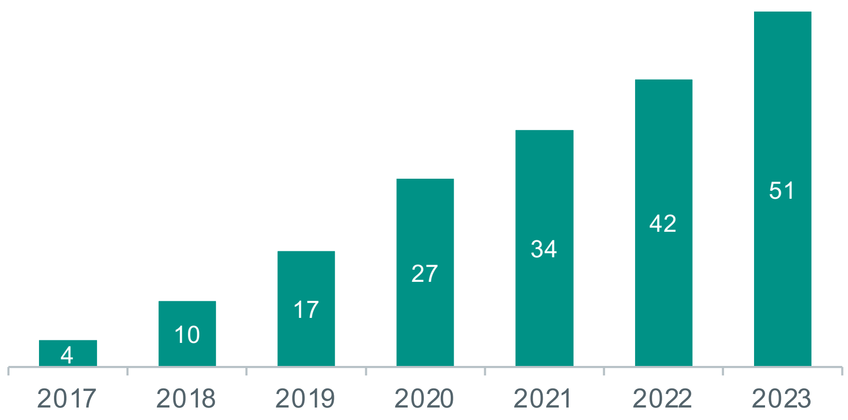


- Through the cycle Cost of Risk adjusted downwards to 15-20bps from c.20bps as:
  - wind-down of non-core led to significant de-risking
  - further strengthening of risk appetite framework
- No major changes expected in portfolio composition going forward
- Gradual normalisation of impairments expected towards through the cycle Cost of Risk

Significant RWA add-ons taken in past years

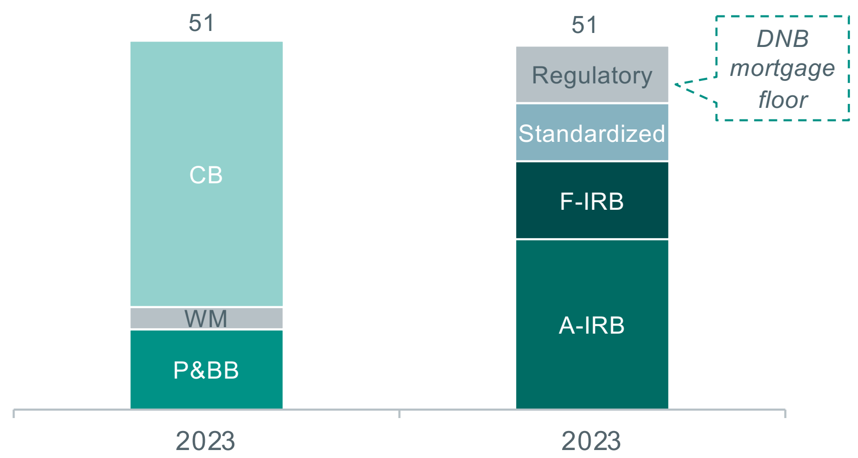
Developments Basel III RWA add-ons

EUR bn



Build up Basel III RWA add-ons 2023 [1)]

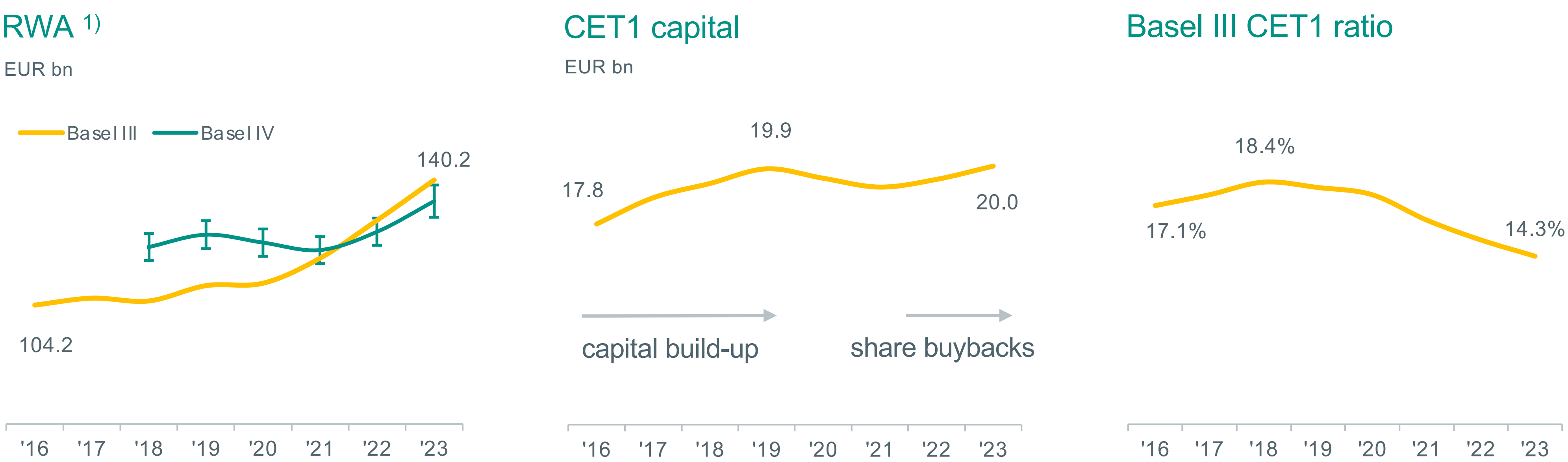
EUR bn



- Add-ons were initially due to TRIM [2)], in recent years mainly due to shift towards less advanced models to be realised in coming years
- Continued focus on getting model updates approved, turning add-ons into structural components of our IRB and SA models
- Further add-ons increasingly offset by releases of add-ons, lower RWA under Basel IV and model reviews

1) F-IRB and A-IRB stands for Foundation- and Advanced-Internal Rating Based approach
2) TRIM stands for Targeted Review of Internal Models

Since start of share buybacks limited additional CET1 capital build-up

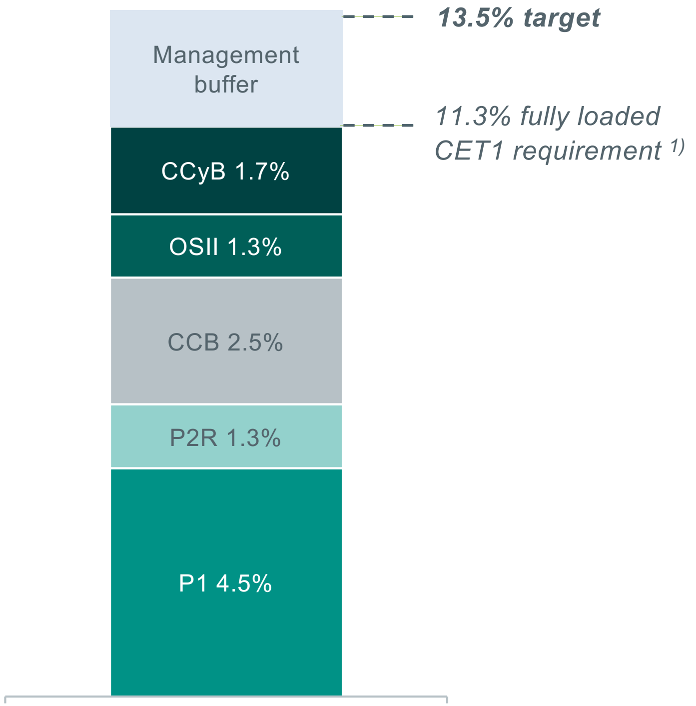


- Strong increase of Basel III RWAs due to add-ons and simplification of models ahead of Basel IV implementation
- Prior to 2020 strong build-up of CET1 capital anticipating Basel IV and RWA add-ons
- Since start of share buybacks as of YE2021, further build-up of CET1 capital has been limited

1) Basel IV RWAs bandwidth calculated determined using actual Basel III CET1 capital and +/- 0.5% range for published Basel IV CET1 ratio

New capital framework with target of 13.5%, unchanged dividend policy

Target a CET1 ratio of 13.5% by 2026



New Capital Framework

- CET1 target of 13.5% on a fully loaded Basel IV basis
- Currently implies a management buffer of 225bps [1] (incl. P2G)
- Share buybacks will be considered annually and announced at Q4 results [2]
- Dividend policy 50% pay-out of reported net profit [3]
- Interim dividend 40% of H1 reported net profit [3]

1) CET1 requirement increases to 11.3% by May 2024 due to increase of the Dutch CCYB from 1% to 2%, partly offset by a reduction of 25bps of O-SII buffer
2) Subject to regulatory approval
3) After deduction of AT1 coupon payments and minority interests

Capital allocation

Dividends & share buybacks

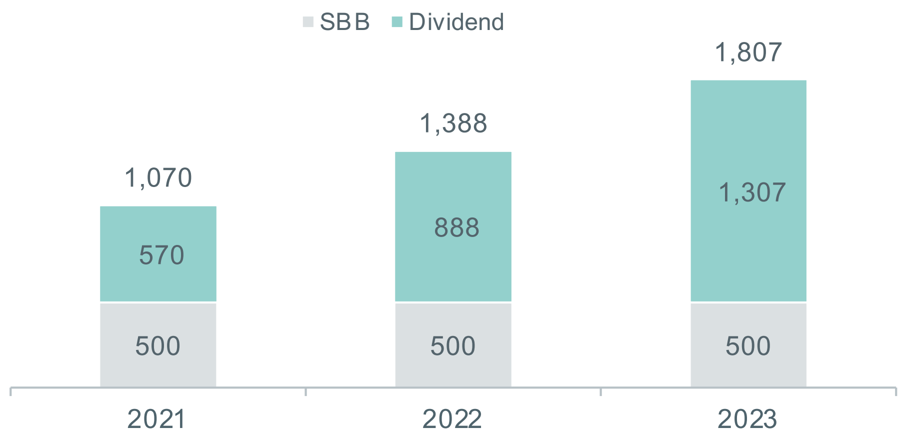
- 50% dividend pay-out based on reported net profit [1)]
- Share buybacks used to distribute additional capital

RWAs going forward

- Selective business growth in focus segments and specific transition themes leading to growth slightly above GDP
- Further add-ons increasingly offset by releases of add-ons, lower RWA under Basel IV and model reviews

Capital return for 2021-2023 of 4.3bn

EUR m



Target a CET1 ratio of 13.5% by year-end 2026

- Committed to generating and returning surplus equity to shareholders in combination with targeted growth
- Approval for share buybacks will depend, among others, on progress on our data and model landscape

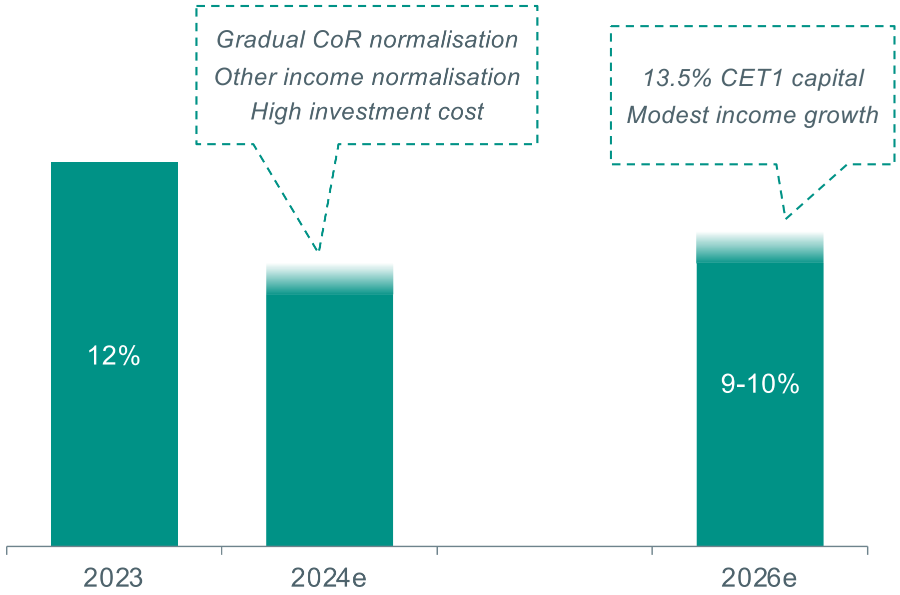
1) After deduction of AT1 coupon payments and minority interests

Roadmap to a 9-10% ROE in 2026

- 2024 ROE expected to come down as
  - ± Net interest income broadly in line with 2023
  - − Costs to increase by c.0.2bn
  - − Other income normalising
  - − Gradual normalisation towards through the cycle Cost of Risk

- By 2026 ROE expected to increase to 9-10% 1)
  - \+ Modest income growth, including CAGR 3-5% fee growth
  - ± Cost savings offset by inflation
  - \+ Targeted CET1 ratio of 13.5%

Roadmap to 9-10% ROE in 2026



1) Based on 13.5% CET1 Basel IV target

Key messages, targets and guidance

Strong foundation

- Leading Dutch bank with strong brand and attractive market positions in NL and NW Europe
- Long-term client relationships build on trust, supported by expertise
- Ahead of the curve in digital for broad client base in resilient economy
- Committed to cost discipline
- Through The Cycle Cost of Risk of 15-20bps
- Strong capital position and committed to capital return

Vision

- A personal bank in the digital age, serving clients where we have scale in NL and NW Europe
- First choice partner in sustainability
- Simple, future proof bank; digital first and highly simplified operating model
- Strict risk focus; culture and license to grow are clear priorities
- Committed to deliver on targets and attractive distributions for shareholders

Targets 2026 [1]	ROE 9-10% [2]	Cost income ratio c.60%	CET1 Basel IV target 13.5%	Dividend pay-out 50%
Guidance 2024	NII c.6.3bn	Costs c.5.3bn		

1) These targets will replace all 2024 targets
2) Based on 13.5% CET1 Basel IV target

Appendices

Q4 2023 and FY2023 results overview

	Q4 2023			Q3 2023		
	Reported	Incidentals	Underlying 1)	Reported	Incidentals	Underlying 1)
Net interest income	1,504	-34	1,538	1,533	-	1,533
Net fee and commission income	452	-	452	442	-	442
Other operating income	85	-	85	237	-	237
Operating income	**2,041**	**-34**	**2,075**	**2,211**	**-**	**2,211**
Personnel expenses	647	-	647	627	-	627
Other expenses	815	81	734	601	-	601
Operating expenses	**1,462**	**81**	**1,381**	**1,228**	**-**	**1,228**
Impairment charges	-83	-	-83	-21	-	-21
Income tax expenses	117	-85	32	246	-	246
Profit	**545**			**759**		

	FY2023			FY2022		
	Reported	Incidentals	Underlying 1)	Reported	Incidentals	Underlying 1)
Net interest income	6,278	-16	6,294	5,422	107	5,315
Net fee and commission income	1,782		1,782	1,778		1,778
Other operating income	558		558	640	-144	784
Operating income	**8,618**	**-16**	**8,634**	**7,841**	**-37**	**7,878**
Personnel expenses	2,492		2,492	2,458	34	2,424
Other expenses	2,741	101	2,640	2,968	96	2,872
Operating expenses	**5,233**	**101**	**5,132**	**5,425**	**130**	**5,295**
Impairment charges	-158		-158	39		39
Income tax expenses	847	-85	762	509		509
Profit	**2,697**			**1,867**		

1) Underlying is reported results excluding disclosed incidentals

Disclaimer

For the purposes of this disclaimer ABN AMRO Bank N.V. and its consolidated subsidiaries are referred to as "ABN AMRO“. This document (the “Presentation”) has been prepared by ABN AMRO. For purposes of this notice, the Presentation shall include any document that follows and relates to any oral briefings by ABN AMRO and any question-and-answer session that follows such briefings. The Presentation is informative in nature and is solely intended to provide financial and general information about ABN AMRO following the publication of its most recent financial figures. This Presentation has been prepared with care and must be read in connection with the relevant Financial Documents (latest Quarterly Report and Annual Financial Statements, "Financial Documents"). In case of any difference between the Financial Documents and this Presentation the Financial Documents are leading. The Presentation does not constitute an offer of securities or a solicitation to make such an offer, and may not be used for such purposes, in any jurisdiction (including the member states of the European Union and the United States) nor does it constitute investment advice or an investment recommendation in respect of any financial instrument. Any securities referred to in the Presentation have not been and will not be registered under the US Securities Act of 1933. The information in the Presentation is, unless expressly stated otherwise, not intended for residents of the United States or any "U.S. person" (as defined in Regulation S of the US Securities Act 1933). No reliance may be placed on the information contained in the Presentation. No representation or warranty, express or implied, is given by or on behalf of ABN AMRO, or any of its directors or employees as to the accuracy or completeness of the information contained in the Presentation. ABN AMRO accepts no liability for any loss arising, directly or indirectly, from the use of such information. Nothing contained herein shall form the basis of any commitment whatsoever. ABN AMRO has included in this Presentation, and from time to time may make certain statements in its public statements that may constitute “forward-looking statements”. This includes, without limitation, such statements that include the words ‘expect’, ‘estimate’, ‘project’, ‘anticipate’, ‘should’, ‘intend’, ‘plan’, ‘probability’, ‘risk’, ‘Value-at-Risk (“VaR”)’, ‘target’, ‘goal’, ‘objective’, ‘will’, ‘endeavour’, ‘outlook’, 'optimistic', 'prospects' and similar expressions or variations on such expressions. In particular, the Presentation may include forward-looking statements relating but not limited to ABN AMRO’s potential exposures to various types of operational, credit and market risk. Such statements are subject to uncertainties. Forward-looking statements are not historical facts and represent only ABN AMRO's current views and assumptions on future events, many of which, by their nature, are inherently uncertain and beyond our control. Factors that could cause actual results to differ materially from those anticipated by forward-looking statements include, but are not limited to, (macro)-economic, demographic and political conditions and risks, actions taken and policies applied by governments and their agencies, financial regulators and private organisations (including credit rating agencies), market conditions and turbulence in financial and other markets, and the success of ABN AMRO in managing the risks involved in the foregoing. Any forward-looking statements made by ABN AMRO are current views as at the date they are made. Subject to statutory obligations, ABN AMRO does not intend to publicly update or revise forward-looking statements to reflect events or circumstances after the date the statements were made, and ABN AMRO assumes no obligation to do so.

Address
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Website
www.abnamro.com/ir

Questions
investorrelations@nl.abnamro.com