Q2 2015 results

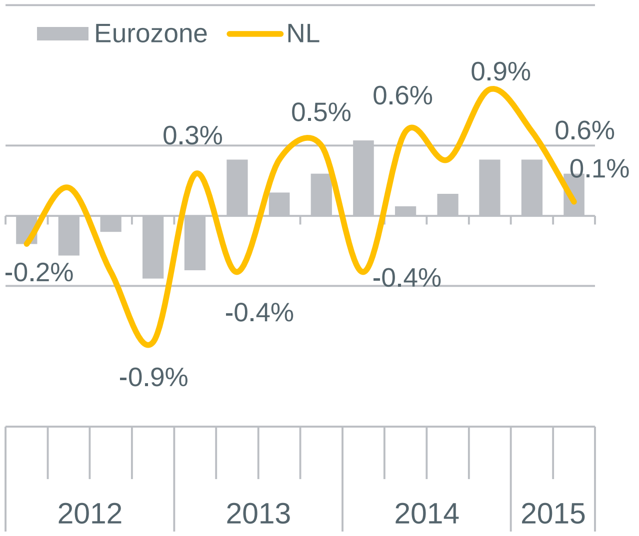
analyst and investor call presentation

Investor Relations
21 August 2015

Dutch economic indicators (1/2)

GDP

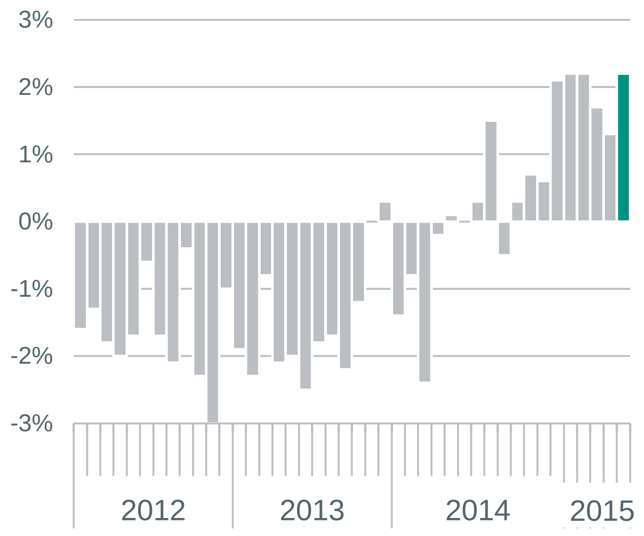
Q-o-Q, source Thomson Reuters Datastream, CBS



- GDP growth remained on growth path in Q2 2015
  - 2.0% growth vs. Q2 2014
  - 0.1% growth vs. Q1 2015
- Q2 was impacted by lower natural gas revenues

Consumer spending

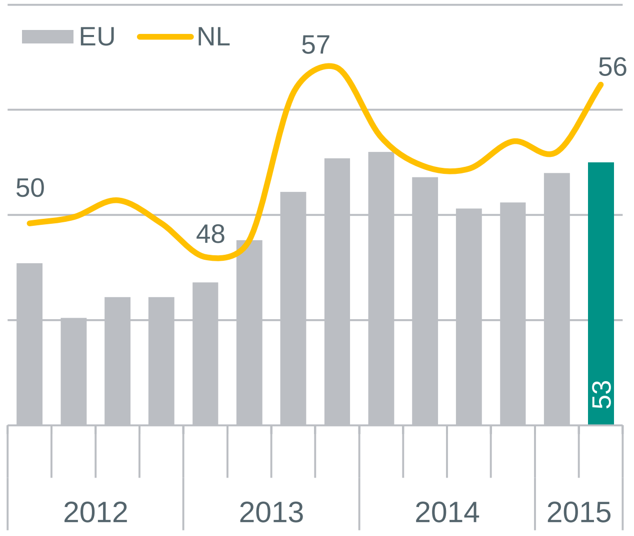
% change compared with same month year ago, CBS



- Consumer spending clearly picked up
- June was 2.2% higher compared with same month last year

PMI

PMI indices (end of period), source: Markit

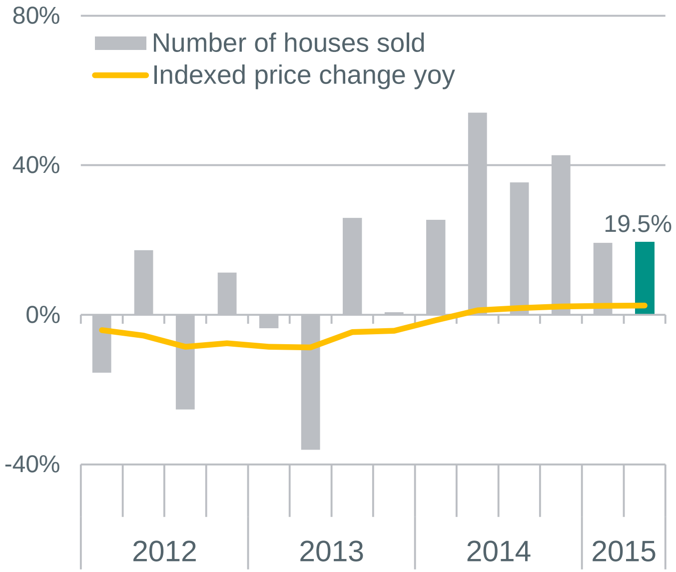


- PMI shows expansion since mid 2013 (>50)
- Firm rise in Q2
- Dutch PMI improved more than the Eurozone PMI

Dutch economic indicators (2/2)

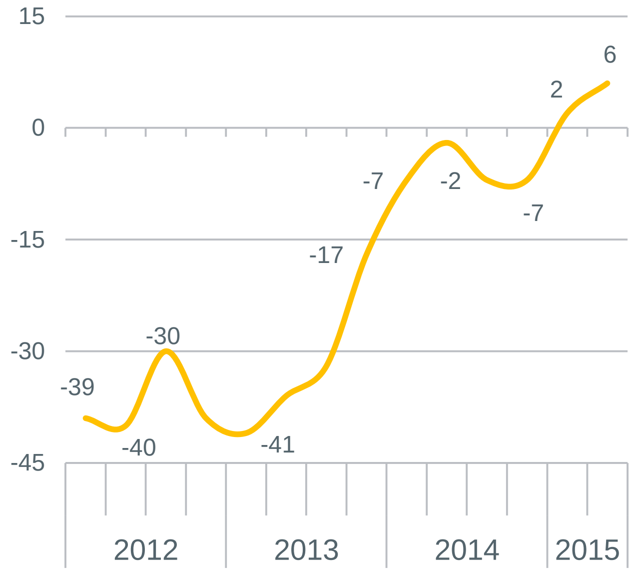
House prices & houses sold

yoy change in avg. price houses sold and no. houses sold, CBS



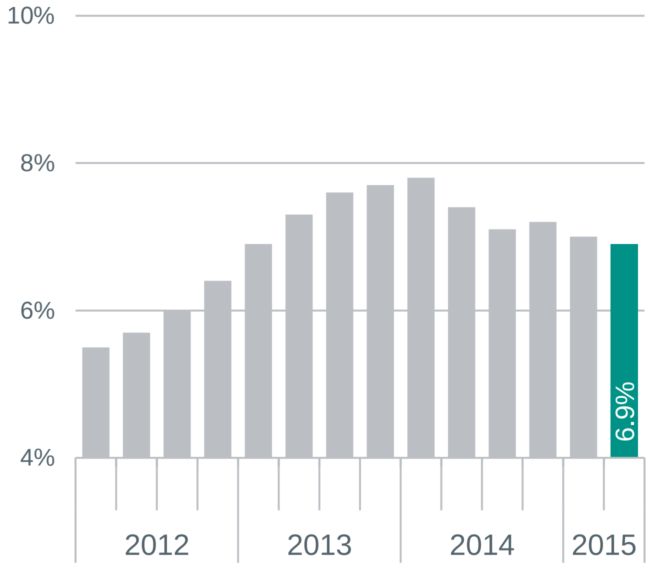
Consumer confidence

The Netherlands, seasonally adjusted confidence (end of period) (average over last 25 years was -8.5), source CBS



Unemployment

The Netherlands (end of period), source: Statistics Netherlands



Housing market recovered

- Number of houses sold +19.5% vs. Q2 2014
- Prices up by 2.5% vs. Q2 2014

Dutch consumer confidence

- Improved significantly and is well above the 25 year average of -8.5
- Due to a substantially more positive assessment of the economic climate

- Unemployment further improved due to an increase in number of jobs
- The number of people (re-)entering the labour market rose

ABN·AMRO

Q2 2015 highlights

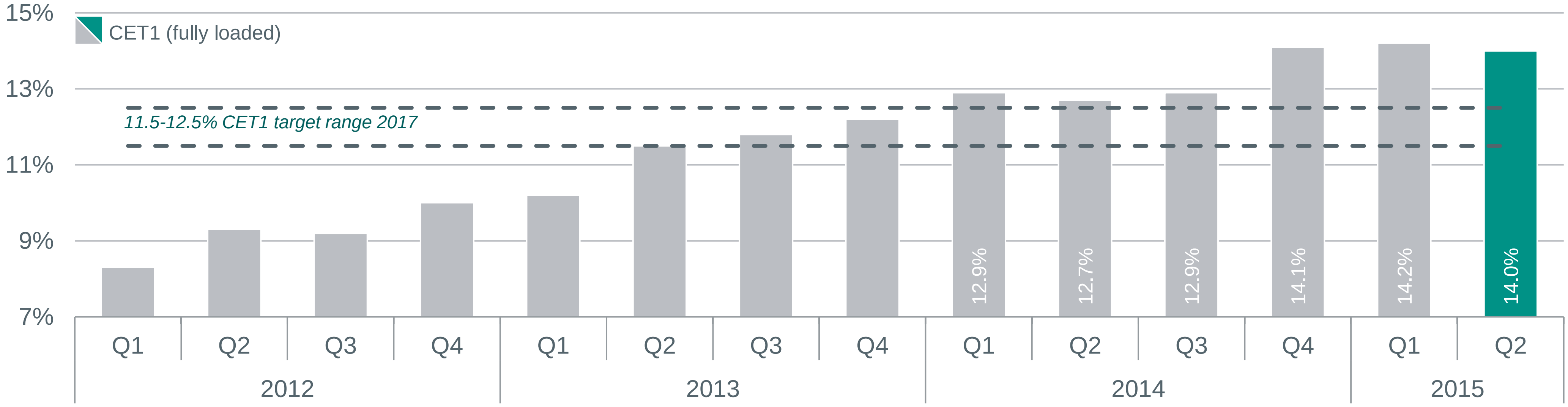
Another good quarter

- Underlying net profit at EUR 600m, up 86% vs. Q2 2014
- Operating income up 11%, driven by all line items, expenses up 7%
- Improvement in economy and Dutch housing market reflected in very low impairments
- Realisation of 2017 targets on track
  - Cost/income at 59%
  - ROE at 15.3%
  - Fully-loaded CET1 at 14.0%
- Including expected levies* (approx. EUR 250m (pre-tax) to be recorded in Q4) on a annual basis:
  - Cost/income 62%
  - ROE 14%
- Interim dividend of EUR 350m

* Banking tax, contribution European resolution fund, (European) deposit guarantee scheme

CET1 fully loaded capital target

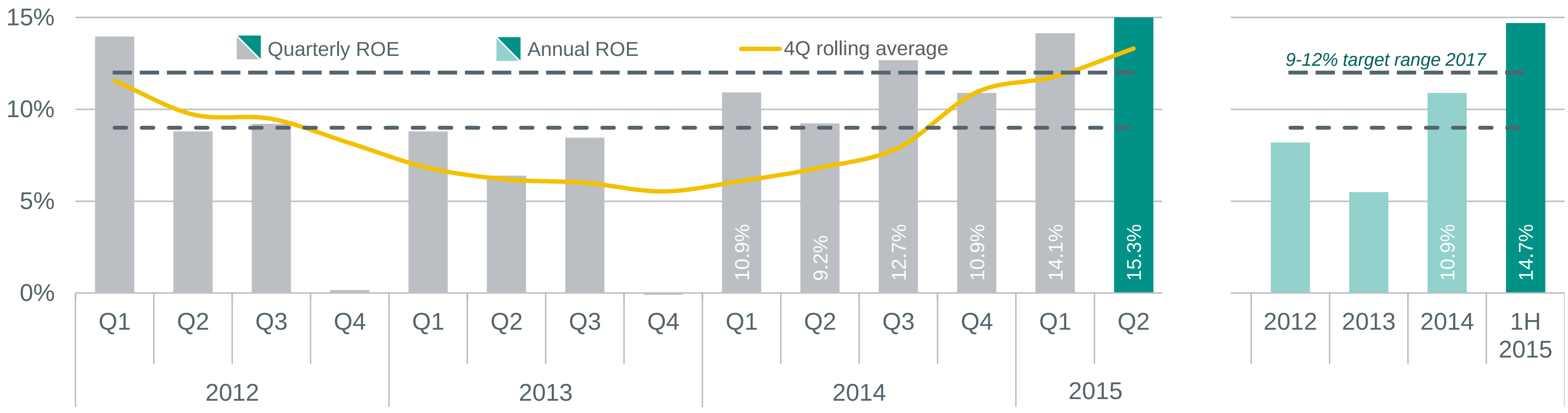
Strong capital accretion, fully loaded capital position above 2017 target range



- Fully-loaded CET1 above 2017 target range of 11.5-12.5% provides a cushion for regulatory changes
- Consistent capital accretion, while dividends paid
- Q2 fully-loaded CET1 was 14.0%

Return on Equity target

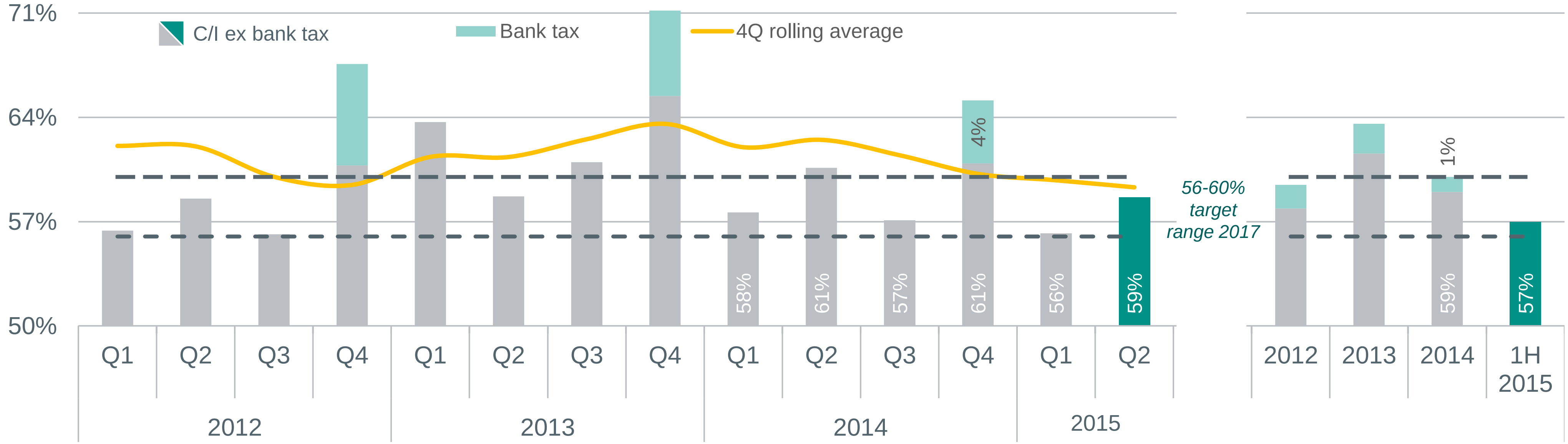
ROE above target range 2017



- Clear improvement in ROE both for Q2 as well as 4Q rolling average
- Adjusted for expected regulatory levies ROE was 14% for Q2 2015 (13% 1H2015)
- All business segments contributed to the improvement in ROE

Cost/income target

Cost/income ratio within the 2017 target range



- Q2 2015 C/I improved to 59% compared to 61% Q2 2014
- Adjusted for expected regulatory levies C/I was 62% (60% 1H 2015)

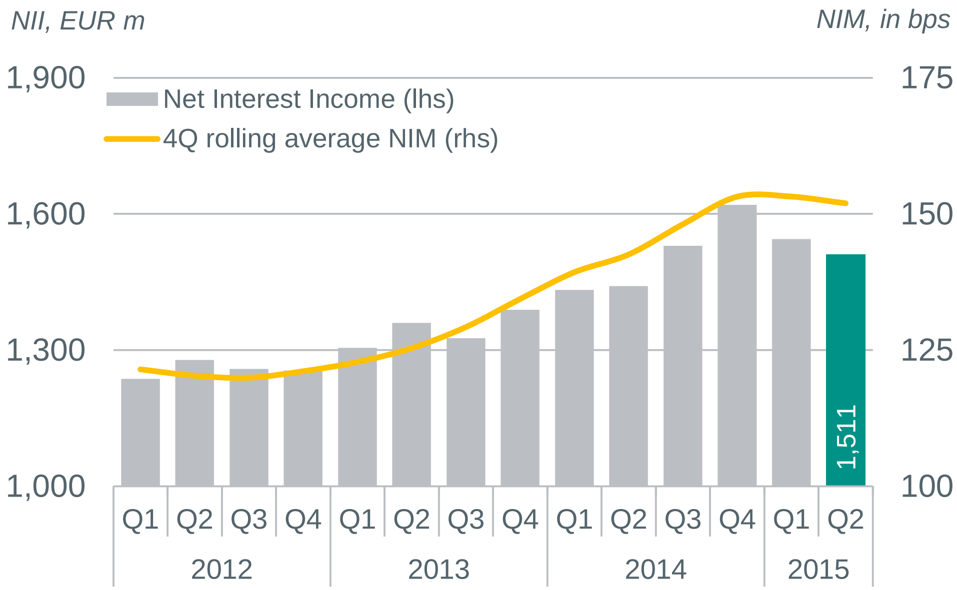
Results

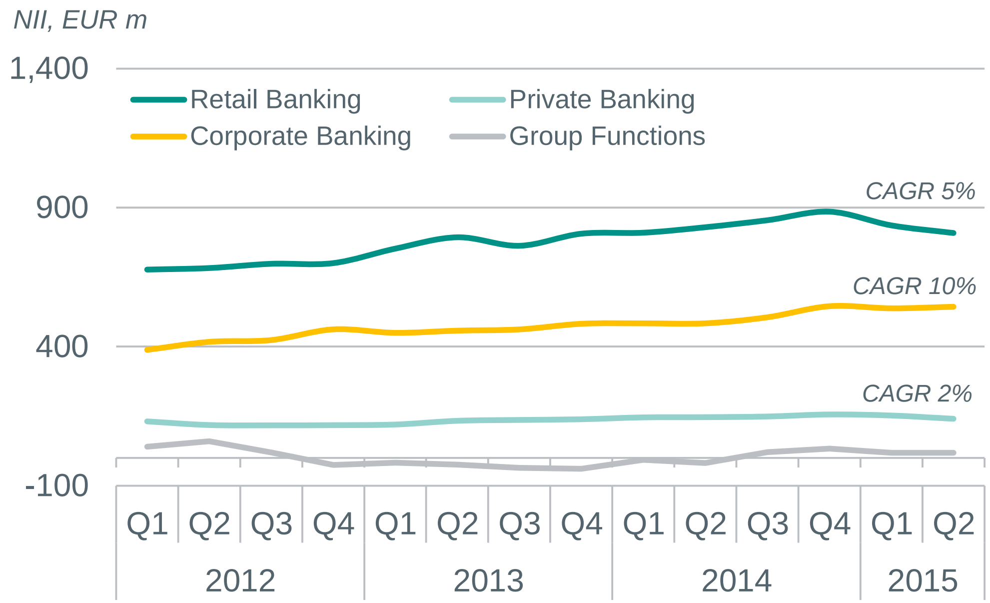
Good Q2 2015 result driven by higher income and lower impairments

EUR m	Q2 2015	Q2 2014	Delta	1H 2015	1H 2014	Delta
Net interest income	1,511	1,441	*5%*	3,056	2,873	*6%*
Net fee and commission income	456	420	*8%*	926	842	*10%*
Other operating income	159	56		312	185	*68%*
Operating income	**2,126**	**1,917**	***11%***	**4,294**	**3,900**	***10%***
Operating expenses	1,247	1,162	7%	2,465	2,305	7%
Operating result	**879**	**755**	***16%***	**1,828**	**1,595**	***15%***
Impairment charges	34	342	*-90%*	287	703	*-59%*
Income tax expenses	244	91		398	192	*107%*
Underlying profit for the period	**600**	**322**	***86%***	**1,144**	**700**	***63%***
Special items and divestments	-	-283		-	-350	
Reported profit for the period	**600**	**39**		**1,144**	**351**	
Underlying cost/income ratio (%)	59%	61%		57%	59%	
Underlying return on avg. IFRS equity (%)	15.3%	9.2%		14.7%	10.1%	
Net interest margin (bps)	142	146		145	147	

Interest income

Interest income levels remained strong

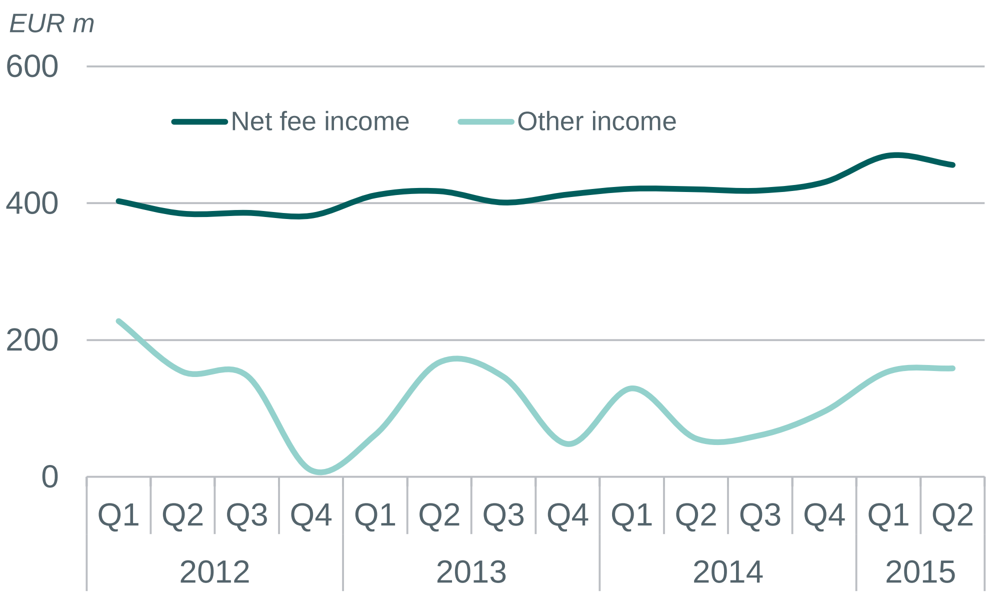




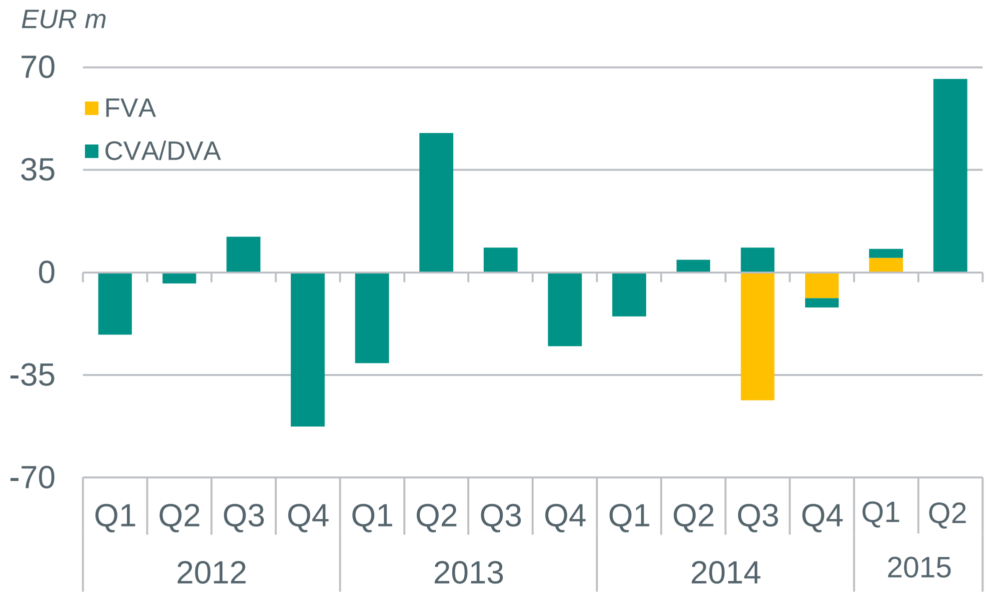
- NII increased by 5% vs. Q2 2014, driven by higher margins on loans and to a lesser extent growth in corporate loans
- NII decreased by 2% vs. Q1 2015 because of non-recurring interest provisions

Net Fee and Other operating income

Fee income increases over time



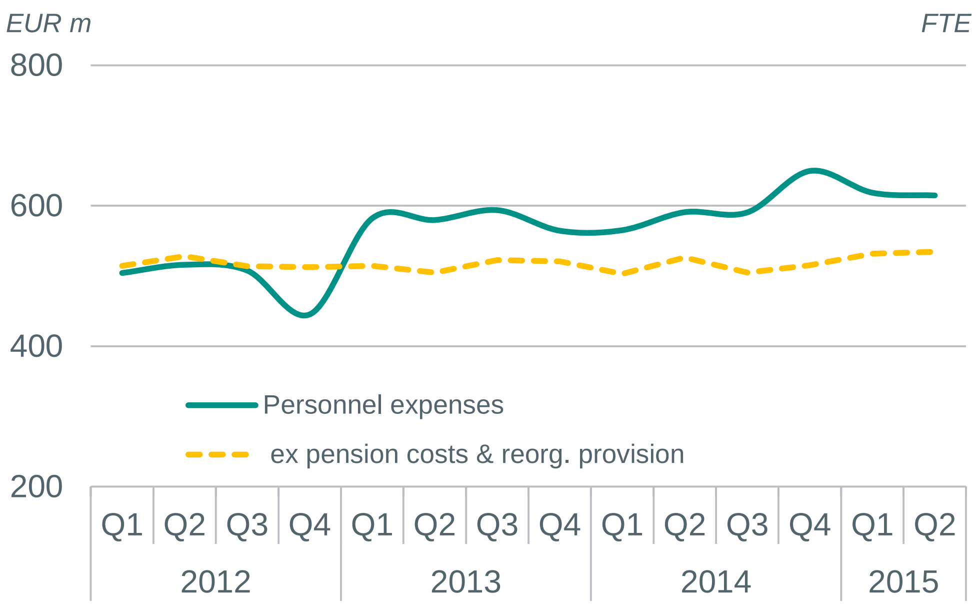
Volatile CVA, DVA and FVA effects

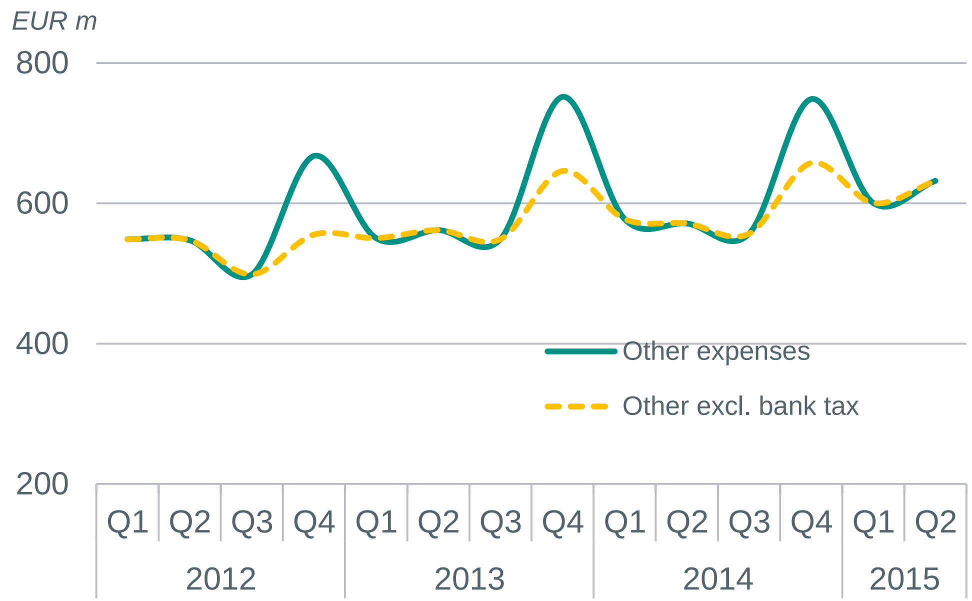


- Fee income up 8% vs. Q2 2014, primarily driven by Private Banking
- Other income increased vs. Q2 2014, primarily due to positive CVA, DVA and FVA effects

Expenses

Expenses increased for several reasons

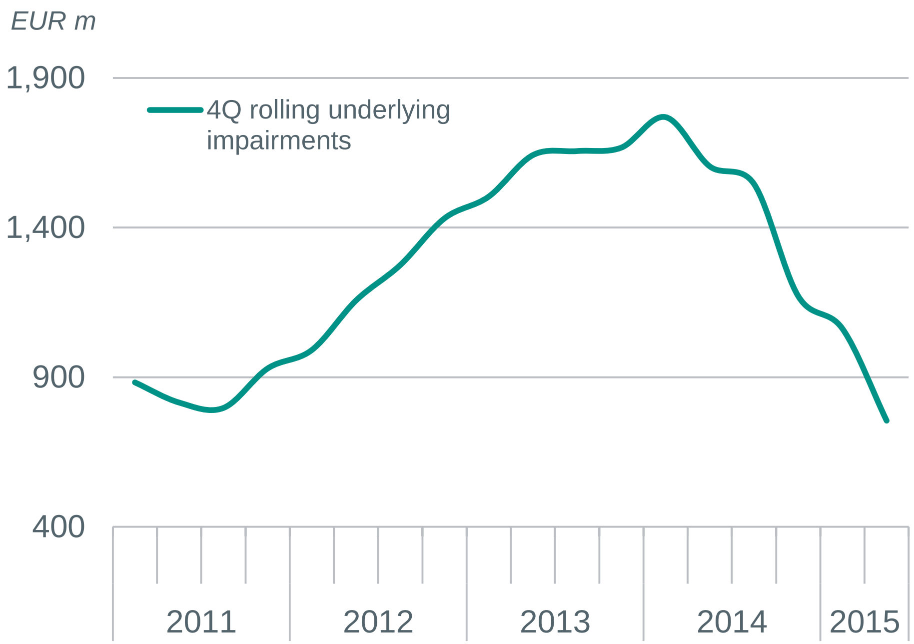


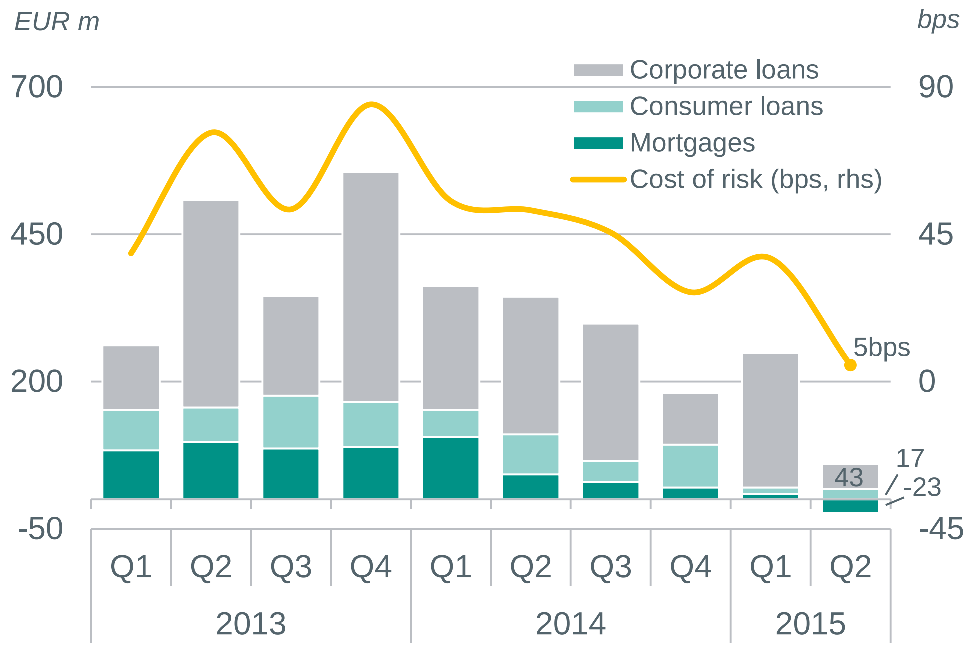


- Expenses up 7% vs. Q2 2014 due to
  - higher project expenses (IT and client-related)
  - pension costs driven by a low discount rate (EUR 18m higher yoy)
- Other expenses typically peak in Q4 partly due to the annual charge of Dutch bank tax

Loan impairments

Loan impairments continue to trend downwards

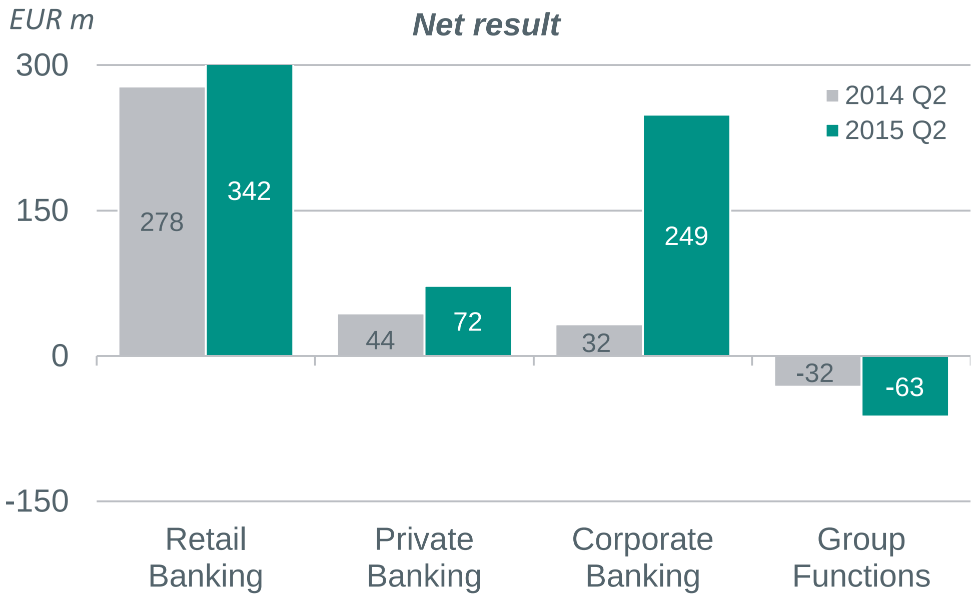


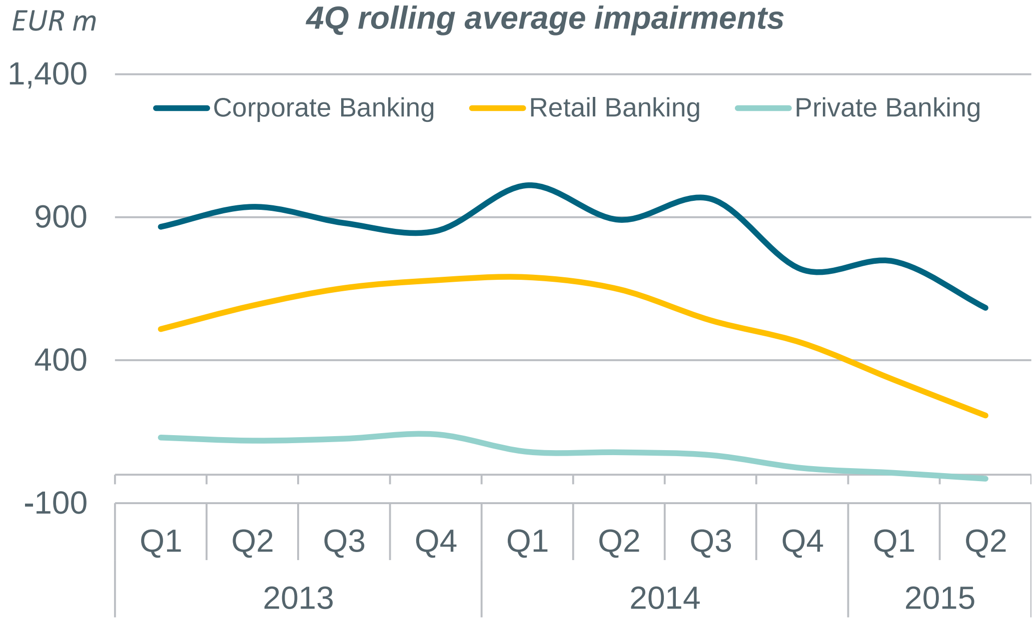


- Downward trend of 4Q rolling underlying impairments started in 2014 and continued
- Impairments down significantly in mortgages as well as corporate loans
- Cost of Risk declined to 5bps in Q2 2015, from 52bps Q2 2014
- Q2 is exceptionally low due to releases and not representative for remainder of 2015

Segment results

Results improved in all businesses





Lower impairments contributed to improvement of net result in all segments:

- Retail Banking up 23% yoy
- Private Banking improved by 64% in combination with higher operating result
- Corporate Banking improved to EUR 249m also because of improved operating result

Capital ambitions

Pending regulations require close monitoring and capital planning

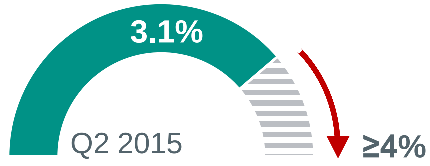
Based on current understanding of applicable and/or pending regulations and respective implementation dates, the following ambitions apply:

We aim for a Leverage Ratio ≥4% by 2018

- Retained earnings
- Manage the Exposure Measure
- AT1 issuance up to ~1.5% of RWA

Leverage Ratio

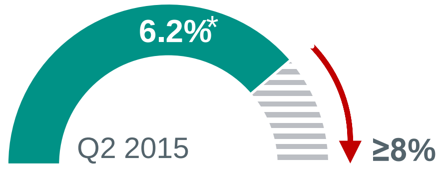
Fully-Loaded



We aim for MREL ≥8% by 2018 and pre-position for TLAC

- MREL ≥8% through subordinated debt and capital retention
- Finalisation of regulation (including TLAC) will determine exact route to meet target

MREL



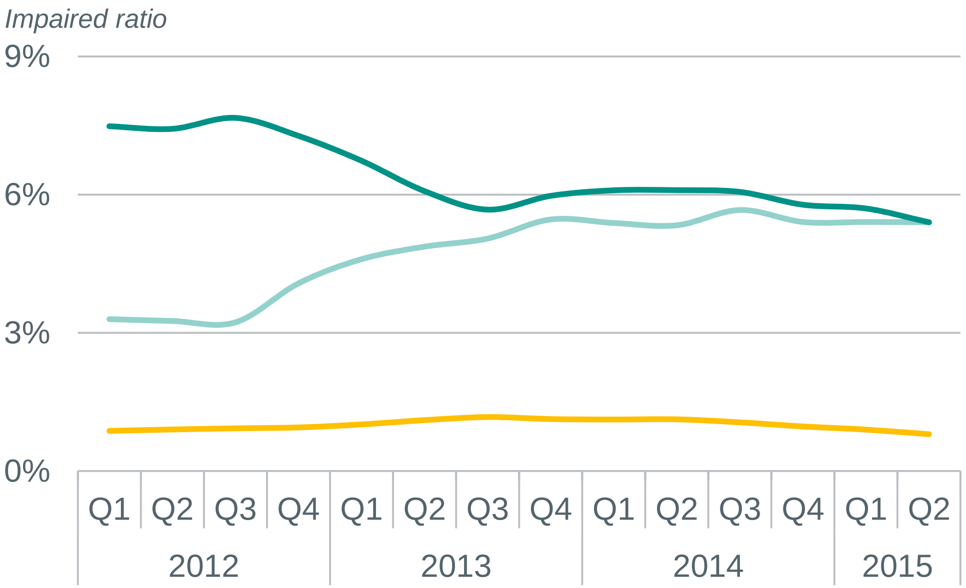
For now, continue to further build out the buffer of loss absorbing instruments

Notwithstanding changes in rules and regulations, additional issuance of AT1 and T2 are a no-regret option, while keeping an eye on regulatory developments

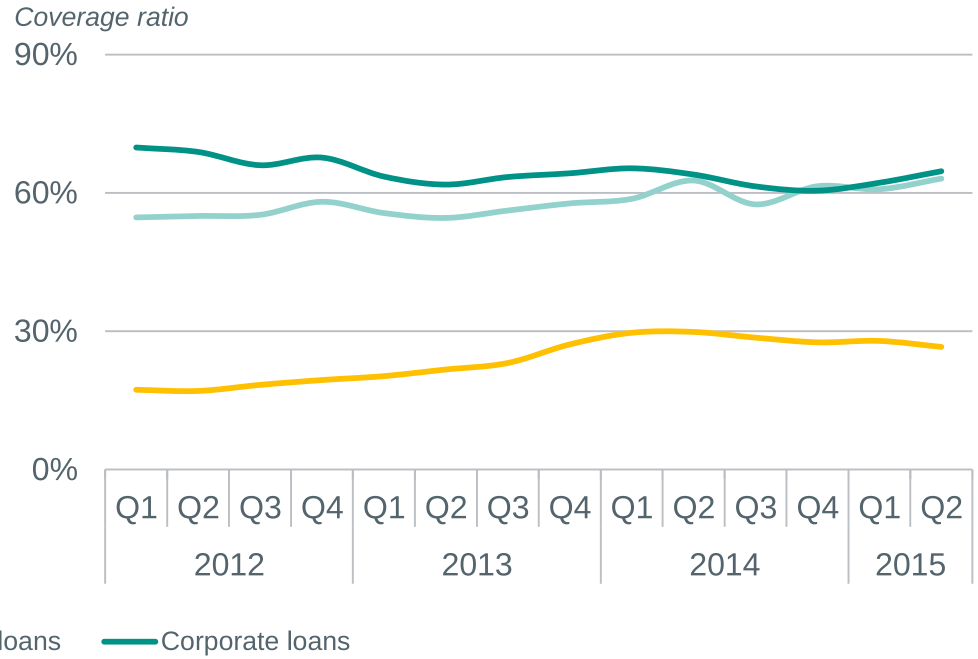
* Solely based on equity and loss absorbing instruments

Risk ratios

Improving impaired ratio total book



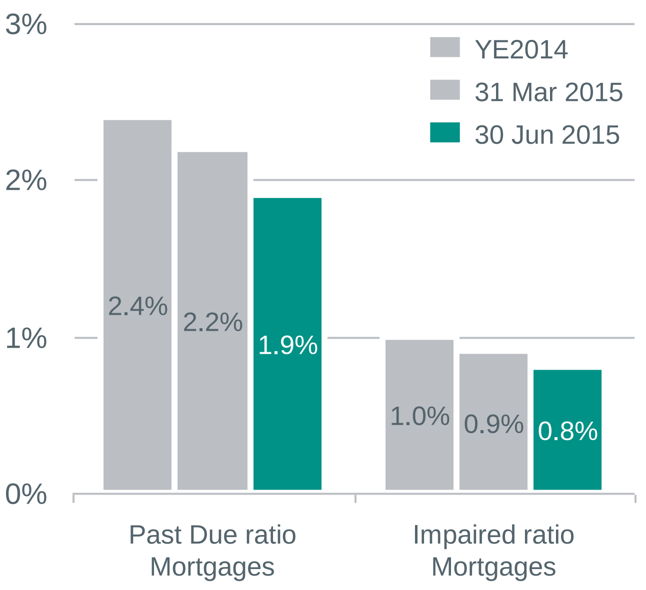
Coverage ratios more or less stable



- In Q2 2015 the impaired ratios improved further for total client loan book to 2.6% (2.8% Q1, 2.9% YE2014), due to improved economic conditions and active management of portfolio
- Impaired ratios for both mortgages and corporate loans improved while consumer loans remained stable vs. Q1 2015
- The coverage ratio increased to 57.4% by 30 June 2015 (53.6% YE2014)

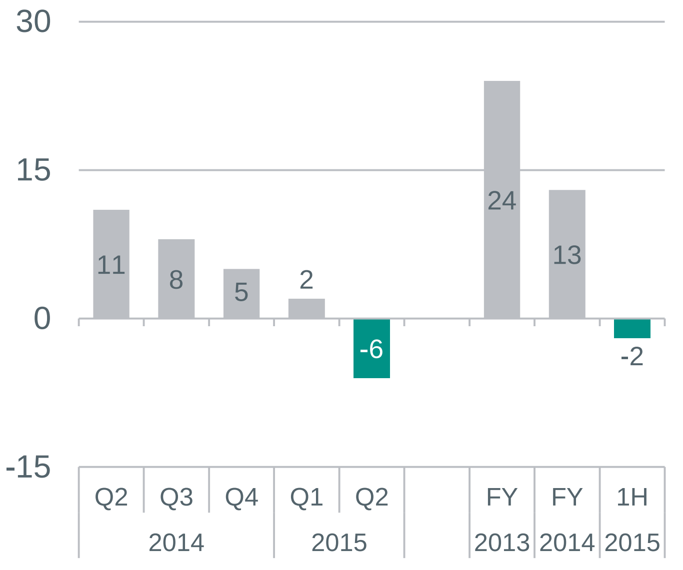
Mortgage loans

Asset quality ratios improved

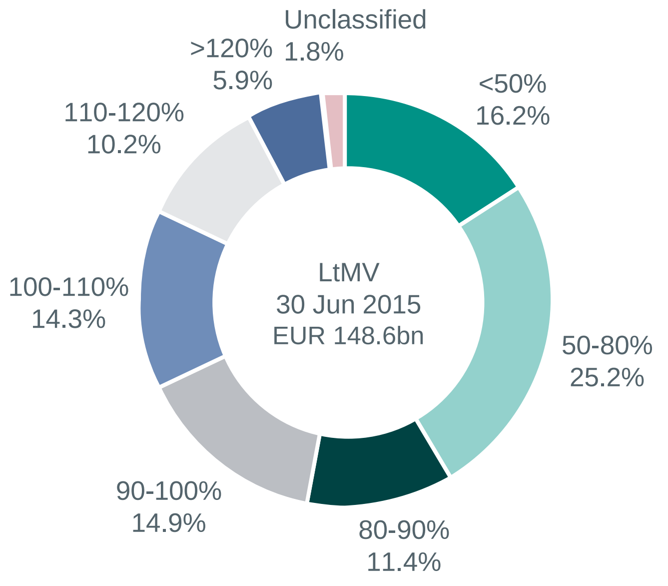


Impairments down

In bps, impairments over avg. mortgage loans



Loan to Market Value 82%



Metrics continued to improve due to recovery housing market and continued active management of portfolio

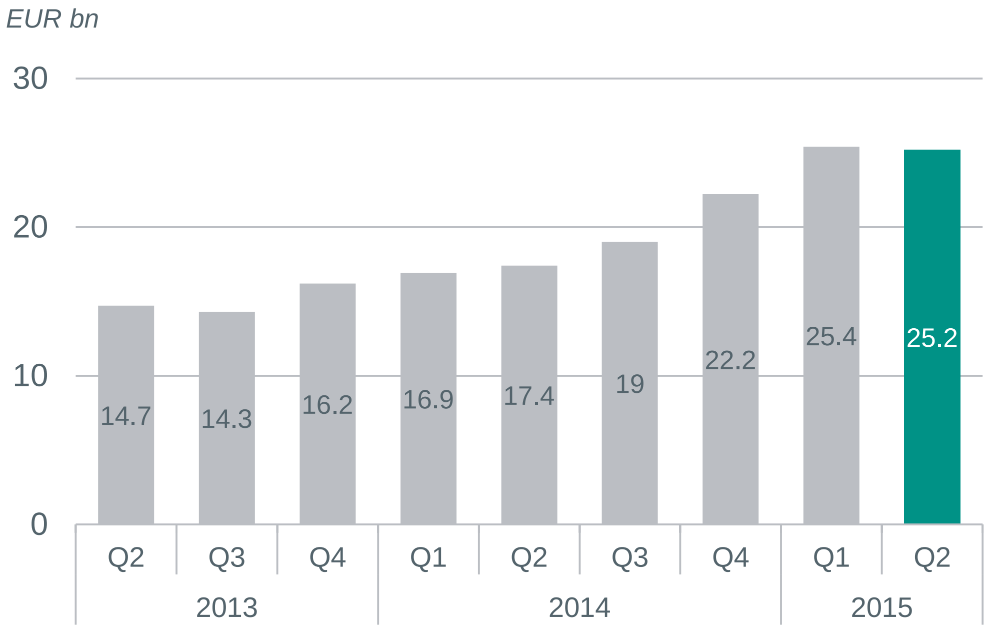
- Past due ratio to 1.9%
- Impaired ratio to 0.8%

- Q2 cost of risk was a net release of 6bps

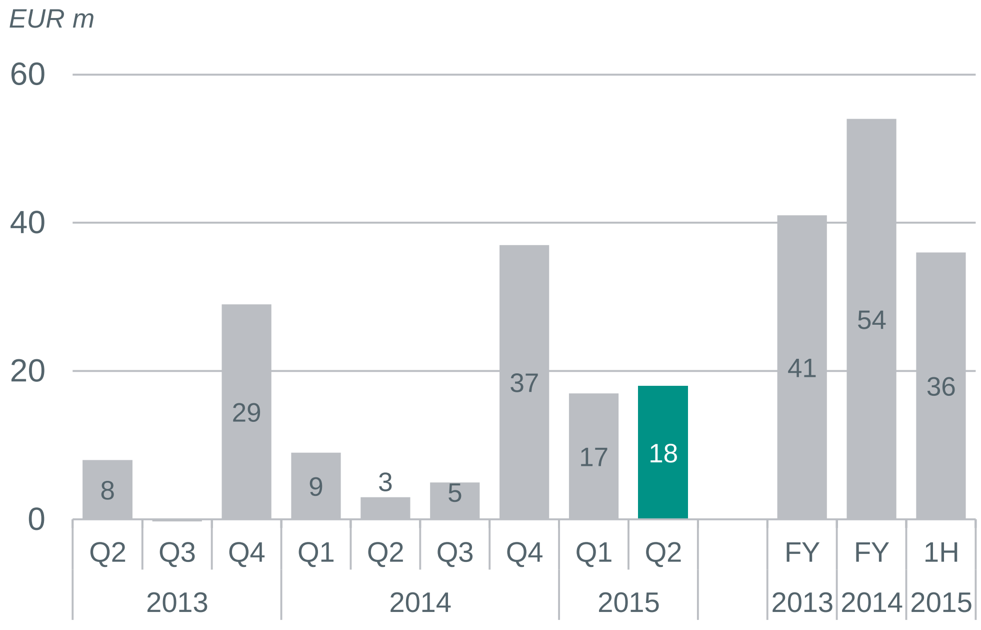
- LtMV at 82% (78% non-NHG), down from 83% at YE2014 (79% non-NHG)
- LtMV class ≥100% declined by EUR 3.4bn since YE2014

ECT Clients

On-balance outstanding



Impairment charges



- On-balance sheet exposures increased over the last years through controlled growth as well as currency effects
- Portfolio decreased in Q2 by 0.9% primarily due to the USD depreciation
- Impairment charges increased, but remain at relatively low levels at EUR 18m in Q2

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