ABN·AMRO

Investor Relations

results Q2 2022

investor & analyst presentation | 10 August 2022

Highlights Q2 2022, good quarter with net profit of 475m

- Good quarter with further growth in mortgage and corporate loan book
- Improved deposit margins from rising interest rates, FY2022 NII expected around 5.2bn and bottoming out in H2 2022
- Fee income increased 12% Y-o-Y, driven by increase in payment and credit card fees and strong results at Clearing
- FY2022 costs now expected at c. 5.3bn [1)], cost savings partially offset by higher investments and regulatory levies
- Net impairment releases reflecting good credit quality; CoR H2 2022 expected to remain below TTC CoR of c. 20bps
- Strong capital position, with Basel III CET1 ratio of 15.5% (Basel IV c.16%); interim dividend of 0.32 per share
- Approval from ECB for 250m share buyback, conditional on a potential sell-down by the NLFI
- Continued progress towards financials and non-financial targets for 2024

1) Excluding incidentals and restructuring costs

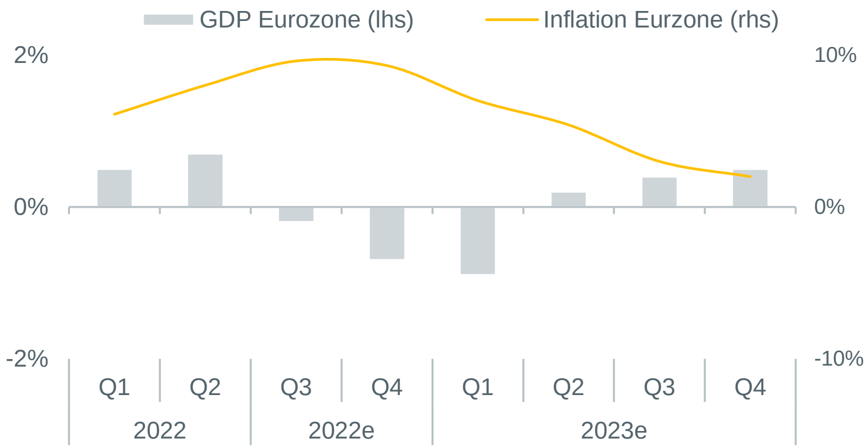
A personal bank in the digital age; strategic pillars as guiding principles

Pillar	Highlights	KPI		Targets 2024	YTD2022	FY2021
Customer experience	▪ Partnership offer restaurants ability to order contactless and pay via Tikkie ▪ Chatbot Anna available for SME clients to check status of account request	Net Promoter Score	Mortgages SMEs	>0 >0	1 -40	-1 -33
		Market share growth	Mortgages SMEs [1]	20% 20%	17% 17%	16% 18%
Sustainability	▪ Sustainability dashboard for WM clients to give insight in GHG emissions and ESG risks ▪ Sustainable Impact Fund invested in energy market trading platform contributing to efficient use of power grid	% sustainability (acceleration) asset volume		36%	28%	27%
		% women at sub top		34%	30%	30%
Future proof bank	▪ High volume product and service processes end-to-end digitalised ▪ Mainly realized in products such as savings, lending, mortgages and payments	Straight-through-processing		90%	63%	n.a.

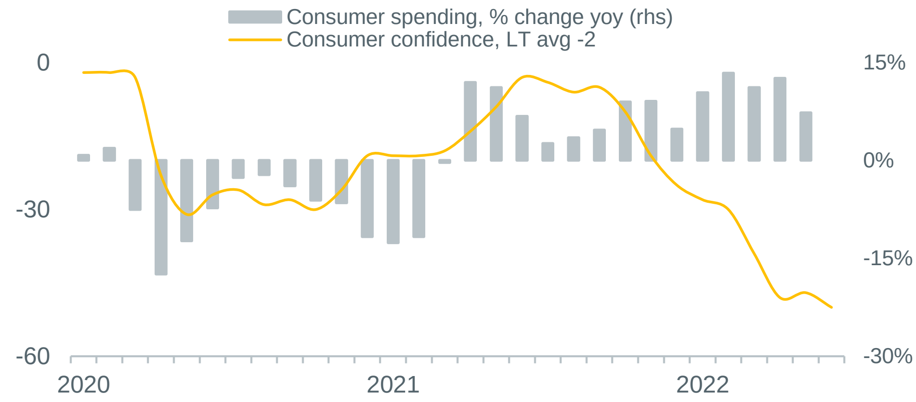
1) Market share SMEs is based on previous year results

Macro economical and geopolitical factors impacting several indicators

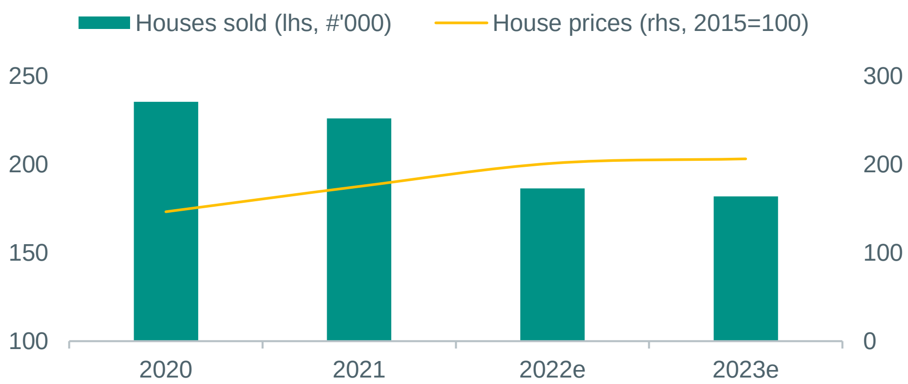
GDP & Inflation impacted by geopolitics



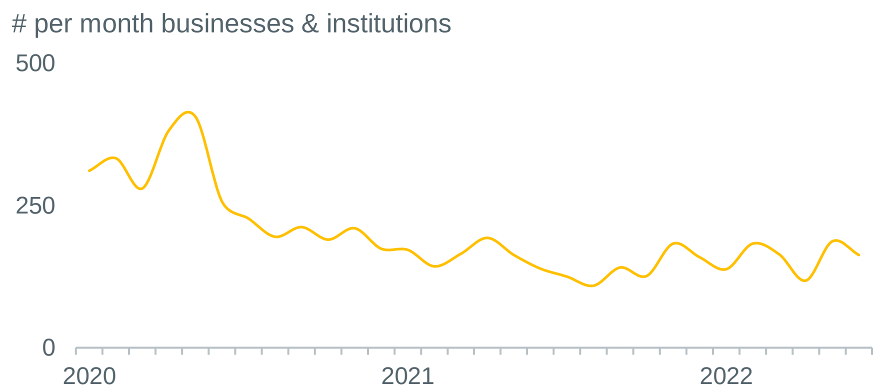
Confidence low, not yet visible in spending



House prices rise further, # houses sold lower



Dutch bankruptcies remain low

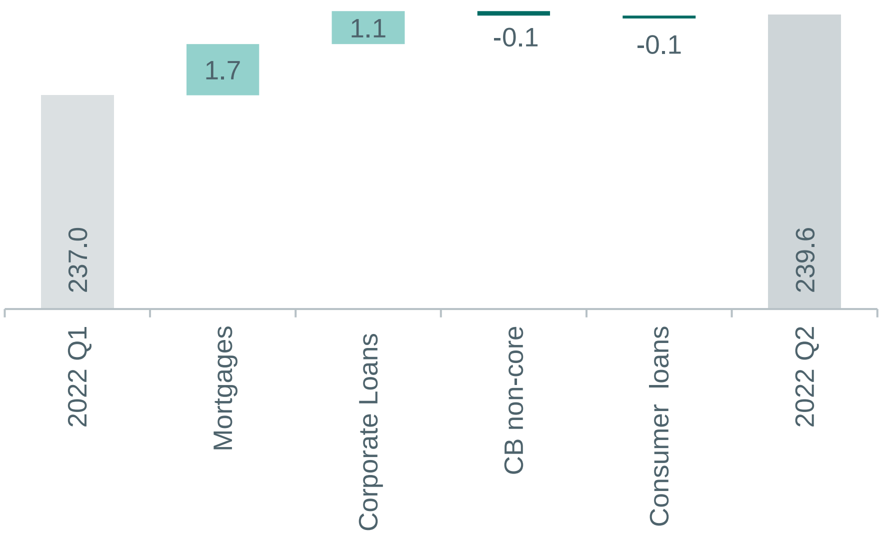


 Source: CBS, Dutch Land Registry (Kadaster), ABN AMRO Group Economics (Eurozone forecast of 4 August '22, housing market forecast of 6 July '22)

Q2 2022 showed continued growth in mortgages and corporate loans

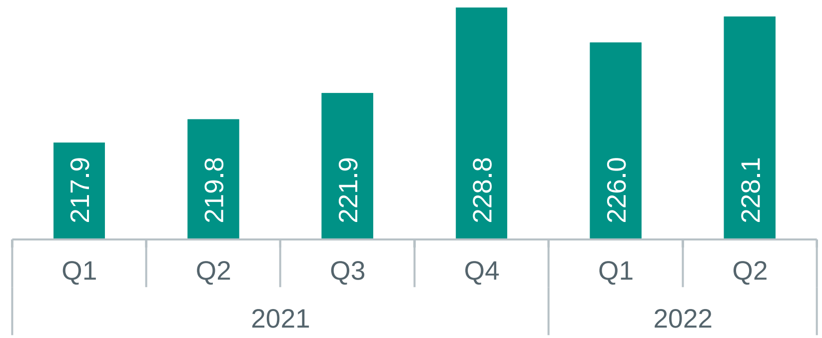
Client lending development

EUR bn



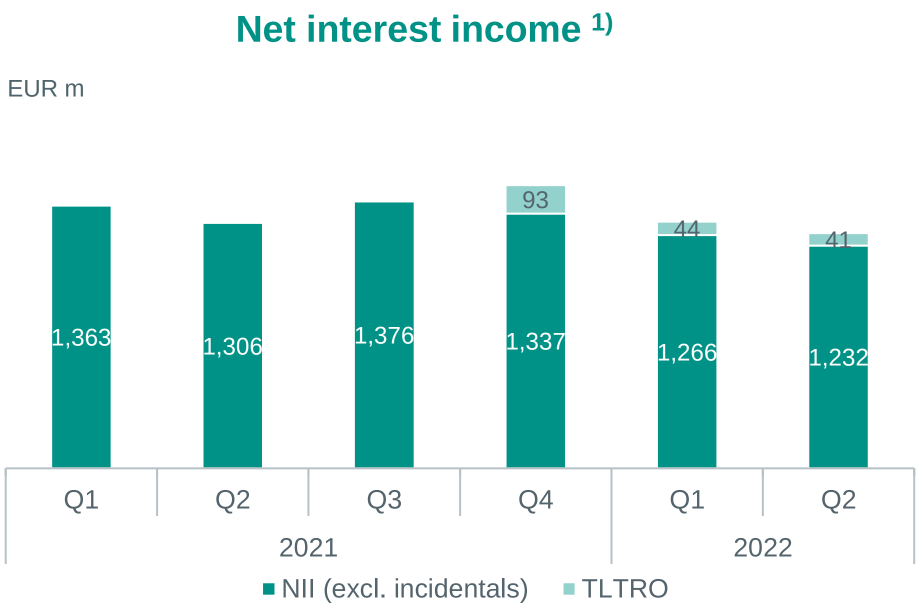
Client deposits

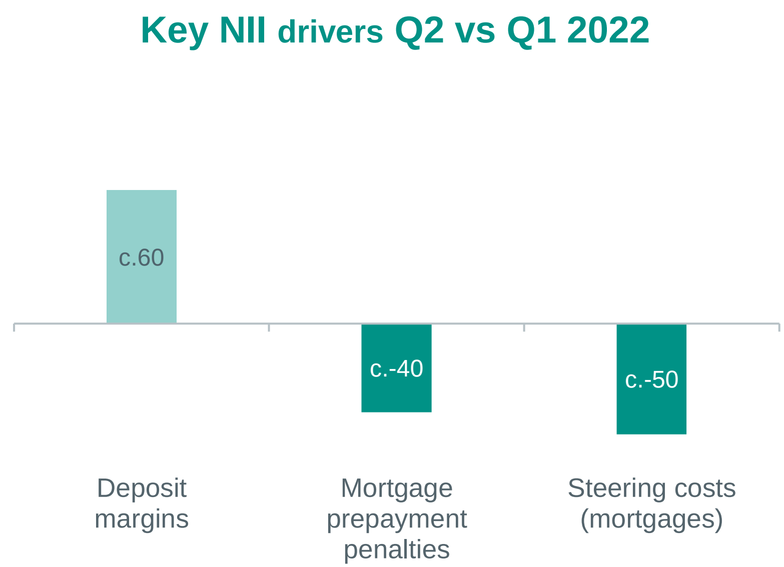
EUR bn



- Continued strong mortgage market share (17.5% in Q2) as production remains high
- Commercial momentum for corporate loans remained high with >20% related to new clients, including NW Europe
- Client deposits up Q-o-Q by 2.1bn to 228bn, reflecting holiday allowances in P&BB

NII outlook further improved, FY2022 now expected around 5.2bn

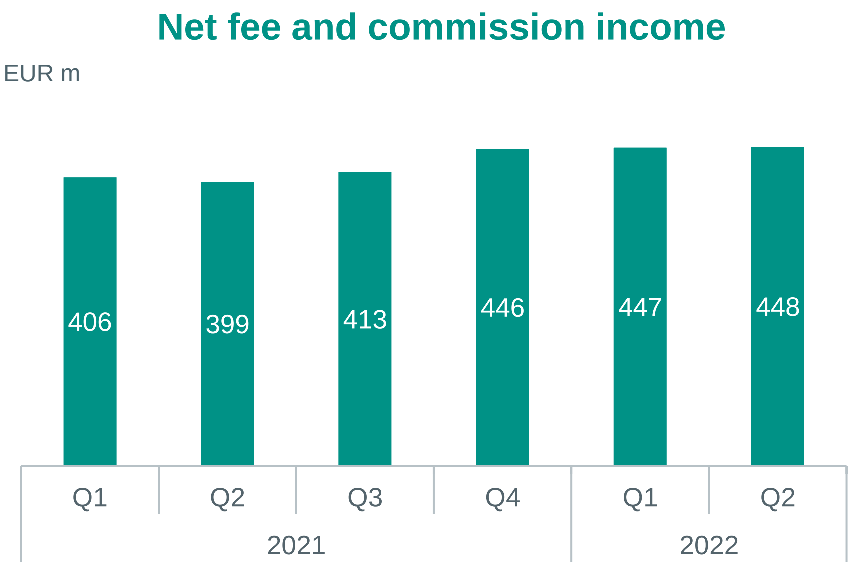


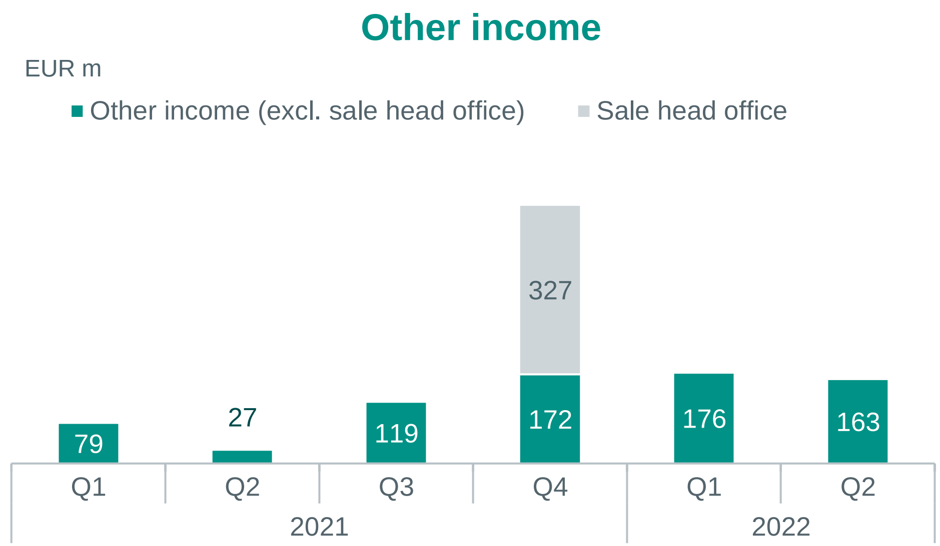


- NII in Q2 mainly impacted by lower prepayment penalties and higher steering costs at ALM/Treasury, partly offset by improved deposit margins from rising interest rates
- Negative interest rates on deposits above 100k lowered by 25bps per Aug 2022 and to 0% per Oct 2022
- Tailwind into H2 2022 from ECB hike(s), FY2022 NII now expected around 5.2bn and bottoming out in H2 2022

1) Excluding incidentals (Q3 2021 -174m & Q4 2021 -91m compensation revolving consumer credit). Additional TLTRO discount entirely passed on to clients

Both fee income and other income remain strong

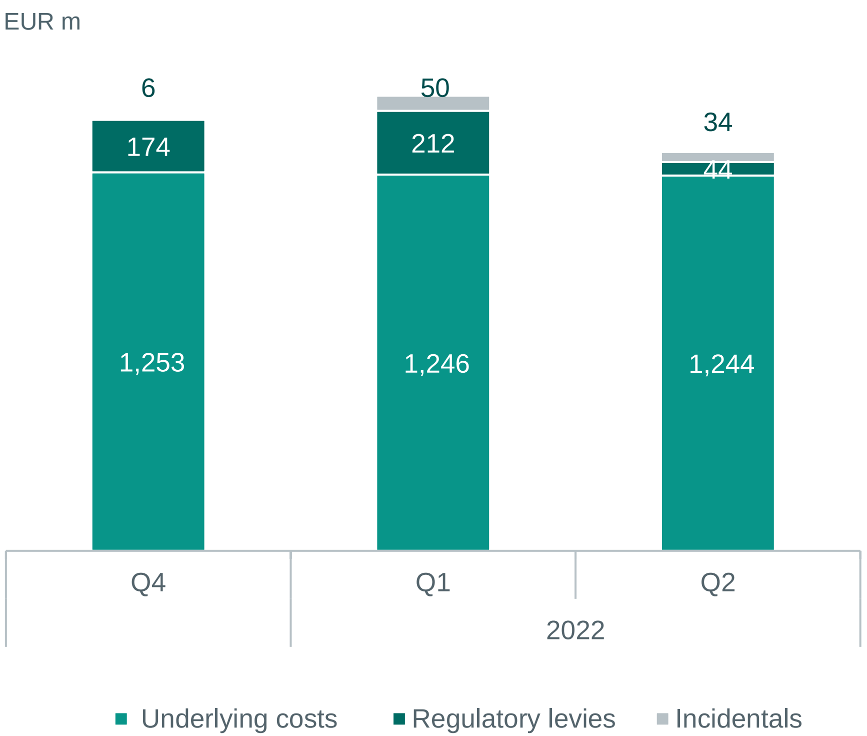




- Fees remain strong, Y-o-Y fees up 12% driven by higher income from payment services and strong results at Clearing
- Q-o-Q fees stable, higher payment and credit card fees mitigated by impact from lower asset management fees
- Other income slightly down versus Q1 2022, supported by strong results for ALM and private equity

Achieved cost reductions offset by higher investments in H1 2022

Underlying costs coming down [1)]



- Underlying costs declining driven by cost savings realised during H1 2022
- Savings realised during H1 2022 largely offset by higher investments in
  - Data sourcing
  - On-premise cloud infrastructure to cope with delay in cloud migration
- Underlying cost decline expected in H2 2022
  - AML to scale down external FTEs in Q3, increasing risk based assessments and straight through processing
  - Cost saving programs delivering further savings
- FY2022 costs around 5.3bn [2)] due to cost savings, partially offset by some (temporary) higher costs [3)] and inflationary pressure

1) Incidentals related to handling costs revolving consumer credit (Q4 2021: 6m) and AML remediation provision (Q1 2022: 50m & Q2 2022: 34m)
2) FY2022 costs exclude restructuring cost and incidentals (YTD 2022 84m)
3) Temporary costs related to DGS contribution for NL bank default and FX impact

Committed to 2024 cost target

Operational expenses [1)]

Savings >0.4bn (>40%)

- *Complete 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)*

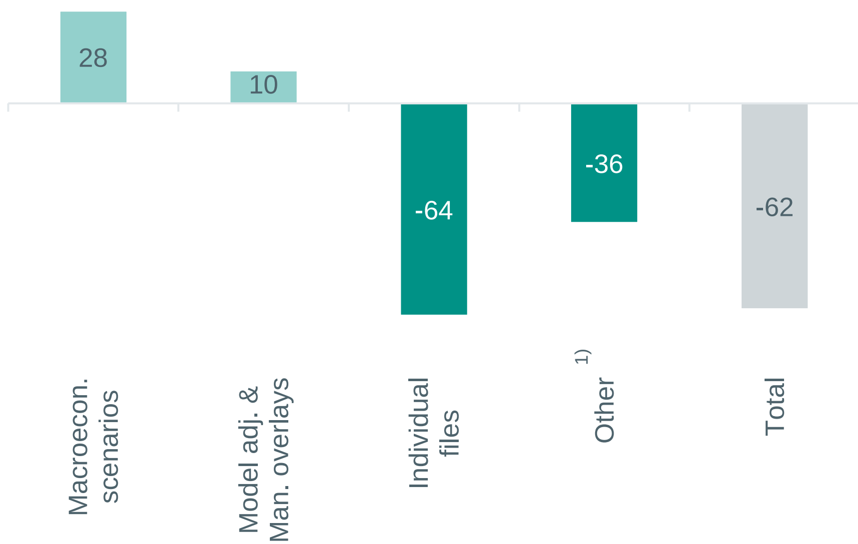
~5.3bn 2022 **<4.7bn 2024**

- Cost target for 2024 remains achievable in current high inflationary environment
- Over 400m cost savings (>40%) on 1.0bn cost base from
  - Complete wind-down CB non-core
  - Reduce AML cost through automation, risk based approach and improved sourcing
  - Lower regulatory levies [2)]
- Around 200m cost savings (~5%) on a core cost base of 4.3bn
  - Cost savings to exceed inflation
  - Savings from organisational and product simplification, lower IT run and change cost
  - Normalising of strategic investment spend

1) FY2022 and FY2024 costs excluding incidentals and restructuring provisions
2) Regulatory levies assumed lower as SRF and DGS reaching target size in/during 2024

Better performance of existing stage 3 portfolio than anticipated

Impairment releases



Client loans well provisioned for

	Stage 3 loans (EUR m)		Stage 3 coverage ratio	
	Q2	Q1	Q2	Q1
Mortgages	1,158	1,224	7.2%	4.8%
Corporate loans	4,531	4,958	32.2%	31.7%
Consumer loans	380	402	57.1%	55.3%
Total	**6,074**	**6,589**	**29.0%**	**28.2%**
Impaired ratio (stage 3)	**2.3%**	**2.5%**		

- Impairment releases of 62m, largely from lower stage 3 portfolio due to repayments and outflow to performing
- Release is partly offset by weakened economic outlook and increases in model adjustments & management overlays, both related to capture risks in mortgage portfolio [2)]
- A management overlay for potential second and third order effects of war in Ukraine is continued
- Cost of Risk for H2 2022 expected to remain below TTC CoR of c. 20bps

1) Other mainly includes unearned interest

2) Model adjustment to address impact of excessive increases in house prices, management overlay to cover refinancing risk interest-only mortgages

On track for long term financials targets

	Long term targets	YTD2022
Return on Equity	c.8% by 2024 (10% ambition with normalised rates)	7.1%
Absolute cost base	Below 4.7bn FY2024	2.7bn [1)]
Cost of Risk	Around 20bps through the cycle	2bps
Basel IV CET1 ratio	13% (threshold for share buybacks 15%)	c.16% and 250m share buyback programme approved [2)]
Dividend pay-out ratio	50% of reported net profit [3)]	0.32 interim dividend

1) Excluding incidentals
2) Conditional on a potential sell-down by the NLFI
3) After deduction of AT1 coupon payments and minority interests

Appendices

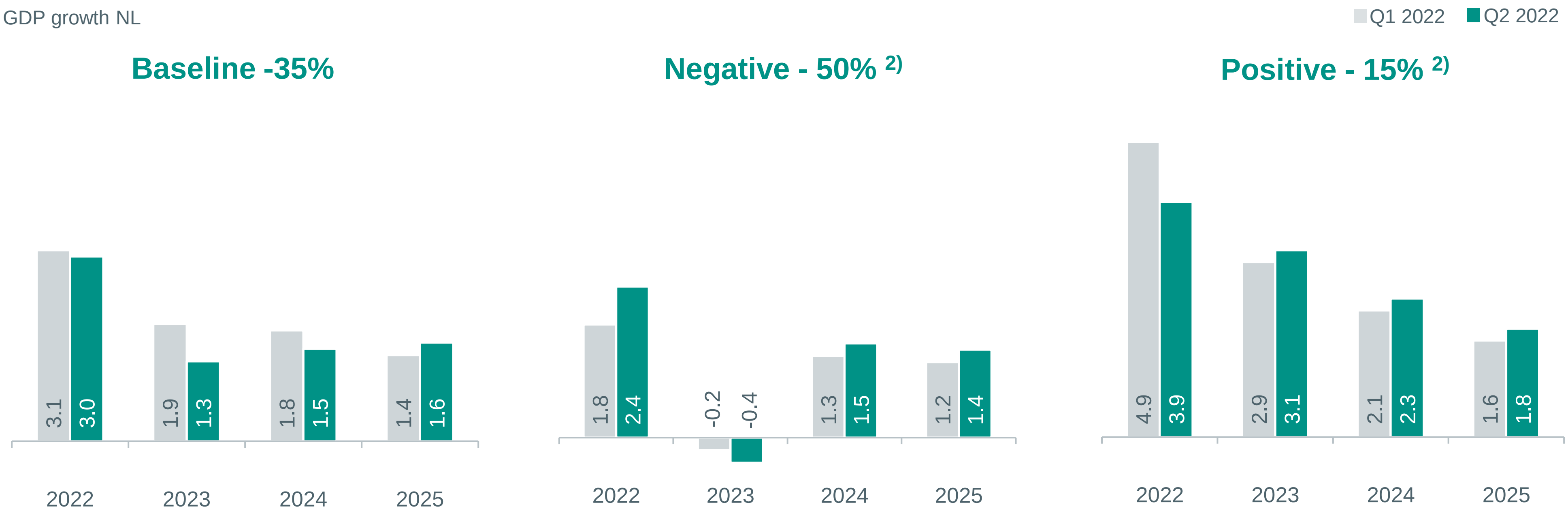
Good quarter with net profit of 475 million

EUR m

	2022 Q2	2022 Q1	Change
Net interest income	1,273	1,310	-3%
Net fee and commission income	448	447	0%
Other operating income	163	176	-7%
Operating income	**1,884**	**1,933**	**-3%**
- of which CB non-core	*22*	*29*	*-24%*
Operating expenses	1,321	1,508	-12%
- of which CB non-core	*-22*	*-22*	*-2%*
Operating result	**563**	**425**	**32%**
Impairment charges	-62	62	-200%
Income tax expenses	151	68	122%
Profit	**475**	**295**	61%
- of which CB non-core	*7*	*-10*	
Loans & advances (bn)	259.6	258.7	0.9
- of which CB non-core	*1.3*	*1.4*	*-0.1*
Basel III RWA (bn)	126.7	124.3	2.3
- of which CB non-core	*2.5*	*2.3*	*0.2*

- NII down in Q2, mainly from lower prepayment penalties and higher steering costs
- Fees compared to Q1 stable, Y-o-Y fees up by 12% driven by good market performance at Clearing and higher income from payment services
- Expenses down versus Q1 reflecting lower regulatory levies
- Impairment releases in Q2 mainly related to effective resolutions of non-performing loans

Macroeconomic scenarios to calculate credit losses [1)]



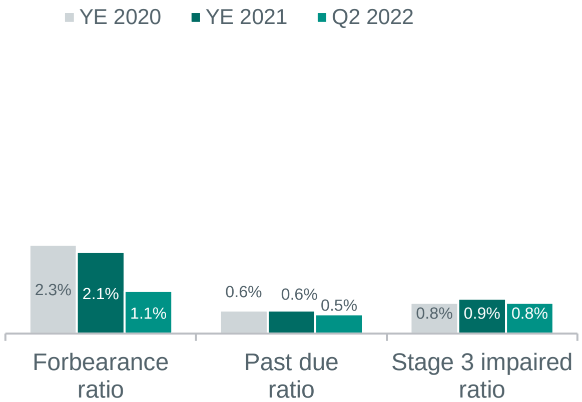
Differences Q2 2022 vs Q1 2022, growth forecasts further down

- Risks of a further gas-cut off from Russia are captured, especially in the negative scenario, however narrative behind this scenario becomes more dominating reflected in high weight
- Economic growth forecasts cut further reflecting the effect of even higher inflation (partly driven by war in Ukraine) on consumption and impact of renewed lockdowns in China and FED tightening

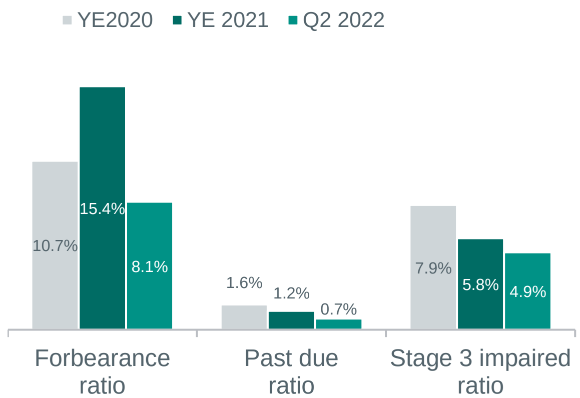
1) Group Economics scenarios per February 2022 used for Q1 2022, per May 2022 used for Q2 2022
2) Weights for Q1 2022: 55% Negative and -10% Positive

Continued strong credit quality, no signs of asset quality deterioration

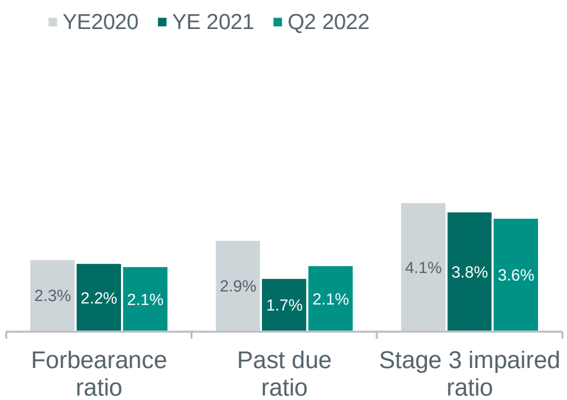
Residential mortgages



Corporate loans



Consumer loans

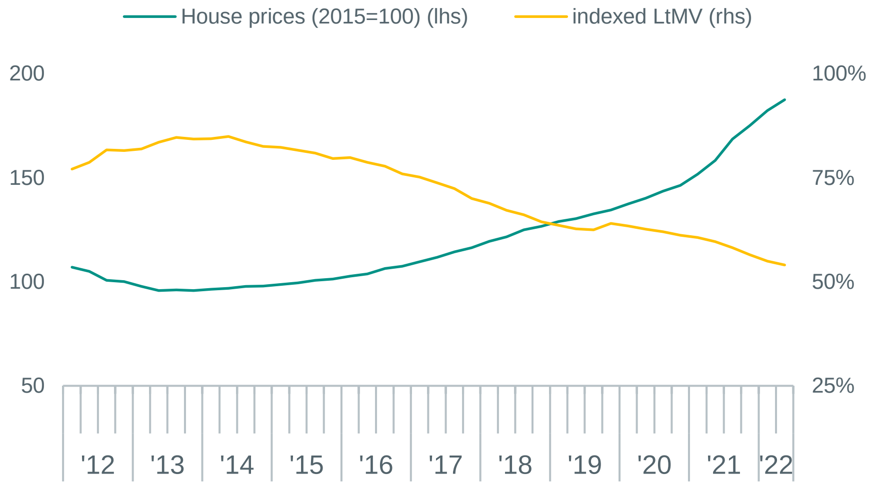


- Despite war in Ukraine, high inflation and end of Covid support, credit risk metrics have continued improving trend seen
- Forbearance ratios [1)] came down, for corporate loans and mortgages as probation period for provided payment holidays expired
- Past due ratios [2)] came down except for consumer loans
- Decline in stage 3 impaired ratios [3)], for corporate loans due to repayments, sales as well as clients returning to stage 2, predominantly in the sectors real estate, healthcare and industrial goods and services

1) Forbearance ratio: Forborne exposures (resulting from certain measures applied to clients in financial difficulty) as a % of gross carrying amount, exposures stay forborne for at least two years = probation period
2) Past due ratio: Financial assets that are past due (but not impaired) as a % of gross carrying amount
3) Stage 3 impaired ratio: Shows which fraction of the gross carrying amount of a financial asset category consists of stage 3 impaired exposures

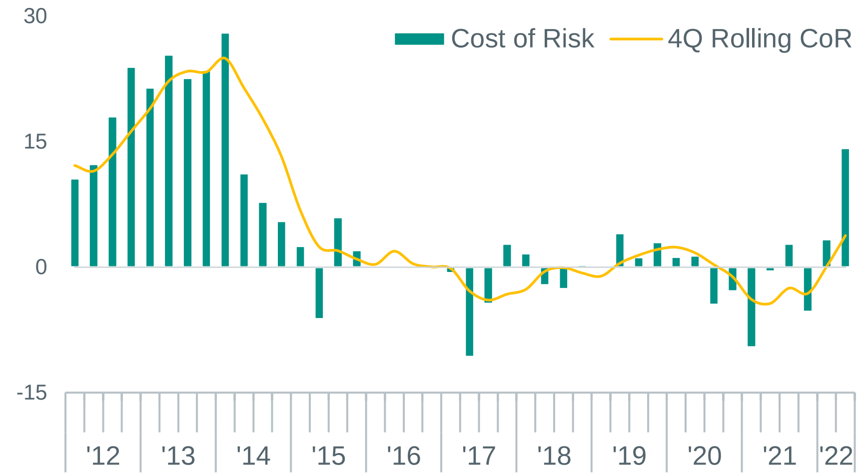
Strong credit quality mortgage portfolio

LtMVs reduced over time



Strong risk track record [1)]

CoR, bps



- Primarily Dutch owner-occupied mortgages with strong presence in the Randstad area, c. 25% book is NHG mortgages [2)]
- Strict lending criteria include duty of care, loan to market value and loan to income limits set by regulator; full recourse to borrower
- Clients tend to fix interest rates for long period, over 95% in fixed interest rates, average coupon c. 2.2% and average remaining interest period c. 10yr
- Mortgage book composition de-risking towards fully amortising loans, share of interest only continues to decline
- Strong historic performance mortgages with low CoR and losses, main reasons for losses are unemployment and divorce

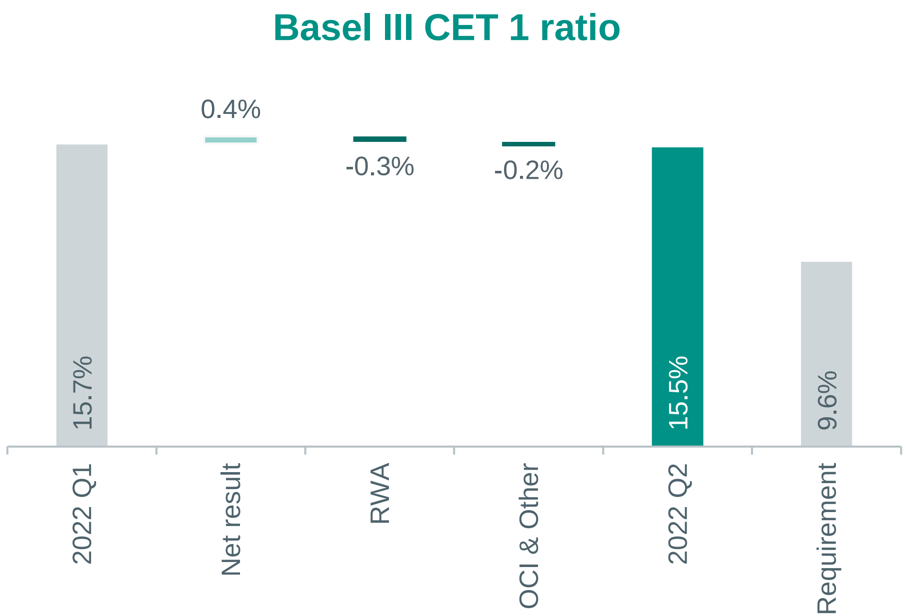
1) Q2 increase from model adjustments to address impact excessive increases in house prices and to cover refinancing risk interest-only mortgages
2) NHG is a guarantee provided to the mortgage lender by a government-backed foundation, the Homeownership Guarantee Fund

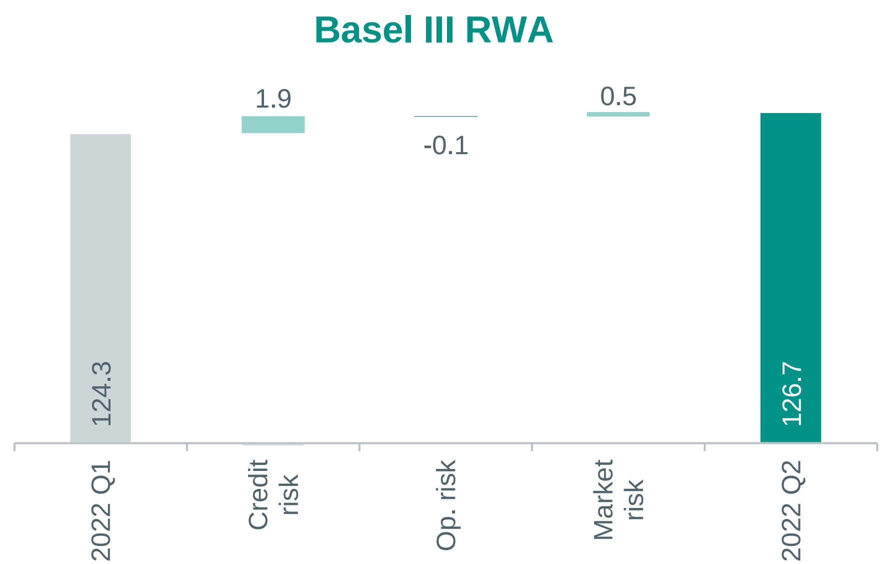
Diversified corporate loan book with limited stage 3 loans

EUR bn	Stage 1 exposure	ΔQ1	Stage 2 exposure	ΔQ1	Stage 3 exposure	ΔQ1	Total exposure	ΔQ1	Stage 3 coverage ratio
Financial Services	18.4	2.5	0.5	-0.3	0.1	-	19.0	2.2	61%
Industrial Goods & Services	13.5	0.3	2.4	0.4	1.2	-0.1	17.1	0.5	33%
Real Estate	13.9	-	1.4	-	0.1	-0.1	15.4	-0.1	26%
Food & Beverage	8.7	0.2	1.7	0.1	0.8	-	11.1	0.3	15%
Non-food Retail	3.5	-	0.9	-	0.5	-	4.9	-	34%
Health care	2.8	-	0.7	0.2	0.1	-0.1	3.6	0.1	26%
Construction & Materials	2.7	0.2	0.3	-	0.3	-	3.3	0.2	37%
Oil & Gas	2.5	-	0.2	-0.2	0.5	-	3.2	-0.2	70%
Travel & Leisure	1.6	0.2	1.2	-0.3	0.4	-	3.2	-0.2	19%
Utilities	1.8	-0.4	0.2	-	0.1	-	2.1	-0.4	14%
Other smaller sectors	7.1	0.3	1.5	-0.1	0.4	-0.1	9.0	0.3	26%
Total [1)]	**76.5**	**3.3**	**11.0**	**-0.2**	**4.5**	**-0.4**	**91.9**	**2.7**	**32%**

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

Capital position remains strong





- Very well capitalised with a Basel III CET1 ratio of 15.5% (Basel IV CET1 ratio of c.16%)
- Approval from ECB for 250m share buy-back conditional on a potential sell-down by the NLFI 1)
- Maximum Distributable Amount (MDA) of 9.6%, sufficient room to absorb increase countercyclical buffer from 0% to 2% 2)
- Credit risk RWA increased, largely reflecting model reviews and business developments; increase in market risk driven by higher VaR

1) To be deducted from capital as of Q3 2022

2) Dutch CcyB to increase by 1% on 25 May 2023, full implementation of 2% by Q2 2024; impact on MDA of around 1.5% by Q2 2024

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