ABN·AMRO

Investor Relations

results Q1 2022

investor & analyst presentation | 18 May 2022

Highlights Q1 2022, solid performance resulted in 295m net profit

- Solid performance, continued growth in corporate loans and mortgages
- NII impacted by lower prepayment penalties and steering costs at Treasury, partly offset by further lowering of threshold for negative pricing to 100K
- Costs affected by remediation provision and high regulatory levies; remain fully committed to our FY2024 target of below 4.7bn
- Continued strong credit quality, impairments reflect weakened macroeconomic outlook; very limited direct exposure to Russia, management overlay taken for potential second order effects of war in Ukraine
- Strong capital position, with Basel III CET1 ratio of 15.7% (Basel IV c.16%)
- First share buyback finalised, returned EUR 500 million capital to shareholders
- Continue execution of strategy, specific focus in 2022 on new client service model and updated climate strategy

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

	Personal & Business Banking	Wealth Management	Corporate Banking
Customer experience	▪ Leave-to-Let mortgage for clients who want to rent out former home	▪ Access to PE funds at low minimum subscription to construct diversified portfolio	▪ European shares added to fractional investment infrastructure in Clearing
Sustainability	▪ Partnership to support & boost solar panels for SME clients ▪ Tikkie solutions for PET bottle recycling machines	▪ First bank to offer clients online insight into impact of their investments	▪ Product-as-a-Service desk for (growth) financing, supporting the transition to a circular economy
Future proof bank	▪ Mortgage market leader February & March, supported by strong operational capabilities	▪ Centralisation of French IT infrastructure completed ▪ Continued rollout of digital solutions in NW Europe	▪ Wind-down progressing well ▪ Online booking tool for finance application or sustainability advice

Banking is about people; social impact as part of our purpose and strategy

Our purpose - Banking for better for generations to come

Customer experience

Sustainability

Future proof bank

Social impact

Equality

- Inclusive banking team unlocking potential female clients
- Transition loans with social KPIs and social bonds
- Human rights integral part of products, e.g. thematic engagement on migrant workers
- Reboot & B-Able, job programmes for refugees and disabled

Financial resilience

- Debt relief programmes, also improving client retention
- Gimi app for children to hold an account while parents in control
- Budget coaches for young people, also if they are not clients
- Social fund for ABN AMRO employees

Financial inclusion

- Financial care coaches; improving NPS & reducing need for branches
- Video banking for hearing impaired clients
- Accounts for Ukraine refugees
- Balanced onboarding for NGOs in specific regions and sectors

Executing our strategy; focus 2022 on new client service model

New client service model

Full digital Self Service

- 95% of daily banking products available remotely, predominantly online
- 84% of identification and 53% of onboarding of new retail clients via mobile app
- >1 million administrative changes directly by clients in 2021

Assisted Self Service

- <10% of client contact in branches, from 1.6m visits in 2016 to less than 240,000 in 2021
- >1 million requests for chatbot Anna in 2021, with 40% handled fully by herself, resulting in high NPS
- 'Click to chat' or video banking request button for mortgage clients when looking for a new mortgage

Expertise

- 98% of mortgage meeting via video banking with highest tNPS of all channels
- E&E, integrating private and business needs
- Sustainability as client need and differentiator
- Dedicated sector expertise NW European corporate clients

Clients

- Convenient daily banking, expertise when it matters
- Higher NPS for digital solutions
- Care and budget coaches

Efficiency

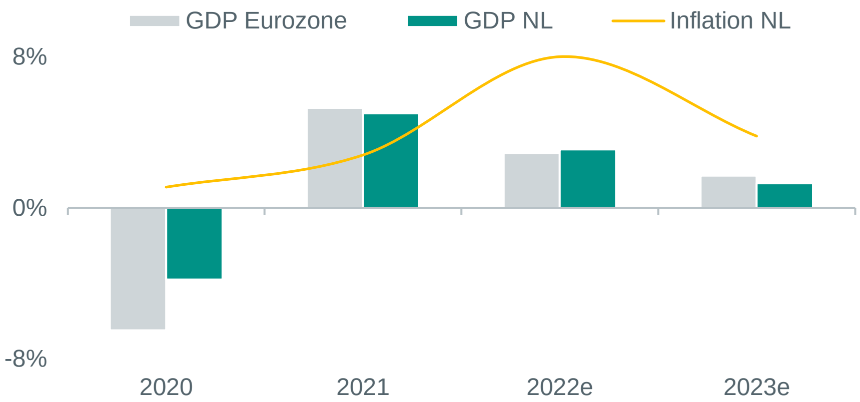
- Product rationalisation and standardisation
- Closing of branches, following client behaviour
- More front office time for clients through automation

Growth

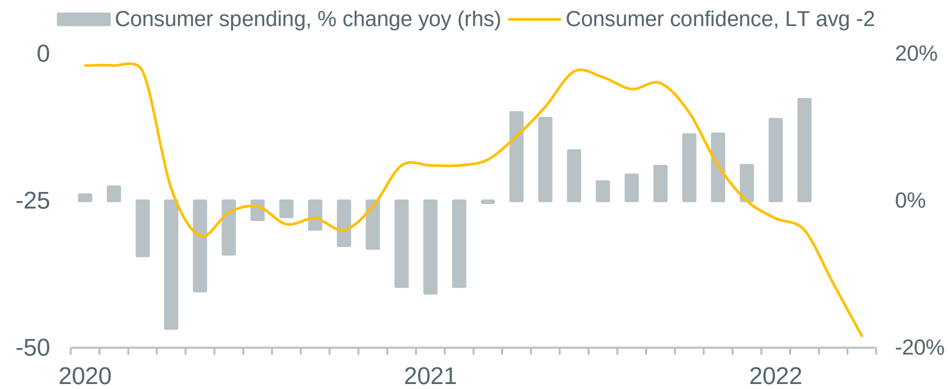
- Focus on client segments where we want to maintain and grow scale
- SMEs, mortgages, wealth, affluent, E&E
- Partners - e.g. beyond banking and sustainability

Macro economical and geopolitical factors impacting several indicators

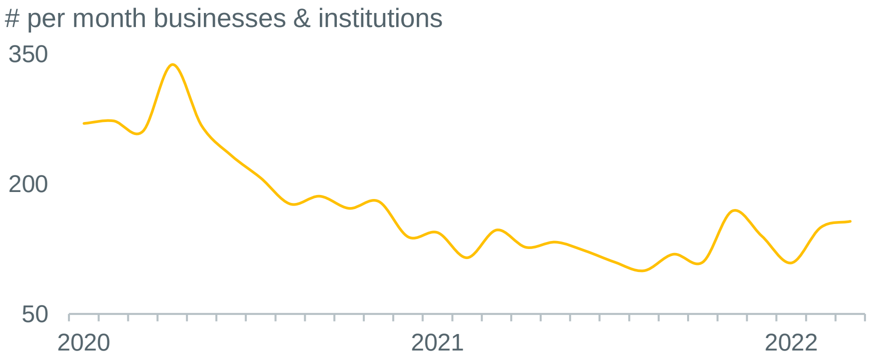
GDP & Inflation impacted by geopolitics



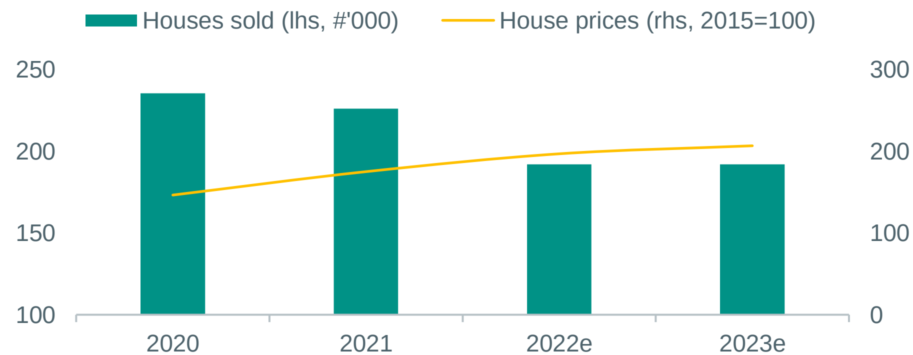
Confidence low, not (yet) visible in spending



Dutch bankruptcies remain low (for now)



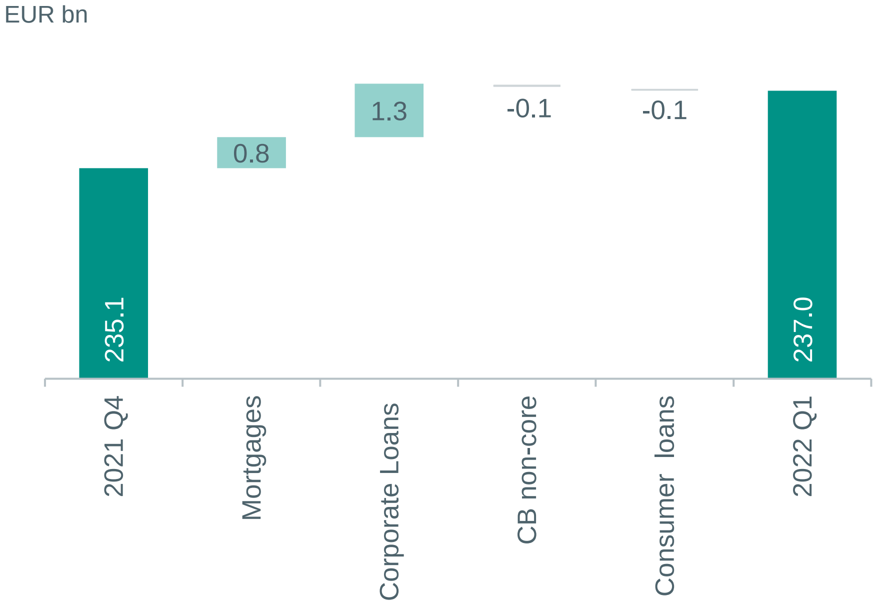
House prices rise further, # houses sold lower



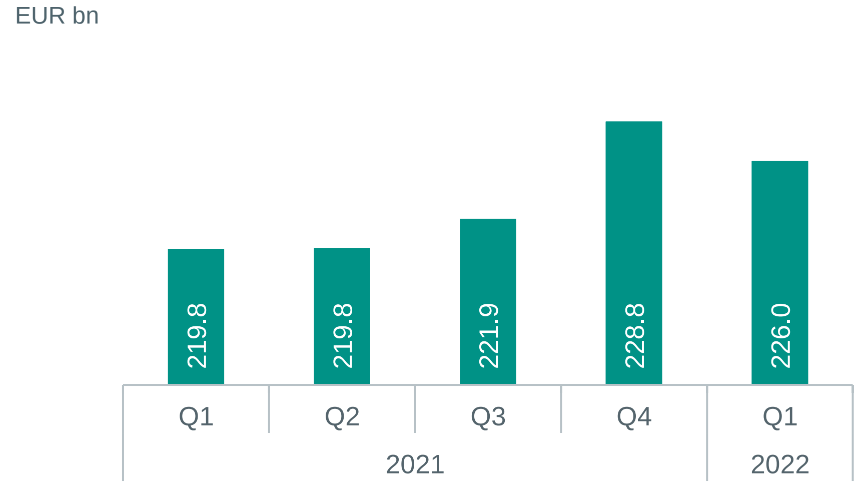
Source: CBS, Dutch Land Registry (Kadaster), ABN AMRO Group Economics (forecast inflation NL 13th May '22, other forecast 25th April '22)

Further growth in corporate loans and mortgages

Client lending development



Client deposits

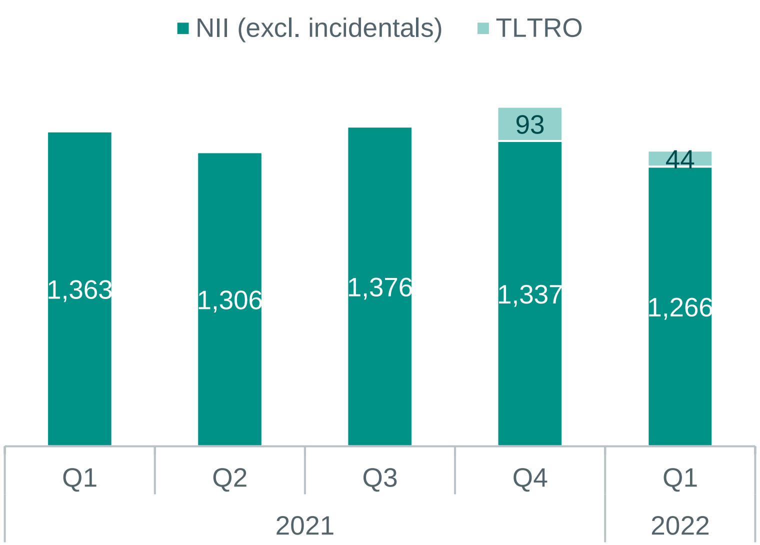


- Mortgage market share increased to 17% for Q1 (vs 15% in Q4 2021) as production remains high
- Strong increase in mortgage rates (now back to 2014/2015 levels) lead to declining prepayments and clients more often opting for 10 year interest fixings
- Commercial activity remained strong, both in the Netherlands and in NW Europe
- Client deposits down Q-o-Q by 2.8bn to 226bn, reflecting lower corporate deposits from a seasonal high level in Q4

NII outlook improved, FY2022 expected at top end of 5.0-5.1bn range

Net interest income [1)]

EUR m

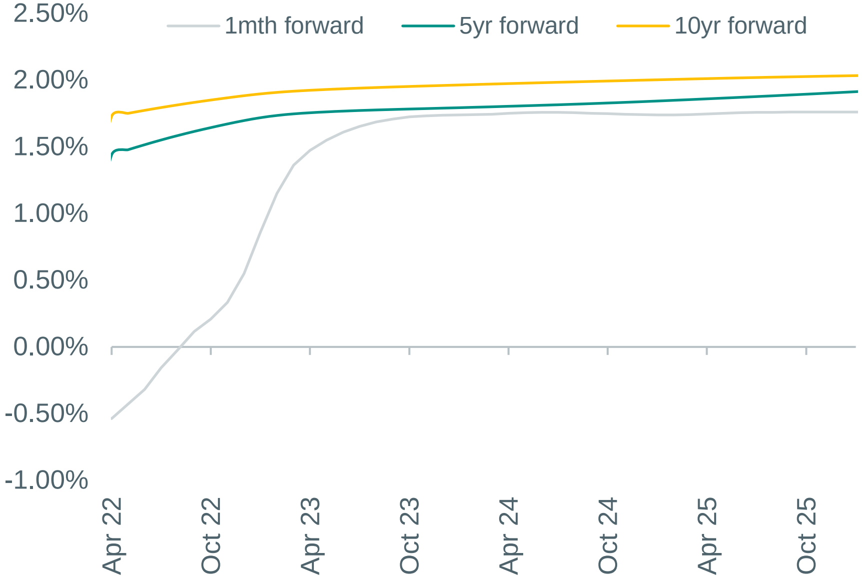


- NII in Q1 mainly impacted by lower prepayment penalties and higher steering costs at ALM/Treasury
- Margin pressure on assets partly offset by increase in loan volumes
- Deposit margins supported by lowering of threshold for charging negative rates to 100k as of January 2022
- Improved rate environment; FY2022 NII expected at top end of 5.0-5.1bn range and bottoming out in H1 2023

1) Excluding incidentals (Q3 2021 -174m & Q4 2021 -91m compensation revolving consumer credit)

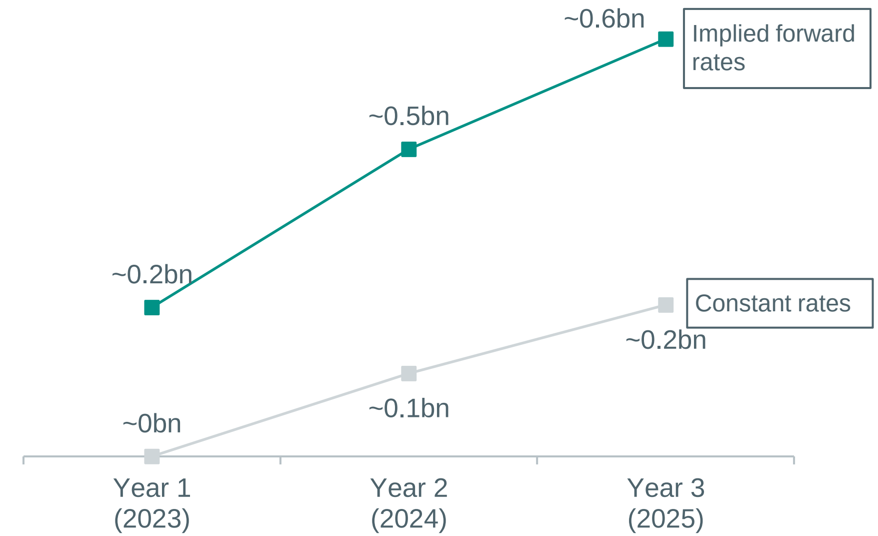
Scenario analysis of interest rate sensitive components of NII

Implied forward rates as of 29 April 2022



Interest sensitive NII components over time [1]

Delta vs expected NII in 2022 based on constant and forward rates [2]

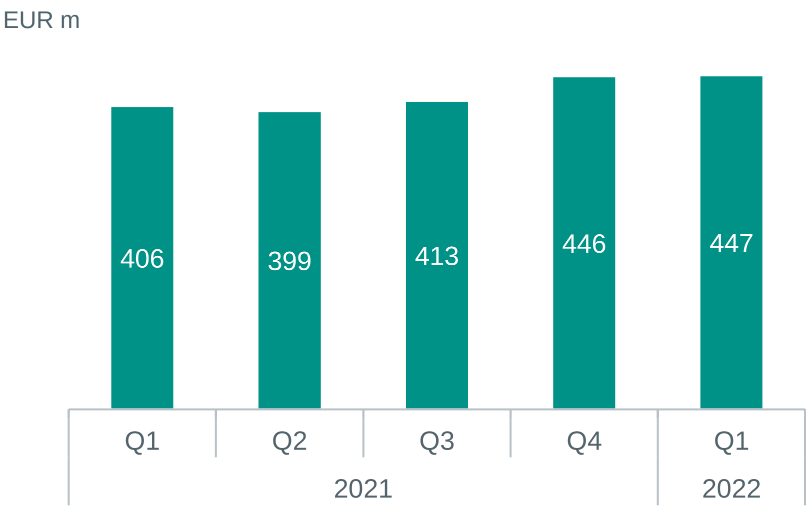


- Scenario analysis is not a forecast for NII; only takes into account interest rate sensitive components [1] for two scenarios
- Constant and implied forward rate scenarios both show impact on NII increasing over time
- Short term (2023) impact due to increase in deposit margins offset by decline in prepayment penalties and increase in hedging costs
- Under forward rate scenario deposit margins capped at / around historical levels (from start of 2023)
- Increase in NII in years 2 and 3 largely related to improvement of Treasury result

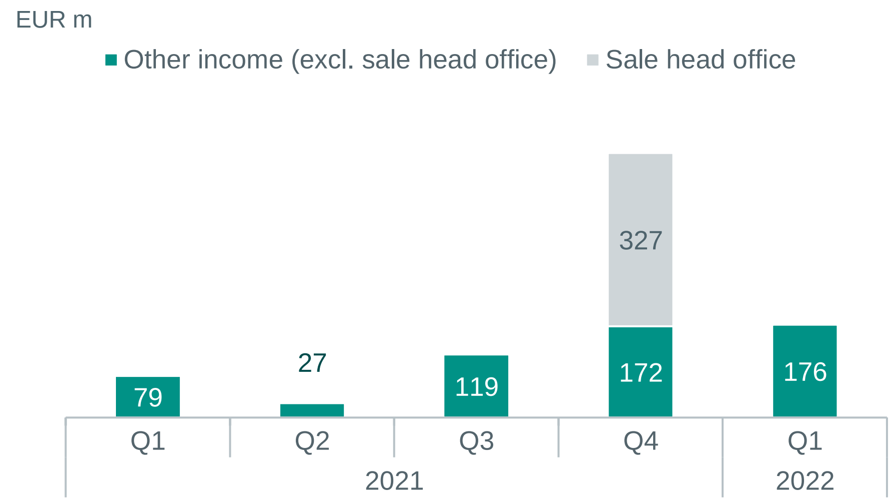
1) Assumptions: client deposit rates tracking ECB deposit rate up to 0%; deposit margins capped at historical levels; volumes and asset margins constant; reflects only impact of scenarios on interest sensitive components being deposit margins and Treasury result (duration of equity, mortgage hedging and prepayment penalties)
2) Implied forward and constant rates as of 29 April 2022

Fee income resilient despite challenging market circumstances

Net fee and commission income



Other income



- Fees stable vs Q4, Y-o-Y fees up 10% driven by higher asset management fees, increase of payment (package) fees and good results at Clearing
- Further fee growth expected as payment fees recently increased, CAGR of 5-7% expected through 2024
- Other income (excl. incidentals) slightly up versus Q4 2021, supported by ALM results and private equity results
- For remainder of 2022, moderating private equity results expected

Cost savings on track, remain committed to cost target of <4.7bn in 2024

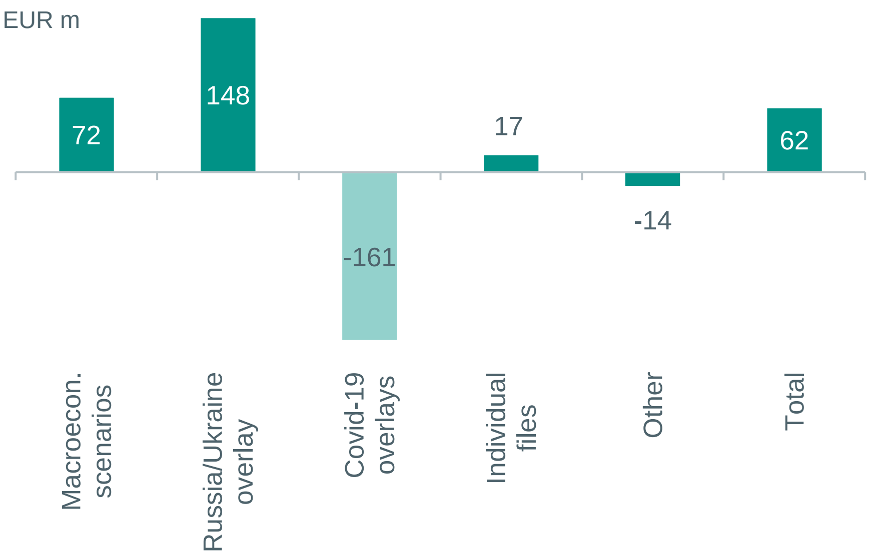
Operating expenses 1)

- Increase in regulatory levies versus Q1 2021 mainly related to higher SRF
- Additional provision for AML remediation of 50m as more effort needed to finalize in 2023
- High strategic investments for implementing new client service model
- Continued progress on cost saving programmes (c.185m cost savings)
- FY2022 cost expected below 5.2bn 2)
- Remain fully committed to cost target below 4.7bn by 2024

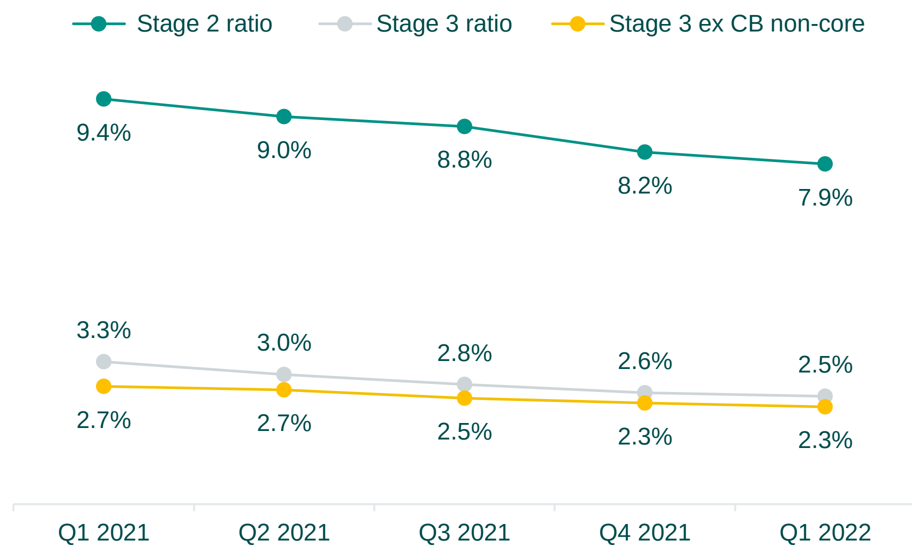
1) Large incidentals (Q1 2021 480m ALM settlement, Q3 2021 44m & Q4 2021 6m handling costs revolving consumer credit, Q1 2022 50m AML remediation provision
2) Excluding restructuring costs and large incidentals (Q1 2022 50m AML remediation provision)

Continued strong credit quality despite weakened outlook

Impairments driven by macroeconomic scenarios

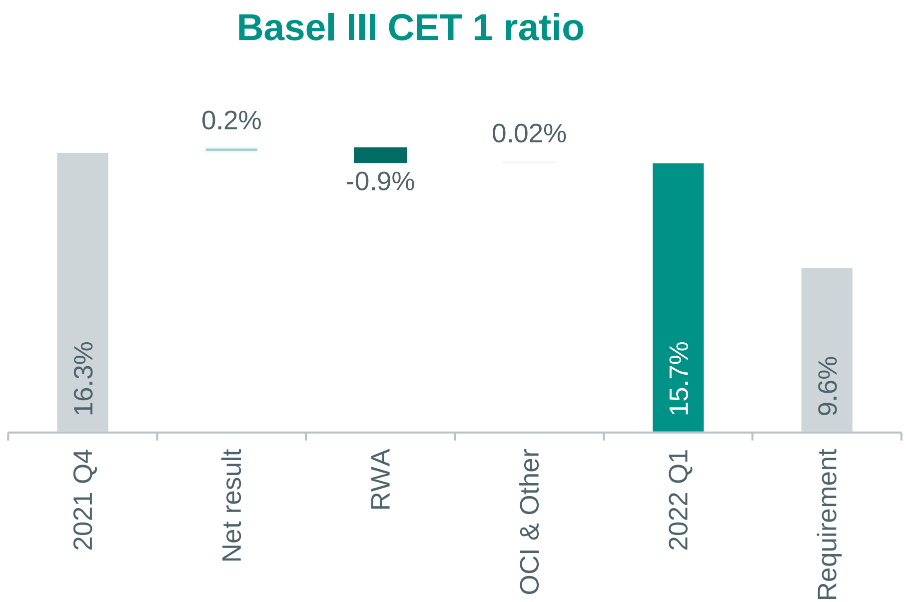


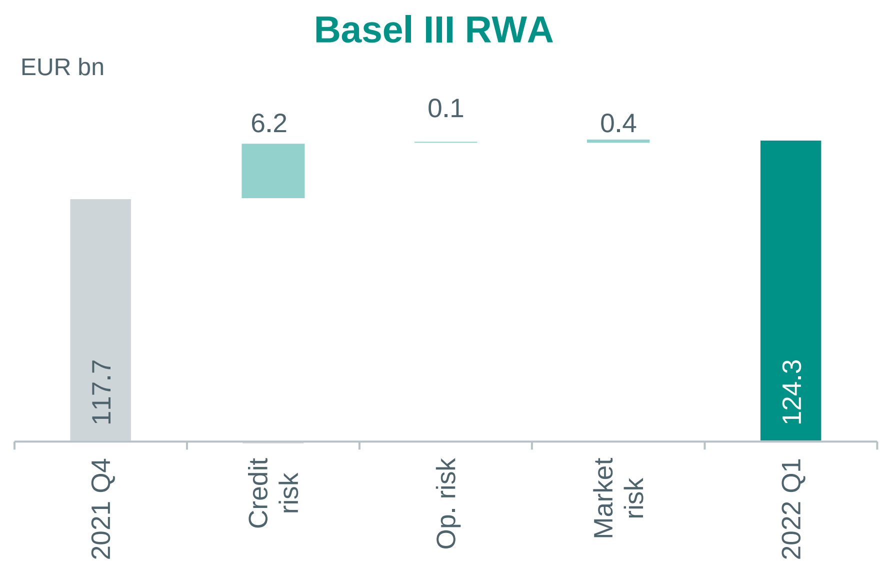
Stage 2 and stage 3 ratios improving



- Despite war in Ukraine, high inflation and end of Covid-19 government support, credit risk profile remained relatively stable in Q1, impairments for individual files were limited
- Impairments largely related to weakened macroeconomic outlook and a management overlay for potential second order effects of the war in Ukraine, both mainly impacting corporate loans
- Largest part of Covid related overlays released as last restrictions in the Netherlands were fully lifted during the first quarter
- Stage 2 and stage 3 ratios further improved reflecting non-core wind-down and disciplined credit risk management

Strong capital ratios, gap between BIII and BIV converged





- Very well capitalised with a Basel III CET1 ratio of 15.7% and Basel IV CET1 ratio of c.16%
- Credit risk RWA increased, largely reflecting a 5bn add-on for model reviews and redevelopments in line with EBA guidelines
- Following latest Basel III model add-ons, Basel III and Basel IV now converged

Clear long term targets, rate environment to help ROE going forward

	Long term targets	YTD2022
Return on Equity	c.8% by 2024 (10% ambition with normalised rates)	5.4%
Market share growth	2-5pp in focus segments	Mortgages 17%
Absolute cost base	Below 4.7bn FY2024	1.5bn
Cost of Risk	Around 20bps through the cycle	14bps
Basel IV CET1 ratio	13% (threshold for share buybacks 15%) [1)]	c.16% and 500m share buyback programme finalized
Dividend pay-out ratio	50% of reported net profit [2)]	-

1) Share buybacks subject to regulatory approval
2) After deduction of AT1 coupon payments and minority interests

Appendices

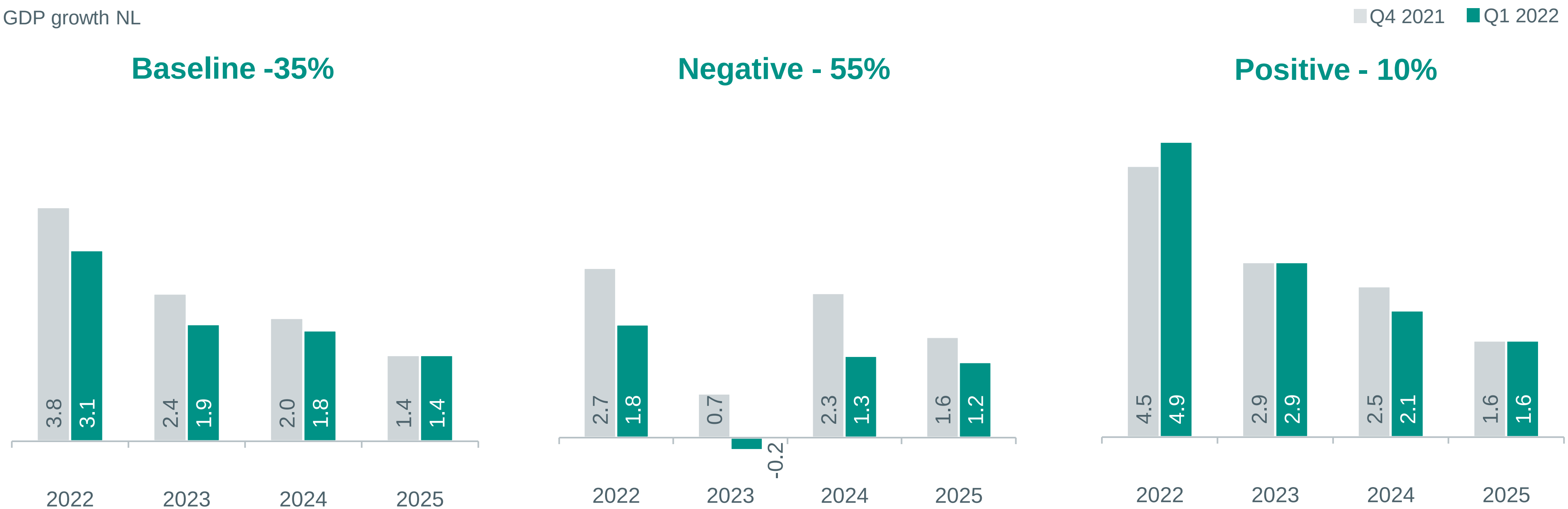
Solid performance in Q1 2022 with net profit of 295 million

EUR m

	2022 Q1	2021 Q4	Change
Net interest income	1,310	1,339	-2%
Net fee and commission income	447	446	-
Other operating income	176	499	-65%
Operating income	**1,933**	**2,284**	**-15%**
- of which CIB non-core	*29*	*38*	*-23%*
Operating expenses	1,508	1,433	5%
- of which CIB non-core	*51*	*68*	*-17%*
Operating result	**425**	**851**	**-50%**
Impairment charges	62	121	-49%
Income tax expenses	68	177	-62%
Profit	**295**	**552**	-47%
- of which CIB non-core	*-10*	*-29*	*-65%*
Loans & advances (bn)	258.6	258.3	0.4
- of which CIB non-core	*1.4*	*1.5*	*-0.1*
Basel III RWA (bn)	124.3	117.7	6.7
- of which CIB non-core	*2.3*	*2.9*	*-0.6*

- NII down in Q1, mainly from lower TLTRO benefit and Treasury results
- Fees compared to Q4 stable, Y-o-Y fees up by 10% driven by good market performance at Clearing from high market volatility, strong market performance and increase of payment (package) fees
- Expenses up in Q1, impacted by an additional AML remediation provision and higher regulatory levies
- Impairments in Q1 mainly related to weakened macroeconomic outlook

Macroeconomic scenarios to calculate credit losses 1)



Differences Q1 2022 vs Q4 2021, growth forecasts down

- Risks related to war in Ukraine reflected in increase weight negative scenario from 30% to 55% and decrease baseline scenario from 60% to 35%
- Economic growth forecasts cut due to the effect of higher inflation on consumption and potential impact of Covid

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1) Group Economics scenarios per November 2021 used for Q4 2021, per February 2022 used for Q1 2022

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	15.8	1.4	0.8	-	0.2	-	16.8	1.4	49%
Industrial Goods & Services	13.3	-	2.0	-0.2	1.3	-	16.6	-0.3	32%
Real Estate	13.9	0.7	1.4	-	0.2	-0.1	15.5	0.6	23%
Food & Beverage	8.5	0.3	1.6	-0.2	0.8	-	10.9	0.1	17%
Non-food Retail	3.5	0.8	0.9	-0.3	0.5	-	4.9	0.5	33%
Health care	2.8	-0.1	0.5	0.1	0.2		3.5	-	16%
Oil & Gas	2.5	0.1	0.4	0.1	0.5	-	3.4	0.2	69%
Travel & Leisure	1.4	0.3	1.5	-0.3	0.4	-	3.3	-	20%
Construction & Materials	2.5	0.1	0.3	-	0.3	-	3.1	-	38%
Utilities	2.2	-0.4	0.2	-	0.1	-	2.4	-0.4	17%
Other smaller sectors	6.9	0.7	1.3	-0.2	0.4	0.1	8.6	0.5	32%
Total [1)]	**73.2**	**3.9**	**11.0**	**-1.1**	**5.0**	**-0.1**	**89.2**	**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

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