



Investor Relations

results Q2 2021

investor and analyst presentation

11 August 2021

Highlights Q2 2021, delivered major reduction in CIB non-core portfolio

- Net profit of 393m (excluding CIB non-core 563m), reflecting further releases from impairments
- Core bank loans stabilise; expect strong economic rebound in H2
- Significant CIB non-core asset reduction of 3.7bn during Q2; over 80% of CIB non-core loan portfolio wound down in one year
- NII lower due to negative interest rates and CIB non-core wind-down
- Continued delivery on cost-saving programmes and investing in the future proof bank; on track for 5.3bn costs in 2021 ¹⁾
- Strong credit quality, FY2021 Cost of Risk for total bank expected well below the through-the-cycle level of 25-30bps
- Final 2019 dividend to be paid in October ²⁾ following lifting of ECB dividend recommendation
- Very strong capital ratios, increasing to 18.3% Basel III (c.16% Basel IV) reflecting Q2 net profit and CIB non-core wind-down

1) Excluding AML settlement and restructuring costs

2) Final 2019 dividend is 639m (0.68 per share)

Banking for better, for generations to come

Strong foundation

- Leading Dutch bank with strong brand and attractive market positions
- Long-term client relationships build on trust, supported by expertise
- Ahead of the curve in digital in resilient economy
- Demonstrated delivery on costs
- Very strong capital position provides resilience

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 rigorous simplification
- Committed to our moderate risk profile; culture and license to operate clear priorities

Our strategic pillars are guiding principles in acting on our purpose



Customer experience



Sustainability



Future proof bank

c.8% ROE
2024, 10% ambition ¹⁾

≤4.7bn cost base FY2024

25-30bps
TTC Cost of Risk

13% CET1 Basel IV
target, 15% threshold

50% dividend
pay-out

1) c.8% ROE target by 2024, ambition remains 10% subject to normalised rate environment

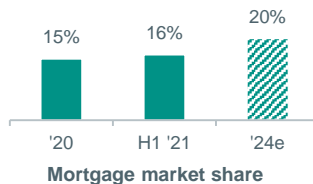
Continued good progress on strategy execution agenda

Customer experience



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

- Launch of Direct Beeldbankieren ¹⁾
- Competitively priced mortgage provider Moneyou now live
- New digital lending platform connecting Dutch SMEs with institutional investors

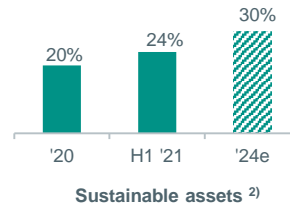


Sustainability



Distinctive expertise in supporting clients' transition to sustainability

- Launch of 425m Sustainable Impact Fund
- Closed first (externally certified) green IPO on Euronext Amsterdam
- PB France won 'most sustainable Financial Institution' award

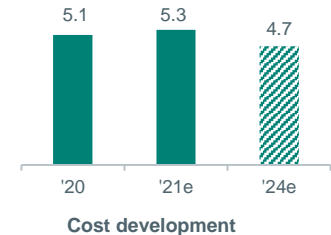


Future-proof bank



Enhance client service, compliance and efficiency

- Number of branches reduced by 17 to 79 in Q2 2021
- AML remediation on track for 2022 completion
- Adopted hybrid (home/office) way of working



1) Direct Beeldbankieren is a video chat application where clients are connected live with a specialist without a prior appointment

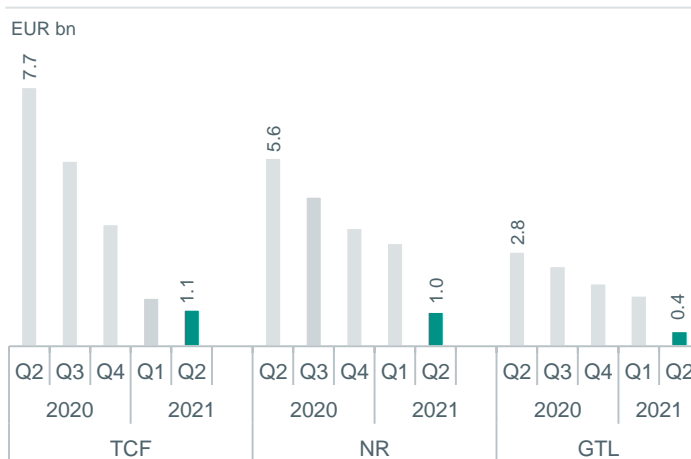
2) Calculation based on Sustainable Acceleration Standards, which define which clients and financing solutions contribute to sustainability transition with clear definitions, requirements and governance

Loans in CIB non-core down by more than 80% in one year

CIB non-core profit and loss

EUR m	2021 Q2	2021 Q1	Change
Net interest income ¹⁾	14	55	-40
Net fee and commission income	6	11	-5
Other operating income	-114	-36	-79
Operating income	-94	30	-124
Operating expenses	63	89	-26
Impairment charges	23	-40	63
Income tax expenses	-10	6	-15
Profit	-170	-24	-146
Loans & Advances (bn)	3.2	6.9	-3.7
Basel III RWA (bn)	5.7	10.2	-4.5

CIB non-core lending reducing across sectors ²⁾



- Significant asset sales of c. 2bn in US during Q2 (oil & gas, intermodal and shipping), overall loans down by >80% in one year
- Q2 wind-down capital accretive given limited cost (121m haircuts, 22m break funding cost) for 4.5bn RWA reduction ³⁾
- Costs down due to staff reductions; material cost reductions in 2022 with first foreign licenses to be returned by YE2021
- Expect CIB non-core loans to be around 2bn at year-end reflecting maturing loans and further (limited) asset sales

1) NII includes break funding costs (22m) for sale Oil & Gas portfolio, which was paid to ALM/Treasury

2) Only largest sectors are shown

3) Capital requirement based on Basel IV RWA and 13% capital target. Basel III to Basel IV inflation for CIB non-core reduced from c.33% in Q2 2020 to c.10% in Q2 2021. Further RWA reduction of c.1bn expected in Q3 when asset sales are completed

Impairment releases lifted net profit to 563m for Bank core

EUR m	Bank core ¹⁾			ABN AMRO Bank		
	2021 Q2	2021 Q1	Change	2021 Q2	2021 Q1	Change
Net interest income	1,291	1,308	-1%	1,306	1,363	-4%
Net fee and commission income	393	395	0%	399	406	-2%
Other operating income	141	114	24%	27	79	-66%
Operating income	1,826	1,818	0%	1,732	1,847	-6%
Operating expenses (ex. AML)	1,165	1,274	-9%	1,228	1,363	-10%
AML settlement	-	480		-	480	
Operating result	661	63		504	4	
Impairment charges	-102	-37		-79	-77	3%
Income tax expenses	200	129	55%	190	135	41%
Profit	563	-29		393	-54	

Bank core ¹⁾

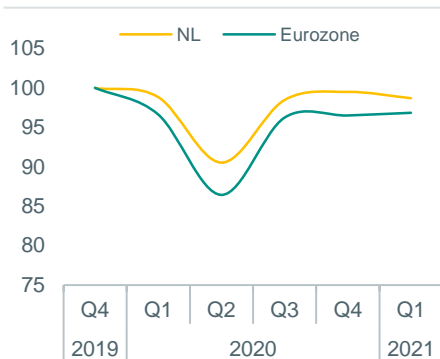
- NII down vs Q1 reflecting pressure on deposit margins and incidentals ²⁾, partly offset by higher prepayment penalties
- Fees stable; good CIB core results and higher asset management fees offset by lower Clearing fees as market volatility was down
- Expenses (excluding AML settlement) down vs Q1 reflecting lower regulatory levies, partly offset by higher AML expenses
- Further impairment releases reflecting improved macroeconomic outlook and continued government support

1) Bank core excludes CIB non-core

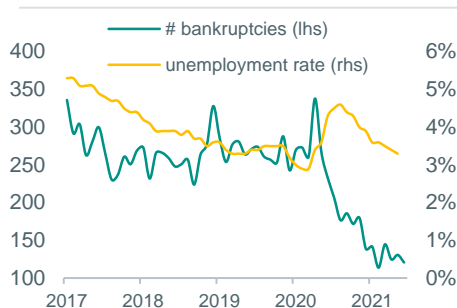
2) Incidentals include provision for accrued interest on potential repayment of German dividend withholding tax credits

Dutch economy remains resilient reflecting support measures

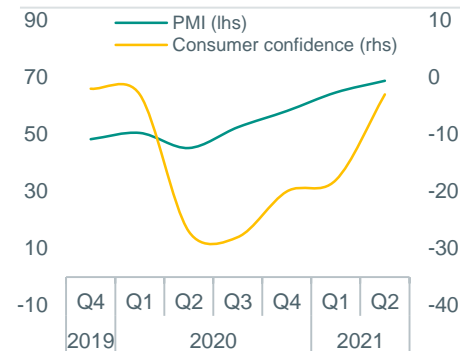
Dutch economy outperforming Eurozone ¹⁾



Bankruptcies and unemployment low ²⁾



Confidence levels rising ³⁾



- Dutch economy less severely impacted by Covid-19, reflecting strong economic fundamentals and less stringent lockdown measures
- Recent rise in Covid-19 cases not expected to impact economic outlook, only a few restrictions have been re-imposed so far
- Unemployment rate and bankruptcies remain low, expected to rise steadily as government support measures phase out
- Support measures in place till at least end of Q3, loan book expected to increase thereafter, confidence levels already improving

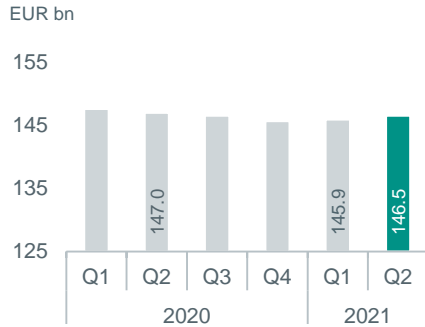
1) Source: Eurostat

2) Source: Monthly numbers from Netherlands statistics (CBS)

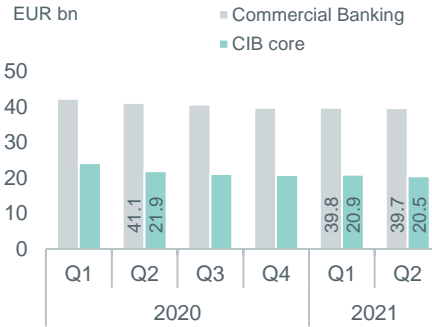
3) Source: CBS, PMI or Purchasing Managers' Index above 50 represents expansion, under 50 represents contraction.

Mortgage volume again up, corporate client lending stable for Bank core

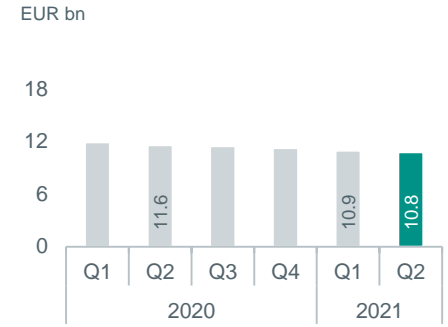
Mortgage client lending ¹⁾



Corporate client lending ¹⁾



Consumer client lending ¹⁾



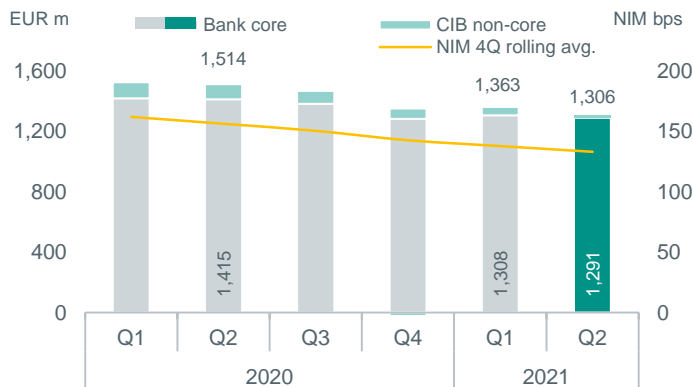
- Mortgage volume up again despite lower market share in Q2 (16% vs 17% in Q1)
- Corporate loans for Bank core stable (excluding FX impact ²⁾) reflecting limited funding needs of clients due to extensive support measures
- Demand for corporate loans expected to pick up in H2 2021 as support measures phase out evidenced by improving pipeline of transactions

1) Client loans: gross carrying amount excluding fair value adjustment from hedge accounting

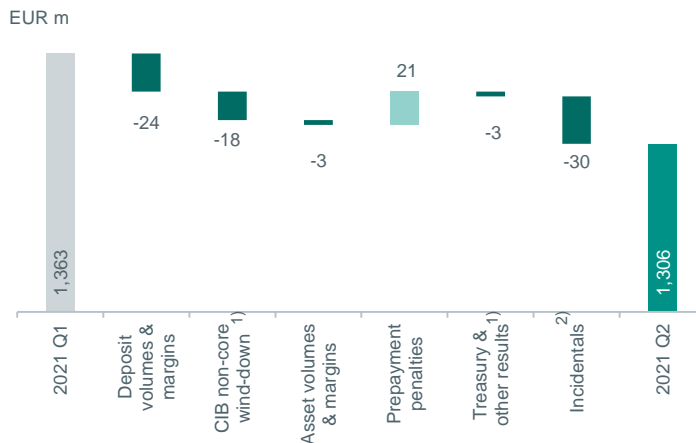
2) FX impact on CIB core -0.4bn Q2 2021 versus Q1 2021

NII lower reflecting negative interest rates and CIB non-core wind-down

Net Interest Income (NII) and Net Interest Margin (NIM)



Transition NII ABN AMRO Bank



- NII Bank core down vs Q1 reflecting pressure on deposit margins and incidentals ²⁾, partly offset by higher prepayment penalties
- Mortgage NII slightly lower in Q2 as margins on new production below back book margins (due to strong competition), partly offset by volume growth
- NIM impacted by lower NII and balance sheet extension from participation in TLTRO III in June 2020 (32bn) and June 2021 (3bn)
- Full-year NII expected between 5.3-5.4bn, reflecting deposit margin pressure, lowering threshold for negative deposit rate to 150k, wind-down of CIB non-core and commercial developments; range largely depending on achieving TLTRO threshold ³⁾

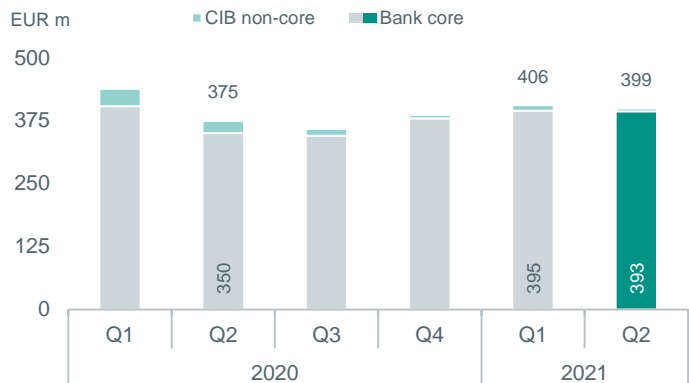
1) Break-funding costs (22m) for sale Oil & Gas portfolio are negative for CIB non-core and positive for Treasury and are excluded from NII bridge as net result for ABN AMRO is nil

2) Incidentals include provision for accrued interest on potential repayment of German dividend withholding tax credits

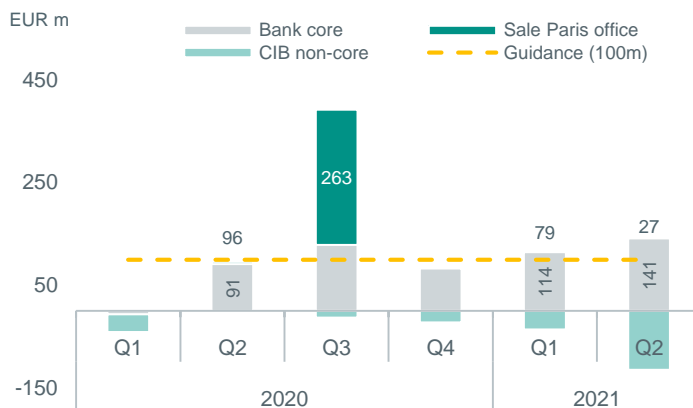
3) Next TLTRO reference period running from 1 October 2020 to 31 December 2021, may lower cost of 35bn TLTRO funding by additional 50bps from June 2021 to June 2022

Fees stable driven by positive financial market developments

Net fee and commission income



Other operating income

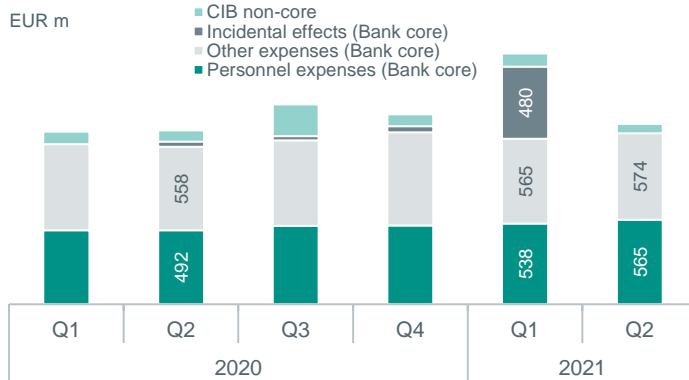


- Credit card usage and payment transactions remained low due to continued lockdown during largest part of Q2
- Fees benefitted from positive financial market developments and another strong quarter for Global Markets and Clearing
- Fee income expected c.400m per quarter for the second half of the year
- Other income down vs Q2, largely reflecting haircuts on asset sales at CIB non-core, partly offset by higher equity revaluations in Bank core ¹⁾

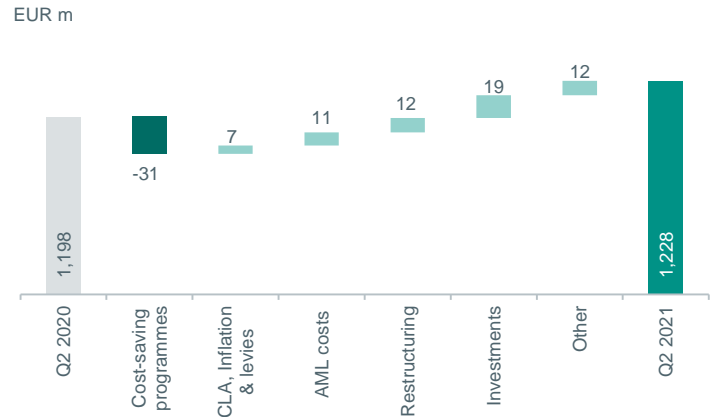
1) ABN AMRO Bank Q2 2021 (vs Q1 2021): equity participations 46m (-17m), XVA 7m (28m), hedge accounting related results 26m (-5m)

Costs progressing according to plan; on track for 5.3bn cost for FY2021 ¹⁾

Operating expenses excluding regulatory levies



Transition operating expenses ABN AMRO Bank

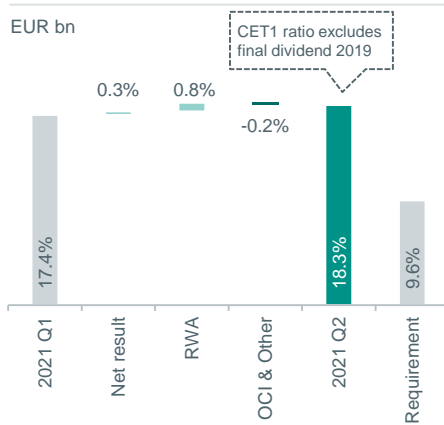


- Personnel expenses in Bank core up vs Q1, largely reflecting a rise in FTEs and wage inflation
- Other expenses in Bank core up vs Q1 reflecting additional resources for upscaling of AML activities
- FY2021 cost rising to 5.3bn ¹⁾ reflecting additional investments in data & digital capabilities, higher AML costs, additional regulatory levies and wage inflation
- First cost savings realised to reach 0.7bn cost savings, working towards an absolute cost base no higher than 4.7bn by 2024

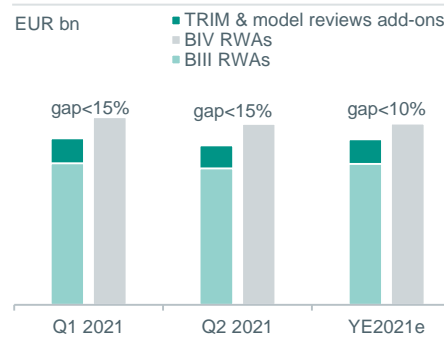
¹⁾ Excluding AML settlement and restructuring costs

Very strong capital ratios reflecting Q2 net profit and CIB non-core wind-down

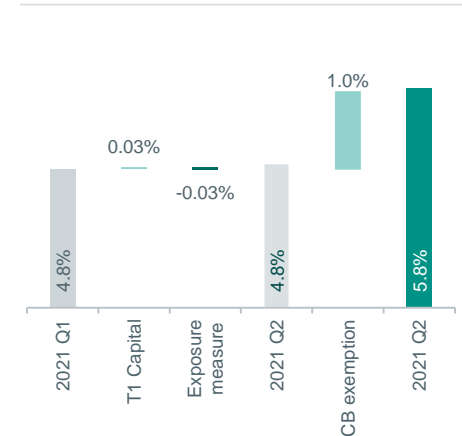
Basel III CET1 ratio ¹⁾



BIII RWAs converging to BIV RWAs



Leverage ratio



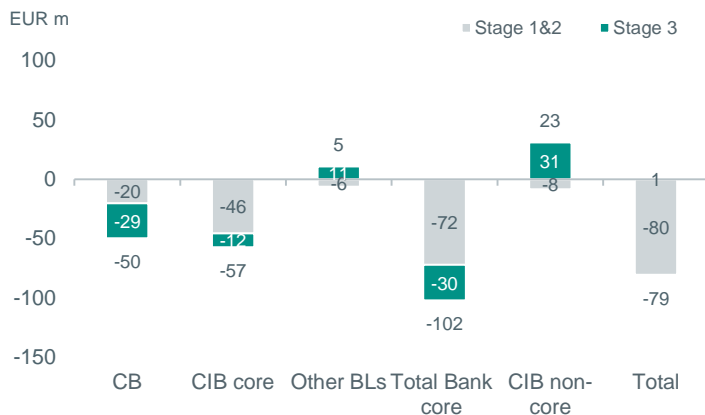
- Final 2019 dividend to be paid in October following lifting of ECB dividend recommendation
- Very strong capital ratios with Basel III CET1 ratio of 18.3% and Basel IV of c.16% ¹⁾
- CET1 increase reflects lower credit risk RWA from wind-down CIB non-core and lower operational risk RWA from reassessment of scenario analyses for AML
- Gap in BIIE vs BIV RWAs expected to be largely closed by YE2021 due to model reviews and DNB mortgage floor ²⁾
- Leverage ratio based on SA-CRR remained stable, temporary capital relief measure to exempt central bank reserves extended until March 2022 with a positive impact of 1.0% on the leverage ratio

1) CET1 ratios exclude final 2019 dividend and 50% of YTD net profit has been reserved outside CET1 capital in line with our distribution policy

2) Model reviews entail moving specific portfolios from BIIE advanced to foundation or standardized approach; risk weight floor for mortgages announced by DNB will be implemented per 1/1/2022, expected impact is c.4bn BIIE RWA increase

Impairment guidance FY21 improved reflecting good outlook and de-risking

Releases mainly in CB and CIB core in Q2 2021



CIB non-core portfolio well provisioned for

EUR m	Stage 1&2 exposure	Stage 3 exposure	Total exposure	Stage 3 cov. ratio
Oil & Gas	567	299	866	64%
Basic resources	356	302	658	76%
Ind. Goods & Services	448	165	612	42%
Food & Beverage	448	120	568	48%
Non-food Retail	50	59	109	101%
Other sectors ¹⁾	805	31	837	54%
Total	2,674	976	3,650	64%

- Releases mainly from improved macroeconomic outlook, successful restructuring of CB clients and decreasing volumes in CIB non-core, partly offset by impairments on individual files in CIB non-core
- Management overlay (343m) remains in place reflecting uncertainty from Covid-19 and a delayed effect in credit risk metrics
- Based on current economic and commodity price outlook as well as good progress on CIB non-core wind-down, FY2021 Cost of Risk for total bank is expected well below TTC guidance of 25-30bps
- Remaining CIB non-core portfolio limited and well provisioned for with coverage ratio of 64%, reducing tail risk

1) Largest sectors in other are Financial Services, Utilities and Chemicals with only in Financial Services very limited stage 3 exposure

Progress in executing strategy to become a personal bank in the digital age

Strategic pillars		2024 targets		First half 2021		FY2020	
Customer experience	Net Promoter Score	Mortgages SMEs	>0 >0	Mortgages SMEs	-2 -33	Mortgages SMEs	+28 -21
	Market share growth ¹⁾	Mortgages SMEs	20% 20%	Mortgages SMEs	16% 18%	Mortgages SMEs	15% 18%
Sustainability	% sustainability (acceleration) asset volume		30%		24%		20%
	% women at sub top		34%		29%		28%
Future-proof bank	Absolute cost base ²⁾		≤4.7bn		2.6bn		5.1bn
	Cost of Risk		25-30bps through-the-cycle		-18bps		78bps
	Return on Equity		c.8% (10% ambition with normalised rates)		3.0% ³⁾		-0.8%
	Basel IV CET1 ratio		13% (threshold for share buybacks 15%)		Around 16%		Above 15%

1) Market share SMEs is based on previous year results

2) Excluding AML settlement and restructuring costs

3) ROE for H1 2021 excluding AML settlement is 7.8%

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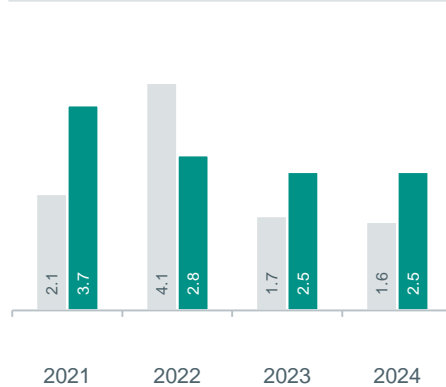
appendices

Macro economic scenarios to calculate credit losses ¹⁾

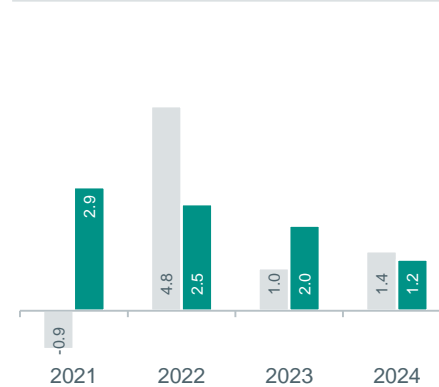
GDP growth NL

■ Q1 2021 ■ Q2 2021

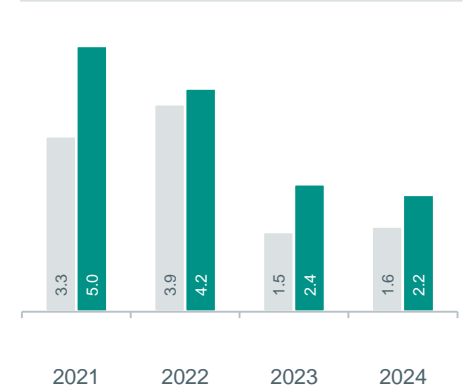
Baseline - 60%



Negative - 25%



Positive - 15%



Differences Q2 2021 vs Q1 2021

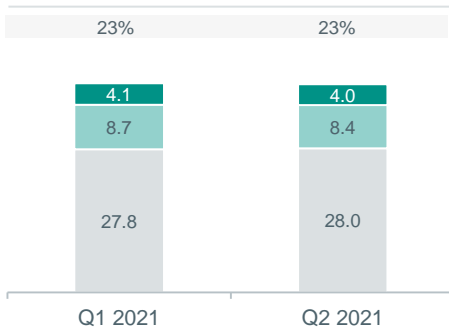
- Outlook on economy is improving as pace of vaccinations picks up and eases
- Overall the focus shifts from Covid-19 to shape of coming recovery and how consumers will spend massive build-up savings
- GDP has been revised upward in all scenario's reflecting updated assumptions on private consumption
- Unemployment rate is revised downwards assuming government support is kept in place until end of 2021

1) Group Economics scenarios per February 2021 used for Q1, per May 2021 used for Q2

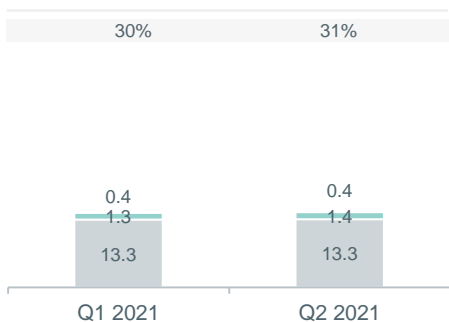
Overall staging quite stable, CIB non-core impacted by wind-down

EUR bn, total loans & advances customers ¹⁾

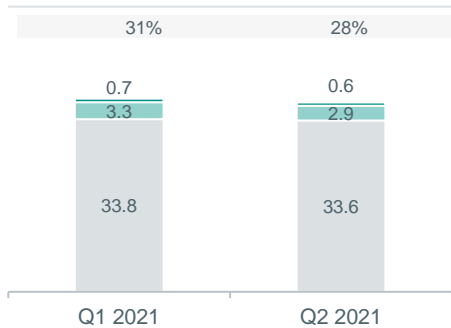
Commercial Banking



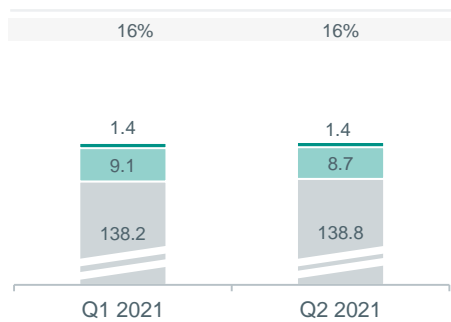
Private Banking



CIB core ²⁾

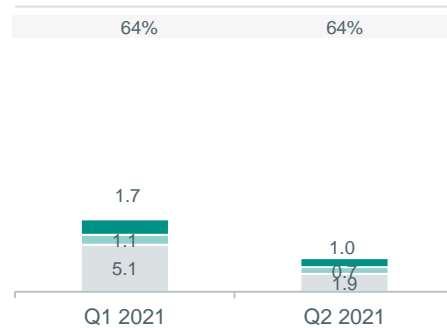


Retail Banking

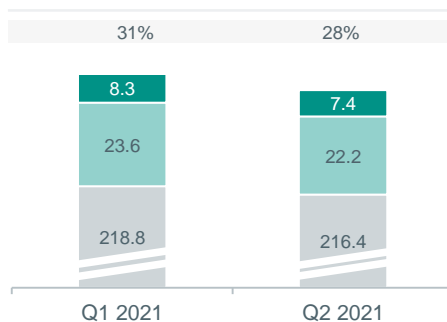


■ Stage 1 ■ Stage 2 ■ Stage 3
Stage 3 coverage ratio

CIB non-core



ABN AMRO total



1) Total loans and advances to customers, gross excluding fair value adjustments from hedge accounting and loans and advances measured at fair value through P&L

2) Including Clearing and Global Markets

Diversified corporate loan book with strong underlying credit quality

CIB core

EUR bn	Stage 1	Stage 2	Stage 3	Total exposure	Stage 3 cov. ratio
Ind. Goods & Services	5.8	0.8	0.3	6.9	29%
Financial Services	3.0	0.1	0.0	3.1	-
Real Estate ¹⁾	1.3	0.2	0.0	1.5	-
Non-food Retail	0.8	0.3	0.2	1.3	58%
Food & Beverage	0.8	0.3	0.0	1.1	-
Construction & Materials	0.4	0.1	0.1	0.5	36%
Travel & Leisure	0.1	0.3	0.0	0.4	-
Basic resources	0.1	0.2	0.1	0.3	-
Other sectors	4.9	0.7	0.0	5.6	-
Sub total	17.1	2.8	0.6	20.6	34%
Clearing & Markets	16.5	-	-	16.5	-
Total ²⁾	33.6	2.9	0.6	37.1	34%

CB

EUR bn	Stage 1	Stage 2	Stage 3	Total exposure	Stage 3 cov. ratio
Food & Beverage	7.2	1.4	0.8	9.4	18%
Real Estate ¹⁾	6.6	1.2	0.3	8.1	17%
Ind. Goods & Services	4.8	1.6	1.3	7.7	27%
Non-food Retail	1.4	0.9	0.3	2.6	25%
Travel & Leisure	0.5	1.6	0.5	2.6	17%
Health Care	1.6	0.3	0.2	2.1	13%
Construction & Materials	1.5	0.3	0.2	2.1	61%
Financial services	1.1	0.2	0.1	1.4	55%
Other sectors	3.1	0.9	0.4	4.4	19%
Total ²⁾	28.0	8.4	4.0	40.4	23%

1) Part of Commercial Real Estate portfolio in PB and RB

2) Source: Management Information, Q2 loans and advances to customers, gross excluding fair value adjustments from hedge accounting and loans and advances measured at fair value through P&L

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