

ABN AMRO Investor Day

Transforming to a more scalable private bank

Private Banking | Pieter van Mierlo

16 November 2018

We are committed to

Transforming to a more scalable private bank

- Continue to focus on North West Europe, pursuing organic and inorganic growth
- Further harmonise and digitise, achieving a C/I ratio <70% by 2021
- Offer our clients sustainable investments as a standard

A leading cross-border private bank in NW Europe

**Servicing
EUR 195bn
client assets
(Q3 2018)**



Market leader in the Netherlands with strong positions abroad

Netherlands #1 Germany #3 France #5 Belgium #8 Guernsey

Focus on onshore NW Europe

- Acquisitions in Belgium (2018) and Germany (2011 & 2014)
- Market consolidation offers additional growth opportunities

Unique combination of competitive advantages

- Sustainability as a standard
- Personal and digital service delivery
- Open architecture product offering

Resilient income, low capital consumption

- Strong contributor to group: 23% ROE (YTD)
- Source of funding: EUR 66.7bn client deposits (YTD)

Transforming to become a more scalable Private Bank

Market profitability under pressure

- Regulatory pressure persists, including MiFID II, KYC
- Resulting processes and transparency requirements put pressure on margins
- Changing client expectations of digital requires significant investments

Scale to remain competitive

- Dutch activities (EUR 114bn client assets) highly efficient, due to scale
- Other locations working on reducing C/I ratio, by harmonising and digitising
- Well on track to reach a sustainable C/I ratio <70% by 2021
- Leverage on cross-border scale a necessity

Focus on onshore NW Europe

- Building on our focused footprint, creating significant cross-border scale
- Divested non-core units, latest Asia & Dubai (2017) and Luxembourg (2018)
- Acquisitions in Belgium (2018) and Germany (2011 & 2014)



The Netherlands – EUR 114bn ¹⁾



Germany – EUR 38bn



France – EUR 30bn



Belgium – EUR 12bn ²⁾



Channel Islands – EUR 8bn

1) Client assets, YTD 2018

2) Including announced acquisition in Belgium (2018)

Announced acquisition Société Générale PB in Belgium

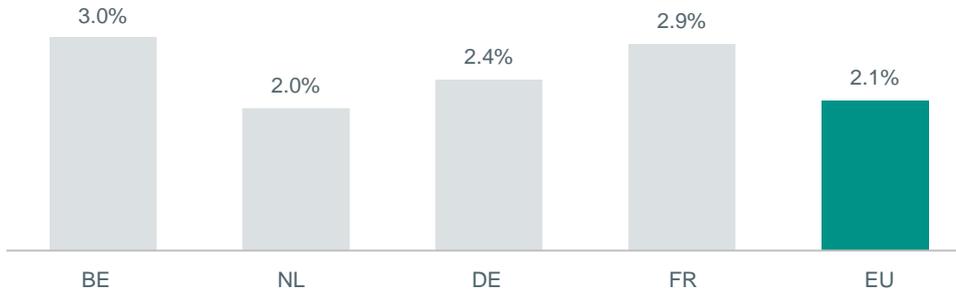
Good add-on to existing portfolio

- Further build on strong proposition in Belgium
- Belgium market highly attractive (est. 4% client assets growth), with highest share of millionaires in EU
- Opportunity to increase scale, doubling client assets to EUR 12bn
- Complementary footprint, similar products and segments, resulting in considerable synergy potential
- Closing expected in Q1 2019

In line with a clear PB M&A strategy

- ✓ Selective bolt-on acquisitions in NW Europe, aiming to leverage our proposition
- ✓ Focus on onshore clients
- ✓ Harmonised service propositions and platforms and standardised processes to drive cross-country scale

Millionaires as percentage of population (2017) ¹⁾



6bn → 12bn

Announced acquisition will double client assets in Belgium

1) Source: Worldbank

Sustainable investments is the new standard



More demand for sustainable

- Increasing demand from next generation
- >30% of existing clients already own sustainable investments (2017)
- In NL 80% of new clients opt for sustainable, other countries to follow
- Shift also offered to existing clients

Clear investment strategy

- Up to 50% less CO₂ emission vs benchmark ¹⁾
- Strict exclusions and positive selections based on ESG criteria
- Engagement with companies to discuss UN Global Compact breaches
- Leveraging open architecture model to provide the best sustainable products

Expertise to support clients

- Partnership with University of Oxford
- Funding chairs at Dutch universities
- 650 staff (23%) certified in the UN's PRI (Principles for Responsible Investment)

8bn → 16bn

Doubling sustainable client assets
(start 2017-2020)



Currently at **EUR 13bn**

1) On sustainable discretionary model portfolios

Reinventing the customer experience



Segment propositions to optimise added value

- Segments redefined based on client's wealth, source of wealth and stage of life - implemented in NL, to be rolled out in other locations
- Development of dedicated value propositions per segment: offering matches client needs
- Cross-border focus segments first in line for investments

Taking customer experience into the digital age

- Client expectations of digital are changing, with remote banking as a key factor to serve the next generation
- Combine offline and online and realise seamless client interaction at every touchpoint
- Ambition to have almost 100% of our clients using our online solutions

81%_{NL}

56%_{DE}

42%_{FR}

Clients using online solutions
(August 2018)

Building a future-proof private bank



Harmonise IT infrastructure

- From different systems in each location to a shared platform of systems: core banking, CRM, portfolio management
- Belgium first-mover to new core banking platform in Q1 2019

5 → 2

One platform in NL together with Retail Banking, one shared platform in all other locations (2017-2021)

Speed up digitisation

- From inefficient and manual processes to automated and simplified processes
- All eligible processes digitised by 2020
- One of the drivers for reduction in FTEs

22%

Expected total FTE reduction 2016-2021¹⁾

One rationalised product offering

- From very large product ranges in each country to one product menu card
- Each location with the same products, based on cross-country client needs
- Investments menu card defined, other product groups to follow

1

One cross-border product menu card by 2020

1) Achieved a reduction from 3,122 to 2,828 FTEs from 2016 to 2018 YTD (excl. PB Asia and Luxembourg)

Further improve costs and efficiency with the transformation

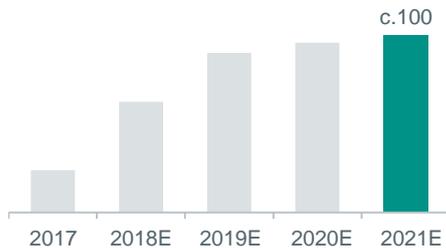
Transformation resulting in lower costs

- Well on track with the transformation
- Transformation investments total c. EUR 130m 2017–2021, funded by realised savings
- Large part investments used for harmonised IT platform
- Cumulative cost savings to increase to c. EUR 100m as of 2021 ¹⁾, mainly reflecting lower staff and IT costs

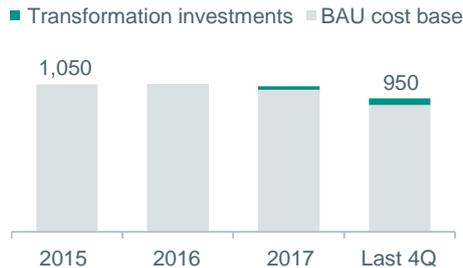
Well on track to reach a sustainable C/I ratio

- On the back of the transformation, we expect to reach a sustainable C/I ratio <70% by 2021
- Taking into account continued investments in digital, innovation and growth

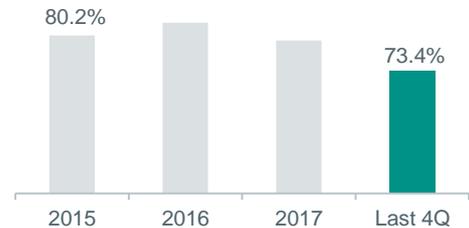
Cumulative cost savings EUR m ¹⁾



Operating expenses EUR m ²⁾



Cost/ income ratio ²⁾



1) Savings compared to the cost basis in 2016

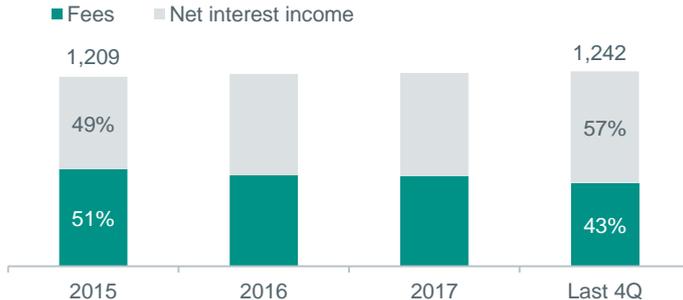
2) Excluding publically disclosed incidentals

And focus on future profitable growth

Moderate historic revenue performance

- Up to 2019 a moderate performance, mainly reflecting the focus on transformation, MiFID II and KYC
- Revenues influenced by large cash component in client assets, more self directed and new regulations (margin pressure)

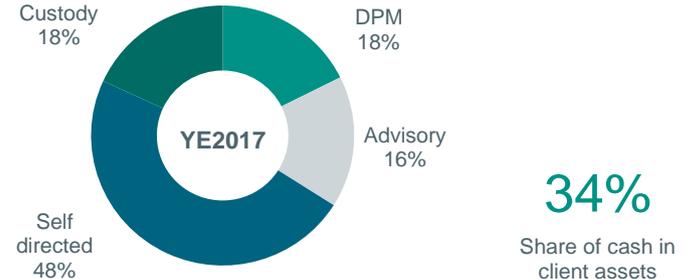
Fees and net interest income development EUR m



Focus on growth going forward

- More commercial time for clients/prospects to increase NNA
- Increase volume in discretionary and advisory mandates to improve fee income
- Increase of lending penetration
- Continue to explore bolt-on acquisition opportunities

Client assets per product group



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