

ABN AMRO Investor Day

Sustainability, a business opportunity

Commercial Banking | Daphne de Kluis

16 November 2018

We are committed to

Pursuing sustainability as a business opportunity

- Service the Dutch SME market guided by client intimacy where it matters and efficiency everywhere else
- Drive the sustainable agenda to accelerate the sustainability shift, which contributes to society and our financial performance
- Grow our top line profitably and manage costs effectively

Leading bank in the Dutch market through client intimacy and efficiency

Stable base of
365k clients



Leading SME bank in the Netherlands

Primary bank for c.25% of Dutch enterprises
Selective ABF presence in UK, GE and FR¹⁾

Sector focus and digital for basic needs

Clear sector knowledge, a differentiator in NL
Aim to serve clients' basic needs digitally

Innovative value propositions



The new standard in
online borrowing



Smart global trading with
one multi-currency account



A new payment variant between
enterprise and consumer

Solid contributor to group

c.20% of gross income, strong ROE 15.3% (YTD)
Client lending EUR 42bn, client deposits EUR 45bn (YTD)

1) Asset Based Finance in United Kingdom, Germany and France

Sustainability as a growth opportunity, responding to market & client needs



Rationale

- Major shift towards sustainability in NL
- A 'pull' in the market for sustainable & circular solutions/deals ^{1,2)}
- Currently 52% of clients engaged in sustainability, 25% already active ¹⁾
- Large growth opportunity, estimated market potential for SMEs in NL ³⁾
 - Energy transition: EUR 14bn (2019-2030)
 - Circular transition: EUR 7bn (yearly)
- Risk profile of clients engaged in sustainability is better

Key levers

- Engagement strategy by pro-actively approaching all clients to facilitate their transition
- Knowledge & experience of sector, products and technology
- Develop innovative financial products & solutions also with partners
- Stimulate knowledge sharing through platforms and education

Targets

- Energy transition: real estate portfolio to obtain an average label A score by 2030
- Circular transition: finance 100 circular deals, total EUR 1bn by 2020

1) GFK, 2 November 2018; Sustainability, a research on sustainable entrepreneurship

2) For 80% of clients sustainability is an agenda topic

3) Sources: Energy - Dutch Government report regarding the Climate Agreement / Circular - Analysis based on data of the Dutch Central Bureau for Statistics

New business propositions will lead to additional sources of income

	Energy Transition	Circular Transition
Description	<ul style="list-style-type: none">Transition to reduce CO₂ emissionsReal estate is responsible for 40% of total carbon emission	<ul style="list-style-type: none">Declining natural resources & sharing economy lead to the transformation from linear to circular economy
Examples ¹⁾	<ul style="list-style-type: none">Vibers: natural material to replace plasticDebt and equity raising for Dutch wind farm	<ul style="list-style-type: none">'Product-as-a-service': pay for usage instead of ownershipHOMIE: washing machines – pay per use'Light as a service' with smart LEDs
Opportunities	<ul style="list-style-type: none">Give clients insight into label by using the Sustainable Investment ToolSupport clients to improve and find financial solutions, a clear business opportunityHelp make real estate more energy efficient (beyond Mission 2030)	<ul style="list-style-type: none">Build a 'materials bank' to manage the material flowFacilitate trade for re-usable materials and products

1) Examples where ABN AMRO advised or provided financial solutions



Leveraging on partners is key in achieving our sustainability goals

Partnerships are essential to service clients

- To respond to client needs, improve client intimacy and strengthen stickiness
- Engage in partnerships to leverage innovative capabilities in sustainability, e.g. with Ecochain
- Provide a platform to offer clients a range of own/partner services in order to do business easily, e.g. opportunity network
- Will generate more fee business and enable us to offer new, innovative products & services
- Help to accelerate and offer us introduction into new markets, e.g. value added /beyond banking services

Examples

Shift in energy transition

- CO₂ emission scans to provide clients insight into savings potential and where to invest effectively



Build eco-systems

- Create ecosystems to accelerate projects and cooperation within sustainability



Access to platforms

- Support enterprises in doing business easily by providing access to platforms via ABN AMRO



Clear profitable growth supported by sustainable revenues

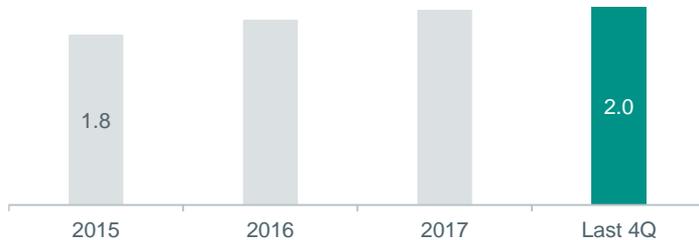
Track record

- Good income growth reflecting higher volumes driven by more client demand
- Despite competitive market, margins remained resilient
- Client intimacy based on sector & product expertise

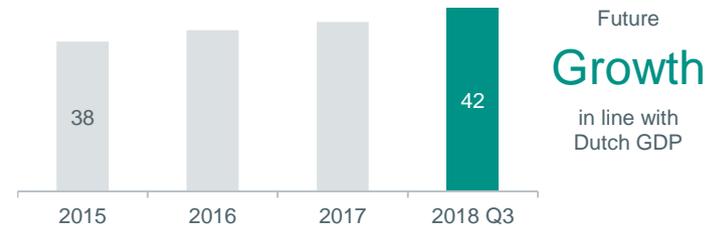
Future growth

- Future (loan) growth in line with Dutch GDP
- Maintain profitable growth and steer revenue mix
- Broaden the source of income, increasing fees, e.g. with new sustainability initiatives
- Provide services in a more sustainable way
- Increase touchpoints in customer journeys

Operating income, EUR bn



Client lending, EUR bn

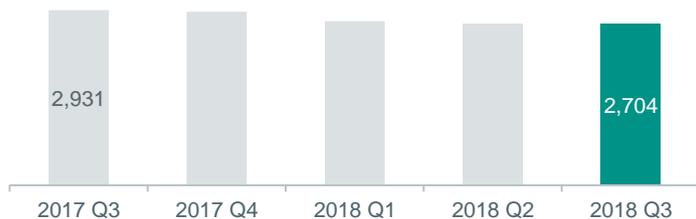


Good progress in improving costs and efficiency

Realised by several drivers

- Introduction of new management structure early 2017 leading to delayering and improved span of control
- Merger Lease and Factoring proposition into single Asset Based Financing organisation
- Introduction of sector-based approach (e.g. resulting in centralisation of activities such as support)
- More efficient way of working (a.o. COO organisation adopted Agile way of working)
- FTE 8% lower vs. Q3 2017, expected to decrease further

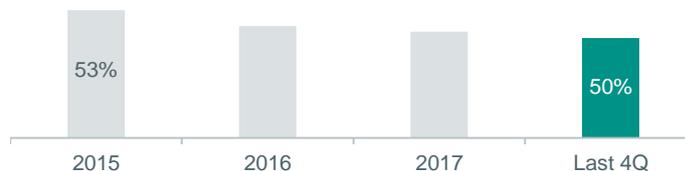
FTEs trending down



Future levers to lower costs

- Rationalise product offering (in all categories) by c.50% in 2020
- Develop simple solutions, optimise processes and documentation to improve efficiency
- Continue exploring alternative business models and new ways of offering products (e.g. New10, from labour-intensive to platform driven digitally)
- Improve (operational) efficiency through convenient and fast digital basic services to deliver 'hassle free banking'

Cost/ income ratio



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