



Investor Relations

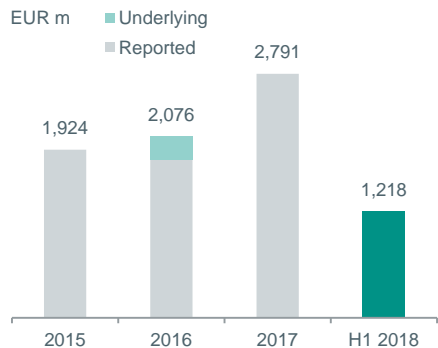
# ABN AMRO Q2 2018

**BofAML Annual Financials CEO Conference**

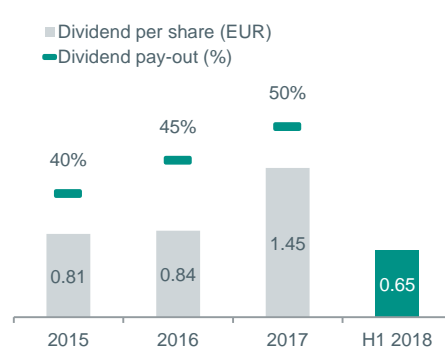
25 September 2018

# ABN AMRO has shown strong capital generation since IPO

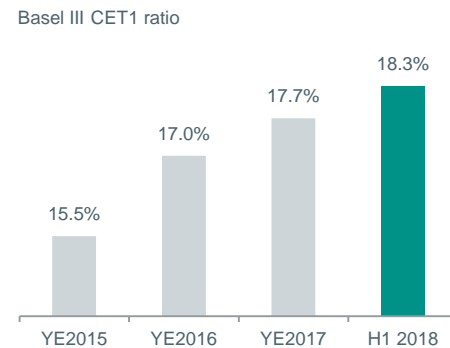
## Profit development



## Dividends per share and pay-out <sup>1)</sup>

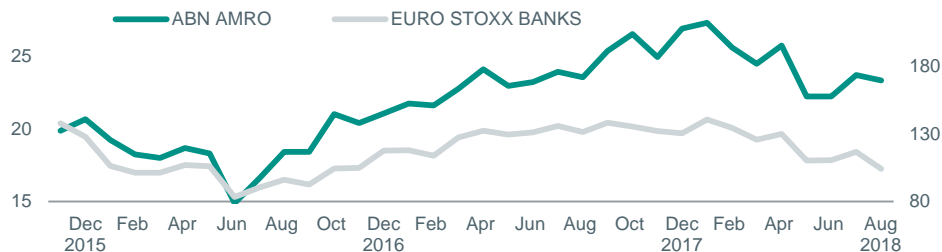


## CET1 capital



## Progress of the State sell-down

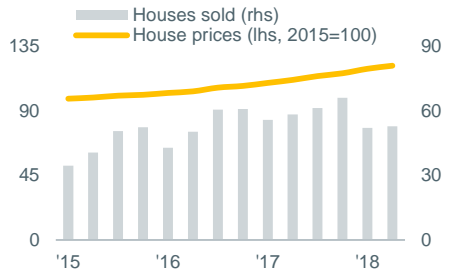
- Shares outstanding 940m
- IPO, 23%, Nov 2015 EUR 17.75
- 2<sup>nd</sup> placing, 7%, Nov 2016 EUR 20.40
- 3<sup>rd</sup> placing, 7%, Jun 2017 EUR 22.75
- 4<sup>th</sup> placing, 7%, Sep 2017 EUR 23.50



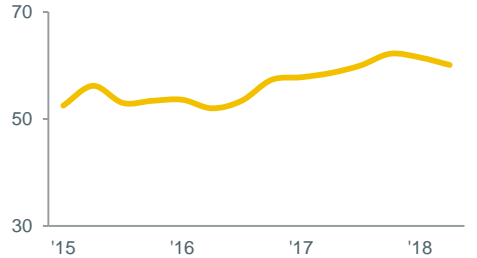
1) Dividend 2017: final dividend per share of EUR 0.80 per share, interim dividend per share of EUR 0.65

# ABN AMRO capturing its share of strong Dutch economy

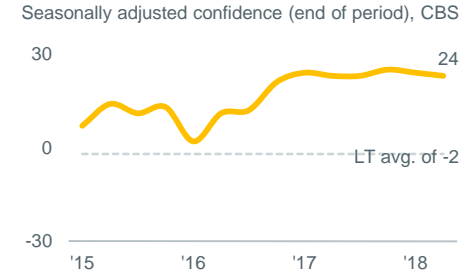
## Dutch housing market



## Dutch PMI



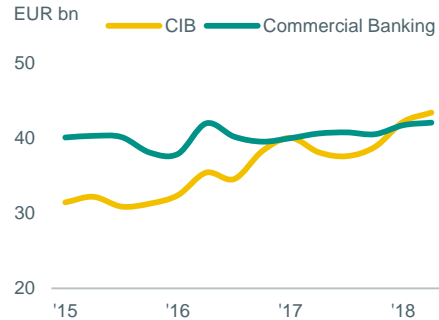
## Dutch consumer confidence



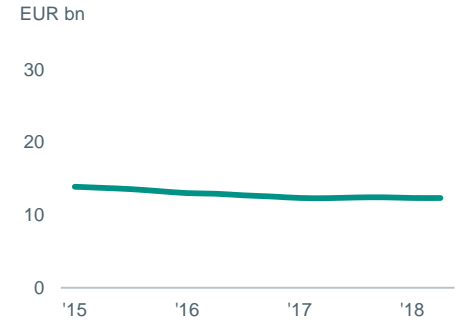
## ABN AMRO mortgage lending



## ABN AMRO corporate lending



## ABN AMRO consumer loans





## Non financial metrics 2017 (2016)

### Clients

Trust Monitor Score (scale 1-5)	Net Promoter Score				
<b>3.2</b> (3.1)	RB	CB	PB	CIB	
	<b>-9</b> (-15)	<b>-6</b> (-23)	<b>12</b> (-1)	<b>32</b> (40)	

### Employees

Employee engagement	Gender diversity at the top
<b>79%</b> (82%)	<b>25%</b> (25%)

### Society at large

DJ Sustainability Index	Sustainable clients assets (EUR bn)
<b>86<sup>1)</sup></b> (87)	<b>11<sup>2)</sup></b> (8)

## Integrated in our way of doing business

- Inclusive approach: direct client engagement
- Influence sustainability performance of clients
- Exclusion list, incl. human rights, controversial weapons, arctic drilling, tar sand exploration, tobacco

1) DJ Sustainability Index score received September 2018 (score was 91 in 2017, a top 5% score in the banking sector)

2) At 30 June 2018 (EUR 10bn at YE2017)

# Strong CIB franchises rooted in the open nature of the Dutch economy

## Client Franchises

### Corporates NL <sup>1)</sup>

- Strong domestic franchise (top 3 NL)
- Sector based relationship bank
- Growing in NW-Europe, leverage NL capabilities

### Clearing

- Top 3 global position in derivatives clearing
- Connected to >150 exchanges

### Global sectors

Natural Resources (NR)

Trade & Commodity Finance (TCF) <sup>1)</sup>

Global Transport & Logistics (GTL)

- Based on deep sector expertise
- Market leading positions in specific sectors
- Present in main shipping hubs globally

### Product units

Global Markets (GM) <sup>1)</sup>

Private Equity (PE)

- Supports clients across the bank (PB and CB)
- Dutch mid market focus

### Key figures CIB (Q2 2018)

Client lending	EUR 43.4bn	Clients	±3k	Countries	15
Professional lending	EUR 19.1bn	FTEs	2,571	Geographies	Europe, APAC, Americas

## Market position



Best bank of the Netherlands 2018



#1 in Net Promoter Score  
#1 overall relationship



Proprietary Traders' Clearing firm of the Year 2017



Best Commodity Trade Finance Bank 2017



#1 Brokerage Benelux, 2015, 2016, 2018



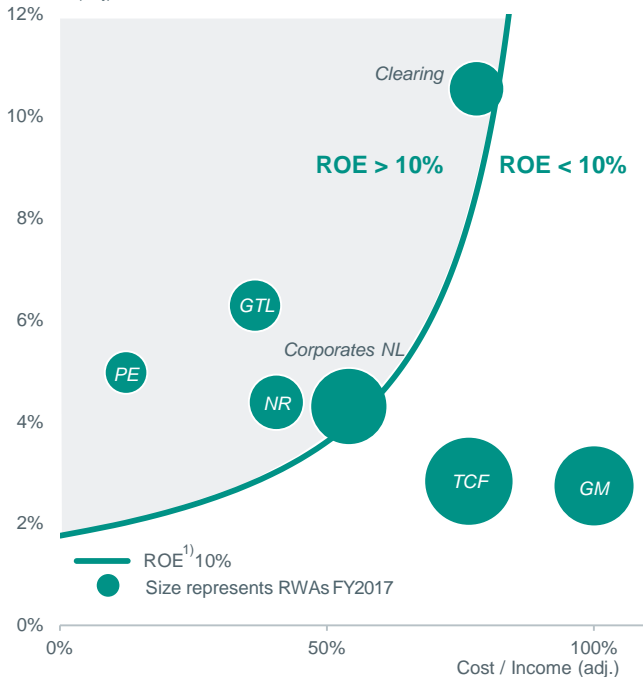
1) Corporates NL includes NW-European clients and Financial Institutions, TCF includes Diamonds & Jewellery Clients, GM excluding Clearing

# Refocus CIB on core clients in profitable sectors

## Most CIB sectors deliver >10% ROE TTC impairments <sup>1)</sup>

Operating Income adjusted for through-the-cycle impairments FY2017

Income (adj) / RWA



1) ROE on basis of Basel III RWA and CET1 target of 13.5%. TTC = through-the-cycle

2) Global Markets plans were announced in Q1 2018

## Global sectors to de-risk and improve efficiency

### Corporates NL – maintain leading NL position

- Develop NW-Europe by leveraging sector knowledge

### Clearing - maintain global top 3 position

- No longer leverage constrained once SA-CCR implemented

### Global sectors – refocus and downsize portfolios

- GTL and NR: reduce exposure to highly cyclical subsectors, increase focus on energy transition and sustainability
- TCF: address low return clients, de-risking diamonds, downsize organisation

### Product units

- GM: subscale, serving core clients, improve efficiency through further product and client focus and cost discipline <sup>2)</sup>
- PE: very profitable, supports Dutch client franchise, explore external funding

# Improve capital & cost efficiency, CIB ROE to deliver on Group target by 2021

## Reduce capital

- Reduce global, highly cyclical sectors
- Impacts TCF, energy offshore, shipping
- Focus GM's products and clients <sup>1)</sup>

**Net RWA reduction 5bn <sup>2)</sup>**  
Revenue impact c.100m

## Lower cost

- Address low return clients
- FTE reduction & IT rationalisation
- Right-size geographies & support

**80m cost reduction**  
c.250 FTE reduction  
Restructuring cost: c.50m <sup>3)</sup>

## Transform business model

- Capital efficient, focus on distribution
- Focus on high share of wallet clients
- Develop further sustainability franchise

CIB ROE >10% by 2021 <sup>4)</sup>

**Group CET1 benefit c.90bps <sup>2)</sup>**

**Reconfirm Group C/I target**

**Focus on capital generation**

1) Announced in Q1 2018, a provision of EUR 7m was taken in Q1 2018

2) RWA EUR 5bn reduction (equals CET1 c. 0.9%) compared to Q1 2018, from around EUR 39bn to around EUR 34bn to be achieved by 2020, assuming static risk weighting, i.e. excluding possible impact, of TRIM or credit quality migrations. RWA of around EUR 1.5bn reduction (equals CET1 c. 0.25%) was already achieved during Q2 2018

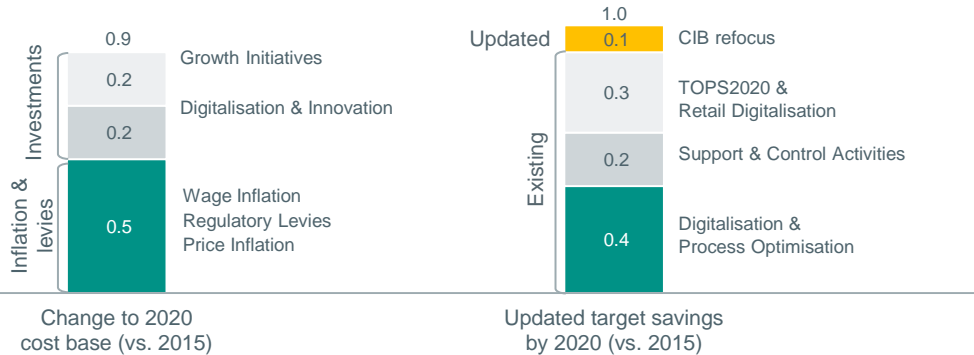
3) To be taken during H2 2018

4) Under Basel III RWAs and a CET1 target of 13.5%

# 2020 cost base expected to be below 2015

## Sizeable increase in costs more than compensated by additional savings

EUR bn



- Upward cost pressure expected of EUR 0.9bn in 2020 vs. 2015 cost base (EUR 5.1bn adjusted for divested activities<sup>1</sup>)
- More than half of EUR 1.0bn savings targeted by 2020 realised so far
- Internal and external FTEs to decline by 13% by 2020 (vs. YE2015); actual FTEs down by 11% vs. YE2015

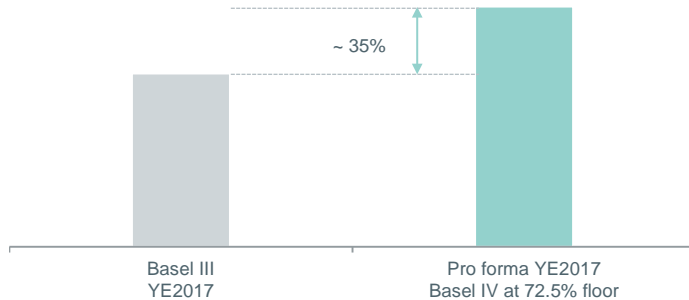
1) FY2015 cost base adjusted from EUR 5.2bn to EUR 5.1bn following the impact of divested activities



# Capital target range reflects Basel IV impact

## Estimated Basel IV impact

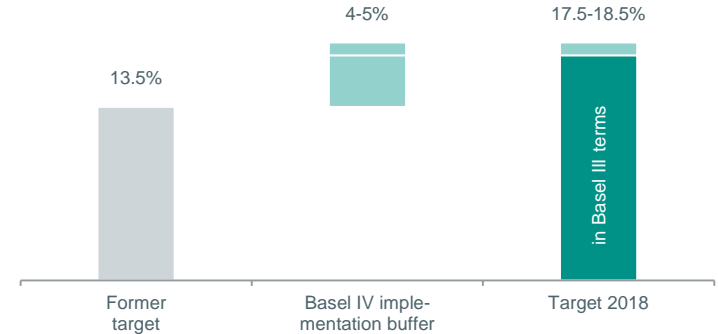
RWA bn



- Basel IV impact estimated at around 35% RWA increase
- Well placed for Basel IV given strong current CET1 of 18.3%
- Final impact subject to EU implementation (2022), transitional arrangements (from 2022), ongoing business developments and mitigating actions

## Capital target range

Fully loaded CET1 ratio

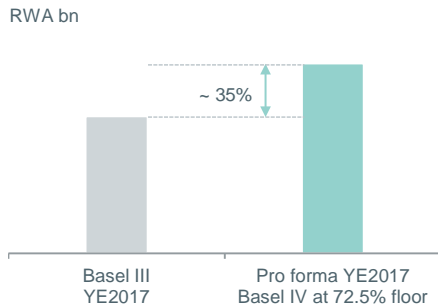


- Capital target range of 17.5-18.5% CET1 ratio under Basel III for 2018
- Dividend pay-out of 50% of sustainable profit<sup>1)</sup> from 2018 onwards. Additional distributions will be considered when capital is within or above target range. Combined at least 50%
- ROE and C/I target ranges unchanged

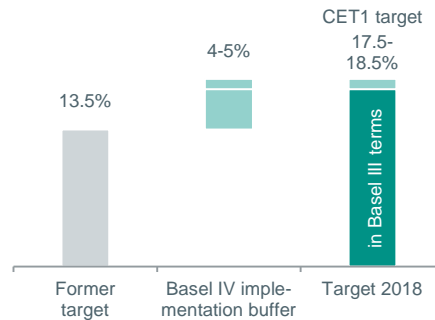
1) Sustainable profit attributable to shareholders excludes exceptional items that significantly distort profitability; examples are book gain on PB Asia sale (2017) and provision for SME derivatives (2016)

# Capital target range reflects Basel IV impact

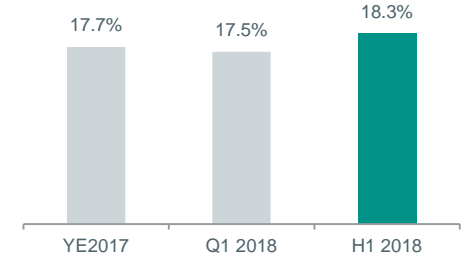
## Estimated Basel IV impact



## Capital target range



## Current CET1 capital ratio



- Basel IV impact estimated at around 35% RWA increase
- Final impact subject to EU implementation (2022), transitional arrangements (from 2022), ongoing business developments and mitigating actions

- Capital target range of 17.5-18.5% CET1 ratio under Basel III for 2018

- Well placed for Basel IV given current CET1 of 18.3%
- Strong Q2 increase in CET1 ratio, mainly due to active balance sheet management

# Financial targets

	2017	YTD 2018	Q2 2018	Targets
Return on Equity	14.5% <sup>1)</sup>	12.5%	13.5%	10-13%
Cost/Income ratio	60.1% <sup>1)</sup>	56.5%	55.1%	56-58% (by 2020)
CET1 ratio (FL)	17.7%	18.3%	18.3%	17.5-18.5% <sup>2)</sup> (2018)
Dividend - per share (EUR) - pay-out ratio	1.45 50%	0.65 Interim	-	<ul style="list-style-type: none"> <li>▪ 50% of sustainable profit <sup>3)</sup></li> <li>▪ Additional distributions will be considered <sup>3)</sup></li> <li>▪ Combined at least 50%</li> </ul>

1) Excluding the gain on PB Asia sale the ROE was 13.4% and C/I was 61.2%

2) Capital target range to be reviewed at YE2018

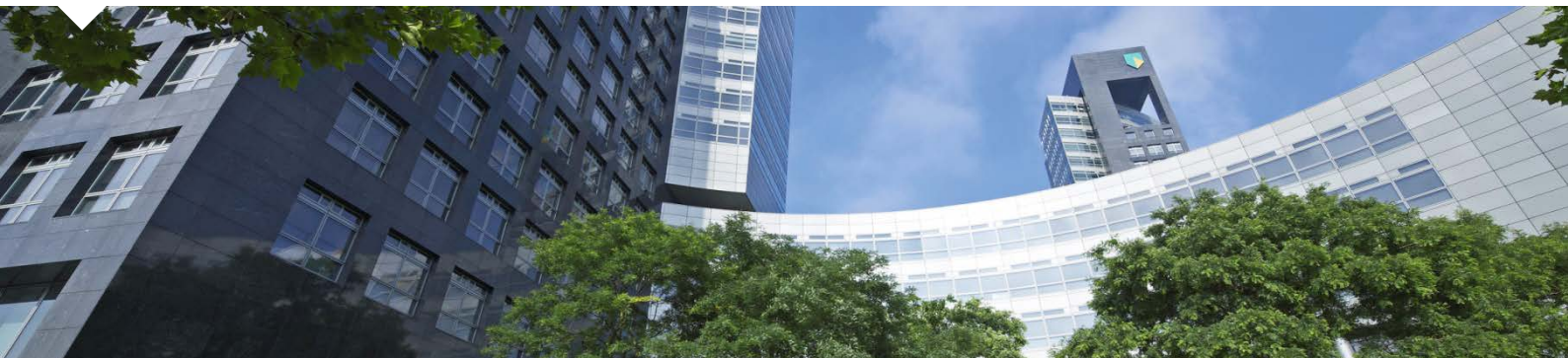
3) Sustainable profit attributable to shareholders excludes exceptional items that significantly distort profitability; examples from the past would have been the book gain on PB Asia divestment (2017) and the provision for SME derivatives (2016). Additional distributions will be considered when capital is within or above the target range, and are subject to other circumstances, including regulatory and commercial considerations

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