ABN AMRO

Bank of America ML Financials Conference

28 September 2016

Kees van Dijkhuizen, CFO

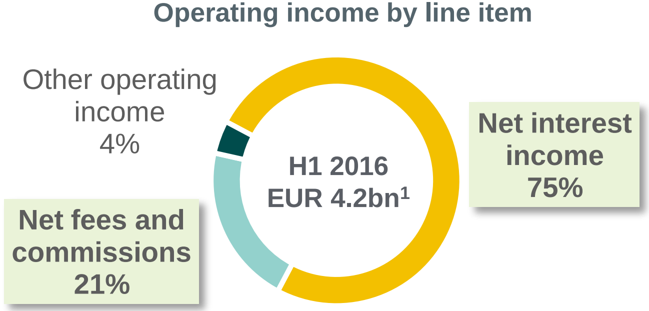
Strong and balanced financial profile with focus on the Netherlands

Key financials and metrics[1]

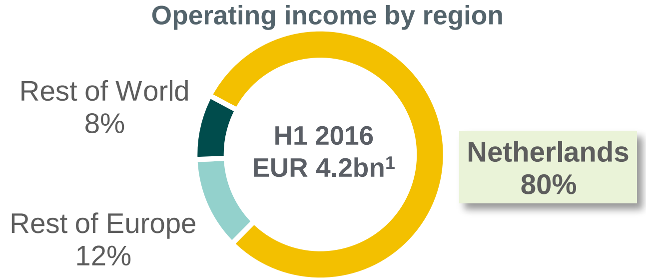
	H1 2016	2015	2014
Operating Income (EUR m)	4,172	8,455	8,055
Cost/Income	61.8%	61.8%	60.2%
Cost of Risk (bps)	4	19	45
NIM (bps)	152	146 (2)	153 (2)
Net Profit (EUR m)	1,136	1,924	1,551
ROE	**13.1%**	**12.0%**	**10.9%**
Pay-out Ratio	45%	40%	35%
Total Assets (EUR bn)	419	406	413
Shareholders Equity[1] (EUR bn)	17.0	16.6	14.9
CET1 (fully loaded)	**16.2%**	**15.5%**	**14.1%**
FTE	21,939	22,048	22,215

- ROE progression reflecting management actions and improvement in economy, realised whilst building up capital
- Strong CET1 ratio includes a buffer for regulatory uncertainties

Large proportion of recurring operating income



Operating income predominantly domestic



Note(s):
1. *Underlying figures*
2. *Equity attributable to the owners of the parent company*

An attractive combination of complementary business lines

Retail Banking	Private Banking	Corporate Banking
±5m Number of retail clients; 300k SME clients	>100,000 number of clients; Present in 10 countries	70,000 number of clients
2nd in new mortgage production, 3rd in savings, Principle bank for 21% of Dutch	Market leader in the Netherlands, 3rd in Germany, 4th in France	Client- and capability-led international strategy
235 branches	Seamless multi-channel client servicing in NL and expanding abroad	International presence in the key financial and logistical hubs
Stable income in mature market — EUR 674m H1 2016 profit	Stable income, with gearing to market cycles — EUR 96m H1 2016 profit	Stable income, with upside potential — EUR 436m H1 2016 profit
Efficient operations, with consistent profits — 53.6% H1 2016 C/I	Scale is an important driver — 79.9% H1 2016 C/I	Efficient operations with room for further upside — 61.8% H1 2016 C/I
Low capital intensity — Funding gap	Capital light — Funding light	Higher capital intensity — Funding intense

Note: All underlying figures
Sources: DNB, Kadaster (Dutch Land Registry), ABN AMRO analysis

Financial targets

Return on Equity[1]

10–13% in the coming years

13.1% over H1 2016

(12.8% incl. full year levies)[2]

FY2014: 10.9% | FY2015: 12.0%

Cost/Income Ratio[1]

56–60% target by 2017

61.8% over H1 2016

(62.2% incl. full year levies)[2]

FY2014: 60.2% | FY2015: 61.8%

CET1 Ratio

11.5 – 13.5% fully loaded

16.2% at 30 Jun 2016

YE2014: 14.1% | YE2015: 15.5%

Dividend Pay-Out

50% as from and over 2017

45% over 2016 [3]

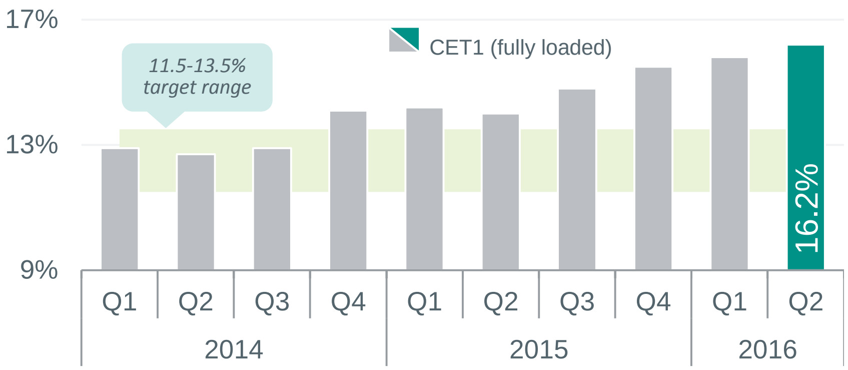
FY2014: 35% | FY2015: 40%

Note(s):

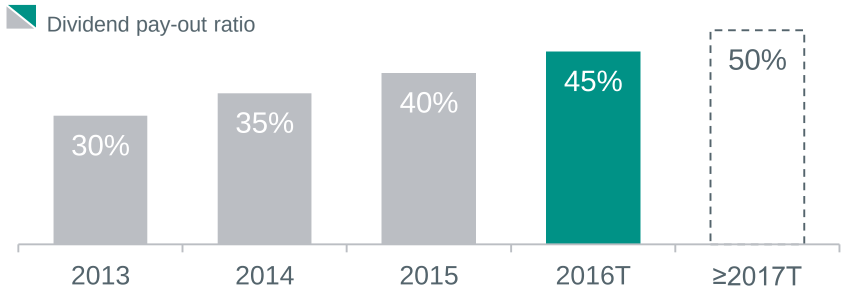
1. *All underlying figures*
2. *Including the full year 2016 impact of levies (estimated around EUR 250m pre-tax) allocated equally over the year. These levies are the Dutch Single Resolution Funds (SRF) recorded in Q1, (European) Deposit Guarantee Scheme (DGS) recorded in each quarter and Bank tax to be recorded in Q4*
3. *Management discretion and subject to regulatory requirements. The envisaged dividend-pay-out ratio is based on the annual reported net profit after deduction of coupon payments on capital instruments that are treated as equity instruments for accounting purposes*

CET1 fully loaded capital target and dividend pay-out target

Steady improvement in CET1



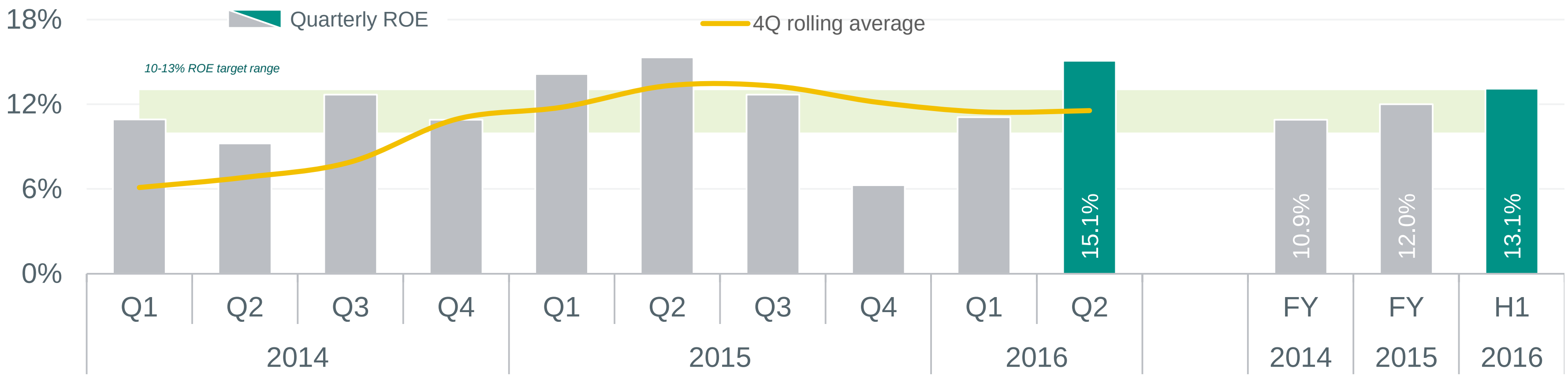
Steadily increasing dividend



- High dividend payment capacity underpinned by strong ROE track record and moderate balance sheet growth
- Capital position is strong and to be re-assessed once there is more clarity on regulatory proposals
- Fully-loaded Leverage Ratio at 3.7% (vs. ≥4% ambition by 2018)

ROE target

ROE development[1]

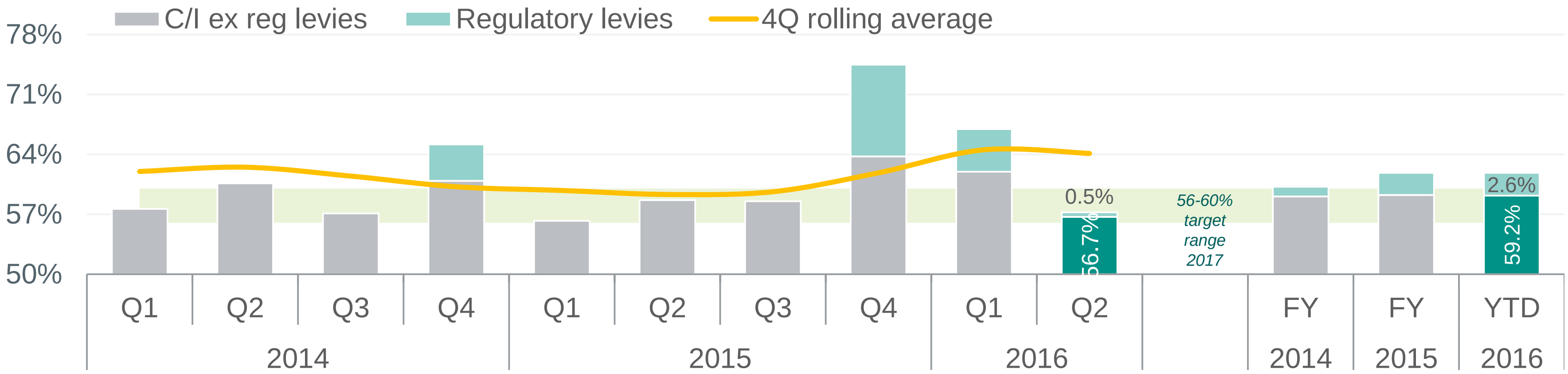


- ABN AMRO is generating an attractive ROE
- Q2 2016 ROE at 15.1%, somewhat lower vs. Q2 2015 despite a growth in net profit due to an increase in Equity[2]
- ROE decreased to 13.1% in H1 2016 from 14.7% in H1 2015 due to a higher capital position[2]

Note(s):
1. All figures underlying
2. Q2 2016 ROE of 14.1% and H1 ROE of 12.8% when full year regulatory levies of estimated around EUR 250m (pre-tax) had been divided equally over the quarters. In 2015, all regulatory levies, totalling EUR 220m, were recorded in Q4

Cost/income and identified levers for further efficiency improvements

H1 2016 cost/income ratio above target range for 2017[1]

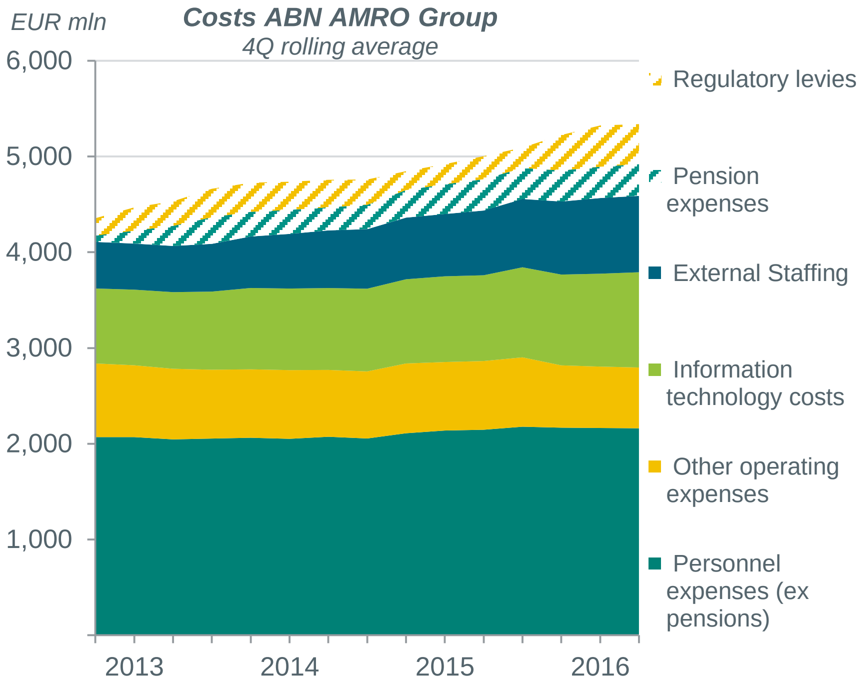


- Q2 2016 C/I ratio was 57.2%
- Two programmes currently in implementation, TOPS2020 and Retail Digitalisation. On track to deliver further efficiencies and important additional process and client benefits, e.g. more agile IT and improved customer experience

Note(s):
1. All figures underlying

Cost increase driven by regulatory demands and pensions

External factors main drivers for cost increases[1]

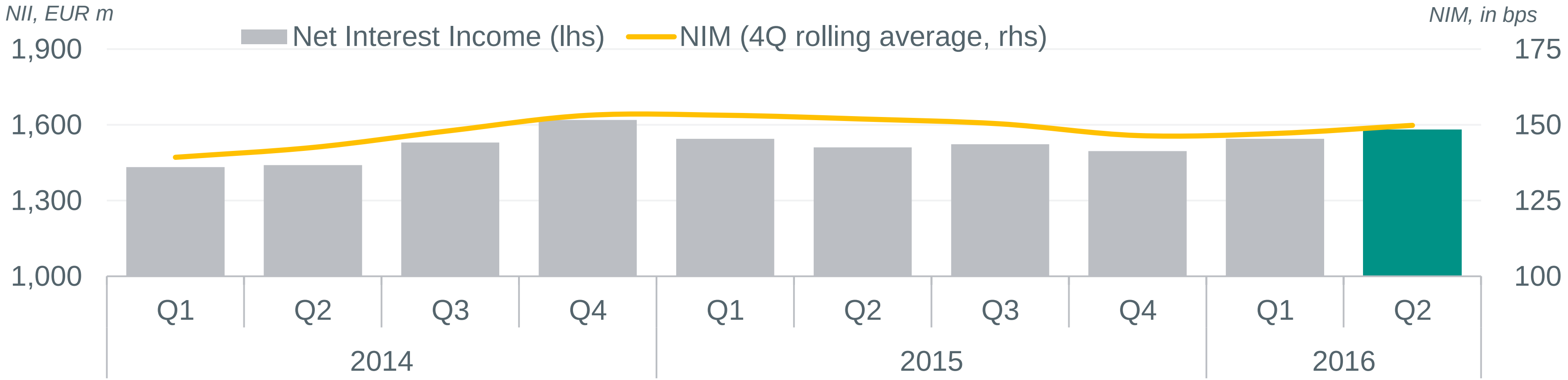


- Main drivers leading to increased costs are the regulatory levies, pension costs, and costs related to external staff
- Pension costs increased in recent years due to low interest rates
- External staff costs up due to regulatory demands, TOPS2020, and more flexible labour pool within Retail
- EUR 200m cost savings plan announced; additional cost savings are currently being identified

Note(s):
1. All figures underlying

Interest income

Net interest income remained resilient

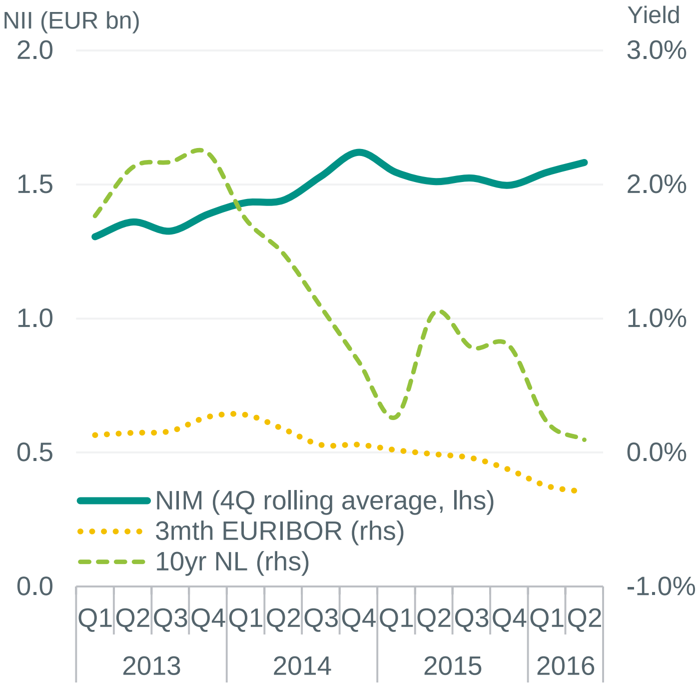


- NII proves resilient at or above EUR 1.5bn over the past eight quarters
- NII was up 5% vs. Q2 2015 and increased 2% vs. Q1 2016
- Mortgage and corporate loan margins improved, whereas average volumes decreased for most loan types vs. Q2 2015
- Both deposit margin and volume increased

Hedging the balance sheet against interest rate movements helps stabilise NII

Increasing margins main factor driving NII in recent years

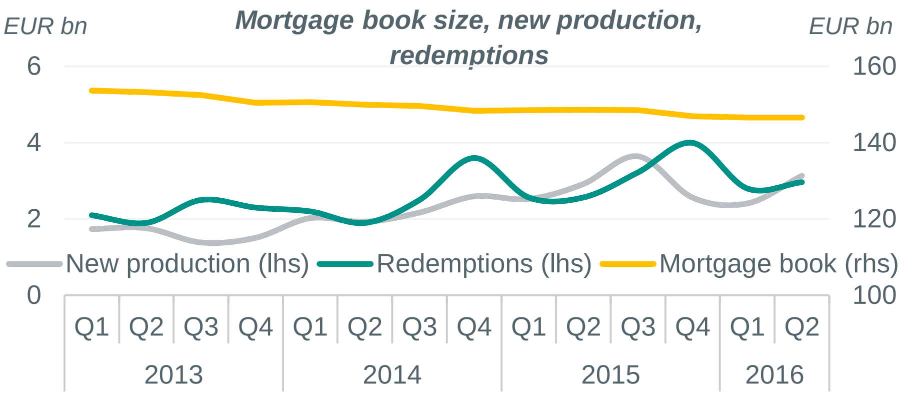
- Conceptually, interest rate risk is managed by swapping both assets and liabilities to floating rate
- In practice what we do is:
  - Wholesale funding as well as bonds in the liquidity buffer are swapped to a floating rate on an individual basis
  - Mortgages, consumer loans, commercial loans and deposits are managed on a portfolio basis, where only the net interest exposure is hedged with swap contracts
- As a result, interest income is predominantly driven by the commercial margin and volume developments
- A 200bps decline/rise in interest rates during next 12 months estimated to lead to a 2.3% decrease / 3.0% increase of NII



Note(s):
Source: SNL, 3m EURIBOR and 10yr NL Benchmark yields based on end of period

Loan book developments - Ambition to keep mortgage book stable

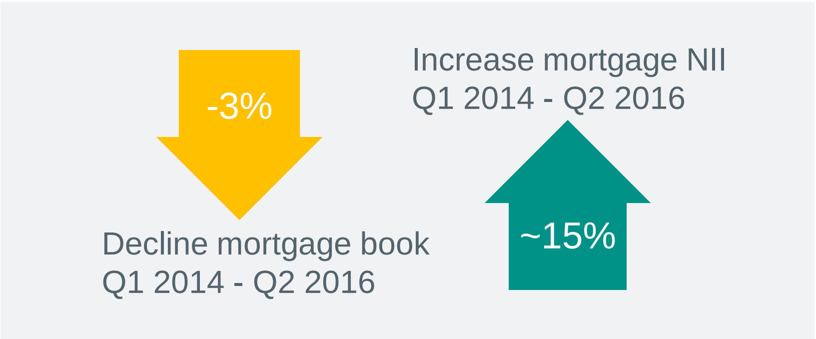
Mortgage book volume



- ✓ Housing transactions and house prices increasing, supporting volumes
- ✓ Recent L-T funding transactions improve competitiveness on longer dated mortgages
- × Growing percentage of redeeming loans in book (3% YE2012 vs 15% 2Q2016)
- × Low savings rates and increasing housing sales lead to higher extra redemptions

Mortgage book margins

- Mortgage NII increased despite loan book decrease

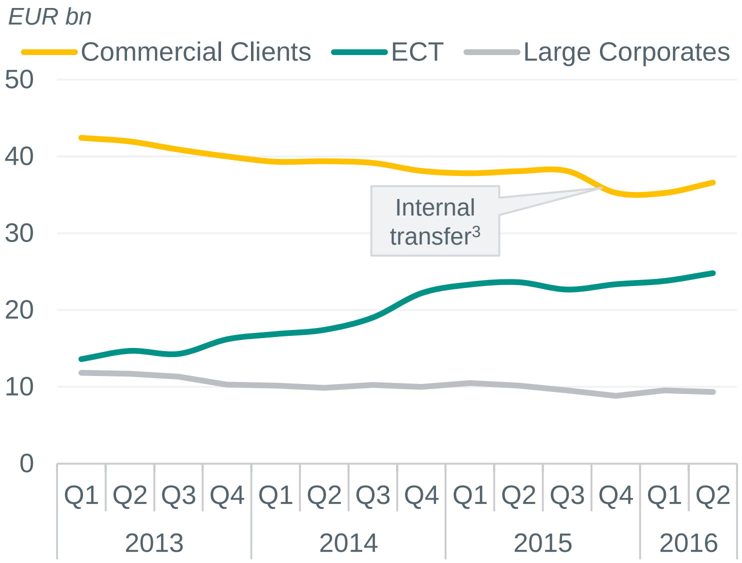


- Increase in mortgage margins in recent years largely due to refinancing of low margin old fixed-term mortgages (expected until YE2016) and disciplined pricing
- Going forward, margin development driven predominantly by competitive pressure on new production

Loan book developments – Corporate loan book bottoming out

Domestic loan demand lagging economic recovery

Loans and Receivables Customers[2]

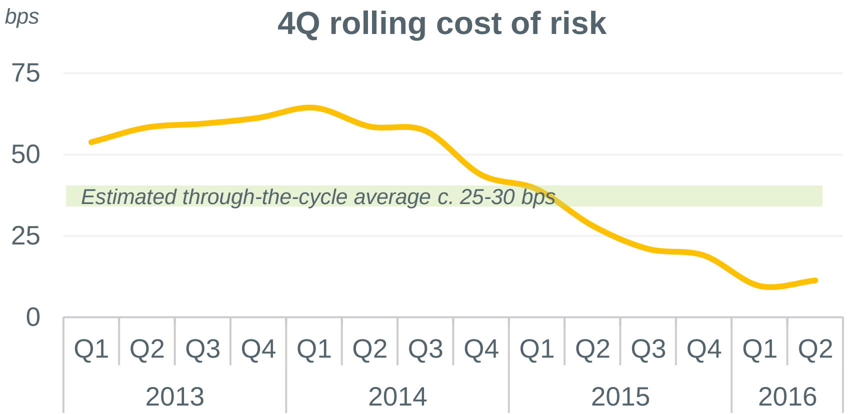


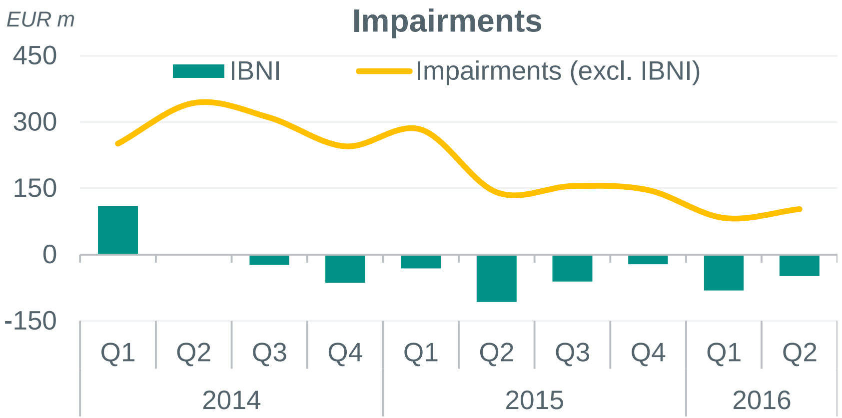
- Commercial Clients[1] geared to Dutch economy. Gradual economic improvement over past years has not yet translated into higher demand for loans
- After a period of stronger growth (partially impacted by FX), ECT has shown moderate growth in recent quarters. Outlook largely dependent on underlying markets
- Recently announced growth initiatives, focused on neighboring countries and two global sectors, should modestly support loan growth in time

1. Clients with revenues between EUR 1- 250m
2. Excluding the impact of notional cash pooling
3. L&R customers impacted by EUR 2.3bn transfer of Public Sector Loans to Group Functions in Q4 2015

Loan impairments

Continued low loan impairments

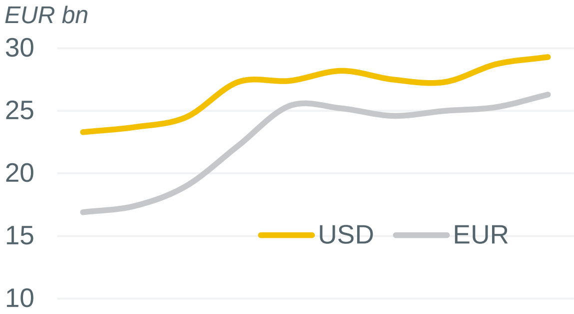




- Cost of risk started to decline since the start of 2014
- Cost of risk of 9bps in Q2 2016 (5bps Q2 2015)
- IBNI releases in Q2 2016 were EUR 49m and roughly halved vs. Q2 2015 (EUR 107m)
- Impairments increased in ECT, more than offset by a decrease in Commercial Clients

Exposures across selected clients active in ECT sectors

30 June 2016, EUR bn	Energy Clients	Commodities Clients	Transportation Clients	► ECT Clients
Clients Groups (#)	~120	~320	~190	~630
On balance exposure	**5.2**	**11.9**	**9.3**	**26.3**
% of Total L&R (of EUR 280bn)	2%	4%	3%	9%
Off B/S Issued LCs + Guarantees	0.7	6.0	0.2	6.9
Sub total	**5.8**	**17.8**	**9.5**	**33.2**
Off B/S Undrawn committed	2.1	2.2	1.1	5.4
Total	**8.0**	**20.1**	**10.6**	**38.6**



Cost of risk	**2014**	**2015**	**YTD 2016**
	29bps	*52bps*	*110bps*

ECT Client segment	**Activity / Business Line**	**Exposure**	**Exposure**
Energy & Transportation Oil & Gas related exposures	FPSO, Midstream, Corporate Lending	~EUR 3bn	*Limited exposure to oil price risk*
	Offshore Drilling & Other Offshore Companies	~EUR 2.5bn	*Indirect exposure to oil price risk*
	Upstream (Reserve Base Lending)	~EUR 1.5bn	*Exposure to oil price risk*
Total Transportation	Dry bulk, Container, Offshore services, Car/Roro, Intermodal, Tankers, Shuttle Tankers, LNG, LPG	~EUR 9bn[1]	*Difficult environment for dry bulk, container and offshore support*

Note(s):
1. Partial overlap with Oil & Gas related exposures

Energy and transportation downturn scenario effects stay within risk limits

Transportation / shipping downturn scenario's[1]

- Close risk monitoring is applied to specific shipping sectors: e.g. dry bulk, container shipping and offshore support
- Scenario's do not assume any management action. Timely restructurings can significantly reduce the need for impairment

Moderate scenario (downturn period of 18 months)

- Up to a 3 notch downgrade on sub portfolios and specific files forced into default
- *EUR ~75m impairments (cumul.* Q1 2016 – Q2 2017)

Severe scenario (downturn period of 24 months)

- Up to a 4 notch downgrade on sub portfolios and specific files forced into default
- *EUR ~225m impairments* (cumul. Q1 2016 – Q4 2017)

Energy downturn scenario / low oil price[2]

- Updated scenario until YE2017 and assumes no increase in capex by oil majors in combination with a prolonged low oil price
- Over the next 18 months (up to YE2017) impairment charges for the scenario are modelled to be EUR 125-200m
- We consider these impairments to be manageable in view of the size of our portfolio

Outcomes are considered manageable by management given portfolio size and past experience. In addition, risk management actions can be taken to lower impact

Note(s):
1. Scenario analysis conducted in April 2016, 2. Scenario analysis conducted in January 2016

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Kees van Dijkhuizen, CFO

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Address
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Website
www.abnamro.com/ir

Questions
investorrelations@nl.abnamro.com