ABN·AMRO

Investor Relations

results Q3 2018

investor and analyst presentation

7 November 2018

Highlights of Q3, a good quarter

Financials

- Net profit of EUR 725m and ROE of 14.4%
- NII remained strong and benefitted from corporate loan growth including Dutch SMEs
- Costs well controlled, improving operating result, C/I ratio of 52.9%
- Impairments trending down. CoR of 15bps, below previous quarters
- EBA stress test confirms ABN AMRO's resilient capital position
- Good progress on financial targets
- Strong CET1 ratio of 18.6%. Hence, dividend accrual raised to 60% of YTD profit; final decision with the FY results

Investor Day 16 November 2018

- Update on achievements since IPO by the Executive Committee
- Strategic focus on 3 pillars: transition to sustainability, reinventing client experience and building a future-proof bank
- Event will be in London with live webcast

Good results

EUR m	2018 Q3	2017 Q3	Delta
	IFRS9	IAS39	
Net interest income	1,624	1,566	4%
Net fee and commission income	417	416	0%
Other operating income	277	141	96%
Operating income	**2,318**	**2,123**	**9%**
o/w incidentals	*12*	*27*	
Operating expenses	1,227	1,209	2%
o/w incidentals	*27*	*21*	
Operating result	**1,091**	**914**	**19%**
Impairment charges	106	5	
Income tax expenses	260	236	10%
Profit	**725**	**673**	**8%**

Key points [1)]

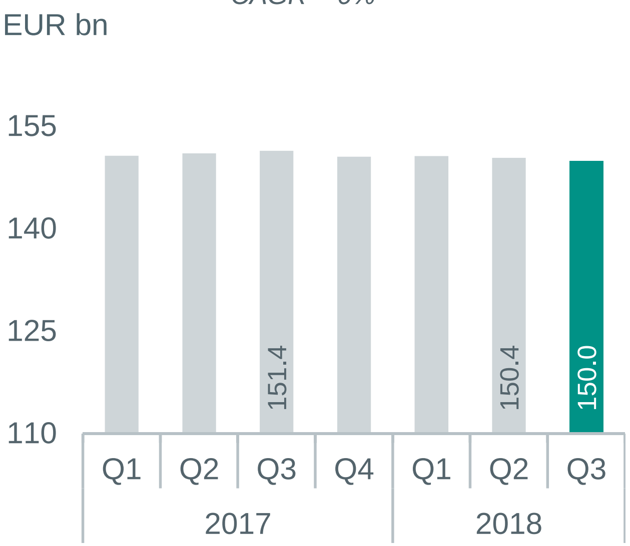
- Net profit up to EUR 725m, reflecting higher NII and private equity results, despite higher impairments
- Strong NII, despite low interest rate environment
- Fees stabilised reflecting increase in payment package fees (RB), offset by lower securities fees (PB)
- Expenses up, despite cost savings from lower FTEs. Other expenses up, reflecting higher external staff and M&A (PB)
- Impairments up at CoR of 15bps, trending down vs. Q1 and Q2

1) In this presentation all 2018 financials are presented in accordance with IFRS9, whereas historic financials are presented in accordance with IAS39

Client lending growth reflects corporate loans including Dutch SMEs

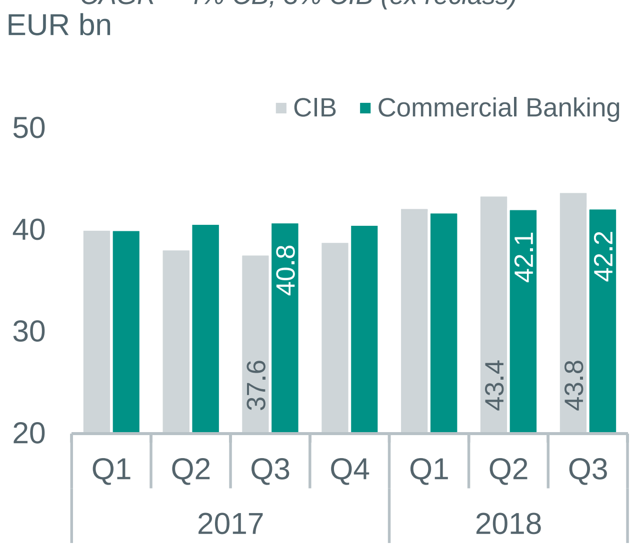
Mortgage client lending

CAGR = 0% 1)



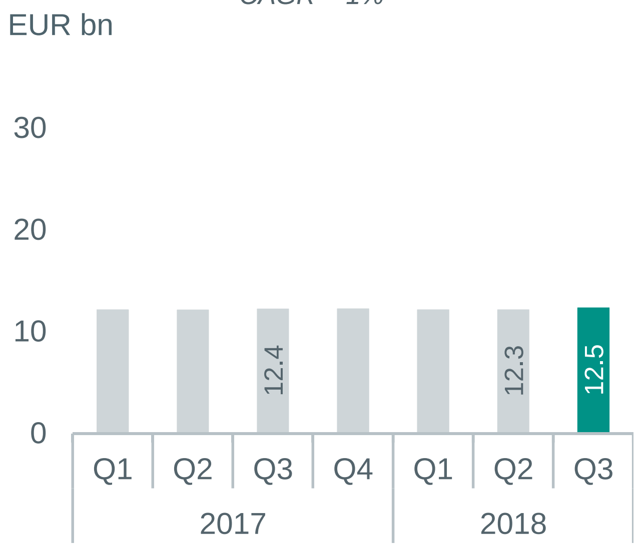
Corporate client lending

CAGR = 4% CB, 3% CIB (ex reclass) 1,2)



Consumer loans client lending

CAGR = 1% 1)

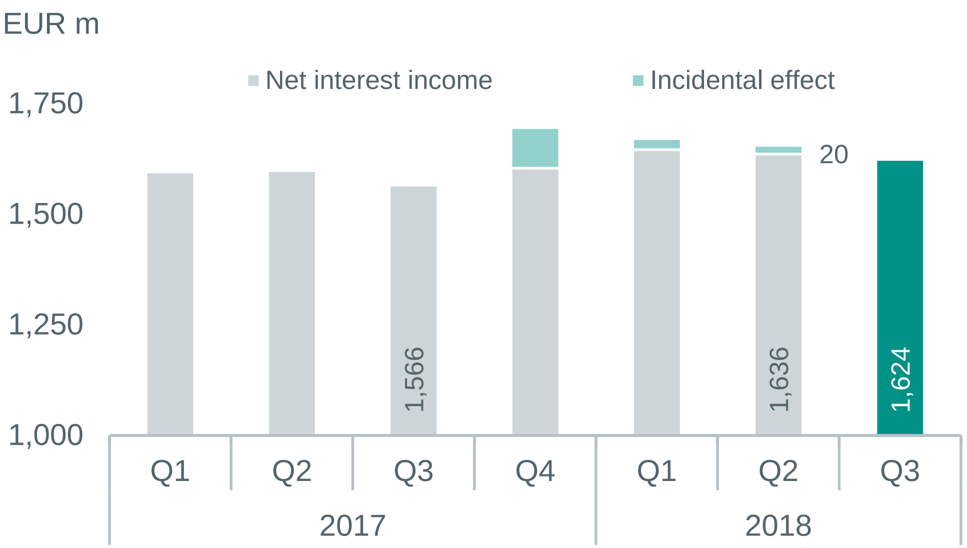


- Mortgage market share (YTD) new production 18%, lower volume reflects competition, pricing discipline and redemptions
- CIB loans up, reflecting growth in Corporates NL, NR and USD appreciation. Partly offset by lower volumes in GTL and TCF following the CIB refocus 3)
- Consumer loans up after several stable quarters

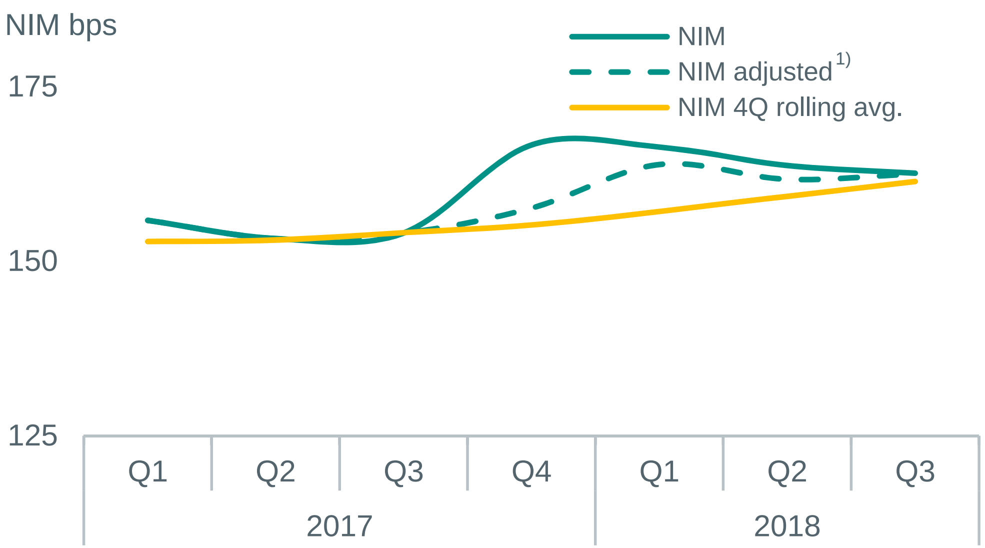
1) CAGR Q1 2017 – Q3 2018
2) In Q1 2018 EUR 1.8bn was reclassified from professional lending to client lending in CIB
3) USD appreciation impact EUR 0.1bn vs. Q2 2018; NR = Natural Resources, GTL = Global Transportation and Logistics, TCF = Trade and Commodity Finance (incl. Diamond & Jewellery)

Continued strong net interest income

Net Interest Income (NII)



Net Interest Margin (NIM)

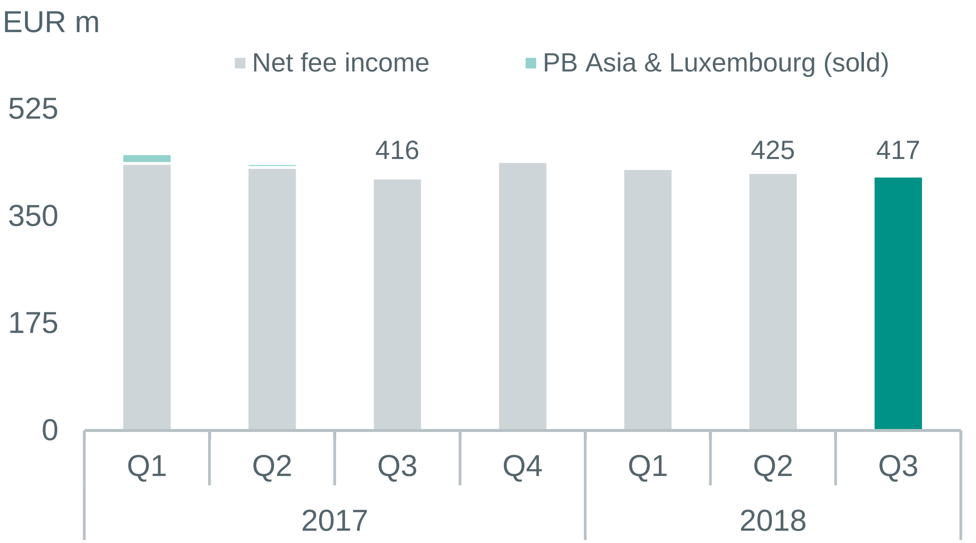


- NII up vs. Q3 2017 reflecting corporate loan growth and higher mortgage penalties
- Overall stable margins. Compared to Q3 2017, NIM benefitted from strong NII and balance sheet management. Headwinds expected from continuing low interest rates
- Non Maturing Deposits (NMD) model update changed NII per segment. Lower duration of equity, ahead of potential rate rise, resulted in additional hedging cost of c.40m p.a.

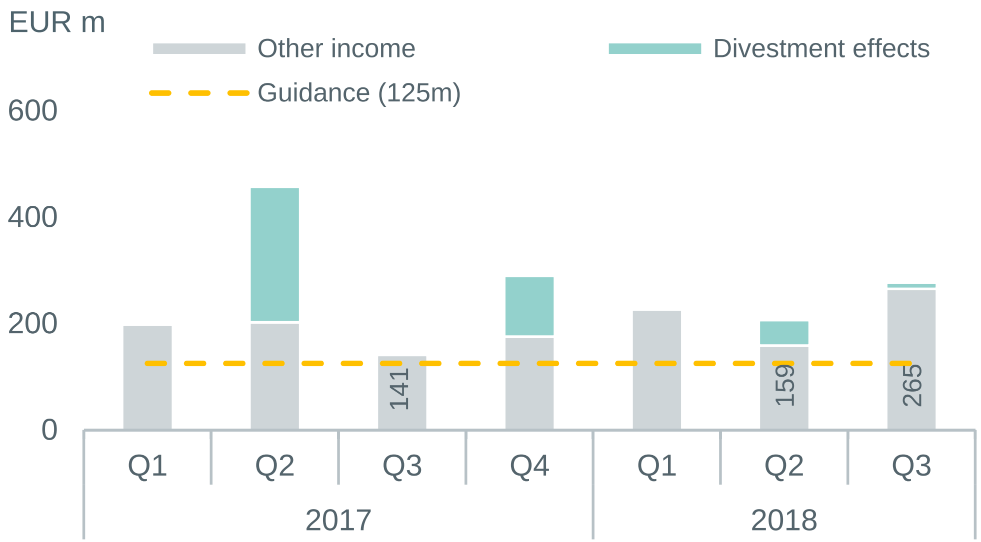
1) NIM adjusted for incidental items and accounting effect of mortgage penalties

Fees flat, other income well above guidance

Net fee income



Other operating income



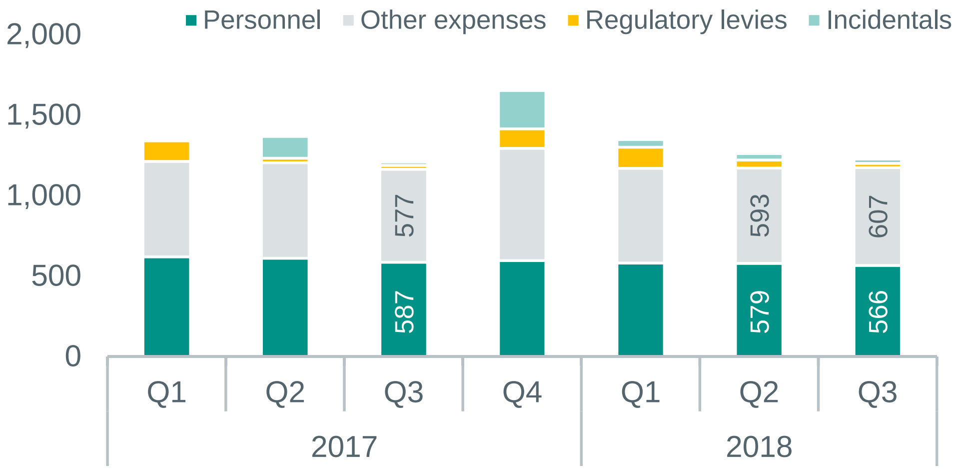
- Fees flat vs. Q3 2017 reflecting increase in payment package fees (RB), offset by lower securities fees (PB)
- Other operating income benefitted from higher Private Equity results (EUR 107m vs. EUR 28m Q3 2017) and higher accounting effects [1)]
- Exploring external funding for Private Equity for existing and new funds

1) Accounting effects Q3 2018 (Q3 2017): hedge accounting EUR 70m (EUR 9m), CVA/DVA/FVA EUR 9m (EUR 1m)

Operating expenses continue to trend down

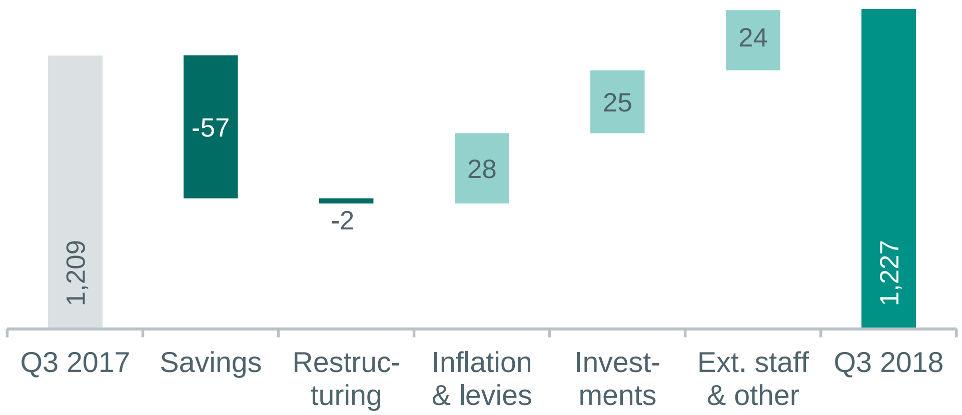
Operating expenses

EUR m



Transition operating expenses [1)]

EUR m



- Personnel expenses continue to trend down due to cost-savings, reflecting lower FTEs (down 495 vs Q2)
- Other expenses excluding levies and incidentals [2)] up due to higher external staffing costs (increased short term capacity and regulatory related projects) and higher M&A costs in PB
- Cost savings EUR 57m vs. Q3 2017, cumulative cost savings of EUR 640m delivered at the end of Q3 2018 [3)]

1) Inflation & levies includes regulatory levies (EUR 3m) and the remainder being wage/cost inflation. External staff & other is primarily external staffing costs, M&A costs and an insurance claim settlement release Private Banking in Q3 2017 (EUR -8m)
2) Q3 2018: restructuring provision (EUR 27m); Q3 2017: restructuring provision (EUR 29m) and settlement of insurance claim (EUR -8m)
3) Cumulative cost savings vs. FY2015 cost base on the back of cost savings programmes in total EUR 1.0bn by 2020

Impairments again lower, challenges continue in specific sectors

Impairments by industry sector

Industry [1]	Q3	YTD	Segment	Comment current quarter
Dutch SMEs	64	178	CB	o/w Shipping 39m, Healthcare -10m
Natural Resources	42	150	CIB	Offshore services
TCF	-7	69	CIB	Commodities
GTL	5	47	CIB	
Other	2	4	All	
Total (EUR m)	106	448		
Cost of risk (bps)	15	23		

Impaired portfolio (stage 3 IFRS9) trending down

	Impaired loans (EUR m)		Coverage ratio	
	Q3 2018	Q2 2018	Q3 2018	Q2 2018
Mortgages	809	927	11%	13%
Consumer loans	485	437	51%	54%
Corporates	4,502	5,304	33%	37%
Other	263	289	16%	12%
Total	6,059	6,957	31%	34%
Impaired ratio (stage 3)	2.2%	2.5%		

- Impairments in Q3 below Q1 and Q2: CIB mostly on already impaired files in Natural Resources (Offshore services), CB largely on existing files in Dutch Shipping and a small release in Healthcare
- Lower coverage ratio largely due to write-off of fully provisioned Madoff files; impaired consumer loans up reflecting a reclassification from mortgages to consumer lending
- FY2018 impairment outlook reconfirmed and expected to remain below 25-30bps through-the-cycle cost of risk

1) Natural Resources (former ECT – Energy), GTL = Global Transportation & Logistics (former ECT – Transportation), TCF = Trade & Commodity Finance (former ECT – Commodities)

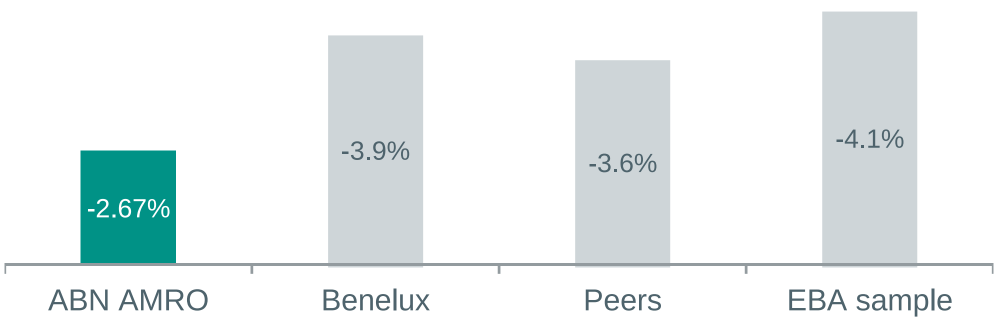
Stress test confirms ABN AMRO’s resilient capital position

Resilience under EBA stress test

Loss of fully loaded CET1 under adverse scenario vs YE2017 starting point under IFRS9

More resilient than peers

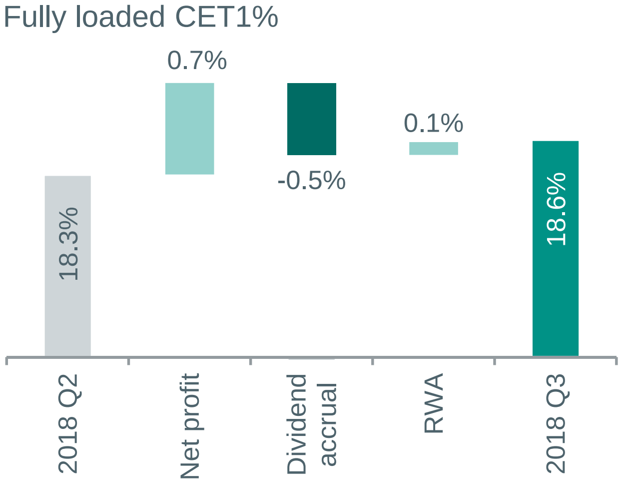
ABN AMRO scored well on the fully loaded CET1 impact under adverse stress scenario



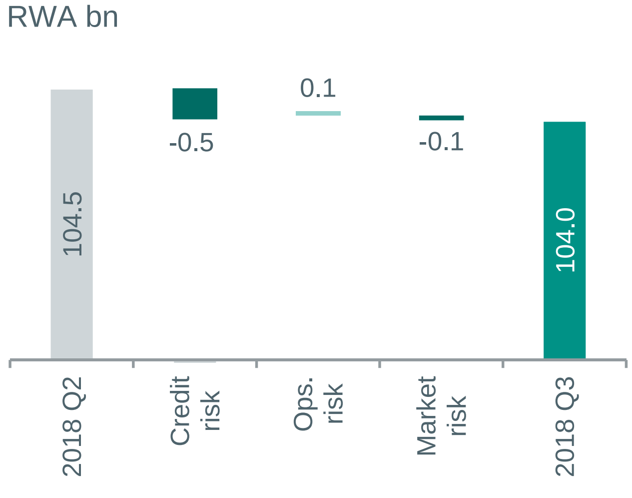
- Adverse stress test scenario resulted in CET1 impact of -2.67% in 2018 vs. -5.91% in stress test 2016
- Performed well vs. EBA sample
- EBA stress test does not contain a pass or a fail threshold. CET1 ratio under the adverse scenario remained well above the SREP requirement of 2018 of 10.425%

Strong capital ratios reflecting balance sheet management

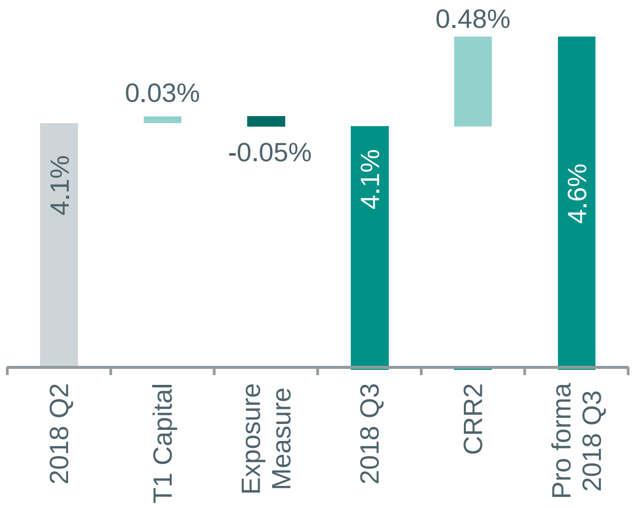
CET1 fully loaded capital



Risk weighted assets



Leverage ratio fully loaded [1)]



- CET1 up to 18.6%, reflecting dividend accrual and lower credit risk RWAs including the divestment of Luxembourg, although Basel IV CET1 ratio remained broadly flat during 2018 at around 13% (excl. mitigations)
- Dividend accrual raised to 60% of YTD profit. Final decision with the FY2018 results, reflecting SREP, leverage ratio, Basel IV outlook and industry-wide Non Performing Exposure guidance
- Leverage ratio flat and above 4.0% target [1)]

1) Leverage ratio including CRR2 at 4.6% assumes SA-CCR calculation methodology for clearing guarantees and is estimated to decrease Exposure Measure by c. EUR 55bn

Financial targets

	2017	YTD 2018	Q3 2018	Targets
Return on Equity	14.5% [1)]	13.1%	14.4%	10-13%
Cost/Income ratio	60.1% [1)]	55.3%	52.9%	56-58% (by 2020)
CET1 ratio (FL)	17.7%	18.6%	18.6%	17.5-18.5% [2)] (2018)
Dividend - per share (EUR) - pay-out ratio	1.45 50%	0.65 Interim	-	▪ 50% of sustainable profit [3)] ▪ Additional distributions will be considered [3)] ▪ Combined at least 50%

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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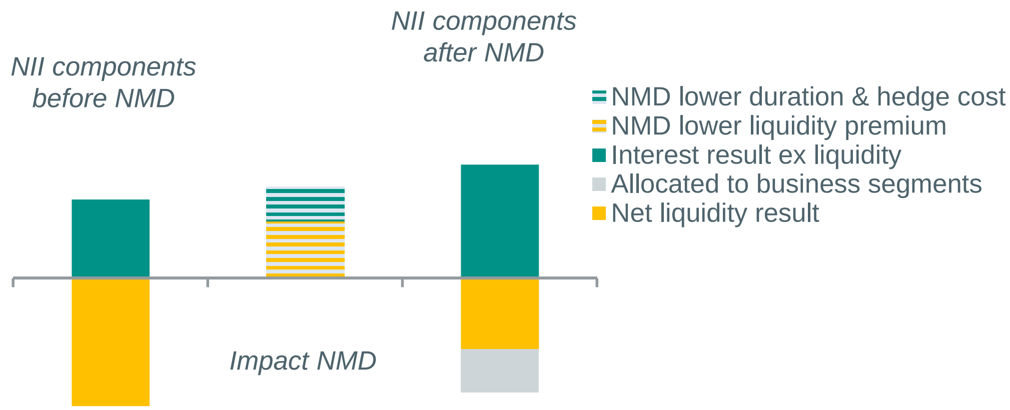
Appendix

NII movements following update deposit model

Intragroup NII movements following NMD update

EUR m (2018 Q3)	Impact (approximate)		
	NMD	Re-allocation	Total
Retail Banking	-40	10	-30
Commercial Banking	-35	10	-20
Private Banking	-15	5	-10
CIB	0	20	20
Group Functions	90	-50	40
Total impact	-	-	-
Extra group hedging costs			-10

Positive ALM NII post NMD to be allocated



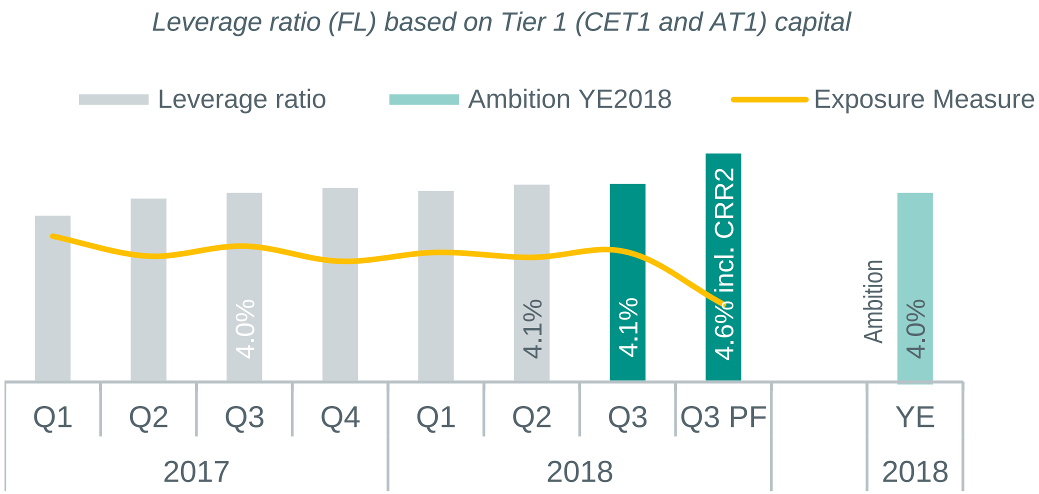
- Updated Non Maturing Deposits (NMD) model improves interest & liquidity risk management
- Shortens deposit duration, subsequent increase of equity duration offset by additional hedging (costs EUR c. 40m p.a.)
- Shorter deposit duration leads to a lower internal Funds Transfer Pricing (FTP) compensation paid by ALM to business segments

- NMD model update improves ALM results (GF)
- ALM re-allocates positive NII income from interest rate & liquidity risk to business segments, based on allocated equity
- Over time, combined impact of NMD and allocation on segments depends on market interest rate movements

1) Allocation based on ALM/Treasury run-rate over previous quarters EUR c. -100m p.a. +/+ impact NMD EUR 360m p.a. -/- EUR 40m hedging cost. Remaining difference reflects Securities Financing and NII relating to share of capital at Group Functions

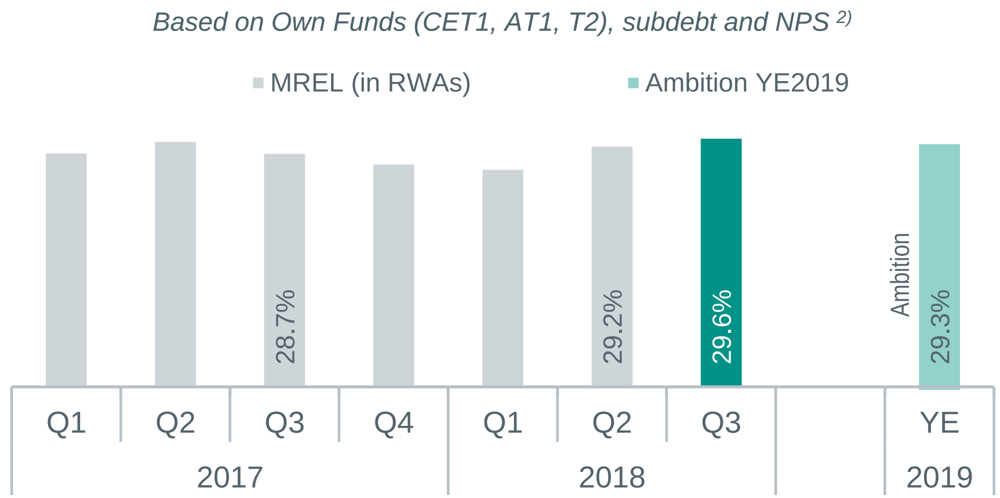
Capital ambitions on track

Leverage ratio around ambition [1)]



- Fully loaded group leverage ratio above 4.0% target
- Including CRR2 the leverage ratio is expected to increase by 0.5 p.p. to reach 4.6% [1)]
- Negative impact EBA Q&A ruling on minority interest of -0.2% from Q4 2017

MREL around ambition



- MREL ambition met with 29.6% of RWA
- Steering through profit retention, sub debt, NPS, balance sheet management and excludes use of senior unsecured
- Implementation NPS in Dutch law expected before YE2018, no NPS issuance planned in 2018

1) Q3 2018 PF is Pro Forma ratio including CRR2 at 4.6% assumes SA-CCR calculation methodology for clearing guarantees and is estimated to decrease Exposure Measure by c. EUR 55bn
2) ABN AMRO Bank appointed as resolution entity: therefore external MREL eligible instruments continue to be issued through ABN AMRO Bank

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