ABN·AMRO

Investor Relations

Q4 2016 results

analyst & investor call presentation

15 February 2017

Solid results for FY2016 and Q4 2016

Highlights FY2016 (vs. FY2015)

Financial results

- Underlying net profit at EUR 2.1bn (+8%), after EUR 261m restructuring provisions (net of tax) [1], resulting in EPS 2.16
- Reported net profit of EUR 1.8bn (-6%), after EUR 271m provision (net of tax) for SME derivatives, resulting in EPS 1.87
- NII proved resilient over 2016 (+3%) despite the low interest rate environment
- Benign economic environment led to very low impairments
- Final dividend proposed of EUR 0.44, bringing the total to EUR 0.84 (2015: EUR 0.81)

Progress on financial targets

Return on equity	11.8%
Cost/income	65.9%
Fully loaded CET1	17.0%
Dividend pay-out ratio	45%

Highlights Q4 2016

Financial results

- EUR 333m underlying net profit, up 23% vs. Q4 2015, resulting in EPS 0.34
- Income up 7%, driven by NII (+5%) and Other income (+77%)
- Operating result down EUR 35m, driven by a restructuring provision of EUR 204m
- Low impairments due to continued economic improvements and higher IBNI releases
- Loan growth achieved in all major loan books

1) Restructuring provisions
2016: FY2016 EUR 348m pre tax (EUR 261m net of tax) and Q4 2016 EUR 204m pre tax (EUR 153m net of tax)
2015: FY2015 EUR 48m pre tax (EUR 36m net of tax) and Q4 2015 EUR 29m pre tax (EUR 22m net of tax)

Financial targets

Return on Equity

10 – 13%

11.8% over FY2016

FY2014: 10.9%	FY2015: 12.0%	Q4 2016: 7.3%

Cost/Income Ratio

56 – 58% by 2020

65.9% over FY2016 1)

FY2014: 60.2%	FY2015: 61.8%	Q4 2016: 77.7% 1)

CET1 Ratio

11.5 – 13.5% fully loaded 2)

17.0% at 31 Dec 2016

YE2014: 14.1%	YE2015: 15.5%

Dividend Pay-Out (Dividend Per Share)

50% as from and over 2017 3)

45% over 2016

2014: DPS 0.43	2015: DPS 0.81	2016: DPS 0.84

1) Excluding EUR 348m restructuring provision the FY2016 C/I ratio was 61.8%. Excluding EUR 204m restructuring provision the Q4 2016 C/I was 68.4%
2) A future CET1 of 13.5% is anticipated (following an expected SREP of 11.75% in 2019) and includes a P2G buffer and a management buffer
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

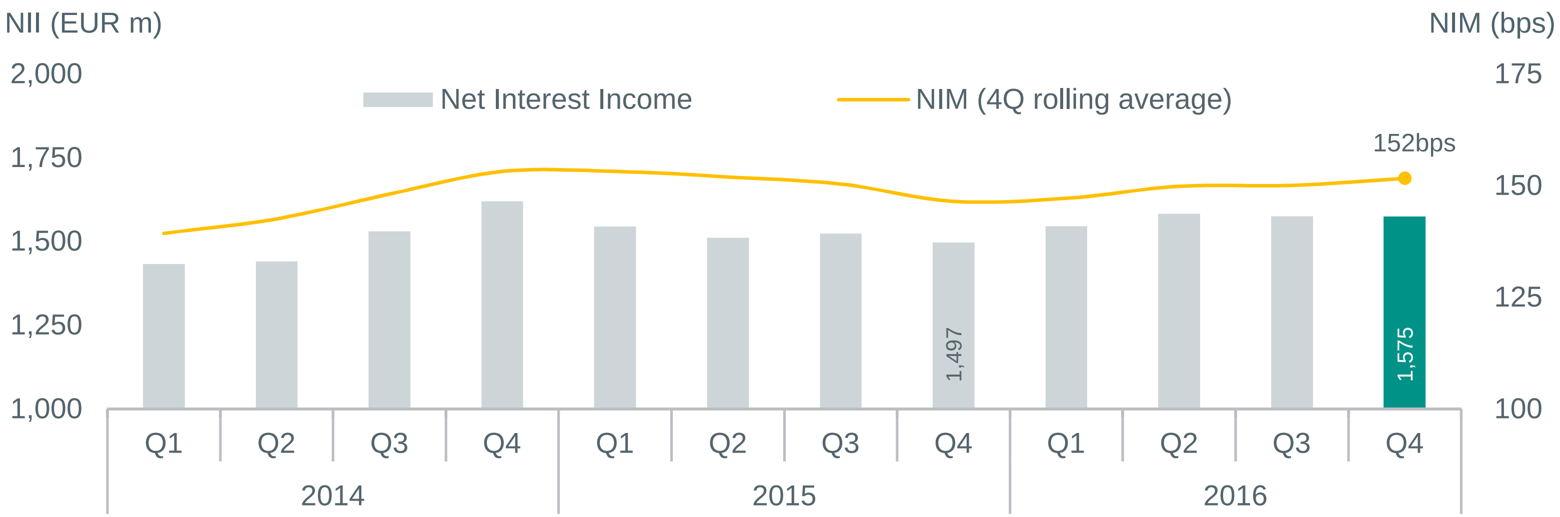
Solid results despite restructuring provisions

EUR m	Q4 2016	Q4 2015	Delta	FY2016	FY2015	Delta
Net interest income	1,575	1,497	5%	6,277	6,076	3%
Net fee and commission income	440	454	-3%	1,743	1,829	-5%
Other operating income	180	101	77%	568	550	3%
Operating income	**2,195**	**2,052**	**7%**	**8,588**	**8,455**	**2%**
Operating expenses [1)]	1,706	1,528	12%	5,657	5,228	8%
Operating result	**489**	**524**	**-7%**	**2,931**	**3,227**	**-9%**
Impairment charges	35	124	-72%	114	505	-77%
Income tax expenses	120	128	-6%	740	798	-7%
Underlying profit	**333**	**272**	**23%**	**2,076**	**1,924**	**8%**
Special items and divestments				-271		
Reported profit	**333**	**272**	**23%**	**1,806**	**1,924**	**-6%**
Underlying profit						
• Retail Banking	245	227	8%	1,247	1,226	2%
• Private Banking	49	26	84%	199	214	-7%
• Corporate Banking	150	24		876	596	47%
• Group Functions	-110	-6		-245	-112	
Net interest margin (bps)	153	147		152	146	
Underlying cost of risk (bps)	6	19		4	19	
Underlying earnings per share [2)] (EUR)	0.34	0.27		2.16	2.03	
Reported earnings per share [2)] (EUR)	0.34	0.27		1.87	2.03	
Dividend per share				0.84	0.81	

1) Including restructuring provisions: FY2016 EUR 348m (Q3 EUR 144m, Q4 EUR 204m) and FY2015 EUR 48m (Q4 EUR 29m). Including regulatory levies: FY2016 EUR 253m (Q1 EUR 98m, Q2 EUR 12m, Q3 EUR 24m, Q4 EUR 120m) and FY2015 EUR 220m (Q4 EUR 220m)
2) Earnings consist of underlying/reported net profit excluding reserved payments for AT 1 Capital securities and results attributable to non-controlling interests

Interest income remains robust

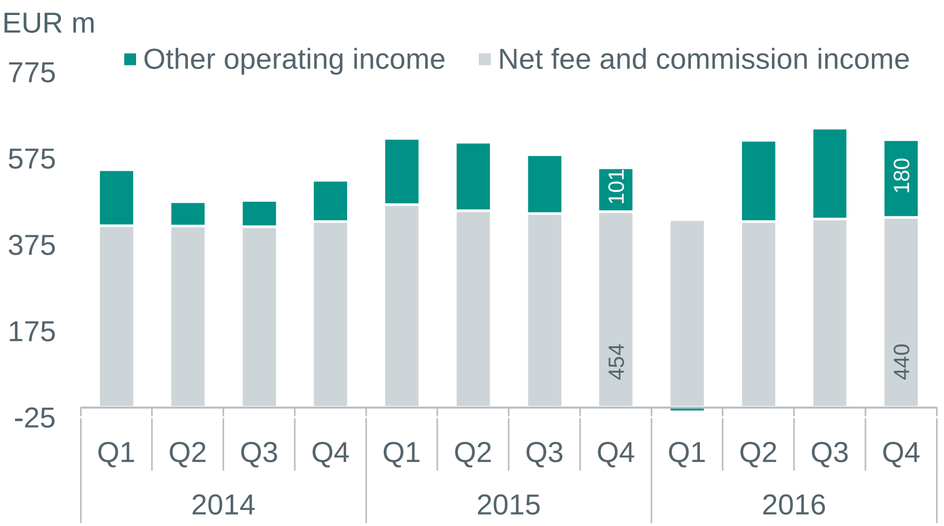
NII benefits from loan growth, lower savings rates and a decline in corporate deposits



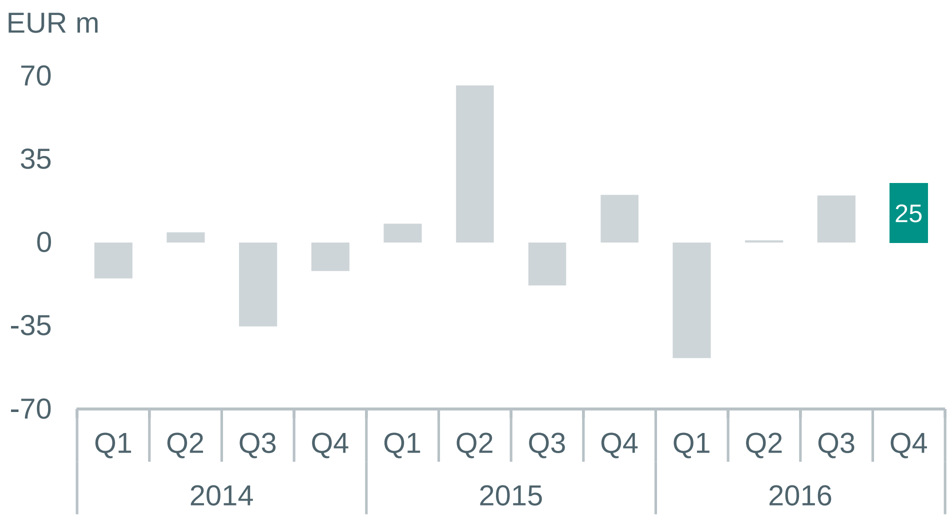
- NII was up 5% vs. Q4 2015, and 3% vs. FY2015
- NII proves robust at or above EUR 1.5bn over the past ten quarters
- Margins on mortgage and corporate loans improved
- Corporate loans (mostly ECT Clients, also Dutch SMEs) and mortgage volumes increased, consumer loans declined (vs. YE 2015)
- Rates were lowered further on the main retail savings products:
  - from 70bps at YE2015 to 25bps at YE2016
  - at end of Q3: from 40bps to 30bps
  - at end of Q4: from 30bps 25bps

Net Fee and Other operating income

Fee & other income slightly up



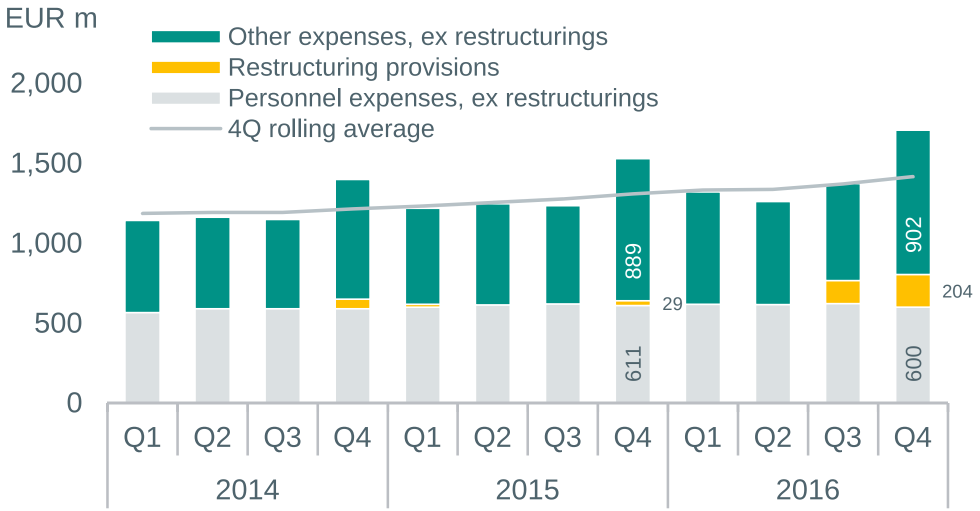
Volatile CVA/DVA/FVA effects



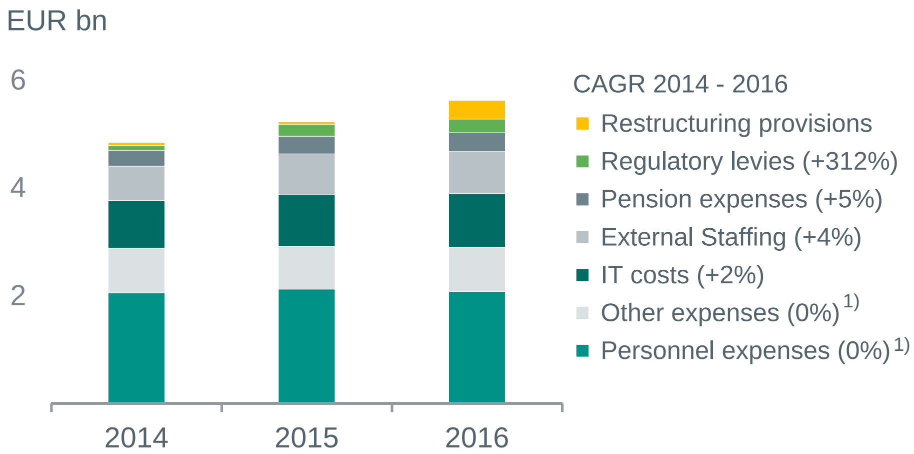
- Fee income was relatively stable over past four quarters: around EUR 435m per quarter, on average this was EUR 20m per quarter lower than in 2015
- Fee income in Q4 2016 in the business segments was more or less stable to Q4 2015, except for a small decline in Retail Banking
- Other operating income benefitted in Q4 from CVA/DVA/FVA and hedge accounting, partly offset by a negative revaluation in Equity Participations

Cost increase driven by regulatory demands and restructuring provisions

Development operating expenses



Drivers operating expenses

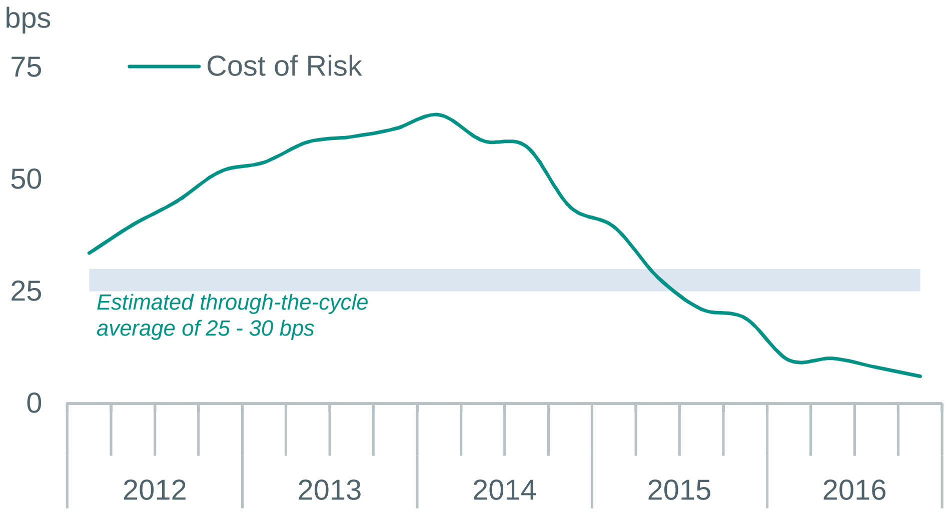


- Cost increased in Q4 vs. Q4 2015: regulatory levies, restructuring provisions, costs related to external staff and pension expenses
- External staff cost driven by: regulatory demands, TOPS2020, and a more flexible labour pool within Retail Banking
- Pension costs increased due to the low interest rate environment
- Several cost savings initiatives announced in Q3 and Q4 2016
- Q4 2016 includes regulatory levies of EUR 120m and EUR 204m of restructuring provisions

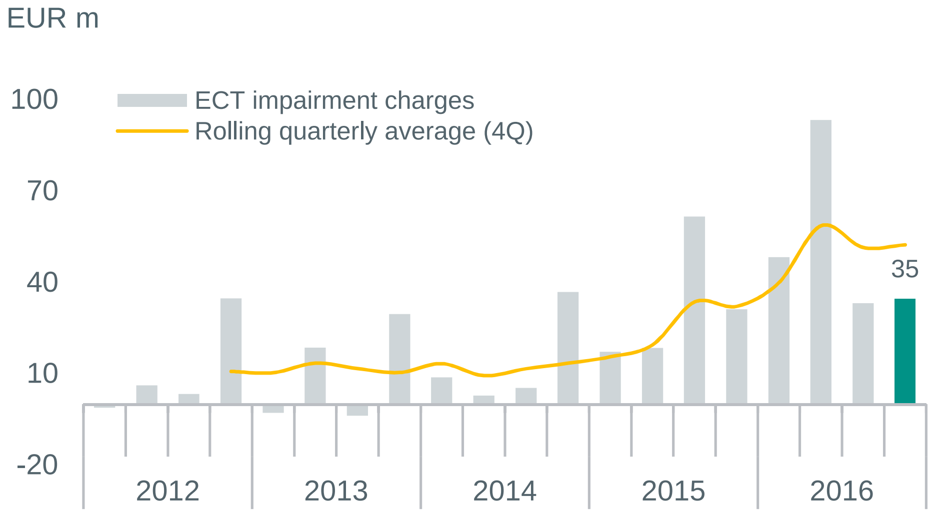
1) Personnel expenses and Other expenses are excluding the sub categories for costs as shown in the chart

Continued low loan impairments

Declining impairments / cost of risk

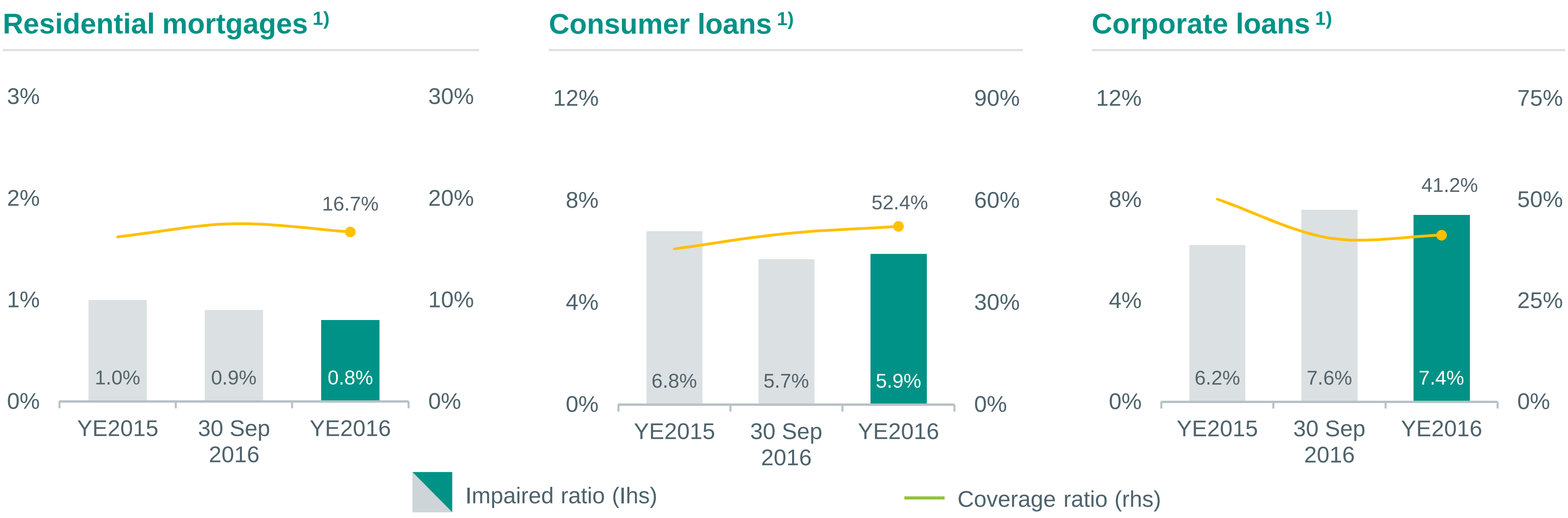


ECT Impairments



- Cost of risk declined since the start of 2014
- Impairments in Q4 2016 were EUR 35m, down 72% vs. Q4 2015, mainly driven by Corporate Banking (Commercial Clients)
- ECT impairments were EUR 35m in Q4 (Q4 2015: EUR 31m) and EUR 209m for the year (FY2015: EUR 128m)
- Cost of risk of 6bps in Q4 2016 (Q4 2015: 19bps), full year 2016 4bps (FY2015: 19bps)
- The IBNI release increased to EUR 49m in Q4 (Q4 2015: EUR 22m) and totalled EUR 189m in 2016 (FY2015: EUR 221m)

Risk ratios improve following a decline of impaired loans



- The volume of impaired customer loans declined to EUR 8.9bn or 3.3% (from 3.5% at 30 September 2016)
  - Mortgages low at 0.8%
  - Consumer loans increased slightly following write-offs and restructurings
  - Corporate loans increased mainly due to new ECT files and a single file in Commercial Clients
- The coverage ratio on loans & receivables customers increased slightly to 38.4% (Sep 2016: 38.0%)

1) Definitions of default and impaired were aligned in Q3 2016. Defaulted clients without impairment allowances are now also defined as impaired. Comparable figures in the chart have been restated accordingly excluding the reclassification in allowances for impairments within residential mortgages

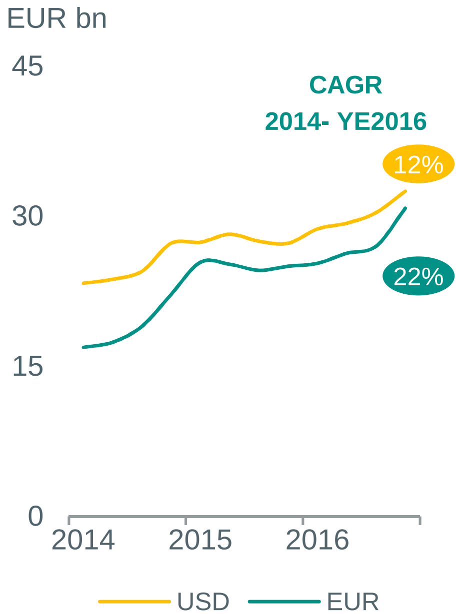
ECT Clients operates in typically cyclical sectors

- Serves internationally active ECT Clients, requires deep sector knowledge of underlying markets
- Market cyclicality is carefully considered when financing ECT Clients. Risk management and risk monitoring is intensified, especially in current challenging circumstances for Oil & Gas and Shipping
- The through-the-cycle (TTC) cost of risk in ECT is expected to be below the 40-60bps in Corporate Banking. In challenging markets the cost of risk is above the TTC levels

Exposures, Dec 2016 (EUR bn)	Energy	Commodities	Transportation	ECT Clients
Clients Groups (#)	~140	~300	~200	~640
On balance exposure	6.0	14.5	10.2	30.8
portion of Total L&R of EUR 281bn	*2.1%*	*5.2%*	*3.6%*	*11.0%*
Off B/S Issued LCs + Guarantees	0.9	7.2	0.2	8.4
Sub total	**6.9**	**21.8**	**10.4**	**39.1**
Off B/S Undrawn committed	2.8	2.5	1.1	6.5
Total	**9.8**	**24.3**	**11.5**	**45.6**

Risk data ECT Clients	2010	2011	2012	2013	2014	2015	**2016**
Impairment charges (EUR m)	0	5	43	41	54	128	**209**[1)]
Cost of risk (bps)[2)]	1	5	31	29	29	56	**83**

On balance developments



1) EUR 209m in total of which in Q1 EUR 48m, Q2 EUR 93m, Q3 EUR 33m, Q4 EUR 35m; and of which in Energy EUR 104m, Commodities EUR 46m and Transportation EUR 59m
2) Based on impairments over quarter-end on-balance exposure averages. The COR was in Q1 2016 81bps, Q2 2016 153bps, in Q3 2016 52bps, in Q4 2016 50bps

20170215 Investor Relations - non-US 4Q2016

Address

Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Website

www.abnamro.com/ir

Questions

investorrelations@nlabnamro.com