Investor Relations

Q2 2017 results

analyst & investor call presentation

9 August 2017

Good second quarter 2017 results

Highlights Q2 2017 (vs. Q2 2016)

Financial results

- Underlying net profit at EUR 960m (+45%)
  - Includes book gain of EUR 200m from sale PB Asia (net of tax) and impairment releases
  - EUR 1.00 EPS
- Operating income improved by 13%, mostly driven by book gain on sale of PB Asia
- NII proved again resilient and increased by 1%, driven by loan growth
- Cost increase result of SME Derivatives and sale PB Asia. Excluding these, costs are trending down
- High impairment releases (cost of risk -14bps), caused by continued improvement of the Dutch economy and model refinements

Progress on financial targets: H1 2017

Return on equity	16.7%
Cost/income	57.4%
Fully loaded CET1	17.6%
Dividend pay-out ratio (FY2017)	50%

Interim dividend

- EUR 0.65 dividend per share
- Ex-dividend date 16 August 2017

Strategic business initiatives towards 2020

Retail Banking

Ambition

Client-driven Dutch retail bank with a digital footprint in Northwest-Europe

Growth initiatives

- Expand digital MoneYou platform
- Further explore cooperation with FinTechs

Private Banking

Ambition

Client driven, modern and knowledgeable NW-European private bank

Growth initiatives

- Grow in NW-Europe
- Focus on HNWI open to innovation
- Harmonise platforms
- Lower the private banking threshold in the Netherlands

Commercial Banking

Ambition

Best commercial bank in the Netherlands

Growth initiatives

- Sector-based growth strategy in the Netherlands

Corp. & Inst. Banking

Ambition

Best corporate & institutional bank in NL and selected sectors abroad

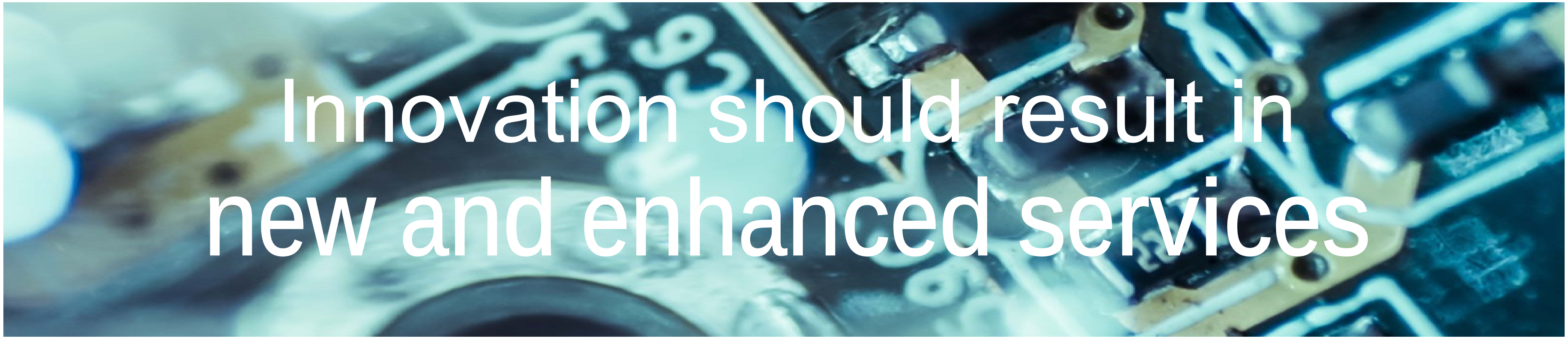
Growth initiatives

- Sector-based growth strategy in the Netherlands
- Expand activities to mid-large corporates in NW-Europe
- Globally expand adjacent ECT sectors: food production, renewables, utilities, basic materials

Ambition to bring real estate portfolios to energy efficiency label ‘A’ by 2030

- **Commitment** to transition to sustainable real estate in the Netherlands
  - Climate a key focus area
  - Built-up area produces 40% of total Dutch carbon emissions
  - EUR 185 billion or two thirds of our client portfolio in Dutch real estate
- **Improve** clients’ and our own real estate portfolios to an average energy efficiency **label ‘A’ by 2030**
  - Carbon emission reduction of 2 megatons
- **Motivate** and **support** our clients to take action.
  - Making clients aware of opportunities
  - Encourage clients to take action with online tools, knowledge, advice and convenient financing products
  - Share our expertise and knowledge within and outside the bank.
- ABN AMRO real estate already ‘green’ and all (owned and leased) buildings will have an **‘A’ label by 2023**

Embrace the future: build convenient, fast, personal products & services



Future proof IT landscape and way of working

- On track in reengineering our IT landscape
- Platform to provide new services based on new technologies
- Agile way of working: strong combination Business & IT
- Robust infrastructure
- Continuous and strong focus on security

Digitalisation

- Empower clients to take charge of their financial lives
- Convenient, fast and personal products & services
- Moving services to mobile & online and integrating online & offline channels
- Continuous agile process improvement and simplification

Innovation themes

- Open banking
  - create new business models
  - increase client touch points
  - smarter use of data
- Advanced customer analytics and artificial intelligence
- Blockchain, e.g. together with R3, DAH, TU Delft, TKI-Dinalog
- Circular economy

Enabling innovation

- Leveraging internal and external knowledge
- In-house: Innovation Centre, Econic, TQ, etc.
- Combining our services, data and knowledge with partners including Fintechs and vendors
- Innovators: small, agile organisations that operate online for self-directed clients

Financial targets

	2016	Q2 2017	**H1 2017**	Target
Return on Equity	11.8%	20.0% 1)	**16.7%** 1)	10-13%
Cost/Income ratio	65.9% 3)	54.9% 2)	**57.4%** 2)	56-58% (by 2020)
CET1 ratio (FL)	17.0%	17.6%	**17.6%**	11.5-13.5% 4)
Dividend - per share (EUR) - pay-out ratio	0.84 45%	- -	**0.65** interim	50% (as from and over 2017) 5)

1) Excluding PB Divestment and impairment releases from model refinements, the ROE was 14.1% over Q2 and 13.7% over H1
2) Excluding PB Divestment, the C/I ratio was 58.6% in Q2 and 59.4% in H1
3) Excluding EUR 348m restructuring provisions the FY2016 C/I ratio was 61.8%
4) 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. If no clarity on Basel IV by year end, we intend to present an updated view on our capital position in the course of Q1 2018
5) Management discretion and subject to regulatory requirements. Envisaged dividend-pay-out is based on reported net profit attributable to shareholders

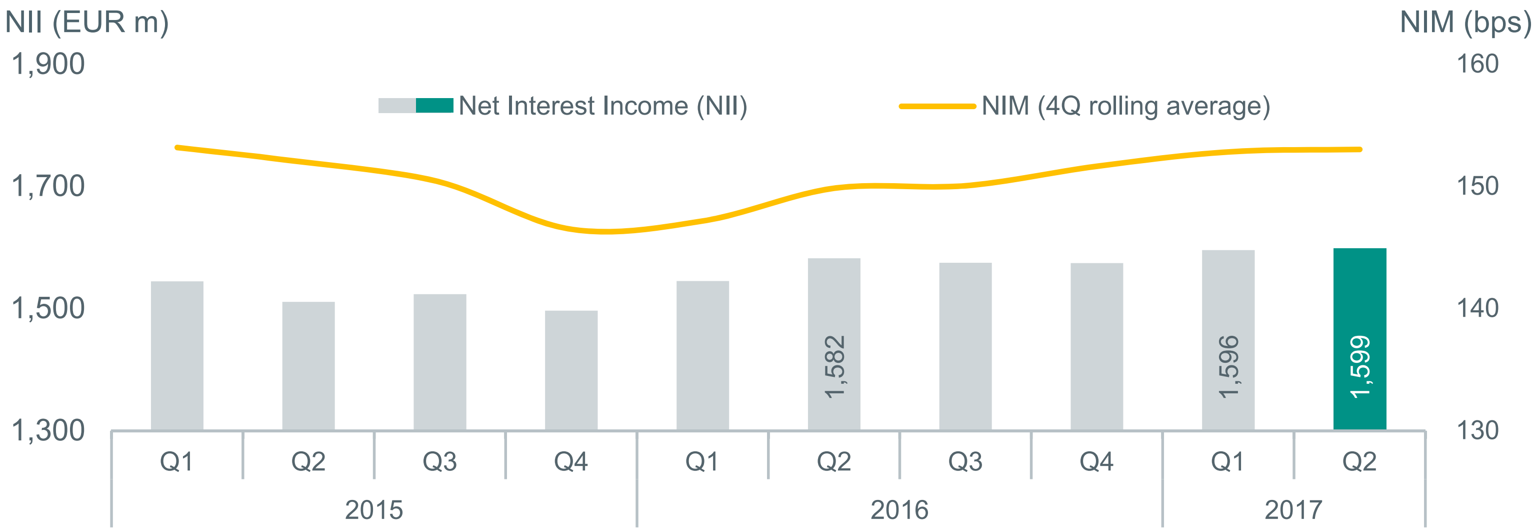
Good Q2 2017 result

EUR m	Q2 2017	Q2 2016	Delta	H1 2017	H1 2016	Delta
Net interest income	1,599	1,582	1%	3,195	3,128	2%
Net fee and commission income	418	431	-3%	852	866	-2%
Other operating income 1)	475	188		691	178	
Operating income	**2,492**	**2,201**	**13%**	**4,738**	**4,172**	14%
Operating expenses 2)	1,367	1,260	9%	2,720	2,579	5%
Operating result	**1,124**	**941**	**19%**	**2,018**	**1,593**	27%
Impairment charges	-96	54		-33	56	
Income tax expenses	260	225	15%	475	400	19%
Underlying profit	**960**	**662**	**45%**	**1,576**	**1,136**	**39%**
Special items		-271			-271	
Reported profit	**960**	**391**	**146%**	**1,576**	**866**	**82%**
Underlying profit						
− Retail Banking	399	399	0%	725	674	7%
− Private Banking	234	53		288	96	
− Commercial Banking	235	209	12%	367	382	-4%
− Corporate & Inst. Banking	78	54	45%	166	54	
− Group Functions	15	-52		30	-70	
Net interest margin (bps)	153	152		155	152	
Underlying cost of risk (bps)	-14	9		-3	4	
Underlying earnings per share (EUR)	1.00	0.69		1.64	1.19	
Reported earnings per share (EUR)	1.00	0.40		1.64	0.90	
Dividend per share	-	-		0.65	0.40	

1) Q2 2017 includes EUR 255m (net of tax) from sale PB Asia and EUR-15m for SME Derivatives
2) Q2 2017 includes EUR 56m (net of tax) costs PB Asia, EUR 54m provision SME Derivatives, EUR 25m restructuring provision, EUR 27m levies.
H1 2017 includes EUR 37m severance/restructuring provisions, EUR 155m levies. FY2017 levies expected to be EUR 295m. H1 2016 includes EUR 110m levies

Interest income remains robust

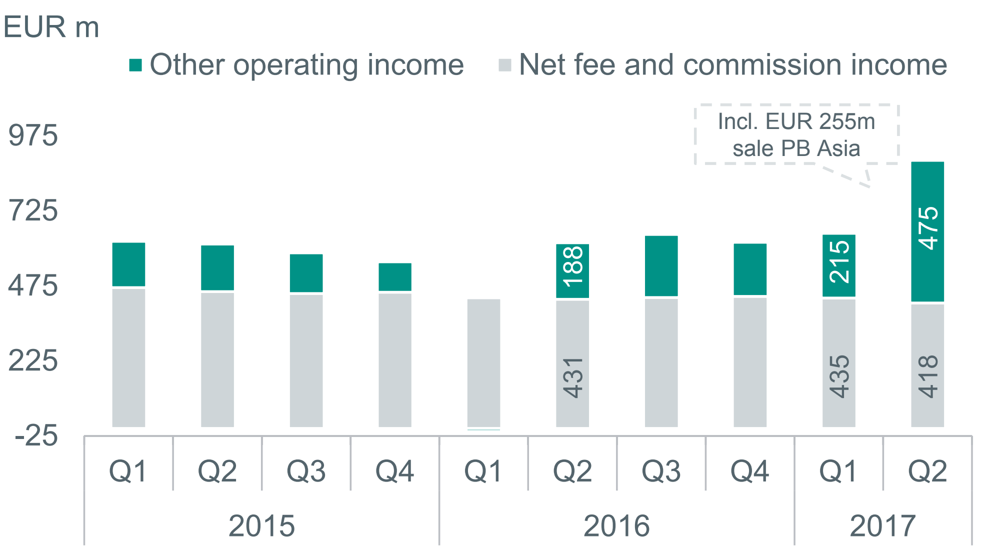
NII benefits from loan growth and lower savings rates



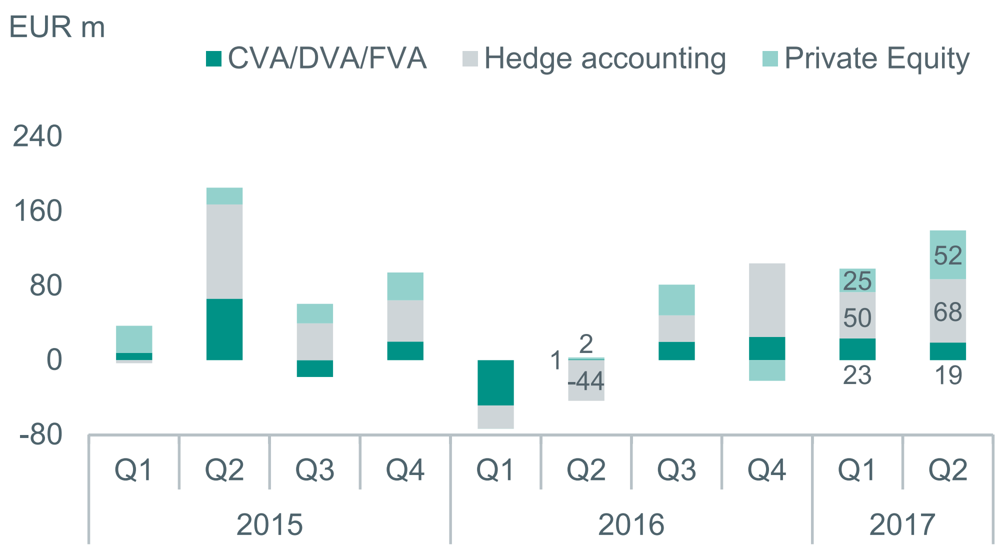
- NII remained robust, despite low interest rates: NII up 1% vs. Q2 2016, flat vs. Q1 2017
- Growth vs. Q2 2016 was predominantly driven by loan growth
- Rates were lowered further on main retail deposits:
  - from 25bps at YE2016 to 20bps at the end of Q1 2017
  - to 15bps at the end of Q2 2017
  - to 10bps at the end of Jul 2017

Net Fee and Other operating income

Fee & other income



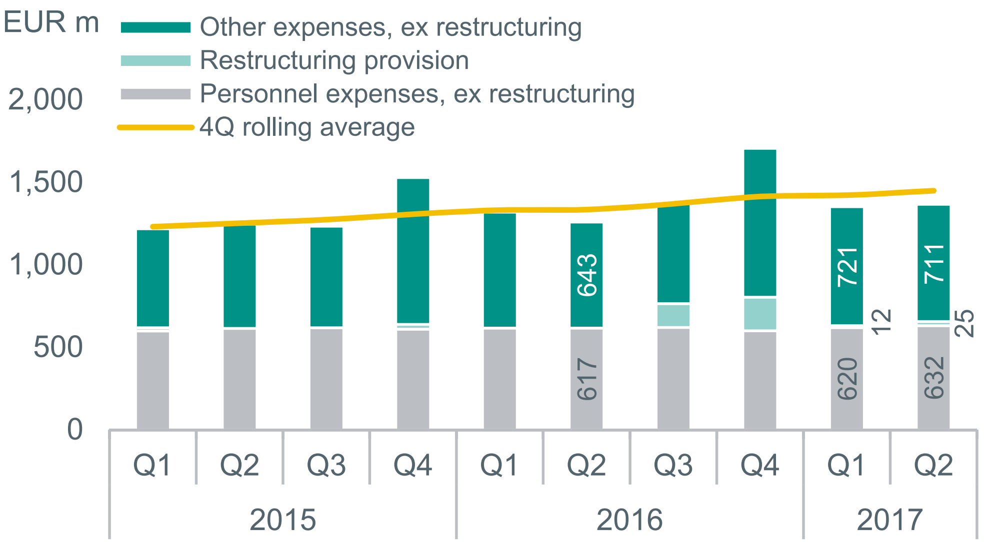
Volatile effects in other income



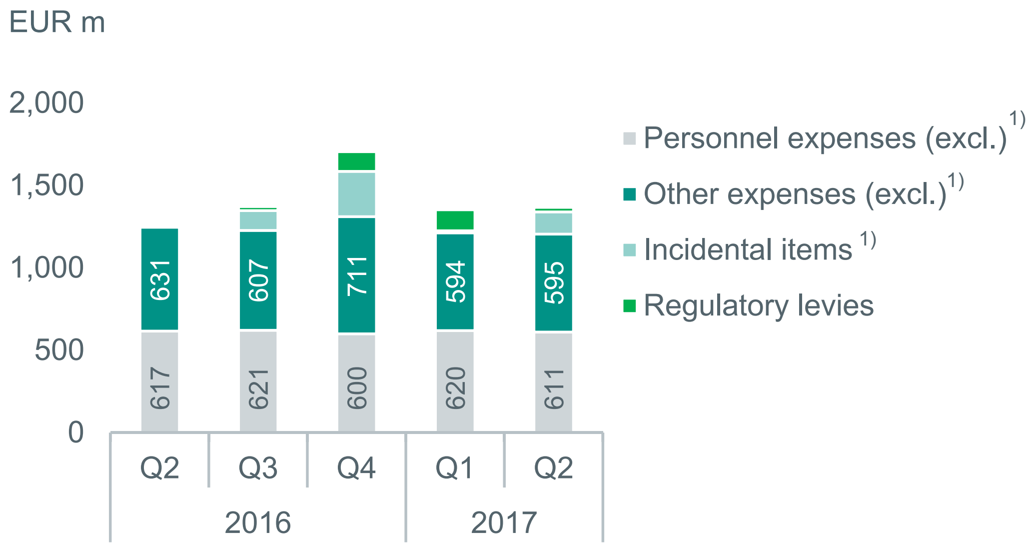
- Fee income remained flat vs. Q2 2016 excluding the effect of divested PB Asia activities
- Other operating income was up, mainly driven by:
  - sale of PB Asia (EUR 255m)
  - positive contribution from hedge accounting, Private Equity and CVA/DVA/FVA

Underlying costs starting to benefit from cost savings

Development operating expenses



Drivers operating expenses

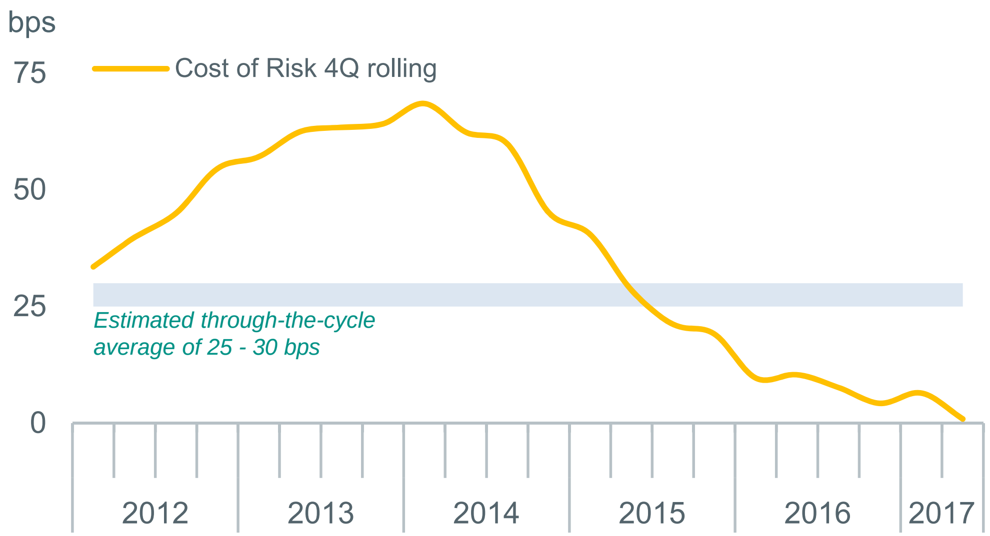


- Increase in expenses vs Q2 2016 fully explained by incidentals
  - Personnel expenses: EUR 25m restructuring costs, EUR 21m costs for PB Asia
  - Other expenses: EUR 54m project costs SME Derivatives, EUR 35m wind-down costs PB Asia
- Underlying cost trend down, showing benefits from previously announced cost savings

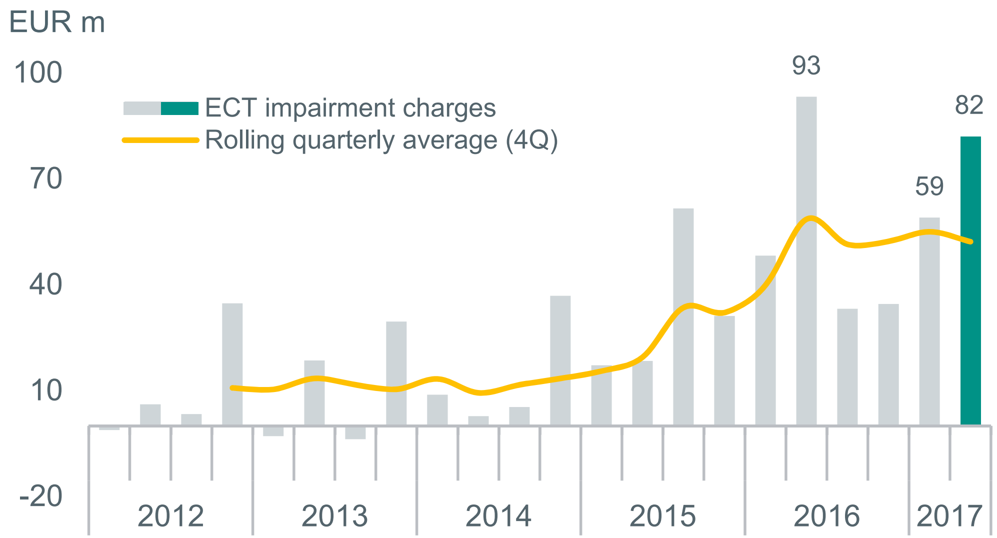
1) Personnel and other expenses exclude, where applicable, costs related to regulatory levies and incidental items. Incidental items consists of restructuring provisions, SME Derivatives & ICS provisions, Divestment PB Asia and a settlement on a PB Insurance claim

Continued low loan impairments

Cost of risk trend still benefiting from Dutch economy



Elevated ECT Impairments



- Cost of risk below through-the-cycle average of 25-30bps since mid 2015
- Q2 2017 impairment release of EUR 96m (CoR -14bps), mainly due to a EUR 100m release from model refinements (SMEs and mortgages) and releases in corporate loans and mortgages, benefiting from continued growth in Dutch economy
- IBNI release amounted to EUR 47m in Q2 2017 (vs. EUR 49m release in Q2 2016)
- ECT impairments remained elevated at EUR 82m (Q2 2016: EUR 93m)

ECT Clients operates in typically cyclical sectors

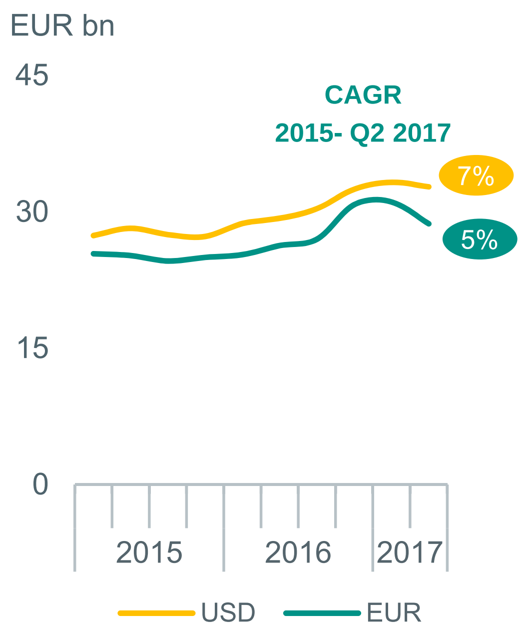
- Serves internationally active ECT Clients, requires sector knowledge, excellent client relationships and understanding of underlying markets
- Market cyclicality is carefully considered when financing ECT Clients. Risk management and risk monitoring is intensified, especially in current challenging circumstances for Oil & Gas and Shipping

Exposures, Jun 2017 (EUR bn)	Energy	Commodities	Transportation	ECT Clients
Clients Groups (#)	c.185	c.310	c.200	c.680
On balance exposure	**5.8**	**13.2**	**9.6**	**28.6**
portion of Total L&R Cust. of EUR 272bn	*2.1%*	*4.9%*	*3.5%*	*10.5%*
Off B/S Issued LCs + Guarantees	0.9	6.6	0.1	7.6
Off B/S Undrawn committed	3.6	2.9	1.2	7.7
Total	10.3	22.7	10.9	43.9

Risk data ECT Clients	2010	2011	2012	2013	2014	2015	2016	H1 2017
Impairment charges (EUR m)	0	5	43	41	54	128	209	141 [1)]
Cost of risk (bps)	1	5	31	29	29	56	83	99

Scenarios	Period	Modelled impairments	Actual impairments [2)]
Oil & Gas	18mths: 2H16 – FY17	EUR 125-200m	EUR 51m (2H16-1H17)
Transportation			
- Mild	18mths: FY16 - 1H17	EUR 75m	EUR 111m (FY16-1H17)
- Severe	24mths: FY16 - FY17	EUR 225m	

On balance developments



1) Of which Energy EUR 39m, Commodities EUR 51m and Transportation EUR 51m, H1 2016 impairments were EUR 141m and CoR 117bps
2) Actual impairment in Energy and Transportation. Some small scoping differences: Offshore Support Vessels (part of Transportation) is in the Oil & Gas scenario

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