update on strategy & Q3 results

analyst & investor call presentation

Investor Relations
16 November 2016

Agenda

strategic priorities

extend the horizon towards 2020

Attractive combination of strong and complementary businesses

Retail Banking

±5m retail clients

±300k small businesses

Low capital intensity

Funding gap

- Prime bank for 21% of Dutch population
- Top 3 player in new mortgage production and savings
- Leading digital offering, 24/7 Advice and Service Centres and 226 branches

Private Banking

±100k clients

10 Present in countries

Low capital intensity

Funding surplus

- Market leader in the Netherlands
- 3rd in Germany, 4th in France
- Multi-channel client servicing in the Netherlands and developing digitalisation in NW-Europe

Corporate Banking

±70k clients

15 Present in countries

Higher capital intensity

Funding gap

- Leading player in the Netherlands with a sector-based offering
- Capability-led international growth strategy for selected businesses and sectors in key financial and logistical hubs

While the **challenges** are great, so are the **opportunities**

Changing client behaviour

- Self-directed, demanding and knowledgeable clients
- Seamless banking anywhere & anytime
- Social media/connectivity

Changing monetary conditions

- Low interest rate environment
- Flat yield curve
- Dutch economy performing well

Increasing regulation

- Capital and liquidity requirements (e.g. Basel IV)
- Regulation of markets, products, pricing, product suitability and KYC
- Increased reporting requirements

Technology

- Opportunity and disruption: digital innovators with increasing speed and agility

A client-focused strategy

Purpose	Creating space for dreams and ambitions Driven by passion, guided by expertise			
Building on long-term strategic foundation	Client driven	Invest in the future	Moderate risk profile	Sustainable growth
Medium-term strategic priorities	Deliver Expertise	Enhance Client Experience	Innovate & Grow	Deliver Fast
Profile	A relationship-driven, knowledgeable and digitally savvy bank in Northwest Europe with expertise in selected sectors globally			

Added value and sustainable growth for all stakeholders

Clients

Deliver valuable expertise anywhere, anytime

Net Promoter Score
- Best NPS of Dutch peers

Employees

Empower employees to make use of full potential

Employee engagement
- At least 80% score

Diversity
- 30% women in top
- 35% women in subtop

Society at large

Committed to investing in the future. Engaged in society

DJ Sustainability Index
- Within 10% of best banks

AFM/NVB Trust monitor
- Leading among large NL banks

Investors

Sustainable growth and attractive returns within a moderate risk profile

Financial targets
- C/I: 56-58% by 2020
- ROE
- CET1
- Dividend

Pending Basel IV

ABN AMRO

DNA
- Ambitious
- Engaged
- Content-driven
- Cautious
- Competent

Distinguishing factors
- Client-driven business model
- Deep sector expertise
- Strong mobile and online capabilities

Share Insights

Personalised Solutions

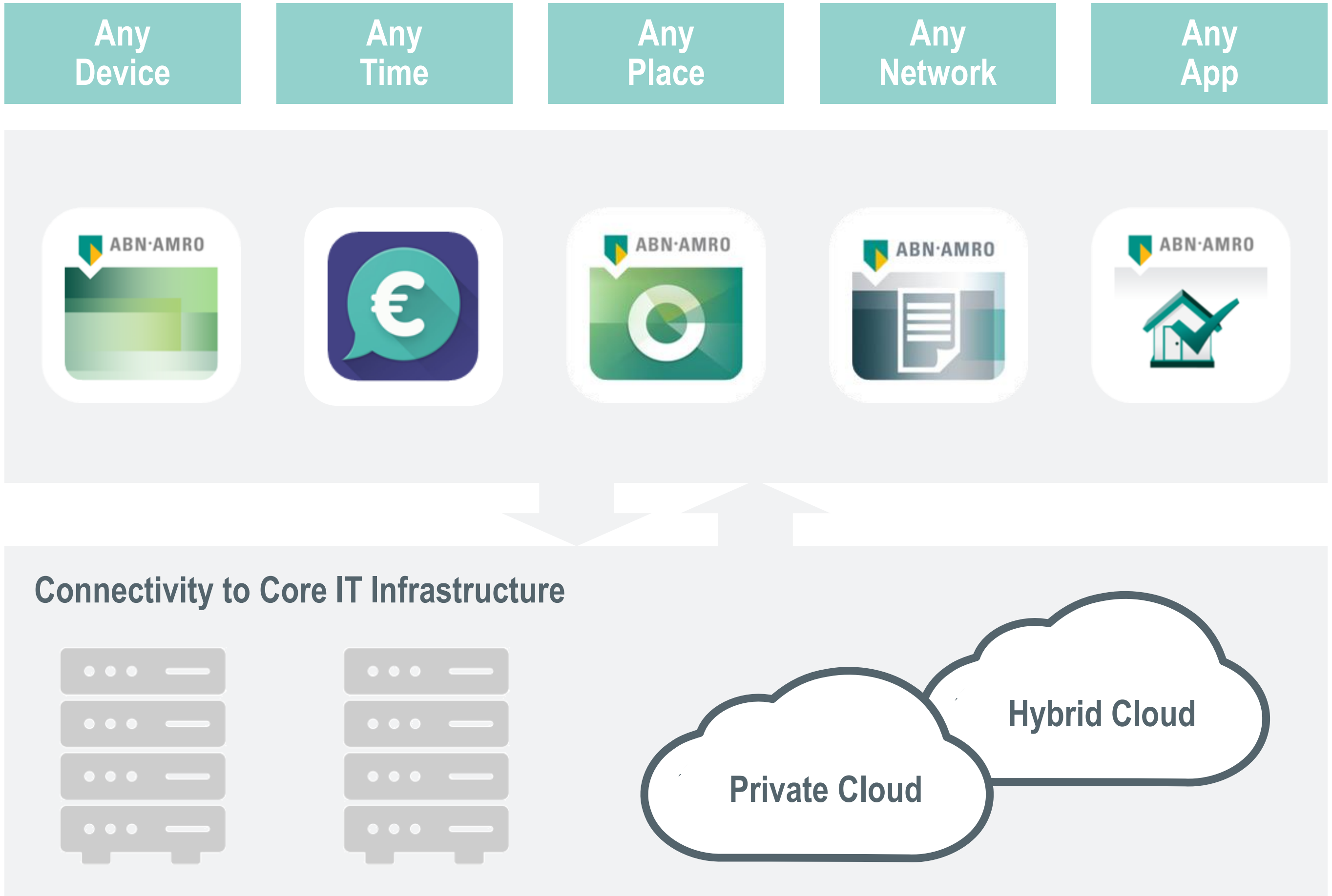
Open up our network

Client

Retail Banking
- Omni-channel approach
- Digital, self-directed advice
- Remote advise

Private Banking
- Holistic view on clients' financial position
- Deep client segmentation
- Open architecture

Corporate Banking
- Sector-oriented client portfolio
- Recognised for product expertise

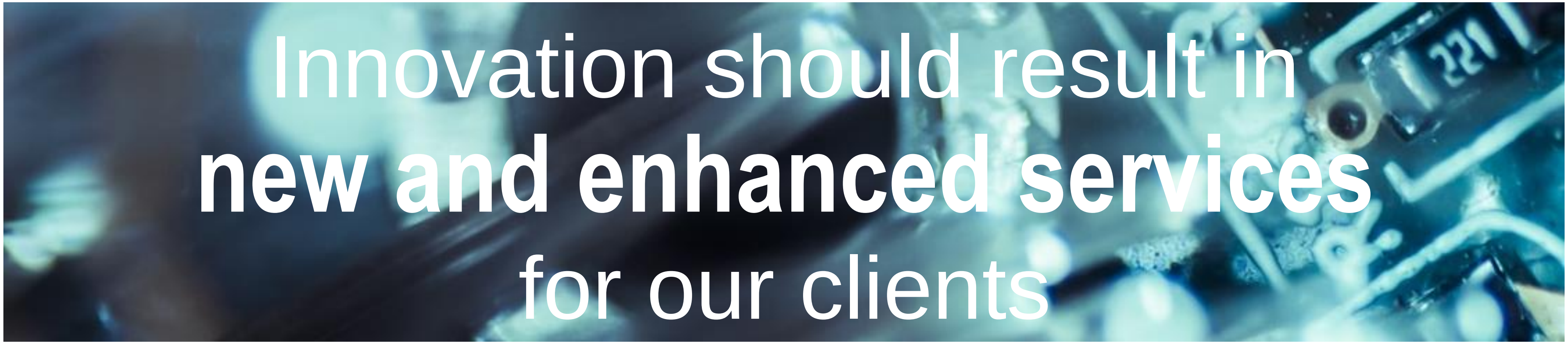


Facilitating our clients

… through **convenient & inspiring** apps and services

- Reimagined customer journeys
- Top-notch customer interface & frictionless security
- Quick and transparent processes

Innovate in our core and innovate with new business models



Drive innovation by

- Combining our services, data and knowledge with those of partners
- Adopting new ways to organise ourselves

Apply new technology

- Open/API banking
- Advanced customer analytics and artificial intelligence
- Robo advice
- Blockchain

Build partnerships

- Collaborate with FinTechs
- Partner with vendors
- Blockchain investments (R3, DAH, TU Delft, TKI-Dinalog)

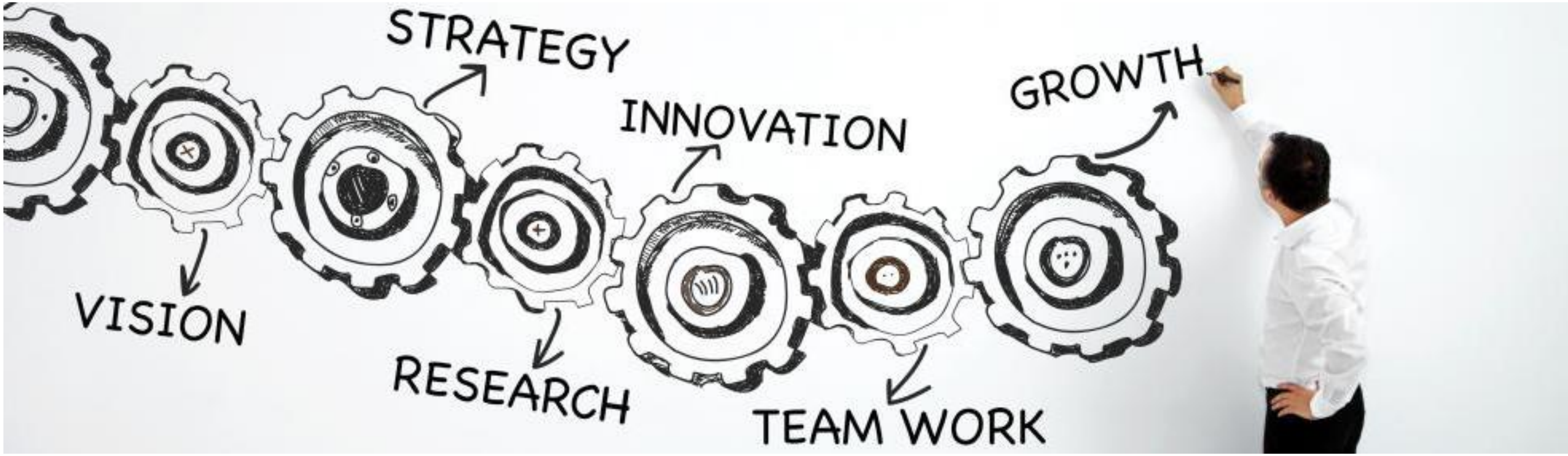
Set up innovators

- Operate online for self-directed clients
- Small, agile organisations
- Large degree of autonomy, running their own IT

Sustainable growth initiatives

Segment	Ambition	Growth initiatives
Retail Banking	Client-driven Dutch retail bank with a digital footprint in NW-Europe	▸ Expand digital MoneYou platform ▸ Further explore cooperation with FinTechs
Private Banking	Client driven, modern and knowledgeable NW-European private bank	▸ Grow in NW-Europe ▸ Focus on HNWI open to innovation ▸ Harmonise platforms ▸ Lower the private banking threshold in the Netherlands
Corporate Banking	Best corporate bank in the Netherlands and in selected sectors internationally	▸ Sector-based growth strategy in the Netherlands ▸ Expand activities to mid-large corporates in NW-Europe ▸ Globally expand in sectors adjacent to ECT Clients

Deliver Fast - Become agile and accelerate change



Goals

- Ensure we drive customer value
- Accelerate time to market
- Ensure higher responsiveness
- Reduce development and change costs, while maintaining output

Work Agile

- End-to-end business responsibility for change and continuous improvement
- Already 100+ teams work in an agile manner
- Scale up the agile way of working

Keep it **Simple**

Focused control and support

- Eliminate redundancies and simplify processes
- Simplify management information
- Reduce consultancy and other G&A costs
- Cost savings also necessary to innovate & grow

Simplify the business model

- Drive and focus on customer value
- Fewer but more innovative products and services, based on standardised solutions
- Simplify the operating model including a cloud-based IT infrastructure

Leverage expertise and advisory capabilities

- Focus on offering overview and self-directed advice and planning
- Enhance omni-channel advisory capabilities
- Expand remote advice; personal, anytime & everywhere

Enhance (digital) customer experience

- Focus on digital to facilitate self directedness
- Drive e-commerce
- Optimise customer journeys

Accelerate digitalisation & innovation through growth

- Expand scalable digital MoneYou platform
- Further collaborate with FinTechs

resulting in a **client-driven Dutch retail bank** with a digital footprint in **North-West Europe**

Leverage expertise and deepen client segmentation

- Target broader client group by lowering the private banking threshold
- Rejuvenate client base
- Continue to be recognised for our advisory capabilities and segment specific value propositions

Accelerate digitalisation and innovate through growth

- Align front-end tooling
- Harmonise and reduce platforms in core markets to enable growth
- Explore digital wealth management opportunities

Enhance (digital) customer experience

- Enhance client experience with digital services
- Innovate with wealth management insight & overview services

resulting in a **client-driven**, modern and knowledgeable **private bank** in **NW-Europe**

Deepen our expertise

- Offer new sector insights, a valuable network and relevant solutions
- Continue to be recognised for our product capabilities

Leverage sector expertise and product capabilities by growth

- Netherlands: sector-based growth strategy
- NW-Europe: expand to mid-large corporates on existing platforms
- Globally: expand in sectors adjacent to ECT Clients (Natural Resources, Renewable Energy, Utilities and Food)

Accelerate digitalisation and innovation

- Digitalise day-to-day banking with a personal, 24/7 & everywhere and in control client experience
- Innovate for our clients with API-banking, advanced analytics and blockchain

resulting in the **best corporate bank** in the Netherlands and selected sectors internationally

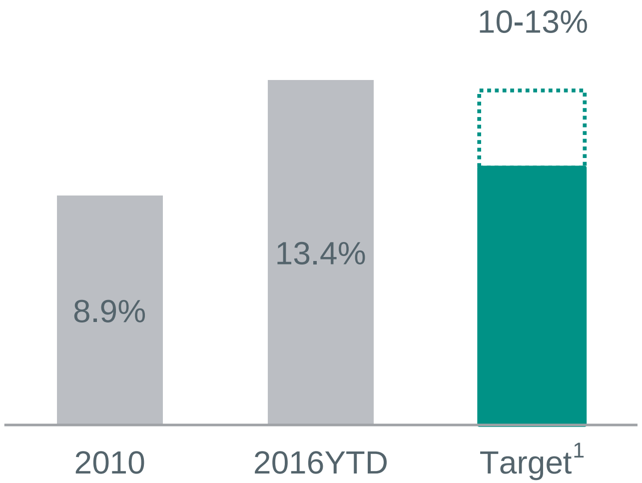
financial impact

extend the horizon towards 2020

Strong financial performance 2010 - 2016

Return on Equity

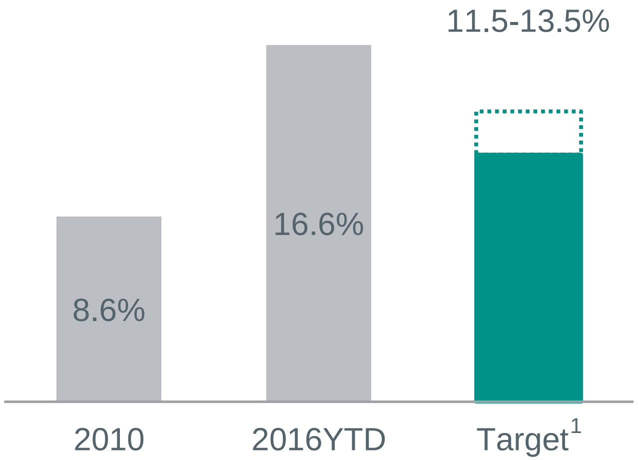
Return on Equity



- We have improved our ROE towards the upper end of our target range of 10-13% in the coming years

CET1 capital ratio

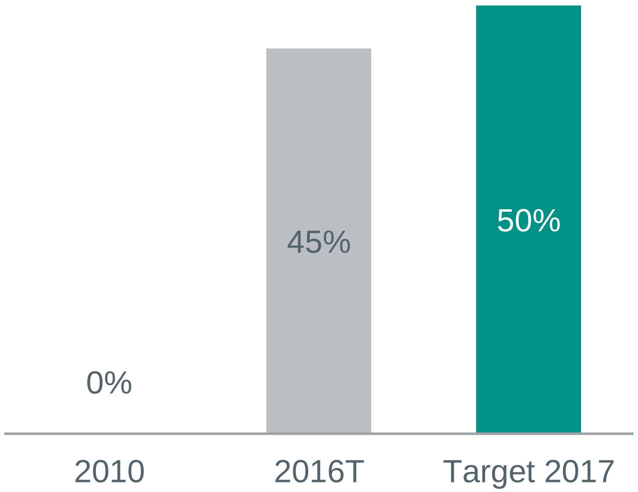
CET1 ratio



- We have strengthened our capital buffers in anticipation of Basel IV
- Our target is a fully-loaded CET1 in the range of 11.5-13.5%

Profit distribution

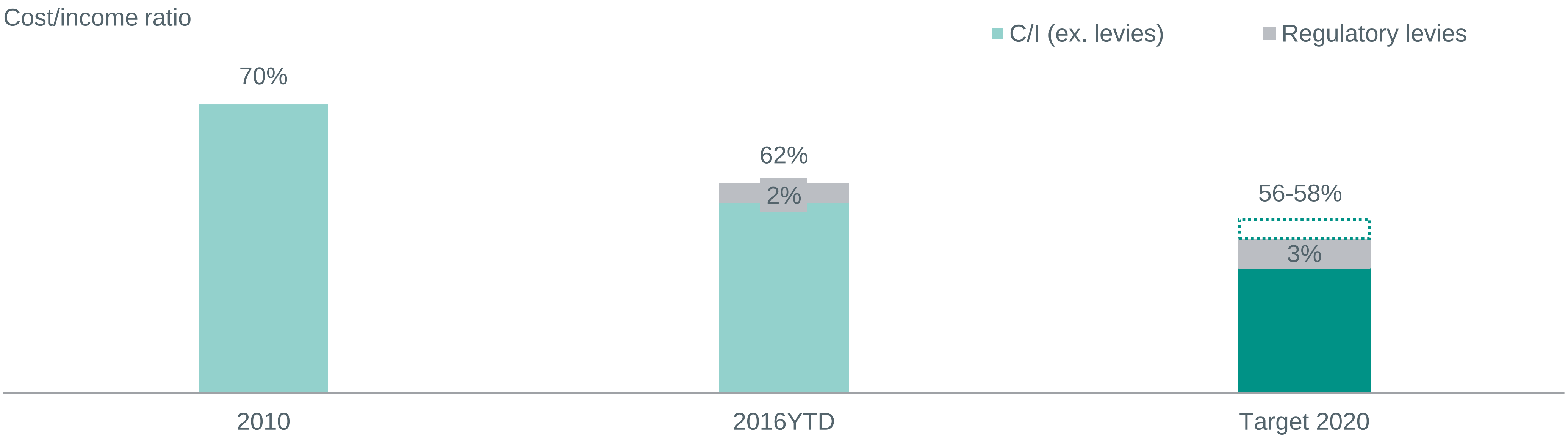
Dividend pay-out



- We have paid out an increasing share of our profits to our shareholders
- Our target is 50% dividend payout as of 2017

Note(s):
1 The targets ROE, CET1 and Dividend Pay-Out ratio remain unchanged, pending clarity on the consequences and implications of Basel IV

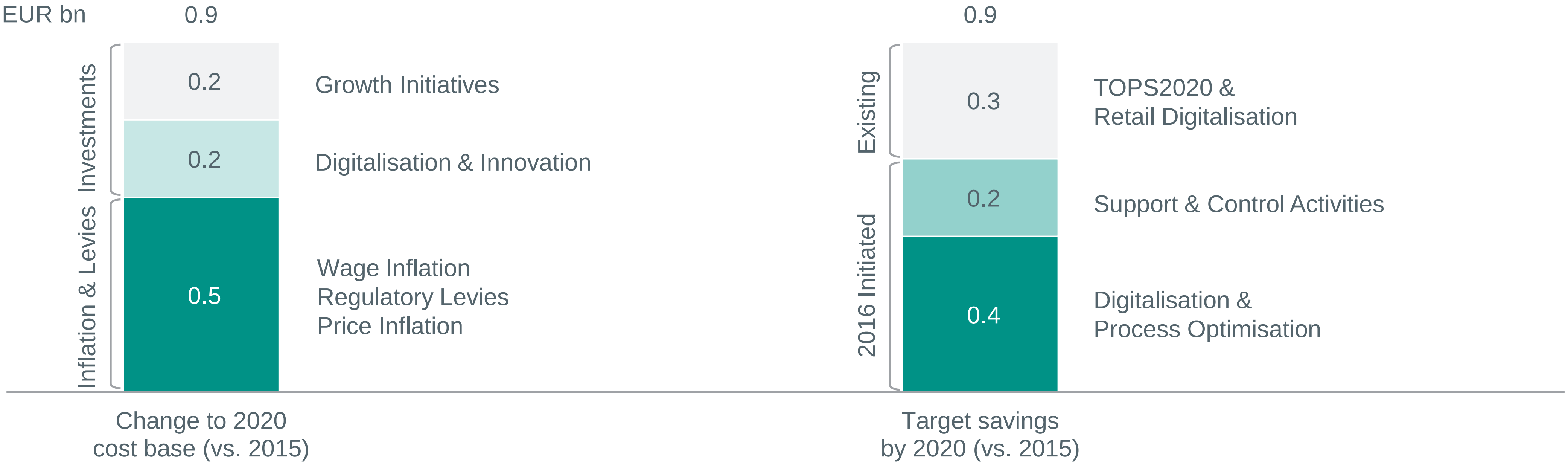
Better cost efficiency despite regulatory levies and pension costs



- We have significantly improved our Cost/Income ratio, since 2010 despite regulatory levies and pension costs
- Current high amount of regulatory levies was not anticipated at the time the 56-60% target for 2017 was formulated
- Continued focus on becoming a more efficient organisation: Cost/Income ratio has been sharpened to 56-58% by 2020, from 56-60% by 2017

Cost expectations, additional investments and savings initiatives

Increase in costs compensated by additional investments and savings (2015 vs. 2020)



Upward cost pressure expected to be EUR 0.9bn in 2020 vs. 2015 cost base

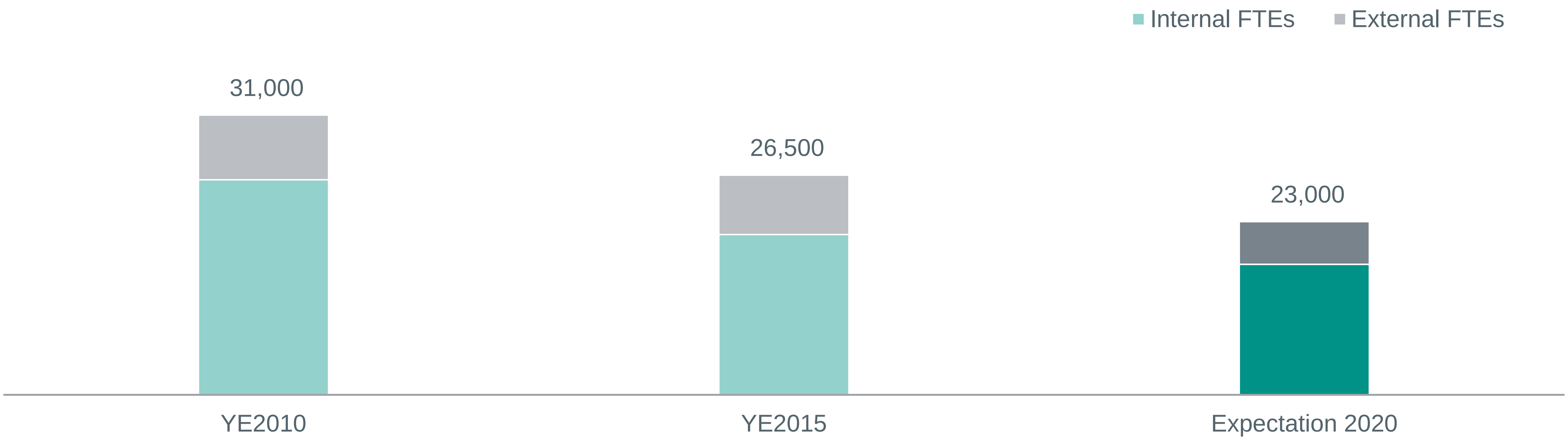
- inflation of current cost base and regulatory levies
- additional cost for digitalisation of processes
- additional costs for growth initiatives

EUR 0.9bn savings targeted by 2020 vs. 2015 cost base

- EUR 0.4bn from digitalisation and process optimisation (new)
- EUR 0.2bn from support & control activities (Q2 2016)
- EUR 0.3bn from TOPS2020 & Retail Digitalisation (already in execution)

Significant reduction targeted in internal and external FTEs

Internal and external FTE development (2010 – 2020)



- Total number of FTEs (internal & external) targeted to decline by 13% towards 2020 vs. YE2015: this combination of new hires (for growth initiatives) and redundancies (savings)
- Part of FTE reduction will be achieved through external FTEs and staff turnover
- Restructuring provision of approximately EUR 0.3bn[1] in 2016 predominantly relates to a 10% reduction of internal FTEs by 2020

Note(s):
1. Of which EUR 144m was recorded in Q3 2016

financials Q3 2016

Financial highlights

Q3 2016 vs. Q3 2015

- Net profit of EUR 607m (+19%), driven by higher income and lower impairments
- Expenses up due to a restructuring provision of EUR 144m

9M 2016 vs. 9M 2015

- Underlying net profit at EUR 1.7bn (+5%), reported net profit of EUR 1.5bn (-11%) includes a provision for SME derivatives
- NII proved resilient over nine quarters despite the low interest rate environment
- Financial targets
  - ROE 13.4%
  - C/I 61.8%
  - CET1 fully loaded 16.6%

Note(s):
1. Compared to FY2015

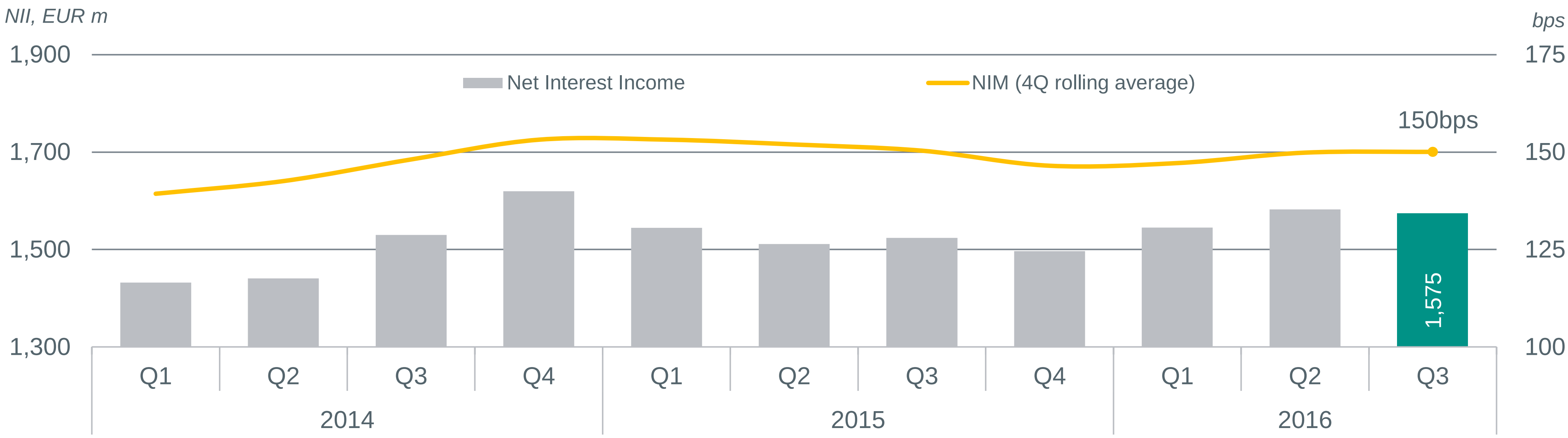
Result in Q3: good interest result, low impairments and a restructuring provision

EUR m	Q3 2016	Q3 2015	Delta	9M 2016	9M 2015	Delta
Net interest income	1,575	1,524	3%	4,703	4,580	3%
Net fee and commission income	437	449	-3%	1,303	1,375	-5%
Other operating income	210	136	54%	388	449	-13%
Operating income	**2,222**	**2,109**	5%	**6,393**	**6,403**	0%
Operating expenses	**1,372**	**1,234**	11%	**3,951**	**3,700**	7%
Operating result	**849**	**875**	-3%	**2,442**	**2,703**	-10%
Impairment charges	23	94	-75%	79	381	-79%
Income tax expenses	220	272	-19%	620	670	-7%
Underlying profit	**607**	**509**	19%	**1,743**	**1,652**	5%
Special items and divestments				-271		
Reported profit	**607**	**509**	19%	**1,472**	**1,652**	-11%
Underlying profit						
- Retail Banking	328	319	3%	1,002	999	0%
- Private Banking	54	28	92%	150	188	-20%
- Corporate Banking	290	218	33%	726	572	27%
- Group Functions	-66	-56	-16%	-136	-106	-28%
Net interest margin (bps)	150	149		151	146	
Underlying cost of risk (bps)	3	14		4	19	
Underlying earnings per share[1] (EUR)	0.63	0.54		1.82	1.76	
Reported earnings per share[1] (EUR)	0.63	0.54		1.55	1.76	

Note(s):
1. Earnings consist of underlying/reported net profit excluding reserved payments for AT 1 Capital securities and results attributable to non-controlling interests

Interest income continued to remain robust

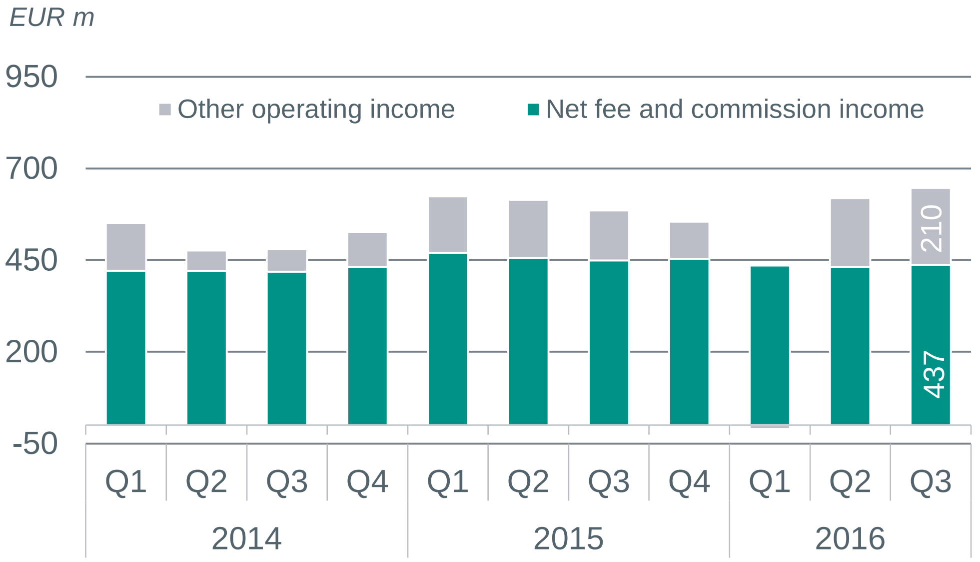
Interest income development



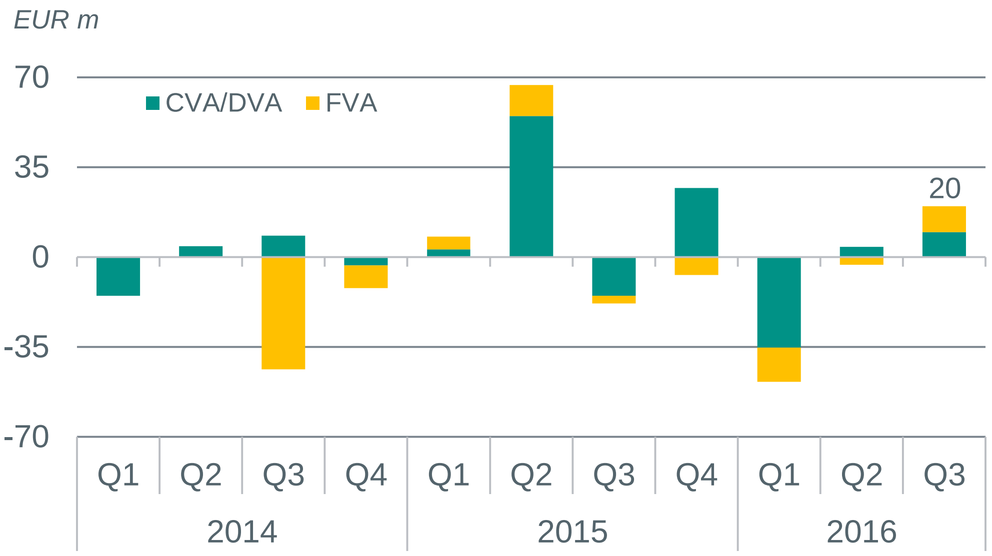
- NII was up 3% vs. Q3 2015
- NII proves robust at or above EUR 1.5bn over the past nine quarters
- Mortgage and corporate loan margins improved, whereas average volumes increased for corporate loans (primarily in International Clients) while it decreased for other loan types (all vs. Q3 2015)
- The deposit rate paid on savings accounts decreased while volumes increased

Net Fees and Other operating income

Fee & other income slightly up



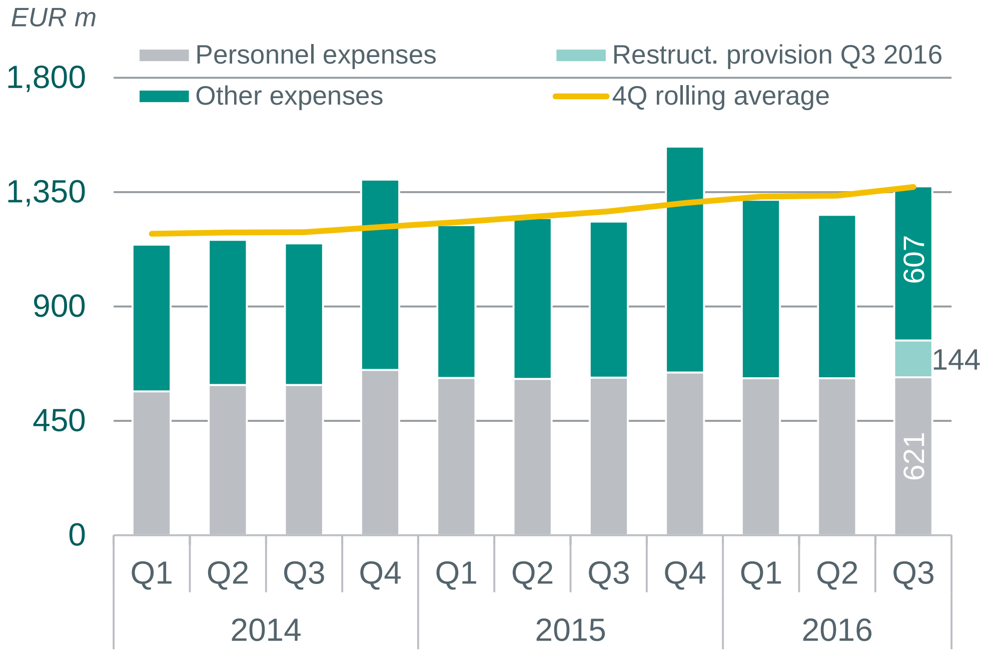
Volatile CVA, DVA and FVA effects



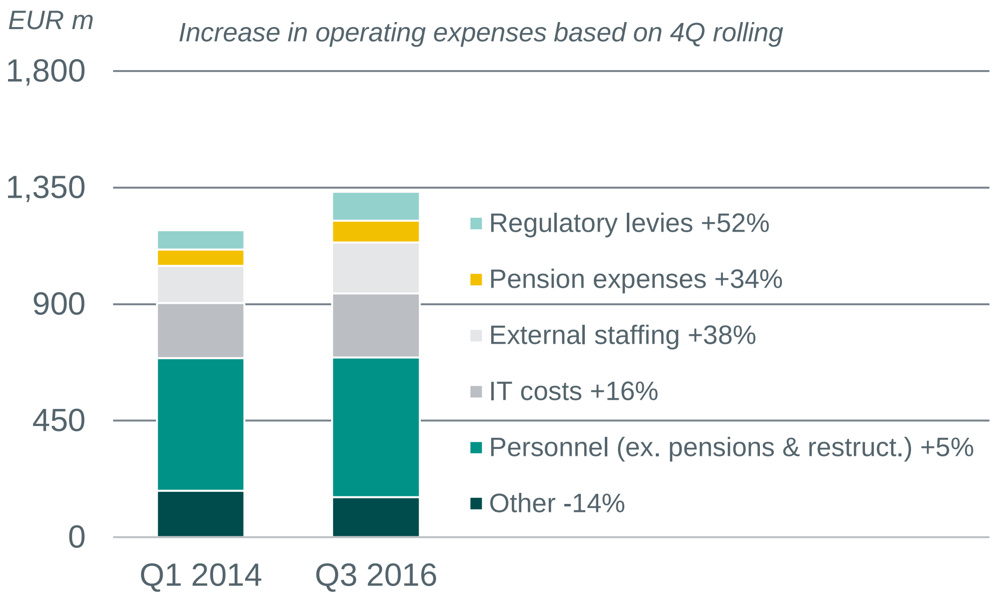
- Fee income down vs. Q3 2015, but increased slightly compared with Q2 2016
- Other operating income benefited from a positive revaluation on our stake in Equens and higher CVA/DVA/FVA results

Cost increase driven by regulatory demands and pensions

Development operating expense



Drivers operating expense[1]

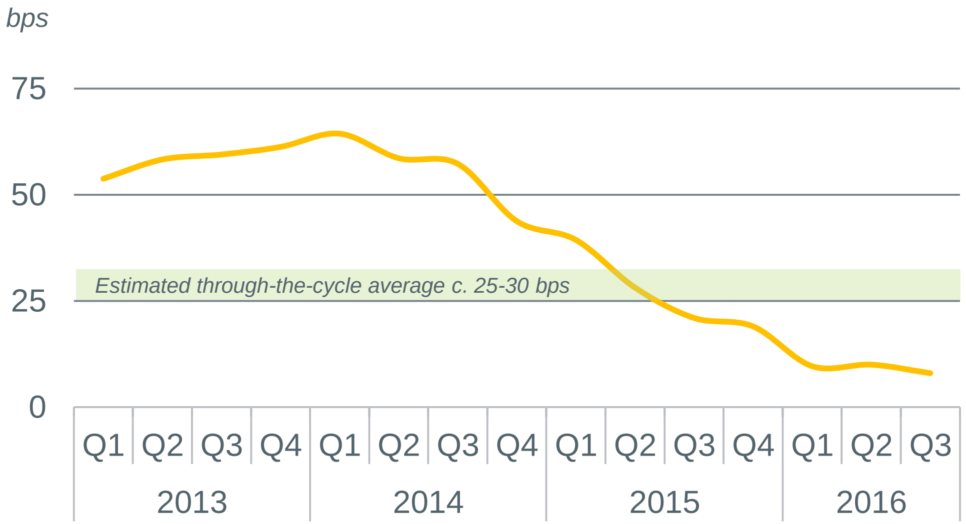


- Main drivers of increased costs are regulatory levies, costs related to external staff and pension costs
- External staff costs up due to regulatory demands, TOPS2020, and more flexible labour pool within Retail
- Pension costs increased in recent years due to low interest rates
- Several cost savings initiatives announced
- Q3 2016 includes a restructuring provision of EUR 144m; an additional EUR 150-175m is expected in Q4

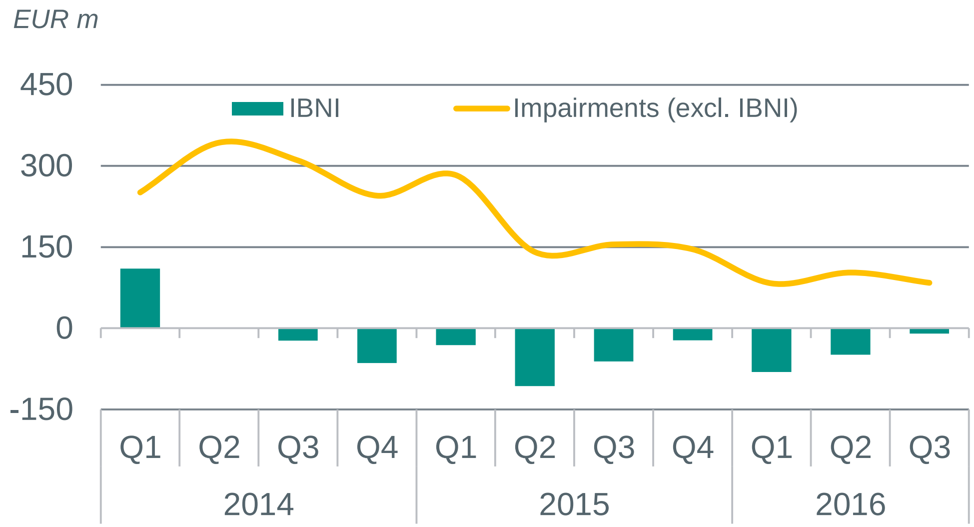
Note(s):
1. Excluding the EUR 144m restructuring provision taken in Q3 2016 and based on 4Q rolling average

Continued low loan impairments

4Q rolling cost of risk

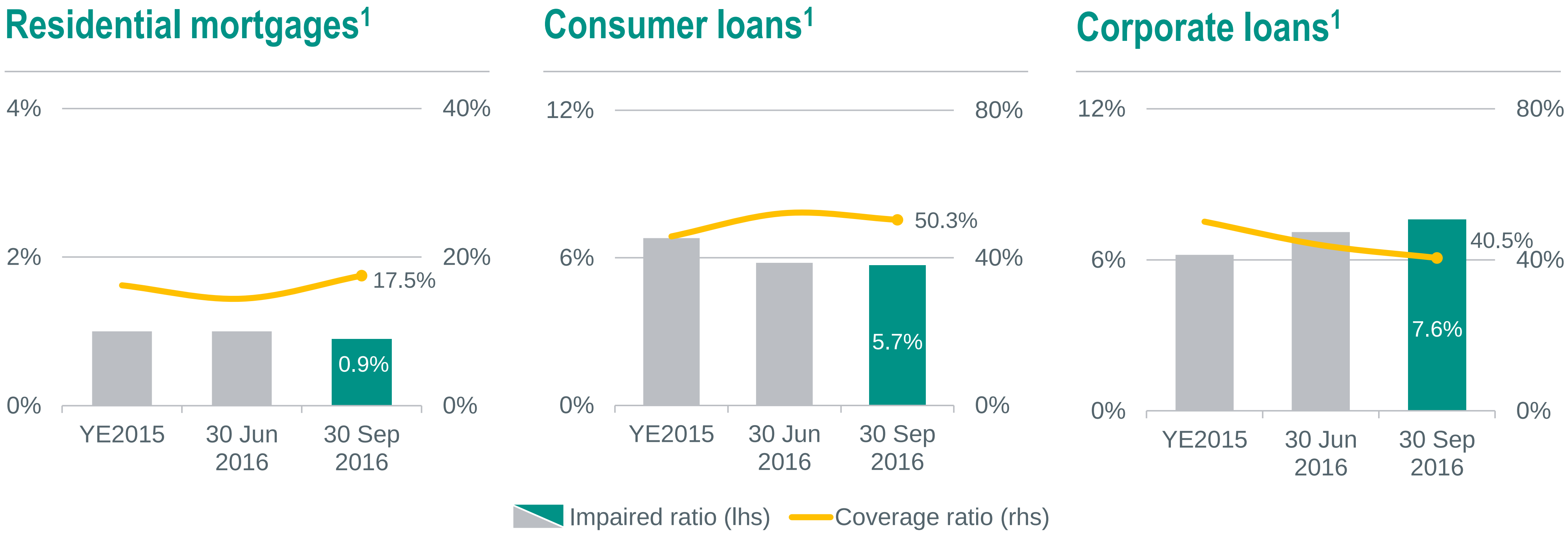


Impairments



- Cost of risk declined since the start of 2014
- Impairments decreased by 75% vs. Q3 2015, driven by all segments including ECT Clients
- ECT Clients impairments were EUR 33m in Q3 (vs. EUR 62m in Q3 2015) and EUR 175m YTD 2016 (vs. EUR 97m YTD 2015)
- Cost of risk of 3bps in Q3 2016 (14bps Q3 2015)

Risk ratios improved with the exception of Corporate loans



- In Q3 2016 the impaired ratio on customer loan book increased to 3.5% (vs. 3.4% at 30 June 2016)
  - Mortgage portfolio low at 0.9%
  - Consumer loans improved in line with the improved Dutch economy
  - Corporate loans increased mainly due to new ECT files and a single file in Commercial Clients
- Coverage ratio decreased to 38.0% at 30 September 2016 (vs. 39.8% at 30 June 2016) driven by lower allowances for impairments in combination with new impaired files which are largely collateralised

Note(s):
1. As of 30 September 2016 the definition of default and impaired was aligned. As a result, defaulted clients without an impairment allowance are now also considered to be impaired. The comparing 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

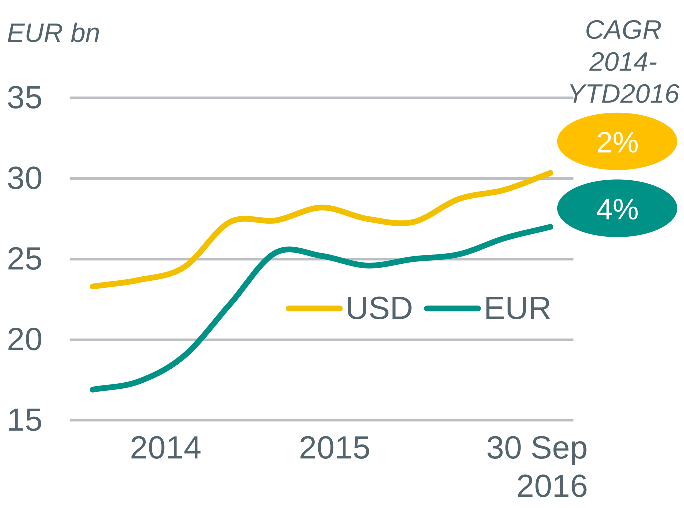
- Serves internationally active ECT Clients, requires deep sector knowledge of underlying markets
- Market cyclicality is carefully considered when financing ECT Clients. Risk management and risk monitoring is intensified, especially in current challenging circumstances for Oil & Gas and Shipping
- The 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 across selected clients active in ECT sectors

30 Sep 2016, EUR bn	Energy Clients	Commodities Clients	Transportation Clients	ECT Clients
Clients Groups (#)	~120	~320	~190	~630
On balance exposure	**5.3**	**12.2**	**9.5**	**27.0**
% of Total L&R (of EUR 285bn)	2%	4%	3%	9%
Off B/S Issued LCs + Guarantees	0.8	5.8	0.2	6.8
Sub total	**6.1**	**18.1**	**9.7**	**33.8**
Off B/S Undrawn committed	2.1	2.5	0.9	5.5
Total	**8.2**	**20.6**	**10.5**	**39.3**

Risk data ECT Clients	2010	2011	2012	2013	2014	2015	9M 2016
Impairment charges (EUR m)	0	5	43	41	54	128	175 [2]
Cost of risk (bps)[1]	1	5	31	29	29	56	95

On balance developments



Note(s):
1. Based on impairments over quarter-end on-balance exposure averages
2. EUR 175m in total of which in Q1 EUR 48m, Q2 EUR 93m and Q3 EUR 33m; EUR 175m in total of which in Energy EUR 102m, Commodities EUR 16m and Transportation EUR 57m

ABN·AMRO

Split of Pillar 2 in preliminary SREP lowers CET1 requirement in 2017[1]

9% CET1 requirement expected for 2017, down from 10.25% in 2016

- 4.50% Pillar 1 (P1)
- 1.75% Pillar 2 Requirement (P2R)
- 1.25% Capital Conservation Buffer (CCB)
- 1.50% Systemic Risk Buffer (SRB)

9.7% CET1 MDA-trigger expected, given 0.7% AT1 shortfall (Q3 2016). Pillar 2 Guidance (P2G), is excluded from the calculated MDA trigger

Fully-loaded CET1 and MDA trigger of 11.75% CET1

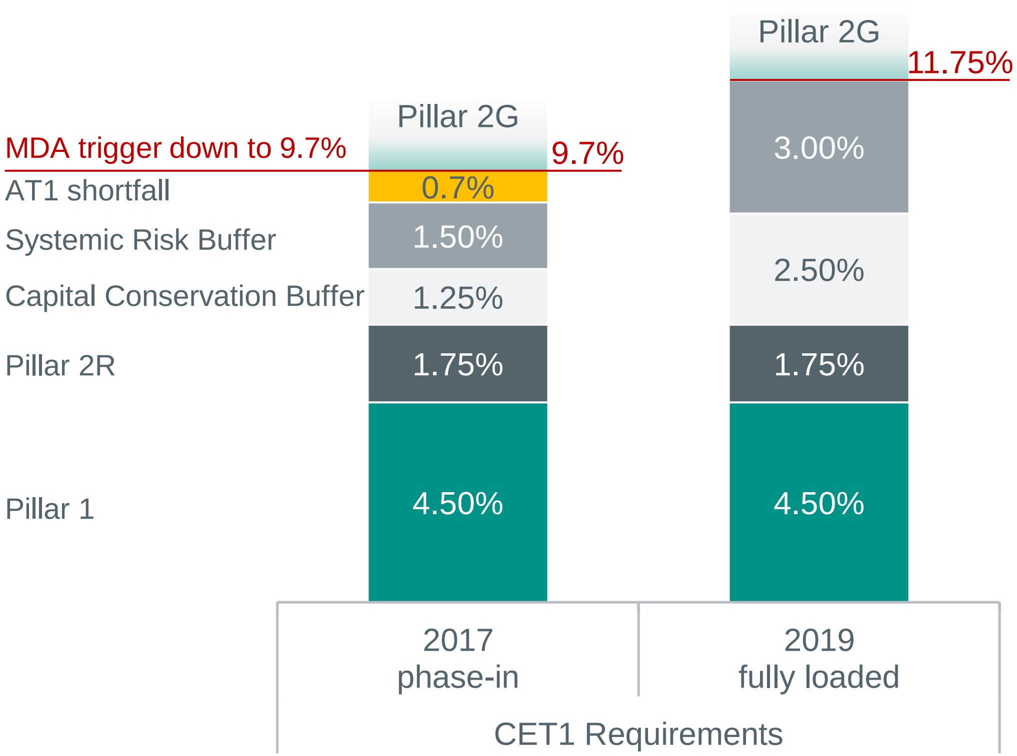
- 3.0% SRB (up from 1.5%)
- 2.5% CCB (up from 1.25%)

ABN AMRO anticipates a 13.5% CET1 target (upper end of the current range)[2], with

- Fully-loaded CCB and SRB
- P2G (non-public)
- Management buffer

Preliminary SREP outcome

Pillar 2 is split in P2R and P2G. P2G is a non-public regulatory buffer and is excluded from the MDA trigger



Note(s):
1 The preliminary SREP outcome is subject to change and regulatory approval and currently excludes any requirement for a Countercyclical Buffer
2 Excluding possible implications and consequences from the revisions to the calculation of risk weighted assets (Basel IV)

wrap-up

Extend horizon towards 2020

- Continue to deliver expertise to our clients
  - Further focus on sector expertise
  - Enhance client experience through additional investments in digital offering and innovation
  - Grow in selected activities and sectors in NW-Europe and globally
  - Create a more agile and simplified organisation to deliver fast
- Towards 2020
  - EUR 0.4bn additional investment in growth initiatives and digitalisation
  - EUR 0.5bn cost inflation and levies expected
  - EUR 0.9bn of savings to be realised by 2020
- Cost/Income target set at 56-58% by 2020

Financial results

Q3 2016 results

- Net profit of EUR 607m (+19%), driven by higher income and lower impairments
- Expenses up due to a restructuring provision of EUR 144m

9M 2016 results

- Underlying net profit EUR 1.7bn
- Reported net profit EUR 1.5bn

ROE	13.4%
C/I	61.8%
CET1 fully loaded	16.6%

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