ABN AMRO Investor Day

Future proof CIB

Corporate & Institutional Banking | Rutger van Nouhuijs

16 November 2018

Key takeaways

We are committed to:

- Sustainable relationships with multi-product clients in attractive sectors
- Reducing RWA, lowering costs, and strict discipline in capital allocation
- Delivering >10% ROE targets in 2021 under Basel III and transforming in preparation for Basel IV

CIB's franchises are rooted in the open nature of the Dutch economy

	Scope	Market position
Business units	**Corporates NL[1)]**	▪ Sector-based relationship bank ▪ Strong domestic franchise (top 2 NL) ▪ Leveraging NL franchise in 4 selected NW European countries
	Global Sectors	▪ Sector expertise combined with a strong global network ▪ Globally leading in TCF[1)] and Transportation ▪ Focused Natural Resources sector
Product units	**Structured Finance & Portfolio Mgt[3)]**	▪ Lending & capital allocation
	Global Markets (GM)[1)]	▪ Sector focused out of NL & US
	Private Equity (PE)	▪ Strong Dutch mid-market fund
	Clearing	▪ Top 3 global position in clearing ▪ Connected to >150 exchanges

Key figures CIB (Q3 2018)

Client lending	EUR 43.8bn	Clients	c. 3k	Countries	15 [2)]
NPS	43	FTEs	2,546	Geographies	Europe, APAC, Americas

1) Corporates NL includes NW European clients and Financial Institutions, TCF includes Diamond & Jewellery Clients, GM excluding Clearing
2) Including Moscow and Dubai offices
3) All Lending revenue and expenses are allocated to the sectors in the business units

CIB's business model built on multi-product clients

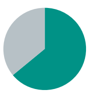
Examples of typical sustainable relationships with multi-product clients

Dutch mid-size industries
Corporate NL clients

Loan product — ROE 13%

- Syndicated RCF

Operating income



- Interest margin
- Fee income

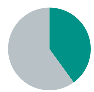
- Cash Management
- Transaction Services
- Guarantees
- FX
- Derivatives
- Markets
- Lease
- Corporate Finance

European Utilities
NW European clients

Loan product — ROE 17%

- Syndicated RCF
- Project Finance

Operating income



- Interest margin
- Fee income

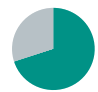
- DCM
- Corporate Finance
- Markets
- Cash Management

International commodities trading
Global Sectors TCF clients

Loan products — ROE 14%

- Syndicated RCF
- Trade Facilities

Operating income



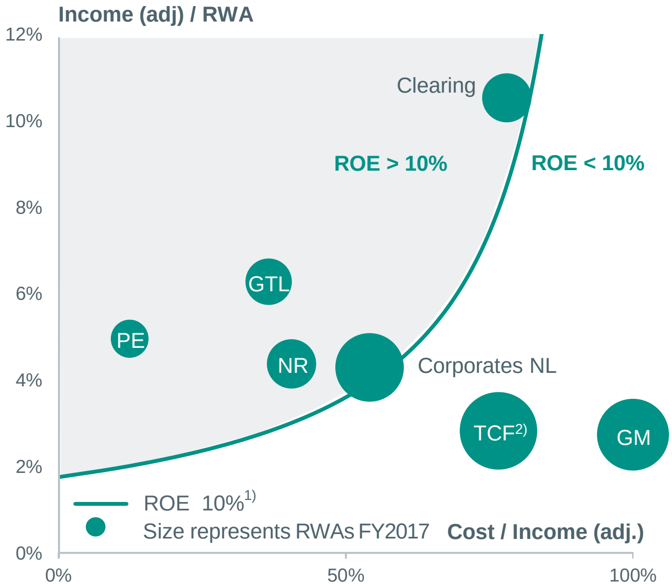
- Interest margin
- Fee income

- Cash Management
- Transaction Services
- Guarantees
- Corporate Finance
- Markets
- Clearing

Most businesses deliver returns through the cycle, some are lagging

Most CIB sectors deliver >10% ROE TTC impairments[1)]

Operating Income adjusted for TTC impairments FY2017



1) ROE on basis of Basel III RWA and CET1 target of 13.5%. TTC = through-the-cycle
2) Including D&JC

Above hurdle returns made on core clients

Corporates NL sector serving mainly core clients

- Mid-cap corporates where we have a broad relationship
- Over 85% of clients are multi-product / service
- ROE > 10%, helped by capital light fee income

Global sectors show mixed picture, one lagging sector TTC

- Increasing level of multi-product clients, currently 50%
- Asset-based lending, Basel IV vulnerable
- TCF has high operational cost and a long tail of non-accretive clients

Product units support the sectors

- Global Markets is de-risking, client-driven, high cost base
- Clearing is a generator of stable returns
- Continued involvement in PE as cornerstone investor

Improve capital & cost efficiency, to deliver >10% ROE by 2021

	Reduce capital	Lower costs	Transform business model
Measures	▪ Reduce non-core and cyclical clients ▪ Impacts TCF, offshore, shipping ▪ Focus GM's products and clients[1)]	▪ Address low-return clients ▪ FTE reduction & IT rationalisation ▪ Right-size geographies & support	▪ Capital efficient, focus on distribution ▪ Focus on high share of wallet clients ▪ Develop further sustainability franchise
Objective	▪ **Net RWA reduction EUR 5bn[1)]** revenue impact c. EUR 100m	▪ **EUR 80m cost reduction** c.250 FTE reduction, restructuring cost: c. EUR 50m[2)]	▪ **CIB ROE >10%** by 2021[3)]
Progress	▪ On track, reduced EUR 1.5bn[1)] net RWA ▪ Identified non-accretive clients and developing client action plans	▪ GM 40 FTEs reduction ▪ Closed GM in NOR and Brazil ▪ Closing Dubai & Moscow ▪ Restructuring provision EUR 36m	▪ Organisation restructuring ▪ Energy transition plan ▪ Excluded F&G labelled vessels

1) RWA EUR 5bn reduction (equals CET1 c. 0.9%) compared to Q1 2018, from around EUR 39bn to around EUR 34bn to be achieved by 2020, assuming static risk weighting, i.e. excluding possible impact of TRIM or credit quality migrations.

2) EUR 27m restructuring costs were booked in Q3 2018

3) Under Basel III RWAs and a CET1 target of 13.5%

TCF: raising ROE to >10% by 2021

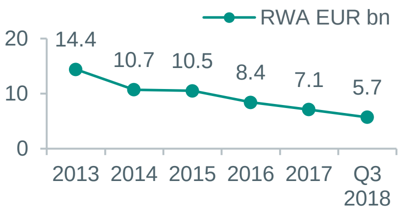
	Reduce capital	Lower costs	Transform business model
Measures	▪ Reduce non-accretive clients ▪ Increase ownership based lending ▪ D&JC: de-risking and exit Dubai, US ▪ Increase share of wallet in core clients ▪ Zero-loss mentality	▪ Reduce FTEs in line with client reductions ▪ Simplify end-to-end processes ('lean') ▪ Centralise support activities ▪ Closure of Dubai and Moscow offices	▪ Digitise paper based processes and improve customer experience ▪ Invest in block chain trade-finance platforms
Objective	▪ **RWA reduction of EUR 3.5bn[1)]** Increase income / RWA	▪ **Direct cost reduction of 15-20%**	▪ **Reinvent Customer Experience**
Progress	▪ Identified non-accretive clients ▪ Capital reduction on track, EUR 1.3bn RWA[2)] ▪ Developing client action plans ▪ Normalising level of provisions	▪ Staff reduction of 20 FTEs ▪ Centralised Dutch support activities ▪ Implementing lean improvements	komgo

1) Including D&JC

2) Compared to Q1 2018

GM: focusing and contribute to CIB's >10% ROE by 2021

	Reduce capital	Lower costs	Transform business model
Measures	▪ Reduce RWA ▪ Product offering trimmed in Fixed Income	▪ Simplify setup by focussing on Corps and FIs in N/W Europe ▪ Reduce FTEs ▪ Reduce locations to Europe (AMS, LDN, FFT, PAR) and US only ▪ Drive out (in)direct costs by rationalising IT systems and data-provider usage	▪ Increase share of wallet through multi-product clients ▪ Increase digital product offering and use of data, AI ▪ Transforming financial markets product distribution through delivering and end-to-end digital experience for our clients
Objective	▪ **RWA reduction EUR 1.5bn[1)]**	▪ **Cost reduction of 10-15%**	▪ **Reinvent Customer Experience**
Progress	▪ Reduction on track, EUR 0.8bn RWA[1)]	▪ 40 FTE Reduction ▪ Stopped GM in NOR and Brazil ▪ Finalisation of SME legacy files Q1 2019	franx



1) Compared to Q1 2018, EUR 6.5bn

Transforming CIB's business model to increase capital efficiency

Focus on multi-product clients

Improve cross-sell and lending efficiency

- Stepping up in relationship tiering by increasing underwrites to facilitate cross-sell
- Minimum of two cross-sell products per client
- Scale backs of product offerings affected by Basel IV

Strict capital discipline

Maximise capital efficiency

- Central portfolio management steers RWA under Basel III and Basel IV
- Disciplined capital allocation for new and existing transactions under BIII and BIV
- Progressive pricing during phase-in of Basel IV

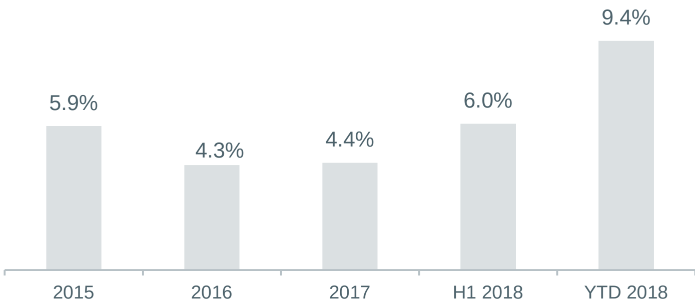
Increase capital velocity

Increase fee income through distribution

- More investor-centric origination approach to increase asset turnover
- Invest in origination and distribution to support distribution efforts
- Very substantially increase the current 3-5% risk distribution of the loan portfolio

Transformed business model to drive returns >10% under Basel IV

CIB to deliver >10% ROE by 2021[1)] under BIII



- CIB's ROE has been impacted by cyclicality, Private Equity and incidentals
- Path to 10% ROE (Basel III) driven by reducing capital to non-accretive and cyclical clients
- RWA reduction overlaps with Basel IV vulnerable areas

Driving capital efficiency >10% ROE under Basel IV

- Implement BIV mitigating actions
- Transformed CIB business model is ready to drive capital efficiency under Basel IV
  - Steer capital allocation to least affected products and sectors
  - Higher capital velocity and increase fee income
  - Balancing timely implementation of BIV versus optimising performance under BIII
- Vast majority of CIB's book churns before 2022, which gives the opportunity to steer portfolio over time
  - Enforce progressive repricing as of 2019

1) Under Basel III RWAs and a CET1 target of 13.5%

2) RWA reduction of EUR 5bn vs. Q1 2018

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