

Investor Relations

# results Q1 2018

**roadshow booklet**

14 May 2018

# Table of contents

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Q1 results presentation	3
Additional slides	18
– Profile	19
– Financials	34
– Risk management	43
– Capital, funding & liquidity	48
Important notice	58

# Highlights of Q1, a solid quarter

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## Financial progress

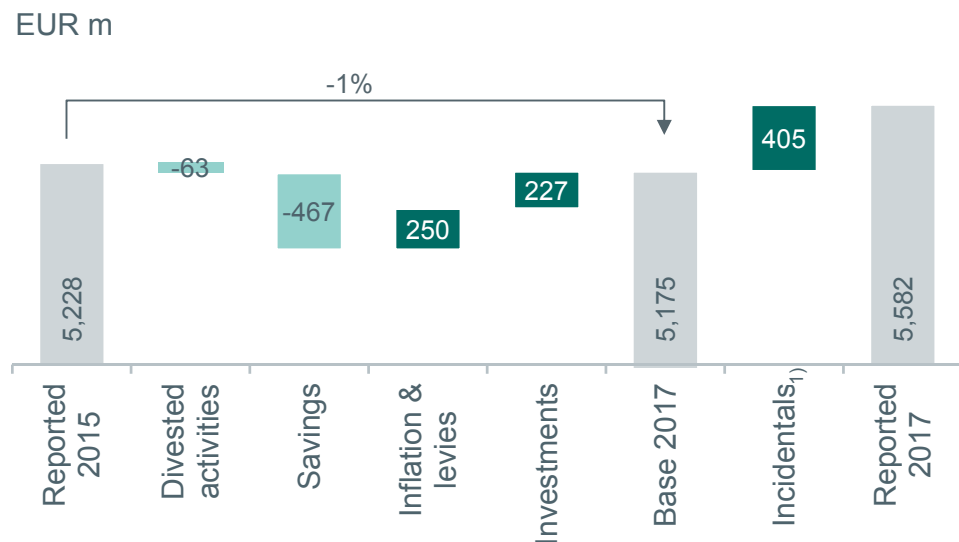
- Net profit at EUR 595m and ROE of 11.5%, reflecting a strong operating result offset by high impairments
- NII remained strong, benefitting from loan growth, driven by corporate loans, including Dutch SMEs
- Improved operating result led to a C/I ratio of 57.9%
- Strong CET1 capital ratio of 17.5%

## Strategic progress

- Cost savings from transformation and business simplification coming through
- Progress on IT transformation, digital and innovation
- Private Banking transformation taking shape
- Bringing more focus to CIB, update at Q2
- A leading franchise in sustainability is developing
- On track to achieve 2020 financial targets

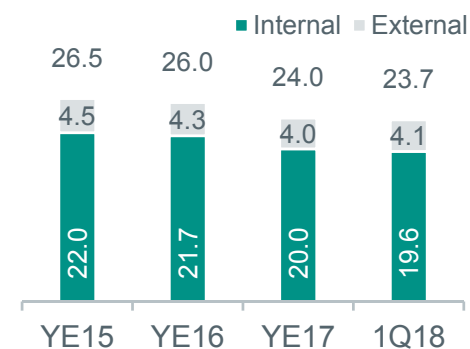
# Cost savings from transformation and business simplification coming through

## Costs development 2015-2017

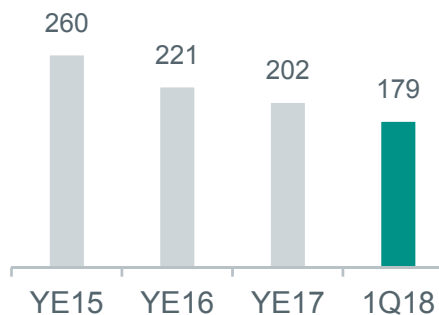


## Business simplification: lower headcount & branches

FTEs (in '000) down 10%<sup>2)</sup>



Retail branches



- Transformation progressing: cost savings enable investments in digital, innovation and growth initiatives
- Digitalisation of processes and agile working methods lower headcount and size of retail branch network
- Cost/income 57.9% in Q1 2018: on track to deliver EUR 0.9bn costs savings and 56-58% target by 2020 through further savings
- Further cost savings come from existing programmes, mainly from further FTE reductions, IT run costs and extending agile way of working

1) Sum of incidental costs (2017): personnel expenses EUR 177m (restructuring provisions EUR 156m, sale PB Asia EUR 21m), other expenses EUR 228m (SME Derivatives EUR 139m, goodwill impairment EUR 36m, sale PB Asia 35m and some smaller items in total EUR 18m)

2) 9% excluding PB Asia divestment

# Progress on IT transformation, digital and innovation

## What is achieved

### Efficiency & speed

- IT run cost reduced and back-office efficiency increased
- Agile way of working implemented

### IT infrastructure and system landscape

- IT transformation (start 2013) well on track, milestones & savings secured
- Adoption of cloud

### Digitalisation

- Enhanced digital experience with award winning apps: mobile, Tikkie, Grip
- Retail client sales and services now 59% online and increasing

### Innovation & Partnering

- Key building blocks in place: digital challenger concepts, API developer portal, Blockchain pilots
- Focussed investments by Digital Investment Fund

## Future focus

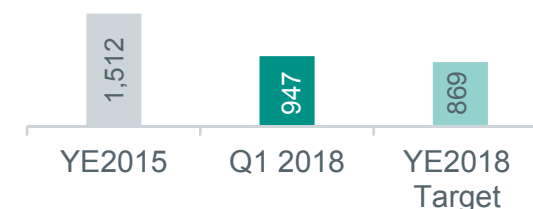
- Cost discipline and next round of efficiency levers (AI, automation)
- Further extend agile ways-of-working

- No new core systems, modernise system landscape
- Fully leverage flexibility and scalability of cloud

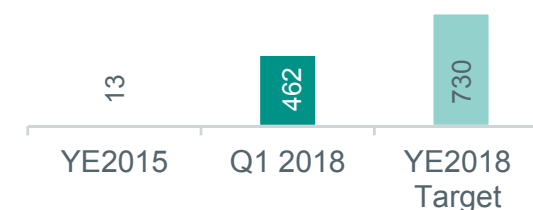
- Enhance client experience in key client journeys and establish ecosystems
- Strengthen digital offering in Commercial and Private Banking, use 'challenger' lessons

- Intensify partnerships (big and small) and leverage our API platform
- Unlock potential of AI, open banking and Blockchain

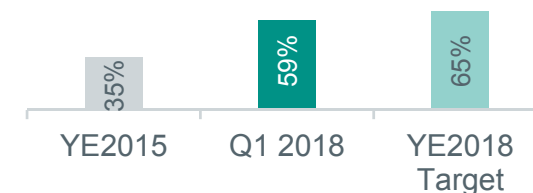
FTEs in operations in I&T



Applications migrated to cloud <sup>1)</sup>



Retail client sales and services online



1) Around 1,500 applications have been decommissioned from a YE2019 target of around 2,000 applications

# Digital innovation enhancing customer experience, supporting future growth

## Ready for open banking & PSD2



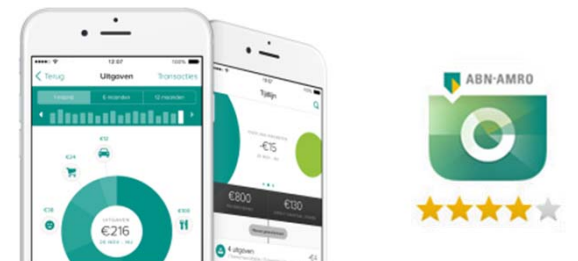
- Open banking enables new solutions and allows targeting of new clients
- Capabilities in place to build and launch PSD2 propositions
- API Developer Portal launched in 2017 to accelerate innovation with (FinTech) partners
- Building developer community to foster API opportunities & innovation

## Tikkie App, Portal and API



- Developed ahead of PSD2
- c. 3m users, 80% of payment requests paid ≤24hours, NPS +74
- Recently launched in Germany
- Well embraced by Dutch SMEs, corporates and charities
- Tikkie API & Portal now adopted by third parties

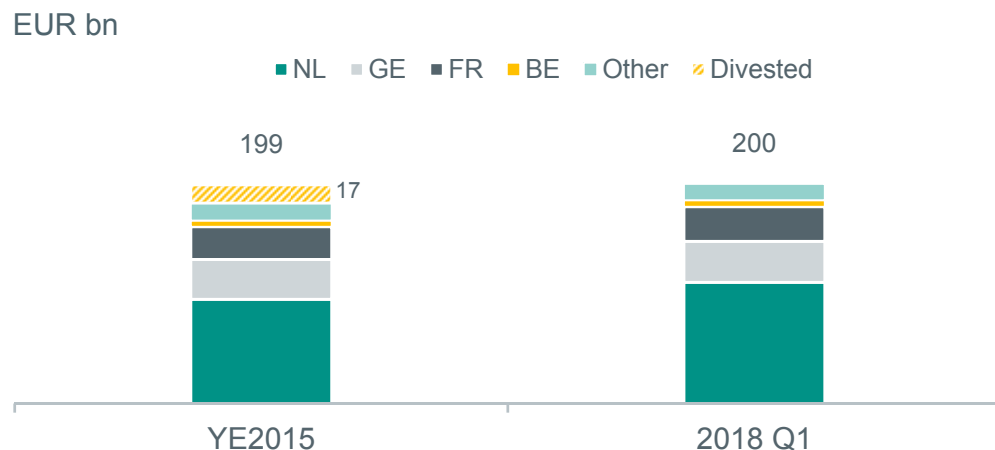
## GRIP App



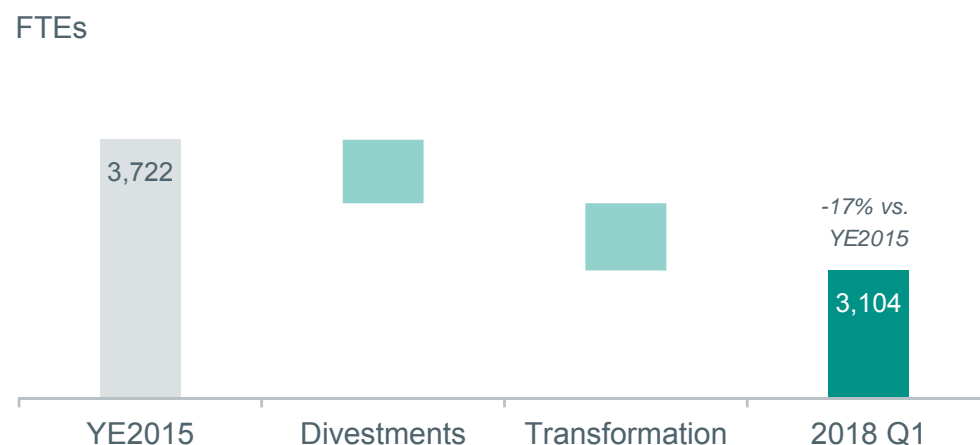
- Offers a convenient breakdown of personal income and expenses
- Includes financial planning features to get a grip on spending
- c.450k users, NPS +16
- Co-developed with an experienced FinTech aggregator of data
- Provides valuable insights for personalised client propositions, subject to data privacy rules

# Private Banking transformation taking shape

## AUM managed through an open architecture model



## Private Banking FTE reduction



### Strong market positions

- One private bank leveraging scale across Europe
- Strong local brands with focus on NW-Europe
- Asia divested, Luxembourg sale announced
- Operational simplification and digitalisation progressing: harmonised client segments, service offering and platforms across countries resulting in cost savings, delivering scale and lower FTEs
- Basel IV impact on private banking is neutral

### Next steps & aspirations

- Further invest in IT and digital banking to improve processes, client convenience and client portals
- Improve C/I ratio and ROE in individual countries
- Leveraging on a modern open architecture
- Increase sustainable client assets to EUR 16bn by 2020 (>10bn Q1 2018)
- Well positioned for organic NNA growth and bolt-on M&A

# Building a leading franchise in sustainability

## Support corporates with sustainability expertise



Solar parking lot at TT Assen, the Netherlands

- First bank to issue a Dutch green bond in 2015
- Track record as lead manager and structurer of green bonds for international banks and other issuers <sup>1)</sup>
- Global coordinator in Alfen IPO, an energy solutions provider of sustainable and innovative electricity grids
- First Asian sustainability linked loan to a leading Asian agri-corporate

## Commitment to building a circular economy



Circularity: continued use and re-use of resources for the longest possible time. Reduce waste, address the problem of shrinking stocks of resources and reduce carbon emissions

- Become partner of choice to support clients making a step-change towards a circular business model
- Finance EUR 1bn in circular corporate loans by 2020 and reduce CO<sub>2</sub> emission
- Examples of circular transactions recently financed
  - Bajes Kwartier, redevelopment of a former prison
  - 'Light as a service' with smart LEDs
  - Circular dismantling of airplanes
  - Vibers, a new natural material to replace plastic

1) ABN AMRO was bookrunner in 11 green bond deals (o/w 8 from bank issuers) with a combined deal value of USD 1.6bn in 2017. ABN AMRO was structuring advisor and/or bookrunner on inaugural issues from SEB, Swedbank, Barclays, Hypo Vorarlberg, Deutsche Hyp and LBBW, and had repeat mandates from Berlin Hyp and DKB



# Solid quarter

EUR m	2018 Q1	2017 Q1	Delta
	IFRS9	IAS39	
Net interest income	1,671	1,596	5%
Net fee and commission income	431	452	-5%
Other operating income	227	198	15%
<b>Operating income</b>	<b>2,329</b>	<b>2,246</b>	<b>4%</b>
<i>o/w incidentals</i>	25	31	
Operating expenses	1,348	1,353	0%
<i>o/w incidentals</i>	46	41	
<b>Operating result</b>	<b>981</b>	<b>893</b>	<b>10%</b>
Impairment charges	208	63	
Income tax expenses	178	215	-17%
<b>Profit</b>	<b>595</b>	<b>615</b>	<b>-3%</b>

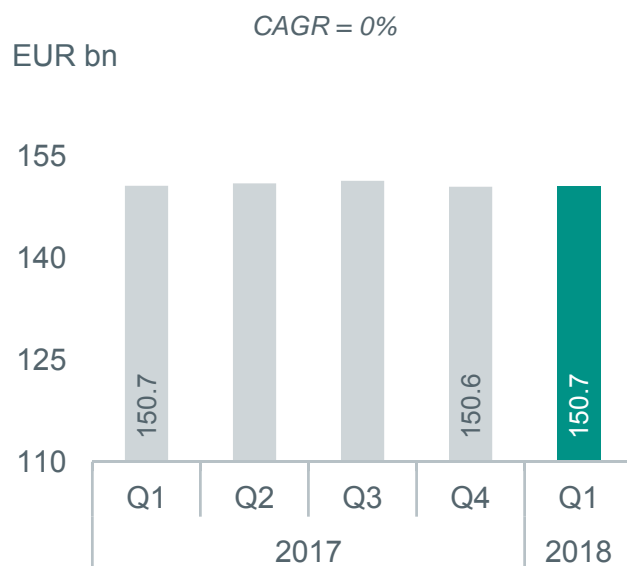
## Key points <sup>1)</sup>

- Net profit of EUR 595m, down 3%
- Limited effect of incidentals
- Operating income up 4%, reflecting strong NII and good Equity Participations results
- Operating expenses flat, despite new collective labour agreement
- Impairments up, reflecting challenges in specific sectors such as Shipping and Offshore services (both oil & gas related) and Diamond & Jewellery

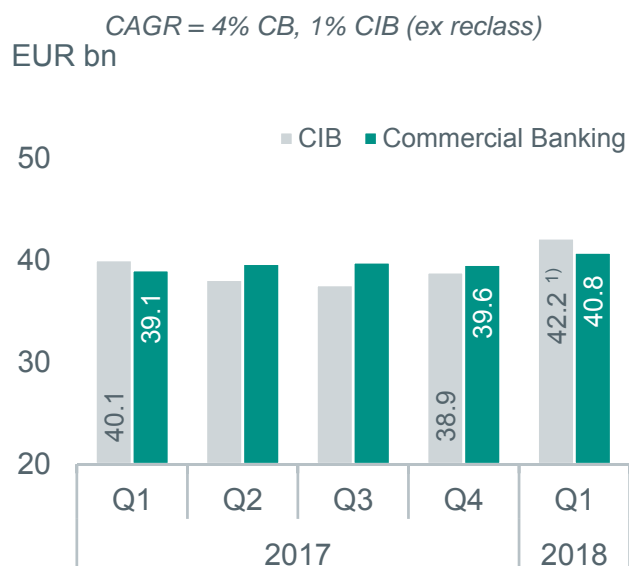
1) In this presentation all 2018 financials are presented in accordance with IFRS9, whereas historic financials are presented in accordance with IAS39

# Client lending picking up through corporate loans

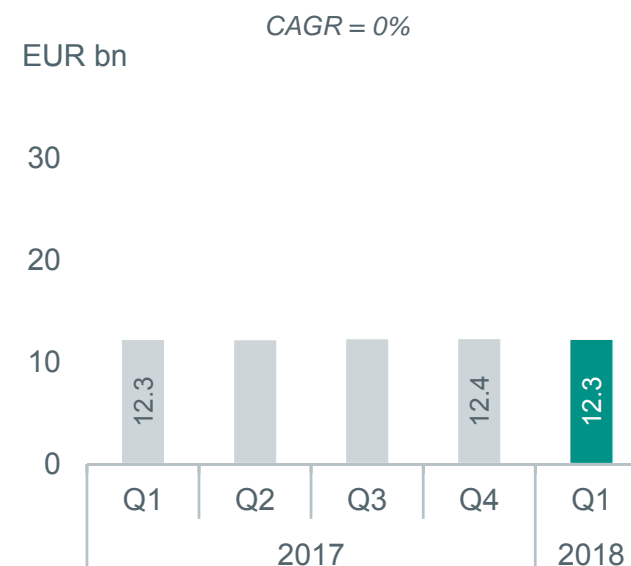
## Mortgage client lending



## Corporate client lending



## Consumer loans client lending

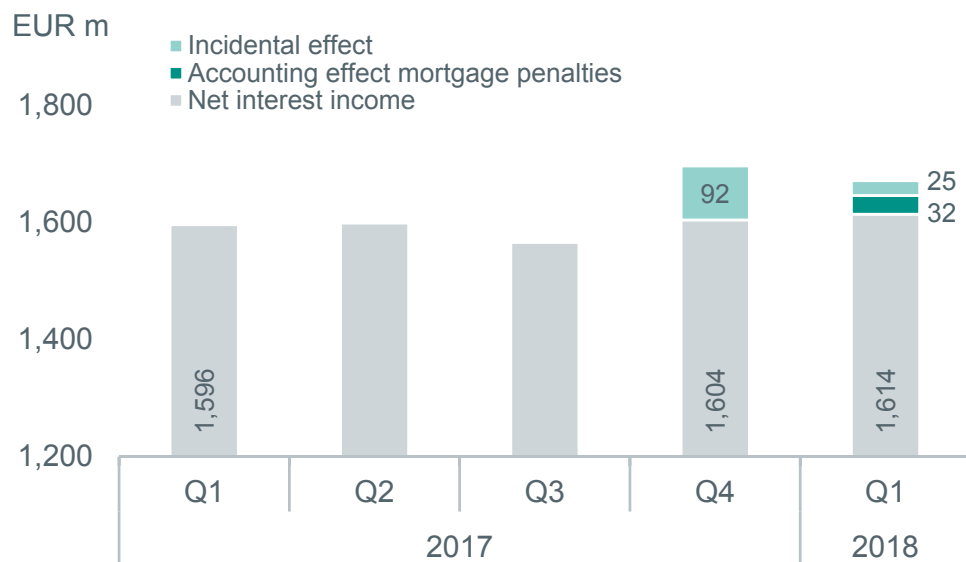


- Mortgage loans flat in Q1, despite strong competition in Dutch mortgage market and rising amortisation levels
- Corporate loan growth, reflecting strong growth in Dutch SMEs (in CB) and Financial Institutions, Food & Retail and a EUR 1.8bn reclass (in CIB) <sup>1)</sup>
- Stable volumes maintained for Consumer loans in Q1

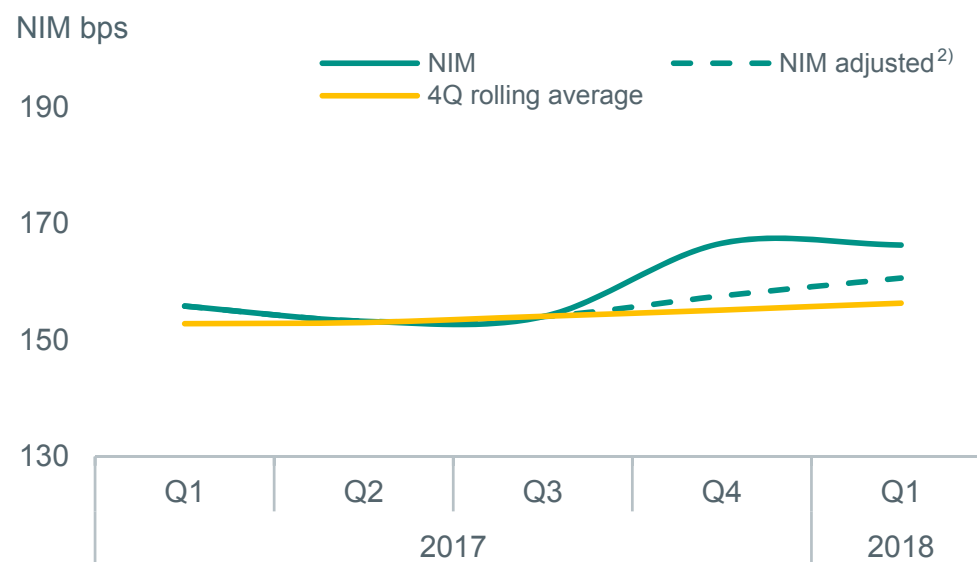
1) Corporate loans CIB: increase of EUR 3.3bn vs. Q4 2017 (o/w EUR 1.8bn reclassification from professional lending), and includes effect of USD depreciation (EUR -0.7bn). Effect of USD depreciation vs. Q1 2017 EUR -4.3bn

# Net interest income resilient despite low rate environment

## Net Interest Income (NII)



## Net Interest Margin (NIM)



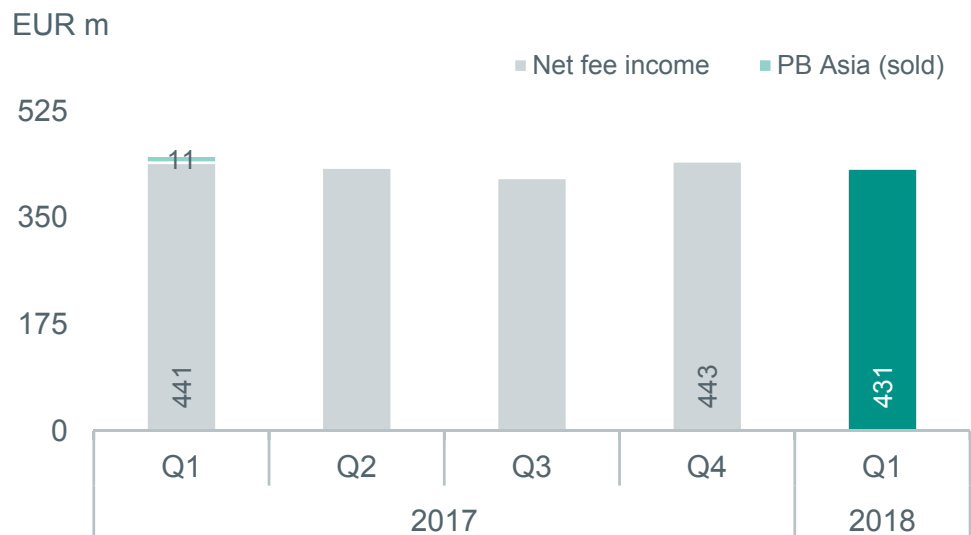
- NII up 5% vs. Q1 2017, reflecting loan growth and an accounting effect of mortgage penalties <sup>1)</sup>
- NIM increased largely due to accounting effect of mortgage penalties and improved margins on corporate and consumer loans
- Limited sensitivity to interest rate (as a result of hedging), pressure on future deposit margins remains (when rates stay low)

1) Q1 2018 includes: accounting policy change for mortgages interest rate renewals ('interest rate averaging') prior to the end of the interest period has led to a EUR 25m release in NII for faster amortisation of 2017 penalties; EUR 32m is the 'recurring' effect for faster amortisation of mortgage penalties. Q4 2017 included EUR 49m release of upfront penalties for mortgage interest rate renewals. Q4 2017 further included a release of unearned interest on defaulted loans (EUR 74m), T-LTRO benefit for 2017 (EUR 29m), partly offset by provisions for Euribor based mortgages (EUR -52m) and the ICS compensation scheme (EUR -8m)

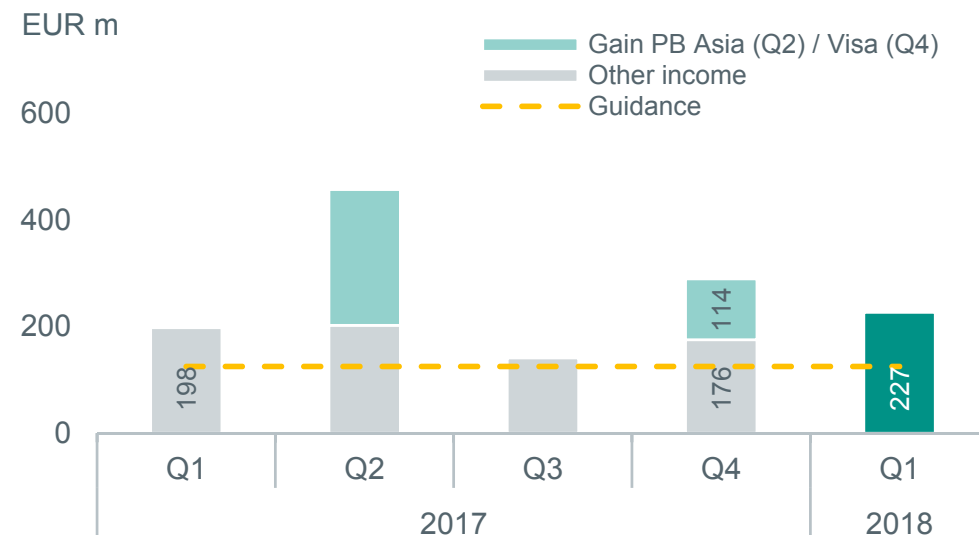
2) NIM adjusted for incidental items and accounting effect of mortgage penalties

# Non-interest income is slightly up

## Net fee income



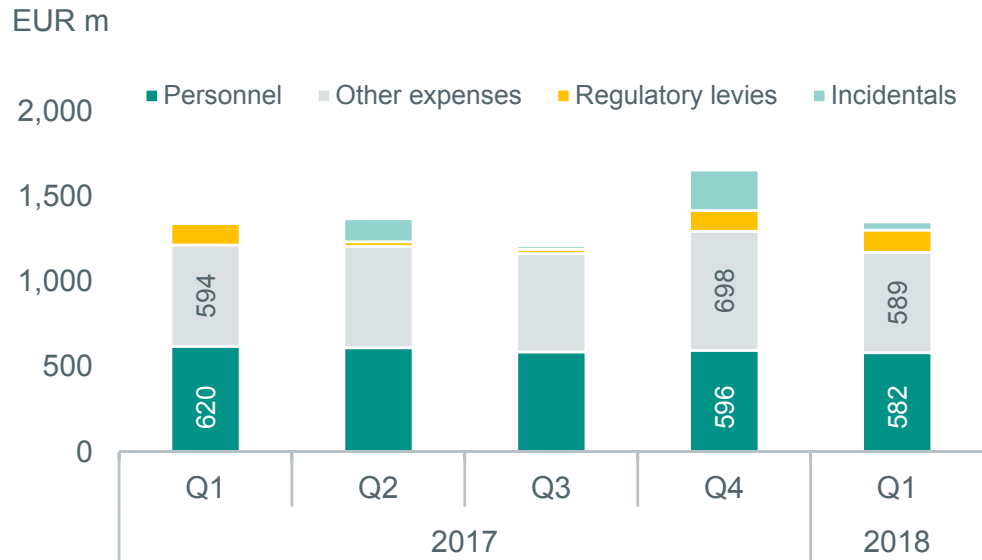
## Other operating income



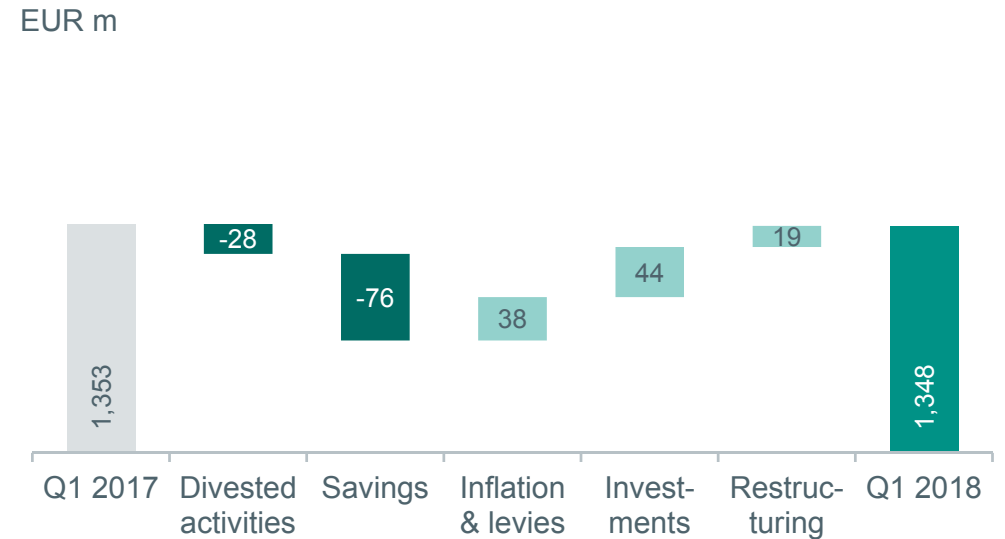
- Fees slightly lower vs. Q1 2017 reflecting the sale of PB Asia and lower fee income in Retail and CIB
- Higher other income for the quarter, reflecting good Equity Participation results (EUR 102m) in CIB and a revaluation of the equensWordline stake (EUR 46m)
- Lower accounting effects Q1 2018 (Q1 2017): hedge accounting EUR 24m (EUR 50m), CVA/DVA/FVA EUR -4m (EUR 23m)

# Operating expenses trending down

## Operating expenses <sup>1)</sup>



## Transition operating expenses <sup>2)</sup>



- Personnel expenses trending down, mainly reflecting lower FTE levels
- Restructuring provision (EUR 31m) relates to reorganisation of control and support activities (in GF) and Markets (in CIB) <sup>3)</sup>
- Other expenses remained flat vs. Q1 2017, reflecting mainly I&T run cost savings offset by higher IT costs for innovation

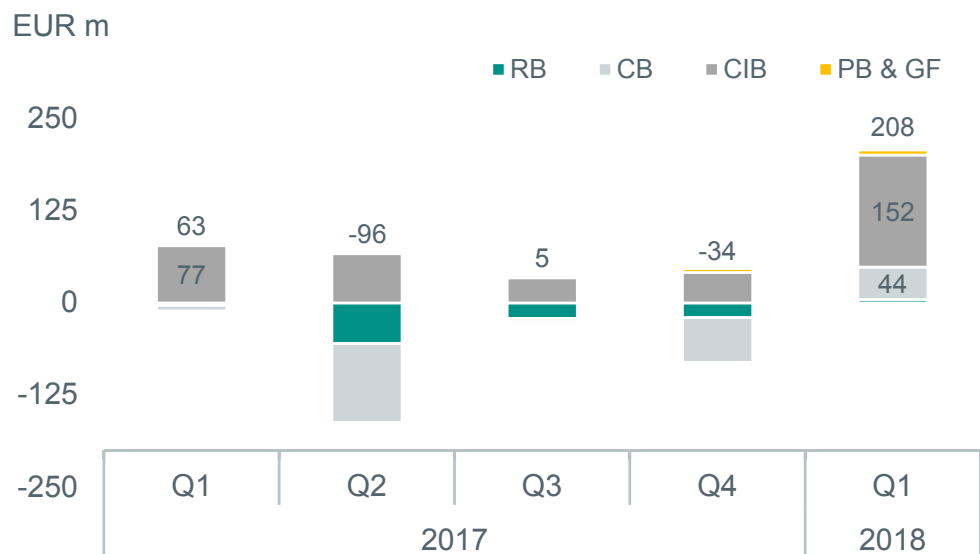
1) Q1 2017 still includes costs for PB Asia activities, which were divested on 1 April 2017

2) Inflation & Levies up EUR 38m, o/w EUR 16m one-off CLA payment and EUR 4m regulatory levies, remainder being mainly wage inflation

3) Q1 2018 incidentals: restructuring provision EUR 31m (Q1 2017 EUR 12m), one-off CLA effect EUR 16m

# High impairments in specific industry sectors

## Impairments by business segment



## Breakdown Q1 2018 impairments

Industry sector	Impairments	Segment	Comment
Shipping - OSV	46m	CIB	Global Transportation & Logistics, former ECT-Transportation
Dutch SMEs	44m	CB	Health care, manufacturing
Off-shore services	42m	CIB	Natural Resources, former ECT-Energy
Diamond & Jewellery	41m	CIB	
Commodities	8m	CIB	Part of Trade & Commodity Finance, former ECT-Commodities
Other	27m	All	
<b>Total</b>	<b>208m</b>		

- Higher impairments, largely recorded in stage 3 on defaulted loans and unrelated to IFRS9 implementation
- Oil & gas related impairments particularly in Off-shore Support Vessels (Shipping) and Off-shore services <sup>2)</sup>
- Impairments on several CB clients, predominantly in healthcare
- Diamond & Jewellery sector faces challenges causing impairments, portfolio declined in recent years

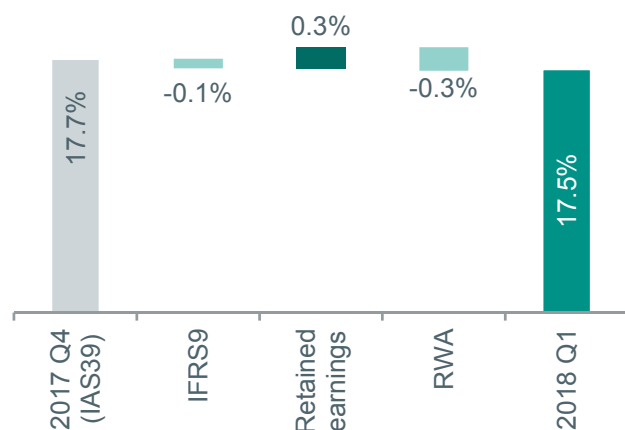
1) As of 2018 impairments are recognised under IFRS9 accounting rules, which replaced IAS39 accounting rules

2) ECT has been reorganised into new CIB industry lending sectors. Impairments in 'former ECT' were EUR 97m over Q1 2018 (FY2017 EUR 186m, FY2016 EUR 209m)

# Strong CET1 capital provides resilience against Basel IV impact

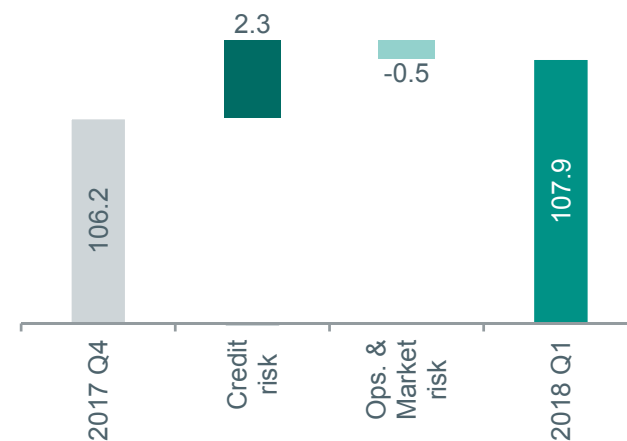
## CET1 fully loaded capital

Fully loaded CET1%

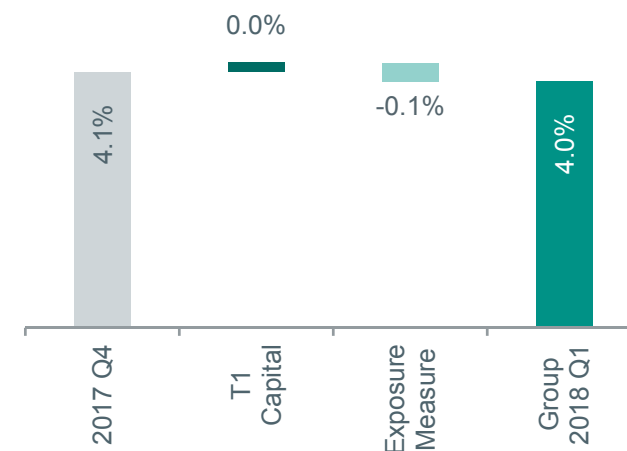


## Risk weighted assets

RWA bn



## Leverage ratio fully loaded



- Strong CET1 ratio 17.5%, includes IFRS9 impact of -12bps
- RWAs up, driven by credit risk reflecting loan growth to Dutch SMEs, CIB (mainly FIs, Food & Retail) as well as higher RWAs for defaulted loans
- Fully loaded group leverage ratio at 4.0%, excluding a change in Clearing exposure measure improving the ratio by 0.5-0.6% <sup>1)</sup>
- MREL of 27.8% of RWA, on track to meet our 29.3% ambition by YE2019 (see appendix)

1) Basel IV and draft CRR propose a change in calculation of derivative exposures and credit conversion factors for off-balance sheet items. The revised calculation results in a decreasing exposure measure for clearing guarantees by approximately EUR 55-60bn

# Capital management developments

## Capital management framework

- Aim to meet fully loaded Basel IV CET1 requirements early in the phase-in period
- Capital target range of 17.5-18.5% to be reviewed at YE2018, to reflect RWA developments under Basel III and Basel IV
- Dividend pay-out of 50% of sustainable profit, from 2018
- Additional distributions will be considered when capital is within or above the target range and depending on other circumstances, including regulatory and commercial considerations. Combined distribution amounts to at least 50% of sustainable profit

## Basel III Capital & RWA drivers

- Regulatory: AMA, TRIM, FRTB, add-ons, NPL guidance
- Capital requirements, SREP & stress test
- Business developments
- Credit quality migration/developments
- Model reviews and updates
- FX movements
- Management actions

## Basel IV RWA drivers

- Framework published on 7 Dec 2017
- Awaiting regulatory decisions to be made
  - Quantitative Impact Study (QIS)
  - EU implementation
  - Future supervisory decisions
- Assessing opportunities for remediation
- Investigating opportunities for repricing and adapting business mix and model



# Financial targets

	2017	2018 Q1	Targets
Return on Equity	14.5% <sup>1)</sup>	11.5%	10-13%
Cost/Income ratio	60.1% <sup>1)</sup>	57.9%	56-58% (by 2020)
CET1 ratio (FL)	17.7%	17.5%	17.5-18.5% <sup>2)</sup> (2018)
Dividend - per share (EUR) - pay-out ratio	1.45 50%	-	<ul style="list-style-type: none"> <li>▪ 50% of sustainable profit <sup>3)</sup></li> <li>▪ Additional distributions will be considered <sup>3)</sup></li> <li>▪ Combined at least 50%</li> </ul>

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 excludes exceptional items that significantly distort profitability; examples from the past would have been the book gain on PB Asia sale (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



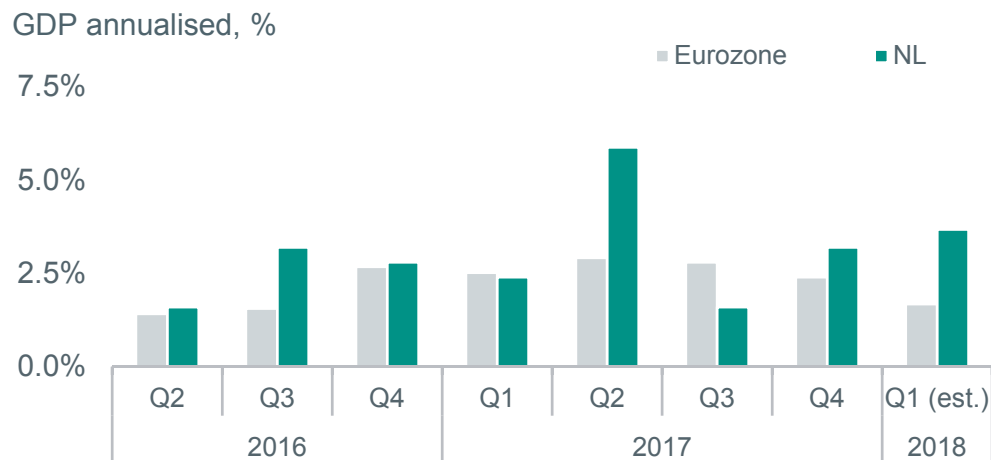
Additional slides

Value	Day's Change	Closing Bid	Day's Change
0.0403	7.6053	0.0242	
0.0129	1.5369	0.0108	
0.0025	0.5984	0.009	
0.0438	10.9679	0.01	
0.0095	3.2798	0.00	
0.0058	1.5917	0.0	
1.4171	767.832	-0.	
0.0500	9.8940	0	
15.8280	2890.54		
1.730	793.079		

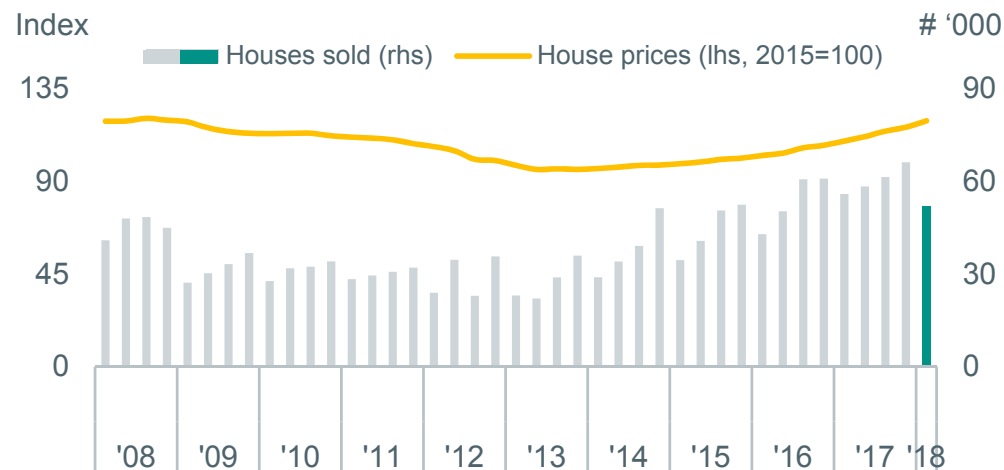
# Profile

# Strong Dutch economy and housing market

## Dutch economy outperforming Eurozone <sup>1)</sup>



## Strong performance Dutch housing market <sup>1)</sup>



- Dutch economy expected to drive further growth in client lending and asset quality improvements
- GDP growth for the Netherlands expected to continue and again outperform average Eurozone growth for 2018
- House prices have almost recovered to pre-crisis levels, transactions expected to come down due to scarcity in supply

1) Source: ABN AMRO Group Economics, CBS Statline. Q1 2018 GDP for the Netherlands is estimated by ABN AMRO Group Economics

# Dutch economic indicators strong in European context

## Strong fundamentals NL

- International orientation, highly competitive: global rank no. 4 by the World Economic Forum
- Sound financials: gov. debt 57%, budget deficit 1.1%
- Large, persistent external surplus: current account +10.2%
- Major recent reforms (retirement age, housing market); pension fund assets ~190%

Numbers as % GDP (2017)

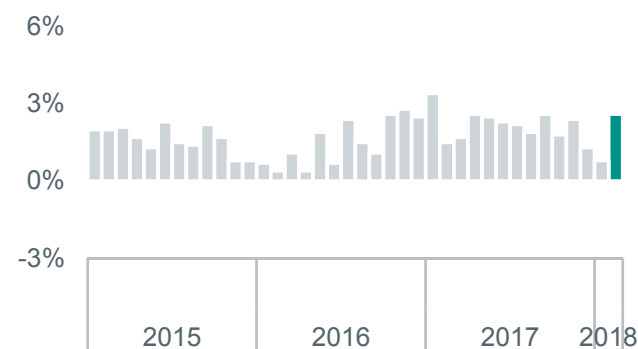
## Economic metrics

		2016	2017	2018e	2019e
Netherlands	GDP (% yoy)	2.1%	3.3%	3.3%	2.6%
	Inflation (indexed % yoy)	0.1%	1.3%	1.5%	2.4%
	Unemployment rate (%)	6.0%	4.9%	3.8%	3.5%
	Government debt (% GDP)	62%	57%	53%	49%
Eurozone	GDP (% yoy)	1.7%	2.5%	2.8%	2.3%
	Inflation (indexed % yoy)	0.2%	1.5%	1.7%	1.4%
	Unemployment rate (%)	10.0%	9.1%	8.0%	7.2%
	Government debt (% GDP)	91%	90%	88%	84%

Source: ABN AMRO Group Economics 19 April 2018

## Dutch consumer spending

% change vs. same month a year ago, CBS



## Dutch consumer confidence

Seasonally adjusted confidence (end of period), CBS



## Dutch bankruptcies

# per month businesses & institutions, CBS



# Attractive combination of strong and complementary businesses

## Retail Banking

± <b>5m</b> retail clients	± <b>300k</b> small enterprises <sup>1)</sup>
Low capital intensity	Funding gap

- Top 3 player in NL
- Prime bank for c.20% of Dutch population
- Nr. 2 in new mortgage production
- Nr. 2 in Dutch savings <sup>2)</sup>
- Leading digital offering, 24/7 Advice and Service Centres and 179 branches

## Commercial Banking

± <b>65k</b> clients	<b>5</b> Present in countries
Higher capital intensity	Funding balanced

- Leading player in the Netherlands
- Sector-based offering to clients with a turnover EUR 1m-250m
- Leading player in leasing and factoring in NW-Europe

## Private Banking

± <b>100k</b> clients	<b>6</b> Present in countries
Low capital intensity	Funding surplus

- Leveraging scale across Europe
- Market leader in the Netherlands
- 3rd in Germany, 5th in France
- Multi-channel client servicing
- Focus on IT, digital banking and operational simplification

## Corp. & Inst. Banking

± <b>3k</b> clients	<b>16</b> Present in countries
Higher capital intensity	Funding gap

- Leading player in the Netherlands
- Sector-based offering to large corporates including ECT, FIs and Clearing
- Capability-led growth for selected businesses and sectors in NW-Europe and globally
- International presence in key financial and logistical hubs

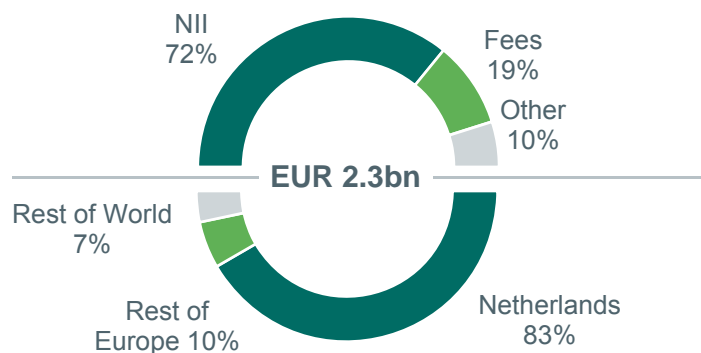
1) Transferred to Commercial Banking as of 1 April 2018

2) Including Private Banking in the Netherlands

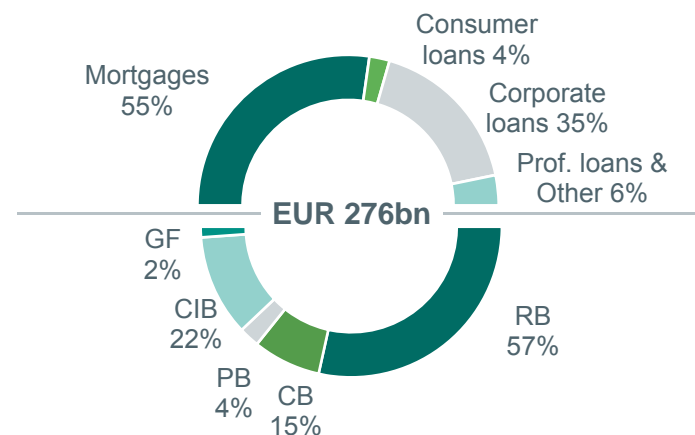
# NII largely Dutch based and Dutch state divestment progressing

## Large share of Dutch recurring income

Split of operating income (Q1 2018)



## Majority client loans in Dutch residential mortgages



## Dutch state divestment process is progressing well

- |                            |                |                               |                          |
|----------------------------|----------------|-------------------------------|--------------------------|
| ▪ Shares outstanding       | 940m           | ▪ IPO, 23%                    | EUR 17.75 p.s., Nov 2015 |
| ▪ Free float (13 May 2018) | 44%            | ▪ 2 <sup>nd</sup> placing, 7% | EUR 20.40 p.s., Nov 2016 |
| ▪ Avg. daily traded shares | 1.9m (Q1 2018) | ▪ 3 <sup>rd</sup> placing, 7% | EUR 22.75 p.s., Jun 2017 |
|                            |                | ▪ 4 <sup>th</sup> placing, 7% | EUR 23.50 p.s., Sep 2017 |

# Banking for better, for generations to come

Building on long-term strategic foundation



Client driven



Invest in the future



Moderate risk profile



Sustainable growth

Medium-term strategic priorities

Bring Expertise	Enhance Client Experience	Innovate & Grow	Deliver Fast
<ul style="list-style-type: none"> <li>Share insights</li> <li>Personalised solutions</li> <li>Open up our network</li> </ul>	Invest in convenient & inspiring apps and services <ul style="list-style-type: none"> <li>Reimagined customer journeys</li> <li>Top-notch customer interface &amp; frictionless security</li> <li>Quick &amp; transparent processes</li> </ul>	Innovate in our core and innovate with new business models and growth initiatives	<ul style="list-style-type: none"> <li>Become agile and accelerate change</li> <li>Focused control and support</li> <li>Simplify the business model</li> </ul>

Profile

A relationship-driven, knowledgeable and digitally savvy bank in Northwest Europe with expertise in selected sectors globally



# 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

## Commercial Banking



### Ambition

Best commercial bank in the Netherlands

### Growth initiatives

- Sector-based growth strategy in the Netherlands

## 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

## Corp. & Inst. Banking



### Ambition

Best corporate & institutional bank in NL and selected sectors abroad

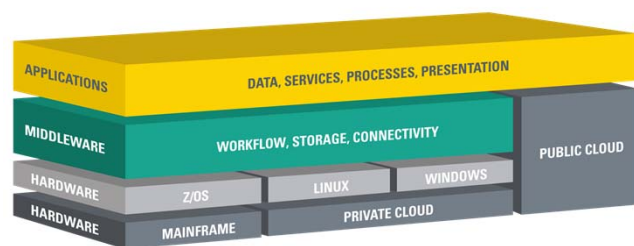
### Growth initiatives

- Expand activities to mid-large corporates in NW-Europe
- Globally expand adjacent ECT sectors: food production, renewables, utilities, basic materials

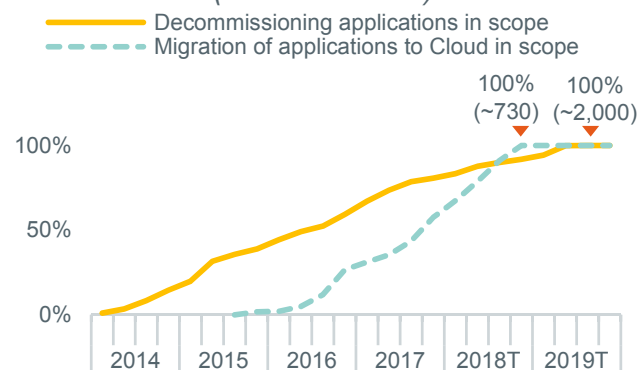
# Developing a future-proof IT landscape and accelerating IT development

## IT transformation for speed, flexibility and lower cost

Conceptual representation of target-state  
IT landscape by 2020



Progress of our IT transformation  
(started in 2013)



- IT infrastructure landscape is being transformed supported by a clear architecture to facilitate continuous change
- Private and public clouds enable scalability and shorter time-to-market
- Modular designed IT interfaces for re-use and speed
- Unlock potential value from data
- Clean sweep of phased-out IT systems
- Continuously phase-in further modernisations; no new core systems

## Accelerate: agile way-of-working

- Bank-wide implementation for IT-related change processes
- Self-exploring multidisciplinary teams work in two-week sprints towards minimum viable products
- Business lines in the lead on their own IT agenda
- Automated testing and deployment of new software functionality
- New mind-set accelerates IT development
- Further extend agile ways-of-working, including DevOps and lean start-up

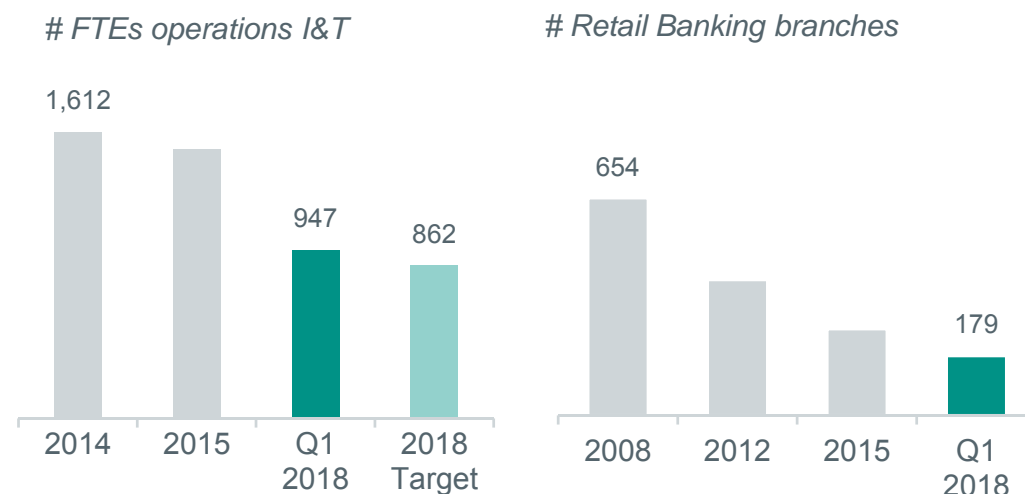
# Digitalisation to enhance client experience and improve efficiency

## Enhancing client satisfaction through digitalisation

	2015	Q1 2018
RB client sales and services digitally	35%	59%
Direct channel retail contacts		
- Mobile banking	76%	85%
- Internet banking	24%	15%
Mortgage webcam advice	-	55%

- Continuous redesign of customer journeys and processes, leveraging digital competencies such as mobile, social, cloud, and big data
- Enhance client experience in key client journeys
- Integration of online and offline channels reducing operational hassle, increasing focus on specific client needs
- Acceleration of structural improvement to customer journeys and internal processes

## Reducing FTEs and branches



- Strong rationalisation of processes as services move from branches and call centers to mobile and online
- Digitalisation primarily focused on most frequently used processes
- Continued rationalisation of products and automation of processes
- Digitalisation resulted in strong reduction of operational FTE

# Priorities for banks are increasingly technologically driven

## Safeguarding continuity



- Fraud detection system with real time scoring of transactions
- Security Operations Centre monitors network security
- Identity and access security as a gate-keeper
- Over 100bn access checks annually
- Data profiling techniques to detect money laundering, malware attacks and phishing

## Generating value from data

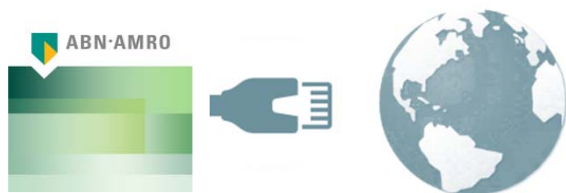


- Strong increase in data, increasing importance of structure and integrity
- Improved usage of data due to better analytics and advanced algorithms
- Improve services and processes, e.g. process mining to detect bottle-necks
- Transform service offering
- Fundamental knowledge and insights to explore opportunities e.g. with advanced scenario planning

1) Safeguarding continuity

# An explorative strategy towards Open Banking, engaging in ecosystems

## Explore open banking potential



- Use broad user base of current apps as steppingstone
- API Developer platform to explore opportunities & connect with developers
- Digital challengers launched, competing with new competitors
- Digitalisation of our advisory capabilities, e.g. with GRIP
- Exploring the new playing field and learn by doing

## Engage in digital ecosystems



- Combining services with partners to deliver a broad value proposition
- Speed up innovation and enhance more customer journeys with partners
- Targeted initiatives
  - Create platforms with 3rd party services, e.g. 'Tikkie business'
  - Distribute capabilities via 3rd parties, e.g. Tweadle (lending)
  - Connect & partner with external APIs, e.g. additions to mobile app

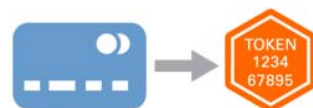
## Mutually reinforcing propositions



- Enabling broad adoption among existing clients and new clients
- Accelerated exploration of new opportunities
- Working with partners, also through Digital Impact Fund, e.g. Tink for Grip and CLS for Tweadle
- Beyond Banking Days to identify concepts
- Fully embedded in the business model

# Exploring paradigm shifts and new business models

## Open mind-set and solid innovation capabilities



- Incremental innovations to defend and extend products and services
- Innovation labs to experiment with new business concepts
- Paradigm shifts explored e.g. tokenisation, crypto econ., digital ID, quantum computing & circular economy
- Intensify cooperation with partners to accelerate innovation, also through Digital Impact Fund
- Partnering include the Dutch Blockchain coalition, R3, IBM, Accenture, Universities, Digital Asset Holding
- Broad knowledge base on key technologies such as Artificial Intelligence, Blockchain and smart contracts

## Challenger Banks accelerate innovation



- Challenger banks launched for retail, private and corporate clients
- Agile organisations offering newly developed online propositions for self-directed clients
- Large degree of autonomy, running their own IT and operations from separate locations
- Share experience on new business concepts and technologies company-wide

# Sustainability well embedded in the organisation



## Non financial metrics 2017 (2016)

### Clients

Trust Monitor Score (scale 1-5)	Net Promoter Score			
<b>3.2</b> (3.1)	RB	CB	PB	CIB
	<b>-9</b> (-15)	<b>-6</b> (-23)	<b>12</b> (-1)	<b>32</b> (40)

### Employees

Employee engagement	Gender diversity at the top
<b>79%</b> (82%)	<b>25%</b> (25%)

### Society at large

DJ Sustainability Index	Sustainable clients assets (EUR bn)
<b>91</b> <sup>1)</sup> (87)	<b>10</b> (8)

## Integrated in our way of doing business

- Sustainability Risk Policy as a framework
  - Inclusive approach: direct client engagement
  - Influence sustainability performance of clients
  - Exclusion list, incl. human rights, controversial weapons, arctic drilling, tar sand exploration, tobacco
- Sustainability policies and guidelines
  - Lending, investments, procurement, product development
  - Cross-sector: Human Rights and Climate Change
  - Sector e.g. Energy, CRE, Industry
- Continuous review of clients and individual financings

1) ABN AMRO is part of the top 5% sustainable banks worldwide

# Key themes sustainability

## Climate



- Improve real estate portfolio to 'A' label by 2030
- Own real estate energy label A by 2023
- Double sustainable AuM to EUR 16bn by 2020 in Private Banking
- Number 1 position in real estate sustainability benchmark (GRESB)

## Human Rights



- First Human rights report by a bank worldwide
- Focus on privacy, discrimination, labour and land related rights
- Implementation of the Dutch Banking Sector Agreement on international responsible business conduct regarding human rights

## Circular economy



- Become partner of choice to support clients towards a circular business model
- Aim by 2020: EUR 1bn circular assets and 1 megaton CO2 reduction
- Recently several circular transactions financed

## Social entrepreneurship



- 1<sup>st</sup> health related Impact Bond issued, in total six Social Impact Bonds
- Increase impact banking loan portfolio to EUR 50m in upcoming years
- Recently agreed on two loan participations reaching coffee farmers in Latin America and Uganda



# Mission 2030: making real estate more sustainable

## Rationale



- Real estate in the Netherlands is responsible for 40% of the total carbon emission
- Two thirds of the ABN AMRO client portfolio is in Dutch real estate
- This equals to more than 10% of the country's total built environment
- Positive effect on quality of the balance sheet and the risk profile of the bank

## Ambition



- Improve clients' and own real estate portfolios to avg. label 'A' by 2030
- Aim to make over 700,000 homes more energy efficient
- ABN AMRO real estate already 'green' and all (owned and leased) buildings 'A' label by 2023
- Carbon emission reduction of 2 megatons

## Motivate & support



Motivate & support clients to take action

- Energy savings desk for retail clients
- Sustainable Investment Tool for corporate clients for commercial real estate
- Support clients to take action by offering clients a sustainability discount (0.2%) on mortgage rates

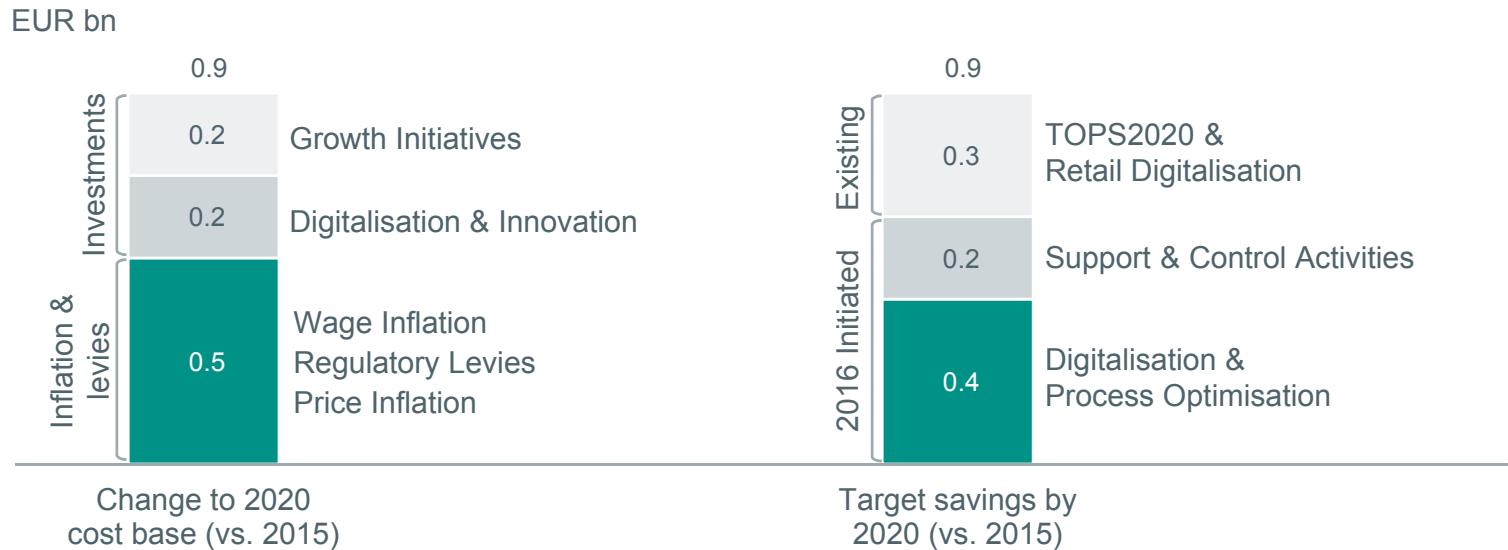
# Financials

# Solid Q1 2018 results

EUR m	Q1 2018	Q1 2017	Delta
Net interest income	1,671	1,596	5%
Net fee and commission income	431	452	-5%
Other operating income	227	198	15%
<b>Operating income</b>	<b>2,329</b>	<b>2,246</b>	<b>4%</b>
Operating expenses	1,348	1,353	0%
<b>Operating result</b>	<b>981</b>	<b>893</b>	<b>10%</b>
Impairment charges	208	63	
Income tax expenses	178	215	-17%
<b>Profit</b>	<b>595</b>	<b>615</b>	<b>-3%</b>
Profit			
-Retail Banking	303	326	-7%
-Commercial Banking	109	132	-18%
-Private Banking	66	53	23%
-Corporate & Inst. Banking	74	88	-16%
-Group Functions	44	16	
Net interest margin (bps)	166	156	
Cost of risk (bps)	32	9	
Earnings per share (EUR)	0.59	0.64	
Dividend per share (EUR)	n/a	n/a	

# 2020 cost base expected to be the same as 2015

## Increase in costs compensated by additional savings



## FTEs

- Internal and external FTEs to decline by 13% by 2020 (vs. YE2015); actual FTEs down by 10% vs. YE2015
- Provisions relating to internal staff reduction
  - EUR 348m in H2 2016
  - EUR 168m in FY2017
  - EUR 31m in Q1 2018

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

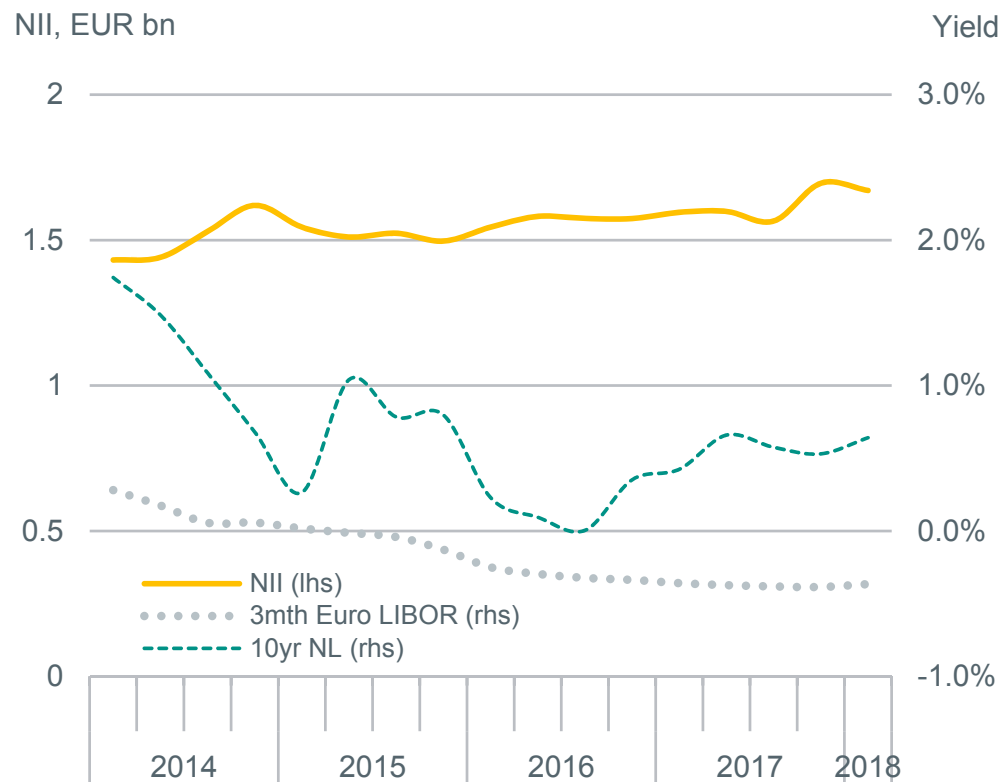
EUR 0.9bn savings targeted by 2020 vs. 2015 cost base

- EUR 0.4bn from digitalisation and process optimisation
- EUR 0.2bn from support & control activities
- EUR 0.3bn from TOPS2020 & Retail Digitalisation (already in execution)
- More than half of cost saves realised

# Interest income actively managed

## Hedging the balance sheet against interest rate movements helps stabilise NII

- Conceptually, interest rate risk is managed by swapping both assets and liabilities to floating
- In practice what we do is:
  - Wholesale funding and the liquidity buffer are swapped individually to a floating rate
  - Loans and deposits are managed on a portfolio basis, where only the net interest exposure is hedged with swap contracts
- As a result, interest income is predominantly driven by the commercial margin and volume developments
- NII-at-Risk from a 200bps gradual interest rate at YE2017 <sup>1)</sup>
  - decline, in 12 months: around -0.5% (EUR -27m) in NII
  - rise, in 12 months: around 1.9% (EUR 106m) in NII



<sup>1)</sup> NII-at-risk is published twice a year, in Q2 (Q2 report) and in Q4 (annual report). In the calculation some floors are applied in the falling interest rate scenario: we apply a floor of 0bps for retail deposits and a floor of -100bps for market rates

Source: SNL, 3m EURIBOR and 10yr NL benchmark yields based on end of period

# Leading Retail Bank

## Financials and key indicators

EUR m	Q1 2018	Q1 2017
Net interest income	855	866
Net fee and commission income	100	105
Other operating income	5	4
<b>Operating income</b>	<b>960</b>	<b>976</b>
Operating expenses	551	543
<b>Operating result</b>	<b>409</b>	<b>432</b>
Loan impairments	4	-4
Income tax expenses	102	110
<b>Profit for the period</b>	<b>303</b>	<b>326</b>
Contribution group operating income	41.2%	43.4%
Cost/income ratio	57.4%	55.7%
Cost of risk (in bps)	1	-1
EUR bn	Mar 2018	YE2017
Client lending	157.6	157.6
Client deposits	101.9	102.8
Client assets <sup>1)</sup>	113.9	115.1
RWA	27.8	28.7
FTEs (#)	5,139	5,192



## Key strengths

- Leading Retail Bank in the Netherlands with stable and recognised market positions and a loyal client base
- Effective multi-label strategy with clear earnings model
- Seamless omni-channel distribution, with best in class digital offering
- Digital innovation driving digital sales of products and services
- Low-risk model and resilient good financial performance
- Strong client feeder for Private Banking

1) Includes the migration of clients assets to Private Banking due to lowering of the AuM threshold at Private Banking in the Netherlands

# Sector oriented Commercial Banking

## Financials and key indicators

EUR m	Q1 2018	Q1 2017
Net interest income	353	335
Net fee and commission income	47	47
Other operating income	9	11
<b>Operating income</b>	<b>409</b>	<b>393</b>
Operating expenses	222	224
<b>Operating result</b>	<b>187</b>	<b>169</b>
Loan impairments	44	-8
Income tax expenses	34	44
<b>Profit for the period</b>	<b>109</b>	<b>132</b>
Contribution group operating income	17.6%	17.5%
Cost/income ratio	54.2%	57.0%
Cost of risk (in bps)	50	-8
EUR bn	Mar 2018	YE2017
Client lending	40.8	39.6
Client deposits	35.8	35.7
RWA	24.6	23.8
FTEs (#)	2,594	2,773



## Key strengths

- Leading market positions and strong brand name
- Sector oriented client portfolio and dedicated sector approach
- Relationship-driven business model
- Product expertise and capabilities
- Risk reward steering and hurdle discipline
- Strict credit risk management and monitoring
- Growth focus leasing and factoring in NW-Europe

# Private Banking with focus on NW-Europe

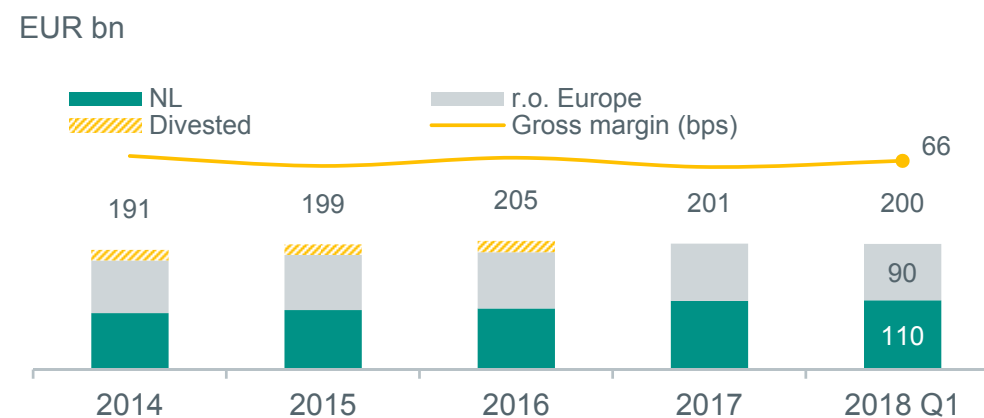
## Financials and key indicators <sup>1)</sup>

EUR m	Q1 2018	Q1 2017
Net interest income	185	164
Net fee and commission income	137	152
Other operating income	12	18
<b>Operating income</b>	<b>333</b>	<b>334</b>
Operating expenses	240	269
<b>Operating result</b>	<b>94</b>	<b>65</b>
Loan impairments	5	-4
Income tax expenses	23	16
<b>Profit for the period</b>	<b>66</b>	<b>53</b>
Contribution group operating income	14.3%	14.9%
Cost/income ratio	72.0%	80.4%
Cost of risk (in bps)	20	-12
EUR bn	Mar 2018	YE2017
Client lending	12.3	12.4
Client deposits	63.5	65.0
Client assets	200.1	200.6
RWA	9.3	9.4
FTEs (#)	3,104	3,240

## Key strengths

- One private bank, leveraging scale across core countries in NW-Europe through strong local brands
- No. 1 private bank in NL, no. 3 in Germany and no. 5 in France
- Modern open architecture model
- Well positioned for NNA growth and bolt-on M&A
- Funding contributor to the group

## Client assets by geography <sup>2)</sup>



1) Q1 2017 includes results from private banking activities in Asia which were sold in Q2 2017

2) Q1 2018 client assets breakdown by type: 33% cash and 67% securities (incl. custody 20%). 'Divested' is client assets relating to the private banking activities in Asia which were sold in Q2 2017



# Corporate & Institutional Banking with selective international presence

## Financials and key indicators

EUR m	Q1 2018	Q1 2017
Net interest income	265	231
Net fee and commission income	137	143
Other operating income	126	103
<b>Operating income</b>	<b>528</b>	<b>477</b>
Operating expenses <sup>1)</sup>	299	287
<b>Operating result</b>	<b>229</b>	<b>190</b>
Loan impairments	152	77
Income tax expenses	3	25
<b>Profit for the period</b>	<b>74</b>	<b>88</b>
Contribution group operating income	22.7%	21.2%
Cost/income ratio	56.6%	60.1%
Cost of risk (in bps)	105	52
EUR bn	Mar 2018	YE2017
Client lending	42.2	38.9
Client deposits	16.3	18.0
Professional lending	18.5	21.3
Professional deposits	12.5	12.3
RWA	38.8	37.7
FTEs (#)	2,594	2,542

1) Q1 2018 includes a restructuring provision in Markets (EUR 7m in personnel expenses)



## Key strengths

- Sector oriented client portfolio and dedicated sector approach
- Leading market positions and strong brand name
- Relationship-driven business model
- Product expertise and capabilities
- Risk reward steering and hurdle discipline
- Strict credit risk management and monitoring
- Selective strategic growth areas

# Group Functions for central support functions

## Financials and key indicators

EUR m	Q1 2018	Q1 2017
Net interest income <sup>1)</sup>	13	-1
Net fee and commission income	10	5
Other operating income	74	62
<b>Operating income</b>	<b>98</b>	<b>66</b>
Operating expenses <sup>1)</sup>	37	30
<b>Operating result</b>	<b>62</b>	<b>36</b>
Loan impairments	2	0
Income tax expenses	16	21
<b>Profit for the period</b>	<b>44</b>	<b>16</b>
EUR bn	Q1 2018	YE2017
Loans & Advances Customers	6.2	6.6
Due to Customers	4.2	2.9
RWA	7.3	6.5
FTEs (#)	6,185	6,206



- Group Functions supports and controls the businesses
- Through various disciplines: Strategy & Sustainability, Innovation & Technology, Finance incl. ALM & Treasury, Risk Management, Legal & Compliance, Group Audit, Communication and Human Resources

1) Q1 2018 includes several incidentals: release on mortgage penalty interest (EUR 25m in Net Interest Income), a positive revaluation related to equensWorldline (EUR 46m in other non-interest income) and a restructuring provision (EUR 24m in personnel expenses). Q1 2017 includes: a restructuring provision (EUR 12m in personnel expenses)

# Risk management

# Clean and strong balance sheet reflecting moderate risk profile

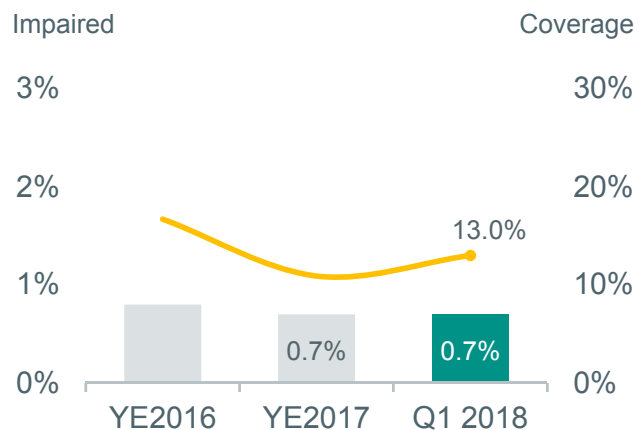
Total assets of EUR  
397bn at 31 March 2018

- Strong focus on collateralised lending
- Loan portfolio matched deposits, long-term debt and equity
- Limited reliance on short-term debt
- Limited market risk and trading portfolios
- Off-balance sheet commitments & contingent liabilities EUR 51bn

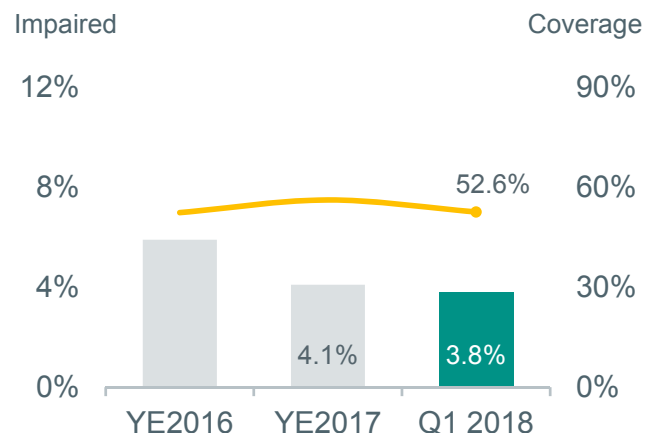


# Risk ratios continue to improve

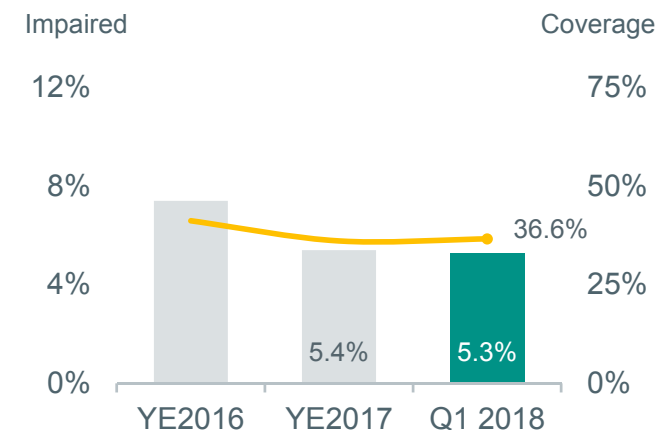
## Residential mortgages<sup>1)</sup>



## Consumer loans<sup>1)</sup>



## Corporate loans<sup>1)</sup>



■ Impaired ratio (lhs)      — Coverage ratio (rhs)

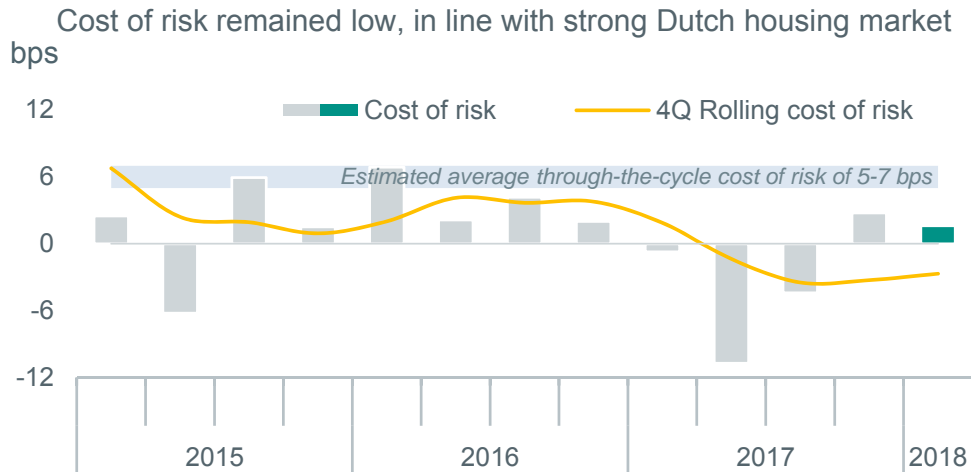
- Strong Dutch economy continues to show low impaired customer loans<sup>2)</sup> (EUR 6.8bn or 2.5% of customer loan book)
- Impaired ratio improved further for consumer & corporate loans and remained again stable for mortgages<sup>1)</sup>
- Coverage ratio on customer loan book remained fairly stable at 33.2% (YE2017: 33.0%)<sup>1)</sup>

1) As of 2018 impaired and coverage ratio are stage 3 ratios in accordance with IFRS9, historic ratios are in accordance with IAS39. Coverage ratios on mortgages and consumer loans were impacted by a reclass and transfer of impairment allowances from consumer loans to mortgages in Q1 2018

2) Impaired customer loans are total loans and advances customers stage 3 in accordance with IFRS9

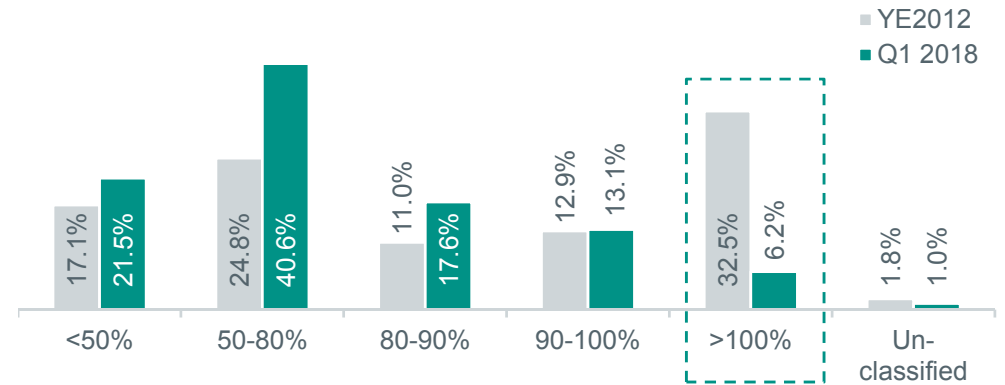
# Mortgage book benefits from housing recovery and regulatory changes

## Low mortgage impairments

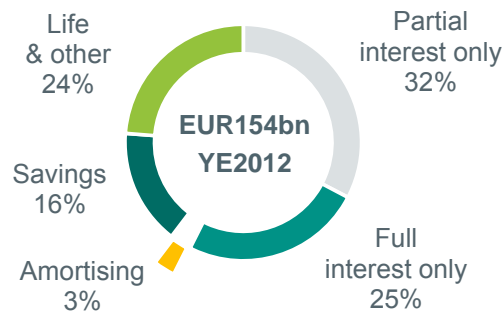


## Strong LtMV improvement, also for '>100%' class

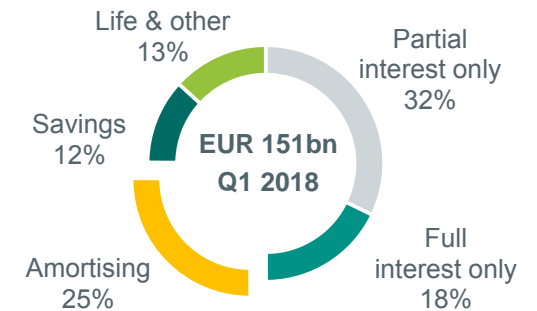
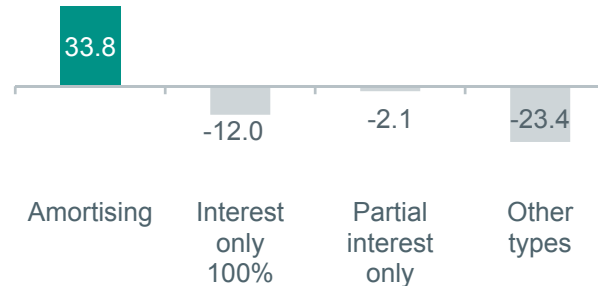
Q1 2018 avg indexed LtMV improved to 69% (66% excl. NHG)



## Mortgage book composition changes towards amortising loans



Absolute change in mortgage loan book Q1 2018 vs. YE2012 (EUR bn) <sup>1)</sup>



1) Q1 2018 production: c. 55% in 10-12yrs interest rate maturities, c. 35% >12yrs and c. 10% in 0-9yrs, totalling EUR 4bn. Redemptions were c. EUR 4bn in Q1 2018

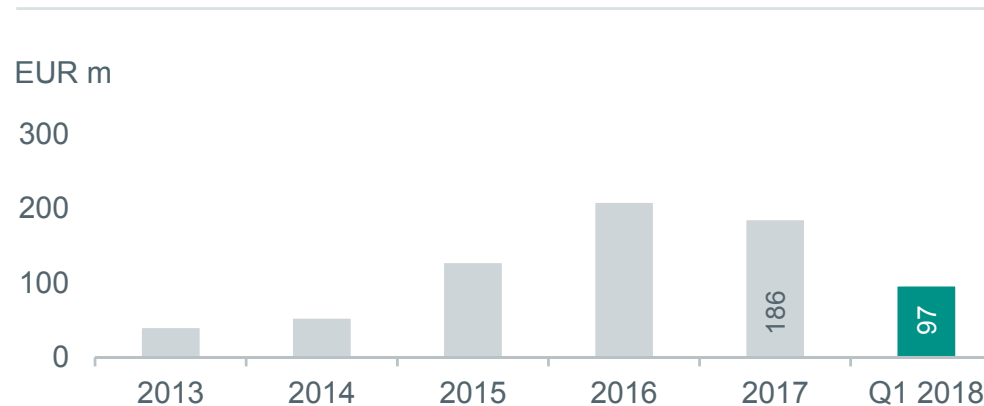
# Impairments in sectors formerly known as ECT remain elevated

## Transition of loans 'former ECT' 1)

Gross carrying amount EUR bn	GTL	Natural Resources	TCF	Total
<b>Q1 2018</b>	<b>9.6</b>	<b>7.2</b>	<b>11.7</b>	<b>28.5</b>
YE2017	9.6	7.0	11.6	28.2
- o/w Energy		6.2		6.2
- o/w Commodities		0.8	11.6	12.4
- o/w Transportation	9.6			9.6

Exposures in these sectors are largely USD denominated

## Impairment developments 2)



- Former ECT sectors transferred into new CIB industry sectors: GTL, Natural Resources and TCF<sup>1)</sup>
- Recovery in GTL observed in Dry Bulk & Container segments, however Tanker and Off-shore supply segments still face challenges
- Off-shore segment in Natural Resources still struggles with overcapacity, although there is a growing sense the market is bottoming out
- We remain cautious even though the oil price improvement led to lower FR&R inflow

1) GLT is Global Transportation & Logistics, Natural Resources is Energy & Basic Materials and TCF is Trade Commodity Finance

2) Q1 2018 Impairments of EUR 97m: o/w GTL EUR 46m; Natural Resources EUR 42m; Trade Commodity Finance EUR 8m. Q1 2017 Impairments of EUR 59m: o/w GTL EUR 25m; Natural Resources EUR 11m; Trade Commodity Finance EUR 24m.

# Capital, Liquidity & Funding



# Strong capital position

## Capital position

CRD IV phase-in capital	Q1 2018	YE2017
EUR m		
<b>Total Equity (IFRS)</b>	<b>21,460</b>	<b>21,330</b>
Other regulatory adjustments	-2,541	-2,537
<b>CET1</b>	<b>18,919</b>	<b>18,793</b>
Capital securities (AT1)	1,986	1,987
Other regulatory adjustments <sup>1)</sup>	-999	-1,162
<b>Tier 1</b>	<b>19,907</b>	<b>19,618</b>
Sub-Debt	7,493	7,674
Other regulatory adjustments <sup>1)</sup>	-4,305	-4,687
<b>Total capital</b>	<b>23,095</b>	<b>22,605</b>
<i>o/w IRB Provision shortfall</i>	<i>241</i>	<i>526</i>
<b>Total RWA</b>	<b>107,937</b>	<b>106,157</b>
o/w Credit risk	86,463	84,141
o/w Operational risk	19,177	19,626
o/w Market risk	2,297	2,391
CET1 ratio, phase-in	17.5%	17.7%
CET1 ratio, fully loaded	17.5%	17.7%

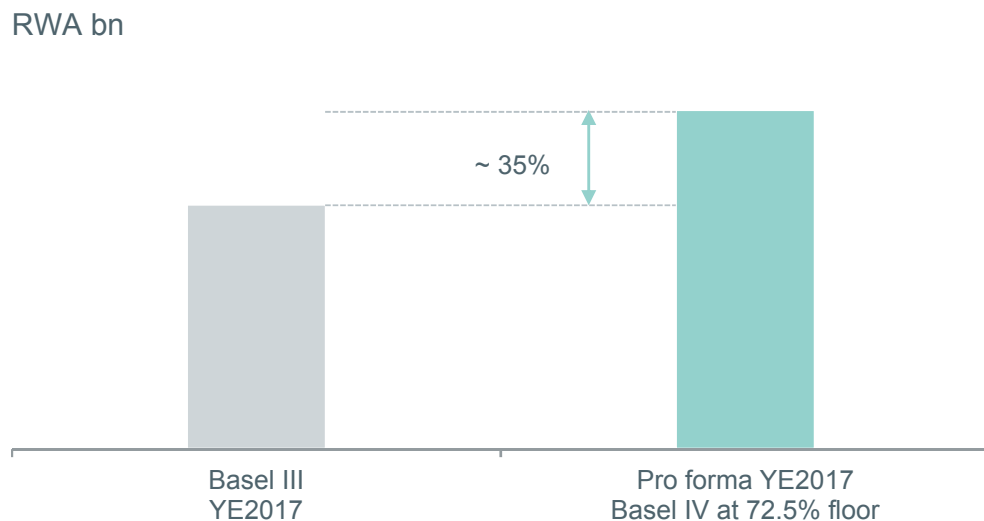
## Key points

- Strong fully loaded CET1 capital ratio at 17.5%
- Includes the first time IFRS9 adoption effect of -0.12% on the CET1 ratio
- RWAs up, driven by credit risk reflecting loan growth Dutch SMEs, CIB (mainly FIs, Food & Retail) and higher RWA for defaulted loans
- Fully loaded total capital ratio at 21.2% <sup>1)</sup>

<sup>1)</sup> EBA Q&A on interpretation of CRR: portion of AT1 & T2 instruments, issued by ABN AMRO Bank (resolution entity) exceeding minimum own funds, can no longer fully contribute to consolidated capital ratios of ABN AMRO Group

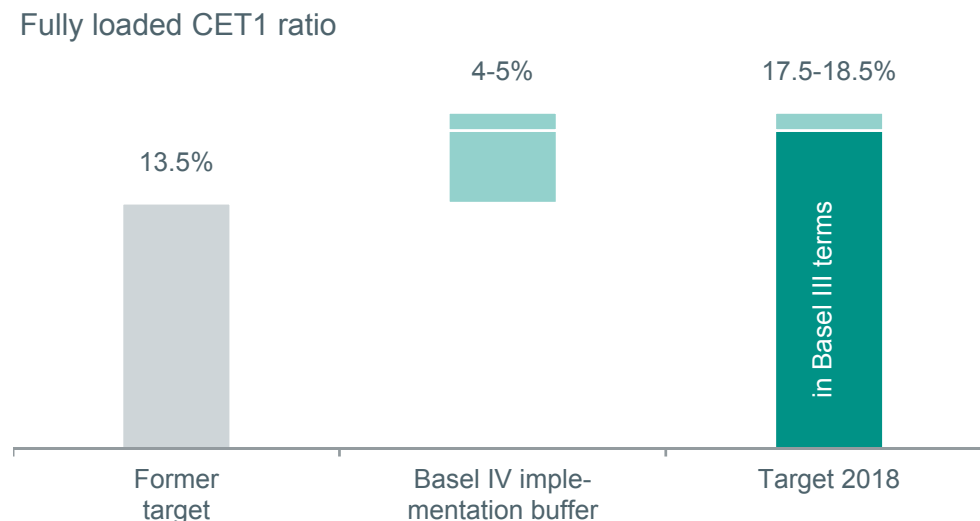
# Capital target range reflects Basel IV impact

## Estimated Basel IV impact



- Basel IV impact estimated at around 35% RWA increase
- Well placed for Basel IV given strong current CET1 of 17.5%
- Final impact subject to EU implementation (2022), transitional arrangements (from 2022), ongoing business developments and mitigating actions

## Capital target range



- Capital target range of 17.5-18.5% CET1 ratio under Basel III for 2018
- Dividend pay-out of 50% of sustainable profit<sup>1)</sup> from 2018 onwards. Additional distributions will be considered when capital is within or above target range. Combined at least 50%
- ROE and C/I target ranges unchanged

1) Sustainable profit excludes exceptional items that significantly distort profitability; examples are book gain on PB Asia sale (2017) and provision for SME derivatives (2016)

# Dividend pay-out of 50% plus possible additional distributions

## Capital use as percentage of sustainable profit from 2018

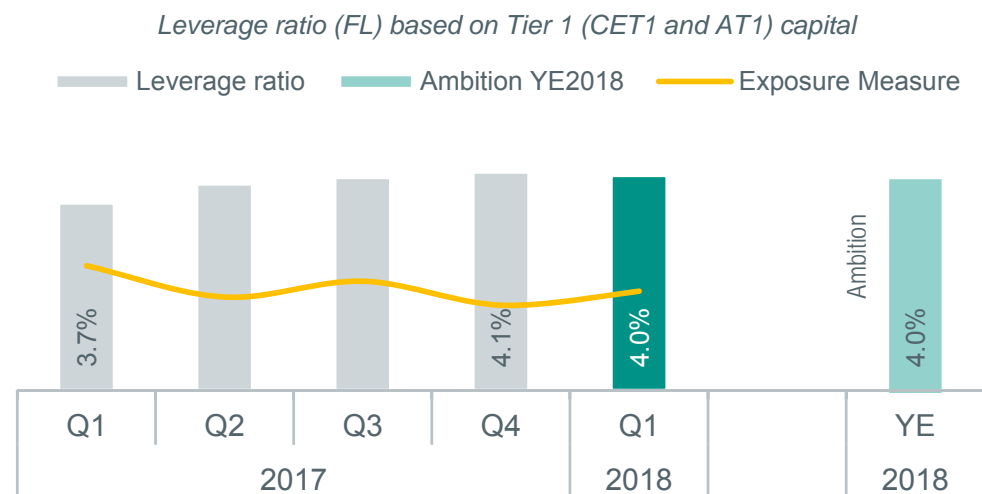


- Dividend pay-out of 50% of sustainable profit, from 2018 onwards <sup>1)</sup>
- Additional distributions will be considered when capital is within or above the target range and depending on other circumstances, including regulatory and commercial considerations
- Combined at least 50%

1) Sustainable profit excludes exceptional items that significantly distort profitability; examples are book gain on PB Asia sale (2017) and provision for SME derivatives (2016)

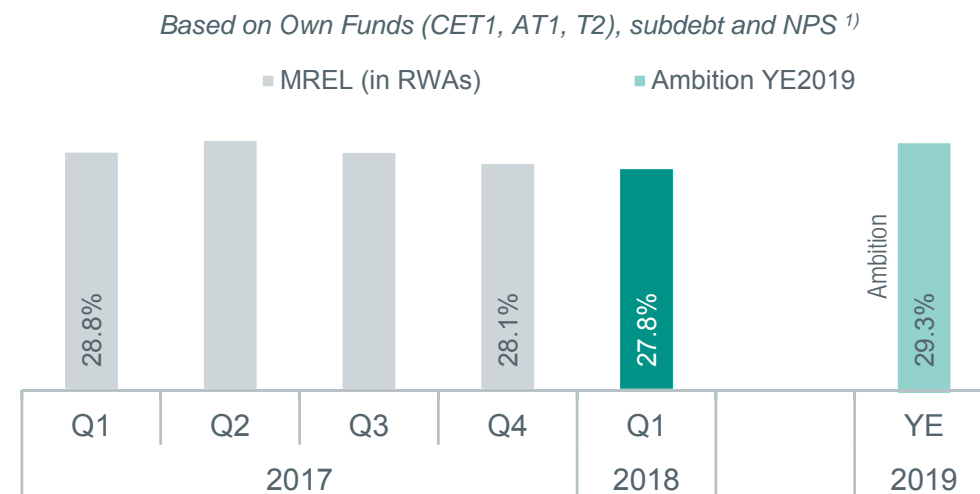
# Capital ambitions on track

## Leverage ratio around ambition



- Fully loaded group leverage ratio at 4.0%
- Negative impact EBA Q&A ruling on minority interest of -0.2%
- Basel IV/CRR2 are estimated to decrease the exposure measure resulting in c. 0.5-0.6% improvement of the leverage ratio

## MREL on track towards ambition



- MREL framework now based on RWAs
- Steering through profit retention, sub debt, NPS, balance sheet management and excludes use of senior unsecured
- Increase of c. EUR 1.6bn in CET1 or eligible instruments required to meet 29.3% ambition of YE2019, assuming no change in RWAs
- Implementation NPS in Dutch law expected in H2 2018. NPS issuance not before YE2018

1) ABN AMRO Bank appointed as resolution entity: therefore external MREL eligible instruments continue to be issued through ABN AMRO Bank

# Capital instruments provide a significant buffer of loss absorbing capacity

Type	Size (m)	Loss absorption	Callable	Maturity	Coupon	ISIN	Eligibility based on current understanding					
							Basel 3 / CRD 4	BRRD MREL	FSB TLAC	S&P ALAC	Moody's LGF	Fitch QJD
<b>Tier 1 : deeply subordinated notes</b>												
OpCo AT1, 9/2015	EUR 1,000	Statutory	Sep 2020	Perpetual	5.75% p.a.	XS1278718686	✓	✓	✓	✓	✓	✓
OpCo AT1, 9/2017	EUR 1,000	Statutory	Sep 2027	Perpetual	4.75% p.a.	XS1693822634	✓	✓	✓	✓	✓	✓
<b>Tier 2: subordinated notes</b>												
OpCo T2, 4/2011	EUR 1,227	Statutory	Bullet	27 Apr 2021	6.375% p.a.	XS0619548216	GF	✓	✓	✓	✓	✓
OpCo T2, 4/2011	USD 595	Statutory	Bullet	27 Apr 2022	6.250% p.a.	XS0619547838	GF	✓	✓	✓	✓	✓
OpCo T2, 6/2011	USD 113	Statutory	Bullet	15 May 2023	7.75% p.a.	144A: US00080QAD79 RegS:USN0028HAP03	GF	✓	✓	✓	✓	✓
OpCo T2, 6/2015	EUR 1,500	Statutory	Jun 2020	30 Jun 2025	2.875% p.a.	XS1253955469	✓	✓	✓	✓	✓	✓
OpCo T2, 7/2015	USD 1,500	Statutory	Bullet	28 Jul 2025	4.750% p.a.	XS1264600310 US00080QAF28	✓	✓	✓	✓	✓	✓
OpCo T2, 4/2016	SGD 450	Statutory	Apr 2021	1 Apr 2026	4.75% p.a.	XS1341466487	✓	✓	✓	✓	✓	✓
OpCo T2, 4/2016	USD 1,000	Statutory	Bullet	18 Apr 2026	4.8% p.a.	XS1392917784/ US00084DAL47	✓	✓	✓	✓	✓	✓
OpCo T2, 1/2016	EUR 1,000	Statutory	Jan 2023	18 Jan 2028	2.875% p.a.	XS1346254573	✓	✓	✓	✓	✓	✓
OpCo T2, 3/2016	USD 300	Statutory	Bullet	8 Apr 2031	5.6% p.a.	XS1385037558	✓	✓	✓	✓	✓	✓
OpCo T2, 3/2017	USD 1,500	Statutory	Mar 2023	27 Mar 2028	4.40% p.a.	XS1586330604	✓	✓	✓	✓	✓	✓
<b>Subordinated notes (pari passu with T2)</b>												
OpCo, 7/2012	EUR 1,000	Statutory	Bullet	6 Jul 2022	7.125% p.a.	XS0802995166	✗	✓	✓	✓	✓	✓
OpCo	EUR 132	Statutory		2018-2025		Various instruments	✗	✓	✓	✓	✓	✓

Overview dated at the date of this presentation. GF = grandfathered instruments, subject to annual amortisation

## AT1 disclosures (31 March 2018)

Triggers	Trigger Levels	CET1 ratio (phase in)	Distr. Items (EUR bn)
- ABN AMRO Group	7.000%	17.5%	n/a
- ABN AMRO Bank	5.125%	17.5%	18,310
- ABN AMRO Bank Solo Consolidated	5.125%	16.5%	n/a

# Liquidity ratios and liquidity buffer actively managed

## Solid ratios and strong buffer

Funding primarily through client deposits

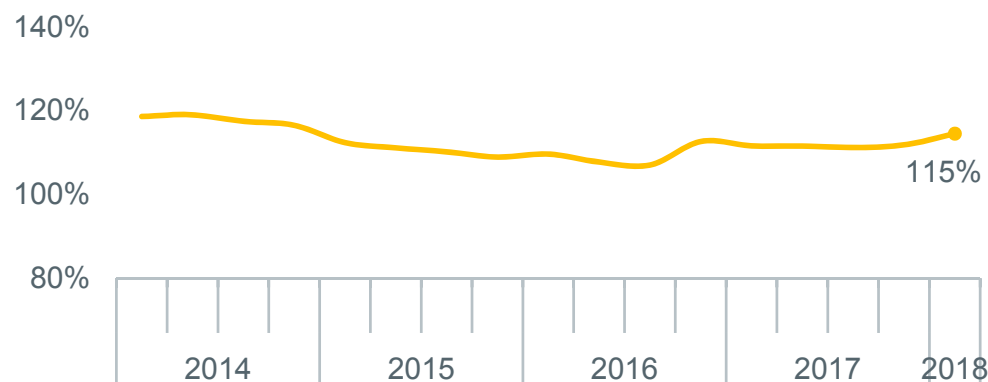
- Largest part of Dutch consumer savings is with pension and life insurance industry
- LtD ratio improved over the recent years

LCR and NSFR ratios comply with future requirements: each >100% in Q1 2018

Drivers liquidity buffer

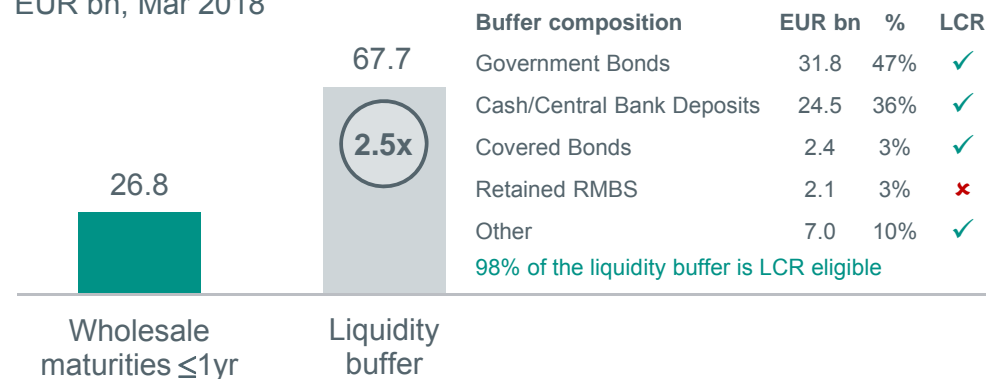
- Safety cushion in case of severe liquidity stress
- Regularly reviewed for size and stress
- Size in anticipation of LCR guidelines and regulatory focus on strengthening buffers
- Unencumbered and valued at liquidity value
- Focus is on optimising composition and negative carry

## Loan-to-deposit ratio improved over time



## Composition liquidity buffer

EUR bn, Mar 2018

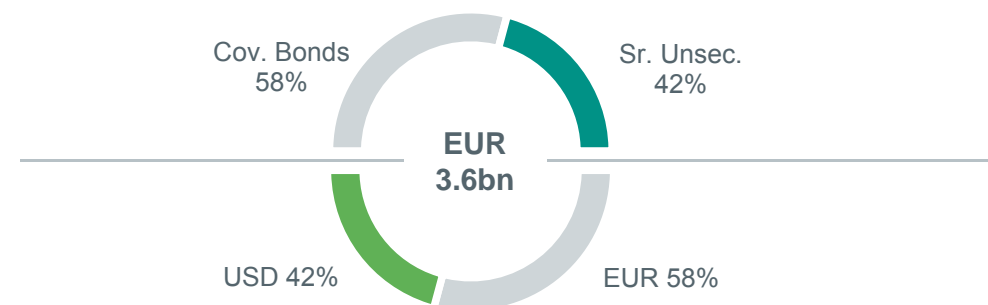


# Well diversified mix of wholesale funding

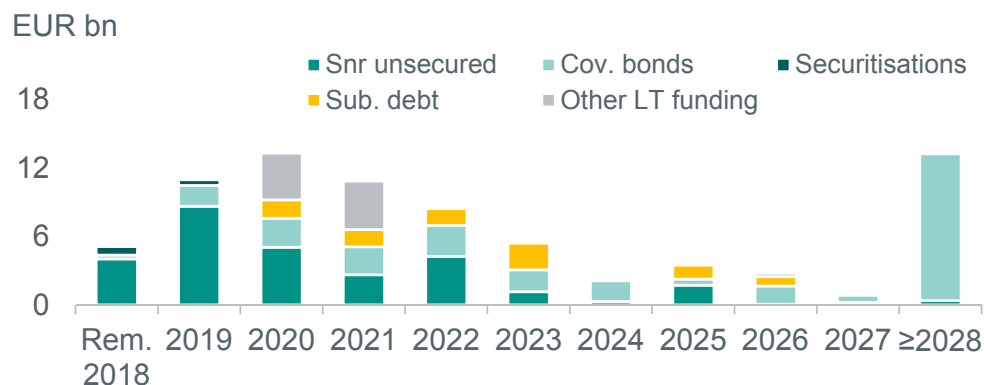
## Funding focus & successful strategy

- Diversifying funding sources, steered towards more foreign currencies and covered bonds with long maturities
- Secured funding used strategically:
  - Long dated covered bonds raised to compete in mortgage origination with very long interest rate maturities
  - asset encumbrance 16.7% at YE2017 (19.1% YE2013)
- Avg. maturity of 5.3yrs at 31 March 2018

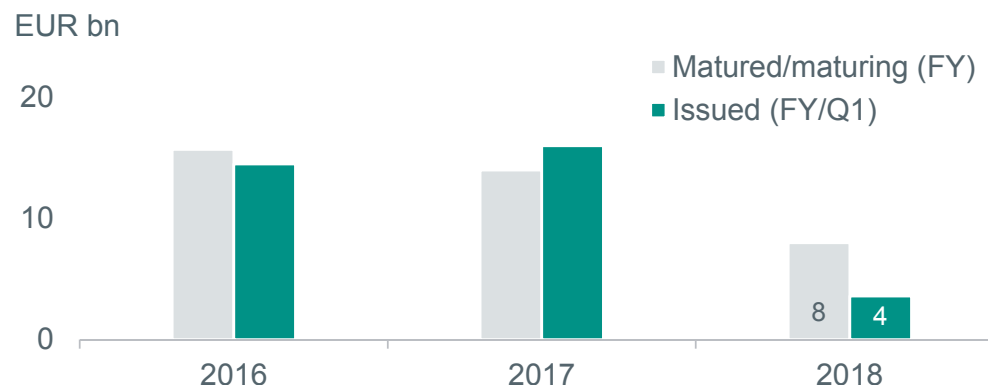
## Diversification issued term funding (Q1 2018)



## Maturity calendar term funding <sup>1)</sup>



## Matured vs. issued term funding <sup>2)</sup>



1) Based on notional amounts. Other LT funding not classified as issued debt includes T-LTRO II, LT repos and funding with the Dutch State as counterparty

2) Issued and matured funding includes the repayment of T-LTRO I in 2016 and the participation of T-LTRO II

# Recent wholesale funding benchmark transactions

**The Cover**

Global Deal of the year 2017  
CBs due 2032 & 2037



Most Impressive Bank  
Green/SRI Bond Issuer (2016)



Deal of the Year (2016)  
USD 300m 5.6%  
T2 Formosa due 2031

Type <sup>1)</sup>	Size (m)	Maturity	Spread (coupon) <sup>2)</sup>	Issue date	Maturity date	ISIN
<b>YTD2018 benchmarks</b>						
Sr Un Green	EUR 750	7yrs	m/s+28 (0.875%)	04.11.'18	04.22.'25	XS1808739459
CB	EUR 1,250	20yrs	m/s+8 (1.45%)	04.04.'18	04.12.'38	XS1805353734
CB	EUR 2,000	15yrs	m/s+2 (1.25%)	03.01.'18	10.01.'33	XS1747670922
Sr Un (144A)	USD 1,100	3yrs	2.65%	09.01.'18	19.01.'21	XS1743726835/US00084DAQ34
Sr Un (144A)	USD 750	3yrs	3m\$L+41	09.01.'18	19.01.'21	XS1743726918/US00084DAR17
<b>2017 benchmarks</b>						
Sr Un	GBP 600	4.5 yrs	1.375%	11.10.'17 (incl. tap)	07.06.'22	XS1701271709
AT1	EUR 1,000	PNC10	4.75%	27.09.'17	22.09.'27	XS1693822634
Sr Un	GBP 550	3yrs	1.00%	07.07.'17 (incl. tap)	30.06.'20	XS1646904828
Sr Un Formosa	USD 450	5yrs	3m\$L+80	19.07.'17	19.07.'22	XS1645476125
T2	USD 1,500	11NC6	T+240 (4.40%)	20.03.'17	27.03.'28	XS1586330604
Sr Un (144A)	USD 1,350	2yrs	3m\$L+64	11.01.'17 (incl. tap)	18.01.'19	XS1549579446/US00084DAP50
Sr Un (144A)	USD 1,650	2yrs	T+93 (2.10%)	11.01.'17 (incl. tap)	18.01.'19	XS1549579529/US00084DAN03
CB	EUR 2,000	15yrs	m/s+15 (1.125%)	04.01.'17	12.01.'32	XS1548458014
CB	EUR 2,250	20yrs	m/s+20 (1.375%)	04.01.'17 (incl. tap)	12.01.'37	XS1548493946
<b>2016 benchmarks</b>						
Sr Un	GBP 300	2yrs	3m£L+50	23.11.'16	30.11.'18	XS1527536590
Sr Un (144A)	USD 750	3yrs	T+90 (1.8%)	20.09.'16	20.09.'19	XS1492363848/US00084DAM20
Sr Un Green	EUR 500	6yrs	m/s+52 (0.625%)	31.05.'16	31.05.'22	XS1422841202
T2 (144A)	USD 1,000	10yrs	T+310 (4.8%)	18.04.'16	18.04.'26	XS1392917784/US00084DAL47
CB	EUR 2,250	15yrs	m/s+26 (1%)	13.04.'16	13.04.'31	XS1394791492
T2 Formosa	USD 300	15yrs	3m\$L+352.7 (5.6%)	08.04.'16	08.04.'31	XS1385037558
T2	SGD 450	10NC5	SOR+271 (4.75%)	01.04.'16	01.04.'26	XS1341466487
T2	EUR 1,000	12NC7	m/s+245 (2.875%)	18.01.'16	18.01.'28	XS1346254573
CB	EUR 1,250	10yrs	m/s+11 (0.875%)	14.01.'16	14.01.'26	XS1344751968

1) Sr Un = Senior Unsecured, Sr Un Green = Senior Unsecured Green Bonds, CB = Covered Bond, RMBS = Residential Mortgage Backed Security, T2 = Tier 2

2) 3m£L = 3 months £ Libor , T= US Treasuries, 3m\$L= 3 months US Libor, G=Gilt



# Credit ratings

## S&P

### Rating structure

▪ Anchor	BICRA 3 (pos)	bbb+
▪ Business position	Adequate	+0
▪ Capital & earnings	Strong	+1
▪ Risk position	Adequate	+0
▪ Funding Liquidity	Average Adequate	+0

**SACP** **a-**

▪ ALAC **+1**

**Issuer Credit Rating** **A/Pos**

## Moody's

### Rating structure

Macro Score	Strong +
▪ Solvency Score	a3
▪ Liquidity Score	baa2
Financial Profile	baa1
▪ Adjustments	+0

**Assigned adj. BCA** **baa1**

▪ LGF **+2**

▪ Government Support **+1**

**Senior Unsecured Rating** **A1/St**

**21/12/2017**

“ABN AMRO's baseline credit assessment (BCA) of baa1 reflects the bank's overall good financial fundamentals including sound profitability and asset quality, solid capitalization and a robust liquidity position. The BCA further captures the bank's strong footprint in the Dutch market, its balanced business mix between retail and commercial banking, and its private banking activity undertaken across Europe.”

## Fitch

### Rating structure

▪ Viability Rating	A
▪ Qualifying Junior Debt	+1
▪ Support Rating Floor	No floor

**Issuer Default Rating** **A+/St**

**15/12/2017**

“ABN AMRO's VR reflects a strong Dutch franchise, complemented by the bank's international private banking and energy, commodities and transportation franchises, which provide the bank with resilient revenue generation. The ratings factor in the bank's solid risk-weighted capital ratios, expected gradual asset-quality improvements and a sound funding and liquidity profile. The ratings also factor in ABN AMRO's predominantly Dutch focus and thus limited geographical diversification.”

- Ratings of ABN AMRO Bank NV dated 6 February 2018. ABN AMRO provides this slide for information purposes only. ABN AMRO does not endorse Moody's, Fitch or Standard & Poor's ratings or views and does not accept any responsibility for their accuracy
- Capital ratings are (S&P/Moody's/Fitch): AT1: BB+ / not rated / BB+, T2: BBB / Baa2 / A-, SNP: BBB+/nr/nr
- DBRS provides unsolicited ratings for ABN AMRO Bank: A(high)/R-1(middle)/Stable

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