ABN·AMRO

Investor Relations

Q4 2017 results and capital update

analyst & investor call presentation

7 February 2018

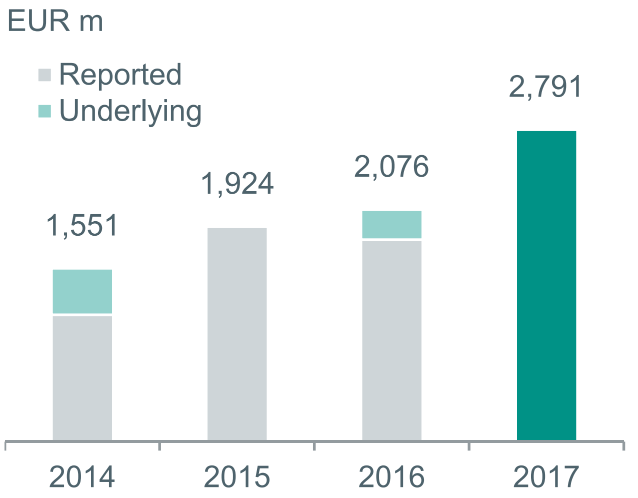
Highlights at Q4, a solid quarter

- Net profit up at EUR 542m, reflecting good growth in operating result and impairment releases
- On track to achieve financial targets: NII remains resilient and cost saving programmes are delivering
- Dividend EUR 1.45 per share (full year) benefits from increased pay-out (50%) on sharply improved reported profit
- Strong CET1 capital of 17.7%
- Capital update
  - Basel IV impact of around 35% RWA increase
  - CET1 target for 2018 of 17.5-18.5% under Basel III
  - Dividend pay-out 50% of sustainable profit, additional distributions will be considered. Combined at least 50%

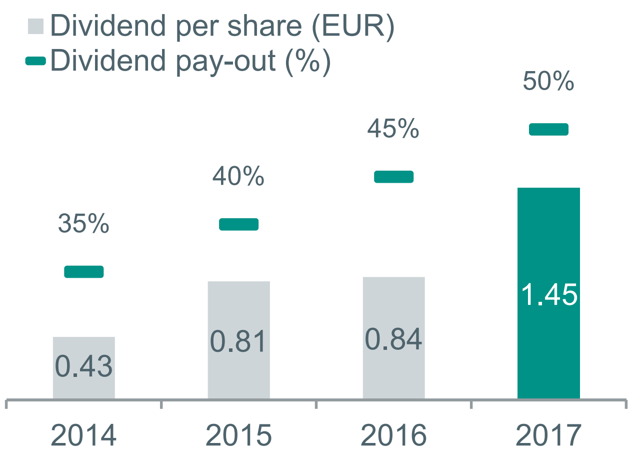
Highlights Q4 2017 are vs. Q4 2016

Good progress on profit, capital and dividend over the past 4 years

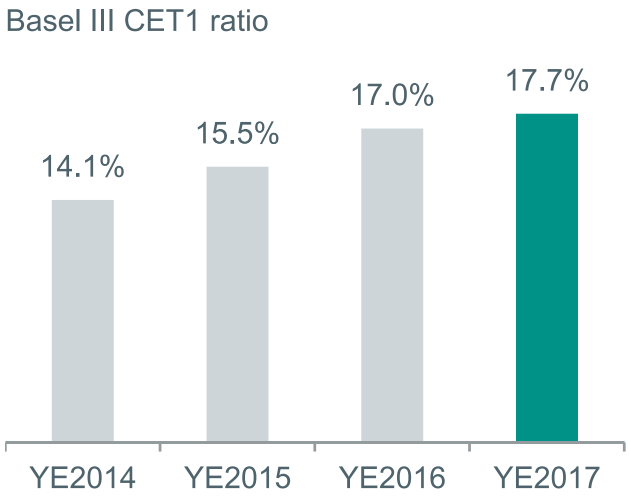
Profit development



Dividends per share and pay-out [1)]



Build up CET1 capital

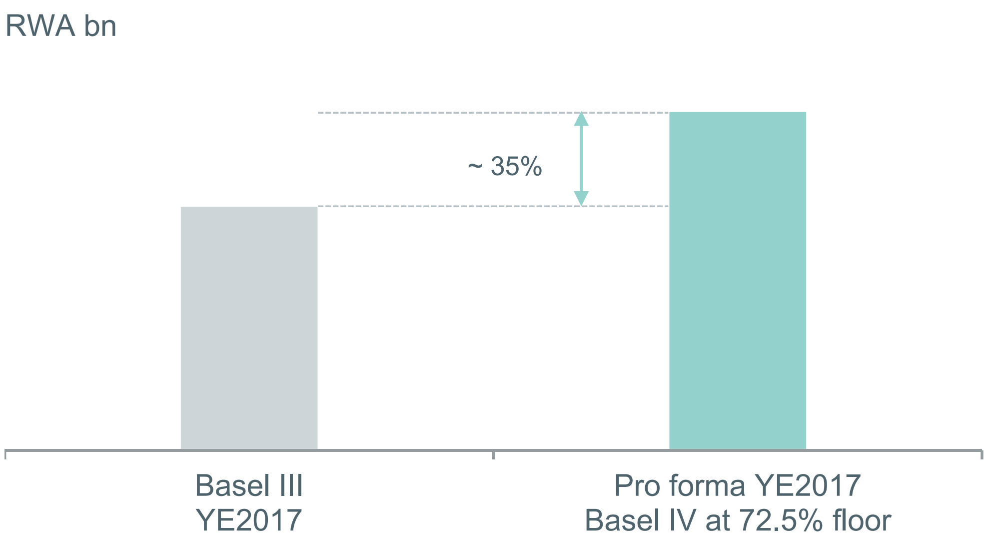


- Strong profit development driven by high business returns and declining impairments
- FY2017 dividend up sharply vs 2016 from rise in pay-out ratio to 50% and increased profit
- Strong CET1 capital position built ahead of Basel IV

1) Dividend 2017: final dividend per share of EUR 0.80 per share, interim dividend per share of EUR 0.65

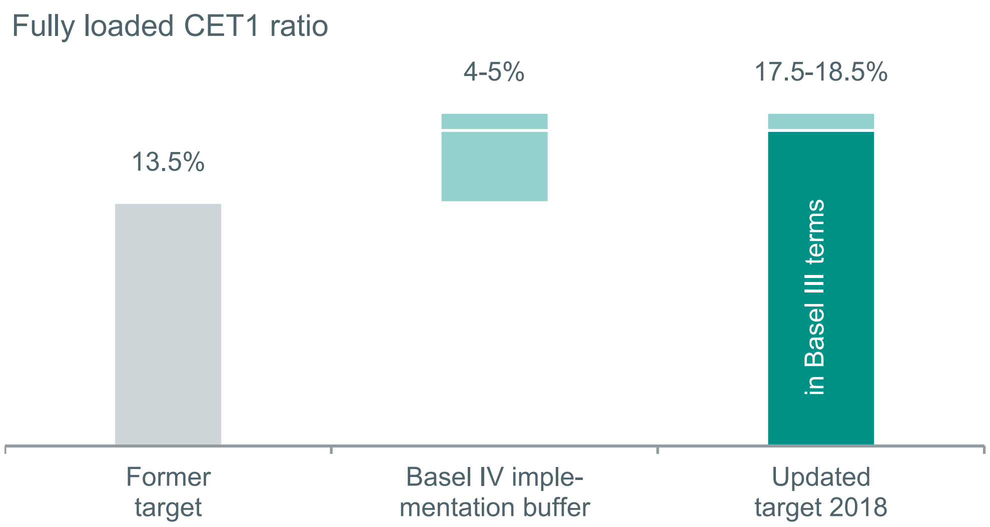
Updated capital target range reflects Basel IV impact

Estimated Basel IV impact



- Basel IV impact estimated at around 35% RWA increase
- Well placed for Basel IV given strong current CET1 of 17.7%
- Final impact subject to EU implementation (2022), transitional arrangements (from 2022), ongoing business developments and mitigating actions

Updated targets



- Updated capital target range of 17.5-18.5% CET1 ratio under Basel III for 2018
- Dividend pay-out of 50% of sustainable profit from 2018. Additional distributions will be considered when capital is within or above target range. Combined at least 50% 1)
- ROE and Cost/Income target ranges remain unchanged

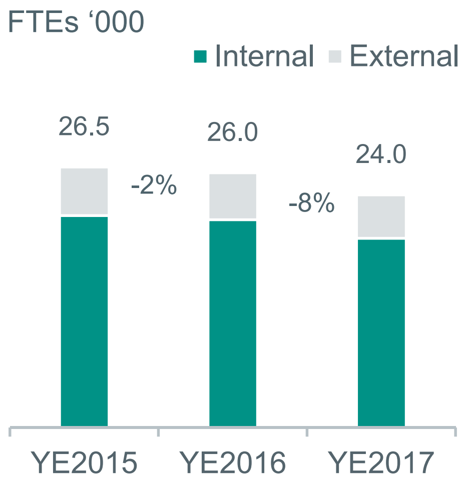
1) Sustainable profit excludes exceptional items that significantly distort profitability; examples are book gain on PB Asia sale (2017) and provision for SME derivatives (2016). Additional distributions may be special dividends or share buy-backs (subject to regulatory approval) and are subject to other circumstances, including regulatory and commercial considerations

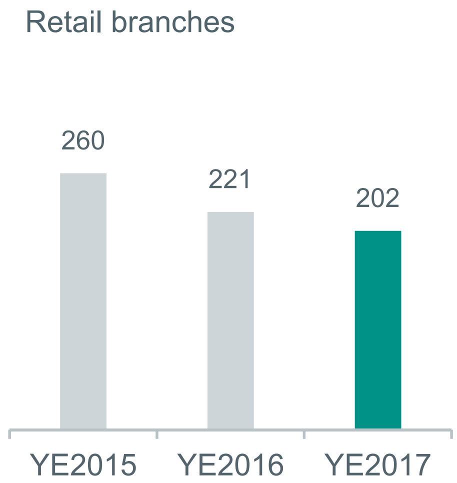
Cost savings from transformation and business simplification

Progress on transformation

- ✓ Senior management simplification
- ✓ Head office cost reductions
- ✓ IT simplification, standardisation and agile
- ✓ Digitalisation in Retail Banking
- ✓ Private Banking disposal, simplification and digitalisation
- ✓ Sector approach in Commercial Banking
- ✓ Digital initiatives launched

Business simplification: lower headcount & branches





- Transformation delivering on cost savings
- FTEs declined 10% from YE2015 vs. our 13% target by 2020
- Increase in digital processes, products and services enables further reduction in retail branches

Digital innovation enhancing customer experience

PSD2 ready

- Banking apps ready to consolidate account info from competition
- API Developers Portal to accelerate innovation and better serve clients
- Tikkie app exceeds 2m unique users in the Netherlands

Blockchain

- 1st agricultural commodity transaction using Blockchain platform
- Digital Impact Fund invested in platform for energy trading processes
- Real Estate and Shipping sector initiatives
- Partnerships with R3, Digital Assets, Linux Foundation Hyperledger, TU Delft, BC3, IBM

Digital wealth manager

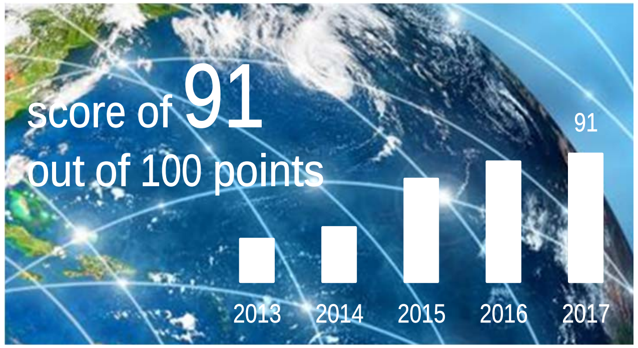
- Digital wealth manager launched in Germany
- Fixed fee pricing
- Includes access to remote personal coach and certified financial planners

Forex & Int. Payments

- New digital platform for SME Clients active in international trade
- Multi-currency account for currency exchange & international payments

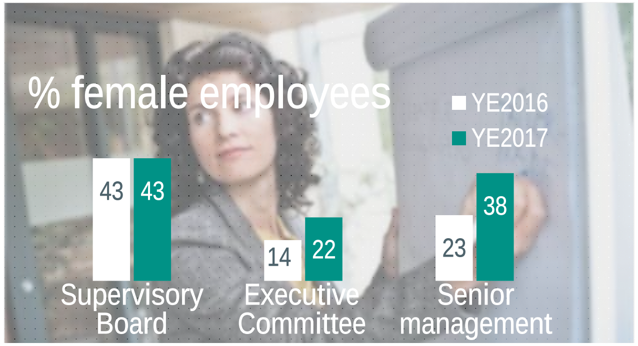
Good progress on sustainability

High sustainability score



Award Circular Economy Investor

Women at the top



- Top 5% of both Dow Jones Sustainability Index for global banks and FTSE4Good index
- 'Circular Economy Investor' award for being at forefront of circular finance and financing of new business models emerging from the principles of the circular economy [1)]
- Percentage of female employees in senior management up from 23% to 38% since the introduction of the new management structure last year

1) Awarded at The World Economic Forum in Davos, 22 Jan 2018. The Circulars is an initiative of the World Economic Forum and the Forum of Young Global Leaders

Solid quarter

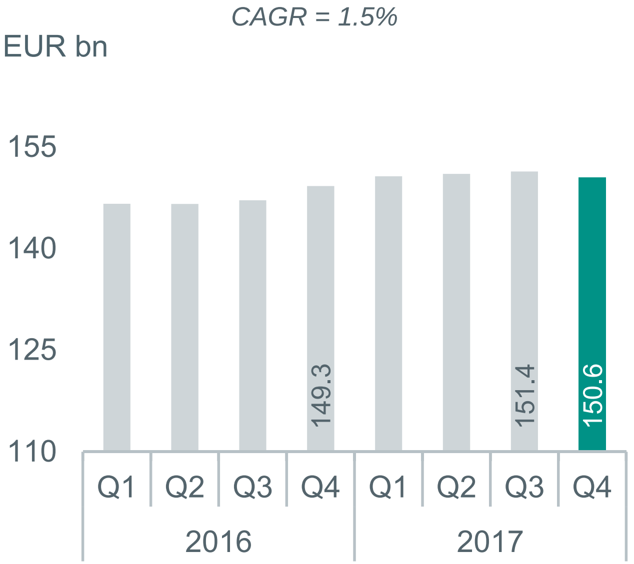
EUR m	2017 Q4	2016 Q4	Delta
Net interest income	1,696	1,575	8%
Net fee and commission income	443	459	-3%
Other operating income	290	161	79%
Operating income	**2,429**	**2,195**	**11%**
o/w incidentals	*208*	*-27*	
Operating expenses	1,653	1,706	-3%
o/w incidentals	*237*	*318*	
Operating result	**776**	**489**	**59%**
Impairment charges	-34	35	
Income tax expenses	268	120	123%
Underlying profit	**542**	**333**	**63%**
Special items	-	-	
Reported profit	**542**	**333**	**63%**

Key points

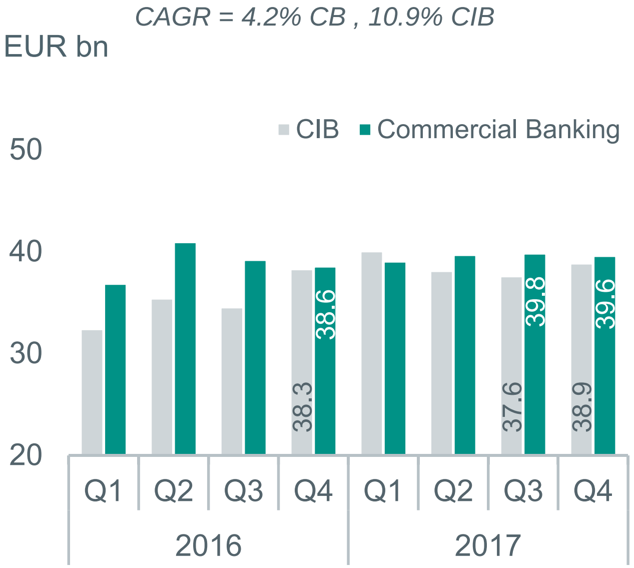
- Net profit up at EUR 542m
- No meaningful effect of incidentals on profit of Q4 2017. Q4 2016 profit was negatively impacted by incidentals
- Operating income up 11%
- Operating expenses down 3%
- Low impairments reflect good performance of Dutch economy, IBNI effects and a model update
- Tax expenses up, including US tax reform

Client lending picking up vs. Q4 2016

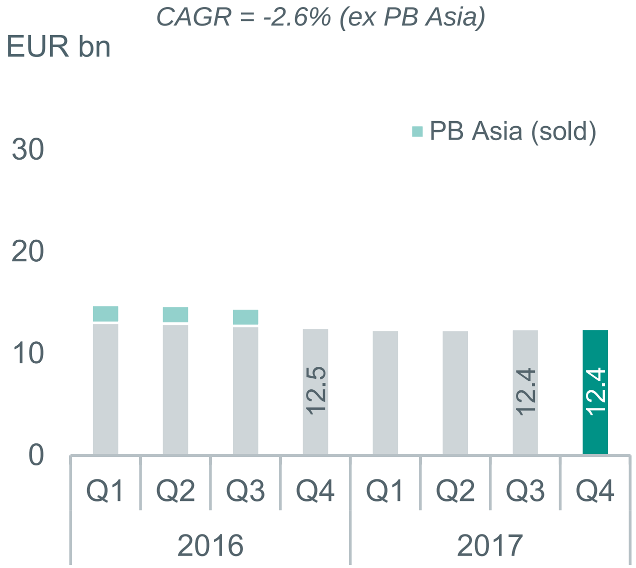
Mortgage client lending 1)



Corporate loans client lending 1)



Consumer loans client lending

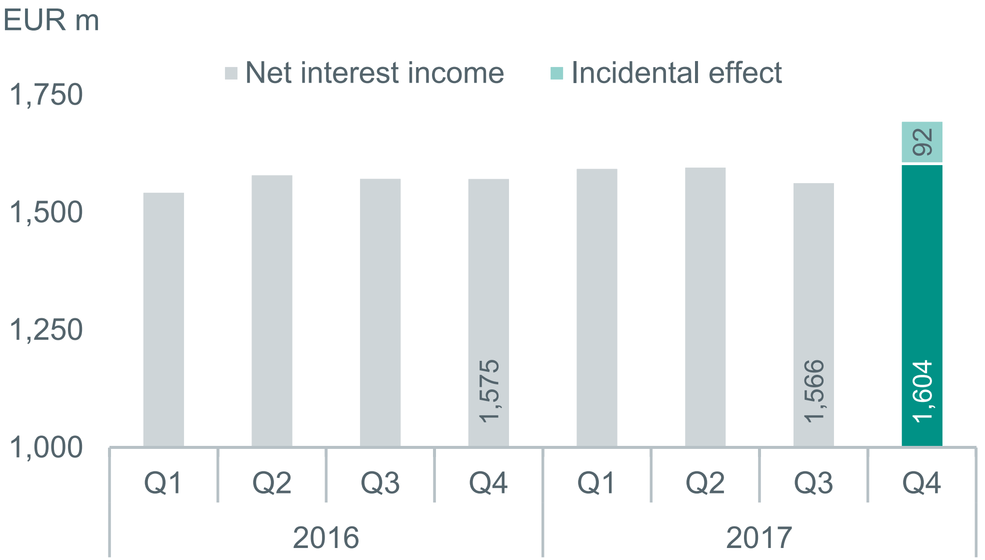


- Mortgages are up for the year
- Corporate loans are up for the year, reflecting growth driven by SME and ECT clients [2)]
- Consumer lending more or less stabilised over the past year

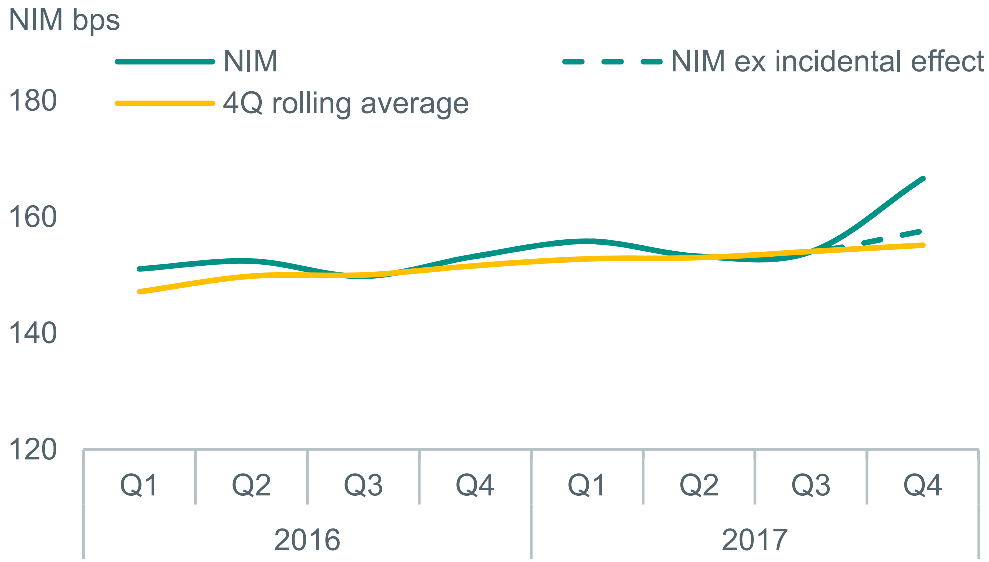
1) As of Q4 2016 reported IFRS figures are used, historic figures before Q4 2016 exclude the impact of IFRIC adjustments
2) Corporate loans in CIB (including ECT) increased EUR 0.6bn in 2017, including the effect of an increase in commodity prices (EUR +1.2bn) and USD depreciation (EUR -3.5bn)

Net interest income resilient despite low rate environment

Net Interest Income (NII)



Net Interest Margin (NIM)

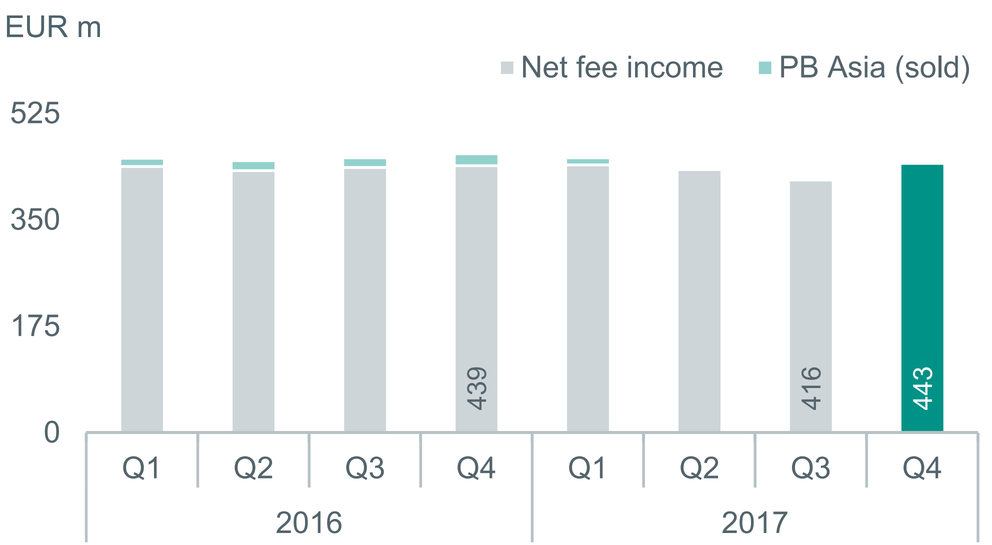


- NII up reflecting net positive incidentals in Q4 2017 [1)]
- Margins up in CIB and on consumer loans, stable margins in other businesses and products
- NIM improved strongly in Q4 reflecting incidental NII effects and seasonal balance sheet deleveraging

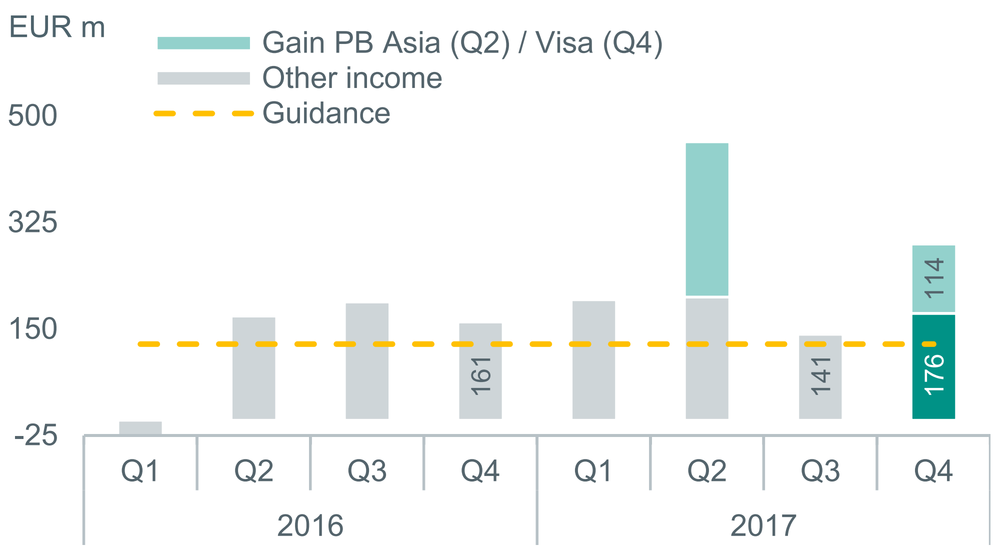
1) Positive effects of release of unearned interest on defaulted loans (EUR 74m) and mortgage penalties (EUR 49m) and T-LTRO benefits for 2017 (EUR 29m) were partly offset by provisions for Euribor based mortgages (EUR -52m) and the ICS compensation scheme (EUR -8m)

Non-interest income benefitted from incidental gains

Net fee income [1)]



Other operating income [1)]



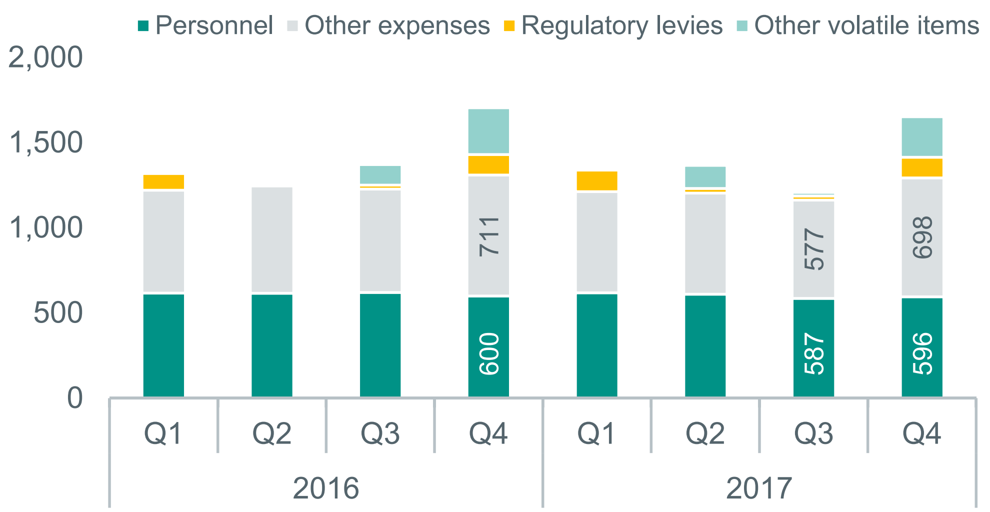
- Fees flat vs. Q4 2016 and improved vs. Q3, mainly in Commercial Banking and CIB
- Other income up in most segments and includes sale of Visa shares contributing EUR 114m in Retail Banking
- Accounting effects Q4 2017 (Q4 2016): hedge accounting EUR 54m (EUR 79m), CVA/DVA/FVA EUR 32m (EUR 25m)

1) In Q4 2017 the income of Stater (mortgage service provider) is reclassified from Other operating income to Net fee income. Historic figures have been restated

Operating expenses trending down

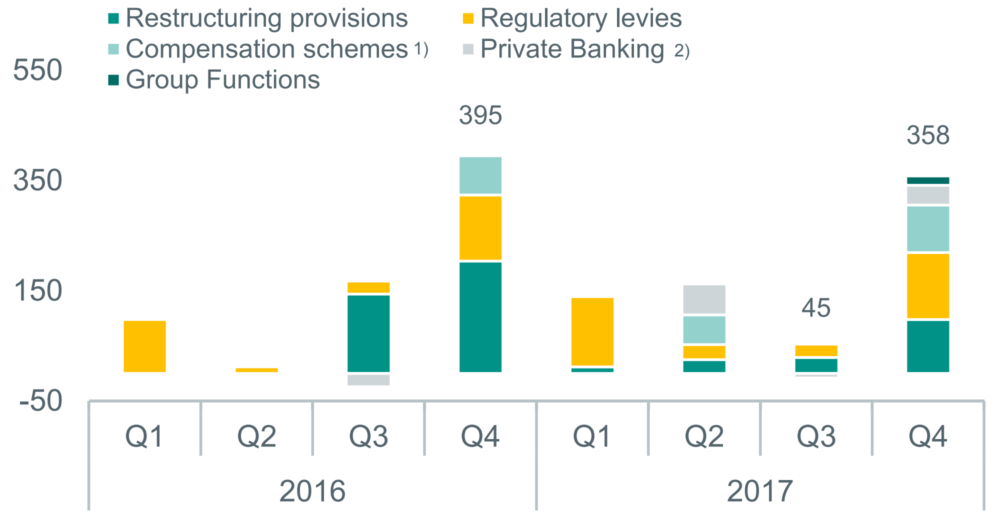
Operating expenses

EUR m



Volatile items and levies in operating expenses

EUR m

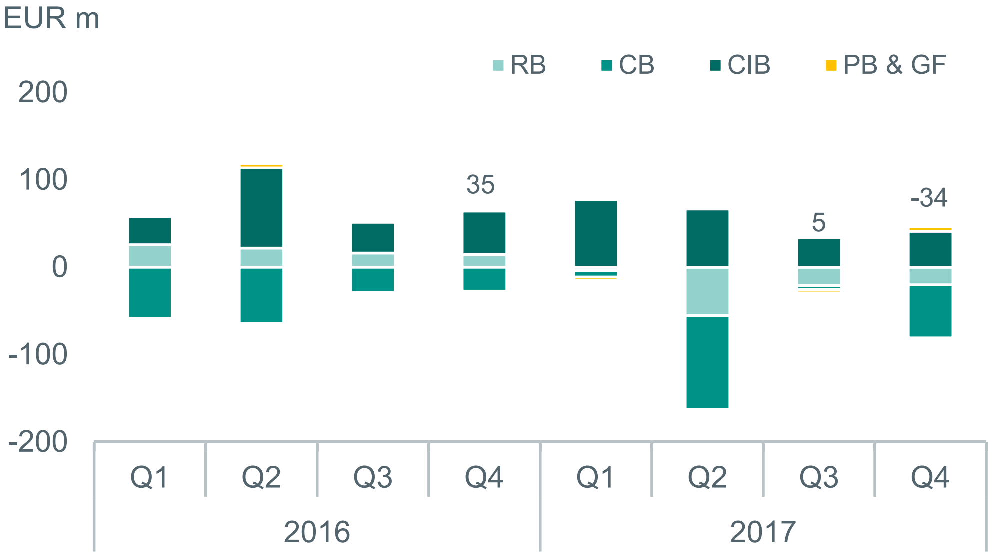


- Personnel expenses before restructuring costs and volatile items trending down, mainly reflecting lower FTE levels
- Other expenses before levies and volatile items flat vs. Q4, but up vs. Q3 reflecting higher project costs, marketing and external staffing costs
- Restructuring provisions for reorganisations related to digitalisation and process optimisation [3)]

1) Compensation schemes for SME derivatives and ICS credit cards
2) Private Banking volatile items: Q3 2016 settlement of insurance claim, Q2 2017 costs relating to sale of PB Asia, Q3 2017 settlement of insurance claim, Q4 2017 Goodwill impairment
3) Restructuring provisions in 2017 (2016) were EUR 164m (EUR 348m); in Q4 2017 (Q4 2016) this was EUR 98m (EUR 204m)

Continued impairment releases

Impairments by business segment



IFRS9 accounting rules on impairments

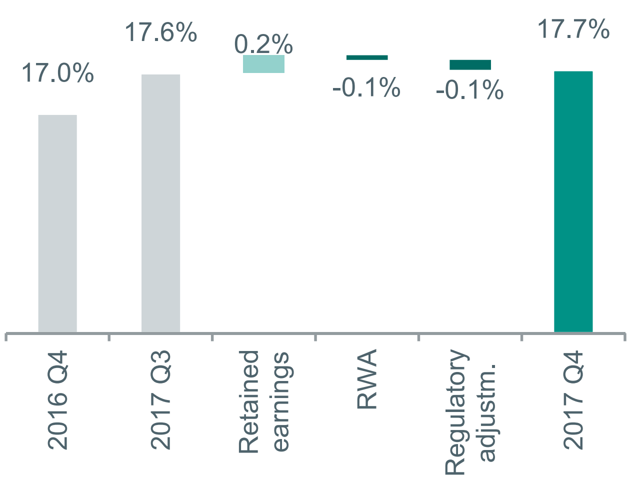
- IFRS9 replaces current impairment rules, effective 1 Jan 2018
- First time adoption effect of c. -0.15% on CET1 ratio and c. -1bps on leverage ratio
- IFRS9 impact on capital fully results from Classification & Measurement of Public Sector loans
- As permitted by IFRS9, no restated historic data
- IFRS9 may lead to more future impairment volatility

- Strong Dutch economy contributes to negligible inflow of net new impairments
- Impairments reflect IBNI (EUR 7m release) and a model update (EUR 31m release)
- ECT impairments of EUR 33m in Q4, meaning 2016-2017 impairments remained well within our modelled impairment scenarios

Strong CET1 capital provides resilience against Basel IV impact

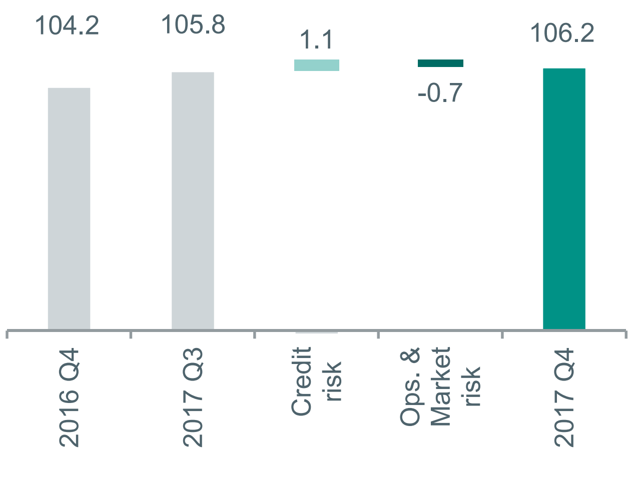
CET1 fully loaded capital

Fully loaded CET1%

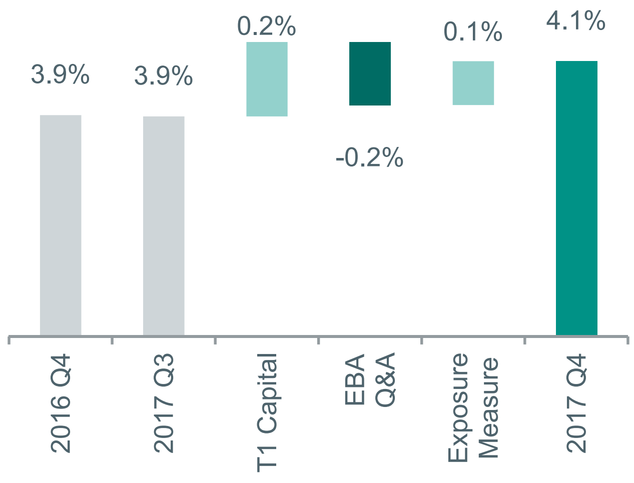


Risk weighted assets

RWA bn



Leverage ratio fully loaded



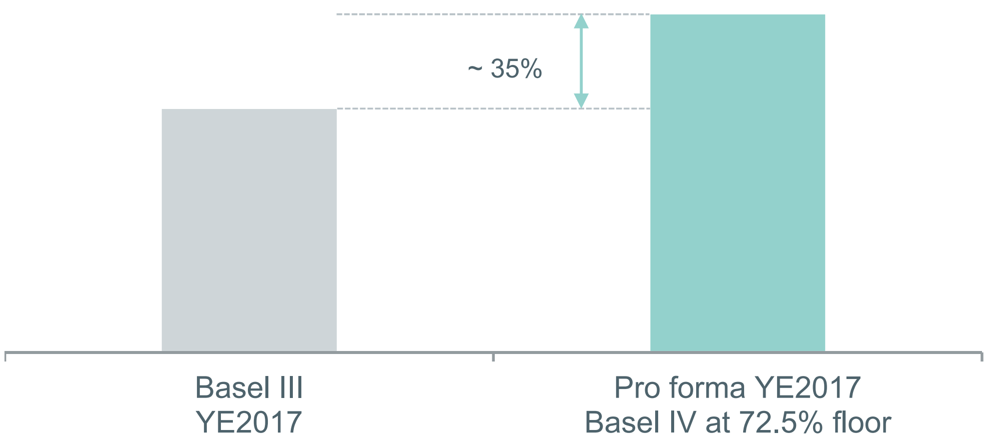
- Well placed for Basel IV given strong CET1 ratio
- RWAs are up in Q4, reflecting mainly business growth in CIB
- Following AT1 issuance and despite EBA Q&A ruling, fully loaded leverage ratio improved to 4.1% at year-end 2017 [1)]

1) 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

Basel IV impact on RWAs subject to further developments

Estimated Basel IV impact on RWA

Full phased-in RWA bn



Estimation approach and key assumptions

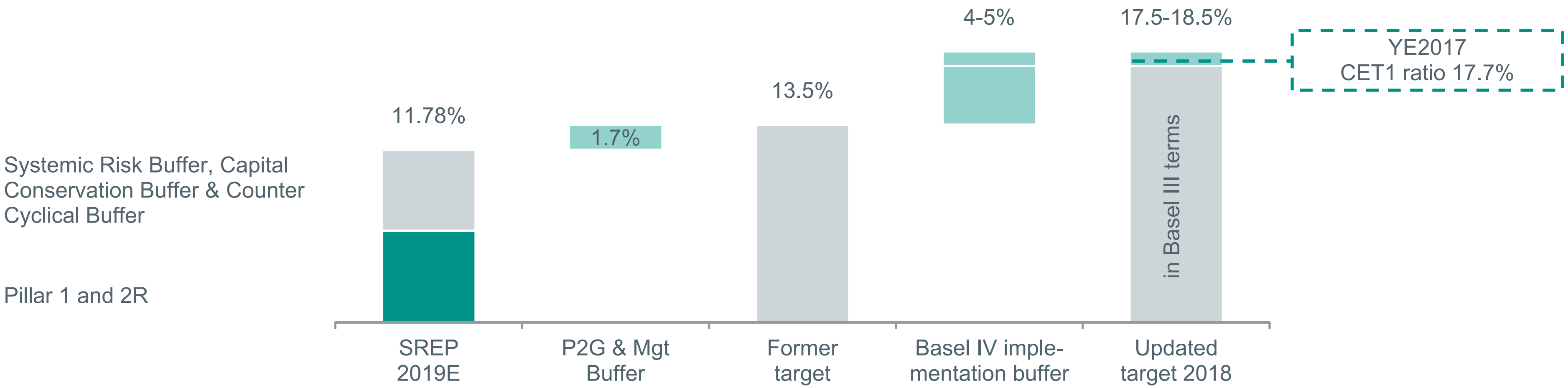
- Based on Q4 2017, assuming a static balance sheet
- Aggregate output floor is the binding constraint
- Loan splitting for mortgages and Commercial Real Estate

Further developments and remaining uncertainties can change the RWA impact

- EU implementation, future decisions of supervisors, regulatory interpretation and data limitations
- Effects of mitigating actions, management actions, portfolio changes and resolving data limitations
- Other regulatory developments, such as TRIM, SREP requirements and stress testing

Updated capital target range of 17.5-18.5% for 2018

Buffer of 4-5% CET1 accommodates Basel IV implementation



- Prudent buffer for Basel IV implementation
- Aim to meet fully loaded Basel IV CET1 requirement early in the phase-in period
- Capital target range to be reviewed at YE2018, to reflect e.g. TRIM and other regulatory developments
- Aim to maintain leverage ratio of at least 4% for YE2018. Basel IV allows for early adoption of revised exposure measure for derivatives (SACCR) and possibly cash pooling benefits, in total, estimated at 0.5-0.6%

Dividend pay-out of 50% plus possible additional distributions

Capital use as percentage of sustainable profit from 2018

Dividend pay-out 50%

Organic RWA developments

- Modest profitable business growth
- Credit quality developments
- Modelling and regulatory developments

Other capital uses

- Additions to CET1
- Special dividends or share buy-backs
- Inorganic growth

- Dividend pay-out of 50% of sustainable profit, from 2018 [1)]
- Additional distributions will be considered when capital is within or above the target range and depending on other circumstances, including regulatory and commercial considerations [2)]
- 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)
2) Additional distributions can be special dividends or share buy-backs (subject to regulatory approval)

Updated financial targets

	2016	**2017**	Targets
Return on Equity	11.8%	14.5% [1)]	10-13%
Cost/Income ratio	65.9%	60.1% [1)]	56-58% (by 2020)
CET1 ratio (FL)	17.0%	17.7%	17.5-18.5% [2)] (2018)
Dividend - per share (EUR) - pay-out ratio	0.84 45%	1.45 50%	▪ 50% of sustainable profit [3)] ▪ Additional distributions will be considered [3)] ▪ Combined at least 50%

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, to reflect e.g. TRIM and other regulatory developments
3) Sustainable profit excludes exceptional items that significantly distort profitability; examples are book gain on PB Asia sale (2017) and provision for SME derivatives (2016). Additional distributions, special dividends or share buy-backs (subject to regulatory approval), will be considered when capital is within or above the target range, are subject to other circumstances, including regulatory and commercial considerations

Wrap up and key messages

- Net profit up at EUR 542m, reflecting good growth in operating result and impairment releases
- On track to achieve financial targets: NII remains resilient and cost saving programmes are delivering
- Dividend EUR 1.45 per share (full year) benefits from increased pay-out (50%) on sharply improved reported profit
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