

ABN AMRO presents outcome of strategy review and hosts virtual Investor Update

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Clear vision of the bank we want to be

- ‘A personal bank in the digital age’ serving clients where we have scale in the Netherlands and Northwest Europe
- Our clients’ first choice partner in sustainability in climate change, circular economy and social impact
- A future-proof bank, rigorously simplifying and centralising the operating model, enabling us to focus on clients and work more efficiently
- Committed to our moderate risk profile; culture and licence to operate are clear priorities

Financial targets reflecting economic outlook

- Safeguarding income by increasing market share in our focus growth segments
- Costs no higher than EUR 4.7 billion in 2024, reflecting EUR 700 million savings
- Execution discipline and CIB non-core wind-down underpin moderate risk profile; cost of risk reconfirmed at 25 to 30 basis points through-the-cycle
- ROE target for 2024 of around 8%; ROE ambition of 10% remains, subject to interest rate normalisation
- Basel IV CET1 target of 13%. Threshold for share buybacks above 15% (subject to regulatory approval), to be recalibrated when uncertainties reduce
- Dividend pay-out ratio of 50% of reported net profit

Today, ABN AMRO is hosting a virtual Investor Day. Its theme: ‘A personal bank in the digital age’.

Robert Swaak, CEO, comments: ‘Today we present the outcome of the strategy review and our vision for the bank. Our strategic pillars - customer experience, sustainability and future-proof bank - remain our guiding principles in acting on our purpose ‘Banking for better, for generations to come’. With our strong brand and attractive market positions across all segments we have a strong foundation. Our strategy review now gives us a distinct profile and focus. The wind-down of the CIB non-core portfolio as announced in August was a first step. Today we announce we will be a personal bank in the digital age, serving clients where we have scale in the Netherlands and Northwest Europe.

A personal bank in the digital age with a focus on segments where we have scale

We will focus on attractive segments in the Netherlands and Northwest Europe where we can grow profitably. In the Netherlands we will grow in the segments wealthy clients, affluent clients and mid-to large corporates, where we leverage our expertise. We will further develop our leading positions in mortgages and SMEs with new propositions, aiming to increase our market share in both segments to above 20%. In Northwest Europe we will leverage our domestic

expertise in the energy, digital and mobility transition, aiming for a top 3 market position in selected niches. We remain open to bolt-on acquisition opportunities, especially in private banking.

We are a personal bank in the digital age, engraining the customer experience. Our trusted relationships with clients, together with our capabilities across all client segments, enable us to support them at all important financial steps in their lives. We offer both convenience and expertise. We deliver a convenient daily banking experience increasingly digitally. At moments that matter we support our clients with sector and sustainability expertise.

Sustainability is core to our purpose

Our clients increasingly need expertise to support them in the sustainability shift. We are their first choice partner in climate change, the circular economy and social impact. We aim to increase the volume of sustainable client loans and investments from around one-fifth to one-third in 2024. We will lead by example and make our office buildings more energy efficient. We will redevelop one of our locations in Amsterdam into a Paris-proof workplace designed to facilitate the trend of remote working. Alongside this we will sell our head office building and lease back part of it. The transaction is expected to result in a book gain.

Future-proof bank enables client focus and efficiency

We are building a future-proof bank by rigorously simplifying and centralising our operating model, enabling us to focus on clients and work more efficiently. Around 90% of high volume processes will be digitalised end-to-end by 2024. We will further streamline the product portfolio by around 60% by 2024. As clients make the shift to digital we will continue to reduce the number of branches. Our financial coaches will continue to be available to clients who need support to ensure they maintain access to banking services.

We are fully committed to our moderate risk profile and our role as a gatekeeper of the financial system. Our culture and licence to operate remain clear priorities. We place great value on fostering a culture within the bank in which everyone feels respected and valued. Taking ownership, clear targets and accountability are key to execution and our licence to operate.

Guidance and targets reflect current cautious economic outlook

Safeguarding income in low-rate environment

The low interest rate environment and wind-down of the CIB non-core portfolio will continue to impact net interest income. We aim to safeguard income by growing market share in focus segments by 2 to 5 percentage points by 2024. We expect fees to recover when lockdowns lift and to grow strongly after that as we increasingly charge for our convenience and expertise.

Continued cost focus

We have a good track record of cost control. We are targeting costs no higher than EUR 4.7 billion in 2024, reflecting EUR 700 million of further cost savings. Costs in 2021 at around EUR 5.3 billion are expected to be higher than in 2020 at around EUR 5.1 billion (excluding restructuring costs in both years) due to an increase in regulatory levies, AML costs and strategic investments. We expect a further reduction of staff of around 15% by 2024, mostly from 2022 onwards. We will reduce the impact on staff through natural attrition and reskilling in roles

where we expect shortages. We expect EUR 300 million of strategic investments and a restructuring provision of around EUR 150 million through 2023.

Cost of risk

We reconfirm our through-the-cycle cost of risk of 25 to 30 basis points. The non-core CIB activities were an important cause of disappointing cost of risk in recent years. The wind-down of the CIB non-core portfolio is well on track and will improve the bank's risk profile of the bank. Discipline in the execution of the sharpened risk framework will contribute to lower volatility in impairments.

Return on equity

We target a return on equity ('ROE') of around 8% by 2024 when the cost of risk is expected to normalise, cost-savings programmes are completed and growth initiatives are delivering. Our ROE ambition remains 10% and this will require some normalisation over time of current low interest rates.

Capital framework

We have set out our capital framework despite current uncertainties. We are committed to resuming payment of dividends, sustainably, conditions permitting and taking into account ECB recommendations. We will resume dividend pay-out at a ratio of 50% of net profit, after deduction of AT1 coupon payments and minority interests. We will adopt Basel IV as the primary capital metric with a Basel IV CET1 target of 13%. When our Basel IV CET1 ratio is above the threshold of 15% we will consider share buybacks subject to conditions and regulatory approval, not before FY2021. The threshold will be recalibrated as uncertainties reduce. Pay-out of the accrued full-year 2019 dividend will be considered prudently at full-year 2020, taking into account the status of the ECB dividend recommendation as well as conditions and prospects at that time.'

Webcast

The Investor Update reference documents are available online. A one-hour management presentation, led by Robert Swaak (CEO), followed by Q&As can be followed live via webcast from 10.00 am to 12.00 noon CET on <https://www.abnamro.com/ir>.

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