ABN·AMRO

Amsterdam, 10 May 2023

Press Release

ABN AMRO reports net profit of EUR 523 million for Q1 2023

Highlights of the quarter

- **Very good start to the year with a net profit of EUR 523 million and an ROE of 9.6% reflecting high NII and low risk costs, partly offset by seasonally high regulatory levies**
- **NII strong as deposit margins in all client units continued to improve in the higher interest rate environment**
- **Underlying costs 2.5% lower than in Q4, partly due to lower external staff costs in the first quarter**
- **Credit quality remains solid and impairments in Q1 were EUR 14 million**
- **Strong capital and liquidity position. Fully-loaded Basel III CET1 ratio of 15.0% and Basel IV CET1 ratio of around 16%. Second share buyback programme of EUR 500 million finalised in April**
- **Making progress in building a future-proof bank, strengthening our operational efficiency**

Robert Swaak, CEO

In the first quarter, the Dutch economy continued to demonstrate resilience. The recent turmoil in financial markets was sparked by specific issues at certain banks. Banks in the eurozone were resilient, supported by high capital buffers and conservative liquidity management. Recent developments confirm our strategic choices, giving us a distinct profile and focus. We continue to benefit from our improved risk profile and focus on our licence to operate as regulatory and capital requirements for banks increase further. We are building a future-proof bank by strengthening operational efficiency as we continue to invest in our sustainable finance regulation capabilities, model landscape and data capabilities.

In the first quarter of 2023 we delivered a very strong performance, with a net profit of EUR 523 million. The resulting return on equity (ROE) was 9.6%. Net interest income (NII) was EUR 1,620 million, as deposit margins in all client units continued to improve in the higher interest rate environment. Fee income remained stable. Costs came down by 2.5% (excluding incidentals and regulatory levies) partly due to lower external staff costs in the first quarter. We expect full-year costs for 2023 to be around EUR5.3 billion as inflation and higher investments delay the impact of savings programmes.

Credit quality remains solid and impairments in Q1 were EUR 14 million, while prudent buffers remain in place. Risk-weighted assets increased by EUR 3.2 billion, mainly due to business developments, an adjustment in the application of the SME support factor and model updates as part of our ongoing review of models. Our capital position remains strong, with a fully-loaded Basel III CET1 ratio of 15.0% and a Basel IV CET1 ratio of around 16%. Our deposit and funding mix is stable and well diversified. At the beginning of April we finalised our second share buyback programme, which had been announced in February.

ABN AMRO Press Office
Gustav Mahlerlaan 10 (HQ9140), 1082 PP Amsterdam, The Netherlands I + 31 20 6288900 I pressrelations@nl.abnamro.com

As demonstrated by recent events, economic uncertainty as well as the climate and geopolitical crises continue to converge, making the challenges for society more complex. These developments have an effect on our clients. Where high inflation is causing financial distress for clients, we aim to support them with budget coaches and debt counsellors. We remain vigilant about the longer-term effects of persistently high inflation. Lending is becoming more expensive, already affecting the Dutch housing market. Competition in the mortgage market remains strong. In a slowing housing market, our mortgage portfolio remained stable in the first quarter. Momentum in the corporate loan book is positive with an increase of EUR 0.7 billion (excluding non-core), especially in our focus sectors digital, mobility and new energy. Net new assets at Wealth Management increased by EUR 0.4 billion.

The bank operates from a position of strength, with a clear profile, strategic focus and a strong capital and liquidity position. Our people play a crucial role in serving our clients in the best possible way. I would like to thank them for remaining fully committed to our clients. Recent developments underline the importance of trust in banks. We are fully aware of this and work hard every day to be the future-proof bank that deserves that trust from clients and society.

Key figures and indicators

(in EUR millions)	*Q1 2023*	*Q1 2022*	*Change*	*Q4 2022*	*Change*
Operating income	2,142	1,933	11%	1,861	15%
Operating expenses	1,406	1,508	-7%	1,343	5%
Operating result	**736**	**425**	**73%**	**518**	**42%**
Impairment charges on financial instruments	14	62	-77%	32	-56%
Income tax expenses	199	68		132	51%
Profit/(loss) for the period	**523**	**295**	**77%**	**354**	**48%**
Cost/income ratio	65.6%	78.0%		72.1%	
Return on average Equity	9.6%	5.4%		6.4%	
CET1 ratio	15.0%	15.7%		15.2%	

ABN AMRO Press Office
Jordi van Baardewijk
Senior Press Officer
pressrelations@nl.abnamro.com
+31 20 6288900

ABN AMRO Investor Relations
Ferdinand Vaandrager
Head of Investor Relations
investorrelations@nl.abnamro.com
+31 20 6282282

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