

# ABN AMRO Q2 2025 Results Transcript

06 August 2025

**Participants:** Marguerite Bérard (CEO); Ferdinand Vaandrager (CFO); Serena Fioravanti (CRO)

**Operator:** Welcome to ABN AMRO's Q2 2025 Analyst and Investor Call. Please note this call is being recorded and for the duration of the call your lines will be on listen-only. Analysts will have the opportunity to ask questions after the presentation. This can be done by pressing pound key five on your telephone keypad. I will now hand the call over to the speakers. Please go ahead.

**Marguerite Bérard:** Good morning, this is Marguerite Bérard and welcome to ABN AMRO's Q2 results presentation. I am joined by Ferdinand Vaandrager, our CFO, and Serena Fioravanti, our CRO.

Following our presentation, we will hold a Q&A session, but first let me start by taking you through the highlights of the second quarter on slide two.

All in all, the second quarter is a solid one. Our net profit amounted to €606 million and we posted a return on equity of 9.4%. Our mortgage portfolio continued to grow strongly and increased by a further €1.8 billion during the second quarter. Total client assets grew by €8.6 billion to €355 billion. Our operating income was stable and the results of our tighter controls on external hiring and use of consultants are starting to become visible. This quarter we had net impairment releases, continuing the low cost of risk level of recent years.

We maintain a strong capital position with a CET1 ratio of 14.8%, including the new share buyback of €250 million. This is our fourth buyback transaction to date. We will again review our capital position in Q4 to assess the potential room for further share buybacks. We set our interim dividend at €0.54 cents per share.

Before I discuss these highlights in more detail, let me start with our strategic achievement this quarter on slide three.

Well, first, I'm really proud of BUUT, our neobank developed within a year by the Tikkie team and it's designed for the digital lifestyle of younger generations. BUUT offers a visually driven interactive experience designed to help Gen Z manage their finances more effectively. The app also supports financial education for families with features that allow parents and children to learn about money together. This quick development would not have been possible without the progress we made with the modernisation and modularisation of our application landscape.

We also completed the acquisition of HAL and we are now a strong top three player in Germany in Wealth Management. As part of our commitment to sustainability, we are increasingly embedding circular economy principles in our financing activities. The cumulative volume of our circular deals has reached €2.5 billion, putting us well on track to meet the €3.5 billion ambition by 2027. In line with our ambition to play a role in important transition themes, we made our first commitment to invest in a dedicated European defence fund. This commitment aligns with our support to the European sovereignty and defence industry.

Now turning to economic developments.

Dutch GDP slowed to 0.1% in Q2 2025, down from 0.3% in Q1, and this is reflecting a broader loss of momentum since mid-2024. Positive contributions came from government spending and investments notably in defence. While net exports and private consumption declined. Private consumption is contracting as households prefer to save given elevated uncertainty and this despite rising real incomes and strong labour market fundamentals. Near-term growth is expected to remain subdued, but prospects improve for 2026, with potential support from lower rates and positive spillovers effects from German fiscal spending.

The Dutch housing market remains resilient, with house prices rising almost 10% compared to last year, driven by higher household incomes, low mortgage rates and a persistent shortage of new homes. Transaction volumes are also surging, up 16% year-on-year, largely due to investors selling rental properties ahead of new tax rules.

Looking ahead to 2026, house price increases are expected to slow to 3% and transaction volume to 1% as wage increases level off and mortgage rates stabilise.

Now moving to our second quarter performance, starting with client lending on slide five.

I will start with our lending projects. There again, we had a strong quarter in mortgages and our portfolio increased by €1.8 billion, continuing the trend from last year.

Corporate loan book was more or less flat when excluding the lower volumes we had in Asset Based Finance and the impact of FX movements. Lower volumes at ABF reflect the winddown of non-strategic client portfolios in the UK and in Germany, and we now recently also decided to start winding down our activities in France. Within our corporate loan book, we saw continued growth in our transition themes – being New Energies, Digital and Mobility – with growth this quarter mainly in Mobility.

Client deposits rose significantly, up by almost €8 billion during the quarter, mainly due to seasonal holiday allowances, but people are also saving more with current economic

uncertainties. Another factor driving higher deposits is the increasing allocation to cash within DPM. Time deposit volume came down driven by clients with maturing contracts, placing their cash in savings products as rates have come down.

I will now move to our net interest income on slide six.

NII decreased by €28 million compared to the previous quarter while interest income on client loans and deposits were stable. The savings coupon, as you remember, was lowered by 25 basis points on May 1st, so over May and June this benefited our savings margin. The growth in client deposits also improved the NII. On the other hand, margins on current accounts and time deposits declined, offsetting these positive effects.

With regards to our lending products, the mortgage portfolio continued to grow, however, at slightly lower margins. Margins on corporate loans were stable, while our corporate loan book was more or less flat when excluding the impact of winding down non-strategic client portfolios at ABF.

The lower NII compared to Q1 reflects lower Treasury results in Q2 and various smaller positive items during Q1, mainly within Corporate Banking.

We still expect our full year 2025 NII excluding HAL to end in the middle of the €6.2 to €6.4 billion range. Given current forward rates, we expect that the Treasury results will increase in the second half of this year, while the inflection point of the replicating yield will occur sometime during the first half of next year.

I will now discuss fee developments on slide seven.

Fees declined by 3% compared to the previous quarter, though compared to Q2 last year, fees are still up by 6%. While financial markets in April were quite volatile, leading to a good month for Clearing, May and June were relatively quiet as many market participants took a risk-off view. Overall, this led to lower fee income for Clearing compared to Q1.

Fees in Corporate Banking were further impacted by higher fees paid for credit risk insurance.

The asset management fees in Wealth Management were slightly lower reflecting negative equity markets in April.

Moving to other income, we saw higher equity participation results and this result was partly due to a successful exit from our Sustainable Impact Fund.

Now turning to cost on slide eight.

Overall our underlying costs decreased further in Q2. Personnel expenses increased by €10 million, reflecting an in-range salary adjustment which occurred on April 1st of each year, and an increase in restructuring costs. Other expenses declined by €31 million, reflecting mainly our cost discipline as we have tightened new controls on hiring external staff.

External FTEs declined by over 228 this quarter, with a decline of close to 600 since the beginning of the year, representing a 16% reduction.

We are in part internalising these people, which explains why internal FTEs increased during Q1 and were flat in Q2. With a tighter hiring discipline, we are now starting to see a decline in internal FTEs and I do expect this to become more visible in the coming quarters.

Turning now to impairments on slide nine.

Impairments were again limited this quarter, reflecting solid credit quality and a resilient Dutch economy. During Q2, the impaired ratio was stable at 2.1% while the coverage ratio for defaulted loans declined slightly. The latter is the result of some highly provisioned corporate loans that were written off this quarter.

Across various sectors we took some additions to new and existing impaired loans. Additions were more than offset by the release of the management overlay for the nitrogen challenge. Overall we released €6 million of impairments over the quarter. Excluding the release of the management overlay, the cost of risk for this quarter is around 4 basis points. Our management overlay now stands at around €100 million, largely related to interest-only mortgages and a small amount for climate and environmental risk.

We have done a deep dive into the effects of the US tariffs by analysing potentially impacted sectors. The results show that we should only expect a limited direct impact, however we continue to monitor the developments closely. Given the good first half of this year, supported by healthy macroeconomic indicators, we now expect the cost of risk for 2025 to end well below the through-the-cycle cost of risk of 15 to 20 basis points.

Proceeding to slide 10 on our capital position.

We announced a €250 million share buyback following our delayed capital assessment which rounds off our capital distributions over 2024. This is a modest amount given today's capital ratio. However we want to maintain ample capital headroom for a potential distribution over our full year results at Q4. In our capital assessment we also incorporated the uncertain geopolitical and

economic environment, the remaining impact of the HAL acquisition and an expected increase of 35 basis points in our Pillar 2 requirements as of January 2026.

This increase mainly reflects the ECB's views on Dutch interest-only mortgages, specifically since these mortgages do not amortise during the lifetime of the transaction and require specific risk management measures.

So far this year, our capital generation has been very good, reflecting data improvements, capital allocation decisions and a solid net profit. This quarter, data quality improvements resolved another €1.4 billion of RWA add-ons, largely related to collateral eligibility.

The capital used by Asset Based Financing declined further, reflecting as I mentioned, our decision to wind down most of our activities outside the Netherlands. We expect ABF to reduce RWAs by another €1.5 billion by year-end 2026.

Turning back to this quarter, the securitisation transaction with European Investment Fund delivered the equivalent of €650 million of RWA relief, with part of this relief booked through capital. All in all, this has led to a pro-forma CET1 ratio of 14.8%, which includes the capital impact of the share buyback we announced today. We will carry out our next capital assessment in Q4, incorporating our full year 2025 results.

Now to finish with our financial targets.

The first, the Dutch economy remains resilient despite global uncertainties. We benefitted from the continued strong performance of the housing market. ABN AMRO demonstrated a solid financial performance in Q2, with significant growth in mortgages. Cost management is a top priority. We do expect we can keep total cost between €5.3 and €5.4 billion this year, including regulatory levies. We expect to end in the middle of our guidance for full-year NII of €6.2 to €6.4 billion. We set our interim dividend at €0.54 cents per share and we announced a share buyback of €250 million.

With that, I would like to thank you for your attention and I will ask now the operator to open the line for questions.

## Questions and Answers

**Operator:** Thank you. If you wish to ask a question, please press pound key five on your telephone keypad. If you wish to withdraw your question, please press pound key six on your telephone keypad.

Next question comes from Giulia Miotto from Morgan Stanley. Please go ahead.

**Giulia Miotto (Morgan Stanley):** Yes, hi, good morning. Thank you for taking my questions. I have two. The first one is on the capital framework. So how shall we think about the 13.5% target in the context of the Capital Markets Day? Basically, can we expect an update on that or shall we assume that given that the SREP is now 11.5%, the 13.5% is basically a setting stone, and then the next thing on capital is basically Q4 results where there will be another share buyback? So that's the first question.

And the second question is on NII. So I hear the €6.3 billion guidance reiterated, I was just wondering is Q3 basically going to be sort of flattish to Q2 and then you see an inflection point in Q4 or how should we think about that evolution because of course then the exit rate impacts our 2026 estimates? Thanks.

**Marguerite Bérard:** Thank you very much for your questions. So Ferdi will answer on NII. And basically as far as our capital framework is concerned and the target we will set, this will be indeed a topic for the CMD and we will take into account all developments.

Ferdi, NII.

**Ferdinand Vaandrager:** Yeah, Giulia, hi. On NII, I think Marguerite explained the underlying drivers for this quarter. So the decline you have seen Q2 versus Q1 was mainly due to lower Treasury results and we expect it to reverse in Q3 already and also some various smaller positive one-offs in Q1 we have not disclosed at that time. One element was a payment of amortised fees related to the infrastructure portfolio sale and the other one was a smaller positive one-off in Q1 for Clearing tax adjustments. So those were the two main drivers, but we do expect already a quarter-on-quarter increase Q3 over Q2, so that means also going towards our full-year guidance that the exit rate will be at the high level.

**Giulia Miotto (Morgan Stanley):** Okay, very clear. Thank you. And so, just to make sure I understood you correctly, so the 13.5% might change at the Capital Markets Day, we should expect an update on that?

**Marguerite Bérard:** Well, a Capital Market Day is to discuss our capital allocation, so we will of course discuss everything at our Capital Market Day.

**Giulia Miotto (Morgan Stanley):** Got it. Okay, thank you.

**Marguerite Bérard:** Thank you.

**Operator:** Next question comes from Tarik El Mejjad from BofA. Please go ahead.

**Tarik El Mejjad (Bank of America):** Hi, good morning, everyone. A few questions from my side please. Marguerite, you've been now a few months into the job and I would like please to know what's your mindset into the CMD, what's the key priorities? We all know what needs to be done, but just to see what you find out from your ongoing review and how much you can tell us so far?

And then just strategically on the M&A and, I mean, the Wealth Management looks like still an unfinished job. You fixed the Netherlands is strong, you fixed Germany. So what would be the strategy for Belgium and France? Are there any assets that could be interesting or you would consider actually reallocating more focus into the two strong markets?

And then further. I mean, sorry, I know I ask you this question every quarter. I'm still struggling to understand the movement in Treasury results. And, if you can give me an indication why you think it'll reverse, why is be lower this quarter, this is a big swing factor in your NII and it's very difficult to model and anticipate. Thank you very much.

**Marguerite Bérard:** Thank you very much for your question. So the first question, and of course, I realise you're impatient to know what we are going to announce at our Capital Market Day, but then it wouldn't be fun for the Capital Market Day if we had nothing to announce. So as I said, we are currently working hard in reviewing all our activities and building up on solid foundations and strong market positions. So we will indeed focus on enhancing our profitability, optimising our capital position and right sizing or cost base in order to achieve meaningful growth. And this will be indeed what the Capital Markets Day is going to be about.

Ferdi, on the Treasury.

**Ferdinand Vaandrager:** Yeah, Tarik, I know so, and the answer will not be very different. I always remind you that on a quarter-by-quarter basis, it can be volatile because it depends on the timing of hedges or the repricing dynamics of the receiver swaps. We tried to be helpful last year and sort of indicating what we expect what the overall delta for the full year in Treasury results would be, which is clearly a positive delta 2025 versus 2024. And if you look at the forward curve further steepening, what we've seen, is being supportive for that trajectory. So it can be more volatile quarter-by-quarter basis, but clearly, we expect a positive effect in the second half.

**Tarik El Mejjad (Bank of America):** Anything on the Wealth Management part, maybe?

**Marguerite Bérard:** This was our question related to M&A. So first of all, we are very happy to have closed the acquisition of HAL this quarter and now there is quite a bit of work to be done in order to make it also a successful integration. So this is what we are busy with at the moment, and

yes, I heard your question on Wealth Management. This is indeed I think a strong point of ABN AMRO, and so every time we can consider what we will judge as a credit target, we will of course look at them closely.

**Tarik El Mejjad (Bank of America):** Thank you very much. Have a good day.

**Marguerite Bérard:** Thanks.

**Operator:** Next question comes from Delphine Lee from JP Morgan. Please go ahead.

**Delphine Lee (JP Morgan):** Yes, good morning. Thanks for taking my questions. Just had follow-up questions, sorry, on capital and NII. So on capital, I got a little bit confused because you talk about Q4 and waiting for full-year 2025 results before you evaluate additional share buybacks. But isn't capital distribution a big component of what you intend to share with the market with the CMD? It is just to confirm that capital allocation and distribution is - we should hear a little bit more about this already in November as opposed to Q4 results early next year.

A second question is on, so just to follow up on NII, I just wanted to, if you could share a little bit, thank you for giving a bit of colour around second half. Just more for 2026 and onwards, I mean, you still have a little bit of headwind from the replicating income next year, but the volume growth is there. So just wondering what we should expect and how much growth can we get on NII next year? Thank you.

**Marguerite Bérard:** Thank you very much for your question. So just to reiterate, the share buyback we announced today is indeed a delayed share buyback. As you remember, the bank had announced in Q3 2024 that it will postpone to Q2 2025 its announcement of the share buyback to have a full view of Basel IV impacts for the bank. So this is what we are doing now.

And just to provide some clarity, I just mentioned Q4 this year because the policy of the bank is indeed to have an annual assessment of its capital position and its share buyback transaction annually at Q4. So this is just what I reiterated, but you're right, we have a Capital Market Day on November 25th, so I imagine it would be disappointing for everyone if we were not giving some clarity then on how we will allocate capital including shareholder returns.

NII, Ferdi.

**Ferdinand Vaandrager:** Yeah, Delphine, it's too early now to give guidance for 2026. So we are reiterating our guidance for 2025. So we expect an increase in NII in the remainder of the year. And for your benefit, we have updated the replicating yield sensitivity in the analyst presentation. You should always look at that replication. There you do see that we expect an inflection point in



the replicating income in the first half of next year, but you should take into account that this is fully based on constant volumes and assumed that there are no changes in the saving coupons. So this is only based on the replicating income, so that provides you some direction, but you should not look at this in isolation.

**Delphine Lee (JP Morgan):** Great, thank you very much.

**Marguerite Bérard:** Thank you, next question. Thank you.

**Operator:** Next question comes from Namita Samtani from Barclays. Please go ahead.

**Namita Samtani (Barclays):** Morning, and thanks for taking my questions. Just the first question, given the disclosure of the replicating portfolio on slide 15. It's based on constant volumes. If you continue to grow your deposits like you did this quarter, would you consider adding to the replicating portfolio? The steeper curve and spread versus cash would suggest it makes more sense to add to the replicating portfolio. So I'm just interested in your thoughts there.

And my second question, it looks like you have €79 million of overlays for interest-only mortgages. I think that's right but correct me if I'm wrong. And now there's a 35 bps SREP added on for interest-only mortgages. Do you think this product is still attractive from an ROE perspective? Thanks.

**Marguerite Bérard:** Thank you. Thank you very much for your question. So replicating portfolios, this will be for Ferdi. Serena will answer your question regarding our overlays on interest-only mortgage. But let me just tell you that, as an opening sentence that interest-only mortgages are a product we are comfortable with in the Dutch market and we will of course continue to offer it to our clients every time it is suitable.

Ferdi, replicating portfolio.

**Ferdinand Vaandrager:** Yes, Namita. Number one, looking at client deposit, you saw a very healthy increase in Q2 of €8 billion, mainly in demand deposits, €8 billion, and €3 billion in current accounts and you still see some migration from term into demand deposits. So this translates into your question. Yes, the size of the replicating portfolio, given this migration and growth has increased. So it's now around €165 billion. And for the rest, the underlying dynamics where we earlier disclosed 40% to 45% of the replicating portfolio reprices within one year.

We do expect further deposit growth in the second half of the year, but you should take into account that part of the increase in Q2 is related to holiday allowances and normally the

expectation is that you will see some spending over the holidays. So you might see the effect of that in Q3. But overall on a net basis we still expect deposit growth in the second half.

**Marguerite Bérard:** Although maybe we can add on this, Ferdi, on the holiday allowances. I think the amounts that we've seen coming into bank accounts have been higher than what we were expecting. And we do expect, as I mentioned, people to save probably a little more given current uncertainties.

**Serena Fioravanti:** And thanks, Namita, for the question on interest-only. You are really right. It's €79 million of overlays in our provisions. The interest-only mortgages are suitable products as Marguerite said, but we have been seen in the past that the new production is going down and is redeeming. So the new inflow has been very little, not very attractive. So our proportion of interest-only mortgages has been declining and it's now at 38%, used to be 59% in 2012 to give you a comparison. But indeed, we are continuously offering this product when it's suitable and when it's appreciated by the client.

**Namita Samtani (Barclays):** That's helpful, thanks very much.

**Marguerite Bérard:** Next question.

**Operator:** Next question comes from Benoît Pétrarque from Kepler Cheuvreux. Please go ahead.

**Benoît Pétrarque (Kepler Cheuvreux):** Yes, good morning. So the first one is on the MDA 11.5% on first of January versus your guidance, or your target on CET1 of 13.5%, that's a 200 bps. Will that be a good level for you and is that not getting towards a little bit tight zone, let's say, on the buffer or do you see that?

On NII, I was wondering if you take into account some NII from HAL also now in your guidance of €6.3 billion. I'm asking because we do see a pretty steep actually recovery of NII in the third and fourth quarter. Based on your guidance, I think that would be putting you towards a €1.6 billion NII in both Q3, Q4, which is a 4.5% increase quarter-on-quarter. So just wanted to make sure that we are going to see that steep increase of NII in the coming quarters.

And then maybe on that, equity improvement, you've done quite well in the second quarter. Can we expect more in the coming quarters before year-end? Thank you.

**Marguerite Bérard:** Thank you. Thank you very much. First of all, the indication we gave you, and this is also a token of our transparency because bear in mind that at this stage, the letter we received from the ECB regarding our SREP is not final, but we have an indication since we wanted to share it with you of an increase in our Pillar 2 requirement of this 35 basis points primarily

linked to, as we mentioned, interest-only mortgages. So yes, the MDA is expected to increase by 20 basis points as part of this P2R increase because it can be filled with AT1 and Tier 2. So this is how you come up with 20 basis points MDA. As far as our capital framework is concerned, and as I mentioned already, this will be of course a topic for Capital Market Day.

Regarding NII.

**Ferdinand Vaandrager:** Yeah, NII, Benoît. No, we reiterate our guidance and our guidance was excluding the impact of the HAL acquisition. We tried to be helpful and provide you with the first half P&L of HAL. Take into - keep in mind that these are still unaudited numbers, but at least for your indication where NII would end up, you can use that as a reference.

Then looking at RWA trajectory, specifically on the back of data improvements. Yeah, so we're quite glad to see that a big part was related to around €1.4 billion improved monitoring and revaluation of collateral and data quality improvements. So if you look over the past few quarters, the overall impact has been, or relief has been around to €4 to €5 billion and that has really been on the back of better sourcing of collateral, coverage of external ratings and also reduced proxies are conservative assumptions for collateral valuation.

So we will continue to work very hard on this, but the benefits will be spread more over time. The focus will mainly be, as mentioned before, on the SME support factor. So hopefully, we might see the first benefit of the €2 to €3 billion at the end of the year. And next to that, it's clearly focusing on the coverage of external ratings and improving collateral data. So it is top of mind, we are working very hard on it, but the further benefits will be more spread out over time.

**Benoît Pétrarque (Kepler Cheuvreux):** Thank you very much.

**Marguerite Bérard:** Thank you. Next question.

**Operator:** Next question comes from Johan Ekblom from UBS. Please go ahead.

**Marguerite Bérard:** I'm sorry, we cannot hear you. I don't know.

**Operator:** Johan Ekblom, your line is now unmuted. Please go ahead.

**Marguerite Bérard:** Thanks.

**Johan Ekblom (UBS):** Sorry, can you hear me now?

**Marguerite Bérard:** Now we can hear you good.

**Johan Ekblom (UBS):** Perfect. Sorry about that. I just wanted to come back to the interest-only mortgages, and I guess the thinking there would be you're now looking at a bigger capital charge. You hold overlays relating to this portfolio. Is there a double counting of buffers on buffers that the increase or the supposedly higher credit risk is reflected in more than one place now? And do you need to have both?

And then I guess related to that is that, if this is the Dutch market phenomena, should we not expect the higher capital charges to relatively rapidly be passed on to the end consumer or is there anything preventing you from doing that?

And then maybe second question, just on volumes. I mean, we've seen this is the long running trend, right? But you've been giving up share in corporate lending and a lot of that has been strategic exits of certain portfolios. When do you think you can start to approximate market growth in terms of corporate lending in the Dutch market?

**Marguerite Bérard:** Thank you. Thank you very much for your very relevant questions. So first, and I will let Serena elaborate on overlays and whether or not there is double accounting with our future P2R additional requirements on that. But let me first tell you about the product itself and what we see in the market.

Yes, indeed, this is I would say in the SSM, a rather specific Dutch product. And I think this is also the reason why the ECB is paying attention to it because overall I think the ECB sees it as a riskier project versus annuity mortgages.

As far as we are concerned, we see the risk on average to be low, especially considering a relatively low average loan-to-value of about 44%. The issue we mentioned with interest-only mortgages as far as the ECB is concerned is - I talked for ABN AMRO, but yes they have a view on the product for the Dutch markets. So when pricing this product, we take of course all factors into considerations including potential additional capital. But this is not the only factor we take into in consideration when we price the product. But yes, this is part of our assessment in pricing.

Serena, overlays and P2R.

**Serena Fioravanti:** Yeah, indeed, we have two different calculations. The management overlays, it's more of a perception of our expected exposures on our clients and related risk. So our overlays are updated on a quarterly basis based on the development also of our client outreach. So we reach out to clients to get better information, and as the information are coming through, we expect the overlay to be adjusted over time and absorbed into the regular provisioning process.

The P2R is more determined with the ECB based on their unexpected capital needs over longer period of time and under severe stress conditions. They consider both quantitative and qualitative considerations to the risk management of the entire book. And Marguerite already mentioned to that, so it's specific to the product. Therefore, we don't believe that there are necessarily direct double counting. The P2R is not assessed quarterly, but it's more result of our regular interaction with regulators and the prudential assessment on an annual basis. So this would have a different update in time.

**Marguerite Bérard:** And on our Corporate Bank, Ferdi.

**Ferdinand Vaandrager:** Yeah, on a Corporate Bank, and one element to mention as well, Johan, here because you are talking about buffer on buffer, you should take into account that we still have the macro prudential 458 rule. So that is the Dutch mortgage floor that has been rolled over until the end of 2026.

**Marguerite Bérard:** That's on mortgages.

**Ferdinand Vaandrager:** I just wanted to give that reference there. If you look at the corporate loans, you should look at the underlying effects there. Yes, it was down quarter-over-quarter, but the biggest part here was related to the winddown of Asset-Based Finance in Germany and the UK, where there - in line - on the path - we are winding this down.

And secondly, you have also seen some FX impact and that mainly comes from the Shipping portfolio. So overall, the outlook is healthy specifically for the transition sectors in the Netherlands and in the countries where we are active. But we clearly see, if you want some colour, yes, you do have some clients in uncertain times that they are more hesitant to choose for larger investment decision. But if you look underlying working capital finance, et cetera, it still looks healthy. Absolutely.

**Marguerite Bérard:** Absolutely. And, so our Corporate Bank -

**Johan Ekblom (UBS):** Maybe just to follow up on that -

**Marguerite Bérard:** Go ahead.

**Johan Ekblom (UBS):** How much do you still have in runoff? So the ABF that's left in Germany, UK and France is what, something like €2 billion, €3 billion? And then is there anything else that you flag that is a headwind? Is there any other headwind in portfolios you're specifically exiting or is that it?

**Ferdinand Vaandrager:** No, it's not, Johan. ABF is very specific. You've seen earlier quarters where you did see some impact, for example, where we sold some commercial real estate. And indeed, we recently said that also the ABF business in France will be wound down over the coming period. So total what is left is €1.5 billion RWA in the next one and a half year because we provided indication that the end of 2026 the winddown should be over.

**Marguerite Bérard:** But where you're right is that we do continue to improve RWA density in the Corporate Bank and this is what you see in all the actions we are taking.

**Ferdinand Vaandrager:** Yeah.

**Johan Ekblom (UBS):** Perfect. Thank you very much.

**Marguerite Bérard:** Next question.

**Operator:** Next question comes from Alberto Artoni from Intesa Sanpaolo. Please go ahead.

**Alberto Artoni (Intesa Sanpaolo):** Good morning.

**Marguerite Bérard:** Good morning. I'm sorry I cannot hear you very well. You sound a bit far away from -

**Alberto Artoni (Intesa Sanpaolo):** Is it better?

**Marguerite Bérard:** It seems to be better.

**Alberto Artoni (Intesa Sanpaolo):** Okay. Okay, thank you. Thank you. Sorry about that. So just have a quick follow-up on this point on the risk weighted asset. And so, if you can just give a little bit more colour and how do you intend to continue, if you intend to continue to optimise and what is just an indication of what is the potential that you can reach on that side?

And the second question would be on the competition on deposits. What is the competitive landscape at this point in time? You lowered, as well as your peers, the remuneration of saving accounts. Do you expect that this trend can continue going forward? I mean, you've been doing a good job in terms of volumes so I would expect this could be a possibility. So what's your take?

**Marguerite Bérard:** So as I think we describe and I will let Ferdi and Serena elaborate on that, but yes, we are steering on our RWAs and we gave you some colour on that as far as data quality improvements were concerned, up to €4 to €5 billion in the past quarters already. So we will continue to steer on that. So I think this is an important element. I won't elaborate more there

because this will also be part of the presentation we'll give you at our Capital Market Day, but this is a direction.

As far as deposits are concerned, well of course, we adapt our pricing to all, I would say all macroeconomic - to all microeconomic developments including of course monetary policy. But at this stage in the guidance, we are giving you for NII, we have not taken into account any changes in our coupon looking forward.

**Ferdinand Vaandrager:** No, and we always said that, as an indication here, to be roughly 10 basis point lowering as on an annual basis €100 million to NII. And then more on capital optimisation. Yes, you have seen we've done our inaugural significant risk transfer with the European Investment Bank that has a relief of overall €650 million, partly RWA and the rest in capital. And in the first quarter, we disclosed a credits transfer of an infrastructure portfolio to a third party of roughly €1 billion. So we are implementing a more structural approach to capital management to really actively manage RWA and balance this in the context of P&L, capital and ROE. So you will start hearing more on that in the coming quarters.

**Alberto Artoni (Intesa Sanpaolo):** Okay, thank you very much.

**Marguerite Bérard:** Thank you. Next question, thank you.

**Operator:** Next question comes from Farquhar Murray from Autonomous. Please go ahead.

**Farquhar Murray (Autonomous):** Morning, all. Just two questions if I may. Firstly, with regards to the SREP discussions, interest-only mortgages have long been a bone of contention with the ECB, but could you just clarify whether there's been any fundamental deterioration in recent quarters or years on say probability of default or loss given default on that specific portfolio that might help us rationalise the new approach taken there?

And then secondly, with regards to HAL, thanks for the disclosures for the first half 2025. I presume those like-for-like for the acquired scope, given the notation, but is there anything you would call out in those first half 2025 numbers or can I take that as a solid indication on the run rate into the second half? Thanks.

**Marguerite Bérard:** Thank you very much. So Serena will elaborate on interest-only the mortgages. But no, I mean, the answer to your question is very clear. From our point of view, we consider the risk on average to be low and Serena will give you also all the actions that we're taking on this portfolio just to ensure it remains the case.

**Serena Fioravanti:** No, absolutely. I mean, to your questions, the ECB has a concern with this product largely because it's also different from other jurisdictions. So they see the risk here as the annuity mortgages and they see this as a risk that they want to consider as part of the prudential statement. There has been absolutely no deterioration, neither on the PD nor in the LGD. On the opposite, we have extremely low cost of risk on the mortgages and basically no default.

When you look at the LTV, I think Marguerite said it before, on average 44%. On the 100% interest-only mortgages, to give you a flare, we have even an LTV of 31%. So we really look at the risk on average flow, we see it as a very limited part of our general book and we see it as strong. So all of our - the majority of our customers don't have, have no reason to doubt on their stability. We'll continue our client outreach to inform them and assess the potential risk and refinancing risk. And we will also share it with ECB as we go along, but we are fairly comfortable with the book.

**Marguerite Bérard:** And before we move to your HAL question, let me tell you, a French person speaking, that I find in the Netherlands that there is a very high payment morale. So indeed, we don't see any specific risk to this project. And also bear in mind, I think some of the specificity on this product comes with the fact that in the Netherlands, which has among the best pension schemes in Europe, clients primarily build up equity through pension rather than through properties. So that also explains why you have seen over time the development of this project compared to other jurisdictions. But I agree, this is a bit of a Dutch specificity.

Ferdi on HAL.

**Ferdinand Vaandrager:** Yeah, Marguerite. Yeah, Farquhar, I mean, the acquisition is completed on the 1st of July, so you will see the consolidation effect in Q3. So the numbers provided in the analyst presentations are the unaudited number over the first half of the year on the perimeter we acquire. Right. And we said earlier the fund admin business is the part we are not acquiring. And there you see for the first half NII of €60 million and €100 million in fees.

What you have seen in Q2 is a capital impact of 7 basis points and that really related to the prepayment of €672 million. It is not a final price. That will be based on the actual book value. So what you're going to see in Q3, then you see the capital impact visible through the consolidated accounts and you can see on the pro forma numbers RWA is just above €3 billion. So that has a roughly 30 basis points impact.

So on the net basis, expect around 25 basis points impacting Q3 and the rest will come later because that's also dependent on the integration and restructuring costs and it's too early to comment on that.



**Marguerite Bérard:** Thank you. Next question.

**Farquhar Murray (Autonomous):** Just a follow-up on the interest-only mortgages.

**Marguerite Bérard:** Go ahead. Yes?

**Farquhar Murray (Autonomous):** If I can follow up on the interest-only mortgages. To the degree it is possibly - Can you hear us? Sorry.

**Marguerite Bérard:** I'm sorry, you -

**Ferdinand Vaandrager:** Can you repeat the question, Farquhar, please?

**Farquhar Murray (Autonomous):** Yeah. Will be - sorry about it. Actually, just a follow-up on the interest-only mortgages, to the degree there's possibly a divergence between the economic view on those and the ECB view, would it become more susceptible to SRT?

**Marguerite Bérard:** This is another good question. I mean, basically, at this stage when we consider ways to optimise our capital, we look of course at all our portfolios with no specific exclusion and we take all factors into consideration. So when it is relevant, it is a possibility.

Serena, you want to add something?

**Serena Fioravanti:** It is an IRB portfolio, it is one of the IRB portfolios. Our risk credit asset density is not extremely high, even if you back up this capital add-ons and also the specific DNB add-ons imposed on all residential mortgages in the Netherlands, which we expect to be released or potentially be reviewed by the end of December 2026. And therefore, we look at it, as Marguerite said, from a portfolio perspective overall and looking at risk weighted assets densities.

**Marguerite Bérard:** Thank you. Next question.

**Farquhar Murray (Autonomous):** Cheers.

**Operator:** Next question comes from Chris Hallam from Goldman Sachs, please go ahead.

**Chris Hallam (Goldman Sachs):** Morning, everybody. Just a couple of questions left from me. So just going back to the recent stress test, there was a higher depletion there for yourselves versus some of your peers. I guess part of that is due to specific assumptions on the Dutch economy, but I guess it was also the case relative to your local peers. So I guess there are two parts within that stress test question, is there anything you would want us to bear in mind there? And second,

whether there's any connection between that higher depletion and whether or not you may wish to change the target CET1 ratio at Q4 as you discussed earlier.

And then my second question, just coming back to some comments you made earlier in Q&A. You mentioned earlier the focus for the CMD was going to be to mobilise the organisation to achieve meaningful growth. I guess your 2026 targets are around efficiency and returns? And those two endpoints can be to a degree mutually exclusive? So I just wanted to get a sense from you whether the north star of ABN is going to remain ROE and a capital efficiency or whether absolute growth is becoming a higher priority? Thank you.

**Marguerite Bérard:** Thank you very much. On the stress test, Ferdi and Serena will elaborate, but all in all, when you see the results of the recent EBA stress test compared to those in 2023, we actually did perform better comparatively to 2023.

Serena, do you want, or Ferdi, did you want to comment on the -

**Ferdinand Vaandrager:** No, the only thing I can say here, Chris, we remained in the same bucket, in bucket 2. So overall, transitional impact 404 basis points. So as Marguerite says, that is lower than the 484 basis points in 2023. And so, yes, you would end up below your MDA tracker level, but please do take into account that we have a counter cyclical buffer with an overall impact of 1.76%. So I think many of you look at that in that context that there's potential forbearance on that. So if you would take that into account, you'll come to a different conclusion.

**Marguerite Bérard:** Thank you, Ferdi. And as far as our targets that will be discussed, for the CMD are concerned, yes, I think profitability is important, and so this is why when I mentioned growth, I always talk about profitable growth. This is the key to us, profitability is important.

Next question.

**Chris Hallam (Goldman Sachs):** Okay, thank you very much.

**Operator:** As a reminder, if you wish to ask a question, please dial pound key five on your telephone keypad.

Next question comes from Anke Reingen from RBC. Please go ahead.

**Anke Reingen (RBC):** Yeah, thank you very much for taking my questions. Just on cost please. I guess the run-rate in the first half would point to €5.2 billion, but I just wonder in terms of what we should expect in terms of levies, the usual seasonality that would define where you land from

within that €5.3 to €5.4 billion range, or is there actually already some structural changes that might mean, or a structural benefits so you can land lower in that range?

And then the FTE numbers, the internal remains flat. We've reached a point where that can actually come down from Q2 onwards.

And then sorry to follow up on an earlier question. On HAL, is there anything we need to consider in terms of the first half run-rate that isn't potentially sustainable? And are you reiterating the cost savings of €60 million and the return on investment? Thank you very much.

**Marguerite Bérard:** Thank you very much. So yes, on our FTEs, I think you heard correctly, as I mentioned, we do expect our overall numbers both internal and external to come down in the coming quarters.

Regarding the levies, Ferdi, for the remaining.

**Ferdinand Vaandrager:** Yeah. And first of all, levies, but also on the second half of the year, Anke, please take into account that the CLA increased as of the 1st of July needs to be taken into account as well. That's a 3.75% increase, so that will add €40 million to the second half of the year.

If you look overall at levies, as we said before, there are no need for additional contribution in 2025 for the single resolution funds. Deposit guarantee scheme is very limited. Overall, it is based on a deposit level which is expected to increase. So we might be asked to add additional contributions. For now, we expect around €10 million. And then clearly, you have the annual banking tax where we expect €120 million. So overall, regulatory levies is around €130 million expected for the full year.

**Marguerite Bérard:** You had an additional question on HAL, I think.

**Ferdinand Vaandrager:** Oh yeah, on HAL, sorry, Anke, as I said before, we just closed the transaction as of the 1st of July. These numbers are unaudited, so it's really too early to start saying how should you look at the underlying trajectory in the second half of the year versus the first half.

**Marguerite Bérard:** Thank you very much.

**Anke Reingen (RBC):** Okay, thank you.

**Marguerite Bérard:** Are there - thank you very much. Are there any additional questions?

**Operator:** Next question comes from Juan Pablo Lopez Cobo from Santander. Please go ahead.

**Juan Pablo Lopez Cobo (Santander):** Yes, good morning. Thank you for taking my question. I got two questions. First, I'm sorry to come back to this. Regarding the share buyback, I guess we can agree it's being a bit modest below consensus expectations was probably around €500 million. The market cap today is down around €1 billion, probably mainly these lower share buyback. It would be interesting to know your thinking process on this, how the board decides. I understand the impact coming from HAL and the P2R, but to be honest, I'm a bit confused if we should expect in the Capital Markets Day a higher CET1 target or a higher share buyback. So I don't know if you could help us on that. So I'm trying. I know your comments before.

And second question is regarding FTEs. So good news, it's more than 200 external FTEs down. Could we assume average cost of around 200k on these external FTEs? I know that probably some of them will become internal FTEs, but I don't know if that's the right way to look at this in terms of potential cost savings going forward. Thank you.

**Marguerite Bérard:** Thank you. Thank you very much. And I think yes, you use the objective I use, i.e., modest when referring to the share buyback. So let me first by saying that certainly I understand your question. So I will just reiterate the way the board has been looking at our share buyback given capital position and capital generation. First, as I mentioned in our assessment, we took into account the following points. We wanted to retain ample headroom for the assessment, we will be doing annually, i.e., in Q4 as I mentioned, even though of course, it will be for us to also give some clarity on this topic at the Capital Market Day. We have also taken into account into assessment the remaining impact to the HAL acquisition. The preliminary outcome of the SREP that we've already discussed, this 35 basis points increase in P2R, i.e., 20 basis points increase of our MDA. We have also shown some prudence for the certain geopolitical and economic environment. And yes, basically, our capital optionality and capital framework we will discuss at the Capital Market Day, as I mentioned.

Ferdi on FTEs.

**Ferdinand Vaandrager:** Yeah, on FTEs, yes, under the more strict - was being quoted as being the higher freeze effective as of April 7th - we really focus on limiting consultancy expenses, which is not on an FTE. And secondly, the external FTEs so that this includes contractors and IP vendors and both of them are at relatively high rates. So although a part of the minus 600 external FTEs since the start of the year, in Q1 it was really partly transferred into internalisation, but you saw a more flat level in the second quarter in internal FTEs. And I think what Marguerite already said earlier, we do start to see also a decline in the internal FTEs. So an overall decrease of our FTE counts should start contributing towards the cost level on the second half.

**Marguerite Bérard:** Thank you. Do we have additional questions? No. Well, there are no questions left -

**Operator:** There are no more questions at this time. So I hand the conference back to the speakers for any closing comments.

**Marguerite Bérard:** Okay, well, I just wanted to thank you very much for your attention, for your questions. If some of you take some vacations, please do enjoy them and we are looking forward to talking to you again soon. Thanks a lot. Bye-Bye.

[END OF TRANSCRIPT]