

Pre-close note Q1 2025

16 April 2025

Dutch economic developments ¹

- The Dutch economy recovered in 2024 with a growth of 0.9%, primarily driven by government and household demand
- Growth is expected to recover further into 2025, before slowing on the back of US import tariffs, with an average of 1.4%, largely domestically driven
- The labour market remains tight, ending 2024 with an unemployment rate of 3.7% and our economic forecast expects a similar level for 2025
- Dutch inflation came in at 3.7% year-on-year for March 2025, and is expected to gradually decline while remaining above the Eurozone average as well as the ECB's 2% target
- Bankruptcies remain below the long-term average
- In Q1 2025, house prices increased by 9.7% and the number of houses sold increased by 13% compared to Q1 2024
- Over 2025 our economists expect house prices to increase by 7% and houses sold to increase by 5%

Net interest income in Q4 2024 was 1,668m

- For FY2025 we provided guidance of between 6.2-6.4bn based on the forward curve end of January
- Q4 included around 50m of temporary higher Treasury results and a circa 10m positive incidental
- The yield on our replicating portfolio is driven by both short term rates and a historical average of longer term interest rates
- Interest income generated from the replicating portfolio reached an inflection point in 2024 and is expected to decline in Q1
- Compared to previous quarter, short term rates have declined while longer term interest rates have increased
- Our main savings rate remained unchanged at 1.5% during Q1
- In Q1 we tend to see an outflow in current accounts reflecting seasonal factors related to tax payments, higher expenses incurred by businesses at year-end and dividend distributions by business owners

¹ All economic expectations mentioned are sourced from ABN AMRO Group Economics latest reports. The indications related to the housing market are according to the Dutch Real Estate Association NVM

Fee and commission income in Q4 2024 was 500m

- Personal & Business Banking has increased the pricing for payment packages as of 1 January (from EUR 3.25) to EUR 3.70, which is expected to have an annual impact of circa 16m
- Wealth management fee income depends on the volume of assets under management, which in turn is mainly impacted by market performance
- Equity market performance was mixed in different geographical markets in Q1
- Fee income in Clearing is linked to market volatility as high volatility results in high trade volumes, and during Q1 financial markets were again volatile

Other income in Q4 2024 was 72m

- Other income is volatile by nature and Q4 was impacted by derecognition losses and lower ALM results, partly offset by higher equity participation revaluations and higher XVA results

Operating expenses in Q4 2024 were 1,614m and included 118m for regulatory levies and 118m of large incidentals

- Guidance provided previous quarter was a cost level for FY2025 broadly flat compared to FY2024 (excluding incidentals) of circa 5.3bn
- Next to large incidental items, the Q4 costs included some non-recurring costs items of circa 25m in total
- As a result of the 2-year CLA, lasting until mid-2026, pension costs will decline in Q1 by circa 20m as the pension contribution is lowered from 37% to 30%
- For Q1 regulatory levies are expected to be negligible

Loan impairments in Q4 2024 were 9m

- Guidance earlier provided included a gradual normalization towards the through-the-cycle Cost of Risk of 15-20bps; Cost of Risk for 2025 is expected below the through-the-cycle Cost of Risk
- Credit quality was solid in Q4 with an impaired ratio of 2.1% and very limited net impairments
- We held circa 140m of management overlays at Q4

Tax: effective tax rate in Q4 2024 was 35.6%

- For the year we expect a tax rate somewhat above the Dutch corporate tax rate of 25.8% due to the non-deductible bank tax (in Q4) and due to the impact of a portion of interest paid not being tax deductible following the thin-cap rule in the Netherlands (every quarter)

Capital: Basel III CET1 ratio in Q4 2024 was 14.5% and our Basel IV CET1 ratio estimated at a similar level

- Q4 RWAs decreased compared to Q3 by circa 3bn reflecting roughly 2/3 decline from improved asset quality and 1/3 from business developments
 - The business developments included some year-end steering, which is expected to reverse in Q1
 - In Q1 we made a final submission to move models to less sophisticated approaches which is expected to result in 3-5bn additional RWA add-ons
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- As part of optimising our capital allocation and balance sheet usage we transferred the credit risk of a 1.3bn infrastructure portfolio to a third party
- This portfolio was already classified as Held for Sale in Q4 and in Q1 we expect a circa 1bn RWA decline related to this
- On February 26 we issued a EUR 750m AT1 instrument with a coupon of 5.75%, gross AT1 costs for Q1 will be c.55m (c.40m net); as of Q2 the gross AT1 costs are c.60m (c.45m net)
- Our dividend payout policy is 50% of reported net profit, after deduction of AT1 coupon payments and minority interests
- As communicated at Q4, the proposed final dividend over 2024 is EUR 0.75 per share with payment on 23 May if approved on the AGM of 23 April, the ex-dividend date is 25 April
- The assessment of capital position and potential room for share buyback will be communicated with our Q2 2025 results
- Please be aware that according to prudential expectations by the ECB, we do not include our net profit in our CET1 capital, however we will present a pro-forma capital ratio for Q1 2025, including 50% of the net profit in line with the existing dividend policy (in line with our Q3 reporting)

Post Q1 events - investments, divestments and capital transactions

- The acquisition of German private bank Hauck Aufhäuser Lampe (HAL) is expected to close in Q2 2025, impacting our CET1 capital ratio by circa 45bps
- The annual report of HAL was published on April 15th 2025
- On April 9th 2025, we announced a risk-sharing agreement with the European Investment Fund and the European Investment Bank on a 1bn portfolio of existing loans to Dutch SMEs originated by ABN AMRO leading to a net RWA reduction of circa 650m for Q2 2025

Please note that ABN AMRO Investor Relations will be in closed period as of close of business on 23 April 2025. ABN AMRO will publish its Q1 2025 results on 14 May 2025 at 07:00 CET.

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