

# ABN AMRO Q1 2026 Results Transcript

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

**Operator:** Welcome to ABN AMRO's Q1 2026 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 the pound key on your telephone keypad.

I will now hand the call over to the speakers. Please go ahead.

**Marguerite Bérard:** Good morning and welcome to ABN AMRO's Q1 2026 results presentation. I am joined today by our CFO, Ferdinand Vaandrager, and our CRO, Serena Fioravanti. I will cover the key messages, our progress on strategy and our financial results for the quarter. And after the presentation, we will open the line for your questions.

Let me begin with the key highlights of the first quarter on slide 2.

This first quarter was a strong start to the year, with net profit increasing 12% compared to the same period last year. We booked a net profit of €693 million, leading to a return on equity of 10.7%. There was solid growth in mortgages and corporate loans during this quarter. Growing deposit volumes were the main contributor to higher commercial net interest income.

Fee income reached a record level driven by strong Clearing performance resulting from high market volatility. Underlying costs declined further. We are therefore lowering our full-year 2026 cost guidance to around €5.5 billion. Credit quality remains solid, with limited net impairments and a cost of risk of 9 basis points despite increased geopolitical uncertainty. Our capital position remains strong, with a CET1 ratio of 15.5%.

Let me now go into more detail on how we are delivering on our strategic targets.

For our core products, mortgages and client deposits, we are on track to reach our 2028 ambitions. For client deposit growth, we stand at 46% of our 2028 ambition, and including the intended acquisition of NIBC at around 63%. With €2 billion of mortgage growth this quarter, 30% of our growth ambition has been realised, and again including NIBC, this rises to around 73%. We are making sustainability more accessible and financially attractive for homeowners.

Now, mortgage interest rates can be linked to a home's energy label. This rewards our clients for making their homes more sustainable.

Now, turning to client assets.

This quarter was impacted by market volatility and seasonal effects. However, the conversion of cash and time deposits into mandated and advisory products continued. We expanded our investment offering with launch of regulated crypto investment products. This gives clients transparent access to this new asset class. In Corporate Banking, profitability benefited from record high Clearing fees and also strong fees for Global Markets. This came alongside growth in our transition financing, including defence and renewable energy.

Now on the next slide, turning to our cost ambitions.

By simplifying our bank and reducing run rate costs, we are delivering on our promise to right size our cost base. Over the first quarter, FTEs again decreased by more than 500, mainly among external staff. Total FTE reductions since the end of 2024 now represent around 40% of our 2028 targets. In terms of cost savings, a further €60 million was achieved in Q1. This brings cumulative savings to around €220 million, out of a total of €900 million, mainly from increased efficiency and ongoing IT streamlining.

Alongside cost discipline, we are also improving productivity by embedding technology and AI more deeply in our daily work. We have moved faster than expected in achieving cost reductions, so I expect the pace to slow down somewhat from here.

This quarter we also made further progress on capital optimisation. Now turning on to the next page.

Optimising capital allocation is a strategic priority. Corporate Banking has clear reduction targets for both portfolio optimisation and RWA optimisation. Together, these target a €10 billion reduction and this quarter we realised an additional reduction of €1 billion. We have therefore now realised around 50% of our target, mainly through RWA optimisations. This reflects the partial reintroduction of the SME support factor, improvements to our data quality and collateral sourcing.

Portfolio optimisation are more gradual and include the closure of Asset Based Finance International. This is proceeding as planned. We have identified €8 billion of RWAs for active portfolio management and around 20% has been securitised by the SRT transaction we executed in Q4.

All these RWA reductions strengthen our capital position and enable us to invest selectively in profitable growth opportunities. We are on track with our commitment to lower the share of allocated RWA in Corporate Banking, which currently amounts to 51%.

Now, turning to the Dutch economy.

The Dutch economy remains resilient despite the current headwinds. Q1 GDP growth slowed to 0.1% quarter-on-quarter. Over the full year, GDP growth is forecast at 1.5%, slightly downgraded due to the Iran conflict and energy shock, while inflation has been revised up to 2.8%. On housing, after two years of over 8% price growth, we expect prices to moderate to plus 3% in 2026 and plus 4% in 2027.

Transaction volumes hit a ten-year record of around 239,000 in 2025, but are expected to decline by 3% in 2026 and 4% in 2027, amid heightened uncertainties and also limited supply of new homes. Despite this, the economy faces turbulence from a position of strength. High household savings, low debt ratios and a still tight labour market are providing meaningful buffers.

I'm turning now to our financial performance for the first quarter, starting with client deposits on slide 8.

The quarterly movements in client deposits should be seen in the context of some seasonal effects. Around year end, clients tend to hold more cash, while in Q1, we typically see higher tax payments. In this context, broadly flat client deposits in Q1 are a solid outcome. Over the past quarters, we have seen a continuous growth in deposits in line with our strategic ambitions.

Now, turning to client assets, I already mentioned that volatile markets during March led to lower asset values. Overall, we continue to see that our commercial efforts are leading to conversion to mandated and advisory projects keeping our progress on track.

Now turning to interest income.

This quarter, commercial NII improved by €36 million. Mortgage volumes continued to increase, with growth increasingly coming from government-backed mortgages. These mortgages carry lower margins, and this explains a basis point decrease in asset margin.

Average liability volumes were higher, reflecting continued underlying growth in deposit volumes. This was the main driver for the growth in commercial NII. The liability margin was broadly unchanged, reflecting the stable replicating yield.

Other commercial NII also increased in Q1, amongst others, from higher financing demand from Clearing clients.

Now, turning to the interest rate outlook and what this means for us.

Compared with last quarter, forward rates have risen sharply in reaction to geopolitical events. Current forward rates imply a further tailwind to our liability margin. This creates upside to our full year commercial NII guidance. At these forward rates, this could be close to €100 million additional interest income over 2026. However, we have decided to keep our guidance unchanged for now. It is difficult to foresee indeed if these rates will persist given the unpredictable nature of current events. We expect we can narrow down our NII guidance with our Q2 results.

I'm now turning to our fee income.

Fee income increased 6% quarter-on-quarter, showing growth in scalable, capital efficient business revenues. In Personal and Business Banking, we introduced new pricing for client accounts at the beginning of the year, and this led to higher fees. The negative market performance in Q1 affected fees in Wealth Management. By contrast, the higher market volatility led to strong results for Clearing due to increased trading volumes. Also, our Global Market activities had a good first quarter.

On other operating income, it has been relatively low the past three quarters. One reason has been the lower equity participation results. Market circumstances are unfavourable for both re-evaluations and exits. Also, ALM/Treasury results have been lower than seen on average over the past three years.

I'm now turning to our costs.

Given stronger than expected delivery and cost reductions, we have decided to lower our cost guidance for 2026 by around €100 million to approximately €5.5 billion.

Cost discipline is central to our strategy. Compared to Q1 last year, we have a more or less similar cost level. However, when we exclude HAL, expenses are in fact down 6%, reflecting the impact of lower FTEs and lower IT costs.

We are on track with integration of HAL, and this accounts for the largest part of the €63 million integration cost we booked this quarter. For the remainder of the year, restructuring costs will be limited.

We are also starting discussions on the renewal of the current collective labour agreement, which will run until the end of June. Assuming we reach an agreement, this may impact personnel expenses starting Q3.

Turning to our credit quality.

Credit quality remains solid, with a stage 3 ratio of 2.1% and a coverage ratio of 15.8%. Impairments in Q1 were broadly at the same level as Q4, while individual impairments declined versus last quarter. Model impairments, in contrast, were higher this quarter. This reflects updated macro scenarios and a significant increase of our negative scenario weighting from 30% to 55%. The negative scenario includes longer disruption to energy supplies linked to the war in the Middle East.

With these changes, we believe we have taken into account both first and potential second order effects. We have not made additions to the management overlay, which remained stable at around €75 million. We continue to actively monitor potential impact from macroeconomic and geopolitical developments on our loan portfolios. So far, we do not expect a material impact. This reflects the strong quality of our loan book, prudent risk management and strong collateral across all our portfolios. This is also reflected in our very limited private credit exposure of around €200 million.

Turning now to our capital position.

Our pro forma CET1 ratio rose slightly to 15.5%. This excludes the potential impact of around 70 to 80 basis points from the acquisition of NIBC, which we expect to book with Q3. RWAs increased by €1.2 billion in Q1, largely related to business developments in Corporate Banking, partly offset by data quality improvements. RWAs for Clearing increased from a reversal of the seasonally lower RWA in Q4 and the onboarding of new clients.

The Dutch central bank has decided not to continue the mortgage floor beyond the current period ending at the end of November, depending on market and volume developments. This could lead to a reduction of around €7 billion in mortgage RWAs.

In terms of capital implications, let me start by saying we are committed to returning at least €7.5 billion of capital by paying out up to 100% of net profit over the years 2026 to 2028. These represent substantial commitments. The removal of the mortgage floor is an upside to our plan, and all else equal, benefits our capital position.

We said at the CMD that even if, over a period of time, our capital position remains significantly above our target and we are delivering on our strategic ambitions, we may consider additional distributions. While we are progressing well on our strategic delivery, we are still at the beginning of our strategic period. So before considering additional distributions, we need to see capital consistently exceeding our target and further delivering on our strategic ambitions.

Let me close with a key takeaway for the quarter.

Today's results show that we are delivering on what we said we would do in Q1. We made strong progress across our strategic priorities, grow profitably, right-size our cost base and optimise capital allocation. We showed profitable growth, adding a further €2 billion to our mortgage portfolio. We also delivered record high fees. We are keeping our NII guidance unchanged while acknowledging the potential upside from current interest rates.

We also maintained strong cost discipline and have lowered our cost guidance for full year 2026 by €100 million to around €5.5 billion. And with a CET1 ratio of 15.5%, we remain well positioned to invest in our strategy to support our clients while returning capital to our shareholders.

In a nutshell, we are focussed, we are committed, and we continue to deliver on our promises. I thank you very much for your attention, and we will now open the line for your questions.

### Questions and Answers

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

The next question comes from Giulia Aurora Miotto from Morgan Stanley. Please go ahead.

**Giulia Aurora Miotto (Morgan Stanley):** Hi. Good morning. Thank you for taking my questions. I have two. The first one on the improved cost guidance at €5.5 billion and it's nice to see an improvement, but it still seems quite conservative to me. And I appreciate that Q4 is normally seasonally higher. I appreciate the CLA. But I would think it could be almost €100 million lower than what you're guiding to. So can you help us think about potential upside or if I'm missing something on the cost guide?

And then secondly, this mortgage floor, so 70 more bps basically that is coming your way by year end, and plus the over delivery so far, how should we think about the potential for perhaps an interim excess capital distribution? And I hear you, Marguerite, you said that you want to show a bit more delivery. You are at the beginning of the journey. So in terms of timing, shall we think about maybe Q3? Is that a realistic timing for ABN to raise a request to the ECB for an excess capital distribution or what's the best way to think about this? Thank you.

**Marguerite Bérard:** Thank you. Thank you very much for your questions. In terms of our cost guidance improvements, indeed, we are pleased with our pace. We are pleased with our discipline and commitment to delivery. This is what allows us to improve, even though we are early in the journey to improve our cost guidance by €100 million to €5.5 billion. This is the guidance we're very comfortable with. I also pointed out that, indeed, there may be things to be considered like, pointing out to our CLA negotiations happening in June.

So, we, as a rule, we commit to things we are in the capacity of delivering. Ambitious targets, but realistic as well so that we can be predictable. When it comes to the DNB mortgage floor and its consequences, we shared the figures with you as you know, we always assess our capital position at Q4 and there will be no change in that respect. So we will be assessing our position at Q4. And as I shared, we are happy with the way we started this journey, but this is the beginning of the journey. This is a marathon. So we do it quarter after quarter.

**Giulia Aurora Miotto (Morgan Stanley):** Thanks.

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

**Benoît Pétrarque (Kepler Cheuvreux):** Yes. Good morning and well done really on the OpEx development. So two questions on my side. The first one will be again on OpEx. So you've achieved 40% of the planned FTE reduction already in Q1. I think you announced the CMD just four months ago. So clearly, the speed of execution is very strong. Are you already thinking to maybe update the plan at some point?

And I was also wondering if in the context of renegotiating the collective labour agreement in H2, whether we should expect maybe a bit of an update at some point during the year around the FTE reduction plan for the long term. So that's the question number one. Number two is actually, yeah, maybe on liability margin. Things are looking better already. And conceptually, do you think your €7.2 billion NII number is still the right one at the current curve? Thank you very much.

**Marguerite Bérard:** Thank you. Thank you very much. On cost, let me reiterate what we shared at our CMD. In terms of FTE trajectory, we committed to a total reduction of 5,200 by 2028. Indeed, where we look at where we stand now, we are pleased with the pace we've been achieving, 40% of the overall target. I also shared that we do expect this pace to moderate in the coming quarters. But we like the fact that we started with a strong start. It is the beginning of a strategic plan. Don't get me wrong. Whenever we can do better, we will do better. It is still early in the plan and right now we are very much focussed on delivering on what we already committed. On the liability margin, do you want to take that Ferdi.

**Ferdinand Vaandrager:** Yeah, maybe more in general, as you asked, Benoit, we have very strong confidence in our commercial NII guidance for this year of €6.4 billion. But it's also, as Marguerite said during the presentation, in current volatile market environment, we expect to have better visibility at midyear. And also, in the disclosures in the presentation, we recognised the forward curve has improved. Hence, the guidance can be seen as somewhat conservative if the curve were to materialise.

So that implies upside potential to our guidance of roughly €100 million. But you should not look at isolation at this, right. With higher margin deposit competition, what we see already of smaller players might increase. And also, higher interest rate curves might be the consequence of higher inflation, which might feed into less growth or higher loan losses. So yes, we're very confident. But I reiterate what Marguerite says earlier, midyear is a better moment to reflect on our guidance for the full year.

**Benoît Pétrarque (Kepler Cheuvreux):** Thank you. Just, Marguerite, on the CLA, what can we expect from that? Just to clarify a bit what the expectation should be.

**Marguerite Bérard:** What we can expect that it is an important moment for the bank, for colleagues. We enter these negotiations in the spirit of, I would say, transparency and respectful approach. I am confident that both from management and unions everyone will have at heart to reach an outcome that will be in the interest of all our colleagues, but also the long-term health of the bank. And I cannot speculate, of course, on negotiations that have not started. They will happen in June. But I think the spirit is the right one.

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

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

**Namita Samtani (Barclays):** Morning. And thank you for taking my questions. My first question, when you note that the current curve provides €100 million upside to your commercial NII already this year, does that also include an offset from your 100% pass-through assumption? Or what's the pass-through assumption here for 2026 in terms of deposits?

And then secondly, just on the ROE in the Corporate Bank, the first quarter ROE of 9.5%. And it's a lot better than the fourth quarter, but it still falls quite short of the 12% group ambition by 2028. So how do you see margins in the Corporate business and what else needs to be done to improve ROE here? Thanks.

**Marguerite Bérard:** Thank you very much. I will let Ferdi take your questions. Two short remarks on my side. One, we have - you may have seen our slide describing how the underlying assumptions we provide for our replicating portfolios. So I think you have that, but I will let Ferdi take you through these assumptions. With respect to CB, I think we are indeed moving at pace within our Corporate Bank in improving our profitability, which is our main target for CB. So we are actually quite comfortable with the pace we are having. Keep in mind that the target we have for CB in 2028 is 11% for this division. But, Ferdi?

**Ferdinand Vaandrager:** Yeah, Namita, specifically the assumptions for our liability margin. And that's what we explained during the CMD for the trajectory, we assume broadly stable margins. So

100% pass through on interest paying deposits. So except for current accounts in our replicating portfolio. And have we seen an increase overall of the replicating portfolio to around €175 billion and roughly 30% of that, or €50 billion is current accounts. And the current accounts where we pay zero interest on that is structurally accretive. So the current accounts is the full explanation of the increase in the liability margin you see on slide 10 in the presentation. And the margins move in line with the yield of the replicating portfolio.

**Namita Samtani (Barclays):** That's helpful. Thank you.

**Operator:** The next question comes from Delphine Lee from J.P. Morgan. Please go ahead.

**Delphine Lee (J.P. Morgan):** Good morning. Thank you for taking my questions. So the first one is on just going back to cost. So just to check, first of all, what was your sort of wage increase assumption in your business plan? Just we have kind of like a rough idea of what to expect with the CLA. And then just in terms of the cost trajectory, I mean, execution clearly is much stronger. Do you intend to still keep the same target in terms of FTE reduction? Or could that go even further than that? Or do you intend to invest a bit more just to understand a little bit what are the sort of moving parts between now and 2028?

And on the second question is on the payout. I mean, clearly, I mean, CET1 has been consistently above 15% now, comfortably above 15%. And the mortgage floor removal will finance sort of the NIBC acquisition largely. So just trying to think, should we assume that with Q4 results, we should definitely get more than 100% total payout? And if I could squeeze a last one, if that's possible. Any guidance on other income, which has been a bit weaker is and how much of that is kind of like structural? If you could give a bit more guidance on that line, that would be helpful. Thank you so much.

**Marguerite Bérard:** Thank you. Thank you very much for your questions. I will - Ferdi will take the one on other income. On capital distribution, let me reiterate what I shared with you in the presentation. Indeed, we are committed to returning at least €7.5 billion of capital, and to pay out up to 100% of our net profit over 2026 to 2028. This is what we committed at our CMD. These are serious commitments.

Indeed, the removal of the DNB mortgage floor is an upside to our plan. And so, it benefits our capital position. But we also shared at our CMD is that, if over a period of time, our capital position remains significantly above our target. And if we're delivering on our strategic ambitions, we may consider additional distributions. But that assessment, we're not making it today. We're at an early stage of our plan. We are pleased with the strong start we are making and right now very much focussed on our execution.

I will reiterate the same on cost. We improved our cost guidance for 2026. We are not changing the FTE trajectory we shared at our CMD. We achieved 40% of this trajectory already. But I also indicated that this space will moderate over time. So it's good that we made a strong start in the plan. But this figure is not being updated or changed right now. On other income.

**Ferdinand Vaandrager:** Yes. On other income and the last point, what is in our plans? That was also your question underlying its 2% inflation, Delphine, but we also said if inflation is higher, we will absorb it to realise the targets and guidance we provided. Then for other income, that has been lower than average in the past few quarters and mainly led to number one was the results of equity participations and direct equity investments. That was roughly a €10 to €30 million lower than average, because it's clearly not a very favourable market for revaluation and exits.

And number two, it was the ALM results in other income. That was in the past three years, that was lower negative than what we currently see. And that is mainly reflecting increased hedging costs due to market volatility. So those are the underlying explanations. It's volatile. So we do not provide specific guidance on other income. But we just try to be helpful in explaining what the underlying buckets are.

The only thing what I want to mention, and we said that before, you do see incidentals in there. And for example, we already indicated that for Q4 this year, we expect roughly €100 million net impact book loss for the sale of Alfam, our consumer credit business, and that will be booked in other income. Just to be mindful, try to be helpful for your modelling.

**Marguerite Bérard:** But also, to help you, going back to your cost question on the CLA. So just for you to have in mind. First, just our staff in the Netherlands represents overall 85% of our total internal FTEs. Just to give you an idea of the scope. And also, as a rule of thumb, a 1% increase leads roughly €20 to €30 million higher costs per annum. Just for you to have these metrics if that can help you in your modelling.

**Delphine Lee (J.P. Morgan):** Perfect. Thank you so much.

**Operator:** The next question comes from Benjamin Goy from Deutsche Bank. Please go ahead.

**Benjamin Goy (Deutsche Bank):** Yes. Hi. Good morning. Two questions please. On commercial net interest income. The first, on loan demand. Your remarks on the Dutch economy sounded quite positive. But just want to confirm the trends you see on loan demand now with basically two months of higher interest rates, whether it's on the mortgage side, whether you see a small impact going forward, maybe. And on the Corporate side, whether there is a change in behaviour, whether you see less investment loans and demand for that.

And then secondly, your liability margin stabilised in Q1. Should we expect at the current rates already an inflection and moving up in Q2, or when do you think would that happen?

Thank you.

**Marguerite Bérard:** Thanks. Ferdi will take your questions on liability margins. What we observe in the economy right now and also based on many conversations we currently have with our clients, first, the Dutch economy is resilient. And as I said, it has been entering this period from a position of strength. And overall, this is an economy that is overperforming, on average, the EU economy and has very strong buffers. We gave, on the mortgage side, I think very clear indications on what we observe in the housing market. I.e. after record years of growth, we do expect housing prices to moderate and we do expect the number of transactions to slightly decrease in 2026 and 2027 compared to the record high we had reached last year.

What we see in the conversations we have with our clients is that they are overall, I would say, resilient. I think they know how to adapt. At the same time, of course, they have concerns on the current, I would call it geopolitical stalemate, because we are also aware and you have it in the notes of our Economic Bureau that a prolonged conflict would have an additional impact on energy prices. And we're factoring in more, if I would say end of June, beginning of July, if no solution were to be found, that could be impactful in terms of secondary effect on growth and inflation.

So I think right now, we're comfortable and we find the economy resilient. But it will all depend on the length of the conflict.

Ferdi on liability margin.

**Ferdinand Vaandrager:** Yes. Benjamin, you don't get it directly from the margin graph, but the liability margin very marginally improved in Q1. That's in the 114 basis points. So it's just less than one basis point. But that increase was more pronounced clearly at the end of the quarter in March when interest rates started moving. And what you do see for this quarter that the improvement is mainly from the replicating portfolio with shorter duration. So that is mainly Wealth portfolio. And it will take more time for the benefit of portfolios with a slightly longer duration to start feeding into our replicating portfolio.

So the higher yielding swaps are gradually coming in. So that means that further liability improvements over the coming quarter is definitely expected. And lastly, Benjamin, just to reiterate that in the liability margin is only an increase of the current accounts because it's our underlying assumption that you have a full pass-through for deposits where interest is being paid.

**Benjamin Goy (Deutsche Bank):** Thank you.

**Operator:** The next question comes from Matthew Clark from Mediobanca. Please go ahead.

**Matthew Clark (Mediobanca):** Good morning. Two questions please. One is on the Wealth Management cost of risk or credit loss provisions, which have been unusually high for the past couple of quarters. So can you give us a bit more insight on what's driving that? Because it's a bit unusual to see that in wealth management divisions.

And then the second question is on the DNB mortgage floor capital release coming later in the year. Do you expect to see some of that benefit passed on to customers via tighter mortgage spreads, or do you think that benefit will stay with shareholders as capital relief? Thank you.

**Marguerite Bérard:** Thank you very much for your questions.

Serena, I may let you answer the question on Wealth Management and cost of risk.

On the DNB mortgage floor impact, we are of course operating in a competitive market. And so, since this is an impact that is benefiting all banks in the Netherlands, this will also be reflected in the competition market and the pricing. This is something that will happen in November. So it is too early to speculate on price impact. But indeed, this is a competitive market. So all things being equal, it will also be reflected in pricing.

Serena on Wealth Management.

**Serena Fioravanti:** Yeah. Thanks, and thanks for the question. Indeed, loan impairments showed an increase in Wealth Management. This is due to a few single cases and individual cases and files which were booked in our Wealth Management franchise. But our underlying are also corporate loans. We feel comfortable with the positions and on the underwriting criteria. And these are just individual activities, but no correlations with others.

**Matthew Clark (Mediobanca):** Can you clarify whether they're part of your legacy business or whether they're part of the HAL business that you acquired?

**Serena Fioravanti:** No, this is a part of our underlying business of Entrepreneurs and Wealth Management activities. And we are continuing to do these activities in all the countries in the Wealth franchise. And again, it's a couple of single cases that we do not comment on.

**Marguerite Bérard:** But all in all, what you have to bear in mind is that these are dual clients from Wealth Management and CB, and our underwriting processes are exactly the same for these clients in Wealth Management as they are for CB. These are the same teams, so you should not have any specific concerns.

**Matthew Clark (Mediobanca):** Thank you.

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

**Johan Ekblom (UBS):** Thank you. Just maybe starting on the cost side, if we look at the FTE reductions you've achieved, it looks like the vast majority, certainly this quarter, but also last year came from a reduction in external FTEs, which I guess is the positive because they'll probably be on average more expensive. But the slower reduction pace, we're seeing internal FTEs. Is that a timing effect or are there big differences between gross and net from internalisations? Just trying to understand if kind of the easy-pickings are done and it gets harder from here, or if there's anything else we should consider there.

And then secondly, just coming back to the mortgage floor release, I guess, have you had any conversations with regulators as to whether this capital release is kind of distributable? I mean, there's been a number of banks that have struggled to push beyond 100% payout. But as this is the kind of one-off capital relief on your side, is that an opportunity to engage in such a discussion with the regulator, or have you attempted to do so?

**Marguerite Bérard:** Thank you very much. I like very much the way we - all your questions and I fully understand it, all try to get more on this topic, but I will only reiterate, and so not speculate on anything, only reiterate to on what I've already said when it comes to capital distribution. Again, this is we assess our capital situation at Q4, and we don't speculate before that.

On FTE reductions, you're right. The bulk of the impact so far has come from reductions in our external workforce. What we have done also in these past quarters is internalise some of these external talents into our internal teams because we want to make sure that we always have the best talents and expertise. It is true, for instance, in IT or tech, but not only, so that also explains the differences you may observe between internal and external FTEs.

As we shared also at our CMD, everything we shared in terms of cost savings, and I would say in terms of everything we shared in the CMD is grounded in business cases. So basically, we actually know how we are executing on this trajectory. It is grounded on it's a bank-wide effort grounded in overall simplifications of our banks. We provided a number of examples in terms of integrating AAHG or Asset-Based Finance within the main bank, simplifying risk, simplifying DFC, you name it, so everything is grounded. So we know how to execute on that over time. And as I indicated, you will see the pace moderating in the coming quarters and this is expected and part of our trajectory.

**Ferdinand Vaandrager:** Yeah. And maybe on the mortgage floor. What I can say there, Johan, we said it before, we see it also as simplification, gold-plating and also a fragmentation of macroprudential buffers. We've always said we do see quite an overlap with the countercyclical

buffer. So we think it's a logical step. But you should not have a direct link between the release of the mortgage floor into distributable capital.

**Johan Ekblom (UBS):** Thank you.

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

**Alberto Artoni (Intesa Sanpaolo):** Good morning. Thank you very much for taking my question. I just have one because the other one has been already answered.

On the NII, you provided the indication that the current forward rate would, everything else being equal, improve the NII for 2026 by about €100 million. And what would be the impact in future years? Should we think of a similar type of impact or higher or lower?

**Marguerite Bérard:** Thank you for your question. Ferdi, you can sort of infer it from our graph, but I don't know if, Ferdi, you want to elaborate on that.

**Ferdinand Vaandrager:** Yeah. I mean, what we can say here: forward curves change continuously. But if you look at the forward curve today, there are definitely potential benefits. For 2028, we have not provided guidance. But during the CMD, we provided an indication that commercial NII could rise to €7.2 billion, including NIBC, based on the economic outlook and interest rate forecast at that time. For now, it's too early to start looking at do we want to change this indication or not? But as Marguerite said earlier, I mean, maybe midyear is a better point to start re-evaluating for the interest rate at that time. So for now, no changes.

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

**Operator:** The next question comes from Anke Reingen from RBC. Please go ahead.

**Anke Reingen (RBC Capital Markets):** Yeah. Good morning, and thank you for taking my question. I just have a follow up question on the replication portfolio. I just wanted to confirm that your NII guidance basically assumes stable volumes on the replication portfolio.

And then I was wondering, I guess it'd gone up from €165 to €175 billion in the quarter. Would that not already explain quite a large part of the upgrade in NII or not? Because the part of current account has come down from €65 to €50 billion, or it is not quite comparable? If you can, please clarify. Thank you.

**Ferdinand Vaandrager:** Yeah. On the guidance, yes, the replicating portfolio increased. But the biggest part there was demand deposits and not current accounts. So that is underlying this assumption.

And then secondly your question again on NII sensitivity, we really plotted versus the current accounts which is roughly €50 billion in this. So that is the basis for our guidance for this year.

**Anke Reingen (RBC Capital Markets):** So just to confirm on your NII guidance, you assume a replication portfolio unchanged with €50 billion of current accounts and the €50 billion is comparable replication?

**Ferdinand Vaandrager:** Underlying if you look at our assumption, we do expect deposit growth. We said that earlier it's deposit growth from roughly €2 billion per quarter, which was seasonally a bit lower. A part of that might be current accounts. So there's also underlying assumptions clearly in our NII guidance that we do see volume growth.

**Anke Reingen (RBC Capital Markets):** Okay. All right. Thank you.

**Operator:** The next question comes from Shrey Srivastava from Citi. Please go ahead.

**Shrey Srivastava (Citi):** Hi and thank you very much for taking my question. And just again on the NII. On the €100 million uplift, obviously, it assumes a full pass-through competitive dynamic you're seeing that would suggest this. Because if I look at what happened in the last hiking cycle, it would seem particularly on the demand deposit side that you pass-through a significant proportion less than this of the 50% to 60%.

And a second one is just a clarification. If you could confirm how much of your sort of short duration replication portfolio is geared to three months versus six months versus the other buckets? If that's all right? Thank you.

**Marguerite Bérard:** Thank you for your question. I will let you Ferdi answer them. But indeed, bear in mind that since we are operating in a competitive environment, we also, I would say, take fairly mechanistic assumptions in our replicating portfolio so that you can make your calculation, but we do not make hypotheses in terms of pricing behaviour based on competition in the market, because that would have also a commercial impact. So we don't do that. So you have more, I would say, a mechanistic approach of the behaviour of the portfolio.

But, Ferdi?

**Ferdinand Vaandrager:** Yeah, then so exactly, you could say, are we conservative or not, but there's definitely competition in the market. So you could argue it's conservative. And if we have more indication of pass-through we will update our guidance on the back of that.

If you look at our replication portfolio, we invested over the whole curve, so up until ten-year. The only thing we said there, around 40% of the replicating portfolio reprices within 1 year. And a big

part of that is in the three-month bucket. The overall duration is 3 years of the replicating portfolio to give some more indication.

**Shrey Srivastava (Citi):** Thank you very much.

And if I may just very quickly follow up, if assuming we do get some ECB rate hikes this year, do you expect any material difference in competitive behaviour from the last time the ECB hiked rates a few years ago? Has anything changed that we should be thinking about?

**Marguerite Bérard:** Well, one thing also you need to take into consideration in the hypothesis of our Economic Bureau is that we price, like the market, we price right now two hikes in 2026. At the same time, our assumptions, and that's also based to the normalisation of the current geopolitical events is that this increase will be reversed in 2027. And that's not necessarily what you see in the forward curve. So this is also, I would say, different assumptions. And I mention it because then depending on the more or less lasting effects, you may have also different competitive and pricing behaviour and also expectations from clients. So it depends really on how you expect the coming, I mean, the current events to evolve over time.

**Ferdinand Vaandrager:** And it's also the main banks don't price directly off ECB rates the worst price on the back of the replicating portfolio yields. So also take that into account as most of the larger banks run their deposits in replicating portfolios.

**Shrey Srivastava (Citi):** Yeah, that's very helpful. Thank you very much.

**Operator:** The next question comes from Farquhar Charles Murray from Autonomous. Please go ahead.

**Farquhar Charles Murray (Autonomous Research):** Good morning, all. Two questions, if I may. The first one is actually following up a little bit on that competitive discussion on the last question. So on the deposit competition side, have you actually seen smaller players move, and is that on the savings accounts or more on the term side of things? And more generally, from your own perspective, does the degree of volatility you see the scenarios that are out there kind of encourage you to move quickly or actually slowly?

And then secondly, the leverage ratio is off quite a bit Q-on-Q. I know there's some kind of seasonality to that, but it seems a bit at the heavier end of things. So I wondered whether the volatility in the market and maybe Clearing had played a part in that and what we might then expect in the second quarter. Thanks.

**Marguerite Bérard:** Ferdi, on the competitive dynamics of the market and behaviour of -

**Ferdinand Vaandrager:** Farquhar, clearly, what you do start seeing is some of the more challenger and smaller banks are starting to price up. So you do see the competition there. So that's also one of the underlying reasons we are more conservative there in our assumption.

If you look at the leverage ratio, that was your second question, yes, it decreased to just below 5%, but that is mainly what you see in Q1 because the exposure measure increases. That is more on balance sheet exposures. And at the same time, it was partly offset by an increase in our pro forma tier one capital.

**Farquhar Charles Murray (Autonomous Research):** Thanks a lot.

**Operator:** The next question comes from Giulia Aurora Miotto from Morgan Stanley. Please go ahead.

**Giulia Aurora Miotto (Morgan Stanley):** Yes. Hi. Sorry for coming back on the queue. I thought it's an efficient short call, so maybe there is space for a couple more if everyone else has been answered.

And on the structuring costs, I was a bit surprised that these have been moved mostly to 2027, 2028, and I don't know whether to interpret that as, number one, well, maybe it's actually cheaper to achieve what you set out to achieve. And so, you just keep them there, push them forward, but maybe ultimately, they're not going to come, which is something that some other banks are hinting to thanks to AI. Or for some reason, I don't know, you're going more slowly on the internal FTE reduction. And therefore, these are going to come more in 2027 and 2028.

And then a second follow up on this mortgage floor, which is coming out. So my understanding on this floor is that it was put in place for essentially to make sure that the banks already think about the output floors, right? Because the output floors can be quite impactful on mortgages. And if we remove it, but you write a ten-year mortgage today, which has a ten year, which matures in a time when you already have the output floors, in theory, you should sort of price the same. So I was a bit surprised that you said, well, yes, potentially the pricing adjusts. I don't know if you have any thoughts on that. Or maybe this is an indication that the output floor is not going to come through.

**Marguerite Bérard:** Thank you very much. No. And you can absolutely. I will let Ferdi answer your question on the output floor. But I think based on also on our report disclosure, you can calculate it, but Ferdi will lead you through that.

In terms of restructuring costs, what we shared at our CMD is that we had a total of roughly €400 million over the course of the plan. We already took around €100 million in 2025. We indicated this at Q1, out of the €63 million we are booking at Q1, this is primarily related to the integration

of HAL. So this is most of what you will expect. So I think we gave you fairly good indications of where you would - where you should see these restructuring charges impact over time. They are the reflection of us implementing quarter after quarter our strategic plan. And for this quarter, primarily the integration of HAL. Ferdi, on the impact of the output floor.

**Ferdinand Vaandrager:** Yeah, Julia, on the output floor, I have what I made in my comments earlier that there's structural overlap in all the different buffers. So the Dutch mortgage floor was put into place for potentially systemic risk in the housing market in the Netherlands by the dependency or the big part of mortgages on the balance sheet of banks. There was clear overlap with the countercyclical buffer, which is 2% in the Netherlands, which is also a releasable buffer.

If you look at the phasing period of the output floor towards 2032, we have said earlier specifically for us, that will not have any impact. The biggest result of this is clearly that for the biggest part of non-retail, we are on standardised. So yes, there's quite a gap between the full phasing of the output floor versus the RWA we're currently reporting. So arguably that buffer is getting smaller with the discontinuation of the output floor. So for us, there's no impact in the thinking of the DNB. That might also have been some part of thinking in that with the full version of the output floor is an additional prudential lever for potential systemic risks.

**Giulia Aurora Miotto (Morgan Stanley):** Got it.

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

Thank you. I believe there are no further questions in the line. So if that's the case, we want to thank you very much for your attention participating in this call this morning. And of course, should you have any further questions, our Investor Relations team is as always at your disposal.

Have a very good day.