

Pre-close note Q2 2025

09 July 2025

Dutch economic developments ¹

- The Dutch economy grew by 0.4% during Q1 2025, primarily driven by household consumption and a smaller reduction in inventories than in the previous quarter
- GDP growth is projected to continue, resulting in 1.6% growth for 2025
- The labour market continues to remain tight, with unemployment at 3.8% in May and our economic forecast expecting 4.0% unemployment at year-end 2025
- Inflation was 3.3% year-on-year for May 2025 and is expected to remain at a similar level for the full year, staying above the expectation for the Eurozone average, which is at ECB's 2% target
- After rising for the past few quarters from pandemic lows, bankruptcies seem to be stabilising at more normal levels for now
- In May, house prices increased by 9.7% year-on-year and the number of houses sold increased by 11.5% compared to May 2024
- Over 2025 our economists expect house prices to increase by 8% and houses sold to increase by 12.5%

Investments, divestments and capital transactions

- The acquisition of German private bank Hauck Aufhäuser Lampe (HAL) was closed on 1 July 2025. ABN AMRO has agreed to pay the book value of HAL excluding the fund administration business
- On 30 June, 672m was paid, to be followed by a closing settlement in due course for any difference to the actual book value. With the Q2 results, the payment will be treated as a pre-payment incurring a risk weight of 100%, reducing our CET1 ratio by around 7 bps
- Starting from Q3 2025, reported results will be on the basis of consolidation of the HAL financials
- Guidance on the expected financial impact of consolidating HAL will be provided with Q2 results
- On 9 April, a risk-sharing agreement with the European Investment Fund (EIF) and the European Investment Bank (EIB) – together the EIB Group – on a 1bn portfolio of existing loans to Dutch SMEs originated by ABN AMRO was announced. This is leading to a net RWA reduction of circa 650m for Q2 2025, for which we pay a circa 10m annual fee

¹ Historical data points are sourced from the Centraal Bureau voor de Statistiek (Statistics Netherlands). Economic expectations mentioned are from ABN AMRO Group Economics latest reports

Net interest income in Q1 2025 was 1,560m

- At Q1 2025, we mentioned that we expect FY2025 NII to be in the middle of the guidance range of 6.2-6.4bn (excluding HAL) based on the forward curve as of the end of April
- Interest income generated from the replicating portfolio is expected to continue to decline in Q2
- Our main savings rate was lowered from 1.5% to 1.25% on 1 May
- As reminder, every 10bps of client rate decline has a positive effect of c.100m per annum
- Client deposits in Q1 showed a decline reflecting seasonal payments, while Q2 typically shows a limited increase from the annual payment of holiday allowances in the Netherlands
- Housing market remains strong, with prices continuing to rise and increasing transaction numbers
- During Q1, we experienced continued margin pressure on mortgages from clients moving to a lower risk bucket, mainly due to increased house prices
- Corporate loan demand is more muted, while margins are relatively stable

Fee and commission income in Q1 2025 was 507m

- Fee income in Personal & Business Banking in Q1 benefitted from the increase in payment packages as well as high transaction volumes
- 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 positive in Q2
- Fee income in Clearing is linked to market volatility, with high volatility typically resulting in higher trade volumes. During Q2, financial markets were especially volatile in April
- As of Q2, we make a quarterly payment related to the risk-sharing agreement with the EIB Group, equalling c.10m per annum, which is booked as fee expense within Corporate Banking

Other income in Q1 2025 was 79m

- Other income is volatile by nature and Q1 included some derecognition losses related to the risk transfer of an infrastructure portfolio

Operating expenses in Q1 2025 were 1,309m and included 4m for regulatory levies

- Guidance earlier provided is a cost level for FY2025 broadly flat compared to FY2024 (excluding incidentals and HAL) of circa 5.3-5.4bn
 - As part of our collective labour agreement, staff with room in their pay scale received a salary increase of 2.5% as of April, resulting in c.10m higher costs compared to Q1
 - Costs in Q2 include 29m of one-off costs related to fines paid for two legacy cases for which we issued separate press releases
 - Regulatory levies are expected to be negligible in Q2
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Loan impairments in Q1 2025 were 5m

- Earlier provided guidance included a gradual normalisation towards the through-the-cycle Cost of Risk of 15-20bps, with a Cost of Risk for 2025 below this range
- Credit quality was solid in Q1 2025 with an impaired ratio of 2.1% and limited net impairments
- Circa 135m of management overlays was in place at Q1 2025. About 2/3 of the overlay is related to interest-only mortgages, and the largest part of the remainder is related to nitrogen challenges in the Netherlands

Tax: effective tax rate in Q1 2025 was 25.5%

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

Capital: The Q1 pro-forma CET1 ratio was slightly adjusted to 14.64% based on final COREP reporting compared to 14.66% in Q1 report

- As part of optimising our capital allocation and balance sheet usage, we entered into a risk-sharing agreement with the EIB Group, leading to a net RWA reduction of circa 650m in Q2
- The initial payment of the purchase price for the HAL acquisition is expected to result in a decline of c.7bps in our CET1 ratio in Q2
- AT1 costs for Q2 are projected at around c.60m gross and c.45m net
- Our dividend policy includes an interim dividend of 40% of H1 reported net profit, with the ex-dividend date set for 13 August and the payment date for 9 September
- The assessment of capital position and potential room for share buyback will be communicated with our Q2 2025 results

Please note that ABN AMRO Investor Relations will be in closed period as of close of business on 16 July 2025. ABN AMRO will publish its Q2 2025 results on 06 August 2025 at 07:00 CET.

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