

Amsterdam, 15 May 2024

Press release

ABN AMRO Bank posts net profit of EUR 674 million in Q1 2024

Q1 - Key messages of the quarter

- Very strong result with a net profit of EUR 674 million, driven by net interest income, fee income and low cost of risk
- Business momentum remained good; our mortgage loan book grew by EUR 0.8 billion and our corporate loan book by EUR 0.3 billion. We were market leader in mortgages in Q1
- Continued strong net interest income as we continued to benefit from the current interest rate environment
- Fee income higher, driven by good performance in all client units
- Credit quality remains solid; impairments of EUR 3 million reflecting net additions for individual files and an improved macroeconomic outlook
- Strong capital position with Basel III CET1 ratio of 13.8% and Basel IV CET1 ratio around 14%
- Third share buyback programme of EUR 500 million finalised in May
- Our new brand promise 'For every new beginning' reflects how we help our clients to move forward with every new beginning, building on our entrepreneurial spirit and expertise

Robert Swaak, CEO:

The Dutch economy continues to show resilience. Uncertainties remain as geopolitical developments continue to pose a risk to the growth and inflation outlook, which may also affect interest rate developments. Demand for credit remains good and both our mortgage and corporate loan books grew. We were market leader in new mortgage production, with a market share of 19% supported by competitive pricing and the continuous improvement of the customer journey. House prices are almost back to the record levels of 2022 and sentiment is improving. We expect house prices to increase further, while the tight supply on the housing market will continue to limit the number of transactions. Energy labels are increasingly influencing house prices and we have extended the term of our mortgages for financing sustainable home improvements from 15 to 30 years to better support our clients in making their homes more sustainable.

In the first quarter of 2024 we delivered a very strong performance, with a net profit of EUR 674 million. The resulting return on equity (ROE) was 11.6%. Net interest income was strong at EUR 1,589 million as we continued to benefit from the current interest rate environment. Fee income was higher at EUR 469 million, as all client units performed better compared with both last year and last quarter. Costs came down 11% in comparison with the first quarter of 2023 as regulatory levies were lower, while staff costs for data capabilities, digitalisation and regulation programmes remained high. We expect full-year costs for 2024 to be around EUR 5.3 billion due to higher staff costs in the second half of the year.

Credit quality remains solid and impairments in Q1 were EUR 3 million as net additions for individual files, mainly at Corporate Banking, were almost fully offset by the improved macroeconomic outlook and a decrease in management overlays. Risk-weighted assets increased by EUR 4 billion, mainly reflecting model-related add-ons and seasonal business developments. Our capital position remains strong, with a fully-loaded Basel III CET1 ratio of 13.8% and a Basel IV CET1 ratio around 14%. We continue to focus on the optimisation of our capital position and are fully committed to generating and returning surplus equity to shareholders in combination with targeted growth. In early May we finalised our third share buyback programme, which had been announced in February.

Last month marked the beginning of 200 years of ABN AMRO, as our oldest predecessor, the Netherlands Trading Society (Nederlandsche Handel-Maatschappij), was established in April 1824. Over the years, we have often led the field with innovative products and have supported various global enterprises from their infancy. In 1928 we opened a Women's Bank for women who wanted to handle their own banking and in 1948 we launched a travelling bank branch in the form of a bus that drove around in new neighbourhoods. Today we continue to build on this entrepreneurial spirit and expertise, always centred around our clients.

Our new brand promise 'For every new beginning', which we launched in March, projects our history into the future. We promise our clients to help them move forward with every new beginning, big or small. To ensure we live up to our promise, we are accelerating our journey towards becoming a personal bank in the digital age with a clear licence to grow. We continue to consolidate the bank's foundations by transforming our application processes and improving our model and data landscape, while streamlining our operations to become more effective and remain competitive. Our cost discipline remains important, and I am fully committed to our strategic targets.

I would like to welcome Caroline Oosterloo-Van 't Hoff, who will take on the role of Chief Risk Officer on an interim basis while we are in the process of appointing a successor to Tanja Cuppen. Our staff are the backbone of our bank, showing tremendous flexibility and determination to serve our clients. I would like to thank them for making us the bank we are. Our clients are crucial to us, and I realise that their trust is our most important asset. We do not take that for granted.

ABN AMRO Press Office

Jarco de Swart
Senior Press Officer
pressrelations@nl.abnamro.com
+31 20 6288900

ABN AMRO Investor Relations

John Heijning
Head of Investor Relations
investorrelations@nl.abnamro.com
+31 20 6282282

Key figures and indicators

(in EUR millions)	Q1 2024	Q1 2023	Change	Q4 2023	Change
Operating income	2,197	2,142	3%	2,041	8%
Operating expenses	1,257	1,406	-11%	1,462	-14%
Operating result	940	736	28%	580	62%
Impairment charges on financial instruments	3	14		-83	
Income tax expenses	263	199	32%	117	125%
Profit/(loss) for the period	674	523	29%	545	24%
Cost/income ratio	57.2%	65.6%		71.6%	
Return on average Equity	11.6%	9.6%		9.5%	
CET1 ratio	13.8%	15.0%		14.3%	

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