Amsterdam, 7 August 2024

Press release

ABN AMRO Bank posts net profit of EUR 642 million in Q2 2024

Q2 - Key messages of the quarter

- **Continued strong results:** Net profit of EUR 642 million and 10.8% return on equity, driven by improved net interest income and net impairment releases
- **Good business momentum:** Our mortgage loan book expanded by EUR 1.6 billion, maintaining our market leadership into Q2, while our corporate loan book grew by EUR 0.7 billion
- **Improved net interest income outlook:** Benefitting from continued favourable interest rate environment; guidance for 2024 has been adjusted upwards to above EUR 6.4 billion
- **Costs remain under control:** New collective labour agreement reached, starting 1 July 2024
- **Solid credit quality:** EUR 4 million in net impairment releases
- **Strong capital position:** Basel III CET1 ratio at 13.8% and Basel IV CET1 ratio around 14%. Interim dividend has been set at EUR 0.60 per share
- **Acquisition of Hauck Aufhäuser Lampe:** Expanding our wealth management and corporate banking activities in Northwest Europe

Robert Swaak, CEO:
The second quarter marked another strong quarter for ABN AMRO, both with regard to our financial results and also in delivering better services and products, and supporting clients in their sustainability transition.

Our results continue to benefit from the good performance of the Dutch economy. Unemployment is still historically low and the labour market remains tight. Inflation is continuing its downward trend, leading the ECB to lower its deposit rate for the first time in years. Wages are rising and have now largely caught up with inflation. The combination of improved affordability due to higher wages and lower mortgage rates has led to a strong rebound of the Dutch housing market, with prices at new record levels. Transaction volumes have also risen by 8% compared with last year.

In this improving housing market ABN AMRO remained the market leader in new mortgage production this quarter. An increase in new clients and net growth of EUR 1.6 billion in the mortgage book resulted in a 20% market share in new mortgage production. Corporate Banking's focus on the transition themes new energies, digital and mobility in the Netherlands and Northwest Europe is continuing to pay off. The corporate loan book grew by EUR 0.7 billion, predominantly in these sectors.

Our financial results were strong during the second quarter. Net profit was EUR 642 million resulting in a return on equity of almost 11%. Net interest income was strong at EUR 1,608 million and we now expect full-year net interest income above EUR 6.4 billion, reflecting higher-for-longer-interest rates. I am pleased that we have reached a new two-year collective labour agreement, starting 1 July. I believe it is a fair and comprehensive package that focuses on appreciation, prospects for the future and long-term employability. Although this puts some pressure on the cost base, we are keeping our cost guidance for the year at around EUR 5.3 billion.

The combination of a healthy macro environment and solid credit quality led to net impairment releases. Risk-weighted assets rose by EUR 2.2 billion, primarily reflecting business developments. Our capital position is strong, with a Basel III CET1 ratio of 13.8% and a Basel IV CET1 ratio of around 14%. In line with our dividend policy, the interim dividend has been set at EUR 0.60 per share, amounting to EUR 500 million. We are working to reduce uncertainties in our capital outlook as we make progress on our model reviews and continue to work on data remediation. Capital allocation and capital steering will become increasingly important, incorporating the effects of moving portfolios to less sophisticated approaches.

We are continuing our efforts to improve our client services and product offering. For Personal & Business Banking, we have been able to sustain the Net Promoter Score (NPS), following a strong improvement previous quarter. Within Corporate Banking the NPS increased in both Commercial Clients (+12) and Corporate & Institutional Banking (+13) compared with FY2023. In this survey, clients highlighted that they appreciate our expertise, commitment, and the relationship they have with the bank. This quarter, we welcomed the 10 millionth active user of Tikkie, our successful app for payment requests. The recent acquisition of German private bank Hauck Aufhäuser Lampe will greatly increase our footprint in the German market, while the acquisition of neobroker Bux will broaden our product offering and digital product capabilities.

This quarter we continued to future-proof the bank. ABN AMRO GPT was launched for all our colleagues – a secure, compliant and in-house version of ChatGPT. This technology is being used, for example, to assist our developers in writing and documenting software code, and to help colleagues generate text and retrieve information from large documents. We are actively exploring the further possibilities of Generative AI as we believe these examples are only the beginning.

The asset volume of client loans with a sustainability component (including mortgages and corporate loans) and ESG & impact investments further increased in the last six months from 34% to 35%. This was mainly due to an increase in corporate lending in our transition themes new energies, digital and mobility. In 2022 we set a target to increase our commitment to renewables and other decarbonisation technologies to at least EUR 4 billion by 2025. We had already exceeded this target by the end of last year and have set a new and more ambitious target for this commitment of EUR 10 billion by 2030. In addition, we have added decarbonisation targets for trucks and vans as part of our Net-Zero Banking Alliance ambition.

We look back on a successful quarter with a healthy profit and good progress on executing our strategy. There are also areas that require ongoing attention. We have to keep focus on our efforts in data capabilities, digitalisation and regulation, while at the same time being mindful of the cost base. Last week it was announced that I will not be completing my second term as CEO, in order to allow a timely handover to my successor. I remain fully committed to the bank and all its stakeholders until a suitable candidate has been found. Once again, I would like to thank our staff for their continued dedication to our clients and our bank. I am confident that with their high level of commitment we will continue to be successful.

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Key figures and indicators

(in EUR millions)	*Q2 2024*	*Q2 2023*	*Change*	*Q1 2024*	*Change*
Operating income	2,171	2,223	-2%	2,197	-1%
Operating expenses	1,263	1,137	11%	1,257	1%
Operating result	**908**	**1,086**	**-16%**	**940**	**-3%**
Impairment charges on financial instruments	-4	-69		3	
Income tax expenses	271	285	-5%	263	3%
Profit/(loss) for the period	**642**	**870**	**-26%**	**674**	**-5%**
Cost/income ratio	58.2%	51.1%		57.2%	
Return on average Equity	10.8%	16.2%		11.6%	
CET1 ratio	13.8%	14.9%		13.8%	

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