ABN·AMRO Clearing

ABN AMRO Clearing Bank N.V. Annual Report 2022

40 YEARS

Notes to the reader

This is the Annual Report for the year 2022 of ABN AMRO Clearing Bank N.V. The Annual Report consists of the Managing Board report, Supervisory Board report, the Annual Financial Statements and other information.

The financial information contained in this Annual Report has been prepared in accordance with International Reporting Standards (IFRS) as adopted by the European Union (EU) and the financial reporting requirements included in title 9, Book 2 of the Dutch Civil Code. Some chapters in the Risk management section of this Annual Report contain audited information and are part of the Annual Financial Statements. Audited information in these sections is labelled as ‘audited’ in the respective headings.

This Annual Report is presented in euros (EUR), which is ABN AMRO Clearing Bank’s presentation currency, rounded to the nearest thousands.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided. In addition, certain percentages in this report have been calculated using rounded figures.

For more information please visit us at **abnamroclearing.com**

Contents

Monique Hoogeveen and Stela Munteanu - Amsterdam office.

ABN AMRO Clearing at a glance

"Leading the Way to Safe and Transparent Markets"

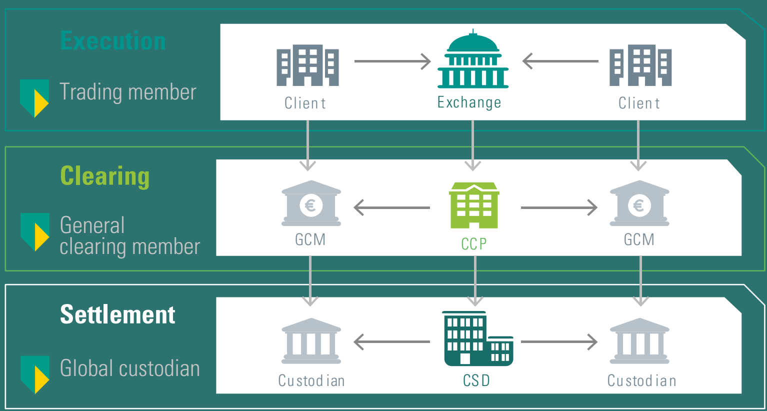
Established
1982

Trades processed*
6.2 billion (vs 4.8 billion in 2021)

Liquidity Centres
>160

Total FTEs
954**

The Value Chain



Banking Licence

Regulated by the
- Dutch Central Bank
- European Central Bank
- Authority for the Financial Markets

Client Segments

- Professional Trading Groups
- Corporate Hedgers
- Prime

Governance

ABN AMRO Bank N.V.
↓ 100%
ABN AMRO Clearing Bank N.V. estalished 1982

- Top three ranking on transaction turnover and market share
- Self-supporting operating model
- No proprietary trading

Net profit Underlying net profit (x EUR million)		Cost/Income ratio		Client satisfaction on a scale from 1 to 7	NPS on a scale from -100 to +100	Employee engagement
2022	2021	2022	2021			
188	172	59%	58%	5.92	+48	78%

* Number of trades processed includes options, futures and securities. The number of trades excludes internal transactions between regions.
**This is excluding approximately 160 external employees.

Message from the **CEO**

2022 was a year with many different faces. Finally, we experienced that the impact of COVID was fading out and we were turning to a normalized society, before we were suddenly the witness of a war. Russia's invasion of Ukraine not only came as a surprise, it was devastating to see the impact on all Ukrainian people whose lives were completely disrupted and whose homes were demolished. The impact is enormous.

Markets were again volatile in 2022; especially in energy-, commodities- and interest rates products. Inflation picked up quickly across the globe and Central Banks reversed their low interest rate strategy and increased rates quickly and materially. We have done well in Risk Management during that volatility, but not without taking decisions to demand buffering from some of our clients and tweaking risk offsets. We continued to improve our risk metrics by implementing a new One Obligor Exposure model during the year and splitting the calculations for risk and capital in our Correlation Haircut model. This split will help us to make further improvements faster and easier.

Typically volatile markets also bring higher volumes, and proven again. We have processed 6.2 billion transactions in 2022 compared with 4.8 billion in 2021. On February 24th we accommodated for 51 millon trades against the old peak of 50 million transactions in February 2020. The number of IT incidents went down again and we have been able to service our clients without any major IT- or operational interruptions. Compliments to all our staff and the employees of our partners and vendors to make that happen. And that in a year in which we reorganized our IT and Grid part of the business from a multi-regional to a global operating model under the project name 1Global. We have created two agile working grids: a Product Grid and a Platform Grid in which all blocks have a global IT mandate for their service or product and supporting applications.

Financially we have set new records for a second time in a row with revenues reaching almost EUR 603 million, while managing our costs carefully, and a net profit of EUR 188 million. These financials are the result of the success of our clients in growing their footprint in both geography and asset classes, the market environment and our ability to support our clients in their growth.

The Net Promoter Score of our clients went up from 46 to 48. Our clients valued the new setup of our Client Service Management model and our 'lobbying on behalf' activities with regulatory and governmental bodies across the globe. The Employee Engagement Score of our staff went down by 2 points from 80% to 78%. Given the reorganisation we executed it is not strange to see that score coming down a bit. Having said that, there are enough items that we should and can improve on during 2023.

One of the bigger projects we worked on, next to 1Global, included the transfer of ABN AMRO Bank's Brazil banking license to ABN AMRO Clearing as a result of our shareholder withdrawing from from Asia, Brazil and USA. We have also transferred some shared functions in these countries to Clearing and planned for taking over the ALM-function in both Singapore and USA to be able to continue to complement their Amsterdam ALM-activities and allow the bank to still have access to Asian and US markets.

Our purpose remained our focus: leading the way to safe and transparent markets by doing business better and more sustainably. We have led and participated in many industry panels across the globe on diversity, environmental, social and governance considerations and maintained focus on minimizing our carbon emissions. We increased our tree-planting program with Land Life Company to compensate for our footprint with the goal to be CO_2 neutral as from the year 2030. We continued our work with Frontclear to help to develop local financial markets in emerging countries. Finally, we have put a lot of effort in participating in various committees of Central Counterparties and Futures Industry Association to advocate for banking for better, for generations to come.

I am immensely proud of what we have achieved in 2022 in difficult market circumstances. I also feel we have been able to continue building a business that will be able to create value going forward. This would not have been possible without the continuing trust and support of our clients, partners and other stakeholders, for which I am grateful. Most importantly, I would not have been able to present all these successes without the hard work and dedication of all our colleagues around the world, thank you!

Amsterdam, 17 May 2023

Rutger Schellens
CEO ABN AMRO Clearing Bank NV

Highlights 2022

Q1

- Colleagues participated in tree planting initiatives in Spain and The Netherlands, working together with our sustainability partner LandLife.
- Global Learning Week for colleagues in all locations.

Q2

- ABN AMRO Clearing reported a net profit of 172 million, the best financial year in its history.
- Announcement: Start of 1Global: reorganising our IT structure to further enhance our operations and client experience.
- Successful summer school, allowing face to face collaboration between commercial teams across the globe.

40 YEARS

Q3

- 10th Amsterdam Investor Forum took place at our headquarters.
- Group of 24 graduates started their Clearing journey in the Global Clearing Talent Programme.
- The third Global Sustainability Week was held together with clients and experts of industry.

Q4

- Appointment of Adrian Rubin as CEO ABN AMRO Clearing for the APAC region.
- Celebrating 40 years of ABN AMRO Clearing together with clients and staff across the globe.
- Friso Westra appointed as CIO ABN AMRO Clearing and James Fairweather as CPO ABN AMRO Clearing.
- Results of the Client Satisfaction Survey showed new all-time highs: NPS of +48.

Supervisory Board

This section highlights the main activities of AACB's Supervisory Board for the year 2022.

The Supervisory Board is committed to advising and supervising the Management Board to achieve long-term success for AACB. The Supervisory Board provides advice to the Management Board by reviewing and discussing AACB's strategy and overseeing its implementation. It thereby balances risks and rewards.

The Supervisory Board's composition is based on ABN AMRO Bank N.V.'s guiding principle that diversity of thought, expertise, background, competencies and interpersonal styles – including but not limited to gender diversity – is a prerequisite for effective supervision and, by extension, for long-term value creation. In line with its diversity policy, AACB meets the gender target of 30% for the Supervisory Board in 2022.

Supervisory Board members have collective expertise in clearing and custody, banking, risk management, strategy formulation and execution, capital and liquidity management, economics, sustainability, corporate/social responsibility, legal and compliance matters.

Supervisory Board meetings

The Supervisory Board noted that market turbulence due to geopolitical developments, developments in the energy market and changes in interest rates – resulted in periods of volatile markets that positively contributed to AACB's 2022 financial performance.

The Supervisory Board held four regular meetings according to the pre-set schedule and twelve extraordinary meetings in 2022. Standard meeting topics included AACB financial performance, risk management, strategy, compliance, market and regulatory developments, audit findings, human resources (a.o. succession planning, talent management and diversity), and cyber/information security. The meetings also reviewed and approved AACB's risk appetite statement and the internal capital and liquidity adequacy-assessment process. The Management Board regularly provides financial data to the Supervisory Board to indicate (periodic) results and risks, as well as capital and liquidity positions.

On top of the standard topics in the extraordinary meetings, the focus in 2022 was on the approval of the new credit risk framework, the influence of implementing a new method of calculating counterparty credit risk, cyber and information security risks, strategic changes to the global IT operating model of AACB, regulatory feedback on collateral management and the risk enhancement plan, staff retention and energy price developments. The ad hoc meetings focused on very high market volatility in energy and commodity markets, particularly on products listed on the LME, IT security, and changes in the AACB organisation.

Prior to each meeting, the Supervisory Board took time to discuss topics without the attendance of the Management Board. All scheduled plenary meetings were held with the Management Board and the Company Secretary in attendance. Senior management and subject-matter experts were regularly invited to present topics related to the Clearing business.

The Supervisory Board monitored progress on various projects by the Management Board to maintain a moderate risk profile and prioritise client interests throughout the year. AACB's Risk Management Report, which is regularly presented in the ARCC meetings, served as the basis for effective discussions about key risks confronting AACB.

The Supervisory Board discussed organisational changes, initiatives, and (operational) incidents.

The Supervisory Board took notice of the results of AACB's 2022 Client Survey, Employee Engagement Survey and discussed the outcome of its self-assessment

AACB's auditors perform an audit of its financial information and AACB's independent external auditor, EY, presented its audit findings to the Supervisory Board's Audit, Risk and Compliance Committee (ARCC) on 12 May 2023. The Supervisory Board noted the independent auditor's report on the 2022 Financial Statements.

Audit, Risk & Compliance Committee

The ARCC assists the Supervisory Board in performing duties related to internal risk control, capital management and regulatory compliance to provide adequate advice.

The ARCC assists the Supervisory Board in performing its duties related to internal risk control, capital management and regulatory compliance by providing it with advice. The ARCC comprises of the following members: Mrs Bartje Schotman-Kruiten (Chair), Mr Frank Graaf, and Mr Eric Drok. In addition, the Management Board, Finance, Compliance, Legal, Risk, Audit (internal) and the external auditor are invited to the ARCC.
In 2022, the ARCC held six plenary meetings to discuss audit, legal, risk and compliance topics as well as AACB's capital and liquidity positions. During these meetings the ARCC members discussed topics relating to stress testing, the Legal Report, the Compliance Report and the Risk Report to understand in more detail pending issues and progress on resolution thereof. The main findings are summarised in the Supervisory Board meeting for further discussion and/or decision, such as on the annual Risk Appetite Statement.

Permanent education

Supervisory Board members continuously improve their knowledge of clearing topics by participating in sessions for permanent-education purposes and participating in ABN AMRO's lifelong learning programme. Appropriate actions have been taken to organise, execute and monitor this. The majority of the Supervisory Board visited the US office as part of the permanent education and has met and has had extensive discussions with local management and staff, clients and the commodity exchange.

As part of its consolidation with ABN AMRO, AACB applies the Dutch Banking Code's principles on risk appetite, risk policy, and risk management. ABN AMRO Group Audit and the external auditor attend a Supervisory Board meeting at least once per year.

The Supervisory Board would like to congratulate AACB with its 40 year anniversary and thank the Management Board for its great dedication and care to its customers and employees.

Amsterdam, 17 May 2023

Supervisory Board

Hans Hanegraaf
Frank Graaf
Bartje Schotman-Kruiten
Dies Donker
Eric Drok

Hans Hanegraaf (Dutch, male, 1965)

Supervisory Board member

Hans Hanegraaf was appointed to the Supervisory Board of ABN AMRO Clearing Bank N.V. on 6 September 2021 and was subsequently appointed Chair with effect from September 2022. Currently, he is the Chief Executive Officer of Bethmann Bank in Frankfurt. Previously Hans held various positions at ABN AMRO Singapore and ABN AMRO in the Netherlands.

Frank Graaf (Dutch, male, 1958)

Supervisory Board member

Frank Graaf was appointed to the Supervisory Board of ABN AMRO Clearing Bank N.V. on 22 June 2020. He is a member of the Audit, Risk and Compliance Committee. Frank is Of Counsel at Clifford Chance, a global law firm where he has been a partner leading Clifford Chance's Capital Markets, Financial Regulation and Derivatives Group in Amsterdam for over 27 years.

Bartje Schotman-Kruiten (Dutch, female, 1971)

Supervisory Board member

Bartje Schotman-Kruiten was appointed to the Supervisory Board of ABN AMRO Clearing Bank N.V. on 17 December 2020. In the past, Bartje has held various positions within ING and ABN AMRO. In December 2019 Bartje returned to ABN AMRO to head the Information & Operational Risk Management team. On 9 April 2021, Bartje was appointed Chair of the Audit, Risk and Compliance Committee of ABN AMRO Clearing Bank N.V.

Dies Donker (Dutch, female, 1967)

Supervisory Board member

Dies Donker was appointed to the Supervisory Board of ABN AMRO Clearing Bank N.V. on 6 September 2021. Currently she holds the position of Global Head of Financial Institutions at ABN AMRO N.V. where she is responsible for determining and executing the strategy for financial clients globally. Prior to that, Dies served as the Managing Director of Investor Relations at ABN AMRO N.V. for over ten years. Dies also worked at Fortis and UBS Investment Bank. Due to long term absence Dies Donker was not able to approve the Annual accounts at the supervisory board meeting of 17 May 2023.

Eric Drok (Dutch, male, 1960)

Supervisory Board member

Eric Drok was appointed to the Supervisory Board of ABN AMRO Clearing Bank N.V. on 6 September 2021. He is a member of the Audit, Risk and Compliance Committee. Eric is an experienced Executive, Non-Executive board member and ex Banking CEO. He currently serves as an Operating Partner at HG Capital, Chairman of the Supervisory board of Knab (Aegon Bank N.V.), Vice Chairman of the Supervisory board of CBA (Europe) Bank N.V. and a member of the Supervisory board of Cooperatie The Greenery UA.

Management Board

Financial review 2022

In the year of its 40th anniversary, operating income and net profit both came in at a record high over 2022, respectively at EUR 603 million and EUR 188 million. The war in Ukraine significantly changed the global macro-economic environment. The unprecedented increase in energy prices in combination with continuing supply chain disruptions and tight labour markets led to rapidly rising consumer and producer prices forcing central banks to intervene quickly and aggressively. This affected trading activity on financial markets around the world and across a wide range of asset classes (like equities, bonds, foreign currencies and commodities).

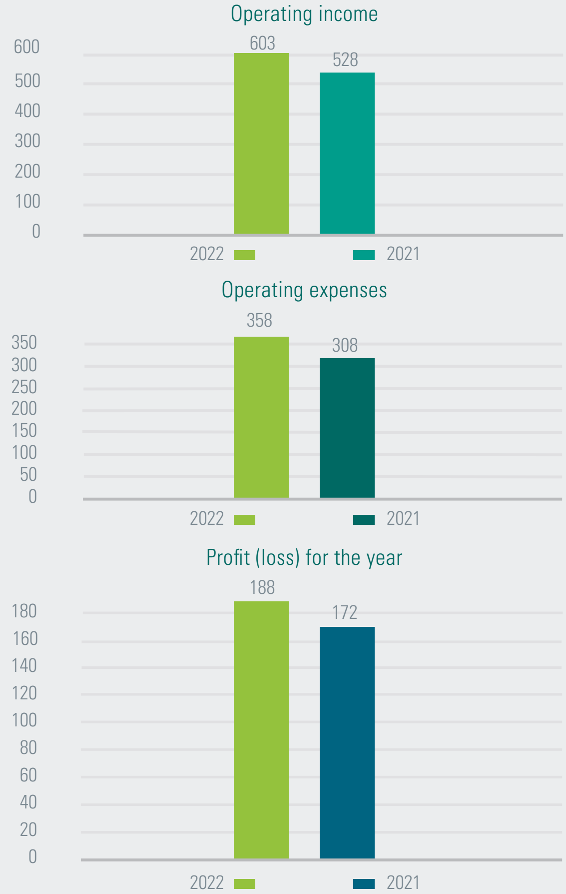
Besides the abovementioned events, also the British pound crisis, the crypto collapse and news related to China on its Covid-19 policy and the geo-political tensions triggered turnover on various exchanges. Due to these market circumstances, AACB was able to process the highest level of contracts in its history, leading to a 2022 net fee and commission performance of EUR 345 million, an increase of EUR 44 million against 2021. Also, net interest income compares well better, ending the year at EUR 245 million, an outperformance against 2021 of EUR 31 million. High client financing needs, surging margin requirements, materially impacted by steeply rising energy prices, improved spreads due to the reference rate hikes and netting benefits positively influenced returns.

Other operating income, generally mostly composed of revaluation results and received dividends in shareholdings, totals up to EUR 14 million and is largely comparable to the results published over 2021.

Finally, the consolidated operating income is positively impacted by strengthened local currencies against EUR.

Total expenses are at EUR 358 million for 2022, an increase of EUR 49 million compared to 2021.

Summary (x EUR million)



Neil Chandler and Jim Mahoney - London office.

Personnel expenses are up by EUR 20 million, from EUR 129 million to EUR 149 million. This is primarily due to organic growth in FTE on AACB's payroll to accommodate for the increased business, further investments in resources for information control frameworks, insourced activities, collective labour agreement effects, seniority and restructuring provisions.

General and administrative expenses total up to EUR 200 million, being EUR 29 million higher than 2021. The main drivers behind the rise in costs are due to increased regulatory levies, especially for the Single Resolution Fund and higher external support and advice for IT and cyber security, organisational optimisation initiatives, risk enhancements and backfill for vacancies. Furthermore, part of the increase is due to higher software and maintenance expenses and a provision of EUR 4.3 million in 2022. Finally, costs related to travel and training elevated during 2022 as recent earlier years were still impacted by Covid-19 restrictions around the globe.

Impairment charges on financial instruments ended at EUR 1.5 million, an increase of EUR 1 million against prior year. No individual client related losses are recognised during both 2021 and 2022. The year on year increase is due to the prior year received recovery related to the 2018 Nasdaq OMX clearing member default of EUR 0.6 million and IFRS 9 effects amounting to EUR 0.3 million, more specifically caused by credit rating deterioration on certain financial counterparts.

Part of the overall increase in AACB's cost base is due to the appreciation of local currencies against EUR in 2022.

Income tax expenses amount to EUR 58 million, an increase of EUR 10 million against 2021. Besides the improved operating profit before tax of EUR 27 million, part of the increase is due to higher effective corporate rates recognised in countries like the Netherlands (from 25% in 2021 to 25.8% in 2022). Furthermore, in 2021 AACB benefitted from consolidated ABN AMRO Bank foreign tax loss compensation possibilities after ABN AMRO Bank's strategy update to selectively withdraw certain international focussed commercial activities.

Responsibility Statement

Pursuant to section 5:25c sub 2 part c of the Dutch Financial Supervision Act, the members of the Management Board state that to the best of their knowledge:

- the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of ABN AMRO Clearing Bank N.V. and the companies included in the consolidation;
- the Management Board report gives a true and fair view of the state of affairs on the balance sheet date and the course of business during the 2022 financial year of ABN AMRO Clearing Bank N.V. and its affiliated companies, of which data is included in its Annual Financial Statements.
- the Management Board report describes the material risks with which ABN AMRO Clearing Bank N.V. is faced.

Amsterdam, 17 May 2023

Management Board

Rutger Schellens,
Chief Executive Officer and Chairman
Jan Bart de Boer,
Chief Commercial Officer and Vice-Chairman
Lieve Vanbockrijck,
Chief Financial Officer
Frederik ten Veen,
Chief Risk Officer

Rutger Schellens (Dutch, male, 1962)
Chief Executive Officer

Rutger started working for ABN AMRO in 1985 and has held various roles in Sales & Trading. In 2011, he led the Financial Institutions Group and Commercial Real Estate business. From 2013 to 2017 he was responsible for the Global Markets division and Chair of the Supervisory Board of ABN AMRO Clearing Bank N.V.

On 15 June 2017, Rutger was appointed Chief Executive Officer and Chair of the Management Board of ABN AMRO Clearing Bank N.V.

Jan Bart de Boer (Dutch, male, 1967)
Chief Commercial Officer

Jan Bart started working for ABN AMRO in 2004 and holds various board positions in financial services industry organisations.

On 17 December 2004, he was appointed Global Chief Commercial Officer and Management Board Member of ABN AMRO Clearing Bank N.V.

Lieve Vanbockrijck (Belgian, female, 1973)
Chief Financial Officer

Lieve started working for ABN AMRO in 1999 and has held various roles within Asset & Liability Management as well as Investor Relations.

On 4 December 2013, Lieve was appointed Global Chief Financial Officer and Management Board Member of ABN AMRO Clearing Bank N.V.

Frederik ten Veen (Dutch, male, 1973)
Chief Risk Officer

Frederik started working for ABN AMRO Clearing in 2003. As of 2010, he was appointed as Director of Risk & Credit Europe responsible for market risk and credit risk. From 2013 to March 2018, he was Chief Risk Officer Europe of AACB Europe and responsible for all market, credit, operational and partial reputational/compliance and legal risk.

On 1 March 2018, Frederik was appointed Global Chief Risk Officer and Management Board Member of ABN AMRO Clearing Bank N.V.

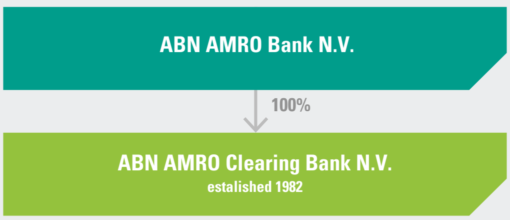
Corporate Governance

ABN AMRO Clearing Bank N.V. (AACB) is a public company with limited liability, incorporated under Dutch law on 25 November 1982, and is a wholly owned subsidiary of ABN AMRO Bank N.V. (ABN AMRO). AACB's financial statements are incorporated in the consolidated financial statements of ABN AMRO. As of November 2015, ABN AMRO (at the time ABN AMRO Group) is listed on the Euronext Amsterdam exchange.

Corporate structure

ABN AMRO has issued a 403 Statement with respect to AACB. Under Dutch law, a 403 Statement is a statement of a parent company in which it assumes joint and several liability for all liabilities arising from legal acts of the subsidiary to which the statement applies, in this case AACB. The 403 Statement refers to Section 2:403 of the Dutch Civil Code and must be filed with the Trade Register of the Chamber of Commerce.

AACB has a two-tier board structure consisting of a Management Board and a Supervisory Board. The responsibilities and activities of the Management Board and the Supervisory Board are governed by Dutch corporate law and the AACB Articles of Association as well as other regulatory requirements. Furthermore, AACB has adopted rules of procedure for the Management Board, Supervisory Board and their respective subcommittees regarding their duties, powers and responsibilities.



Management Board

Responsibilities

The Management Board manages AACB, and its members are collectively responsible for the general course of AACB's business and its group companies as well as for ensuring compliance with laws and regulations. In doing so, the Management Board is responsible for, among other things, setting AACB's and its group's mission, vision, culture, strategy, risk appetite, risk management, corporate standards and values, main policies, budgets and (financial and non-financial) targets and for the realisation thereof, with due observance of ABN AMRO's strategy and ABN AMRO group-wide policies. In performing its duties, the Management Board develops a view on long-term value creation for AACB and its group's business and takes relevant stakeholder interests into account.

The Management Board is supported in fulfilling its duties by the Global Management Team (GMT), which comprises the Management Board members, the Chief Information Officer, the Chief Operations Officer, and the regional Chief Executive Officers (for Asia-Pacific, Europe and the US).

The Management Board is accountable to the Supervisory Board and to the General Meeting of Shareholders (General Meeting) for AACB's performance in the entity The Management Board provides the Supervisory Board with all information required to exercise its powers, including AACB operational and financial objectives, budget, annual accounts and risk, strategy and related parameters.

Appointment, suspension and dismissal

Management Board members are appointed by AACB's General Meeting. In principle, appointments are for a period of four years. Reappointments are possible at all times. The Supervisory Board and the General Meeting may suspend a member of the Management Board at any time.Management Board members can only be dismissed by the General Meeting.

An overview of the current composition of the Management Board is provided in the Management Board section.

Remuneration

As a financial institution, AACB is subject to many guidelines and restrictions with respect to remuneration. Since 2015, limitations with respect to remuneration and particularly variable remuneration have applied to all employees in the Dutch financial sector, with even more restrictions applying to financial institutions supported by the Dutch State by way of shareholdings. As long as the Dutch State holds an interest in ABN AMRO, AACB will apply a prohibition on bonuses and individual salary increases for a specific group of senior employees. These restrictions also apply to AACB Management Board members.

ABN AMRO's Global Reward Policy provides a framework for managing reward and performance effectively and applies within ABN AMRO globally, at all levels and in all countries. The Global Reward Policy also specifies rules with respect to employees whose professional activities could have a material impact on ABN AMRO's risk profile. This group of employees is referred to as Identified Staff and also includes the Management Board members.

Kyle Joerger - Chicago office.

The remuneration packages for Identified Staff have been structured in accordance with financial-sector regulations and typically consist of the following components:

- Annual base salary
- Annual variable remuneration (with deferred payout)
- Benefits and other entitlements

Supervisory Board members who are employed by ABN AMRO do not receive separate compensation for AACB Supervisory Board membership. External members of the Supervisory Board do receive a compensation. In 2022, Mr Frank Graaf and Mr Eric Drok received a compensation as external members of the AACB Supervisory Board.

Supervisory Board

Responsibilities

The Supervisory Board supervises the Management Board as well as the general course of AACB's business. In addition, the Supervisory Board assists the Management Board by providing advice.

In performing their duties, Supervisory Board members are guided by the interests and continuity of AACB and its group business, taking into consideration the legitimate interests of all AACB stakeholders. Several powers are vested in the Supervisory Board, including approval of certain resolutions proposed by the Management Board.

The Supervisory Board meets at least four times per year and whenever any Supervisory Board member deems it necessary.

Appointment, suspension and dismissal

Supervisory Board members are appointed and may be suspended or dismissed by the General Meeting. An overview of the current composition of the Supervisory Board is provided in the Supervisory Board section.

Changes in 2022

As per 1 March 2022 Frans van der Horst resigned as Chair and member of the Supervisory Board. As of that date the Supervisory Board consists of five members. Hans Hanegraaf was appointed as new Chair of the Supervisory Board.

Diversity

The Management Board and the Supervisory Board consist exclusively of natural persons. The membership of the Management Board remained unchanged from the year prior and consisted of 25% female members at the end of 2022. The Supervisory Board consisted of 40% female members by the end of 2022. In the event of vacancies, AACB will give due consideration to any applicable diversity requirements in the search to find suitable new members who meet the requirements of the Dutch Financial Supervision Act.

Dutch Banking Code

The Dutch Banking Code sets out principles that banks should adhere to in terms of corporate governance, risk management, audit and remuneration. The Dutch Banking Code applies to AACB as a licenced bank under the Dutch Financial Supervision Act. The principles of the Dutch Banking Code are fully applied by ABN AMRO to its subsidiaries on a consolidated basis by developing group-wide policies and standards to promote best-practice provisions as well as compliance with internal and external rules.

AACB has implemented the relevant parts of the Dutch Banking Code. A principle-by-principle overview of the manner in which ABN AMRO and its subsidiaries comply with the Dutch Banking Code is available on abnamro.com

General Meeting

The General Meeting is entitled to adopt the annual accounts and take important decisions regarding AACB. At least one General Meeting is held annually within six months from the end of the financial year. The agenda must include a minimum of following items: discussion of the Annual Report, adoption of the annual accounts, and granting of discharge to members of the Management Board and Supervisory Board. The General Meeting was held on 25 May 2022. The General Meeting adopted the 2021 annual accounts and granted discharge to members of the Management Board and Supervisory Board.

Legal Structure

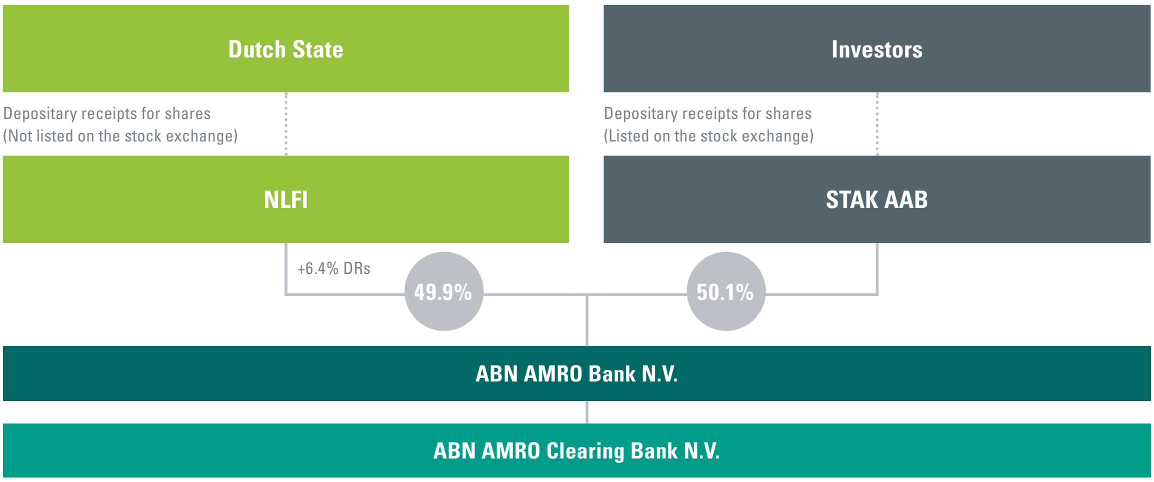
AACB is a wholly owned subsidiary of ABN AMRO. AACB has been a fully licenced bank since 30 September 2003. Under the Single Supervisory Mechanism implemented in November 2014, AACB is subject to joint prudential supervision by the European Central Bank (ECB) and the Dutch Central Bank (DNB).

All shares in the capital of ABN AMRO are held by two foundations: Stichting Administratiekantoor Beheer Financiële Instellingen (NLFI) and Stichting Administratie Kantoor Continuïteit ABN AMRO Bank (STAK AAB). Since then, NLFI held 56.3% in ABN AMRO, of which 49.9% was directly held via ordinary shares and 6.4% was indirectly held via depositary receipts (DRs) for shares in ABN AMRO. Since then, STAK AAB held 50.1% of the shares in the issued capital of ABN AMRO. Only STAK AAB DRs have been issued with the cooperation of ABN AMRO and are traded on Euronext Amsterdam.

AACB continues providing clearing and related services in Europe from its head office in Amsterdam, as well as through the AACB London Branch. As of January 2023, AACB purchased from ABN AMRO a 99.53% stake in AACB São Paulo, and ABN AMRO Clearing Investments B.V. holds the remaining 0.47% - which was previously owned by Banco ABN AMRO S.A. AACB provides services beyond Europe through its wholly owned subsidiaries ABN AMRO Clearing USA (formerly known as ABN AMRO Clearing Chicago, with the name change occurring in 2022), ABN AMRO Clearing Sydney, ABN AMRO Clearing Tokyo, ABN AMRO Clearing Hong Kong, ABN AMRO Clearing Singapore and AACB Singapore Branch, as well as ABN AMRO Clearing Investments. AACB also has offices in Frankfurt and New York.

ABN AMRO Global Custody Services N.V. (AAGCS) is the safekeeping company of AACB that maintains AACB client securities (with the exception of derivatives). AAGCS is structured as a bankruptcy-remote vehicle.

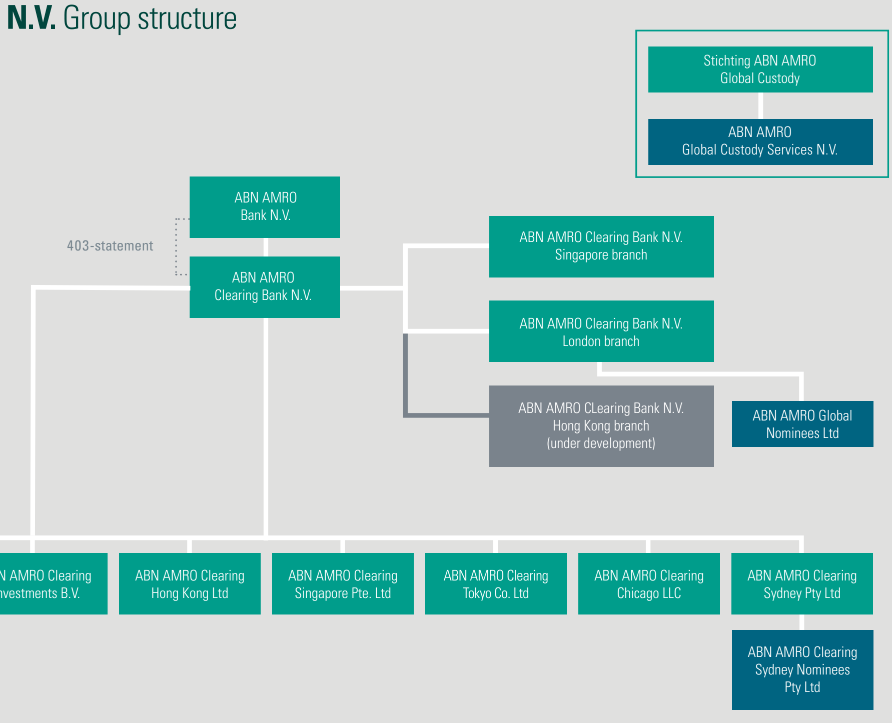
Shareholder structure



ABN AMRO Clearing Bank N.V. Group structure

Management Board AACB N.V.
- Rutger Schellens (CEO)
- Jan Bart de Boer (CCO)
- Lieve Vanbockrijck (CFO)
- Frederik ten Veen (CRO)

Supervisory Board AACB N.V.
- Frank Graaf (external SB member)
- Bartje Schotman
- Dies Donker
- Hans Hanegraaf
- Eric Drok (external SB member)



This chart shows 100% entities of ABN AMRO Clearing Bank N.V. within ABN AMRO Bank N.V.

Introduction
Governance
Our Business
Risk Management
Financial Statements
Other Information

Our **Business**

ABN AMRO Clearing is a globally active multi-asset prime broker, custodian and general clearing member (GCM). We provide execution services, clearing, settlement, custody, securities lending, reporting and financing services for listed derivatives, cash securities, over-the-counter (OTC) products, exchange-traded funds (ETFs), commodities and foreign exchange transactions. We provide services from our offices across Europe, Asia-Pacific, Brazil and the United States. Our coverage includes all major exchanges and execution venues.

Clients

Principal Trading Groups

A principal trader is a company that acts as a market maker or liquidity provider on regulated markets and trades solely with its own capital. The purpose of their market intervention is to provide tradable orders to the market. They are the price makers on the exchanges and they facilitate fair pricing between related instruments (securities, options and futures).

We built our business in close collaboration with these clients. They began trading on the floors of major exchanges. We all remember crowded pits filled with colorful jackets. Since our inception in 1982 we have grown with this client group across the globe, following and supporting them in new products and new markets. This way we earned our strong reputation as a reliable partner for principal trading groups (PTGs) across the globe.

Today we service the leading global principal trading firms. Not forgetting most of our larger clients started small, it is in our DNA to help incubate well-structured start-up trading firms.

We continue to invest in new markets and products for this client group.

Corporate Clients

We boast an equally long and strong track -record in the execution and clearing of listed commodity derivatives for corporate clients. Our clients use listed derivatives to hedge price risk of underlying commodity inventories and on (future) flows of agricultural, base and precious metals, oil and energy-related products and power and gas products. We have experienced physical delivery teams in Chicago and London and from these locations and from our New York office, we offer (voice) broking services across various commodities futures. To support our clients short term inventory financing needs we created a cleared commodity repo product.

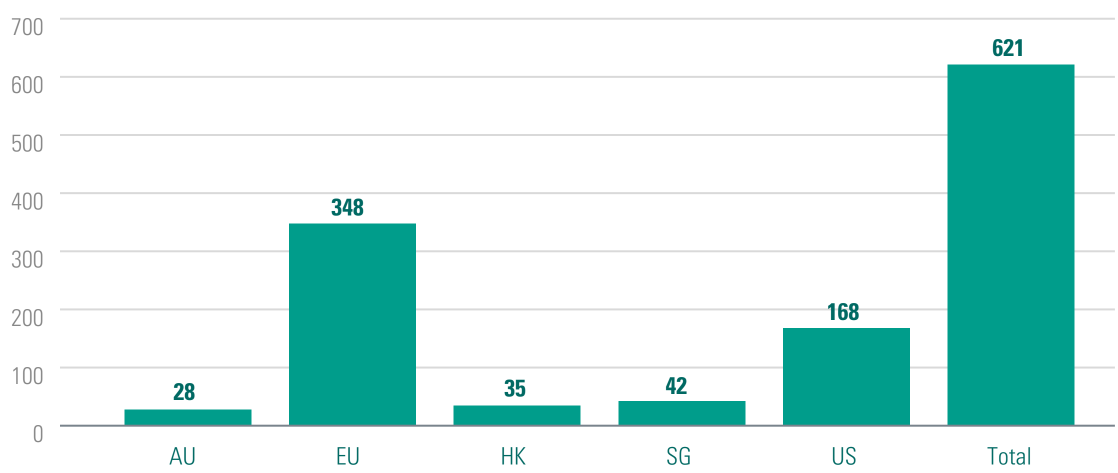
Prime Clients

Within our Prime segment we position all our clients using the financial markets to service, directly or indirectly, their own (retail) clients and/or investors. We distinguish three different client groups all providing services across execution, clearing, settlement and custody or a combination thereof:

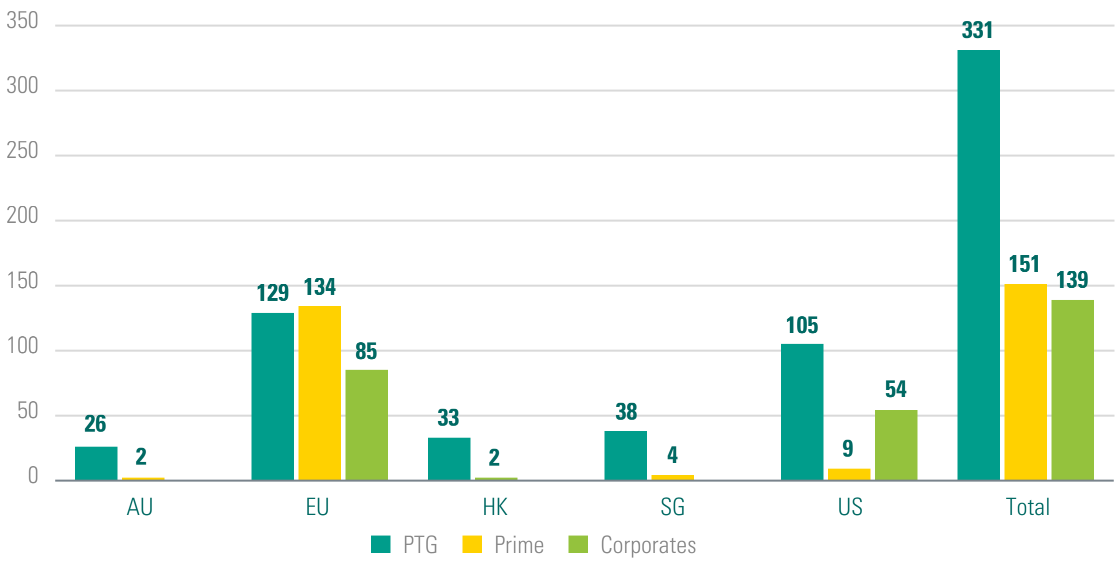
1. European financial institutions use our complete suite of services; global custody and settlements, futures execution and clearing, OTC derivative clearing, SBL and repo services. Regional banks, insurance companies and pension funds increasingly seek a combination of interest rate swap clearing and asset services (including collateral management) due to liquidity needs arising from CCP margin calls.

2. Retail brokers across Europe use our global execution, clearing, settlement and custody services. When necessary, our offering is enhanced with stock loan and financing services. Ours is a 'one-stop-shop' solution, allowing retail brokers to focus on their core competences and clients. We future proofed this service with a true fractional offering in 2022.
3. Alternative investment funds and hedge funds use our clearing and financing services as well as our Prime broker services, including the issuance of synthetic products. We focus on (hedge) funds having exposures to listed markets and deploying strategies where our correlation- risk models can well capture market risk.

Number of clients per region 2022



Clients per country per segment 2022



Information Technology

Ensuring that AACB systems run efficiently, reliably and securely is the main mandate for Information Technology (IT). Whether for internal or external clients, AACB IT focuses on reducing risk and ensuring the optimum speed, quality, and stability of services and their delivery worldwide under any market conditions.

2022 in perspective

Increased market volatility meant more volume spikes that IT needed to manage. We challenged ourselves to ensure our services ran on the last peak volumes, processing ten times the volumes of 2020. In parallel, we were also able to achieve the enhancements and innovations below.

Client experience

Client needs are at the core of our IT improvements, which are made in direct response to feedback from AACB's annual client survey. Consequently, clients rated our IT service level as highly in 2022 as in years with lower volatility and volumes.

Owing to the international nature of our clients, we view a unified user experience as a vital attribute. Therefore, our attention in 2022 centred on the expansion of our Client Portal to other AACB regions, to offer a truly global experience that gives our clients the ability to produce instructions and provides visibility to payments, corporate actions, reporting and support tickets.

A big step in this endeavour was our go-live in the US in the second half of 2022, starting with fundamental reports and exercise notice instructions as a baseline. Having already onboarded approximately 700 users, our vision of future service expansion evolved further. In the first half of 2022, we also laid the foundation for a Client Portal roll-out in our APAC region by building an infrastructure for internal payments. This is dependent on the unification of our core clearing services, which has already begun and will be completed in the coming years.

Sustainability

We align our IT activities in support of our clients' transition towards sustainability, while also being mindful of our own environmental impact. Therefore, we are continually upgrading our capabilities without compromising on stability. In 2022, we began measuring the energy consumption of our applications and we launched an investigation into how to make our IT landscape more sustainable.

Internal enhancements

Our innovative customer relationship management application was implemented in 2022. The new tool enables AACB to efficiently manage and process contact with clients.

This new approach increases case management efficiency for clients and AACB. Along with additional milestones used to track response rate, case processing is now more convenient for all parties. Storing relevant information within the application also facilitates reporting on various factors, such as the causality, and helps AACB IT to gain a better understanding of client questions in the long term.

We are also looking at improving client experience in other processes such as our yearly Client Review process. This process is enhanced and updated annually to provide an even more unified client experience.

AACB ClearingCon Global IT conference.

1Global

In 2022, we embarked on a global re-design of AACB's IT function to benefit all of our external and internal clients. Under the banner of 1Global, the initiatives aims for globalisation and harmonisation of AACB IT systems and teams. Three drivers were behind the transformation: increase in the speed of delivery of change, improved risk reduction on all frameworks, and worldwide service consistency. The 1Global project began in March and continued through the end of 2022, and our new approach was implemented in January 2023.

By harmonising our IT systems around the world, we will expand and improve our client offerings. In collaboration with an international consultancy firm and our IT staff across the globe, we undertook significant analysis in order to arrive at the new model that will deliver the intended improvements.

AACB's new IT organisation will have a global setup. The shift from a regionally to globally oriented organisation will enable our IT team to be more client focused and enact technological and services more quickly and consistently, and ultimately, more efficiently. It also allows us to enhance our cybersecurity and other capabilities in response to increased client, market and regulatory requirements.

While moving towards a single, global IT organisation was one of the goals of 1Global, it was not exclusive. Increasing the speed and efficiency of our IT change was another important objective, along with further embedding of our risk and control frameworks.

In the spirit of greater global alignment, we also held our first AACB-wide IT conference – ClearingCon – in Rotterdam, the Netherlands in September 2022, where 125 colleagues from our offices around the world were able to build internal relationships in support of our new 1Global approach. In 2023, all new processes and procedures will be defined, so that we can continue supporting our internal and external clients better, faster and truly more globally.

Our **Regions**

United States

Market volatility, led by the war in Ukraine, client repricings and new client onboarding, contributed to ABN AMRO Clearing USA LLC (AAC-USA) once again surpassing our result objectives and expense targets, processing new record volumes of 4.8 billion trades and averaging 19 million trades per day over 259 trading days. We saw increased market share in all assets cleared.

2022 in perspective

In his first year on the job, CEO Boudewijn Duinstra focused on attracting new talent to AAC-USA in response to high attrition rates in 2021, and the first half of 2022. As a result, AAC-USA's nine-member senior leadership team welcomed seven new members. Our new CFO and the General Counsel and Chief of Staff all joined AAC-USA from our former clients, bringing insights that can help us better serve our clients.

Throughout 2022, AAC-USA continued to operate in a hybrid work environment due to ongoing pandemic circumstances. Our employees currently work a minimum of three days per week in the office, and we have taken action to strengthen relationships with one another and with AAC-USA, so that we can collaborate more effectively for our clients. Improved pandemic conditions allowed us to resume travel among our offices and to visit out-of-state clients.

Following the planned launch of a new product line, Fixed Income Clearing, AAC-USA successfully completed registration with the Fixed Income Clearing Corporation and appointed key leaders of the initiative.

We also redesigned our IT organisation in 2022 to collaborate with and better support the business. AAC-USA successfully migrated from a legacy third-party execution platform to a new vendor solution designed to better position ourselves for future execution capabilities and also completed the beta launch of our new client-fee processing tool, with a focus on straight-through client-fee term maintenance. We are currently nearing completion of a data centre migration project that will allow AAC-USA to operate more efficiently and effectively.

Boudewijn Duinstra - Chicago office.

2022 highlights

- Our name change to ABN AMRO Clearing USA LLC (AAC-USA), in alignment with the expanded geographic scope of our business.
- New one-obligor-exposure risk framework rolled out to enhance early warning indicators of potential client vulnerabilities.
- Implementation of a trade-surveillance solution to monitor trading activity executed by third-party brokers.

Number of FTEs*

Total	**201** FTE
Chicago	**195** FTE
New York	**6** FTE

Client satisfaction on a scale from 1 to 7

6.53

NPS

65

Employee engagement (%)

74

Trades processed** (billion)

4,8

Boudewijn Duinstra
Regional CEO US

* The figure is excluding external employees
** Number of trades processed includes options, futures and securities. The number of trades excludes internal transactions between regions.

Europe

In our capacity as a General Clearing Member, AACB provides access to and clears transactions on various European commodity markets. Throughout 2022, we supported Corporate Clients confronted by significant volatility in the power and gas markets stemming from the war in Ukraine. From a financial perspective, the increased market volatility – along with rising interest rates and expanding client activities – enabled AACB in the Europe region to outperform while keeping costs within budget. Fees, commissions and interest income contributed to this strong result.

2022 in perspective

Last year was dominated by extraordinary challenges triggered by the Russian invasion of Ukraine that began in February 2022. In addition to the enormous humanitarian impact, financial markets were shocked and saw high volatility and spikes in commodity prices. Consequently, our clients faced increases in margin and liquidity requirements. Our first and second-line staff in the region focused on safeguarding client interests and AACB while processing high volumes. We strictly implemented and adhered to additional sanctions rules to maintain our high operating and customer-due-diligence standards. AACB also actively participated in discussions with European policy makers and regulators about the higher volatility and price increases, as well as a price cap for the Dutch TTF gas contract.

Alicia Thomas - London office.

As a member of the UK-based London Metal Exchange (LME), AACB was also impacted by events in the nickel market, leading to the LME decision to suspend it on 8 March 2022. AACB did not incur any losses in the wake of this development and managed to cover margin requirements at all times.

The CSDR Settlement Discipline Regime went into effect on 1 February 2022, with the aim of improving settlement discipline on European securities markets. AACB adopted the necessary changes and remains in discussion with policy makers and regulators regarding proposed settlement efficiencies, while increased costs for market participants and stability risks are sufficiently recognised.

The year's intense market developments called for optimal staff interaction, resulting in increased post-pandemic employee office presence, which we gradually built up to three days per week. This supports AACB's strong culture of effective cooperation and knowledge sharing in our region and beyond.

We also began our transition towards 1Global – AACB's new global platform and product grid -- in the fourth quarter of 2022. 1Global will support us in the swift and orderly servicing of our globalising clients.

2022 highlights

- Application for the authorisation of our UK Branch as a Third Country Branch, submitted on July 2. While authorisation is pending, AACB will continue operating in the UK under the Temporary Permissions Regime.
- Preparation of AACB's acquisition of Banco ABN AMRO SA, following ABN AMRO Bank NV's decision to discontinue its Corporate Banking activities in Brazil. This allows us to manage our liquidity risks prudently and efficiently while supporting our strategic objectives for Brazil.
- New one-obligor-exposure risk framework rolled out to enhance early warning indicators of potential client vulnerabilities.
- The completion of transferring back of securities-operations activities performed by our third-party provider located in India. This includes reconciliations, static data, corporate actions and settlement activities. The various automation initiatives have increased efficiency and reduced manual handling.
- The European Commission decision to extend the current UK central counterparty (CCP) equivalence until 30 June 2025, owing to industry-wide lobbying and AACB engagement with European policy makers and regulators to emphasise the need for European Clearing members to retain access to UK CCPs.

Number of FTEs*

Total (incl Brasil)	**569** FTE
Amsterdam	**450** FTE
Frankfurt	**7** FTE
London	**91** FTE
São Paulo	**20** FTE

Client satisfaction on a scale from 1 to 7: **5.80**

NPS: **47**

Employee engagement (%): **82**

Trades processed** (million): **854**

Robbert Booij
Regional CEO Europe

* The figure is excluding external employees
** Number of trades processed includes options, futures and securities. The number of trades excludes internal transactions between regions.

Asia-Pacific

The Asia-Pacific region experienced extremes in both volume and volatility following Russia's invasion of Ukraine in late February 2022. This theme continued throughout the first half of the year, consistently placing heavy loads on our core clearing and risk infrastructure in particular, which performed without incident. This stability is a testament to our team's forward planning and investment in previous years. Additionally, with limited clients concentrated solely in the energy and commodities space, the AACB Asia-Pacific team was not impacted by the extreme price volatility that affected our business in the US/Europe.

2022 in perspective

Last year saw the gradual "post-Covid-19" re-opening of the region in all aspects of life. This occurred in various phases throughout the region, meaning that we were dealing with quite varied working conditions and will continue to do so through 2023. The roll back of Covid-19 restrictions throughout 2022 also meant a return to business travel, with Singapore hosting AACB's Global Management Team in September, bringing much-missed global connectivity back to the region. This also allowed our offices in the Asia-Pacific region to participate fully in AACB's 40th anniversary, with events for clients, colleagues and market counterparties organised across the region.

Financially, 2022 was another very strong year for AACB, driven in particular by growth across our equities side of the business. We saw significant increases in market share in the equities markets in Hong Kong, Japan and Singapore driven by increased client participation and continued growth in exchange-traded funds. The financing side of our business saw quite significant swings as our client base reacted to the rapidly changing interest-rate environment and other market conditions.

More regionally driven volatility returned in the second half of 2022, particularly in Hong Kong. This was fuelled by Chinese technology stocks and later by Covid-19, repeated rolling lock downs, civil unrest, and the winding back of restrictions late in the year. Client relationships and focus nevertheless remained strong, with clients consistently adhering to risk parameters.

Finally, the last quarter of 2022 was the start of a period of transition for our region, including 1Global as well as changes in our regional leadership.

Robert Lee, Adrian Rubin, Vina Chipperfield - Sydney office.

2022 highlights

- New one-obligor-exposure risk framework rolled out to enhance early warning indicators of potential client vulnerabilities.
- A significant internal automation drive, with a dedicated team concentrated on small to mid-sized AACB-wide projects aimed at improving processes and efficiency.
- A new payments infrastructure to significantly improve AACB process flows for liquidity management and client payments, implemented by our Singapore team.
- An AACB 40th anniversary celebration hosted at the Tokyo residence of the Dutch ambassador to Japan.

Number of FTEs*

Total	**184** FTE
Hong Kong	**28** FTE
Singapore	**67** FTE
Sydney	**66** FTE
Tokyo	**23** FTE

Client satisfaction on a scale from 1 to 7

5.96

NPS

38

Employee engagement (%)

77

Trades processed** (million)

507

Adrian Rubin
Regional CEO Asia Pacific

* The figure is excluding external employees
** Number of trades processed includes options, futures and securities. The number of trades excludes internal transactions between regions.

Regulatory Environment and Compliance

The war in Ukraine had considerable consequences for financial markets in 2022, especially regarding the trading and clearing of commodities. Regulators kept the focus on key themes, such as operational and digital resilience, sustainable finance, and strategic autonomy.
Although European and Dutch legislation largely governs AACB activities, we are affected by many regulations globally. The regulatory developments below represent key topics we encountered in 2022.

Europe

Similarly to last year, regulators continued to focus on sustainable finance by enhancing transparency in order to prevent greenwashing, and by considering sustainability throughout the financial value chain. Climate and environmental risks, as mentioned in the thirteen expectations of the European Central Bank's Guide on Climate-related and Environmental Risks, were also high on the agenda. AACB focused on building sound governance around all Sustainable Finance Regulations for the benefit of our business and clients. A number of additional sustainability milestones were also reached in 2022:

- Requirements for sustainability considerations within existing regulations such as MiFID (Markets in Financial Services Directive) II ESG (environmental, social and governance) came into force in August 2022. In general, MIFID II ESG requirements aim to embed sustainability risks into investment decisions and to consider sustainability factors in product governance.
- The Corporate Sustainability Reporting Directive (CSRD), which replaces the Non-Financial Reporting Directive (NFRD) and introduces ESG components for the yearly annual reporting cycle of companies, was approved in November 2022. Together with the European Sustainability Reporting Standards, the CSRD will bring more companies in scope to report in a more-detailed and structured manner on ESG matters.


Jeanette Clarijs - Amsterdam office.

- In February 2022, the European Commission (EC) adopted a proposal for a directive on corporate sustainability due-diligence (CSDDD). In its current form, the CSDDD will put forward a framework for companies to foster sustainable and responsible corporate behaviour and to consider their impact on the environment and on human rights. It would require companies to conduct due diligence on their own operations and throughout the entire value chain.

The European Markets Infrastructure Regulation (EMIR) also required AACB to act on developments in 2022:

- We finalised the implementation of EMIR FRANDT (fair, reasonable, non-discriminatory and transparent) and began implementation of EMIR REFIT (regulatory reporting) following publication of the delegated regulation and guidelines. The implementation deadline for EMIR REFIT is April 2024.
- Regarding EMIR reporting via the EMIR REFIT consultation, a clear view on valuation of exchange traded derivatives was established, as shown in the final report on the guidelines for reporting under EMIR of late December 2022.
- The EC and European Securities and Markets Authority (ESMA) finalised the equivalence and recognition of the US and UK central counterparties (CCPs), which was critical in maintaining access to CCPs in these jurisdictions. The equivalence of UK CCPs is temporary and will end in June 2025.
- The EC released its proposal for a review of EMIR in December 2022, to improve the attractiveness of clearing in the European Union (EU) and boost the resilience of EU financial markets (EMIR 3.0). AACB will continue to engage with stakeholders on the appropriate drafting of EMIR. We believe that proper design of EMIR 3.0 will allow the EC to provide an indefinite extension of equivalence for UK CCPs.

Other European regulations also demanded AACB attention over the course of the year:

- Negotiations on MiFID, the Central Securities Depositories Regulation (CSDR) and other market-related legislation, as well as Capital Requirements Regulation/Capital Requirements Directive (CRR/CRD) progressed through European Council and the European Parliament. AACB has committed to complying with new rules and regulations when they become available.
- CSDR: in February 2022, the settlement discipline regime (SDR) under the CSDR, which introduced cash penalties for settlement fails, came into force. The mandatory buy-in, also part of the SDR and which will have significant impact on AACB, was postponed until November 2025. This allows the EC to conduct a further deep dive of the mandatory buy-in within the CSDR REFIT initiative, which was proposed and published in March 2022.
- The Digital Operational Resilience Act (DORA) which aims to strengthen the IT resilience of financial entities during severe operational disruption, was approved by the EC and the European Parliament in November 2022. AACB is in scope for this regulation, in addition to already existing rules and guidelines with regard to digital operational resilience and cybersecurity. Implementation should be finalised by January 2025.
- Securities Financing Transaction Regulation (SFTR): AACB continues to collaborate with the industry on improving pairing and matching statistics of SFTR reporting.

In late 2022, the EU Council agreed on a market correction mechanism on the Dutch TTF gas market in order to prevent August 2022 price levels. We believe that a price cap on any market is detrimental to the functioning of that market, as well as to proper risk management by clearing participants such as AACB. The market correction mechanism was not put into operation during 2022.

Other jurisdictions:

Australia

The current limited connection exemption for those providing financial services from abroad which was in transitional wind down, has been extended for another year until 31 March 2024. This is pending consultation by Treasury and the Australian Securities & Investments Commission (ASIC). A further extension is likely, as consultation is only expected in the second half of 202 ASIC introduced market integrity rules regarding technology and operational resilience. Market participant must have adequate controls related to change

Ingrid Albuquerque and Celso Morioka - Brazil office.

management, outsourcing, business continuity and information security to ensure the resilience, reliability, integrity and security of their critical processes and systems.

Data security is a focus area for all Australian regulators due to recent data breaches (which did not impact AACB). Consequently, a new Privacy Legislation Amendment (Enforcement and Other Measures) bill was proposed in 2022, aiming for significant changes to the penalties regime for privacy breaches. An increase in the maximum penalties for serious or repeated interference with privacy for both companies and individuals has been proposed

Brazil

New national regulations necessitated a number of control, procedural and policy changes to AACB's operations in Brazil. Our local Compliance team assumed responsibility for internal controls in light of local legislation that requires their separation from the Operational Risk Management function.

The Brazilian General Data Protection Law (LGDP), which is similar to the the EU's General Data Protection Regulation and went into force in August 2020, has since required AACB to catch up to local requirements. Consequently, we conducted a full review of data-related policies and procedures.

Singapore

In terms of anti-money laundering/counter-terrorism financing (AML/CTF), in the first quarter of 2022, the Monetary Authority of Singapore (MAS) issued a circular on non-face-to-face customer due diligence measures including name-screening procedures. This circular sets out industry best practices observed by MAS and supervisory guidance on the measures to mitigate risks associated with the use of non-face-to-face technologies for customer due diligence. AACB Singapore conducted an assessment of MAS recommendations to complement existing checks to enhance successful identity verification, including measures to mitigate potential fraud and impersonation risks such as control questions and liveness checks, among others. These were shared with relevant stakeholders and incorporated into our global screening procedure.

Singapore also passed a new Financial Services and Markets bill in 2022, in its most-recent effort to tighten regulation of cryptocurrency. Despite increased legislation in relation to crypto, the government retains a favourable attitude toward cryptocurrency controls. The new regulation imposes harsher penalties on companies and financial institutions that fail to uphold high levels of security, particularly if they experience cyberattacks or their services are disrupted.

A revised version of Business Continuity Management Guidelines was also issued by MAS in June 2022, to help financial institutions strengthen their resilience against service disruptions arising from IT outages, pandemic outbreaks, cyberattacks and physical threats. The revised guidelines set out the need for financial institutions to take an end-to-end service-centric view in ensuring continuous delivery of critical business services to their customers. AACB Singapore compliance with these new guidelines and as well as establishment of a business continuity management audit plan is anticipated by June 2023.

Hong Kong

SFC Circular on Roadmap for Implementing the Hong Kong Investor Identification Regime and the Over-the-counter Securities Transactions Reporting Regime: the investor identification regime at trading level for the securities market in Hong Kong (HKIDR) was tentatively set to commence during the second half of 2022, but the timing has been revised to 20 Mar 2023. Under the investor identification regime, licensed corporations and registered institutions will submit to The Stock Exchange of Hong Kong Limited (SEHK) the names and identity document information of clients placing securities orders on SEHK. The relevant processes have been implemented for AACHK.

United States

In June 2022, ESMA announced recognition of two CCPs established in the US as Tier 1 CCPs under EMIR. These two CCPs are the Fixed Income Clearing Corporation (FICC) and the Options Clearing Corporation (OCC).

The recognition of US CCPs subject to SEC jurisdiction is important to FICC, OCC and market participants for several reasons. Foremost among the benefits to AACB is that it allows EU banks and bank affiliates (such as AAC-USA) exposure to those CCPs a lower risk weight in calculating their regulatory capital.

Compliance

As a globally active, regionally represented group function, Compliance acts as a bridge between ABN AMRO Bank (AAB) and AACB, supporting the following topics:

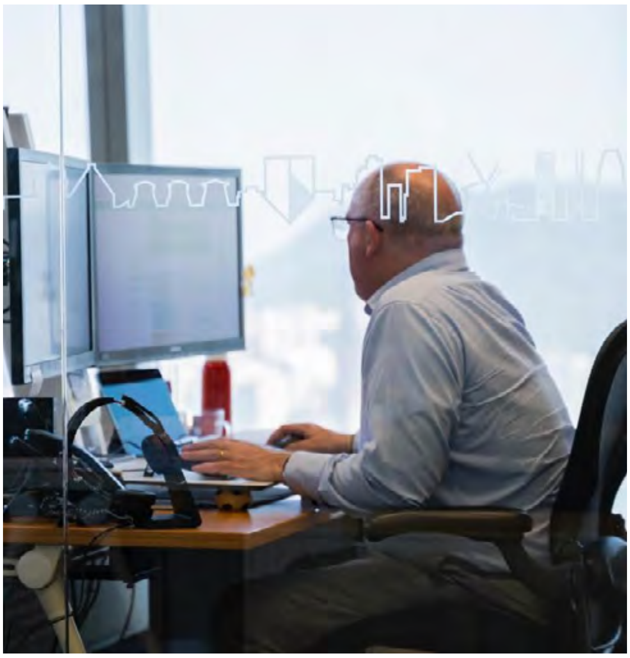
- Securing the AACB's license to operate day to day through timely adherence to applicable rules and regulations.
- Enhancing business as usual (BAU) activities in order to strengthen 'Banking for Better', including the implementation of Care, Courage, Collaboration via our Code of Conduct and by supporting related training initiatives.
- Supporting the bank-wide transition to a more-sustainable way of working, along with sustainable business initiatives.
- As part of Risk, maximum alignment with other disciplines within the Risk organisation to optimise Compliance services towards AACB.
- Staff training and connection to other departments within AAB.
- Assisting staff with questions about compliance-related topics while working from home, such as those related to security, privacy, conflicts of interest, or our Code of Conduct.
- Information about and monitoring adherence to the Code of Conduct, Bankers Oath, and Compliance policies.
- Advice about IT/digital policies and topics.
- Advice about new products and review of existing products.
- Prevention and detection of market abuse.

2022 highlights

- Support for the CIB wind-down areas in our Asia-Pacific (APAC), US and Brazil regions, assisting local staff and clients.
- Enhancement of AACB's market abuse framework and associated management oversight as a result of increased regulatory requirements.
- Close cooperation with the Singapore office, leading to important additional improvements on data quality for MIFID reporting.
- Assistance with the implementation of our new Code of Conduct as well as monitoring adherence to it.
- Implementation of the client advice registration tool (CAR) in Europe and APAC to enhance the registration and monitoring of compliance advice.
- Roll-out of the compliance tool in APAC for the monitoring of gifts, insider status, personal account dealing, outside business activities, and signing of the Code of Conduct.
- Compliance Introduction training was embedded in the AACB Introduction Week for new joiners and will become mandatory.
- In Brazil, a full change of Compliance staff took place as part of our transition to a clearing and brokerage business model, under a new local market supervisor – BSM, the B3 group's self-regulation division – and requiring a total review of policies, procedures, and systems.
- In relation to AML risks, advice regarding AACB prospects as well as on sanctions and periodic or event-driven reviews regarding existing clients.
- Additional focus on sanctions training, owing to increased sanctions legislation.
- Advice and training on the importance of compliance in the data lifecycle, including data ownership and data security.
- Assistance and recommendations regarding the proper handling of data with the implementation of new business initiatives in areas such as enhanced reporting capabilities, innovation and data security.
- A global conference for AACB Compliance staff was held and focused on knowledge sharing and increasing international cooperation.

Sanctions

Russia's invasion of Ukraine in February 2022 has had and will continue to have a series of direct and indirect consequences for AACB. From March 2022, we analysed new and evolving sanctions across multiple jurisdictions, including the United Kingdom, EU and United States (US). As a result, we adjusted our operations, systems and infrastructure to respond to sanctions, cyber threats and exposure to Russian and Belarusian markets and clients.



Paul Pealling - Hong Kong office.

Corporate **Social Responsibility**

Sustainability is integral to safe and transparent global markets – today and tomorrow. AACB aims to lead the way towards this goal through corporate social responsibility (CSR) backed by concrete, strategic ambitions for environmental, social and governance (ESG) excellence. We believe that by creating partnerships among our industry, clients and employees, as well as the communities in which we operate, we can make a difference – for all.

AACB and CSR

AACB plays an important role in financial-market infrastructure, offering clearing services on the world's leading derivatives markets and holding top-three positions worldwide, based on market share of transactions cleared. An average of 20 million transactions flow through our systems globally every day.

We actively engage our industry regarding sustainability and risks, and advocate for ethical trade principles, access to markets and data, and sustainable products. We also participate in product and market development for the energy transition, and are active in 90% of global energy markets.

As a large player in the derivatives industry, we recognise that it can also potentially add complexity in an instable market. However, in safe and transparent markets, derivatives play a part in the sustainability transition by: steering capital flows towards a more-sustainable economy; integrating environmental sustainability into risk management best practices; and promoting transparency and longtermism.

Industry engagement

AACB provides input to regulators and industry bodies in all the regions in which we operate. In 2022, we continued to participate in consultations and forums organised by, among others, Eurex Exchange, Futures Industry Association, European Energy Exchange, Alternative Investment Management Association and the European Energy Exchange.

Recognising our leadership in markets infrastructure and in providing their safety and transparency for future generations, we partner with Frontclear, a company that focuses on developing stable and inclusive money markets in emerging and developing countries. AACB provides consultancy in kind to help address barriers to market development. Our involvement varies per country and can range from risk management to infrastructure to governance advice.

This year we provided the following support:
One of our projects in 2022 supported the participation of AACB volunteers in a local feasibility study for the Bank of Zambia to provide it and the Zambian financial sector with a proposed financial infrastructure to reduce credit risk through an onshore guarantee facility. The aim is to improve the participation and liquidity of money and interbank markets. Zambia's clearing and settlement (C&S) infrastructure poses some market challenges, as parallel central securities depositories are not interoperable and regulatory mandates are perceived by the market as overlapping and unclear.

Client centricity

The transition to sustainable business practices is a collaborative effort; therefore, assisting AACB clients in this process is one of our strategic pillars. We screen our clients and their businesses through tailored environmental, social and ethical filters. Sustainability is also an integral part of our conversations with clients during our onboarding and review processes. To subsequently facilitate further constructive dialogue, we offer clients personalised ESG-

Bart Solleveld and Ed van der Star - at Central bank of Zambia.

risk dashboards to show the ESG rankings of their executed trades.

Managing risks

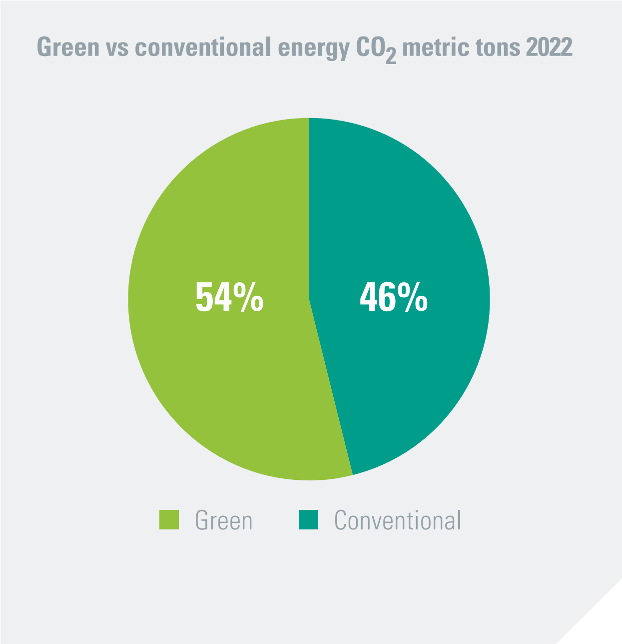
Financial markets recognise sustainability as a real systemic risk that influences credit, market, liquidity and operational risk. As sustainability is a business risk, the impact of physical and transition risks can lead to unpredictability and volatility. AACB continuously develops stress scenarios to monitor impact. This forms an integral part of our annual capital and liquidity plan.

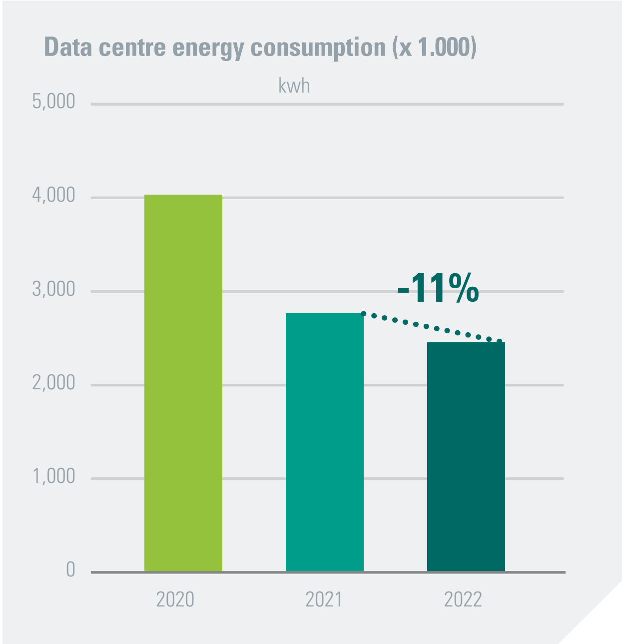
Operational improvements

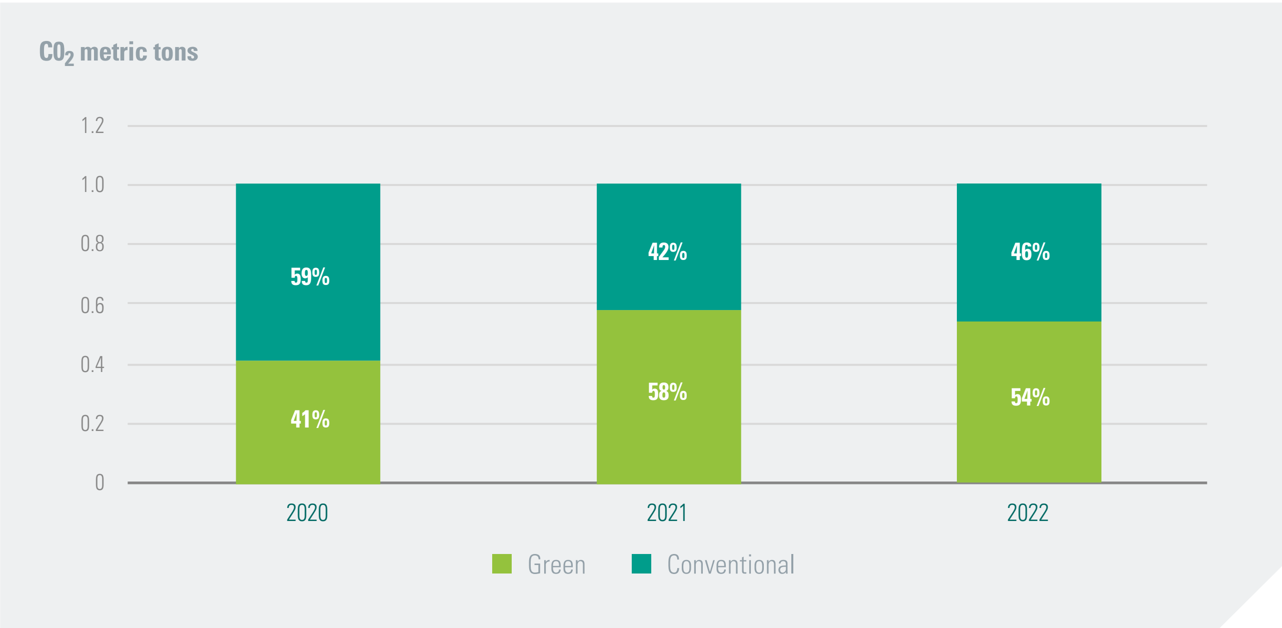
The climate impact of IT is high. AACB therefore strives to continue reducing our total energy consumption by operating more efficiently and increasing renewables.

In 2022, we began drafting an IT Sustainability Framework that includes the following aspects:

- Energy management, including targets on total energy consumption and percentage of mix of fossil fuel/renewable energy sources.
- Cloud strategy: to determine the impact of cloud technology on our carbon footprint, including script codes for Amazon Web Services.
- Hardware strategy: to set sustainable requirements for our hardware, including opportunities for recycling or donating redundant hardware.







The total emissions of AACB's data centres was reduced by 11% in 2022 as a result of hardware consolidation and more energy efficient systems.

Our ambition is to reduce our carbon emissions to neutral by 2030 and negative after 2030 through a Climate Impact Programme. In 2022, we monitored our progress and increased our contribution to this programme to safeguard our 2030 target. A portion of our environmental efforts involves reforestation to compensate for carbon emissions of our data centres as well as to regenerate soil. In partnership with Amsterdam-based nature restoration company Land Life Company, we directly engage staff working in Amsterdam, Chicago, Sydney and London via local planting events. In 2022, we were once again able to host planting events in Amsterdam and Chicago.

A sustainable structure

In 2022, we enhanced the AACB governance with a Sustainability Committee and Sustainability Office (SO). The Sustainability Committee (SC) advises the AACB Management Board on the performance of its duties related to ESG topics, ESG opportunities, long, mid-term and short-term strategy, value creation, targets, KPIs, commitments, ESG stakeholder dialogue and due diligence obligations with respect to AACB's own operations and value chain. This involves preparing Management Board decision-making and maintaining oversight over realisation of ESG commitments. The SC addresses the urgency of ESG factors on the Management Board agenda and is chaired by the AACB CEO.

The Sustainability Office integrates sustainability into the DNA of AACB: our staff, operational procedures, risk appetite and in decision-making processes across all regions. The SO aims to bring sustainability to a high level of maturity in all AACB activities and is led by AACB's Chief Sustainability Officer.

We also enhance our internal ESG engagement by hosting an annual employee Sustainability Week comprising online and offline activities around the world. The third edition of this event took place in September 2022. The programme included 11 sessions with the participation of data vendors and our IT and Business Development teams. Each session addressed a different ESG topic. In addition to many informational sessions, a global clean-up day was observed on 14 September, during which AACB employees around the world collected litter from streets, parks and beaches. This was a tangible way to highlight the issue of waste and overconsumption.

Community initiatives

AACB encourages its employees worldwide to support community and charitable initiatives collectively and individually and sponsors staff volunteerism for various causes according to local labour agreements. Some successful regional initiatives in 2022 included the following:

- Our annual Amsterdam Investor Forum conference, supporting financial literacy programmes.
- Monetary donations to several food bank organisations by our Europe and US teams.
- Our US organisation repeated its fundraising challenge, this year with a goal of USD 5,000. Employees individually donated sufficient funds to surpass this goal and AACB will match the amount with an additional USD 5,000 donation, which will provide more than 32,000 meals to those in need.
- Letters to Santa: a holiday gift programme in which students of Spencer Tech school, in an underprivileged US community, write letters to Santa Claus asking for items that they need or want. AACB's Chicago office (AAC-USA) subsequently acts as Santa, with our employees volunteering to fulfil the gift requests, and delivers them to the school. AAC-USA voluntarily assumed this initiative from The Chicago Sun Times after it was suspended during the pandemic, independently approaching Spencer Tech to ensure that students continued receiving gifts. We have been working with the school directly ever since. In 2022, AAC-USA fulfilled 259 wrapped gifts for Spencer Tech students who otherwise may not have received any.

Cleanup day Amsterdam

Our **People**

2022 started with most of our colleagues across the globe working remotely, with occasional office visits. Luckily, that changed over the course of the year and by the end of 2022, we adapted to our new way of working standards, keeping personal preferences of individual colleagues and teams in mind. We are proud of our staff, staying connected with one another and optimally service our clients and business in this new hybrid environment.

From home to hybrid working

Although 2020 and 2021 left us with considerable experience for working remotely, Covid-19 kept confronting us in the first half of 2022 about how we work and interact with one another, with clients, and with other stakeholders. Some employees became fully acclimated while others had challenges with working remotely. Currently AACB has adopted a hybrid structure in which employees work from the office at least 60 percent of the time.

AACB continued to address employee needs throughout the year by creating opportunities for online interaction to facilitate closer global collaboration. We have embedded online all-staff updates and Leadership and Management Team meetings, among others, in our work routine. As in 2021, online topical training and knowledge sessions on sustainability and strategy took place.

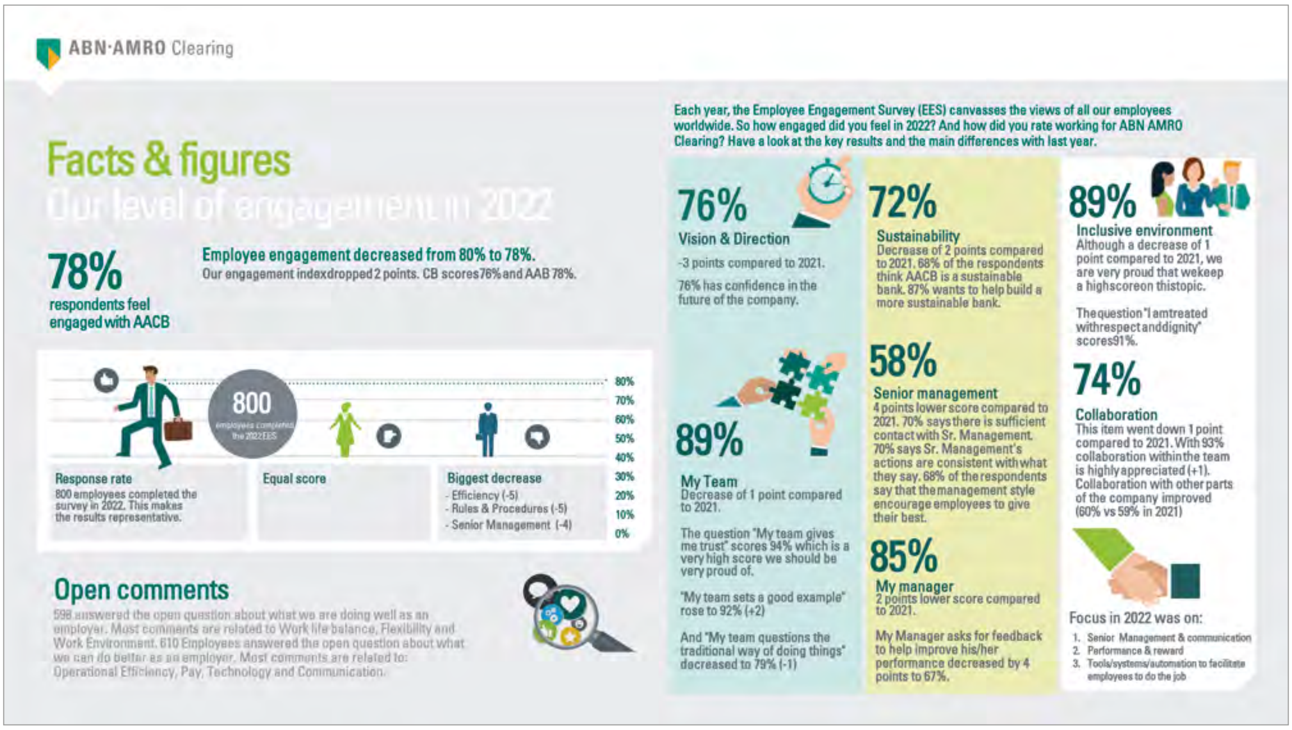
The programme included presentations and workshops by representatives of exchanges, sustainability experts and clients.

Face-to-face events, pending regional guidelines, enabled us to (re)connect but also to celebrate our 40-year anniversary. With coordinated global and regional activities, we made sure to not let this event pass unnoticed.

After 3 years we were very happy to have all Leadership team members from across the globe, reconnecting in Amsterdam and share challenges, successes, talk about strategy and work on our own leadership aspirations.

Employee engagement

Our annual Employee Engagement Survey (EES) gathered global employee impressions for 15 focus areas such as inclusive environment, performance management, talent and development, leadership, vision and direction, among others. In 2022, 800 colleagues worldwide completed the survey, resulting in 78% overall engagement score – a 2% decrease as compared to 2021. Although our 2022 scores per area were comparable to those for 2021, there are a few areas of the EES where we scored slightly lower than the previous year. The survey responses will help AACB to improve employee engagement, ultimately enhancing our added value for clients. Managers are therefore encouraged to discuss survey results with their teams and incorporate staff feedback in future planning.



Diversity and inclusion

AACB aims to create an environment in which all employees are given the opportunity and recognition needed to develop their talents. This in turn fosters our growth and client success.

Consequently, we set diversity targets to support our aspiration of being an organisation in which employees with various profiles feel welcome and safe. In terms of meeting our 2022 internal gender diversity targets of 26% for women at the highest and second-highest levels of AACB, we realised 27% at the top and 22% at the next level in 2022. The 2022 EES results also confirmed that AACB's inclusive environment is one of our key strengths: 89% of respondents reacted positively to questions regarding this topic. We are very proud to maintain such a high score in this area.

Ongoing staff and organisational development

AACB strives for a future-proof workforce for a future-proof organisation. In addition to a mandatory curriculum, we offer selective training, knowledge bites and other online informational sessions, and encourage staff to develop the skills that we believe are essential for our business and organisation. Such sessions connect our people across regions and departments, and include courses on sustainability, data, leadership, innovation and change, wellbeing among others.

Because we believe that mentoring adds value to our team members, a global mentor programme was launched incl. trainings on what it entails to be a mentor / mentee. No matter at what side of the world you are located, this programme connects employees / managers and facilities to learn from each other and share experiences.

In 2022, we continued the Global Clearing Talent Programme and Global IT Talent Programme. Recruitment and selection was conducted both virtually and physically, while our 4 week graduate learning programme was once again conducted fully offline in the interest of personal connection and creating a global network. In addition, our Global Clearing Academy offered ongoing weekly workshops throughout the year given by and for employees. These covered a wide range of topics, including, among others, clients, products, services, risk, compliance, IT, and data.

Hybrid global learning weeks (one in spring and one in autumn) were also held in 2022 with more than 300 offerings on topics regarding strategy, sustainability and well-being. As in 2021, online topical training and knowledge sessions on our strategic pillars took place. A third global Sustainability Week was organised, hybrid this time, to increase awareness around sustainability throughout the AACB value chain. The programme included numerous activities aimed at updating and educating employees about sustainability developments within the industry as well as at improving sustainability at home and in the office. Presentations by internal and external speakers, workshops, dilemma discussions, and fun challenges all featured in the agenda.

In order to keep on being challenged the global AACB "Challenger 15" team (sounding board for senior management) came to Amsterdam to share their thoughts, challenges they see for AACB senior management and work on those topics together.

Kejt Mustafararaj - Amsterdam office.

Risk Management

Our bank's risk appetite determines the level and nature of risk that AACB is willing to bear in order to pursue our strategy, taking all stakeholders into consideration. Risk management clarifies the use of risk capacity across various risk types, businesses and operating entities, and by doing so, optimises risk and return.

Audited Risk appetite statement

AACB's risk appetite is aligned with a moderate risk profile. It takes into account all risk types of the risk taxonomy relevant for AACB, in particular, credit, market, IT, operational, liquidity, regulatory and business risks. The risk appetite statement limits AACB's overall risk taking capacity across these risk types. It is monitored by benchmarking actual and expected risk profiles so that corrective actions can be defined if and when necessary.

This risk appetite statement is reviewed annually at a minimum and is approved by the Clearing Enterprise Risk Committee, the AACB Management Board and the AACB Supervisory Board.

Audited Risk governance

AACB follows the three lines of defence model, risk decision framework, and product approval process.

Audited Three Lines of Defence

1 1st Line of Defence	2 2nd Line of Defence	3 3rd Line of Defence
Risk ownership	**Risk control & Oversight**	**Risk assurance**
Responsible for ▶ Delivering value-added services to clients ▶ Taking primary ownership to identify and assess, measure, mitigate, monitor and report the risk that it incurs ▶ Striking the right balance between return and risk in its decisions ▶ Seeking outside-in views and advice, where necessary ▶ Ensuring systems, processes and reporting capabilities are commensurate to its activities and risk appetite	**Responsible for** ▶ Setting the bank-wide risk management framework ▶ Setting risk policies and ensures regulations are translated into policies ▶ Maintaining risk control and oversight through monitoring, reporting and escalating, where necessary ▶ Providing independent challenge and expertise to the First Line ▶ Proactively opining on how to identify and mitigate risks ▶ Providing outside-in views and ensures consistency in Risk Management practices across First Line ▶ Consolidated risk reporting to the Management Board on all areas of risk	**Responsible for** ▶ Protecting and enhancing organisational value by providing risk-based and objective assurance, insight and added value to support the achievement of our objectives ▶ Evaluating the design and effectiveness of Governance, Risk Management & Control processes, agrees with management on remediation and monitors follow-up

Sagar Shewale, Vaibhan Vasani - Amsterdam office.

- **1st Line of Defence - Business**
  Risk ownership resides within AACB business teams, and management is primarily responsible for the risks assumed, results, execution, compliance and effectiveness of risk management and risk control.

- **2nd Line of Defence - Risk control functions**
  The AACB Risk Management team is responsible for setting frameworks, drafting policies and processes, providing advice, risk monitoring, reporting on execution, and risk management and control for AACB. It has approval authority for credit proposals up to predefined thresholds as well as the authority to approve certain counterparties.

  AACB comprises an independent risk organisation with oversight from ABN AMRO, and in alignment and within ABN AMRO policies and mandates. Formal responsibility for the management of AACB rests with the AACB Management Board and Supervisory Board. Clear accountability and end responsibility for 2nd Line of Defence risk management resides with the AACB Chief Risk Officer.

  At the AACB Management Board level, governance is organised by the Clearing Enterprise Risk Committee (CERC) and the AACB Credit Committee. ABN AMRO oversight is maintained through regular meetings between the Chief Risk Officer and Risk Type Owner of both ABN AMRO and AACB and via the participation of ABN AMRO delegates in the CERC. Within AACB's risk management framework three risk type owner roles are defined: Credit Risk, Market and Liquidity Risk, and Information and Operational Risk.

- **3rd Line of Defence - Audit**
  ABN AMRO Group Audit evaluates the effectiveness of AACB governance, risk management and control processes.

Audited Managing risks

Strong risk management is a cornerstone of AACB's business model. Our Risk Management organisation spans three time zones across the globe. These regional risk centres are supported and governed by global risk departments in Amsterdam. Local Risk Management employees monitor client activity on a daily and intraday (near real time) basis to ensure that all clients remain within agreed market and credit risk parameters. They also monitor other counterparty exposures, conduct market surveillance and are involved in managing AACB's risk profile.

AACB is not involved in any proprietary trading activities and therefore does not run direct market risk. Nevertheless, AACB can encounter indirect market risk as a result of clearing and financing activities.

As a third-party clearing member, AACB explicitly guarantees the fulfilment of obligations towards clearing houses and other third parties that arise from customer transactions. In the event of client default, AACB is legally obligated to settle all client positions with the relevant clearing houses, possibly at a loss. AACB provides liquidity lines to clients to leverage business opportunities and enable them to hedge their derivatives inventories with shares and bonds.

As a general clearing member to various central counterparties (CCPs), AACB contributes to CCP default funds. In the event another clearing member defaults, AACB contributions could be (partially) depleted in the default management process.

Relevant risk types

In order to illustrate the amount of inventory financing provided by AACB and the total outstanding client credit facilities (excluding ABN AMRO companies), the figures, including utilisation, are as follows:

EUR billion	31 December 2022	31 December 2021
Total outstanding client credit facilities	38.47	35.57
Total utilisation	13.81	14.17
Of which: total debit cash utilisation	5.08	6.77
Of which: total short stock utilisation	8.73	7.40

AACB risk classifies each client. Clients with elevated risk could be classified as Watch or Default following an assessment of associated triggers. Increased risk classification does not always imply that AACB provisions for this increased risk. In 2022, AACB experienced no client defaults (2021: 0) and therefore no default rate on overall outstanding credit lines of EUR 38.47 billion (2021: 35.57 billion). Included in the total unused client credit facilities are revocable credit lines amounting to EUR 24.82 billion (2021: EUR 22 billion) and irrevocable credit facilities amounting to EUR 0.15 billion (2021: EUR 0.1 billion).

Audited Credit risk mitigation

Credit risk mitigation considers techniques that reduce credit risk associated with a credit facility or exposure on certain counterparties. Credit risk mitigation mainly relates to collateral management and guarantees, offsetting financial assets and liabilities and enforcing master netting agreements.

No AACB client assets were past due as per 31 December 2022.

Clients

In order to manage credit risk exposure, AACB requires clients to deposit collateral. Collateral or margin requirements are based on realised changes in the value of a client portfolio as well as the potential changes derived from conservative scenario analysis and stress tests. Assets deposited as collateral include client deposit funds and liquid marketable securities. AACB monitors the value of collateral on a daily and intraday basis.

AACB set limits to manage client credit risk exposure. These risk parameters relate to the client portfolio and financial characteristics. In the event of a breach in any of the relevant risk parameters, AACB asks clients to deposit additional collateral and/or reduce risk in their portfolios. AACB also has the contractual right to immediately seize and liquidate portfolios if clients fail to meet collateral requirements.

Audited Limit framework

AACB developed a new credit limit framework in which two additional limits are set for clients that have a financing agreement with AACB. The first limits the stress and liquidation cost exposure in the client trading portfolio, the second limits the amount of ineligible collateral financed by AACB. In 2022, the majority of clients were repapered with the new limits applicable. The remaining clients will also be captured under the new limit framework in the first quarter of 2023.

Financial markets were volatile in 2022, especially at the beginning of the Russia-Ukraine war, when the market was faced with an extreme surge in power and gas prices. This affected the corporate hedger clients active in this space, as a result of increased liquidity requirements to match margin and collateral requirements. AACB can call clients for required collateral overnight and intraday and can request additional collateral beyond the basic requirements posed by CCPs. Throughout 2022, these risks were actively managed and a metric for additional collateral buffers was implemented to dampen effects from extreme (intraday) price spikes.

Volatility in equity, bonds, rates and other commodities did not result in relevant risk issues with clients.

Cynthia Mensingh and Martin Frewer - Amsterdam office.

Counterparties

As an intermediary between clients and the financial infrastructure, AACB also runs counterparty risk towards exchanges, brokers, central clearing houses, nostro and settlement banks, and other financial institutions. AACB has a comprehensive framework for monitoring these various counterparties. If necessary, AACB can enact exposure limits to protect our organisation and clients against counterparty risk.

AACB risk managers ensure that AACB stays within the approved counterparty limits by means of daily monitoring and with steering actions when needed. In accordance with procedures, counterparty exposure is effectively monitored and managed.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported on the statement of financial position. Offsetting occurs when there is a legally enforceable right to set off the recognised amounts and there is either an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The credit risk exposure is largely mitigated by receiving collateral from clients.

Enforceable master netting agreements or similar instruments

Enforceable master netting agreements are concluded between the bank and clients, and take into account provisions that make netting and offsetting exercisable in the event of default. Furthermore, AACB may enter into master netting arrangements upon client request, such as derivative clearing agreements, global master repurchase agreements and global master securities lending agreements, which also take into account provisions that make it possible to exercise netting and offsetting in the event of client default.

Audited Systemic risk

Participants in the financial infrastructure are systemically relevant, as a failure of one component will simultaneously affect a large number of parties in the market. Systemic problems can arise if the functions of an affected component are not transferred to another (recovering) party in a

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timely manner. The ability to do so depends on the size of the activities and specific market characteristics. This includes local laws and legislation as well as participant contingency arrangements. As a clearing member, AACB is part of the financial infrastructure that interconnects various market participants. The financial infrastructure is regulated and intensively supervised by regulatory authorities. The market infrastructure includes CCPs to mitigate counterparty risk. Clearing members are required to pay initial margins to cover potential future exposure that a CCP runs on the positions of its clearing members. In addition to the paid-up margins, clearing members must also contribute to default funds (also known as guarantee funds).

In the event of clearing-member default – with losses greater than the initial margin and default contribution of the defaulting clearing member and exceeding the pre-funded own contribution of the CCP – the default contributions of other clearing members will be used to cover the losses. If these are depleted, there are one or more mandatory refinancing calls to each of the remaining clearing members up to prior default-fund contribution. Alternatively, the clearing member can in extreme cases forfeit membership. To a large extent, CCP clearing ensures that monetary losses as a result of clearing-member default are covered.

In the first quarter of 2022, an extreme price move in nickel resulted in the The London Metal Exchange unwinding one day of transactions in this product, as the potential for systemic risk was deemed too high. This event illustrates that mitigation of systemic risk should take place in all parts of the trading, clearing and settlement chain and implies that exchange operators should have sufficient price breakers in place to prevent extreme price squeezes. At the clearing level, additional controls for stress risk and concentration risk continue to be discussed by CCPs and clearing members. Consequently, AACB further developed and implemented stress test measurement and reporting in 2022.

The following table presents the gross carrying amount of loans and the contractual amount of undrawn loan commitments, classified by internal rating and risk stage. In order to classify a client as Stage 2, several qualitative triggers are needed, which are not necessarily dependent on internal ratings. The credit risk section of this chapter provides more information on internal ratings and stage determination. Standard supervisory methods are used for measurement of the exposure value of AACB's client portfolio. This exposure value is used for regulatory and internal risk calculation purposes.

In 2022, the approach AACB used for risk weights was the Standardised Approach (SA) for credit risk with regard to our client portfolio. As a result, most of the exposures of AACB's client portfolio are reported as investment grade. See next pages for a breakdown of the credit quality scores of the exposures.

Audited

Internal rating scale mapped to external ratings

	UCR (internal rating)	Low PD%	High PD%	Standard & Poor's equivalent	Moody's equivalent	Fitch equivalent
Investment grade	UCR 1	0	0.04	AAA to A+	Aaa to Aa3	AAA to AA-
	UCR 2+	0.04	0.05	A+	A1	AA
	UCR 2	0.05	0.07	A	A1 to A2	A+
	UCR 2-	0.07	0.13	A-	A3	A to A-
	UCR 3+	0.13	0.2	BBB+	Baa1	BBB+
	UCR 3	0.2	0.3	BBB	Baa2	BBB
	UCR 3-	0.3	0.47	BBB-	Baa3	BBB-
Sub-investment grade	UCR 4+	0.47	0.78	BB+	Ba1	BB+
	UCR 4	0.78	1.29	BB	Ba2	BB
	UCR 4-	1.29	2.23	BB-	Ba3 to B1	BB- to B+
	UCR 5+	2.23	4.24	B+ to B	B2	B
	UCR 5	4.24	8.49	B-	B3 to Caa1	B-
	UCR 5-	8.49	16.97	CCC/C	Caa2 to Caa3	CCC/C
	UCR 6+	16.97	99.99	CCC/C	Ca	CCC/C
Default	UCR 6-8			D	C-D	D

Parag Vakharia - London office.

Audited

Credit quality by internal rating scale mapped to stages

(x EUR 1,000)							31 December 2022
	Internal rating scale	PD scale	UCR range	Stage 1	Stage 2	Stage 3	Total
Loans and advances banks							
	Investment grade	0.0000 - < 0.0346	1	762,000	36,784		798,784
		0.0346 - < 0.1265	2	402,634			402,634
		0.1265 - < 0.4648	3				
	Sub-investment grade	0.4648 - < 2.2249	4	102,070			102,070
		2.2249 - < 16.9706	5	32,657			32,657
		16.9706 - < 100	6+	2			2
	Default	100	6-8				
Total Loans and advances banks				**1,299,363**	**36,784**		**1,336,147**
Corporate loans							
	Investment grade	0.0000 - < 0.0346	1	6,308,221	115,010		6,423,231
		0.0346 - < 0.1265	2	6,369			6,369
		0.1265 - < 0.4648	3				
	Sub-investment grade	0.4648 - < 2.2249	4				
		2.2249 - < 16.9706	5				
		16.9706 - < 100	6+				
	Default	100	6-8			8,917	8,917
Total Corporate loans				**6,314,590**	**115,010**	**8,917**	**6,438,517**
Other loans and advances							
	Investment grade	0.0000 - < 0.0346	1	6,855,210			6,855,210
		0.0346 - < 0.1265	2				
		0.1265 - < 0.4648	3				
	Sub-investment grade	0.4648 - < 2.2249	4				
		2.2249 - < 16.9706	5				
		16.9706 - < 100	6+				
	Default	100	6-8				
Total Other loans and advances				**6,855,210**			**6,855,210**
Loan commitments and financial guarantee contracts							
	Investment grade	0.0000 - < 0.0346	1	249,258			249,258
		0.0346 - < 0.1265	2				
		0.1265 - < 0.4648	3				
	Sub-investment grade	0.4648 - < 2.2249	4				
		2.2249 - < 16.9706	5				
		16.9706 - < 100	6+				
	Default	100	6-8				
Total Loan commitments and financial guarantee contracts				**249,258**			**249,258**
Total							
	Investment grade	0.0000 - < 0.0346	1	14,174,689	115,010		14,289,699
		0.0346 - < 0.1265	2	409,003			409,003
		0.1265 - < 0.4648	3				
	Sub-investment grade	0.4648 - < 2.2249	4	102,070			102,070
		2.2249 - < 16.9706	5	32,657			32,657
		16.9706 - < 100	6+	2			2
	Default	100	6-8				
Total				**14,718,421**	**115,010**		**14,833,431**

Audited

Offsetting, netting, collateral and guarantees

(x EUR 1,000) — 31 December 2022

Assets	Carrying amount before balance sheet netting	Balance sheet netting with gross liabilities	Carrying amount	Master netting agreement	Collateral	Total risk mitigation	Surplus collateral	Received guarantees	Net exposure
Cash and balances at central banks	4,034,741		4,034,741						4,034,741
Financial assets held for trading	1,165		1,165						1,165
Financial investments	788,784		788,784						788,784
Securities financing	9,008,397		9,008,397	68,902	7,781,253	7,850,155	175,453		1,333,695
Loans and advances banks	1,336,147		1,336,147	194,305	1,792,880	1,987,186	1,792,583		1,141,544
Corporate loans	6,438,517		6,438,517	1,606,633	19,508,515	21,115,148	15,244,521	400,000	167,890
Other loans and advances	6,855,210		6,855,210						6,855,210
Other	143,888		143,888						143,888
Total assets	**28,606,849**		**28,606,849**	**1,869,840**	**29,082,649**	**30,952,489**	**17,212,557**	**400,000**	**14,466,917**
Financial guarantees given	130,123								130,123
Committed credit facilities	153,695								153,695
Total assets	**28,890,667**								**14,750,735**

Liabilities	Carrying amount before balance sheet netting	Balance sheet netting with gross assets	Carrying amount	Master netting agreement	Collateral	Total risk mitigation	Surplus collateral	Received guarantees	Net amount
Securities financing	1,740,397		1,740,397	16,784					1,723,613
Due to banks	14,352,242		14,352,242	194,305					14,157,937
Due to customers	9,803,585		9,803,585	1,658,750					8,144,835
Other	987,529		987,529						987,529
Total liabilities	**26,883,753**		**26,883,753**	**1,869,840**					**25,013,913**

The balance sheet amount before balance sheet netting represents the maximum exposure to credit risk.
* AACB's business model is such that each customers exposure is covered by collateral. The remaining amounts in the net exposure column mainly consist of margin and default funds placed with CCP's and cash in own bank accounts.

(x EUR 1,000) — 31 December 2021

Assets	Carrying amount before balance sheet netting	Balance sheet netting with gross liabilities	Carrying amount	Master netting agreement	Collateral	Total risk mitigation	Surplus collateral	Received guarantees	Net exposure
Cash and balances at central banks	5,247,732		5,247,732						5,247,732
Financial assets held for trading	1,134		1,134						1,134
Financial investments	145,098		145,098						145,098
Securities financing	7,082,729		7,082,729	11,208	6,167,204	6,178,412	90,428		994,745
Loans and advances banks	618,613		618,613	71,518	926,573	998,091	923,326		543,848*
Corporate loans	6,494,908		6,494,908	1,722,264	15,223,445	16,945,709	10,516,072		65,271
Other loans and advances	14,594,862		14,594,862						14,594,862*
Other	140,140		140,140						140,140
Total assets	**34,325,216**		**34,325,216**	**1,804,990**	**22,317,223**	**24,122,212**	**11,529,826**		**21,732,830**
Financial guarantees given	34,340								34,340
Committed credit facilities	115,394								115,394
Total assets	**34,474,950**								**21,882,564**

Liabilities	Carrying amount before balance sheet netting	Balance sheet netting with gross assets	Carrying amount	Master netting agreement	Collateral	Total risk mitigation	Surplus collateral	Received guarantees	Net amount
Securities financing	5,479,123		5,479,123	8,816					5,470,307
Due to banks	12,535,330		12,535,330	71,518					12,463,812
Due to customers	13,889,929		13,889,929	1,724,655					12,165,274
Other	918,036		918,036						918,036
Total liabilities	**32,822,418**		**32,822,418**	**1,804,990**					**31,017,428**

The balance sheet amount before balance sheet netting represents the maximum exposure to credit risk.
* AACB's business model is such that each customers exposure is covered by collateral. The remaining amounts in the net exposure column mainly consist of margin and default funds placed with CCP's and cash in own bank accounts.

Audited Stress testing

AACB applies stress testing and scenario analysis for various purposes, including:

- Capital stress testing: stress testing is performed to gain insight into the resilience of our capital position under adverse changes in the economic environment and regulatory landscape, as well as into AACB-specific circumstances. As part of capital planning, this stress testing is performed semi-annually.
- Liquidity stress testing: various stress tests are performed on a regular basis (daily and quarterly) to determine the impact of market circumstances and client behaviour on AACB's liquidity position. Both historical and hypothetical market risk stress testing are included in the daily liquidity stress testing.
- The annual and quarterly stress testing of capital and liquidity form an integral part of the regular internal capital and liquidity adequacy assessment process (ICLAAP).
- Internal risk analysis and monitoring: the outcome of stress testing is used for setting and monitoring risk appetite limits and checkpoints as well as for daily risk analysis purposes.

Audited Liquidity risk

Underpinned by the nature of client activities, liquidity risk is one of the most material and acute risks for AACB. Depending on market conditions, it is typically fast developing and short-term due to the nature of AACB financial assets: short-term client loans. Client liquidity facilities are primarily uncommitted; therefore, AACB can reduce or even terminate these on short notice. The liquidity funding risk due to potential margin calls is time critical as well as currency and location specific.

AACB funding and liquidity risks arise from several factors, many of which are mostly or entirely beyond our control, such as volatility and disruptions in the financial markets (including repo and stock borrowing and lending markets), client trading strategies or changes in ABN AMRO's funding capabilities. If not managed quickly, a severe liquidity crisis could prevent AACB from meeting obligations regarding client financing and timely posting of margins to CCPs, as well as a breach of regulatory liquidity standards. Failure to meet timelines for CCP margin payments can have severe consequences, including fines and even a (technical) default.

Liquidity risk management

In general, liquidity risk management seeks to ensure that AACB can continue business activities under normal and adverse (market) conditions. Within AACB, liquidity risk management is an integral part of business activities. Treasury, which is a central function within AACB (as part of Finance), is responsible for cash and funding management. AACB Treasury has several liquidity sources to manage AACB's funding needs.
These include:

1. Committed and uncommitted funding lines from ABN AMRO Bank NV and other banks
2. Client deposits
3. Client collateral and SBL market

Liquidity risk management framework

AACB maintains a comprehensive liquidity risk management framework (LRMF) for withstanding severe liquidity stress and maintaining robust service provision (financing and settlement) to clients, counterparties and CCPs, which are critical to the functioning of global financial markets.
The LRMF comprises:

1. Policies and governance
2. Risk appetite statements (RAS)
3. Liquidity risk early warning indicators (EWI)
4. Liquidity stress tests and scenarios
5. Day-to-day liquidity management (procedures)
6. Internal liquidity adequacy assessment plan (ILAAP) and contingency funding plan (CFP)
7. Liquidity buffers

This framework is designed to measure and monitor identified liquidity risks at the required frequency (intraday). It is implemented across AACB internationally. In order for our LRMF to remain up to date, AACB Finance (1st line) and AACB Global Market & ALM/Treasury Risk (2nd line) analyse and stress test material contingency liquidity situations that AACB experiences, so as to be aware of changes in AACB's liquidity risks. This is imperative for ensuring that the insights necessary for efficient decision-making are available. Moreover, it allows AACB to meet internal and external (regulatory) requirements at all times.

In 2022, LRMFs were strengthened, with regional CFPs and EWIs being further developed and implemented, in close cooperation between the regions and AACB Global Market & ALM/Treasury Risk. This ensures consistent LRMF implementation.

ILAAP

AACB's ILAAP is an integral part of LRMF. As part of the ILAAP, AACB regularly performs a comprehensive review of all framework constituents. A detailed review and inventory of AACB liquidity risks is performed annually. All identified risks and material changes in the risk profile are incorporated in AACB's liquidity stress testing and scenario analysis, as well as in EWIs and trigger levels.

AACB uses stress testing to evaluate the robustness of AACB business plans, identify risks in client portfolios, and test our ability to meet regulatory requirements. It is an important methodology, and is used to evaluate our risk tolerance for risk appetite setting as well as for assessing liquidity impact for AACB as a whole.

The ILAAP process is also used to assess the efficiency of our risk detection, measurement and monitoring practices for liquidity risks as well as to determine adequate levels of various liquidity sources and liquidity buffers. It supports the objective of maintaining AACB's robust funding strategy and efficient liquidity risk management in alignment with our business model.

Carla Vasquez, Arsenio Ebarvia - Chicago office.

Monitoring liquidity risk

AACB's Treasury monitors actual and expected cash movements on an (intra)daily basis – an important part of cash management and funding liquidity management. AACB's Global Market & ALM/Treasury Risk independently monitors liquidity risks on a daily basis as well as other liquidity risk metrics less frequently. This includes:

- EWIs
- RAS limits and checkpoints
- Aggregated client metrics such as utilisation of approved client credit/funding lines
- Concentrated risk exposures
- Liquidity coverage ratio, net stable funding ratio and exposure measure
- Market and liquidity risk stress estimates (part of liquidity forecasting)
- Market volatility, including tightness in the SBL market
- Forthcoming material events (such as political changes and large corporate actions) that could have an impact on market volatility or trigger changes in client strategies
- Regulatory changes

Developments in AACB's funding position and liquidity risk profile are discussed in the CERC and Clearing Asset and Liability Committee meetings. This ensures that senior management is actively involved in managing liquidity risks, potential issues are quickly identified, and corrective decisions are taken if deemed necessary.

The Global Market & ALM/Treasury Risk Management team has developed and implemented a number of daily risk reports that strengthen AACB's liquidity risk monitoring. These provide a comprehensive overview of market risk concentration as well as client behaviour trends, which underlie and drive AACB liquidity risk, and have enabled more-detailed insight into liquidity risk.

Audited **Liquidity sensitivity gaps**

The following table provides a maturity analysis of the earliest contractual undiscounted cash flows for assets and liabilities. It represents the short-term nature and cash flows of AACB activities. The amounts include accrued interest as stated in the statement of financial position.

Alex Bennett, Dwina Teh and Anthony Murrell - Sydney office.

Audited Liquidity-sensitivity gap statement

(x EUR 1,000) — 31 December 2022

	On demand	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and five years	Total
Cash and balances at Central banks	4,034,741						4,034,741
Financial assets held for trading	1,165						1,165
Financial investments	719,176		69,608				788,784
Securities financing assets	8,969,553		38,844				9,008,397
Loans and advances banks	1,336,147						1,336,147
Corporate loans	5,763,799	673,241	1,478	1			6,438,517
Other loans and advances	5,157,186		1,698,024				6,855,210
Other assets	141,135	1,088	1,666				143,888
Total assets	**26,122,902**	**674,328**	**1,809,619**	**1**			28,606,849
Financial liabilities held for trading	995						995
Derivatives	22						22
Securities financing liabilities	1,740,397						1,740,397
Due to banks	1,169,844	4,132,079		5,050,319		4,000,000	14,352,242
Due to customers	8,635,813	1,163,811	4	3,957			9,803,585
Issued debt						600,000	600,000
Other liabilities	377,320	153	4,198		5,859		387,530
Total liabilities	**11,924,390**	**5,296,043**	**4,201**	**5,054,276**	**5,859**	**4,600,000**	**26,884,770**
Net liquidity surplus / gap	**14,198,511**	**-4,621,715**	**1,805,417**	**-5,054,276**	**-5,859**	**-4,600,000**	**1,722,079**
Off-balance sheet liabilities							
Committed credit facilities	153,695						153,695
Guarantees and other commitments	137,580						137,580
Total off-balance sheet liabilities	**291,275**						**291,275**

(x EUR 1,000)							31 December 2021
	On demand	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and three years	Total
Cash and balances at Central banks	5,247,732						5,247,732
Financial assets held for trading	1,134						1,134
Financial investments	79,754		65,344				145,098
Securities financing assets	7,082,729						7,082,729
Loans and advances banks	471,530	147,082					618,613
Corporate loans	5,617,266	873,774	76	3,793			6,494,908
Other loans and advances	13,179,711		1,415,151				14,594,862
Other assets	136,882	893	2,366				140,140
Total assets	**31,816,736**	**1,021,749**	**1,482,938**	**3,793**			**34,325,216**
Securities financing liabilities	1,300,210					4,178,913	5,479,123
Due to banks	785,305	3,487,511		4,262,513		4,000,000	12,535,330
Due to customers	13,497,506	380,668	567	11,187			13,889,929
Issued debt						600,000	600,000
Other liabilities	309,248	164	3,427		5,198		318,036
Total liabilities	**15,892,269**	**3,868,343**	**3,995**	**4,273,701**	**5,198**	**8,778,913**	**32,822,418**
Net liquidity surplus / gap	**15,924,467**	**-2,846,594**	**1,478,943**	**-4,269,907**	**-5,198**	**-8,778,913**	**1,502,798**
Off-balance sheet liabilities							
Committed credit facilities	115,394						115,394
Guarantees and other commitments	40,072						40,072
Total off-balance sheet liabilities	**155,466**						**155,466**

2022 developments in AACB's liquidity position

Last year was a volatile year for AACB's liquidity position. Russia's invasion of Ukraine and the resulting volatility in gas and energy markets saw collateral requirements increase considerably at CCPs. Large margin calls were issued, heavily impacting AACB's intraday liquidity needs. Globally, high inflation caused most central banks around the world to pursue a contractionary monetary policy. These macroeconomic events put pressure on equity markets, with greater volatility for technology oriented stocks in particular. This environment led to more activity for clients in the PTG segment, with their and AACB's liquidity usage rising as a result. Consequently, AACB's liquidity position was volatile throughout 2022, and several peaks in liquidity usage were observed.

Audited Market risk

In addition to the banking book, a number of AACB's business activities (including the synthetic product offering and fractional share trading facilitation) also result in AACB maintaining a trading book (according to the CRR book classification). AACB is therefore subject to the relevant solvency regulations, and the market risk stemming from both books needs to be managed and monitored.

Audited Market risk in the trading book

AACB's market risk within the trading book arises from the various business activities that result in AACB taking on market risk exposure. Because these activities are geared solely towards client facilitation, the resulting market risk exposure is low. Moreover, the market risk is closely managed and is either fully hedged or insignificant:

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the equity exposure is fully hedged; the foreign exchange risk is fully hedged due to the matching currency funding; and the interest rate risk is insignificant due to the overnight term of the risk-free interest rate index underpinning the products. As the market risk is flat, no market risk related capital requirements are generated. AACB applies the standardised method for market risk capital requirement calculation.

Audited Market risk in banking book

Within the banking book, market risk for AACB principally arises in two areas of risk: foreign exchange (FX) risk and interest rate risk.

FX risk

AACB activities in London, Singapore, Japan, Hong Kong, Sydney and Chicago can result in FX risk for the working capital and/or equity positions of these branches and subsidiaries. A sensitivity analysis regarding the impact of changes in the EUR/USD on the capital position is performed on an annual basis.

As AACB finances assets in matching currencies, the resulting FX risk is minimal. Furthermore, the FX risk borne as a result of day-to-day operating activities is mitigated by entering into FX transactions with other ABN AMRO companies. As a result, AACB's overall net open position in foreign currency is near zero. The foreign currency translation reserve presented in the statement of other comprehensive income relates to foreign currency translation exposure upon consolidation. In general, ABN AMRO ALM/Treasury manages ABN AMRO FX risk at the enterprise level.

Interest rate risk

Interest rate risk is managed according to ABN AMRO's framework as approved by ABN AMRO's Asset & Liability Committee. This framework is designed to transfer interest rate risk out of commercial business lines to the central ALM function of ABN AMRO, allowing for clear demarcation between commercial business results and results on unhedged interest rate positions. The execution of decisions and day-to-day management of interest rate risk are performed by ABN AMRO's ALM/Treasury department. AACB is not exposed to any significant interest rate mismatch risk.

2022 developments in AACB's market risk position

In 2022, AACB added a number of business activities that are classified as trading book activities; therefore, AACB's trading book has grown versus the previous year. This includes activities such as AACB's fractional share trading service.

As of January 2023, AACB assumed ABN AMRO's banking licence in Brazil to continue providing our international clients access to the Brazilian stock markets. AACB's operations in the country will entail client facilitation with FX products to meet their BRL liquidity needs, which will also be classified as trading book activities.

Audited Credit risk capital

AACB's regulatory capital model ensures that client credit exposures are covered by sufficient capital. In relation to capital requirement calculations, also known as risk weighted assets (RWAs), AACB has reverted to the Standardised Approach for measuring the Counterparty Credit Risk (SA-CCR) part on the client side, which went into effect in June 2021, as described in Regulation (EU) No 575/2013 (CRR). In 2023, AACB will continue to report credit exposures accordingly.

Audited Capital risk

AACB is subject to European capital regulation (CRD and CRR) and, therefore, is required to hold capital to cover financial risks. On a sub-consolidated basis, AACB must meet the minimum regulatory capital requirements expressed as a percentage of RWA. For a more-detailed breakdown of EU regulatory capital requirements, please refer to the ABN AMRO Bank Financial Statements.

AACB foreign subsidiaries are also subject to local regulatory solvency requirements. The most-material AACB entities from the capital consumption perspective are ABN AMRO Clearing USA and ABN AMRO Clearing Hong Kong.

In recent years there has been an increase in geopolitical events which could ultimately impact AACB. Several possible scenarios have been included in AACB's stress testing.

Audited Capital risk management

The primary objective of our capital management strategy is to ensure that capital adequacy requirements are met at all times and that sufficient capital is available to support AACB's strategy. Capital is a necessary resource for doing business and defines commercial possibilities. AACB manages the balance between available and required capital centrally for optimal use. The basis of AACB's capital management strategy comprises AACB's risk appetite, business plans, and local capital requirements for our foreign subsidiaries. Other important factors include external stakeholder (e.g. regulators and counterparties) expectations, market developments, riskiness of our clients, and contingent capital needs.

The main risks to capital are derived from:

- Potential credit losses (direct capital impact)
- RWA fluctuations (impact on the CET1 ratio)
- Specific local issues (e.g. sudden increase of capital deductions due to client positioning)
- Low profitability (business model sustainability)

Audited Capital risk monitoring

AACB has developed and implemented a capital risk management framework that includes amongst others relevant RAS on capital metrics, ICAAP (including capital planning and stress testing) and necessary procedures for capital contingency situations.

AACB maintains comfortable buffers in foreign subsidiaries to meet capital requirements from regulatory and internal perspectives. In addition, stress testing indicates that sufficient buffers are in place.

Audited Contingency capital management

A CF&CP is in place to address any capital issues that may arise. It provides a framework to detect capital adequacy stress by setting out various EWIs. The CF&CP also sets out a range of actions that can be undertaken, based on the level of severity and urgency of a particular issue.

2022 developments in capital position

Over the course of 2022, a number of revisions were made regarding collateral eligibility for SA-CCR purposes. These have had a significant impact on the calculation of RWA and exposure at default for AACB, with both decreasing materially. In turn, this also impacts AACB's CET1 ratio and has eased pressure on it.

Audited Regulatory risk

AACB operates in a highly regulated environment. Our home regulators are the ECB, DNB and AFM. Other AACB offices interact with local regulators such as the UK's Financial Conduct Authority, the Securities and Exchange Commission and Commodity Futures Trading Commission in the US, and Singapore's MAS, among others. AACB also deals with numerous exchanges and central clearing houses that mandate their own rules and regulations.

Local compliance and legal departments ensure continual compliance with regulations and liaise with regulators to safeguard AACB from regulatory risk. Our Global Regulatory Affairs department also actively engages with principal regulators and policymakers to protect our interests as well as those of our clients.

On a more-operational level, local Risk departments conduct market surveillance activities of clients for which AACB acts as the executing broker, meaning the broker transmitting client orders to trading platforms. This is done primarily from a market abuse and order book behaviour perspective. The same departments also monitor anti-money laundering to ensure compliance with AACB and local regulatory standards.

Audited Operational risk

AACB is exposed to operational risk arising from business processes and IT infrastructure. Operational risk is the risk of losses resulting from inadequate or failed internal processes, systems or human error, caused by internal or external events. Some examples of operational risk are: wrongful execution of an order; incorrect client charges; missed corporate actions; fraud; litigation for legal non-compliance; natural disasters; and cybercrime.

Operational risk within AACB is monitored and controlled by three complementary departments, in line with ABN AMRO's three lines of defence model as described earlier under 'Risk governance'. AACB, like ABN AMRO, embedded a full operational risk control framework exposed to operational risk arising from business processes and information and IT security. This framework is aligned with the regulatory technical standards and based on best market practices.

As part of the control framework, various instruments are used to identify, measure, mitigate, and control risks. Instrument types are: strategic risk assessments; risk self-assessments; change risk assessments; controls and reconciliations and scenario analyses. All risks are measured against AACB's moderate risk profile, which is clearly stated within our risk appetite statement.

Business continuity management

Availability of business processes is a key aspect for the internal and external operations of clearing activities. Therefore, business continuity management (BCM) is embedded throughout AACB, complies with ABN AMRO BCM policies and procedures, and follows ISO 22301 standards.

Business continuity plans are in place for each AACB location. These aim to limit the impact of unexpected events on the continuity of services. Training for Business Crisis Team members is provided on an ongoing basis. Employees are obligated to actively participate in business continuity plan awareness and e-learning sessions. Disaster and recovery sessions are held regularly to test key processes and the IT infrastructure, and to support training for essential employees.

AACB IT infrastructure is also monitored to ensure availability, confidentiality, and integrity. Infrastructure availability is continuously monitored for AACB's critical business chains. AACB performs annual disaster recovery tests for all core systems to assure adequate functioning and to identify aspects for improvement.

Audited Information risk management

The clearing business is IT and information intensive, requiring a strong control framework to ensure the confidentiality, integrity and availability of information and services. To manage threats and risks effectively, framework of control objectives is used to monitor and test the maturity of risk mitigating capabilities. While the world is confronted with increasing cyber threats, driven by cybercriminals and geopolitical unrest. AACB actively monitors (external) threat. And therefore continuously improving security capabilities and the control environment is a key activity.

Key figures

(x EUR 1,000)	31 December 2022	31 December 2021
Capital		
IFRS capital	1,722,091	1,502,799
Composition of regulatory capital:		
- Common Equity Tier 1 (CET1)	1,703,965	1,486,468
Total regulatory capital	**1,703,965**	**1,486,468**
Total Risk Exposure Amount (RWA)	5,453,521	5,819,753
CET1 ratio	31.25%	25.54%
Fully loaded leverage ratio (SA-CCR)	5.9%	7.0%

(x EUR 1,000)	31 December 2022	31 December 2021
Geographic breakdown RWA		
Europe	60%	59%
US	26%	27%
APAC	14%	13%
Total	**100%**	**100%**

(x EUR 1,000)	31 December 2022	31 December 2021
RWA breakdown per counterparty		
Clients	50%	54%
Central counterparties (CCPs)	6%	9%
Other*	44%	37%
Third party exposures	100%	100%
AAB intra-group	0%	0%
Total	**100%**	**100%**

* Included in this item is the current credit risk relating to securities lending and borrowing transactions.

(x EUR 1,000)	31 December 2021	
Liquidity ratio's		
Liquidity Coverage Ratio (LCR)	>100%	>100%
Net Stable Funding Ratio (NSFR)	>100%	>100%*

*The NSFR is based on CRR II regulation since June 2021

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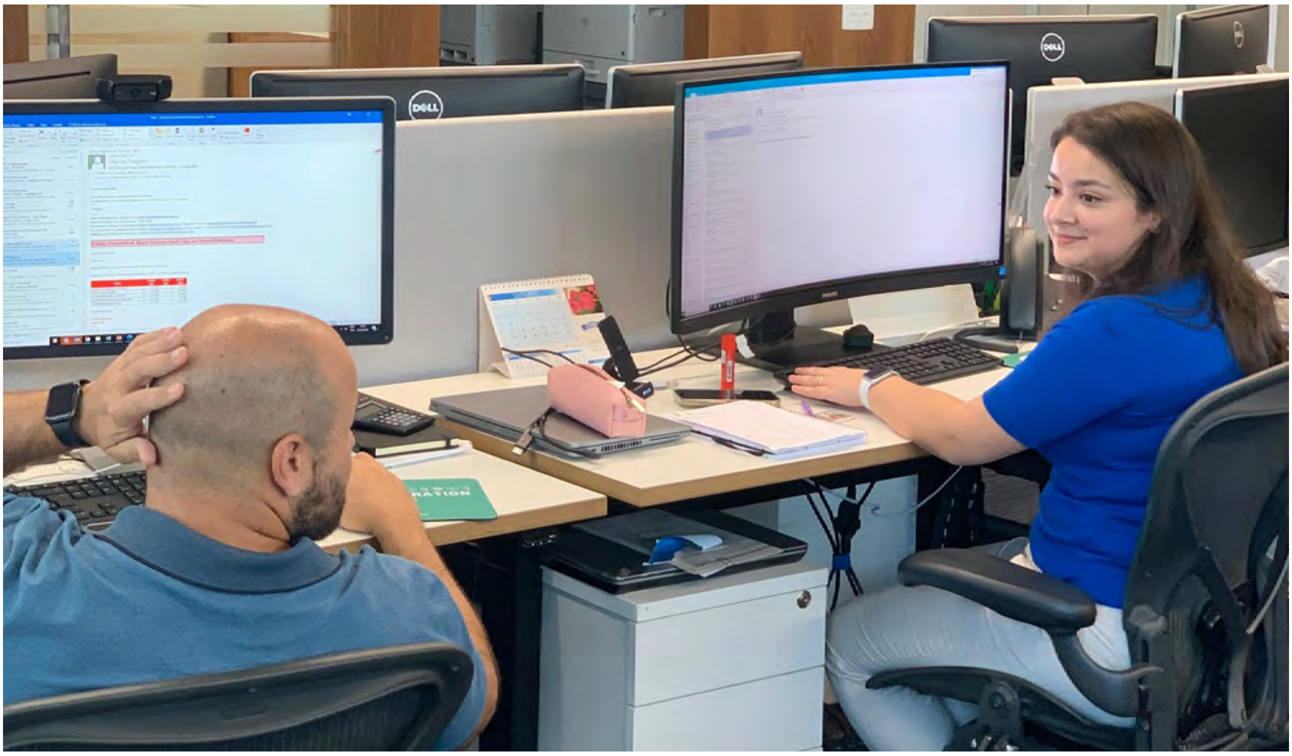
Consolidated statement of profit or loss

(x EUR 1,000)	Note	2022	2021
Income			
Interest income calculated using the effective interest method		702,275	383,401
Other interest and similar income		6,866	2,261
Interest expenses calculated using the effective interest method		463,789	171,180
Other interest and similar expense		602	641
Net interest income	1	**244,750**	**213,841**
Fee and commission income		461,825	412,595
Fee and commission expenses		116,924	111,781
Net fee and commission income	2	**344,901**	**300,814**
Share of result in equity accounted investments	3	-1	9
Other operating income	4	13,684	13,012
Operating income		**603,334**	**527,676**
Expenses			
Personnel expenses	5	148,989	129,264
General and administrative expenses	6	200,037	171,380
Depreciation and amortisation of (in)tangible assets	7	7,029	6,894
Operating expenses		**356,055**	**307,538**
Impairment charges on financial instruments	8	1,523	556
Total expenses		**357,578**	**308,094**
Operating profit / (loss) before taxation		**245,756**	**219,582**
Income tax expense	9	57,998	47,512
Profit (loss) for the year		**187,768**	**172,070**
Attributable to:			
Owner of the company		187,768	172,070

Consolidated statement of comprehensive income

(x EUR 1,000)	Note	2022	2021
Profit for the period		**187,768**	**172,070**
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Items that will not be reclassified to the income statement before taxation			
Income tax relating to items that will not be reclassified to the income statement	30		340
Items that will not be reclassified to the income statement after taxation			**340**
Items that may be reclassified to the income statement			
(Un)realised gains/(losses) currency translation	30	34,278	58,612
(Un)realised gains/(losses) fair value through OCI	30	-21	-4
Other comprehensive income for the period before taxation		**34,257**	**58,608**
Income tax relating to items that may be reclassified to the income statement	30	3	32
Other comprehensive income for the period after taxation		**34,260**	**58,640**
Total comprehensive income/(expense) for the period after taxation		**222,028**	**231,050**
Total comprehensive income attributable to:			
Owner of the company		**222,028**	**231,050**



Alexandre Farina, Gabrielle Pellegrino - Brazil office.

Consolidated statement of financial position

Before profit appropriation

(x EUR 1,000)	Note	31 December 2022	31 December 2021
Assets			
Cash and balances at central banks	10	4,034,741	5,247,732
Financial assets held for trading	11	1,165	1,134
Financial investments	12	788,784	145,098
Securities financing	14	9,008,397	7,082,729
Loans and advances banks	15	1,336,147	618,613
Corporate loans	16	6,438,517	6,494,908
Other loans and advances	16	6,855,210	14,594,862
Equity accounted investments	19	284	267
Property and equipment	20	19,996	20,789
Intangible assets	21	812	1,734
Tax assets	22	67,874	70,999
Other assets	23	54,922	46,351
Total assets		**28,606,849**	**34,325,216**
Liabilities			
Financial liabilities held for trading	11	995	
Derivatives	24	22	
Securities financing	14	1,740,397	5,479,123
Due to banks	25	14,352,242	12,535,330
Due to customers	26	9,803,585	13,889,929
Issued debt	27	600,000	600,000
Provisions	28	6,146	322
Tax liabilities	22	30,211	38,598
Other liabilities	29	351,172	279,116
Total liabilities		**26,884,770**	**32,822,418**
Equity			
Share capital		15,000	15,000
Share premium		5,363	5,363
Other reserves (incl. retained earnings/profit for the period)		1,610,531	1,425,509
Accumulated other comprehensive income		91,185	56,927
Equity attributable to owner of the company	**30**	**1,722,079**	**1,502,799**
Total Equity		**1,722,079**	**1,502,799**
Total Liabilities and Equity		**28,606,849**	**34,325,217**
Committed credit facilities	31	153,695	115,394
Guarantees and other commitments	31	137,580	40,072

Consolidated statement of changes in equity

(x EUR 1,000)

				Other reserves	Accumulated other comprehensive income (note 30)			
	Share capital	Share Premium	Retained earnings	Unappropriated result of the year	Fair value reserve	Currency translation reserve	Net investment hedging reserve	Total Equity
Balance at 1 January 2021	**15,000**	**5,363**	**1,239,153**	**14,285**	**-11**	**46,030**	**-48,073**	**1,271,748**
Total comprehensive income				172,070	-3	58,643	341	231,051
Transfer			14,285	-14,285				
Other								
Balance as at 31 December 2021	**15,000**	**5,363**	**1,253,438**	**172,070**	**-14**	**104,673**	**-47,732**	**1,502,799**
Balance at 1 January 2022	**15,000**	**5,363**	**1,253,438**	**172,070**	**-14**	**104,673**	**-47,732**	**1,502,799**
Total comprehensive income				187,768	-18	34,278		222,028
Transfer			172,070	-172,070				-
Other			-2,746					-2,746
Balance as at 31 December 2022	**15,000**	**5,363**	**1,422,762**	**187,768**	**-32**	**138,951**	**-47,732**	**1,722,080**

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Consolidated statement of cash flows

(x EUR 1,000)	Note	2022	2021
Profit after taxation		**187,768**	**172,070**
Adjustments on non-cash items included in profit:			
Net (un)realised gains/losses		-70,934	-2,484
Income of equity associates and partnerships	3	-1	-9
Depreciation, amortisation of (in)tangible assets	7	7,029	6,894
Provisions and impairments		7,540	-1,374
Income tax expenses	9	57,988	47,512
Other non cash adjustments		-3	-199
Changes in operating assets and liabilities:			
Loans and advances banks		-53,159	2,576
Corporate loans		290,365	-939,272
Other loans and advances		7,962,317	-7,732,782
Financial instruments held for trading and securities transactions		-5,609,658	4,494,428
Due to banks		1,802,544	1,508,036
Due to customers		-4,263,680	4,683,608
Net changes in all other operational assets and liabilities		-166,326	1,029,196
Income taxes paid		-60,564	-42,204
Cash flow from operating activities		**91,224**	**3,225,996**
Investing activities:			
Purchases of financial investments	12	-641,256	-8,646
Proceeds from sales, maturities and redemptions	12	157	320,256
Dividend from financial investments	12	4,019	3,877
Purchases of property and equipment	20	-9,005	-525
Disposal of property and equipment	20	4,345	6
Purchases of other (in)tangible assets	21	-318	-753
Disposal of other (in)tangible assets	21	1,042	6
Other changes		-2,747	-10,000
Cash flow from investing activities		**-643,763**	**304,215**
Financing activities:			
Issuance of debt certificates	27		600,000
Payment of debt certificates	27		-42,278
Payment of lease liabilities		-4,619	-3,508
Payment of capital contribution			
Cash flow from financing activities		**-4,619**	**554,214**
Net increase (decrease) of cash and cash equivalents		**-557,158**	**4,084,425**
Cash and cash equivalents as at 1 January		**5,821,490**	**1,726,013**
Effect of exchange rate variance on cash and cash equivalents		8,236	11,052
Cash and cash equivalents as at 31 December	**34**	**5,272,568**	**5,821,490**
Supplementary disclosures of operating cash flow information			
Interest income received		687,773	379,577
Interest expense paid		-467,246	-166,384

The cash position decreased with EUR 557 million, including EUR 8.2 million related to foreign currency translation differences. The non-cash activities were mostly impacted by movements in the fair value reserves, depreciation and amortization and provisions. The operating activities fluctuated as a result of changes in securities financing and due to customers and banks. The variance in the investing activities was mostly attributable to the sale of financial investments, primarily government bonds. And the financing activities changed as a result of lease payments.

The supplementary disclosure contains interest income or interest expense which is actually received or paid in cash, excluding accruals.

Introduction
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Accounting policies

The Annual Financial Statements were prepared by the Management Board and authorised for issue by the Supervisory Board and Management Board on 17 May 2023.

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For the purpose of its consolidated subsidiaries ABN AMRO has issued notices of liability. Based on this, ABN AMRO is jointly and severally liable for any liability arising from the legal acts performed by AACB.

In principle, AACB is not engaged in any proprietary trading, operates at arm's length of ABN AMRO and therefore, provides clearing services as an independent market participant with its focus on third parties.

Third-party clearing means that AACB guarantees its clients vis-á-vis the exchanges and central counterparties and undertakes the risk management of the (financial) positions of these often globally operating clients. AACB also handles the administration of positions and the financing of these positions for clients. The clients are predominantly on-exchange traders and professional trader groups but AACB also services financial institutions, banks, fund managers and brokers with its product portfolio. AACB does not service retail customers directly.

Statement of compliance

The consolidated Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). They also comply with the financial reporting requirements included in Title 9 of Book 2 of the Dutch Civil Code, as far as applicable.

Basis of presentation

The Consolidated Annual Financial Statements are prepared on a historical cost basis, except for derivative financial instruments, financial assets and liabilities held for trading or designated as measured at fair value through profit or loss, financial instruments not held in a 'hold to collect' business model, debt instruments that do not meet the solely payments of principal and interest (SPPI) test, and equity investments in associates of a private equity nature, all of which are measured at fair value. Associates and joint ventures are accounted for using the equity method.

The Annual Financial Statements are presented in euros, which is the functional and presentation currency of AACB, rounded to the nearest thousand (unless otherwise stated).

The financial statements are prepared on a going concern basis.

Disclosures

To combine disclosures where possible and to reduce duplication, we have integrated some IFRS disclosures into our Risk Management paragraph. These are:

- IFRS 7 Risk disclosures of financial instruments.
- IAS 1 Presentation of financial statements.

Certain of the disclosures in the Risk Management section on pages 43 to 57 are labelled as 'audited'. These disclosures are an integral part of the Consolidated Annual Financial Statements and are covered by the Audit opinion.

Changes in accounting policies

The International Accounting Standards Board issued several amendments to existing standards (and endorsed by the EU), which become effective for the reporting period beginning 1 January 2023. The standards amended are:

- IAS 1 Disclosure of accounting policies;
- IAS 8 Definition of accounting estimate;
- IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The impact of these amendments on the consolidated financial statements is insignificant.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
The impact of this amendment on the consolidated financial statements is insignificant.

New standards, amendments and interpretations not yet endorsed

The International Accounting Standards Board issued the following amendments to existing standards that are not yet endorsed by the EU. It is expected that these amendments will become effective for the reporting period beginning 1 January 2024. Since the amendments are not yet endorsed these changes are not open for early adoption. The standards amended are:

- IAS 1 Classification of liabilities as current or non-current;
- IFRS 16 Lease liability in a sale and lease back.

The expected impact of these changes on the consolidated financial statements is insignificant.

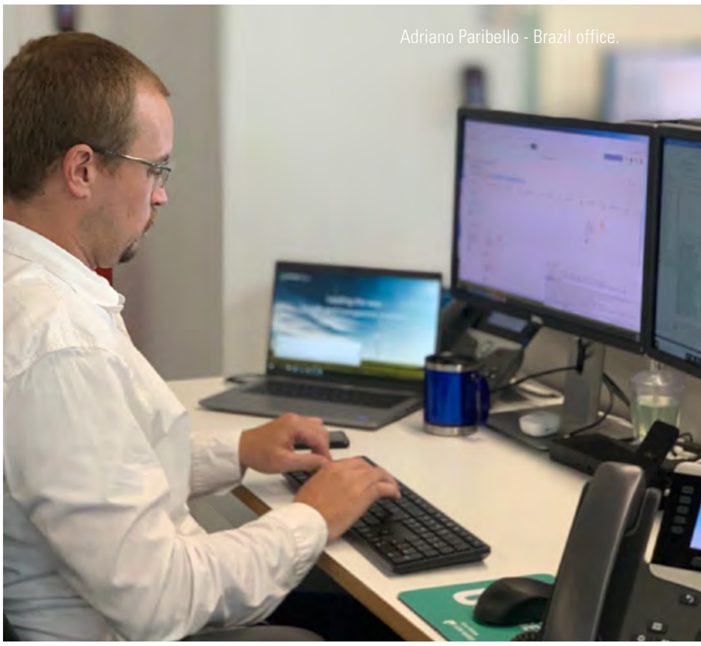
Critical accounting estimates and judgements

In preparing the financial statements, management needs to exercise its judgement in the process of applying AACB's accounting policies and make estimates and assumptions concerning the future. Actual results may differ from those estimates and assumptions. Accounting policies for the most significant areas that require management to make judgements and estimates affecting reported amounts and disclosures are made in the following sections:

- Impairments of Financial investments – Notes 8 and 19
- Income tax expense, tax assets and tax liabilities – Notes 9, 22 and 30
- Fair value of financial instruments – Notes 13 and 17
- Provisions – Note 28

Assessment of risks, rewards and control

Whenever AACB is required to assess risks, rewards and control, when considering the recognition and de-recognition of assets or liabilities and the consolidation and deconsolidation of subsidiaries, AACB may sometimes be required to use judgement. Although management uses its best knowledge of current events and actions in making assessments of expected risk and rewards, actual risks, rewards and control may ultimately differ.



Adriano Paribello - Brazil office.

Significant accounting principles

Basis of consolidation

The Consolidated Financial Statements of AACB include the financial statements of the parent and its controlled entities. It incorporates assets, liabilities, revenues and expenses of AACB and its subsidiaries.

The Annual Financial Statements of AACB include the following subsidiaries and branches:

Name	Entitlements	Established in the year	Consolidated in the year	Place registered office	Country
ABN AMRO Clearing USA LLC	100%	1994	2009	Chicago	United States
ABN AMRO Clearing Hong Kong Ltd	100%	1995	2008	Hong Kong	Hong Kong
ABN AMRO Clearing Sydney Pty Ltd	100%	1998	2008	Sydney	Australia
ABN AMRO Clearing Bank London Branch	N/A	2004	2004	London	United Kingdom
ABN AMRO Clearing Singapore Pte Ltd	100%	2005	2005	Singapore	Singapore
ABN AMRO Clearing Tokyo Co Ltd	100%	2007	2007	Tokyo	Japan
ABN AMRO Clearing Bank Singapore Branch	N/A	2009	2009	Singapore	Singapore
ABN AMRO Clearing Investments BV	100%	2014	2014	Amsterdam	The Netherlands
ABN AMRO Clearing Bank London Ltd	100%	2018	2018	London	United Kingdom

Subsidiaries are included using the same reporting period and consistent accounting policies. Intercompany balances and transactions, and any related unrealised gains and losses, are eliminated in preparing the Consolidated Financial Statements.
Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of AACB's interest in the entities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

Foreign currency

AACB applies IAS 21, The Effect of Changes in Foreign Exchange Rates. Transactions in foreign currencies are translated into euros at the rate prevailing on the transaction date. Foreign currency balances of monetary items are translated into euros at the period end exchange rates. Exchange gains and losses on such balances are recognised in the statement of profit or loss.
The Consolidated Financial Statements are stated in euros, which is the presentation and functional currency of AACB. The bank's foreign operations may have different functional currencies. The functional currency is the currency that best reflects the economic substance of the underlying event and circumstances relevant to that entity. Prior to consolidation, the assets and liabilities of non-euro operations are translated at the closing rate and items of the statement of profit or loss and other comprehensive income are translated into euros at the rate prevailing on the transactions dates. Exchange differences arising on the translation of foreign operations are included in the currency translation reserve within equity. These are transferred to the statement of profit or loss when AACB loses control, joint control or significant influence over the foreign operation.

The following table shows the rates of the relevant currencies for AACB:

	Rates at year end		Average rates	
	2022	2021	2022	2021
1 Euro =				
Pound Sterling	0.89	0.84	0.85	0.86
Singapore Dollar	1.43	1.53	1.45	1.59
Japanese Yen	140.84	130.43	138.05	129.87
Hong Kong Dollar	8.33	8.84	8.25	9.19
Australian Dollar	1.57	1.56	1.52	1.57
US Dollar	1.07	1.13	1.05	1.18

Financial assets and liabilities

Classification and measurement of financial assets

Financial assets are classified based on the business model in which they are held with IFRS 9. The business model is determined at a portfolio level. Portfolios are based on how AACB as a group manages financial assets in order to achieve a particular business objective. The business model assessment is based on the level of sales, risk management, performance evaluation, and management compensation. Derecognition is used as condition in order to determine whether a transaction results in a sale.

Three business models are distinguished:

- A 'hold to collect' business model, in which cash flows are primarily generated by collecting contractual cash flow until maturity of the financial instrument. Sales can occur, as long as they are incidental, infrequent and insignificant. The assessment of frequency and significance of sales is determined based on comparison with sales in the underlying portfolio. Sales that result from increases in credit risk of the counterparty or take place close to maturity do not contradict the 'hold to collect' business model.
- A 'hold to collect and sell' business model, in which the selling of financial assets is integral to achieving the business objective. In this business model, sales take place more frequently and have a greater value than in a business model with an objective to hold to collect.
- 'Other' business models not meeting the criteria of the business models mentioned before, for example business models in which financial assets are managed with the objective of realising cash flows through sales (trading book) are managed on a fair value basis. Under these business models, the financial assets are measured at FVTPL.

After determining the business model, the contractual cash flows of financial assets are assessed. Debt instruments can be classified at amortised cost or FVOCI only when the contractual cash flows are solely payments of principal and interest (SPPI). Contractual cash flows that are SPPI are consistent with a basic lending arrangement in which consideration for the time value of money and credit risk are typically the most significant interest elements. Debt instruments that do not meet the SPPI requirements are mandatorily measured at FVTPL. Financial assets are assessed in their entirety, including any embedded derivatives that are not separated from the host contract.

Based on the business model determined and the SPPI assessment, the following measurement categories are identified under IFRS 9:

- Amortised cost - Financial instruments measured at amortised cost are debt instruments within a hold to collect business model with fixed or determinable payments which meet the SPPI criteria. These instruments are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest rate method, with the periodic amortisation recorded in the statement of profit or loss. This category includes financial instruments reported in Cash and balances at central banks, Securities financing and Loans and advances. Financial instruments at amortised cost are presented net of credit loss allowances in the statement of financial position.
- FVTPL - Financial instruments measured at FVTPL include instruments held for trading, derivatives, equity instruments for which the FVOCI option has not been elected and instruments whose cash flows do not meet the SPPI requirements. Changes in the fair value of these instruments are directly recognised in the statement of profit or loss. FVTPL instruments are reported in Financial assets held for trading, Derivatives, Financial investments and Corporate loans.
- FVOCI - Financial instruments measured at FVOCI are debt instruments which are held in a 'hold to collect and sell' business model and which meet the SPPI criteria. They are initially measured at fair value, with subsequent unrealised changes recognised in other comprehensive income. Equity instruments for which the fair value option is elected are also measured at FVOCI. FVOCI instruments are reported in Financial investments, of which the majority is measured in this category.

Reclassifications of financial assets are expected to be very infrequent and occur only when AACB changes its business model for a certain portfolio of financial assets.

Classification of assets and liabilities held for trading

In both the current and prior reporting period a financial asset or financial liability is classified as held for trading if it is:

- Acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- A trading derivative (except for a derivative that is a designated and effective hedging instrument).

Classification and measurement of financial liabilities

Financial liabilities are initially recognised at their fair value. Under IFRS 9, financial liabilities are classified as subsequently measured at amortised cost, except for the following instruments:

- Financial liabilities held for trading are measured at fair value through profit or loss;
- Financial liabilities that AACB has irrevocably designated at initial recognition as held at fair value through profit or loss when the instruments are held to reduce an accounting mismatch are managed on the basis of their fair value or include terms that have derivative characteristics in nature.

Under IFRS 9, the changes in fair value attributable to changes in the credit risk of financial liabilities designated at FVTPL are presented in other comprehensive income. The cumulative amount of changes in fair value attributable to credit risk of such liabilities is presented as liability own credit risk reserve in equity.

Financial liabilities are never reclassified after initial recognition.

Recognition and derecognition

Traded instruments are recognised on the trade date, defined as the date on which AACB commits to purchase or sell the underlying instrument. If the settlement terms are non-standard, the commitment is accounted for as a derivative between the trade and settlement dates. Loans and advances are recognised when they are acquired or funded by AACB and derecognised when settled. Issued debt is recognised when issued and deposits are recognised when the cash is deposited with AACB. Other financial assets and liabilities, including derivatives, are recognised when AACB becomes a party to the contractual provisions of the asset or liability.

Financial assets are derecognised when AACB loses control and the ability to obtain benefits from the contractual rights that comprise that asset. This occurs when the rights are realised, expire or substantially all risks and rewards are transferred. Financial assets are also derecognised if the bank has neither transferred nor retained substantially all risks and rewards of ownership, but control has passed to the transferee. Financial assets continue to be recognised in the statement of financial position, and a liability recognised for the proceeds of any related funding transaction, unless a fully proportional share of all or specifically identified cash flows are transferred to the lender without material delay and the lender's claim is limited to those cash flows, and substantially all the risks, rewards and control associated with the financial instruments have been transferred, in which case that proportion of the asset is derecognised.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified to the extent that, substantially, it becomes a new asset, AACB derecognises the financial asset, with the difference recognised in the statement of profit or loss, to the extent that an impairment loss has not already been recorded. The newly recognised financial asset is classified as stage 1 for ECL measurement purposes. AACB assesses in both qualitative and quantitative terms whether the modifications are substantial. Generally a 10% difference in the present value of the cash flows between the initial and new contract results in derecognition. With regard to substantial modifications, e.g. due to forbearance measures, the derecognition gains or losses are recognised in net gains/(losses) on derecognition of financial assets measured at amortised cost and disclosed separately, if material.

If the modification of the financial asset does not result in derecognition, the gross carrying amount of the financial asset is recalculated, based on the present value of the renegotiated or modified contractual cash flows, discounted at the financial asset's original effective interest rate. The effect will be recognised and disclosed as a modification loss in the statement of profit or loss. Credit related modification gains or losses (i.e. due to forbearance measures) are recognised in the statement of profit or loss and presented under impairment charges on financial instruments. Non-credit related modification gains or losses are recognized in the statement of profit or loss and presented under interest income calculated using the effective interest method.

Financial liabilities are derecognised when the liability has been settled, has expired or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms, qualitatively and quantitatively (a 10% difference in the present value of the cash flows) is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the former amortised cost and the consideration paid is recognised in the statement of profit or loss.

Impairments

The IFRS 9 impairment requirements are applicable to financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI), loan commitments, lease receivables and contract assets and financial guarantee contracts. At each reporting date, these financial instruments are classified into one of three risk stages, depending on current credit quality.

Qualitative stage triggers

The bank transfers a financial instrument from stage 1 to stage 2 if the instrument meets any one of the following qualitative triggers:

- Forborne status of a borrower;
- Watch status of a borrower. AACB assigns the watch status to counterparties with an increased credit risk. This process comprises intensive monitoring, early detection of deterioration in the credit portfolio and appropriate follow-up measures;
- A delinquency-based regulatory backstop is in place, such that the credit risk of financial assets that are more than 30 days past due will be assumed to have significantly increased.

Reclassification to stage 1

As a general rule, favourable changes in credit risk are recognised consistently with unfavourable changes, and a financial instrument is transferred back to stage 1 if quantitative or qualitative triggers are no longer met. In some cases, a probation period applies:

- Forborne financial instruments are transferred back from stage 2 to stage 1 only after a probation period of at least two years has ended, in line with the ABN AMRO forbearance policy. Stage 3 forborne instruments transfer back to stage 2 after a cure period of at least one year;
- For financial instruments that are 30 days past due, a three-month probation period is applied for transfers from stage 2 to stage 1.

Change in credit quality since initial recognition

	Stage 1	Stage 2	Stage 3
	Performing (Initial recognition)	**Credit quality deteriorated** (Assets with significant increase in credit risk since initial recognition)	**Default = Impaired** (Credit impaired assets)
Recognition of ECL	12 month ECL	Lifetime ECL	Lifetime ECL
Interest income	Effective interest on gross carrying amount	Effective interest on gross carrying amount	Effective interest on amortised cost (gross carrying amount less loss allowance)

Classification in stage 3

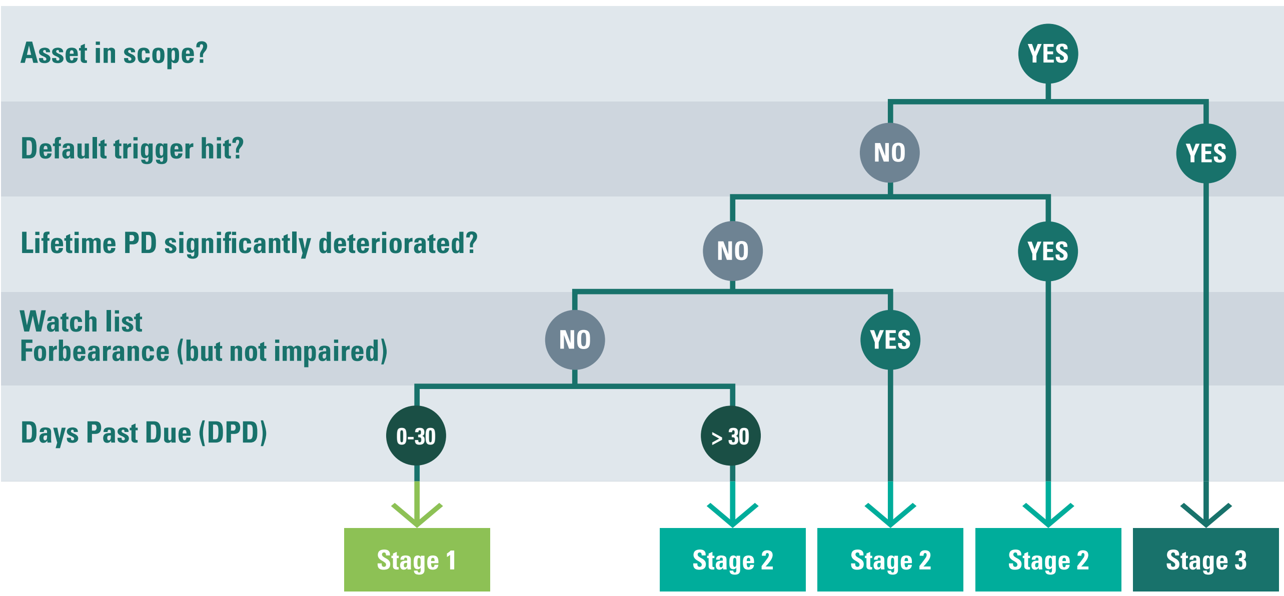
A transfer to stage 3 will always be the result of the default of a financial instrument. Our definitions of default and impaired are aligned and comply with the European Banking Authority (EBA) guidelines on the application of the definition of default.
All models use a consistent definition of default, which has been specified in line with regulations. A default is deemed to have occurred when:

- the counterparty is past due by more than 90 days on any material financial credit obligation to the bank; or
- the bank considers the borrower to be unlikely to meet its contractual obligations (unlikely to pay, or UTP).

The materiality of a financial obligation past due is assessed against an absolute and a relative threshold, in line with regulatory standards. To determine unlikeliness to pay, the bank has specified both mandatory default triggers (always resulting in the assignment of a default status, whereby no additional expert judgement is allowed) and judgemental triggers (requiring an assessment by credit risk managers to determine whether the UTP indications should result in a default classification). The mandatory triggers include the reporting of a forborne exposure under probation as non-performing for being 30 days past due or owing to an additional forbearance measure being applied. As a result, the definitions of non-performing and default are materially aligned.

Reclassification to stage 2

The default classification for non-forborne exposures ends when the default triggers no longer apply and a (probation) cure period of at least three months has passed since the default trigger was last applied.
For forborne exposures, a twelve-month cure period starts from the moment the last forbearance measure or default trigger was applied. After the cure period, an assessment is performed to establish whether the improvement in the credit quality is factual and permanent (including, for example, no remaining past due amounts).



Tony Ng and Paulina Wong - Hong Kong office.

Calculation method

AACB recognises loss allowances based on the Expected Credit Loss model (ECL) of IFRS 9, which is designed to be forward-looking. The amount of ECL allowances is based on the probability- weighted present value of all expected cash shortfalls over the remaining life of the financial instrument for both on and off balance sheet exposures. AACB makes a distinction between two types of calculation methods for credit loss allowances:

- Individual Lifetime expected credit loss (LECL) for credit-impaired (stage 3) financial. If significant doubts arise regarding a client's ability to meet its contractual obligations and/or one of the default triggers is met. And;
- 12M ECL and LECL for (stage 1, 2 and 3) financial instruments are individually assessed for impairment losses. AACB has introduced new models to quantify the Probability of Loss (PL), Loss Given Loss (LGL) and Exposure at Loss (EAL) for calculating the individual 12M ECL and LECL for these financial assets. The stage is determined per individual financial instrument. Due to the short term and nature of the exposures and the collateralized business model, a credit loss allowance is only calculated on the exposure related to Nostro accounts and debt securities at fair value through OCI and the 12M ECL and LECL are assumed to be equal.

Lifetime expected credit loss

AACB defines the lifetime of credit as the maximum contractual period over which the bank is exposed to credit risk; AACB does not apply a longer period, even if that longer period is consistent with business practice. For some contracts, such as overdraft facilities, no end date is specified or amounts can be contractually withdrawn by the lender at short notice. In these cases, AACB uses behavioural maturity models that rely on historical client behaviour to determine future expected exposures.

Forward-looking information

For expected credit loss calculations, AACB uses three different scenarios of future economic developments: a baseline (or most likely) scenario, a negative scenario and a positive scenario. The three scenarios are incorporated into the expected credit loss calculation and risk stage determination in a probability-weighted manner. In order to incorporate the latest economic outlook, the scenarios and their weights are reviewed each quarter and adjusted if necessary.

The baseline scenario entails our Group Economics analysts' current macroeconomic base scenario, which usually covers the current year and subsequent year. For the purpose of scenario analysis under IFRS 9, this baseline is extended by three additional calendar years, after which it is assumed that macroeconomic variables (MEVs) gradually move to their potential or equilibrium values. At least once every quarter, Group Economics compares its forecasts with those of institutions like CPB, DNB, ECB, IMF or OECD, in order to determine possible differences and to analyse whether it can underpin those. This external benchmarking exercise is a standard input to the Scenario Booklet that is presented to the bank's Scenario and Stress Testing Committee for approval. Group Economics also develops a negative and a positive scenario. These scenarios are designed to give an impression of the bandwidth within which the economy, interest and FX rates, and other relevant variables are likely to move in the next four to five years, with a probability of around 85% (roughly corresponding to a standard deviation of plus and minus one and a half). Hence, these scenarios produce upper and lower boundaries, with a resulting bandwidth between the outcomes of the negative ('bad weather' in terms of financial results of the bank) and positive ('good weather') scenarios. To determine these boundaries, Group Economics may look at historical developments, medium-term (non-baseline) scenarios made by the aforementioned institutions, and other relevant developments.

Management overlays and other adjustments

Where necessary to reflect the credit risk dynamics not captured by our models, management judgement is applied via a management overlay or other IFRS 9 adjustment. A management overlay is a temporary adjustment in a loss allowance until a long-term solution (e.g. model adjustment) is effective, and must be an amount commensurate to the model limitation. All overlays require a decision of the Impairment and Provision Committee (IPC). The main types of management overlays that AACB distinguishes are: post-model adjustments (adjustments to model outcomes), adjustments in the weightings of macroeconomic scenarios and stage overrides. Other adjustments such as adjustments to model parameters or input data are not considered management overlays, but follow the same internal approval process.

Climate and environmental risks in ECL

Incorporating climate risk explicitly into ECL models is challenging due to the lack of historical data and the horizon on which climate and environmental risks are expected to materialise. We are taking steps to gain deeper insight into how climate and environmental risks affect our clients, and to eventually embed them into our IFRS 9 ECL models. The target state is to have CER reflected in all four modelling frameworks (IRB models, IFRS, stress testing and EC).

Although the impact of climate risk on ECL can only be estimated with a high degree of uncertainty regarding amounts of losses and the time horizon on which it will materialize, it is partially embedded into our ECL estimates through our macroeconomic forecasts. Climate and environmental risks are playing an increasing role in government policies and macroeconomic developments. To capture climate and environmental risks in ECL and related scenario processes, each macroeconomic scenario is accompanied by an overview that illustrates which of these risks are included in the various projected

Daniel Gudelj and Matthew McMahon - Sydney office.

Penny Hu, Vicki McMurray and Gordon Suen - Sydney office.

macroeconomic indicators. For short term identifiable events that are not (yet) included in the macroeconomic forecasts, management overlays on ECL can be taken. These are currently limited to an overlay for the potential impact of the government's nitrogen reducing measures. With the combination of macroeconomic scenarios and this management overlay we deem to be adequately provisioned for climate and environmental risks.

Cured financial assets

When a credit impaired financial asset cures, the interest that was previously unrecognised is reported as an impairment release in the impairment charge rather than as a credit to the interest income calculated using the effective interest method.

Write-off

- A write-off must be taken if all possible means of recovery have been exhausted and it has become clear that there is a low probability of recovering the debt, either in part or full.

Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment charges on loans and advances in the statement of profit or loss.

Client clearing derivatives

As a general clearing member, AACB provides clearing and settlement services to its clients for, among other things, exchange traded derivatives (ETDs).

In its capacity as a clearing member, AACB guarantees the fulfilment of obligations towards central counterparty clearinghouses (CCPs) and exchanges of clients' transactions. AACB is not liable to clients for the non-performance of the CCP. In the event of a client defaulting, AACB has the legal obligation to settle all the clients' positions with the relevant CCPs, possibly at a loss. Possible losses arising from this guarantee might relate not only to the clients current positions but also to future trades of the client. AACB receives and collects (cash) margins from clients, and remits these margins to the relevant CCP in whole or in part. Given the stringent requirements set by the CCPs, possible future outflows of resources for new clearing transactions are considered close to zero.

AACB does not reflect the ETDs cleared on behalf of clients in its financial statements. Under normal circumstances, the guarantee has no fair value and is not recognised in the financial statements. Any risk of loss recognized in the event of non-performance of a client will be in line with our contingent liabilities policy.

Offsetting

The bank offsets financial assets and liabilities and the net amount reported in the statement of financial position if it is legally entitled to set off the recognised amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

Statement of cash flows

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, freely available balances with central banks and other banks, and net balances on current accounts with other banks with less than three months maturity from the date of acquisition. The statement of cash flows, based on the indirect method of calculating operating cash flows, gives details of the source of cash and cash equivalents, which became available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operations and investment activities. Movements in loans and advances are included in the cash flow from operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments, as well as investments in, and sales of, subsidiaries and associates, property and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities. Cash flows arising from foreign currency transactions are translated into euros using the exchange rates at the date of the cash flows.

Levies and other regulatory charges

AACB recognises a liability arising from levies and similar charges when it becomes legally enforceable (i.e. when the obligating event arises).

Janice Cheng and Cheung Leung - Hong Kong office.

Overview of financial assets and liabilities by measurement base

(x EUR 1,000) — 31 December 2022

	Amortised cost	Fair value through profit or loss - trading	Fair value through profit or loss - other	Fair value t hrough other comprehensive income	Total
Financial Assets					
Cash and balances at central banks	4,034,741				4,034,741
Financial assets held for trading		1,165			1,165
Financial investments			64,532	724,252	788,784
Securities financing	9,008,397				9,008,397
Loans and advances banks	1,336,147				1,336,147
Corporate loans	6,438,517				6,438,517
Other loans and advances	6,855,210				6,855,210
Total financial assets	**27,673,012**	**1,165**	**64,532**	**724,252**	**28,462,961**
Financial Liabilities					
Financial liabilities held for trading		995			995
Derivatives		22			22
Securities financing	1,740,397				1,740,397
Due to banks	14,352,242				14,352,242
Due to customers	9,803,585				9,803,585
Issued debt	600,000				600,000
Total financial liabilities	**26,496,224**	**1,017**			**26,497,241**

(x EUR 1,000) — 31 December 2021

	Amortised cost	Fair value through profit or loss - trading	Fair value through profit or loss - other	Fair value through other comprehensive income	Total
Financial Assets					
Cash and balances at central banks	5,247,732				5,247,732
Financial assets held for trading		1,134			1,134
Financial investments			57,717	87,381	145,098
Securities financing	7,082,729				7,082,729
Loans and advances banks	618,613				618,613
Corporate loans	6,494,908				6,494,908
Other loans and advances	14,594,862				14,594,862
Total financial assets	**34,038,844**	**1,134**	**57,717**	**87,381**	**34,185,076**
Financial Liabilities					
Securities financing	5,479,123				5,479,123
Due to banks	12,535,330				12,535,330
Due to customers	13,889,929				13,889,929
Issued debt	600,000				600,000
Total financial liabilities	**32,504,382**				**32,504,382**

Notes

Notes to the consolidated statement of profit or loss

1. Net interest income and interest expense

Accounting policy for net interest income and interest expense

Interest income and expenses is recognised in the statement of profit or loss on an accrual basis for financial instruments using the effective interest rate method, except for those financial instruments measured at fair value through profit or loss. The effective interest rate method allocates interest, amortisation of any discount or premium, or other differences including transaction costs and qualifying fees and commissions over the expected lives of the assets and liabilities. The effective interest rate is the rate that exactly discounts estimated future cash flows to the net carrying amount of the asset.

Interest paid on assets with a negative interest yield is classified as interest expense. Interest received from liabilities with a negative interest yield is classified as interest income.

The interest income is a result of current account balances, (exchange) margins and securities financing.

This item includes interest income and interest expense from banks and customers.

(x EUR 1,000)	2022	2021
Interest Income		
Of the interest income items the following amounts were related to:		
Interest income from ABN AMRO group companies	21,305	48,874
Interest income from third party customers/banks	687,836	336,788
Total interest income	**709,141**	**385,662**

The interest income of 2022 includes an amount of EUR 5.547 thousand (2021: EUR 228 thousand) concerning financial instruments that are at fair value through other comprehensive income. The remaining EUR 703.594 thousand (2021: EUR 385.433 thousand) relates to financial instruments carried at amortised cost. No interest income amounts relate to financial instruments measured at fair value through profit or loss.

(x EUR 1,000)	2022	2021
Interest Expense		
Of the interest expense items the following amounts were related to:		
Interest expense to ABN AMRO group companies	214,979	35,130
Interest expense to third party customers/banks	249,412	136,691
Total interest expense	464,391	171,821

All interest expense amounts in 2022 and 2021, relate to financial instruments carried at amortised cost. No interest expense amounts relate to financial instruments measured at fair value through profit or loss.

(x EUR 1,000)	2022	2021
Net interest income	244,750	213,841

2. Net fee and commission income

Accounting policy for net fee and commission income

AACB applies IFRS 15 when recognising revenue from contracts with customers, all of which is included in net fee and commission income. After identifying contracts and their performance obligations, revenue is recognised as an amount that reflects the consideration to which the bank expects to be entitled in exchange for transferring promised services to customers. The transaction price is allocated to each performance obligation. Revenue is measured at the fair value of the consideration received, taking into account discounts and rebates. The amount of revenue recognised is discounted to the present value of consideration due, if payment extends beyond normal credit terms.

Revenue is recognised when a promised service is transferred to the customer. Fees and commissions are recognised at a point in time: the fee is a reward for a service provided at a moment in time.

(x EUR 1,000)	2022	2021
The components of net fee and commission income are:		
Net fees and commissions related to payment services	-7,247	-6,968
Net fees and commissions related to securities and derivatives	351,908	307,644
Other net fees and commissions	240	138
Total net fee and commission income	344,901	300,814
Of the net fees and commissions item, the following amounts were with:		
Net fee and commission with ABN AMRO group companies	355	746
Net fee and commission with third party customers/banks	344,546	300,068
Total net fee and commission income	344,901	300,814

3. Share of result in equity accounted investments

(x EUR 1,000)	2022	2021
Total realised result on equity accounted investments	**-1**	**9**

Refer to note 19 for more information on the equity accounted investments.

4. Other operating income

Accounting policy for other operating income

Other operating income includes all other activities such as, foreign exchange transaction result, market access services and results on disposal of assets. It also includes the fair value changes relating to assets and liabities measured at fair value through profit or loss.

(x EUR 1,000)	2022	2021
Foreign exchange transaction result	2,478	528
Dividend	4,070	3,981
Realised gain on financial transactions	3,326	4,886
Other	3,810	3,617
Total other operating income	**13,684**	**13,012**

5. Personnel expenses

Accounting policy for personnel expenses

Salaries and wages, social security charges and other salary-related costs are recognised over the period in which the employees provide the services to which the payments relate.

Defined contribution plans

For defined contribution plans, AACB pays annual contributions that have been determined by a fixed method and has no legal or constructive obligation to pay any further contributions. Contributions are recognised directly in the statement of profit or loss in the year to which they relate. Actuarial and investment risk are for the account of the participants in the plan.

(x EUR 1,000)	2022	2021
Personnel expenses are specified as follows:		
Salaries and wages	113,363	100,791
Social security charges	11,913	10,766
Pension expenses	13,785	11,987
Other	9,927	5,720
Total personnel expenses	**148,989**	**129,264**

On a monthly basis the personnel expenses (including pension costs), concerning the employees of the Netherlands, are accrued and aligned with ABN AMRO. On a quarterly basis the payable amounts are settled. In 2022 ABN AMRO charged 65.5 million for employees working in the Netherlands (2021: EUR 58.6 million).

The pension expenses are mainly related to the defined contribution plans of the subsidiaries. Contributions are paid annually and determined by a fixed method. AACB has no legal or constructive obligation to pay any further contributions. Contributions are recognised directly in the statement of profit or loss in the year to which they relate. Actuarial and investment risk are for the account of the participants of the plan.

The Dutch defined contribution plan is a Collective Defined Contribution (CDC) plan, based on an average salary plan. The normal retirement age is set at 68 years. The contribution payable by pension fund participants is 5.5% (2021: 5.5%).

For the disclosure of the remuneration of the Managing and Supervisory Board Members, refer to the note 33 on related parties.

	2022	2021
The average number of FTEs:		
Netherlands*	450	414
United Kingdom	91	90
Germany*	7	9
Belgium*	1	1
Singapore	67	58
Japan	23	18
Australia	66	65
Hong Kong	28	25
United States	201	189
Brazil*	20	10
Total	**954**	**879**

* These employees have a contract with AAB with the respective expenses being charged by AAB to AACB.

6. General and administrative expenses

Accounting policy general and administrative expenses

General and administrative expenses are recognised in the period in which the services were provided and to which the payment relates.

Banking tax

In 2012 the Dutch government introduced a banking tax that becomes payable on 1 October of every year. Banking tax is a levy that is charged to the statement of profit or loss at the moment it becomes payable. AACB is liable for the tax, however the payment is made by AAB and charged to AACB.

(x EUR 1,000)	2022	2021
General and administrative expenses can be broken down as follows:		
Information technology costs	65,545	54,977
Agency staff, contractors and consultancy costs	51,907	46,946
Recharges from ABN AMRO group companies	29,087	35,362
Dutch banking tax	17,653	16,953
Staff related costs	4,480	1,421
Financial statement audit fees	1,653	1,344
Housing	1,487	1,054
Post, telephone and transport	1,114	915
Marketing and public relations costs	567	256
Audit related fees	295	87
Other	26,249	12,065
Total general and administrative expenses	**200,037**	**171,380**

* Audit related fees consists of fees paid for the audit of financial statements and other assurance engagements. No non-assurance services were provided to AACB by their auditors in 2022 and 2021.

7. Depreciation and amortisation of (in)tangible assets

The accounting policy for depreciation and amortisation is described in notes 20 and 21.

This item refers to the depreciation and amortisation of equipment and software.

(x EUR 1,000)	2022	2021
Leasehold improvements – depreciation	695	796
Equipment – depreciation	114	96
IT equipment – depreciation	428	380
Purchased software – amortisation	58	128
Internal software – amortisation	738	968
Right of use assets – depreciation	3,145	2,924
Depreciation and amortisation expenses	**5,177**	**5,292**
Equipment – depreciation rebilled by ABN AMRO group	16	9
IT equipment – depreciation rebilled by ABN AMRO group	517	407
Purchased software – amortisation rebilled by ABN AMRO group	458	477
Right of use assets – depreciation rebilled by ABN AMRO group	284	219
Internal software – amortisation rebilled by ABN AMRO group	576	490
Total depreciation and amortisation expenses	**7,029**	**6,894**

8. Impairment charges on financial instruments

For details on the impairments, refer to the loans and advances from banks and customers items in the statement of financial position, notes 15 and 16.

(x EUR 1,000)	2022	2021
Stage 1 - twelve month expected credit loss	1,523	1,196
Stage 2 - lifetime expected credit loss		
Stage 3 - lifetime expected credit loss		-640*
Total impairment charges on financial instruments	**1,523**	**556**

* The impairment charges in stage 3 are related to the top up of the Default Fund contribution of AACB at Nasdaq Clearing AB. The 2021 amount is a recovery of EUR 640 thousand of the Nasdaq Clearing AB Default Fund contribution.

9. Income tax expenses

Accounting policy for Income tax expenses, tax assets and tax liabilities

AACB is subject to income taxes in numerous jurisdictions. Income tax expense consists of current and deferred tax. Income tax is recognised in the statement of profit or loss in the period in which profits arise, except to the extent that it arises from a transaction that is recognised directly in equity.

The Dutch operations of AACB form part of a fiscal unity with AAB for corporate income tax purposes. As a consequence AACB receives a tax allocation from the head of the fiscal unity who pays the tax. Such fiscal unity is also in place for value added tax. Abroad, the local operations form part of a tax grouping when possible under local legislation. Otherwise, it is seen as a separate taxpaying entity. If the entity is part of a fiscal unity the tax is calculated as if it was a separate taxpaying entity.

Due to the fiscal unity, the tax on Dutch deductible losses will be recognised in the statement of profit or loss as far as the total AAB result is a profit.

(x EUR 1,000)	2022	2021
The details of the current and deferred income tax expense are presented below:		
Current tax	55,860	56,225
Deferred tax	2,128	-8,712
Total income tax expenses	**57,988**	**47,512**

The table below shows a reconciliation between the expected income tax expense and the actual income tax expense. The expected income tax expense has been calculated by multiplying the profit before tax to the weighted average rate from branches and subsidiaries.

	2022	2021
Profit before taxation	245,756	219,593
Weighted applicable tax rate	21.48%	23.06%
Expected income tax expense	**52,788**	**50,633**
Change in taxes resulting from:		
Tax exemptions	2,036	-5,960
Tax loss utilization	-905	2,478
Adjustments for tax of prior periods	-7,061	247
Change in tax rate	9,469	764
Other	1,661	-649
Actual income tax expenses	**57,988**	**47,513**
Effective tax rate	**23.60%**	**21.64%**

See also tax note 22 in the notes to the consolidated statement of financial position.

Country by Country reporting 2022

The following table provides an overview of total operating income, average number of FTEs and net profit/(loss) for the year per country.

Country	Principal subsidiary	Total Operating Income (x EUR 1,000)	Average number of FTEs	Profit/(loss) before taxation (x EUR 1,000)	Income tax expense (x EUR 1,000)	Profit (loss) for the year (x EUR 1,000)
Netherlands	ABN AMRO Clearing Bank N.V.	282,746	450	36,303	14,718	21,584
International activities						
Great Britain	ABN AMRO Clearing Bank London Branch	1,973	91	6,298	478	5,821
United States	ABN AMRO Clearing USA LLC	175,017	201	110,076	29,757	80,319
Singapore	ABN AMRO Clearing Bank Singapore Branch	55,514	67	38,570	5,457	33,113
Japan	ABN AMRO Clearing Tokyo Co Ltd	19,863	23	8,347	2,478	5,869
Hong Kong	ABN AMRO Clearing Hong Kong Ltd	53,512	28	42,458	4,893	37,565
Australia	ABN AMRO Clearing Sydney Pty Ltd	14,710	66	3,704	207	3,497
Other			28			
Total		**603,335**	**954**	**245,756**	**57,988**	**187,768**

Country by Country reporting 2021

The following table provides an overview of total operating income, average number of FTE's and net profit/(loss) for the year per country.

Country	Principal subsidiary	Total Operating Income (x EUR 1,000)	Average number of FTEs	Profit/(loss) before taxation (x EUR 1,000)	Income tax expense (x EUR 1,000)	Profit (loss) for the year (x EUR 1,000)
Netherlands	ABN AMRO Clearing Bank N.V.	263,137	414	53,826	13,108	40,717
International activities						
Great Britain	ABN AMRO Clearing Bank London Branch	3,283	90	6,207	1,386	4,821
United States	ABN AMRO Clearing USA LLC	139,899	189	80,926	19,808	61,117
Singapore	ABN AMRO Clearing Bank Singapore Branch	51,339	58	38,000	5,116	32,883
Japan	ABN AMRO Clearing Tokyo Co Ltd	19,539	18	8,556	2,694	5,863
Hong Kong	ABN AMRO Clearing Hong Kong Ltd	39,130	25	29,363	4,452	24,911
Australia	ABN AMRO Clearing Sydney Pty Ltd	11,349	65	2,705	948	1,756
Other			19			
Total		**527,676**	**878**	**219,582**	**47,512**	**172,070**

Notes to the consolidated statement of financial position

Assets

10. Cash and balances at central banks

Accounting policy for cash and balances at central banks
Cash and balances at central banks are held at amortised cost. This item includes cash on hand and available demand balances with central banks. Mandatory reserve deposits are disclosed in note 15, loans and receivables - banks.

All cash and cash equivalents are available for use in AACB's day-to-day operations.

(x EUR 1,000)	31 December 2022	31 December 2021
Total cash and balances at central banks	**4,034,741**	**5,247,732**

11. Financial assets held for trading

Accounting policy for financial assets held for trading
In accordance with IFRS 9, all assets held for trading are held at fair value through profit or loss, with gains and losses in the changes of the fair value taken to 'net trading income' in the statement of profit or loss.

Financial assets held for trading

The following table shows the composition of assets held for trading.

(x EUR 1,000)	31 December 2022	31 December 2021
The trading assets consists of the following financial instruments:		
Equity instruments held for trading*	1,165	1,134
Total financial assets held for trading	**1,165**	**1,134**

* These shares are used for hedging portfolio swaps.

Financial liabilities held for trading

The following table shows the composition of liabilities held for trading.

(x EUR 1,000)	31 December 2022	31 December 2021
The financial liabilities held for trading consist of the following:		
Equity instruments held for trading*	995	
Total financial liabilities held for trading	**995**	

* These shares are used for hedging portfolio swaps.

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12. Financial investments

Accounting policy for financial investments

Financial investments include instruments measured at fair value through other comprehensive income (FVOCI) and instruments measured at fair value through profit or loss (FVTPL).

Accounting policy for instruments at fair value through other comprehensive income

Unrealised gains and losses of FVOCI assets are recognised directly in other comprehensive income, net of applicable taxes. Interest earned, premiums, discounts and qualifying transaction costs of interest earning FVOCI assets are amortised to income on an effective interest rate basis. When FVOCI assets are sold, collected or impaired, the cumulative gain or loss recognised in other comprehensive income is transferred to other operating income in the statement of profit or loss. Fair value changes of equity instruments which are irrevocably designated at FVOCI upon initial recognition are recognised in other comprehensive income and not subsequently reclassified to the statement of profit or loss.

Accounting policy for instruments at fair value through profit and loss

Financial investments at fair value through profit or loss are either designated upon initial recognition or are mandatorily required to be measured at fair value applying IFRS 9. Financial investments managed on a fair value through profit or loss basis are at initial recognition designated at fair value through profit or loss when the instruments:
- are held to reduce an accounting mismatch; or
- are managed on the basis of its fair value.

Critical accounting estimates and judgements

Interest-bearing debt securities classified as FVOCI investments are assessed at each reporting date to establish whether there are any expected credit losses. AACB has developed models to determine such credit losses. Impairment charges on FVOCI instruments are recorded in (un)realised gains/(losses) fair value through OCI in the statement of comprehensive income.

See also Note 13 for the accounting policy relating to the fair value of financial instruments for more information about the measurement of financial investments.

(x EUR 1,000)	2022	2021
Debt securities held at fair value through other comprehensive income	724,252	87,381
Held at fair value through profit or loss	64,532	57,717
Total financial investments	**788,784**	**145,098**

(x EUR 1,000)	2022	2021
Movements in the financial investments were as follows:		
Opening balance as at 1 January	**145,098**	**432,063**
Sales to third parties	-157	-320,256
Additions	641,256	8,646
Gross revaluation to equity	-20	-3
Gross revaluation to income	7,291	8,867
Dividends received	-4,019	-3,877
Exchange rate differences	-665	19,658
Closing balance as at 31 December	**788,784**	**145,098**

(x EUR 1,000)	2022	2021
Interest-earning securities:		
United States	654,644	22,036
European Union	69,608	65,344
Subtotal	**724,252**	**87,381**
Equity instruments	64,532	57,717
Closing balance as at 31 December	**788,784**	**145,098**

An analysis of changes in the carrying amount in relation to Debt securities measured as FVOCI is as follows:

(x EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Carrying amount as at 1 January 2022				
Change in carrying amount due to purchase and repayment (excluding write offs)	87,381			87,381
Transfers to Stage 1	639,358			639,358
Transfers to Stage 2				
Transfers to Stage 3				
Amounts written off				
Foreign exchange adjustments	-2,487			-2,487
At 31 December 2022	**724,252**			**724,252**

During the year, there were no transfers from Stage 1. The ECL for 2022 is nil.

(x EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Carrying amount as at 1 January 2021	227,388			227,388
Change in carrying amount due to purchase and repayment (excluding write offs)	-151,148			-151,148
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts written off				
Foreign exchange adjustments	11,141			11,141
At 31 December 2021	**87,381**			**87,381**

During the year, there were no transfers from Stage 1. The ECL for 2022 is nil.

13. Fair value of financial instruments carried at fair value

The classification of financial instruments is determined in accordance with the accounting policies set out in note 11 financial assets and liabilities held for trading and note 12 financial investments.

Accounting policy for fair value of financial instruments

Fair value is defined as the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date. To determine a reliable fair value, where appropriate, management applies valuation adjustments to the pricing information from the following sources:

Level 1: the unadjusted quoted market price for financial instruments that are actively traded.

Level 2: based primarily on observable market data. Valued using a recent market transaction or a variety of valuation techniques referring to a similar instrument for which market prices do exist.

Level 3: using a valuation technique where at least one input, which has a significant effect on the instrument's valuation, is not based on observable market data. A significant effect on the instrument's valuation is considered to be present when the unobservable input accounts for at least 10% of the total instrument's fair value.

AACB recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change occurred.

We believe our estimates of the fair values are adequate. However, the use of different models or assumptions could result in changes to our reported results.

AACB analyses financial instruments held at fair value into the three categories as describe above. The level 3 instruments have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

Valuation techniques

A number of methodologies are used to determine the fair value of financial instruments for which observable prices in active markets for identical instruments are not available. Values between and beyond available data points are obtained by interpolation and/or extrapolation. When using valuation techniques, the fair value can be significantly impacted by the choice of valuation model and underlying assumptions made concerning factors such as the amount and timing of cash flows, discount rates and credit risk.

Derivatives
This category includes as far as it is applicable interest rate swaps, cross currency swaps, options and forward rate agreements. These products are valued by estimating future cash flows and discounting those cash flows using appropriate interest rate curves. Except for interest option contracts which are valued using market standard option pricing models. The inputs for the discounting cash flow models are principally observable benchmark interest rates in active markets such as the interbank rates and quoted interest rates in the swap, bond and futures markets. The inputs for credit spreads – where available – are derived from prices of credit default swaps or other credit-based instruments, such as debt securities. For others, credit spreads are obtained from pricing services. The additional inputs for the option pricing models are price volatilities and correlations which are obtained from broker quotations, pricing services or derived from option prices. Because of the observability of the inputs used in the valuation models, the majority of the interest rate derivative contracts are classified as Level 2. If adjustments to interest rate curves, credit spreads, correlations or volatilities are based on significant unobservable inputs, the contracts are classified as Level 3. Exchange traded options and futures are valued using quoted market prices and hence classified as Level 1.

Government debt securities
Government debt securities consist of government bonds and bills with both fixed or floating rate interest payments issued by sovereign governments. These instruments are traded in active markets and prices can be derived directly from those markets. Therefore the instruments are classified as level 1.

Equity instruments
Equity instruments that are actively traded on public stock exchanges are valued using the readily available quoted prices and therefore classified as Level 1. For equity instruments that are not actively traded a valuation model is used and are classified as Level 3. For the valuation model an assesment is made to what extent the observable input can be maximized and unobservable input minimized. The model is mainly based on dividend growth model and where applicable the latest transaction price.

AACB refines and modifies its valuation techniques as markets and products develop and as the pricing for individual product becomes more or less readily available. While AACB believes its valuation techniques are appropriate and consistent with other market participants, the use of different methodologies or assumptions could result in different estimates of the fair value at the reporting date.

The following table presents the carrying value of the financial instruments held and or disclosed at fair value across the three levels of the fair value hierarchy.

(x EUR 1,000)

At 31 December 2022	Quoted prices in active market	Valuation technique observable market data	Valuation technique unobservable market data	Total
Financial assets held for trading	1,165			1,165
Financial investments	764,457		24,247	788,784
Total financial assets	**765,622**		**24,247**	**789,949**

(x EUR 1,000)

At 31 December 2021	Quoted prices in active market		Valuation technique unobservable market data	Total
Financial assets held for trading	1,134			1,134
Financial investments	120,851		24,247	145,098
Total financial assets	**121,985**		**24,247**	**146,232**

Level 3 sensitivity information
Within financial investments AACB owns shares of exchanges and strategical investments. These shares are classified in the table above as Level 3; Valuation technique utilizes unobservable market data. The valuation price is based on a valuation model containing multiple of valuation techniques, based on the latest available transaction price and the dividend growth model. The dividend growth model is a valuation model that calculates the fair value of stock, assuming that the dividends grow either at a stable rate in perpetuity or at a different rate during the period at hand. AACB makes assumptions in determining fair value and to perform sensitivity testing. These are assumptions regarding sustainable growth rate, return on equity and liquidity discount rate. Performing a sensitivity analysis as a possible alternative assumption of 10% of the fair value results in a fair value deviation of minimum -2.4 million to maximum +2.4 million.

Transfers between levels 1 and 2
There were no material transfers between levels 1 and 2.

Transfers from levels 1 and 2 into 3
There were no material transfers from levels 1 and 2 into 3.

Movements in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amounts of level 3 financial assets that are recorded at fair value.

(x EUR 1,000)

Financial investments	
Balance at 1 January 2021	**19,375**
Purchases	2,874
Dividends	-3,781
Gains/(losses) recorded in profit and loss	4,742
Other movements	1,037
Balance at 31 December 2021	**24,247**
Purchases	1,032
Dividends	-3,849
Gains/(losses) recorded in profit and loss	3,808
Unrealised gains/(losses)	-910
Balance at 31 December 2022	**24,327**

14. Securities financing

Accounting policy for securities financing

Securities financing is measured at amortised cost. Securities financing consists of securities borrowing and lending and sale and repurchase transactions. Securities borrowing and securities lending transactions are generally entered into on a collateralised basis, with securities usually advanced or received as collateral. The transfer of the securities themselves is not reflected in the statement of financial position unless the risks and rewards of ownership are also transferred. If cash is advanced or received, securities borrowing and lending activities are recorded at the amount of cash advanced or received. The market value of the securities borrowed or lent is monitored on a daily basis and the collateral levels are adjusted in accordance with the underlying transactions. Fees and interest received or paid are recognised on an effective interest basis and recorded as interest income or interest expense.

Sale and repurchase transactions involve purchases (or sales) of investments with agreements to resell (or repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in securities financing and are shown as collateralised by the underlying security.

Investments sold under repurchase agreements continue to be recognised in the statement of financial position. The proceeds from the sale of the investments are reported as liabilities to either banks or customers. The difference between the sale and repurchase price is recognised over the period of the transaction and recorded as interest income or interest expense, using the effective interest method. If borrowed securities are sold to third parties, the proceeds from the sale and a liability for the obligation to return the collateral are recorded at fair value.

The receivables relating to the securities financing refers to the (cash) collateral requirements of counterparties or the cash settlement of the securities transactions. The payables relating to the securities financing refers to the (cash) collateral requirements of counterparties or the cash settlement of the securities transactions.

(x EUR 1,000)	31 December 2022	31 December 2021
Assets		
Reverse repurchase agreements	1,733,437	926,794
Securities borrowing transactions	6,173,175	5,366,355
Transactions related to securities*	1,101,785	789,580
Total securities financing	**9,008,397**	**7,082,729**
Liabilities		
Repurchase agreements		4,178,913
Securities lending transactions	47,194	1,629
Transactions related to securities**	1,693,203	1,298,582
Total securities financing	**1,740,397**	**5,479,123**

* These transactions relate to the settlement of the sale of securities under the practice of Delivery versus Payment.
** These transactions relate to the settlement of the purchase of securities under the practice of Delivery versus Payment.

Of the securities financing the following counterparties were involved:

(x EUR 1,000)	31 December 2022	31 December 2021
Assets		
ABN AMRO group companies	1,514,241	668,971
Banks	3,706,241	3,322,197
Customers	3,787,915	3,091,561
Total securities financing	**9,008,397**	**7,082,729**
Liabilities		
ABN AMRO group companies	-	4,178,913
Banks	153,815	103,861
Customers	1,586,582	1,196,349
Total securities financing	**1,740,397**	**5,479,123**

An analysis of changes in the carrying amount in relation to Securities financing is as follows:

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
Carrying amount as at 1 January 2022	7,082,729			7,082,729
Change in carrying amount due to origination and repayment (excluding write offs)	1,780,091			1,780,091
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts written off				
Foreign exchange adjustments	145,577			145,577
At 31 December 2022	**9,008,397**			**9,008,397**

During the year, there were notransfers from Stage 1. The ECL for 2022 is nil.

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2021	8,008,080			8,008,080
Change in carrying amount due to origination and repayment (excluding write offs)	-1,175,751			-1,175,751
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts written off				
Foreign exchange adjustments	250,401			250,401
At 31 December 2021	**7,082,729**			**7,082,729**

During the year, there were notransfers from Stage 1. The ECL for 2021 is nil.

15. Loans and advances banks

The accounting policy for loans and advances

Under IFRS 9 Financial Instruments, loans and advances from banks and customers are held in a hold to collect business model. Loans and advances of which the contractual cash flows are solely payments of principal and interest (SPPI) are measured at amortised cost, i.e. fair value at initial recognition adjusted for repayment and amortisation of coupon, fees and expenses to represent the effective interest rate of the asset. Loans and advances that do not pass the SPPI test are measured at fair value through profit or loss. For the impairment loss policy, please refer to the accounting policies note.

This item includes all accounts receivable from credit institutions that relate to business operations and own bank accounts and does not consist of trade and other receivables.

As of 31 December 2022, no amount has a maturity of more than 12 months (2021: nil).

(x EUR 1,000)	31 December 2022	31 December 2021
Loans and advances - banks consists of the following:		
Demand receivables	1,315,699	590,720
Interest bearing deposits	3,650	94
Mandatory reserve deposits with central banks	19,903	29,369
Less: loan impairment allowance	-3,104	-1,570
Net loans and advances - banks	**1,336,147**	**618,613**

None of the amounts in the loans and advances - banks items were subordinated in 2022 or 2021.

(x EUR 1,000)	31 December 2022	31 December 2021
Of the loans and advances - banks item the following amounts were due from:		
ABN AMRO group companies	615,326	186,467
Third parties	720,821	432,146
Total loans and advances - banks	**1,336,147**	**618,613**

An analysis of changes in the carrying amount in relation to loans and advances bank is as follows:

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
Carrying amount as at 1 January 2022	618,613			618,613
Change in carrying amount due to origination and repayment (excluding write offs)	704,849			704,849
Transfers to Stage 1				
Transfers to Stage 2	-36,784	36,784		
Transfers to Stage 3				
Amounts written off				
Foreign exchange adjustments	12,685			12,685
At 31 December 2022	**1,299,363**	36,784		**1,336,147**

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	-1,570			-1,570
New assets originated or purchased	-1,523			-1,523
Assets derecognised or repaid (excluding write offs)				0
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts written off				
Foreign exchange adjustments	-11			-11
At 31 December 2022	**-3,104**			**-3,104**

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
Carrying amount as at 1 January 2021	721,932			721,932
Change in carrying amount due to origination and repayment (excluding write offs)	-115,549			-115,549
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts written off				
Foreign exchange adjustments	12,229			12,229
At 31 December 2021	**618,613**			**618,613**

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2021	-366			-366
New assets originated or purchased				
Assets derecognised or repaid (excluding write offs)	-1,196			-1,196
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts written off				
Foreign exchange adjustments	-8			-8
At 31 December 2021	**-1,570**			**-1,570**

16. Loans and advances customers

The accounting policy for loans and advances is included in note 15

As of 31 December 2022, EUR 569 has a maturity of more than 3 months but less than one year (2021: EUR 3.8 million).

(x EUR 1,000)	31 December 2022	31 December 2021
Loans and advances customers consists of the following:		
Corporate loans, gross	6,438,517	6,494,908
Corporate loans	**6,438,517**	**6,494,908**
Government and official institutions	7,457	5,732
Receivables from Central counterparties	6,849,723*	14,591,100
Less: loan impairment allowances - other	-1,970	-1,970
Other loans and advances	**6,855,210**	**14,594,862**
Loans and advances customers	**13,293,727**	**21,089,770**

All corporate loans are fully collateralised (e.g. cash, equities, bonds).

(x EUR 1,000)	31 December 2022	31 December 2021
Of the loans and advances customers item, the following amounts were due from:		
Third parties	13,293,727	21,089,770
Loans and advances customers	**13,293,727**	**21,089,770**

* Large decrease is result of several clients that moved to an ISA setup & lower commodity prices resulting in lower margin requirements at CCPs.

An analysis of changes in the carrying amount in relation to Corporate loans is as follows:

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
Carrying amount as at 1 January 2022	**6,422,616**	**67,079**	**5,214**	**6,494,908**
Change in carrying amount due to origination and repayment (excluding write offs)	-276,936	-1,276	3,703	-274,509
Transfers to Stage 1	14,313	-14,313		
Transfers to Stage 2	-63,520	63,520		
Transfers to Stage 3				
Amounts written off				
Foreign exchange adjustments	218,118			218,118
At 31 December 2022	**6,314,591**	**115,010**	**8,917**	**6,438,517**

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
Carrying amount as at 1 January 2021	**5,163,101**	**239,991**		**5,403,092**
Change in carrying amount due to origination and repayment (excluding write offs)	941,418	1,440		942,858
Transfers to Stage 1	195,947	-195,947		
Transfers to Stage 2	-21,595	21,595		
Transfers to Stage 3	-5,214		5,214	
Amounts written off				
Foreign exchange adjustments	148,958			148,958
At 31 December 2021	**6,422,616**	**67,079**	**5,214**	**6,494,908**

An analysis of changes in the carrying amount in relation to Other loans and advances is as follows:

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
Carrying amount as at 1 January 2022	**14,592,892**		**1,970**	**14,594,862**
Change in carrying amount due to origination and repayment (excluding write offs)	-7,962,317			-7,962,317
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts written off				
Foreign exchange adjustments	222,665			222,665
At 31 December 2022	**6,853,240**		**1,970**	**6,855,210**

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022			**-1,970**	**-1,970**
New assets originated or purchased				
Assets derecognised or repaid (excluding write offs)				
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts written off				
Foreign exchange adjustments				
At 31 December 2022			**-1,970**	**-1,970**

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
Carrying amount as at 1 January 2021	**6,657,573**		**2,610**	**6,660,183**
Change in carrying amount due to origination and repayment (excluding write offs)	7,734,062			7,734,062
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts written off			-640	-640
Foreign exchange adjustments	201,256			201,256
At 31 December 2021	**14,592,892**		**1,970**	**14,594,862**

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2021			**-2,610**	**-2,610**
New assets originated or purchased				
Assets derecognised or repaid (excluding write offs)				
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts written off			640	640
Foreign exchange adjustments				
At 31 December 2021			**-1,970**	**-1,970**

17. Fair value of financial instruments not carried at fair value

The categorisation and valuation of financial instruments is determined in accordance with the accounting policies set out in note 13.

Valuation methodologies

The methods and assumptions described below have been applied to estimate the fair vale of financial instruments not carried at fair value. These fair values were calculated for disclosure purposes only. Note that the fair value can be significantly impacted by the choice of valuation model and underlying assumptions.

- The fair value of variable rate financial instruments and financial instruments with a fixed rate maturing within six months of the reporting date are assumed to be a reasonable approximation of their carrying amounts, which are net of impairment;
- The fair value of cash and balances at central banks are classified as Level 1 as these instruments have a short term nature, prices from an active market are available and no fair value adjustments are made to the carrying amounts.
- Securities financing includes repurchase and reverse repurchase agreements and securities borrowing and lending transactions. Due to the short-term characteristics of these instruments and the value and liquidity of available collateral, the carrying amounts are considered to approximate the fair value. Securities financing amounts are classified as Level 2.
- The fair value of demand deposits with no specific maturity are assumed to be the amount payable on demand at the reporting date;
- The fair value of the other loans to customers and loans to banks that are repriced frequently and have had no significant changes in credit risk are estimated using carrying amounts that are assumed to be a reasonable representation of the fair value. The fair value of other loans are estimated by discounted cash flow models based on interest rates that apply to similar instruments;
- The fair values of issued debt securities are based on quoted prices. If these are not available, the fair value based on a market approach in which independent quotes from market participants are used for the debt issuance spreads above average interbank offered rates (over a range of tenors) that the market would demand when purchasing new debt from AACB.
- Issued debt securities are valued using discounted cash flow models, based on current interest rate curves that incorporate observable inputs. These instruments are classified as level 2. When there are no, or only limited, publicly quoted prices available for these instruments and unobservable inputs have a significant effect on the fair value calculation, these instruments are classified as level 3.
- AACB refines and modifies its valuation techniques as markets and products develop and as the pricing for individual products becomes more or less readily available. While ABN AMRO believes its valuation techniques are appropriate and consistent with other market participants, the use of different methodologies or assumptions could result in different estimates of the fair value at the reporting date.

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(x EUR 1,000) 2022

At 31 December 2022	Carrying Value	Quoted prices in active market	Valuation technique observable market data	Valuation technique unobservable market data	Total fair value
Cash and balances at central banks	4,034,741	4,034,741			4,034,741
Securities financing	9,008,397		9,008,397		9,008,397
Loans and receivables - banks	1,336,147		1,336,147		1,336,147
Corporate loans	6,438,517		6,438,517	1	6,438,517
Other loans and advances customers	6,855,210		6,855,210		6,855,210
Total financial assets	**27,673,012**	**4,034,741**	**23,638,271**	**1**	**27,673,012**
Securities financing	1,740,397		1,740,397		1,740,397
Due to banks	14,352,242		9,301,923	5,050,319	14,352,242
Due to customers	9,803,585		9,799,628	3,957	9,803,585
Issued debt	600,000		600,000		600,000
Total financial liabilities	**26,496,224**		**21,441,948**	**5,054,276**	**26,496,224**

(x EUR 1,000) 2021

At 31 December 2021	Carrying Value	Quoted prices in active market	Valuation technique observable market data	Valuation technique unobservable market data	Total fair value
Cash and balances at central banks	5,247,732	5,247,732			5,247,732
Securities financing	7,082,729		7,082,729		7,082,729
Loans and advances - banks	618,613		618,613		618,613
Corporate loans	6,494,908		6,491,115	3,793	6,494,908
Other loans and advances customers	14,594,862		14,594,862		14,594,862
Total financial assets	**34,038,844**	**5,247,732**	**28,787,319**	**3,793**	**34,038,844**
Securities financing	5,479,123		5,479,123		5,479,123
Due to banks	12,535,330		4,272,816	8,262,513	12,535,330
Due to customers	13,889,929		13,878,742	11,187	13,889,929
Issued debt	600,000		600,000		600,000
Total financial liabilities	**32,504,382**		**24,230,682**	**8,273,701**	**32,504,382**

18. Group structure

Accounting policy for business combinations

All items representing consideration, including contingent consideration, transferred by AACB are measured and recognised at fair value as at the acquisition date. Transaction costs incurred by AACB in connection with the business combination, other than those associated with the issuance of debt and equity securities, do not form part of the cost of the business combination transaction but are expensed as incurred. The excess of the purchase consideration over AACB's share of the fair value of the identifiable net assets acquired, including certain contingent liabilities, is recorded as goodwill. AACB measures the identifiable assets acquired and the liabilities assumed at the fair value at the date of acquisition.

A gain or loss is recognised in profit or loss for the difference between the fair value of the previously held equity interest in the acquiree and its carrying amount. Changes in interests in subsidiaries that do not result in a change of control are treated as transactions between equity holders and are reported in equity.

There were no acquisitions or divestments during 2022 and 2021

Accounting policy for subsidiaries

AACB's subsidiaries are those entities which it directly or indirectly controls. Control over an entity is evidenced by AACB's ability to exercise its power in order to affect the variable returns that AACB is exposed to through its involvement with the entity. The existence and effect of potential voting rights that are currently exercisable are taken into account when assessing whether control exists.

The assessment of control is based on the consideration of all facts and circumstances. AACB reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control (power, exposure to variability in returns and a link between the two).

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Accounting policy for associates and joint ventures

Associates are those entities in which AACB has significant influence, but no control or joint control, over the operating and financial policies. Significant influence is generally presumed when AACB holds between 20% and 50% of the voting rights. Potential voting rights that are currently exercisable are considered in assessing whether AACB has significant influence. Amongst other factors that are considered to determine significant influence, representation on the board of directors, participation in policy-making process and material transactions between the entity and the investee are considered.

A joint venture is an investment in which two or more parties have contractually agreed to share control over the investment. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method. Under this method the investment is initially recorded at cost of recognition and subsequently increased (or decreased) for post-acquisition net income (or loss), other movements impacting the equity of the investee and any adjustments required for impairment. AACB's share of the profit or loss of the investee is recognised in Share of result in equity accounted investments in the statement of profit or loss. When AACB's share of losses exceeds the carrying amount of the investment, the carrying amount is reduced to zero, including any other unsecured receivables, and recognition of further losses is discontinued except if AACB has incurred obligations or made payments on behalf of the investee.

Equity investments held without significant influence which are not held for trading or not designated at fair value through profit or loss are classified as financial investments.

19. Equity accounted investments

Accounting policy for equity accounted investments

Equity accounted investments comprise associates and joint ventures. Associates are those entities in which AACB has significant influence (this is generally assumed when AACB holds between 20% and 50% of the voting rights), but no control or joint control over the operating and financial policies. Joint ventures are investments in which two or more parties have contractually agreed to share control over the investment.

Investments in associates and joint ventures are accounted for using the equity method.

Refer to note 18 for more accounting policies on equity accounted investments.

(x EUR 1,000)	31 December 2022	31 December 2021
Equity accounted investments consist of the following:		
ABN AMRO Investments USA LLC	284	267
Total equity accounted investments	**284**	**267**

ABN AMRO Investments USA LLC (AAIU)

On 13 January 2016, ABN AMRO Bank N.V. (AAB) and ABN AMRO Clearing USA LLC (AAC-USA), a wholly owned subsidiary of ABN AMRO Clearing Bank N.V. (AACB), each acquired 50% of the investment in AAIU. The two entities together have joint control over AAIU and its relevant activities as a Digital Asset House incorporated in the State of Delaware, the United States of America. The shareholding has not changed in the 2022 financial year.

AAIU's registered office is located in the State of Delaware, the United States of America, at Corporation Service Company, 2711 Centerville Road, Suite 400, City of Wilmington, Country of New Castle 19808.

The shares of AAIU are not quoted on any market and no dividends were declared.

The following is a summary of the combined financial information of the associates and joint ventures, including the aggregated amounts of assets, liabilities, income and expenses, in accordance with IAS 28.37:

(x EUR 1,000)	31 December 2022	31 December 2021
	Joint ventures	Joint ventures
Financial investments	517	487
Other assets	100	94
Total assets	**617**	**581**
Accrued interest, expenses and other liabilities	50	47
Total liabilities	50	47
Total Equity	**567**	**534**
Net revenue		
Expenses		9
Total comprehensive income		**-9**

(x EUR 1,000)	31 December 2022	31 December 2021
	Joint ventures	Joint ventures
Equity accounted investment	**284**	**267**

20. Property and equipment

Accounting policy for property and equipment and leases

Property and equipment is stated at cost less accumulated depreciation and any amount for impairment. At each balance sheet date an assessment is performed to determine whether there is any indication of impairment. If an item of property and equipment is comprised of several major components with different useful lives, each component is accounted for separately. Additions and subsequent expenditures, including accrued interest, are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the asset. Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of items of property and equipment, and of major components that are accounted for separately.

Depreciation rates and residual values are reviewed at least annually to take into account any change in circumstances. Capitalised leasehold improvements are depreciated in a manner that takes into account the term and renewal conditions of the related lease.

AACB applies the following principles regarding straight-line depreciation:

- The useful life for property and equipment is a maximum of 10 years;
- The useful life for leasehold improvements is the lesser of 10 years or the lease term; and
- The useful life for IT equipment is a maximum of 5 years.

Accounting policy for leases

All leases, except for low-value leases and leases with a duration of less than one year, are recognised on the balance sheet as a right of use (ROU) asset and lease liability. As a lessee, AACB enters into various lease contracts, mainly for office buildings and cars that the bank leases for its own use. When accounting for the contracts as a lessee, AACB separates non-lease components from lease components. Payments such as variable lease payments that do not depend on an index or a rate and non-lease components are not included in the lease liability. The ROU asset is initially measured at cost, which reflects the initial lease liability, adjusted for upfront lease payments, received incentives and initial direct costs. The initial lease liability is equal to the sum of the fixed lease payments, discounted by the incremental borrowing rate.

The ROU asset is depreciated over the period of the lease, using the straight-line method.

Adjustments to the ROU asset and corresponding lease liability result from remeasurement and/or modification. Remeasurement occurs when there is a change in the lease term or discount rate, or when AACB changes its assessment regarding purchase, extension or termination options. A lease modification is a change in the scope of the lease, or the consideration of a part of a lease that was not in the original terms and conditions of the lease. A lease modification results in either a separate additional lease or a change in the accounting for the existing lease. In the case of a lease modification not resulting in an additional lease, the lease liability is remeasured by adjusting the carrying amount of the ROU asset and, to reflect the partial or full termination of the lease, recognising any gain or loss in the statement of profit and loss.

Expenses related to short-term leases with a term of less than 12 months and leases of low-value are recognised in the income statement. ROU assets are included in the line item Property and equipment, while the lease liabilities are included in Other liabilities. Depreciation of the ROU assets is included in the line item for depreciation and amortisation of tangible and intangible assets in the income statement, and interest expense on lease liabilities is included in the line item Other interest and similar expense.

(x EUR 1,000)	31 December 2022	31 December 2021
Total property and equipment	**19,996**	**20,789**

The table below shows the categories of property and equipment at 31 December 2022 against net book value.

2022	Leasehold improvements	IT equipment	Other property and equipment	Right of use assets	Total
Acquisition costs as at 1 January 2022	**10,543**	**28,720**	**1,804**	**23,962**	**65,030**
Additions		7,124		1,881	9,005
Disposals		-1,316	-20	-3,013	-4,349
Foreign exchange differences	474	743	60	1,030	2,306
Acquisition costs as at 31 December 2022	**11,017**	**35,275**	**1,844**	**23,860**	**71,996**
Accumulated depreciation as at 1 January 2022	**-7,779**	**-27,107**	**-1,301**	**-8,054**	**-44,241**
Depreciation expense	-695	-428	-114	-3,145	-4,381
Disposals		-4,378	17	2,342	(2,020)
Foreign exchange differences	-303	-811	-31	-213	-1,359
Accumulated depreciation as at 31 December 2022	**-8,777**	**-32,724**	**-1,430**	**-9,070**	**-52,001**
Property and equipment as at 31 December 2022	**2,241**	**2,551**	**415**	**14,789**	**19,996**

2021

	Leasehold improvements	IT equipment	Other property and equipment	Right of use assets	Total
Acquisition costs as at 1 January 2021	**9,802**	**27,506**	**1,653**	**21,093**	**60,054**
Additions	82	379	65	1,442	1,968
Disposals		-710		-23	-733
Foreign exchange differences	659	1,545	87	1,451	3,742
Acquisition costs as at 31 December 2021	**10,543**	**28,720**	**1,804**	**23,962**	**65,030**
Accumulated depreciation as at 1 January 2021	**-6,547**	**-25,343**	**-1,155**	**-4,859**	**-37,904**
Depreciation expense	-796	-380	-96	-2,924	-4,195
Disposals		172		41	213
Foreign exchange differences	-436	-1,556	-50	-312	-2,354
Accumulated depreciation as at 31 December 2021	**-7,779**	**-27,107**	**-1,301**	**-8,054**	**-44,241**
Property and equipment as at 31 December 2021	**2,765**	**1,613**	**504**	**15,908**	**20,789**

No impairments to property and equipment have been recorded in 2022 or 2021.

2021

Leasing

AACB leases offices and other premises under non-cancellable operating lease arrangements. The leases have various terms, escalation and renewal rights. There are no contingent rents payable. AACB also leases equipment under non-cancellable lease arrangements.

(x EUR 1,000)	2022	2021
Where AACB is the lessee, the future minimum lease payments under IFRS 16 are as follows:		
Within 3 months	863	783
More than 3 months but within 1 year	2,429	2,351
More than 1 year but within 5 years	8,903	9,427
More than 5 years	7,506	8,202
Total operating lease agreements	**19,701**	**20,763**

21. Intangible assets

Accounting policy for intangible assets

The accounting policy for software and other intangible assets is determined by IAS 38 Intangible assets. Software is amortised over a period of three years, unless it is classified as core application software, which is depreciated over its estimated useful life, set at a maximum of seven years. Only the development phase is capitalised for own-developed software.

(x EUR 1,000)	2022	2021
Acquisition costs as at 1 January	**16,530**	**15,351**
Additions	318	766
Disposals	-1,042	-726
Foreign exchange differences	814	1,140
Acquisition costs as at 31 December	**16,620**	**16,530**
Accumulated amortisation 1 January	**-14,796**	**-13,413**
Amortisation expense	-796	-1,096
Disposals	552	726
Foreign exchange differences	-768	-1,013
Accumulated amortisation as at 31 December	**-15,808**	**-14,796**
Total intangible assets as at 31 December	**812**	**1,734**

No impairments to intangible assets have been recorded in 2022 or 2021.

22. Tax assets and liabilities

Accounting policy for tax assets and liabilities

AACB applies IAS 12 Income Taxes in accounting for taxes on income. Deferred tax is recognised for qualifying temporary differences. Temporary differences represent the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts utilised for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. A deferred tax asset is recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit or taxable profit.

Deferred tax assets and liabilities are offset on the balance sheet when there is a legally enforceable right to offset current tax assets against current tax liabilities and an intention to settle on a net basis.

AACB is part of a fiscal unity with AAB for corporate income tax purposes. All members of the fiscal unity are jointly and severally liable for the corporate income tax liabilities of the fiscal unity. Taxes are settled within this tax group as if each company were an autonomous taxpayer.

The current tax asset is the calculated tax position based on actual income over the year less the prepayments made during the year based on the profit estimations.

(x EUR 1,000)	31 December 2022	31 December 2021
Total current tax assets	47,152	47,301
The deferred tax assets can be categorised into:		
Net investment hedge	10,987	10,987
Property and equipment	1,721	2,028
Financial investments		2
Deferred income, accrued expenses and other	4,232	2,809
Loans and advances	60	
Right of use assets	1,645	1,526
Carryforward benefits	2,077	6,345
Total deferred tax assets	**20,722**	**23,697**
Of the deferred tax assets as per 2022 an amount of EUR 9.7 milllion is recorded through the statement of profit or loss and an amount of EUR 11 million is recorded through equity.		
Total tax assets	**67,874**	**70,999**

(x EUR 1,000)

	As at 1 January 2022	Statement of profit or loss	Equity	As at 31 December 2022
Deferred tax assets				
Financial investments	2		-2	
Net investment hedges - forex contracts	10,987			10,987
Loans and advances	60			60
Deferred income, accrued expenses and other	2,749	1,483		4,232
Property and equipment	2,028	-307		1,721
Right of use assets	1,526	119		1,645
Carryforward Benefits	6,345	-4,268		2,077
Total deferred tax assets	**23,697**	**-2,973**	**-2**	**20,722**

(x EUR 1,000)

	As at 1 January 2021	Statement of profit or loss	Equity	As at 31 December 2021
Deferred tax assets				
Financial investments	1		1	2
Net investment hedges - forex contracts	10,646		341	10,987
Loans and advances	93	-33		60
Deferred income, accrued expenses and other	1,803	946		2,749
Property and equipment	2,422	-394		2,028
Right of use assets	1,267	259		1,526
Carryforward Benefits	2,280	4,065		6,345
Total deferred tax assets	**18,512**	**4,843**	**342**	**23,697**

The current tax liability is the calculated tax position based on actual income over the year less the prepayments made during the year based on profit estimations. However, as the entities based in the Netherlands form part of a local tax unity, prepayments are made and booked at central level. Therefore, at year-end the full year amount of the Dutch tax is still considered to be paid for these entities.

(x EUR 1,000)	31 December 2022	31 December 2021
Total current tax liabilities	**26,040**	**32,012**
The deferred tax liabilities can be categorised into:		
Property and equipment	473	198
Financial investments	3,265	5,960
Other	433	429
Total deferred tax liabilities	**4,171**	**6,586**
Total tax liabilities	**30,211**	**38,598**

(x EUR 1,000)

	As at 1 January 2022	Statement of profit or loss	Equity	As at 31 December 2022
Deferred tax liabilities				
Financial investments	5,960	-2,695		3,265
Property and equipment	198	275		473
Other	429	4		433
Total deferred tax liabilities	**6,587**	**-2,416**		**4,171**

(x EUR 1,000)

	As at 1 January 2021	Statement of profit or loss	Equity	As at 31 December 2021
Deferred tax liabilities				
Financial investments	4,317	1,643		5,960
Property and equipment	438	-240		198
Other	42	387		429
Total deferred tax liabilities	**4,797**	**1,790**		**6,587**

23. Other assets

(x EUR 1,000)	31 December 2022	31 December 2021
The table below shows the components of other assets at 31 December:		
Related to securities transactions*	23,618	19,527
VAT and other tax receivable	6,593	8,716
Other	4,868	7,782
Prepayments	5,570	5,642
Accrued other income	14,273	4,684
Total other assets	**54,922**	**46,351**

* These include transitory amounts related to securities transactions.

24. Derivatives

Accounting policy for derivatives

Derivatives comprise portfolio swaps, which are derivatives held for trading. Portfolio swaps are swap agreements in which one party makes payments based on a reference rate, while the other party makes payments based on the return of an portfolio of underlying assets.

(x EUR 1,000)	31 December 2022	31 December 2021
The table below shows the components of derivatives:		
Portfolio swaps	22	
Total derivatives	**22**	

25. Due to banks

Accounting policy for due to banks and due to customers

Amounts due to banks and customers are held at amortised cost. That is, fair value at initial recognition, adjusted for repayment and amortisation of coupons, fees and expenses to represent the effective interest rate of the liability.

(x EUR 1,000)	31 December 2022	31 December 2021
The table below shows the components of due to banks:		
Demand deposits	668,545	594,280
Time deposits	13,683,697	11,941,050
Total due to banks	**14,352,242**	**12,535,330**
Of the due to banks item the following amounts were with:		
Demand deposits due to banks ABN AMRO group	250,720	132,456
Time deposits due to banks ABN AMRO group	13,683,249	11,941,006
Total ABN AMRO group companies	**13,933,969**	**12,073,462**
Demand deposits due to third party banks	417,825	461,824
Time deposits due to third party banks	449	44
Total third party banks	**418,273**	**461,868**
Total due to banks	**14,352,242**	**12,535,330**

As of 31 December 2022, an amount of EUR 9 billion has a maturity of more than 3 months but less than one year (2021: EUR 8.3 billion).

26. Due to customers

The accounting policy for due to customers is included in note 25

This item is comprised of amounts due to non-banking customers.

(x EUR 1,000)	31 December 2022	31 December 2021
The table below shows the components of due to customers:		
Demand deposits	7,994,083*	12,689,648
Time deposits	1,809,502	1,200,281
Total due to customers	**9,803,585**	**13,889,929**
The due to customers item can be split between ABN AMRO group customers and third party customers as follows:		
Demand deposits due to customers ABN AMRO group	8	16,008
Total ABN AMRO group companies	**8**	**16,008**
Demand deposits due to customers third party	7,994,075	12,673,640
Time deposits due to customers third party	1,809,502	1,200,281
Total third party customers	**9,803,577**	**13,873,921**
Closing balance as at 31 December	**9,803,585**	**13,889,929**

As at 31 December 2022, an amount of EUR 4 million has a maturity of more than 3 months but less than one year (2021: EUR 11.2 million).

* Large decrease is result of several clients that moved to an ISA setup & lower commodity prices resulting in lower margin requirements and thus associated client deposits.

27. Issued debt

Accounting policy for issued debt

Issued debt securities are initially recorded at amortised cost using the effective interest rate method.
AACB applies IAS 32 Financial instruments: Presentation to determine whether funding is either a financial liability or equity. Issued financial instruments or their components are classified as financial liabilities where the substance of the contractual arrangement results in AACB having a present obligation to deliver either cash or another financial asset or to satisfy the obligation other than by the exchange of a fixed number of equity shares.

(x EUR 1,000)	31 December 2022	31 December 2021
The issued debt consists of the following:		
Bonds and notes issued	600,000*	600,000
Total issued debt	**600,000**	**600,000**

* This debt was extended on 9 December 2022 for regulatory reasons and has an expiration date of 1 July 2025.

28. Provisions

Accounting policy for provisions

A provision is recognised in the statement of financial position when AACB has a legal or constructive obligation as a result of a past event, and it is more likely than not, that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risk specific to the liability.

A provision for restructuring is recognised when an obligation exists. An obligation exists when AACB has approved a detailed plan and has raised a valid expectation in those affected by the plan by starting to implement the plan or by announcing its main features. Future operating costs are not provided for.

(x EUR 1,000)	31 December 2022	31 December 2021
Total provisions	**6,146**	**322**

The provision amount mainly relates to a restructuring provision (EUR 1.8 million) and a provision related to the potential claim from clients on unpaid stamp duty on securities borrowing transactions between AACB and its clients (EUR 4.3 million). On the basis of information currently available, AACB determines with reasonable certainty that the full amount represents the expected cash outflow of the provisions for the 2023 financial year.

(x EUR 1,000)	31 December 2022	31 December 2021
Opening balance as at 1 January	**322**	**2,245**
Additions	6,075	
Used		-1,455
Currency translation result	-26	7
Release	-225	-474
Closing balance as at 31 December	**6,146**	**322**

29. Other liabilities

(x EUR 1,000)	31 December 2022	31 December 2021
The table below shows the components of other liabilities at 31 December:		
Related to securities transactions*	187,797	135,365
Rebilling cost by ABN AMRO group	60,098	52,972
Accounts payable	36,609	24,546
Lease liabilities	19,701	20,763
Accrued expenses	15,601	17,512
VAT and other tax payable	933	458
Other	30,433	27,500
Total other liabilities	**351,172**	**279,116**

* These include transitory amounts related to securities transactions.

30. Equity attributable to owner of the company

Accounting policy for equity

Share capital and other components of equity

Other reserves

The other reserves mainly comprise retained earnings, the profit for the period.

Currency translation reserve

The currency translation reserve represents the cumulative gains and losses on the translation of the net investment in foreign operations, net of the effect of hedging.

Net investment hedging reserve

The net investment hedging reserve is comprised of the currency translation differences arising on translation of the currency of these instruments to euros, for the extent they are effective.

Fair value reserves

Under IFRS 9 the fair value reserve includes the gains and losses, net of tax, resulting from a change in the fair value of debt instruments measured at FVOCI. When the instruments are sold or otherwise disposed of, the related cumulative gain or loss recognised in equity is recycled to the statement of profit or loss.

Dividends

Dividends on ordinary shares and preference shares classified as equity are recognised as a distribution of equity in the period in which they are approved by shareholders.

The issued and paid-up share capital of AACB did not change in the 2022 financial year. Authorised share capital amounts to EUR 50,000,000 distributed over 50,000 shares each having a par value of EUR 1,000. Of this authorised share capital, 15,000 shares have been issued at a par value of EUR 1,000. At year-end 2022, all shares were held by ABN AMRO.

(x EUR 1,000)	31 December 2022	31 December 2021
Share capital	15,000	15,000
Share premium	5,363	5,363
Other reserves (incl. retained earnings/profit for the period)	1,610,531	1,425,509
Other comprehensive income	91,185	56,927
Equity attributable to owner of the company	**1,722,079**	**1,502,799**

For the details on the changes in shareholder's equity we refer to the consolidated statement of changes in shareholder's equity.

(x EUR 1,000)	31 December 2022	31 December 2021
Gross fair value reserve	-37	-16
Related tax	5	2
Fair value reserve	-32	-14
Gross currency translation reserve	143,014	108,736
Related Tax	-4,063	-4,063
Currency translation reserve	138,951	104,673
Gross net investment hedge reserve	-64,229	-64,229
Related tax	16,496	16,496
Net investment hedge reserve	-47,733	-47,733
Total other comprehensive income	**91,185**	**56,927**

The currency translation reserve contains the equity revaluation of the subsidiaries.

The gross revaluation reserve contains the Net Investment Hedge (NIH) which is defined as the hedge of AACB net investment in foreign operations by matching the foreign currency gains or losses on a derivative or liability against the revaluation of a foreign operation based on period end exchange rates. The gain or loss on the hedging instrument is recorded in equity to offset the translation gains and losses on the net investment, to the extent that the hedge is highly effective. The ineffective portion of the hedge relationship is recognised in profit or loss. This NIH policy was applied until 31 December 2010.

The tax on revaluation reserve can be split in two categories. From the total amount of EUR 16.5 million an amount of EUR 11 million is related to the deferred tax asset of the NIH (see note 22). The remaining amount of EUR 5.5 million is related to the changes in the NIH up to and including 2009. Until that year the tax amount of the NIH was already settled with the tax authorities.

(x EUR 1,000)	2022	2021
Unrealised gains as at 1 January	**56,927**	**-2,054**
Unrealised gains during the year	-21	-3
Unrealised currency translation differences	34,276	58,643
Related tax	3	341
Other comprehensive income as at 31 December	**91,185**	**56,927**

31. Commitments and contingent liabilities

Accounting policy for commitments and contingent liabilities

Contingencies
Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the statement of financial position but are disclosed, unless the outflow of economic resources is remote.

Committed credit facilities
Commitments to extend credit take the form of approved but undrawn loans and revolving facilities. New loan offers have a commitment period that does not extend beyond the normal underwriting and settlement period.

Guarantees
AACB provides guarantees and letters of credit to guarantee the performance of subsidiaries, associates and customers to third parties. AACB expects most transactions to be settled simultaneously with the reimbursement from customers.

Irrevocable payment commitment
In April 2016, the Single Resolution Board (SRB) in Brussels provided credit institutions with the option to fulfil part of the obligation to pay the annual ex-ante contributions to the Single Resolution Fund (SRF) through irrevocable payments commitments (IPCs). To secure full and punctual payment, when called by the SRB, credit institutions need to constitute cash collateral and fully transfer (legal) ownership to the SRB.

(x EUR 1,000)	31 December 2022	31 December 2021
The committed credit facilities consist of the following:		
Total committed credit facilities	**153,695**	**115,394**
The guarantees and other commitments consist of the following:		
Guarantees	130,123	34,340
Irrevocable payment commitment	7,457	5,732
Total guarantees and other commitments	**137,580**	**40,072**
The guarantees have been given to third parties and are divided as follows:		
Guarantees given to exchanges	34,560	34,340
Guarantees given to customers	95,563	
Total Guarantees	**130,123**	**34,340**

The contractual amounts of guarantees are set out by category in the following table:

(x EUR 1,000) — 31 December 2022

	Less than one year	Between one and three years	Between three and five years	After five years	Total
Guarantees given to exchanges				34,560	34,560
Guarantees given to customers		563		95,000	95,563
Total Guarantees		**563**		**129,560**	**130,123**

(x EUR 1,000) — 31 December 2021

	Less than one year	Between one and three years	Between three and five years	After five years	Total
Guarantees given to exchanges				34,340	34,340
Guarantees given to customers					
Total Guarantees				**34,340**	**34,340**

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An analysis of changes in the carrying amount in relation to Guarantees and committed credit facilities is as follows:

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
Carrying amount as at 1 January 2022	115,395			115,395
Change in carrying amount due to origination and repayment (excluding write offs)	35,903			35,903
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts written off				
Foreign exchange adjustments	2,397			2,397
At 31 December 2022	**153,695**			**153,695**

(x EUR 1,000)

	Stage 1	Stage 2	Stage 3	Total
Carrying amount as at 1 January 2021	566,799	3,336		570,135
Change in carrying amount due to origination and repayment (excluding write offs)	-458,404	-3,367		-461,771
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts written off				
Foreign exchange adjustments	6,999	31		7,030
At 31 December 2021	**115,395**			**115,395**

Other contingencies

In presenting the Consolidated Annual Financial Statements, management estimates the outcome of legal, regulatory and arbitration matters, and takes provisions to the statement of profit or loss when losses with respect to such matters are more likely than not. Provisions are not recognised for matters for which an expected cash outflow cannot be reasonably estimated or that are not more likely than not to lead to a cash outflow. Some of these matters may be regarded as a contingency. In particular, the following matter is regarded as contingent liability:

German authorities are conducting investigations into the involvement of individuals from various banks and other parties in equity trading extending over dividend record dates in Germany, including several forms of tainted dividend arbitrage (i.e. tainted dividend stripping including so-called cum/ex and cum/cum transactions). AACB (and its legal predecessor) has been the depositary bank and/or clearing bank in respect of certain parties that performed these transactions.

One third party allegedly involved in cum/ex transactions with respect to certain German funds filed a joint and several liability civil law claim with the German court against AACB and 29 other parties for amounts of withholding tax recovered by the German tax authorities from this third party. AACB considers it not likely that such claim will be successful; however, it cannot be ruled out.

AACB also frequently receives information requests from German and other authorities in relation to investigations into dividend arbitrage. AACB cooperates and provides the requested information to the fullest extent possible and as permitted by applicable law.

It cannot be excluded that AACB will be faced with financial consequences as a result of its role as execution provider, depository and/or clearing bank for parties involved in dividend stripping transactions, in particular corporate administrative fines, forfeiture orders and civil law claims. It is currently unclear, however, how and when the German authorities' investigations will impact AACB and if and to what extent corporate administrative fines or forfeiture orders will be imposed. It is also uncertain whether tax authorities or third parties will successfully claim amounts from AACB in (secondary) tax liability or civil law cases. Therefore, the financial impact cannot be reliably estimated at this time and no provision has been made in this respect.

32. Pledged, eccumbered and restricted assests

Accounting policy for pledged, encumbered and restricted assets

Pledged assets are assets pledged as collateral for liabilities or contingent liabilities and the terms and conditions relating to its pledge. Encumbered assets are those that are pledged or other assets which we believed to be restricted to secure, credit-enhance or collateralise a transaction.
In principle, pledged assets are encumbered assets.
Significant restrictions on assets can arise from statutory, contractual or regulatory requirements such as:

- Those that restrict the ability of the parent or its subsidiaries to transfer cash or other assets to (or from) other entities within AACB.
- Guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid to other entities within AACB.
- Protective rights of non-controlling interests might also restrict the ability of AACB to access and transfer assets freely to or from other entities within AACB and to settle liabilities of AACB.

AACB only has restrictions due to the prevailing regulatory requirements per region.

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Pledged and encumbered assets are assets given as security to guarantee payment of a debt or fulfilment of an obligation. Predominantly, the following activities conducted by AACB are related to pledged assets:

- Cash provided as collateral to secure trading transactions;
- Cash pledged to secure lending in reverse repurchase transactions and securities borrowing transactions;
- Cash and securities pledged to secure CFD or OTC transactions.

AACB has a clearing member contract with various CCP's. Such contracts contain the rules and regulations in relation to cash provided as collateral.

(x EUR 1,000)	31 December 2022	31 December 2021
Assets pledged:		
Securities financing assets	7,906,612	6,293,149
Financial assets held for trading	1,165	1,134
Loans and advances- banks	292,907	259,796
Other loans and advances customers	6,855,210	14,594,862
Total assets pledged as security	**15,055,893**	**21,148,941**

Off balance sheet collateral is held as security for assets mainly as part of professional securities transactions. AACB obtains securities on terms which permit it to re-pledge the securities to others.

33. Related parties

Parties related to AACB include the parent ABN AMRO Bank N.V. with significant influence, associates, the Management Board, the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other related entities.

Transactions
As part of its business operations, AACB frequently enters into transactions with related parties. Normal banking transactions relate to transactions, loans and deposits and are entered into under the same commercial and market terms that apply to non-related parties. ABN AMRO owns all the shares of AACB.

Labour contract employees Amsterdam
Every employee of AACB in the Netherlands has a labour contract with ABN AMRO. The total salary costs including pensions and social security charges in 2022 was EUR 65.54 million (2021: EUR 58.65 million). The salary costs are paid by ABN AMRO and rebilled to AACB.

Balances with Related Parties

(x EUR 1,000)

For the period ending 31 December 2022	Parent	Other Related Parties
Assets	2,130,468	65,269
Liabilities	14,596,404	205
Collateral received	571,187	
2022		
Income received	22,635	4,784
Expenses paid	407,040	592

For the period ending 31 December 2021	Parent	Other Related Parties
Assets	856,674	57,286
Liabilities	16,905,400	16,173
Collateral received	277,355	
2021		
Income received	49,671	519
Expenses paid	202,818	696

There were no transactions between AACB and the joint venture, ABN AMRO Investments USA LLC during 2021 or 2022.

Remuneration of the Management Board and Supervisory Board

The remuneration of the Management board members, which consists of 4 FTE's (2021: 4 FTE's) is stated in the table below. The remuneration of the Supervisory Board members in 2022 was EUR 80 thousand (2021: 78 thousand).

As long as the Dutch state holds an interest in ABN AMRO, AACB will apply a prohibition on bonuses and individual salary increases for a specific group of senior employees, including the AACB Management Board and Supervisory Board members.

(x EUR 1,000)

	Base salary	Total pension related contributions	Total
Total in 2022	1,429	338	1,767
Total in 2021	1,400	330	1,730

34. Cash flow statement

Accounting policy for Cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, freely available balances with central banks and other banks and net credit balances on current accounts with other banks, which have a maturity of less than three months from the date of acquisition. The statement of cash flows, based on the indirect method of calculation, provides details of the source of cash and cash equivalents, which became available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operations, including clearing activities, investment activities and financing activities. Movements in loans and receivables and interbank deposits are included in the cash flow from operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments, as well as investments in, and sales of, subsidiaries, associates, property and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities.

The following table shows the determination of cash and cash equivalents at 31 December:

(x EUR 1,000)	31 December 2022	31 December 2021
Cash and balances at central banks	4,034,741	5,247,732
Loans and advances banks*	1,237,827	573,759
Total cash and cash equivalents	**5,272,568**	**5,821,491**

* These are nostro accounts, with credit balance, that AACB holds with other credit institutions.

35. Post-balance sheet date events

As a result of the CIB wind down, where ABN AMRO decided to close all non-clearing activities outside Europe, AACB acquired the Brazil entity Banco ABN AMRO SA from ABN AMRO Bank NV on January 1st 2023. AACB already owned 0.47% of the shares and the equity stake now increased to 100%. The consideration paid is EUR 107 million.

Legal procedures

In the normal course of business, AACB is subject to litigation and regulatory proceedings. Management of AACB, after consultation with legal counsel, believes that the outcome of such proceedings will not have a material adverse effect on the company's financial position.

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Company statement of profit or loss

(x EUR 1,000)	Note	2022	2021
Income			
Interest income calculated using the effective interest method		617,386	332,345
Interest expenses calculated using the effective interest method		453,701	178,585
Other interest and similar expense		67	114
Net interest income	**1**	**163,685**	**153,760**
Fee and commission income		279,987	254,257
Fee and commission expense		113,709	101,228
Net fee and commission income	**2**	**166,278**	**153,029**
Share of result in equity accounted investments	3	130,971	97,988
Other operating income	4	5,750	5,293
Operating income		**466,684**	**410,070**
Expenses			
Personnel expenses	5	92,571	80,255
General and administrative expenses	6	161,887	135,904
Depreciation and amortisation of (in)tangible assets	7	3,061	3,180
Operating expenses		**257,519**	**219,339**
Impairment charges on financial instruments	8	1,635	402
Total expenses		**259,154**	**219,741**
Operating profit / (loss) before taxation		**207,530**	**190,329**
Income tax expense	9	19,760	18,259
Profit (loss) for the year		**187,770**	**172,070**
Attributable to:			
Owner of the company		187,770	172,070
Non-Controlling interests		-	-

Company statement of financial position

(x EUR 1,000)	Note	31 December 2022	31 December 2021
Assets			
Cash and balances at central banks	10	4,034,741	5,247,732
Short term government paper	12	69,608	65,344
Loans and advances banks	13, 14	4,874,408	3,820,156
Loans and advances customers	13, 15	15,954,804	21,510,674
Equity securities	11, 12	20,479	20,607
Participating interest in group companies	16	1,106,185	890,813
Intangible assets	18	250	784
Property and equipment	17	1,169	1,456
Other assets	19, 20	56,643	50,421
Total assets		**26,118,287**	**31,607,988**
Liabilities			
Due to banks	13, 22	14,474,285	16,687,216
Due to customers	13, 23	9,111,683	12,659,153
Issued debt	24	600,000	600,000
Provisions	25	5,576	322
Other liabilities	11, 19, 21, 26	204,667	158,497
Total liabilities		**24,396,211**	**30,105,188**
Equity			
Share capital		15,000	15,000
Share premium		5,363	5,363
Revaluation reserves		(32)	(14)
Currency translation reserves		91,218	56,940
Other reserves		1,422,762	1,253,438
Profit/(loss) for the period		187,769	172,070
Total Equity	27	**1,722,080**	**1,502,797**
Total Liabilities and Equity		**26,118,291**	**31,607,985**
Committed credit facilities	28	154,487	71,206
Guarantees and other commitments	28	947,327	896,189

Company statement of changes in equity

(x EUR 1,000)

			Other reserves		Accumulated other comprehensive income				
	Share capital	Share Premium	Retained earnings	Unappropriated result of the year	Fair value reserve	Equity associates reserve	Currency translation reserve	Net investment hedging reserve	Total
Balance as at 1 January 2021	**15,000**	**5,363**	**1,239,153**	**14,285**	**-11**	**0**	**46,030**	**-49,073**	**1,271,747**
Total comprehensive income				172,070	-3	0	58,643	341	231,051
Transfer			14,285	-14,285					
Balance as at 31 December 2021	**15,000**	**5,363**	**1,253,438**	**172,070**	**-14**	**0**	**104,673**	**-47,732**	**1,502,797**
Balance as at 1 January 2022	**15,000**	**5,363**	**1,253,438**	**172,070**	**-14**	**0**	**104,673**	**-47,732**	**1,502,797**
Total comprehensive income				187,770	-18		34,278		222,030
Transfer			172,070	-172,070					
Other			-2,746						-2,746
Balance as at 31 December 2022	**15,000**	**5,363**	**1,422,762**	**187,770**	**-32**	**0**	**138,951**	**-47,732**	**1,722,082**

Accounting principles for the company statement

Basis of preparation

AACB's company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code, applying the same accounting policies as for the Consolidated Financial Statements. The Company Financial Statements are compiled taking into account ABN AMRO Clearing Bank N.V. and the legal entities and companies that form part of the Company. The registered offices are at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands (Chamber of Commerce number 33170459).

Principles for the measurement of assets and liabilities and determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, ABN AMRO Clearing Bank N.V. applies the option provided in section 2:362(8) of the Dutch Civil Code. By making use of this option, reconciliation is maintained between the consolidated and the company's equity. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of ABN AMRO Clearing Bank N.V. are the same of those applied for the consolidated IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. The consolidated IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union.

Ricardo Cabral - Brazil office.

Notes to the company statement of profit or loss

1. Net interest income and interest expense

This item includes interest income and interest expense from banks and customers.

(x EUR 1,000)	2022	2021
Interest Income		
Of the interest income items the following amounts were related to:		
Interest income from ABN AMRO group companies	148,979	67,273
Interest income from third party customers/banks	468,407	265,072
Total interest income	**617,386**	**332,345**

The interest income of 2022 includes an amount of EUR 5,547 thousand (2021: EUR 228 thousand) concerning financial investments that are at fair value through other comprehensive income. The remaining EUR 611,839 thousand (2021: EUR 332,116 thousand) relates to financial investments carried at amortised cost. No interest income amounts relate to financial instruments measured at fair value through profit or loss.

Interest Expense		
Of the interest expense items the following amounts were related to:		
Interest expense paid to ABN AMRO group companies	263,422	60,377
Interest expense paid to third party customers/banks	190,279	118,208
Total interest expense	**453,701**	**178,585**
All interest expense amounts in 2022 and 2021, relate to financial investments carried at amortised cost. No interest expense amounts relate to f inancial instruments measured at fair value through profit or loss.		
Net interest income	**163,685**	**153,760**

2. Net fee and commission income

(x EUR 1,000)	2022	2021
The components of net fee and commission income are:		
Net fees and commissions for payment services	-7,163	-6,903
Net fees and commissions for securities and derivatives	171,081	158,331
Other net fees and commissions	2,360	1,601
Total net fee and commission income	**166,278**	**153,029**
Of the net fees and commissions amount, the following amounts were with:		
Net fees and commissions with ABN AMRO group companies	-40,282	-30,337
Net fees and commissions with third party customers/banks	206,560	183,366
Total net fee and commission income	**166,278**	**153,029**

3. Share of result in equity accounted investments

(x EUR 1,000)	2022	2021
Total realised result on equity accounted investments	**130,971**	**97,988**

See note 16 for more information.

4. Other operating income

(x EUR 1,000)	2022	2021
Foreign exchange transaction result	1,840	-222
Dividend	3,873	3,886
Realised gain/(loss) on financial transactions	-65	857
Other	104	772
Total other operating income	**5,751**	**5,293**

5. Personnel expenses

(x EUR 1,000)	2022	2021
Personnel expenses are specified as follows:		
Salaries and wages	67,064	60,603
Social security charges	7,466	6,565
Pension expenses	11,130	9,848
Other	6,912	3,239
Total personnel expenses	**92,571**	**80,255**

6. General and administrative expenses

(x EUR 1,000)	2022	2021
General and administrative expenses can be broken down as follows:		
Agency staff, contractors and consultancy costs	42,352	39,481
Financial statement audit fees	439	176
Audit related fees	228	19
Staff related costs	3,153	1,063
Information technology costs	48,412	38,115
Housing	202	129
Post, telephone and transport	764	645
Marketing and public relations costs	490	232
Recharges from ABN AMRO group companies	25,402	29,746
Dutch banking tax	17,653	16,953
Other	22,791	9,345
Total general and administrative expenses	**161,887**	**135,904**

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7. Depreciation and amortisation of (in)tangible assets

This item refers to the depreciation and amortisation of equipment and software.

(x EUR 1,000)	2022	2021
Leasehold improvements - depreciation	66	180
Equipment - depreciation	4	7
IT equipment - depreciation	81	137
Purchased software - amortisation	45	116
Internal software - amortisation	417	570
Right of use assets - depreciation	597	569
Depreciation and amortisation expenses	**1,210**	**1,578**
Equipment - depreciation rebilled by ABN AMRO group	16	9
IT equipment - depreciation rebilled by ABN AMRO group	517	407
Purchased software - amortisation rebilled by ABN AMRO group	458	477
Internal software - amortisation rebilled by ABN AMRO group	576	490
Right of use assets - depreciation rebilled by ABN AMRO group	284	219
Total depreciation and amortisation expenses	**3,061**	**3,180**

8. Impairment charges on financial instruments

For details on the impairments, refer to the loans and receivables from banks and customers items in the statement of financial position. Please see notes 14 and 15 of the Company Statement.

(x EUR 1,000)	2022	2021
Stage 1 - twelve month expected credit loss	1,635	1,042
Stage 2 - lifetime expected credit loss		
Stage 3 - lifetime expected credit loss		-640*
Total impairment charges on financial instruments	**1,635**	**402**

* The impairment charges in stage 3 are related to the top up of the Default Fund contribution of AACB at Nasdaq Clearing AB. The 2021 amount is a recovery of EUR 640 thousand of the Nasdaq Clearing AB Default Fund contribution.

9. Income tax expenses

(x EUR 1,000)	2022	2021
The details of the current and deferred income tax expense are presented below:		
Current tax	18,257	23,596
Deferred tax	1,503	-5,337
Total income tax expenses	**19,760**	**18,259**

The table below shows a reconciliation between the expected income tax expense and the actual income tax expense. The expected income tax expense has been calculated by multiplying the profit before tax to the weighted average rate from branches and subsidiaries.

	2022	2021
Profit before taxation	207,530	190,329
Weighted applicable tax rate	6.44%	10.45%
Expected income tax expense	**13,356**	**19,892**
Change in taxes resulting from:		
Tax exemptions	4,103	-2,214
Adjustments for current tax of prior periods	427	-572
Change in tax rate	22	778
Other	1,852	375
Actual income tax expenses	**19,760**	**18,259**
Effective tax rate	9.52%	9.59%

Notes to the company statement of financial position

10. Cash and balances at central banks

All cash and cash equivalents are available for use in AACB's day-to-day operations.

(x EUR 1,000)	31 December 2022	31 December 2021
Total cash and balances at central banks	**4,034,741**	**5,247,732**

11. Financial assets held for trading

Financial assets held for trading

The following table shows the composition of assets held for trading.

(x EUR 1,000)	31 December 2022	31 December 2021
The trading assets consists of the following financial instruments:		
Equity instruments held for trading*	1,165	1,134
Total financial assets held for trading	**1,165**	**1,134**

* These shares are used for hedging portfolio swaps.

Financial liabilities held for trading

The following table shows the composition of liabilities held for trading.

(x EUR 1,000)	31 December 2022	31 December 2021
The financial liabilities held for trading consist of the following:		
Equity instruments held for trading	995	
Total financial liabilities held for trading	**995**	

12. Financial investments

(x EUR 1,000)	31 December 2022	31 December 2021
Movements in the financial investments were as follows:		
Opening balance as at 1 January	**84,817**	**83,110**
Sales to third parties	-157	-3,159
Gross revaluation to equity	-20	-3
Gross revaluation to income	3,808	4,742
Dividends received	-3,849	-3,781
Exchange rate differences	4,323	3,908
Closing balance as at 31 December	**88,922**	**84,817**

(x EUR 1,000)	31 December 2022	31 December 2021
Interest-earning securities in the European Union	69,608	65,344
Equity instruments	19,314	19,473
Closing balance as at December 31	**88,922**	**84,817**

(x EUR 1,000)	31 December 2022	31 December 2021
Equity instruments held for trading	1,165	1,134
Equity instruments	19,314	19,473
Total Equity securities	**20,479**	**20,607**

13. Securities financing

The receivables relating to the securities financing refers to the (cash) collateral requirements of counterparties or the cash settlement of the securities transactions. The payables relating to the securities financing refers to the (cash) collateral requirements of counterparties or the cash settlement of the securities transactions.

(x EUR 1,000)	31 December 2022	31 December 2021
Assets		
Repurchase agreements	42,035	21
Securities borrowing transactions	3,885,240	3,689,300
Transactions related to securities*	841,669	577,912
Total securities financing	**4,768,945**	**4,267,234**
Liabilities		
Repurchase agreements		4,178,913
Securities lending transactions	46,845	
Transactions related to securities**	1,121,362	733,155
Total securities financing	**1,168,207**	**4,912,069**

* These transactions relate to the settlement of the sale of securities under the practice of Delivery versus Payment.
** These transactions relate to the settlement of the purchase of securities under the practice of Delivery versus Payment.

Of the securities financing the following counterparties were involved:

(x EUR 1,000)	31 December 2022	31 December 2021
Assets		
ABN AMRO group companies	1,530,093	723,826
Banks	2,417,307	2,813,995
Customers	821,545	729,413
Total securities financing	**4,768,945**	**4,267,234**
Liabilities		
ABN AMRO Group companies		4,178,913
Banks	153,160	89,281
Customers	1,015,047	643,874
Total securities financing	**1,168,207**	**4,912,069**

14. Loans and advances banks

This item includes all accounts receivable from credit institutions that relate to business operations and own bank accounts and does not consist of trade and other receivables.

As of 31 December 2022 no amount has a maturity of more than 3 months (2021: nil).

(x EUR 1,000)	31 December 2022	31 December 2021
Loans and receivables banks consists of the following:		
Demand receivables	925,961	309,191
Mandatory reserve deposits with central banks	19,903	29,368
Less: loan impairment allowance	-3,004	-1,369
Net loans and receivable banks	**942,861**	**337,190**

None of the amounts in the loans and receivables - banks items were subordinated in 2020 or 2019.

(x EUR 1,000)	31 December 2022	31 December 2021
Of the loans and receivables banks item, the following amounts were due from:		
ABN AMRO group companies	614,596	185,737
Third parties	328,265	151,454
Total loans and receivables banks	**942,861**	**337,190**

(x EUR 1,000)	31 December 2022	31 December 2021
Securities financing	3,931,548	3,482,965
Loans and receivables banks	942,861	337,190
Loans and advances banks	**4,874,408**	**3,820,156**

15. Loans and advances customers

As of 31 December 2022, EUR 356 thousand has a maturity of more than 3 months but less than one year (2021: EUR 3,793 thousand).

(x EUR 1,000)	31 December 2022	31 December 2021
Loans and advances customers consists of the following:		
Corporate loans, gross	10,718,220	9,407,444
Corporate loans	10,718,220	9,407,444
Government and official institutions	7,457	5,732
Receivables from central counterparties	4,393,700*	11,315,200
Less: loan impairment allowances - other	-1,970	-1,970
Other loans and advances	4,399,187	11,318,963
Loans and advances customers	**15,117,407**	**20,726,406**

All commercial loans are fully collateralised (e.g. cash, equities, bonds).

* Large decrease is result of several clients that moved to an ISA setup & lower commodity prices resulting in lower margin requirements at CCPs.

(x EUR 1,000)	31 December 2022	31 December 2021
Of the loans and advances customers item, the following amounts were due from:		
ABN AMRO group companies	5,426,280	4,131,515
Third parties	9,691,127	16,594,891
Total loans and advances customers	**15,117,407**	**20,726,406**

(x EUR 1,000)	31 December 2022	31 December 2021
Loans and advances customers	15,117,407	20,276,406
Securities financing	837,397	784,268
Total loans and advances customers	**15,954,804**	**21,510,674**

16. Participating interest in group companies

The movements in the participating interest in group companies, which are accounted for using the equity method, were as follows:

(x EUR 1.000)	31 December 2022	31 December 2021
Balance as at 1 January	**890,813**	**834,033**
Increase of capital	52,128*	
Dividend paid out	-3,175	-97,596
Foreign exchange differences	35,448	56,387
Result for the year	130,971	97,988
Balance as at 31 December	**1,106,185**	**890,813**

* In September 2022 capital has been increased in Hong Kong.

The following tables shows the details of the investments to be consolidated: **2022**

	Entitlements	Currency	Shareholders' equity 2022	Net result 2022	Shareholders' equity 2022
			(x 1,000)	(x 1,000)	(x EUR 1,000)
ABN AMRO Clearing Chicago LLC, registered office in Chicago, USA;	100%	USD	579,194	84,620	542,635
ABN AMRO Clearing Sydney Pty Ltd, registered office in Sydney, Australia;	100%	AUD	74,920	5,304	47,678
ABN AMRO Clearing Hong Kong Ltd, registered office in Hong Kong;	100%	HKD	3,275,848	309,874	393,366
ABN AMRO Clearing Tokyo Co Ltd, registered office in Tokyo, Japan;	100%	JPY	12,543,185	810,168	89,063
ABN AMRO Clearing Singapore Pte Ltd, registered office in Singapore;	100%	SGD	4,631	52	3,235
ABN AMRO Clearing Investments BV, registered office in Amsterdam, The Netherlands.	100%	EUR	29,478	3,684	29,478
ABN AMRO Clearing London Ltd., registered office in London, United Kingdom.	100%	EUR	730		730
					1,106,185

The following tables shows the details of the investments to be consolidated: **2021**

	Entitlements	Currency	Shareholders' equity 2021	Net result 2021	Shareholders' equity 2021
			(x 1,000)	(x 1,000)	(x EUR 1,000)
ABN AMRO Clearing Chicago LLC, registered office in Chicago, USA;	100%	USD	494,574	72,287	436,506
ABN AMRO Clearing Sydney Pty Ltd, registered office in Sydney, Australia;	100%	AUD	74,616	2,766	47,816
ABN AMRO Clearing Hong Kong Ltd, registered office in Hong Kong;	100%	HKD	2,535,872	228,995	287,012
ABN AMRO Clearing Tokyo Co Ltd, registered office in Tokyo, Japan;	100%	JPY	11,733,017	761,426	89,960
ABN AMRO Clearing Singapore Pte Ltd, registered office in Singapore;	100%	SGD	4,579	28	2,995
ABN AMRO Clearing Investments BV, registered office in Amsterdam, The Netherlands.	100%	EUR	25,794	4,323	25,794
ABN AMRO Clearing London Ltd., registered office in London, United Kingdom.	100%	EUR	730		730
					890,813

17. Property and equipment

(x EUR 1,000)	31 December 2022	31 December 2021
Total property and equipment	**1,169**	**1,456**

The tables below shows the categories of property and equipment at 31 December 2022 against net book value, and the comparatives.

(x EUR 1,000) **2022**

	Leasehold improvements	IT equipment	Other property and equipment	Right of use assets	Total
Acquisition costs as at 1 January 2022	**557**	**6,210**	**311**	**2,719**	**9,797**
Additions		154		253	407
Disposals				-715	-715
Foreign exchange differences	38	144	21	178	381
Acquisition costs as at 31 December 2022	**595**	**6,508**	**332**	**2,434**	**9,869**
Accumulated depreciation 1 January 2022	**-497**	**-6,110**	**-299**	**-1,436**	**-8,341**
Depreciation expense	-66	-81	-4	-597	-748
Disposals				682	682
Foreign exchange differences	-33	-141	-21	-96	-293
Accumulated depreciation as at 31 December 2022	**-595**	**-6,332**	**-324**	**-1,447**	**-8,700**
Property and equipment as at 31 December 2022	**-**	**176**	**8**	**967**	**1,169**

(x EUR 1,000) 2021

	Leasehold improvements	IT equipment	Other property and equipment	Right of use assets	Total
Acquisition costs as at 1 January 2021	**525**	**5,827**	**293**	**2,409**	**9,053**
Additions				155	155
Foreign exchange differences	33	382	18	155	589
Acquisition costs as at 31 December 2021	**557**	**6,210**	**311**	**2,719**	**9,797**
Accumulated depreciation 1 January 2021	**-292**	**-5,602**	**-274**	**-813**	**-6,981**
Depreciation expense	-180	-137	-7	-569	-892
Disposals				18	18
Foreign exchange differences	-25	-371	-17	-72	-485
Accumulated depreciation as at 31 December 2021	**-497**	**-6,110**	**-299**	**-1,436**	**-8,341**
Property and equipment as at 31 December 2021	**61**	**100**	**12**	**1,283**	**1,456**

No impairments to property and equipment have been recorded in 2022 or 2021.

Leasing

ACB leases various assets, mainly office properties, cars and equipment that serve to support the bank's operations. The leases have various terms, termination and renewal options.

AACB leases offices and other premises under non-cancellable operating lease arrangements. The leases have various terms, escalation and renewal rights. There are no contingent rents payable. AACB also leases equipment under non-cancellable lease arrangements.

(x EUR 1,000)	2022	2021
Where AACB is the lessee, the future minimum lease payments under IFRS 16 are as follows:		
Within 3 months	111	111
More than 3 months but within 1 year	318	321
More than 1 year but within 5 years	620	918
More than 5 years		
Total operating lease agreements	**1,050**	**1,350**

18. Intangible assets

(x EUR 1,000)	2022	2021
Acquisition costs as at 1 January	**3,327**	**3,564**
Additions	16	295
Disposals	-87	-726
Foreign exchange differences	65	195
Acquisition costs as at 31 December	**3,321**	**3,327**
Accumulated amortisation 1 January	**-2,543**	**-2,452**
Amortisation expense	-462	-686
Disposals		726
Foreign exchange differences	-66	-131
Accumulated amortisation as at 31 December	**-3,071**	**-2,543**
Total intangible assets as at 31 December	**250**	**784**

No impairments to intangible assets have been recorded in 2022 or 2021.

19. Tax assets and tax liabilities

Tax assets

The current tax asset is the calculated tax position based on actual income over the year less the prepayments made during the year based on the profit estimations.

(x EUR 1,000)	31 December 2022	31 December 2021
Total current tax assets	**128**	**133**
The deferred tax assets can be categorised into:		
Net investment hedge	10,987	10,987
Other assets	215	207
Financial investments		2
Fixed assets	705	871
Total deferred tax assets	**11,907**	**12,067**
Of the deferred tax assets an amount of EUR 1,078 thousand is recorded through the statement of profit or loss and an amount of EUR 10,989 thousand is recorded through equity.		
Total tax assets	**12,035**	**12,200**

Tax liabilities

The current tax liability is the calculated tax position based on actual income over the year less the prepayments made during the year based on profit estimations. However, as the entities operating in the Netherlands form part of a local tax unity, prepayments are made and booked at central level. Therefore, at year-end the full year amount of the Dutch tax is still considered to be paid for these entities.

(x EUR 1,000)	31 December 2022	31 December 2021
Total current tax liabilities	**20,805**	**24,041**
The deferred tax liabilities can be categorised into:		
Fixed assets		
Financial investments	3,265	3,361
Other assets		
Total deferred tax liabilities	**3,265**	**3,361**
Total tax liabilities	**24,070**	**27,402**

20. Other assets

(x EUR 1,000)	31 December 2022	31 December 2021
The table below shows the components of other assets at 31 December:		
Related to securities transactions*	14,974	16,904
Accrued other income	14,937	2,039
ABN AMRO group companies	3,935	3,977
Prepayments	2,747	3,130
VAT and other tax receivable	4,953	5,428
Other	3,062	6,743
Total other assets	**44,608**	**38,221**

* These include transitory amounts related to securities transactions.

(x EUR 1,000)	31 December 2022	31 December 2021
Other assets	44,608	38,221
Tax assets	12,035	12,200
Total other assets	**56,643**	**50,421**

21. Derivatives

(x EUR 1,000)	31 December 2022	31 December 2021
The table below shows the components of derivatives:		
Portfolio swaps	22	
Total derivatives	**22**	

22. Due to banks

(x EUR 1,000)	31 December 2022	31 December 2021
The table below shows the components of due to banks:		
Demand deposits	666,005	571,083
Time deposits	13,655,120	11,847,938
Total due to banks	**14,321,125**	**12,419,022**
Of the due to banks item the following amounts were with:		
Demand deposits due to banks ABN AMRO group	250,720	132,456
Time deposits due to banks ABN AMRO group	13,654,671	11,847,895
Total ABN AMRO Group companies	**13,905,391**	**11,980,351**
Demand deposits due to third party banks	415,285	438,627
Time deposits due to third party banks	449	43
Total third party banks	**415,734**	**438,670**
Total due to banks	**14,321,125**	**12,419,021**

As of 31 December 2022, an amount of EUR 9,050 million has a maturity of more than 3 months (2021: EUR 8,263 million).

(x EUR 1,000)	31 December 2022	31 December 2021
Due to banks	14,321,125	12,419,021
Securities financing	153,160	4,268,195
Total due to banks	**14,474,285**	**16,687,216**

23. Due to customers

This item is comprised of amounts due to non-banking customers.

(x EUR 1,000)	31 December 2022	31 December 2021
The table below shows the components of due to customers:		
Demand deposits	6,862,684*	11,298,354
Time deposits	1,233,951	716,925
Total due to customers	**8,096,636**	**12,015,279**
The due to customers item can be split up between ABN AMRO group customers and third party customers as follows:		
Demand deposits due to customers ABN AMRO group	1,073,110	688,737
Total ABN AMRO Group companies	**1,073,110**	**688,737**
Demand deposits due to customers third party	5,789,574	10,609,617
Time deposits due to customers third party	1,233,951	716,925
Total third party customers	**7,023,526**	**11,326,541**
Closing balance as at 31 December	**8,096,636**	**12,015,279**

As of 31 December 2022, an amount of EUR 3,957 thousand has a maturity of more than 3 months but less than one year (2021: 11,187).

* Large decrease is result of several clients that moved to an ISA setup & lower commodity prices resulting in lower margin requirements and thus associated client deposits.

(x EUR 1,000)	31 December 2022	31 December 2021
Due to customers	8,096,636	12,015,279
Securities financing	1,015,047	643,874
Total due to customers	**9,111,683**	**12,659,153**

24. Issued debt

(x EUR 1,000)	31 December 2022	31 December 2021
The issued debt consists of the following:		
Bonds and notes issued	600,000*	600,000
Total Issued debt	**600,000**	**600,000**

* This debt was extended on 9 December 2022 for regulatory reasons and has an expiration date of 1 July 2025.

25. Provisions

(x EUR 1,000)	31 December 2022	31 December 2021
Total Provisions	**5,576**	**322**

The provision amount mainly relates to a restructuring provision (EUR 1.8 million) and a provision related to the potential claim from clients on unpaid stamp duty on securities borrowing transactions between AACB and its clients (EUR 3.7 million). On the basis of information currently available, AACB determines with reasonable certainty that the full amount represents the expected cash outflow of the provisions for the 2023 financial year.

(x EUR 1,000)	31 December 2022	31 December 2021
Opening balance as at 1 January	**322**	**2,245**
Additions	5,484	
Used		-1,455
Currency translation result	-5	6
Releases	-225	-474
Closing balance as at 31 December	**5,576**	**322**

26. Other liabilities

(x EUR 1,000)	31 December 2022	31 December 2021
The table below shows the components of other liabilities at 31 December:		
Related to securities transactions*	61,293	28,831
Rebilling cost by ABN AMRO group	60,096	52,702
Accounts payable	33,051	22,343
Accrued expenses	7,200	7,977
Lease liabilities	1,050	17,892
VAT and other tax payable	578	
Other	16,312	1,350
Total other liabilities	**179,580**	**131,095**

* These include transitory amounts related to securities transactions.

(x EUR 1,000)	31 December 2022	31 December 2021
Derivatives	22	
Financial liabilities held for trading	995	
Tax liabilities	24,070	27,402
Other	179,580	131,095
Total other liabilities	**204,667**	**158,497**

27. Equity

(x EUR 1,000)	31 December 2022	31 December 2021
Total Equity	**1,722,079**	**1,502,799**

For more information, see the notes to the Consolidated Financial Statements, note 30, Equity.

28. Commitments and contingent liabilities

(x EUR 1,000)	31 December 2022	31 December 2021
The committed credit facilities consist of the following:		
Total committed credit facilities	**154,487**	**71,206**

The guarantees and other commitments consist of the following:		
Guarantees	939,770	890,457
Irrevocable payment commitment	7,557	5,732
Total guarantees and other commitments	**947,327**	**896,189**
The guarantees have been given to third parties and are divided as follows:		
Guarantees given to subsidiaries	809,647	856,117
Guarantees given to clients	95,563	
Guarantees given to exchanges	34,560	34,340
Total Guarantees	**939,770**	**890,457**

Many of the guarantees and other commitments are expected to expire without being advanced in whole or in part. This means that the amounts stated do not represent expected future cash flows.

Acquisitions

No acquisitions were made by ABN AMRO Clearing Bank N.V. in 2022.
Amsterdam, 17 May 2023

Management Board

R.V.C. Schellens
J.B.M. de Boer
L.M.R. Vanbockrijck
J.F.E. ten Veen

Rules on profit appropriation as set out in the Articles of Association

The profit shown in the income statement as adopted by the General Meeting of Shareholders has been placed at the disposal of the General Meeting of Shareholders.

Profit appropriation

The ABN AMRO group policy is to upstream dividends from subsidiaries where appropriate. The dividend 2022 will be based on our current and projected consolidated capital ratios and local regulatory and exchange requirements in combination with our growth strategy. AACB proposes not to pay any dividend due to higher regulatory capital requirements. The final dividend amount will be decided at the General Meeting of Shareholders in May 2023.

Other information

Independent auditor's report

To: the shareholders and supervisory board of ABN AMRO Clearing Bank N.V.

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of ABN AMRO Clearing Bank N.V. based in Amsterdam, the Netherlands.

The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of ABN AMRO Clearing Bank N.V. as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of ABN AMRO Clearing Bank N.V. as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2022
- The following statements for 2022: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company statement of financial position as at 31 December 2022
- The company income statement for 2022
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.
Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of ABN AMRO Clearing Bank N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

ABN AMRO Clearing Bank N.V. (hereinafter also referred to as the company) is a globally active general clearing member, providing execution, clearing, settlement, custody and financing services for listed derivatives, cash securities, over-the-counter products, exchange-traded funds, commodities, and foreign exchange transactions. These activities are mainly conducted in Europe, Asia-Pacific and the United States with coverage on major exchanges and execution venues. The Company is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

Materiality

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality	€12.2 million (2021: €11.2 million)
Benchmark applied	5% of operating profit before taxation
Explanation	Based on our professional judgment, a benchmark of 5% of operating profit before taxation is an appropriate quantitative indicator of materiality and it best reflects the financial performance of the company. We determined materiality consistent with previous financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 0.6 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

The Company is at the head of a group of entities ('components'). The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities in the Netherlands, the United States, Singapore and Hong Kong. We have:

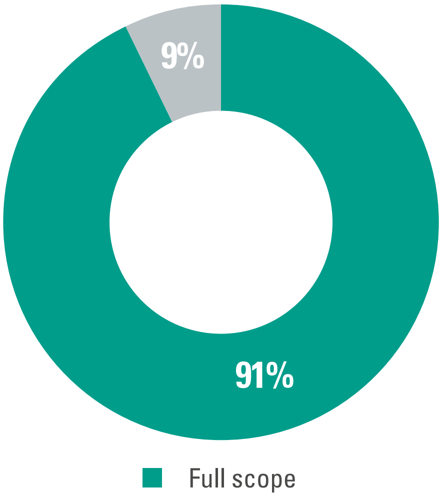
- Performed audit procedures ourselves at group level and at component level in the Netherlands
- Used the work of other component auditors from EY Global member firm, operating under our coordination and supervision when auditing the group entities in the United States, Singapore and Hong Kong
- Performed limited procedures at other group entities

We sent instructions to component auditors, covering the significant areas and the information required to be reported to us. Based on our risk assessment, we determined the level of involvement in component audits. We have visited the component team in the United States and met with local management, reviewed key local working papers and conclusions and obtained an understanding of key processes.

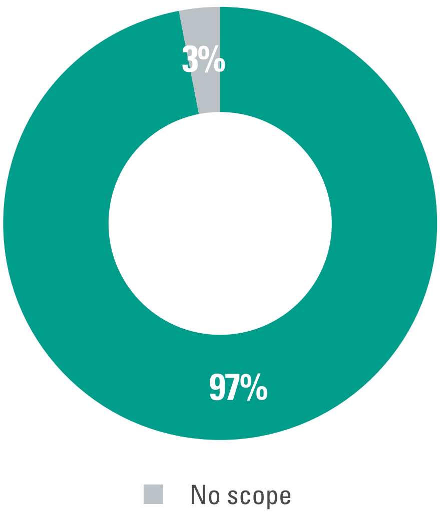
We interacted regularly with the component teams during various stages of the audit. We reviewed key working papers of component auditors using the EY electronic audit file platform, screen sharing or copies of work papers submitted to the group audit team.

Through these procedures we covered in total 97% of the group’s total assets and 91% of operating profit before taxation.

Coverage based on operating profit before taxation



Coverage based on Total Assets



By performing the procedures mentioned above at components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group’s financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a clearing bank. We included team members with specialized knowledge in the areas of IT audit, forensics and tax.

Our focus on climate-related risks and the energy transition

The management board has reported in its annual report how the company is addressing risk related to climate change, energy transition and the environment, thereby taking into account related regulatory and supervisory guidance and recommendations. Furthermore, we refer to the “Operational Improvements” that is part of the “Corporate Social Responsibility” section of the annual report where the management board discloses its assessment, ambition and environmental efforts in connection to climate-related risks and the effects of energy transition.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and the company’s ambition and environmental efforts, are taken into account in estimates and significant assumptions as well as in the design of relevant internal control measures. Furthermore, we read the annual report and considered whether there is any material inconsistency between the non-financial information and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2022.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the management board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to the section Risk Management of the annual report for the management board's risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 'Critical accounting estimates and judgements' in the notes to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition due to the complexity and diversity of fee schedules. We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter 'Complexity and diversity of fee schedules'.

We considered available information and made enquiries of relevant members of the management board, management, finance, risk, compliance, internal audit and legal, and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of the integrity risk analysis (SIRA), inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit, particularly relating to the Markets in Financial Instruments Regulation. Finally we obtained written

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representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in the 'basis of presentation' of the notes to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the management board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the management board exercising professional judgment and maintaining professional skepticism.

We considered whether the management board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern and whether the company will continue to comply with the regulatory solvency and liquidity requirements.
If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matters did not change.

Complexity and diversity of fee schedules	
Risk	Clients' fee schedules are customized and depend on a variety of factors including the kind of transaction, the investment type and the related exchanges. Furthermore, both fixed fees and fees dependent on volume exist. These complex and diverse fee schedules, in combination with significantly increased volumes due to market volatility, lead to an increased risk of material misstatement in relation to recognition of fee and commission income, in the financial statements. As the larger clients in Europe typically have the most tailored fee schedules, we deem the risk to be inherent in the Company's main clients' fee schedules. Moreover, when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. As the fee and commission income represents the majority of the company's income and given the complexity and diversity of the schedules we consider this a key audit matter. Please refer to note 2 Net fee and commission income in the financial statements.
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policies related to revenue recognition, determination of transaction prices and satisfaction of performance obligations in accordance with IFRS 15 'Revenue from contracts with customers' and whether the accounting policies have been applied consistently or whether changes, if any, are appropriate in the circumstances. We evaluated the design and implementation and tested operating effectiveness of the key controls over fee schedules origination and changes, data input and recording in source systems, automated calculation of fees and reconciliation controls with external parties.

	We applied data-analytics on a fee and commission income stemming from security transactions to recalculate the fees and commissions recorded, thereby verifying their completeness and accuracy. We tested appropriate recognition of fees from the source systems in the general ledger and on clients' clearing statements. In addition, we obtained confirmations from a selection of customers confirming their year-end cash balances in clearing accounts to which fees are charged.
Key observations	Based on our procedures performed we consider the fee and commission income to be reasonably stated.

IT reliability and continuity	
Risk	The continuity and reliability of the IT environment are crucial for ABN AMRO Clearing Bank N.V.'s operations and its financial reporting process. We consider this a key audit matter as the company relies extensively on a relatively complex IT environment for trading, collateral management, reconciliations, and financial and risk reporting. The dependency on IT systems could lead to undetected misstatements in financial reporting. Further, complex identity and access management processes increase the risk of inappropriate access to applications and data and increase the risk of inappropriate segregation of duties. A summary of technology and the IT environment is included in the Information Technology section and the discussion on operational risk in the Risk Management section of the annual report.
Our audit approach	continuity of the IT environment to the extent necessary for the scope of our audit of the financial statements. In this context, we evaluated the design of the IT processes and tested the operating effectiveness of general IT controls, as well as application controls over data processing, data feeds and interfaces, where relevant for the financial reporting. We evaluated the design and tested the operating effectiveness of IT general controls related to identity and access management, change management and we tested the relevant automated controls as embedded in the company's core transaction processing systems, where we relied upon for financial reporting. Based on our findings from the test of the IT general controls, in the identity and access management processes for the infrastructure components involved and related applications, we performed additional procedures to be able to conclude on the reliability of the information used in the financial reporting process. We also assessed the reliability and continuity of the IT environment and the possible impact of changes during the year. In addition, our audit procedures consisted of evaluating developments in the IT infrastructure and analyzing the impact on the IT organization as well as monitoring and evaluating upon parts of IT processes that have been outsourced.
Key observations	Our testing of the IT general controls and the substantive tests performed, provided sufficient evidence to enable us to rely on the adequate and continued operation of the IT systems relevant for our audit of the financial statements.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of ABN AMRO Clearing Bank N.V. on 11 September 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit, risk & compliance committee of the supervisory board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 17 May 2023

Ernst & Young Accountants LLP

signed by P. Sira

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