ABN·AMRO

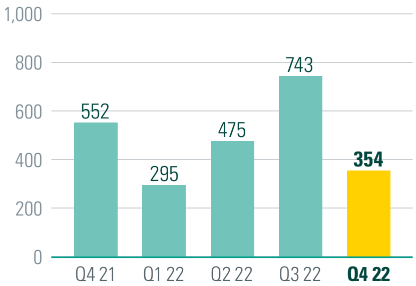
Quarterly Report

ABN AMRO Bank N.V.

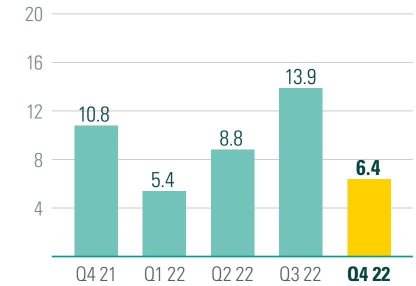
Fourth quarter 2022

Figures at a glance

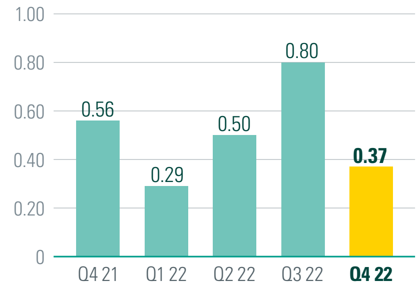
Net profit/(loss)
(in millions)



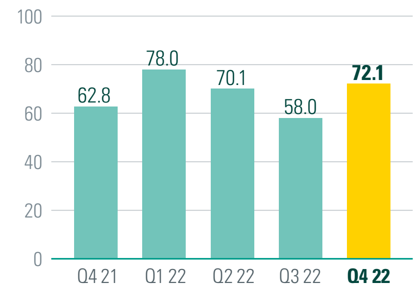
Return on equity
(in %) Target is 8%



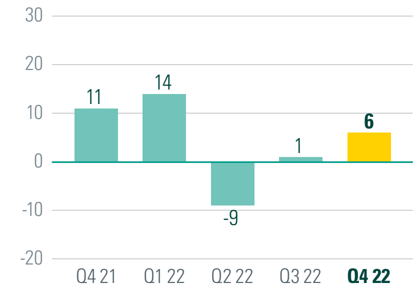
Earnings per share
(in EUR)



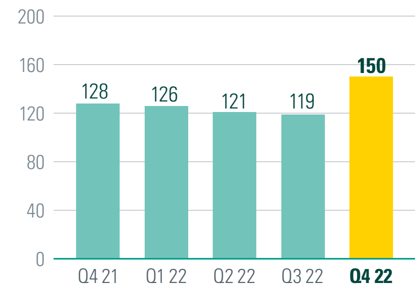
Cost/income ratio
(in %)



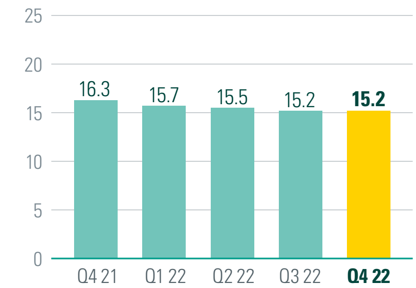
Cost of risk
(in bps) Through-the-cycle around 20bps



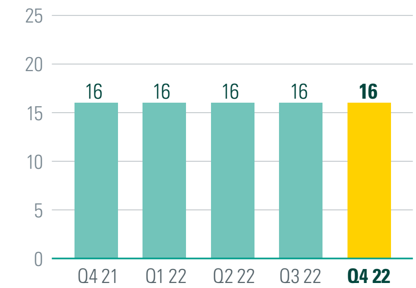
Net interest margin
(in bps)



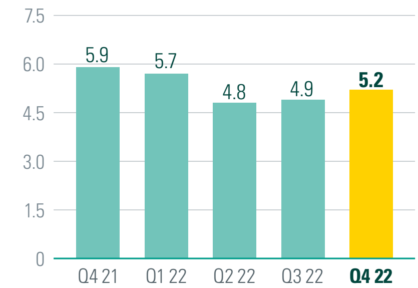
CET1 ratio (Basel III)
(end-of-period, in %)



CET1 ratio (Basel IV)
(end-of-period, in %) Target is 13%



Leverage ratio (CRR2)
(end-of-period, in %)



For more information about net profit, return on equity, earnings per share, cost/income ratio, cost of risk and net interest margin, please refer to the Financial review section.
For more information about CET1 ratio (Basel III and Basel IV) and leverage ratio, please refer to the Capital management section.

Highlights of the quarter and **message from the CEO**

Highlights of the quarter

- Strong finish to the year with a net profit of EUR 354 million in Q4, reflecting higher interest rates and low risk costs.
- Good result in 2022, with a net profit of EUR 1,876 million and an ROE of 8.7%; all client units delivered better results.
- NII strong as deposit margins continued to benefit from higher interest rates; impact of higher rates expected to gradually level off.
- Underlying costs 2% lower than in Q3; full-year costs 2023 expected around EUR 5.3 billion as inflation and higher investments delay the impact of savings programmes.
- Credit quality remains solid. Impairments in Q4 were EUR 32 million, as additions for individual clients were partly offset by releases from macroeconomic scenarios.
- Capital position remains strong, with a fully-loaded Basel III CET1 ratio of 15.2% and a Basel IV CET1 ratio of around 16%.
- Final dividend of EUR 0.67 per share; EUR 500 million share buyback programme announced, superseding the conditional share buyback permission announced in Q2.
- European economy more resilient than expected but we are cautious and prudent buffers remain in place. Our strong capital position enables us to support our clients in this challenging environment.
- Steady progress in strategy execution; 2023 will be a year of delivery as we continue our transformation to becoming a personal bank in the digital age.

Message from the CEO

Our fourth quarter was a strong finish to a year in which we delivered a good financial result and made steady progress on the execution of our strategy. The current environment confirms our strategic choices as we benefit from our improved risk profile. The financial results for 2022 were marked by the normalisation of the interest rate environment and low impairments, while fee income increased by 7%. Our return on equity ('ROE') for 2022 was 8.7%. In a challenging environment all client units delivered better results. We executed our inaugural share buyback and maintained strict cost discipline. We transformed the business into three client units, published our climate strategy and were market leader in mortgages. The CIB non-core wind-down has almost been completed. And we made good progress on our AML remediation programmes, which we expect to finalise in 2023. In the past year the transformation influenced our NPS and employee engagement scores and we need to improve client and employee satisfaction. Culture remains my main priority in order to do better on execution. 2023 will be a year of delivery as we continue our transition to becoming a personal bank in the digital age. To further strengthen strategy execution and accelerate the transformation, we will appoint a Chief Operating Officer who will be responsible for operational performance.

In 2022 society and the bank once again demonstrated resilience in a challenging environment. We were faced with a new set of circumstances such as the war in Ukraine, rising energy prices and inflation. Combined with climate change and the aftermath of Covid, this is causing high levels of uncertainty with a large social impact. In line with our purpose, 'Banking for better, for generations to come', we aim to make a positive impact, working together with our clients to tackle the challenges of our times. We are pleased that our strong capital position allows us to be there for our clients in a world where economic, climate, health, geopolitical and other crises are converging and increasingly interconnected.

The European economy is proving more resilient than expected, but we still expect slower growth due to continued elevated energy prices and levels. We remain cautious about the longer-term effects of inflation. In the Netherlands higher interest rates will continue to put pressure on the housing market, but excess savings post-Covid and a still very strong labour market are dampening the impact of inflation. Competition in the mortgage market was strong and our market share for the fourth quarter was 16%. Our mortgage portfolio increased by EUR 0.3 billion in the fourth quarter. Momentum in the corporate loan book remains positive, especially in our focus sectors digital, mobility and new energy. The decrease of EUR 2.8 billion was mainly driven by TLTRO-funded loan repayments and foreign exchange effects. Net new assets at Wealth Management increased by EUR 0.8 billion.

Net profit in Q4 was EUR 354 million, reflecting strong net interest income ('NII') growth, an incidental related to the change in TLTRO terms and low impairments. The resulting

ROE was 6.4%. NII in Q4 was EUR 1,564 million as deposit margins continued to improve in the higher interest rate environment. Costs in the fourth quarter came down by 2% (excluding incidentals and regulatory levies) mainly due to lower staff costs. The total number of FTEs decreased by more than 7% in 2022, the reduction consisting mainly of external FTEs. Costs in 2022 totalled EUR 5.4 billion, reflecting our focus on cost discipline. We are working hard to reach our cost target of below EUR 4.7 billion in 2024, though this has become more challenging in the current environment. Credit quality remains solid, with impairments in Q4 of EUR 32 million, as additions for individual clients were partly offset by releases from macroeconomic scenarios. Cost of risk for the full year was 3 basis points. We remain cautious and continue to stay close to our clients, while prudent buffers remain in place.

Our capital position remains very strong, with a fully-loaded Basel III CET1 ratio of 15.2% and a Basel IV CET1 ratio of around 16%. In line with our capital framework, we propose a final cash dividend equivalent to EUR 0.67 per share. In addition, we have announced a share buyback of EUR 500 million, superseding the conditional share buyback permission announced in Q2. Our strong capital position enables us to consider further share buybacks. We are aiming for a gradual reduction of capital over time, in constructive dialogue with our regulator.

We are a personal bank in the digital age, with our strategic pillars – customer experience, sustainability and future-proof bank – as our guiding principles. We deliver a convenient banking experience and at moments that matter we support our clients with sector and sustainability expertise. To improve the customer experience, we continually develop new propositions for our clients. Tikkie is being used by a growing number of corporate clients as we launched a new app 'Tikkie Zakelijk', to allow companies to create and send Tikkies for business use. In the last quarter we were the first bank in Europe to register an innovative digital bond on a public Blockchain, providing SMEs access to leveraged financing. We now also offer our corporate clients financing and installation of solar panels as a package, supporting our clients in reducing their energy bills with less hassle.

As we continue to further integrate sustainability into the bank, we published our climate strategy, and joined the Net Zero Banking Alliance in December. Climate change, together with the associated social impact, is one of the biggest challenges of our time and we are committed to making a difference. In line with our purpose, we strive to achieve a responsible and just transition that is socially inclusive and respects human rights. Our climate strategy is a plan of action designed to achieve our goal of bringing our portfolios into line with limiting global warming to a 1.5°C scenario and supporting the transition to a net zero economy by 2050. We have set intermediate targets for 2030 for five sectors and will communicate targets for other sectors in 2023.

We are building a future proof bank and all daily banking products are now available remotely; clients no longer need to visit a branch. In the Netherlands we now operate with 27 branches. Following the popularity of video banking for mortgages, over 70% of daily banking is now conducted through video banking as clients are increasingly getting used to working with their bank by online appointment. Digital banking is not accessible to everyone, as also demonstrated by recent research by the Dutch central bank. Our financial coaches remain available for vulnerable groups of clients who need help keeping up with online banking and we will investigate how we can support these groups even better. As a personal bank we strengthen relationships by proactively reaching out to clients, for example mortgage clients at lifecycle moments. And our budget coaches call clients who are facing financial hardship due to the high energy and food prices to lend them a helping hand.

I want to thank Lars Kramer for his leadership and hard work. He has contributed to the execution of our strategy and to the constructive relationship with our shareholders and other major stakeholders. Our staff once again faced a lot of uncertainty and change, both professionally and personally, while working ceaselessly to offer our clients consistent service. While we continue to work on coming together as one bank and on further changing the bank, I am proud of our staff, as they consistently prioritise the interests of our clients. These past few years have clearly brought out the best in our people.

Our clients continued to put their trust in us throughout the year. We aim to keep learning how we can do better for them. Discipline, focus on execution and delivery help us to continuously improve every year. My main driver, like that of my colleagues, is to live up to the trust our clients and society extend to us.

Robert Swaak
CEO of ABN AMRO Bank N.V.

Strategic **KPIs**

We are focused on executing our strategy to become a personal bank in the digital age, the outcome of our comprehensive strategy review announced in November 2020. Our strategic pillars – customer experience, sustainability and future-proof bank – remain our guiding principles in acting on our purpose 'Banking for better, for generations to come'. Delivering on our strategy means delivering on our bank-wide strategic KPIs for 2024.

Customer experience

We are focusing on attractive segments in the Netherlands and Northwest Europe where we can grow profitably and will further develop our leading positions in mortgages and SMEs with new propositions. Our goals are to achieve positive NPS and to increase our market share to above 20% in both segments.

ABN AMRO's market share in new mortgage production rose to 17% in 2022, reflecting strong operational capabilities, although increasing competition towards the end of the year put some pressure on our market share. Market share for SMEs was lower in a highly competitive market, as we are focusing on improving new client take-on processes and cross-buying opportunities.

As we are increasingly becoming a personal bank in the digital age, the digital experience remains the most valued element of our service for our clients, while they clearly also appreciate our expertise through personal contact. Our relational NPS for mortgages and SMEs continue to be influenced by sentiment surrounding the closing of branches and, to a lesser extent, by fee increases and general sentiment. We closed around 50 branches in 2022. Our NPS for mortgages remained stable as clients are more positive about our expertise and have been proactively approached more often. Our NPS for SMEs is lower as these clients are critical of time-consuming KYC processes, for which we now also charge, and some customer journeys are not yet fully digital.

We aim to continue improving our NPS by being more proactive and providing better information to clients on how they can contact us in the new service model, given that reachability remains a key detractor. It takes some time before operational improvements work through into improved NPS scores.

Sustainability

Our clients increasingly need expertise to support them in the sustainability shift. We aim to increase the asset volume of sustainable client loans (including mortgages and corporate loans) and ESG and impact investments as part of the bank's outstanding mortgage loan book, corporate loan book and relevant client asset volume from around one-fifth to over one-third in 2024. We are making good progress, with a score of 31% at the year-end.

The Sustainability Acceleration Standard (SAS) KPI for our corporate loans increased from 14% to 19% in 2022. This strong increase was especially evident in our Commercial Real Estate portfolio, but also in other sectors, with increasing numbers of client loans qualifying as sustainable. Our mortgage portfolio is showing a steady improvement, with an SAS KPI of 28%. At present, 46% of our client assets are ESG or impact investments. The strong increase of 8% was mainly driven by continuous improvements in the assessment of client investments. Following the publication of our climate strategy in December 2022, we will evaluate the bank-wide targets on sustainability and include climate during 2023.

ABN AMRO remains within 15 per cent of the highest sector score in S&P Global's latest Corporate Sustainability Assessment. Our target is to score within 5 per cent of the highest sector score. We are not included in the S&P Global Dow Jones Sustainability Index (DJSI World & Europe). For the bank, the DJSI is the most important indicator of its sustainability performance. The assessment also helps us to highlight where ABN AMRO can further improve. While scores for areas such as human rights and operational eco-efficiency are high, we see scope to improve results in, for example, the decarbonisation strategy and occupational health & safety categories.

To live up to our purpose and achieve our strategic goals, we need to have the right talent on board and continuously invest in diversity and inclusion. A key factor is fostering an inclusive climate for our people and our clients – an environment in which the diversity of society is reflected. This is important for employee engagement and creating a pleasant working environment and makes for a better risk culture and decision-making. The percentage of women in the subtop rose to 31%.

Future-proof bank

We are building a future-proof bank. In the digital age, personal is often digitally enabled and combined with expertise as our main differentiator. Clients expect easy digital delivery in apps, fully digital services and seamless self-service. For all high-volume processes, our focus is on end-to-end digitalisation – to enable the digital-first customer experience, but also to increase efficiency. At the end of 2022, 63% of our high-volume product and service processes were end-to-end digitalised, mainly in products such as day-to-day banking, savings, lending, mortgages and payments. All our daily banking services and products are available remotely.

We are targeting costs lower than EUR 4.7 billion in 2024, reflecting further cost savings of EUR 700 million compared to 2020. In 2022 we focused on the implementation of our new client service model. The wind-down of the CB non-core portfolio has been largely completed, improving our risk profile. The recalibrated through-the-cycle cost of risk is around 20 basis points.

We target an ROE of around 8% by 2024, when the cost of risk is expected to have normalised, cost-saving programmes will have been completed and growth initiatives will be delivering results. Our ROE ambition remains 10%. We have set out our capital framework and we are committed to capital return. We pay dividend at a payout ratio of 50% of net profit, after deduction of AT1 coupon payments and minority interests. Basel IV is our primary capital metric, with a CET1 target of 13%. Progress on our financial targets is addressed in the relevant sections of this report.

Strategic pillars	Metric	2024 targets	2022 results	2021 results
Customer experience				
	Relational NPS[1]			
	Mortgages	> 0	0	-1
	SMEs (incl. self-employed)[2]	> 0	-38	-33
	Market share growth in focus segments			
	New production mortgages	20%	17%	16%
	SMEs[2,3]	20%	16%	18%
Sustainability				
	Supporting clients' transition to sustainability			
	Percentage sustainability (acceleration) asset volume[4]	36%	31%	27%
	Diversity & Inclusion			
	Percentage of women at subtop	34%	31%	30%
Future-proof bank				
	Digitalisation			
	Straight-through-processing rate of high volume service and product processes[5]	90%	63%	n/a
	Financial targets			
	Absolute cost base (in EUR billions)[6]	<4.7	5.3	5.3
	Through-the-cycle cost of risk (in bps)	20	3	-7
	Return on equity (ambition with normalised interest rates)	8% (10%)	9%	6%
	CET1 ratio (Basel IV)[7]	13%	16%	16%

1 Net Promoter Score is calculated as the percentage of promoters minus the percentage of detractors.
2 The SME scope has been revised to business clients with a revenue below EUR 25 million, due to new top structure and refined priorities. The comparative figures have not been adjusted.
3 Market share SMEs is based on previous year-end results.
4 For definition of sustainability (acceleration) asset volume, see Operational sustainability KPIs table.
5 High volume service and product processes in scope are considered to be generic service, transaction banking and (home and other) financing solutions processes key to serving Personal & Business Banking clients (i.e. the client segment with the highest client volumes) with the highest annual transaction volumes (i.e. annual transaction volumes of >30.000).
6 Excluding large incidentals.
7 CET1 ratio (Basel IV) is rounded to the nearest whole percent. For more information about CET1 ratio Basel IV, please refer to the Capital section in the Risk, funding & capital chapter.

Operational sustainability KPIs

	Targets			Results	
	2024	2023	2022	2022	2021
Percentage sustainability (acceleration) asset volume[1]					
- ESG + impact investments[2]	42%	40%	38%	46%	38%
- Residential mortgages	34%	31%	28%	28%	25%
- Corporate loans to clients[3]	27%	21%	16%	19%	14%
Total	**36%**	**32%**	**29%**	**31%**	**27%**
External rating					
S&P Global ESG Dow Jones Sustainability Index[4]	top 5%	top 5%	top 5%	top 15%	top 15%

1 The definition of sustainability (acceleration) asset volume is based on ABN AMRO's Sustainability Acceleration Standards. These standards contain clear definitions with regard to clients' sustainability policies, practice and governance. The overall target for sustainability (acceleration) asset volume is calculated as the sum of sustainability (acceleration) asset volume (mortgages and corporate loans) and sustainability (acceleration) client asset volume, divided by the sum of the outstanding mortgage loan book, corporate loan book and relevant client asset volume.

2 In the past our assessment of the SAS KPI has been conservative when data was unavailable or of low quality. In the past year we've made further improvements to our assessment of investments against the ESG and Sustainable Impact Standard and have improved data availability. This, together with the move of several funds from SFDR Article 6 to Article 8, explains the increase in ESG + impact investments. Comparative figures have not been adjusted.

3 Corporate loans were previously reported separately as loans from our Corporate & Institutional Banking and Commercial Banking businesses. This figure is now reported as corporate loans in line with the new client units introduced at the start of 2022. Corporate loans includes loans from all three client units. Non-core loans from our former Corporate & Institutional Banking unit are not included. Results for 2021 have been adjusted accordingly to allow like-for-like comparison.

4 The result indicates to which extent ABN AMRO deviates from the highest score of the industry leader.

Financial review

This financial review includes a discussion and analysis of the results and sets out the financial position of ABN AMRO.

Results

Operating results

(in millions)	Q4 2022	Q4 2021	Change	Q3 2022	Change	2022	2021	Change
Net interest income	1,564	1,339	17%	1,276	23%	5,422	5,210	4%
Net fee and commission income	443	446	-1%	441		1,778	1,664	7%
Other operating income	-145	499		446		640	724	-12%
Operating income	**1,861**	**2,284**	**-19%**	**2,162**	**-14%**	**7,841**	**7,597**	**3%**
Personnel expenses	634	571	11%	605	5%	2,458	2,324	6%
Other expenses	709	863	-18%	649	9%	2,968	3,482	-15%
Operating expenses	**1,343**	**1,433**	**-6%**	**1,254**	**7%**	**5,425**	**5,806**	**-7%**
Operating result	**518**	**851**	**-39%**	**908**	**-43%**	**2,415**	**1,791**	**35%**
Impairment charges on financial instruments	32	121	-74%	7		39	-46	
Profit/(loss) before taxation	**486**	**729**	**-33%**	**902**	**-46%**	**2,376**	**1,838**	**29%**
Income tax expense	132	177	-26%	159	-17%	509	604	-16%
Profit/(loss) for the period	**354**	**552**	**-36%**	**743**	**-52%**	**1,867**	**1,234**	**51%**
Attributable to:								
Owners of the parent company	354	552	-36%	743	-52%	1,868	1,231	52%
Non-controlling interests							3	
Other indicators								
Net interest margin (NIM) (in bps)	150	128		119		129	127	
Cost/income ratio	72.1%	62.8%		58.0%		69.2%	76.4%	
Cost of risk (in bps)[1]	6	11		1		3	-7	
Return on average equity[2]	6.4%	10.8%		13.9%		8.7%	5.8%	
Dividend per share (in EUR)[3]	0.67	0.61				0.99	0.61	
Earnings per share (in EUR)[4,5]	0.37	0.56		0.80		1.96	1.21	
Client assets (end of period, in billions)	301.2	313.6		292.6				
Risk-weighted assets (end of period, in billions)	128.6	117.7		131.0				
Number of employees (end of period, in FTEs)	20,038	19,957		20,128				
Number of non-employees (end of period, in FTEs)	4,575	6,524		5,207				

1 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding fair value adjustments from hedge accounting.
2 Annualised profit/(loss) for the period, excluding payments attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average equity attributable to the owners of the company excluding AT1 capital securities.
3 Interim/final dividend per share over the relevant period as declared/proposed by the company, subject to approval at the annual general meeting (AGM).
4 Annualised profit/(loss) for the period, excluding payments attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average outstanding and paid-up ordinary shares.
5 For the year 2022, the average number of outstanding shares amounted to 907,707,706.

Large incidentals

Q4 2022

TLTRO programme

During Q4 2022, ECB announced that the TLTRO III terms and conditions would change with effect from 23 November 2022. As a result, the hedge held for interest rate sensitivity was no longer effective and led to a loss of EUR 319 million, which was booked in Other Operating Income at Group Functions. This amount was partially offset by the discount of EUR 60 million from the TLTRO programme (until 23 November), which was recorded in net interest income.
Q4 2021 included EUR 93 million for the conditional TLTRO discount, while Q3 2022 included EUR 44 million recorded in net interest income at Group Functions. The majority of this benefit is being passed on to our clients.

New Collective Labour Agreement

In Q4 2022, ABN AMRO concluded a new collective labour agreement (CLA) for its staff in the Netherlands with effect from 1 July 2022. This resulted in a structural salary increase of 4% from 1 October 2022, a structural salary increase of 2.5% from 1 July 2023 and a one-time gross payment of EUR 2,000 for employee (on a full-time basis). This one-off payment resulted in an additional cost of EUR 34 million in Q4 2022, which was included in personnel expenses.

Q4 2021 & Q3 2022

Provision for variable interest compensation

In Q4 2021, ABN AMRO decided (where possible) to proactively recalculate variable interest charged from 1 January 2001. As a result, an additional provision amounting to EUR 88 million was recorded in Personal & Business Banking, consisting of EUR 91 million for an NII provision, EUR 6 million for handling costs and a EUR 9 million release on credit impairments.

In Q3 2022, the Appeals Board of the Dutch Financial Services Complaints Authority (Kifid) ruled that clients with interest rates that were not sufficiently aligned with market rates should also be compensated for compound interest (interest on interest). This provision was therefore increased by EUR 110 million for client compensation (recorded under net interest income) and by EUR 12 million for additional handling costs (recorded under other expenses).

Sale and leaseback of our head office in Amsterdam

In Q4 2021, ABN AMRO completed the sale and leaseback of its head office at the Gustav Mahlerlaan in Amsterdam. The transaction resulted in a gain of EUR 327 million in other operating income at Group Functions.

Release of EURIBOR provision

The Court of Appeal in The Hague issued a ruling on 11 October 2022 in the EURIBOR mortgages case. This ruling was favourable for ABN AMRO. In Q3 2022, the EURIBOR provision was released to the P&L for an amount of EUR 28 million under net interest income, mainly at Personal & Business Banking.

Sale of ABN AMRO Life Insurance, ABN AMRO Pensioeninstelling and MP Solar

Nationale Nederlanden ABN AMRO Verzekering Holding (in which ABN AMRO has a 49% interest) completed the sale of the life insurance business to NN Group during Q3 2022. This resulted in a profit of EUR 42 million, recorded at Personal & Business Banking. The sale of ABN AMRO Pensioeninstelling to Achmea was also finalised, with a EUR 73 million profit recorded at Wealth Management. Lastly, also in Q3 2022, ABN AMRO divested its stake in MP Solar; the EUR 60 million gain on this transaction was recorded at Corporate Banking. All profits (EUR 175 million) were booked under other operating income.

Fourth quarter 2022 results

Net interest income amounted to EUR 1,564 million in Q4 2022 (Q4 2021: EUR 1,339 million). Excluding large incidentals, net interest income was EUR 167 million higher in Q4 2022, reflecting higher deposit margins as a result of increased interest rates. This was partially offset by a significant decrease in mortgage prepayment penalties.

The net interest margin came in at 150bps (Q3 2022: 119bps), mainly due to improved NII in combination with the lower average amount of total assets on the balance sheet (seasonal decrease on professional lending and TLTRO-funded loan repayments during Q4 2022). Compared to the same quarter last year, the net interest margin increased by 22bps (Q4 2021: 128bps), mainly reflecting substantially higher net interest income (also partly related to the negative large incidentals last year).

Compared to Q3 2022, net interest income excluding large incidentals increased by EUR 190 million. Higher net interest income was recorded in all client units due to improved deposit margins and also at Treasury largely due to higher interest on cash positions at the ECB and an occasional benefit from the unwinding of swap positions.
From 1 March 2023, the interest rate on savings accounts will increase by a further 25bps.

Net fee and commission income decreased slightly to EUR 443 million in Q4 2022 (Q4 2021: EUR 446 million). Higher payment transaction volumes and pricing at Personal & Business Banking were more than offset by lower asset management fees at Wealth Management as negative stock market developments impacted on assets under management during Q4 2022.

Other operating income totalled EUR 145 million negative in Q4 2022 (Q4 2021: EUR 499 million). Excluding large incidentals, other operating income remained flat compared to Q4 2021. Both quarters contained volatile items: asset and liability management results at Treasury (EUR 38 million in Q4 2022 versus EUR 4 million in Q4 2021), CVA/DVA/FVA[1] results (EUR 2 million negative in Q4 2022 versus EUR 9 million in Q4 2021) and equity participation results (EUR 10 million in Q4 2022 versus EUR 44 million in Q4 2021).

Compared with Q3 2022 (EUR 446 million), other operating income decreased by EUR 591 million. Other operating income excluding large incidentals decreased by EUR 97 million. The decrease was mainly caused by lower volatile items. These include EUR 66 million lower asset and liability management results at Treasury, EUR 29 million lower CVA/DVA/FVA[1] results and EUR 3 million higher equity participation results (excluding the divestment of MP Solar).

[1] Credit Valuation Adjustment/Debit Valuation Adjustment/Funding Valuation Adjustment (CVA/DVA/FVA).

Personnel expenses totalled EUR 634 million in Q4 2022 (Q4 2021: EUR 571 million). Excluding incidentals, the increase in personnel expenses amounted to EUR 29 million and was mainly related to the 4% salary increase under the new CLA.

Personnel expenses were largely flat compared with Q3 2022 (excluding large incidentals), with the 4% salary uplift from the new CLA being partly offset by staff-related provision releases.

Employee FTEs in Q4 2022 were up 81 to 20,038 (Q4 2021: 19,957). This increase comprised FTEs for I&T and AML activities, partly offset by progress made in the CB non-core wind-down and in P&BB (due to the impact of savings initiatives).

Other expenses decreased by EUR 154 million to EUR 709 million in Q4 2022 (Q4 2021: EUR 863 million), mainly as a result of lower regulatory levies and lower expenses from external staffing (mainly related to AML activities). Compared with Q4 2021, external staffing for AML activities decreased by around 1200 as a combined result of cases already remediated and increased efficiency.

Compared with Q3 2022 (EUR 649 million), other expenses increased by EUR 60 million, mainly due to regulatory levies (Dutch bank tax). Excluding large incidentals and regulatory levies, other expenses decreased by EUR 21 million, mainly due to lower external staffing.

Impairment charges amounted to EUR 32 million net (Q4 2021: EUR 121 million) as a result of EUR 57 million of additions in stage 3, offset by releases of EUR 25 million in stages 1 and 2. The additions in stage 3 can be largely attributed to new and existing individual provisioned files. The releases in stages 1 and 2 were mainly caused by adjustments in the weights of the macroeconomic scenarios and a net decrease in management overlays and in-model adjustments.

Income tax expense was EUR 132 million in Q4 2022 (Q4 2021: EUR 177 million). This quarter included the annual Dutch bank tax of EUR 92 million, which is not tax deductible. Excluding the Dutch bank tax, the effective tax rate was 22.8%, reflecting proceeds and revaluations exempted under the Dutch participation exemption.

Profit attributable to owners of the parent company amounted to EUR 354 million in Q4 2022 (Q4 2021: EUR 552 million). Excluding payments attributable to AT1, this amounted to EUR 332 million in Q4 2022 (Q4 2021: EUR 529 million).

RWA decreased to EUR 128.6 billion at 31 December 2022 (30 September 2022: EUR 131.0 billion), reflecting decreases in credit risk RWA and, to a lesser extent, market risk RWA and operational risk RWA. Credit risk RWA decreased due to lower loans and advances, partly offset by methodology and policy changes.

Full-year results

ABN AMRO's full-year profit for 2022 amounted to EUR 1,867 million and improved significantly compared with 2021 (EUR 1,234 million).

Return on Equity for 2022 was 8.7%, compared with 5.8% in 2021.

Net interest income increased by EUR 213 million to EUR 5,422 million in 2022, compared with EUR 5,210 million in 2021. Excluding large incidentals, net interest income decreased by EUR 70 million, mainly due to a significant decrease in mortgage prepayment penalties, lower Treasury results and asset margin pressure (in residential mortgages and consumer loans), partly offset by higher interest margins on deposits in the final quarter of 2022, recorded in all client units.

Net fee and commission income increased by EUR 114 million to EUR 1,778 million in 2022. This increase related mainly to higher transaction volumes and pricing from personal clients, improved credit card usage in ICS and higher transaction volumes at Clearing due to increased market volatility throughout 2022.

Other operating income amounted to EUR 640 million in 2022 (2021: EUR 724 million). Excluding large incidentals, other operating income in 2022 amounted to EUR 784 million and was EUR 258 million higher than in 2021. This was mainly due to significantly higher volatile items in 2022, including asset and liability management results at Treasury (EUR 248 million, excluding the TLTRO amendment loss versus EUR 40 million in 2021), CVA/DVA/FVA results (EUR 60 million in 2022 versus EUR 46 million in 2021) and equity participation results (EUR 67 million, excluding the divestment of MP Solar in 2022, versus EUR 92 million in 2021).

Personnel expenses increased by EUR 133 million to total EUR 2,458 million in 2022 (2021: EUR 2,324 million). Excluding large incidentals, these expenses increased by EUR 100 million, mainly due to the 4% salary increase under the new CLA and higher FTE for AML-related activities, IT and strategy execution, throughout 2022.

Other expenses decreased by EUR 514 million to EUR 2,968 million in 2022 (EUR 3,482 million in 2021). Excluding large incidentals, other expenses decreased by EUR 80 million, mainly due to lower regulatory levies and lower expenses from external staffing, partly related to our AML activities and lower depreciations.

Impairment charges recorded an addition of EUR 39 million in impairments for 2022 (2021: release of EUR 46 million), resulting in a cost of risk of 3bps in 2022, compared to -7bps in 2021. These charges were attributable to a less favourable economic scenario during the year, partly offset by releases from management overlays and releases in the existing stage 3 portfolio. The releases in stage 3 can be largely attributed to better performance of the existing defaulted portfolio, repayments of stage 3 loans, outflows to the performing portfolio and recoveries.

Income tax expense decreased by EUR 95 million to EUR 509 million in 2022 (2021: EUR 604 million). The decrease was mainly driven by the AML settlement recorded in 2021, which was not tax deductible. The effective tax rate was 21.4% in 2022, compared to the standard Dutch rate of 25.8%, mainly driven by proceeds and revaluations exempted under the Dutch participation exemption, offset by the non-deductible Dutch bank tax.

Balance sheet

Condensed consolidated statement of financial position

(in millions)	31 December 2022	30 September 2022	31 December 2021
Cash and balances at central banks	60,865	68,336	66,865
Financial assets held for trading	907	1,946	1,155
Derivatives	5,212	6,577	3,785
Financial investments	39,034	40,394	43,165
Securities financing	20,032	31,991	16,138
Loans and advances banks	2,982	4,217	2,801
Loans and advances customers	243,927	260,929	258,251
Other	6,622	9,989	6,955
Total assets	**379,581**	**424,377**	**399,113**
Financial liabilities held for trading	641	1,023	687
Derivatives	4,148	5,399	4,344
Securities financing	9,652	17,692	9,494
Due to banks	17,509	40,712	38,076
Due to customers	255,015	273,856	251,218
Issued debt	56,259	48,590	59,688
Subordinated liabilities	7,290	6,685	7,549
Other	6,253	7,696	6,059
Total liabilities	**356,767**	**401,653**	**377,114**
Equity attributable to the owners of the parent company	22,812	22,723	21,994
Equity attributable to non-controlling interests	2	2	5
Total equity	**22,814**	**22,725**	**21,999**
Total liabilities and equity	**379,581**	**424,377**	**399,113**
Committed credit facilities	53,873	53,550	54,642
Guarantees and other commitments	7,651	7,559	7,598

Main developments in total assets compared with 30 September 2022

Total assets decreased by EUR 44.8 billion to EUR 379.6 billion at 31 December 2022. The decrease was mainly caused by the combination of seasonal decline and the TLTRO III programme repayment, cash and balances at central bank and securities financing, together with the decrease in professional and client lending.

Cash and balances at central banks decreased by EUR 7.4 billion due to the TLTRO repayment, after our participation in the TLTRO III facility from June 2020 onwards.

Securities financing assets decreased by EUR 12.0 billion to EUR 20.0 billion at 31 December 2022, reflecting seasonality at the year-end.

Loans and advances customers decreased by EUR 17.0 billion, totalling EUR 243.9 billion at 31 December 2022, largely due to a decrease of EUR 14.5 billion in professional lending (with several Clearing clients reducing their positions and self-financing their deposit and margin contributions) and to a decrease in client lending.

Loans and advances customers

(in millions)	31 December 2022	30 September 2022	31 December 2021
Residential mortgages	150,762	150,510	146,351
Consumer loans	10,232	10,400	10,794
Corporate loans to clients[1]	79,085	81,918	77,965
- of which Personal & Business Banking	*8,962*	*9,332*	*9,920*
- of which Corporate Banking	*63,886*	*66,589*	*62,230*
- of which Corporate Banking - core	*62,734*	*64,993*	*60,269*
- of which Corporate Banking - non-core	*1,152*	*1,597*	*1,961*
Total client loans[2]	**240,079**	**242,828**	**235,110**
Loans to professional counterparties and other loans[2, 3]	15,209	29,683	23,605
Total loans and advances customers, gross[2]	**255,288**	**272,510**	**258,715**
Fair value adjustments from hedge accounting	-9,335	-9,345	1,951
Total loans and advances customers, gross	**245,953**	**263,166**	**260,666**
Loan impairment allowances	2,026	2,237	2,416
- of which Corporate Banking - non-core	*225*	*337*	*443*
Total loans and advances customers	**243,927**	**260,929**	**258,251**

1 Corporate loans excluding loans to professional counterparties.
2 Excluding fair value adjustment from hedge accounting.
3 Loans to professional counterparties and other loans includes loans and advances to governments, official institutions and financial markets parties.

Client loans decreased by EUR 2.7 billion to EUR 240.1 billion at 31 December 2022. This decrease came mainly from lower corporate loans at Corporate Banking, of which EUR 0.4 billion was attributable to the continuing wind-down of the CB non-core portfolio. The remaining decrease was largely related to the impact of FX (mainly USD depreciation) and the repayment of loans.

Main developments in total liabilities and equity compared with 30 September 2022

Total liabilities decreased by EUR 44.9 billion to EUR 356.8 billion at 31 December 2022, mainly driven by a decline in due to banks, due to customers and securities financing liabilities, and partly offset by an increase in issued debt securities.

Securities financing liabilities decreased by EUR 8.0 billion to EUR 9.7 billion at 31 December 2022, reflecting a seasonal pattern.

Due to banks decreased by EUR 23.2 billion to EUR 17.5 billion, mainly related to TLTRO repayments.

Due to customers decreased by EUR 18.8 billion, totalling EUR 255.0 billion at 31 December 2022. This was caused by a decline in professional funding within Clearing and Treasury, which was partly offset by an increase in client deposits (due to the increasing economic uncertainty, which led to more savings and less spending by clients).

Issued debt securities increased by EUR 7.7 billion to EUR 56.3 billion, mainly due to an increase in short and long-term funding as a result of the TLTRO repayments. At 31 December 2022, issued debt included EUR 23.8 billion in covered bonds, EUR 8.2 billion in senior preferred funding, EUR 9.5 billion in senior non-preferred funding and EUR 14.7 billion in commercial paper and certificates of deposit. EUR 4.4 billion in outstanding long-term funding and EUR 14.7 billion in outstanding short-term funding matures within 12 months.

Total equity increased by EUR 0.1 billion to EUR 22.8 billion at 31 December 2022. This increase was mainly attributable to the inclusion of profit for the period, which was offset by a decrease in accumulated other comprehensive income.

Equity attributable to owners of the parent company amounted to EUR 22.8 billion in Q4 2022 (Q3 3022: EUR 22.7 billion). Excluding AT1 securities, it increased by EUR 0.1 billion to EUR 20.8 billion at 31 December 2022, resulting in a book value of EUR 23.20 per share, based on 897,521,916 outstanding shares.

Results **by segment**

Personal & Business Banking

Highlights

- Net interest income amounted to EUR 765 million and was significantly higher than in Q4 2021. Excluding incidentals last year, the increase was mainly due to the increased interest rates environment boosting deposit margins.
- The market share of new production in residential mortgages was 16% in Q4 2022 (Q4 2021: 15%, Q3 2022: 19%), reflecting the current competitive pressure.
- Net fee and commission income (Q4 2022: EUR 138 million) was 14% higher than in Q4 2021, driven by higher payment service income (increased payment fees as of 1 July 2022) and higher credit card activities at ICS.
- Operating expenses were EUR 60 million lower than in Q4 2021, mainly due to lower regulatory levies and lower expenses from external staffing (mainly due to a decrease in AML remediation activities), partly offset by higher charges from Group Functions.

Operating results

(in millions)	Q4 2022	Q4 2021	Change	Q3 2022	Change	2022	2021	Change
Net interest income	765	578	32%	620	23%	2,707	2,502	8%
Net fee and commission income	138	121	14%	137	1%	526	438	20%
Other operating income	44	10		50	-11%	101	33	
Operating income	**947**	**709**	**34%**	**807**	**17%**	**3,334**	**2,974**	**12%**
Personnel expenses	115	113	1%	113	2%	463	462	
Other expenses	540	601	-10%	574	-6%	2,194	2,214	-1%
Operating expenses	**655**	**715**	**-8%**	**687**	**-5%**	**2,658**	**2,677**	**-1%**
Operating result	**292**	**-5**		**120**	**144%**	**676**	**297**	**128%**
Impairment charges on financial instruments	-7	36		55		73	-23	
Profit/(loss) before taxation	**299**	**-42**		**65**		**603**	**320**	**88%**
Income tax expense	80	7		4		144	92	56%
Profit/(loss) for the period	**219**	**-49**		**60**		**459**	**228**	**101%**
Cost/income ratio	69.1%	100.8%		85.1%		79.7%	90.0%	
Cost of risk (in bps)[1]	-2	7		12		5	-3	
Other indicators								
Loans and advances customers (end of period, in billions)	157.8	155.8		158.1				
-of which Client loans (end of period, in billions)[2]	*158.4*	*156.6*		*158.8*				
Due to customers (end of period, in billions)	122.9	117.3		120.6				
Risk-weighted assets (end of period, in billions)	38.9	40.3		39.8				
Number of employees (end of period, in FTEs)	4,513	4,704		4,450				
Total client assets (end of period, in billions)	99.0	99.7		97.5				
- of which Cash	*88.6*	*87.3*		*87.2*				
- of which Securities	*10.4*	*12.4*		*10.3*				

[1] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding fair value adjustments from hedge accounting.
[2] Gross carrying amount excluding fair value adjustment from hedge accounting.

Full-year highlights

- Net interest income increased by EUR 204 million to EUR 2,707 million. Excluding large incidentals, net interest income increased due to improved deposit interest margins.
- The market share of new production in residential mortgages rose to 17% in 2022 (2021: 16%).
- Net fee and commission income increased to EUR 526 million (2021: EUR 438 million), reflecting the recovery in credit card usage (ICS) and higher payment service income.
- Operating expenses were largely flat, totalling EUR 2,658 million (2021: EUR 2,677 million), mainly due to lower regulatory levies and incidentals in 2022, partly offset by additional charges from Group Functions.

Wealth Management

Highlights

- Net interest income increased significantly compared with Q4 2021, mainly reflecting higher income from deposits as a result of rising interest rates and despite the end of negative interest rates on deposits as of 1 October 2022.
- Net fee and commission income decreased by EUR 20 million to EUR 142 million, down 12% compared to Q4 2021, mostly because of a decline in asset management fee income due to lower volumes and poor market performance in 2022.
- Operating expenses recorded an increase of EUR 16 million in Q4 2022 compared to Q4 2021, mainly due to the salary increase under the new CLA and higher charges from Group Functions.
- Client assets increased by EUR 7.1 billion compared with Q3 2022 due to positive stock market developments in Q4 2022 and positive inflow. Net new assets increased by EUR 0.8 billion this quarter.

Operating results

(in millions)	Q4 2022	Q4 2021	Change	Q3 2022	Change	2022	2021	Change
Net interest income	227	153	48%	207	9%	764	634	20%
Net fee and commission income	142	162	-12%	143	-1%	595	601	-1%
Other operating income	14	17	-17%	84	-83%	118	47	149%
Operating income	**382**	**332**	**15%**	**434**	**-12%**	**1,477**	**1,283**	**15%**
Personnel expenses	105	96	9%	98	8%	390	387	1%
Other expenses	149	142	5%	164	-9%	617	569	8%
Operating expenses	**254**	**238**	**7%**	**262**	**-3%**	**1,007**	**956**	**5%**
Operating result	**128**	**94**	**37%**	**172**	**-25%**	**470**	**327**	**44%**
Impairment charges on financial instruments	14	-1		10	41%	29	-6	
Profit/(loss) before taxation	**114**	**95**	**20%**	**162**	**-30%**	**440**	**333**	**32%**
Income tax expense	25	30	-18%	23	7%	93	95	-2%
Profit/(loss) for the period	**90**	**65**	**38%**	**139**	**-36%**	**347**	**238**	**46%**
Cost/income ratio	66.5%	71.8%		60.4%		68.2%	74.5%	
Cost of risk (in bps)[1]	44	2		16		19	-5	
Other indicators								
Loans and advances customers (end of period, in billions)	17.0	15.9		16.7				
-of which Client loans (end of period, in billions)[2]	*17.1*	*16.0*		*16.8*				
Due to customers (end of period, in billions)	64.6	63.3		64.5				
Risk-weighted assets (end of period, in billions)	11.3	10.6		10.7				
Number of employees (end of period, in FTEs)	2,848	2,867		2,893				
Total client assets (end of period, in billions)	202.2	213.9		195.1				
- of which Cash	*64.6*	*63.3*		*64.5*				
- of which Securities	*137.6*	*150.6*		*130.6*				
Net new assets (for the period, in billions)	0.8	2.6				3.6	1.5	

[1] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding fair value adjustments from hedge accounting.
[2] Gross carrying amount excluding fair value adjustment from hedge accounting.

Full-year highlights

- Net interest income increased by EUR 130 million to EUR 764 million in 2022. This increase was mainly from deposits and attributable to improved margins due to rising interest rates.
- Operating expenses were EUR 51 million higher in 2022, mainly due to higher charges from Group Functions.
- The volume of sustainability assets increased by 8% points to 46% (compared with 38% in 2021).

Corporate Banking

Highlights

- Net interest income was EUR 85 million higher than in Q4 2021 due to increased interest margins on liabilities and, to a lesser extent, to higher interest income from lending to clients.
- Net fee and commission income totalled EUR 170 million in Q4 2022 (nearly flat compared with Q4 2021). The slight increase in fee income at Clearing due to greater market volatility was offset by lower fee income at Markets and CB non-core (impact of wind-down).
- Operating expenses of EUR 460 million in Q4 2022 were EUR 13 million lower than in Q4 2021 due to lower regulatory levies and non-employee FTE expenses.
- Impairment charges were EUR 63 million lower than in Q4 2021. The figures for 2021 were largely impacted by an increase in management overlay for collateralised loans in stage 3 in Q4 2021.

Operating results

(in millions)	Q4 2022	Q4 2021	Change	Q3 2022	Change	2022	2021	Change
Net interest income	563	477	18%	540	4%	2,112	1,875	13%
Net fee and commission income	170	168	1%	166	2%	682	645	6%
Other operating income	84	120	-30%	179	-53%	451	188	140%
Operating income	**817**	**766**	**7%**	**885**	**-8%**	**3,246**	**2,709**	**20%**
Personnel expenses	149	142	6%	149		600	602	
Other expenses	311	331	-6%	254	22%	1,150	1,144	1%
Operating expenses	**460**	**472**	**-3%**	**403**	**14%**	**1,750**	**1,746**	
Operating result	**357**	**293**	**22%**	**482**	**-26%**	**1,496**	**963**	**55%**
Impairment charges on financial instruments	24	87	-73%	-58		-68	-15	
Profit/(loss) before taxation	**334**	**207**	**61%**	**540**	**-38%**	**1,564**	**978**	**60%**
Income tax expense	91	38	140%	115	-21%	365	247	47%
Profit/(loss) for the period	**242**	**169**	**44%**	**425**	**-43%**	**1,199**	**730**	**64%**
Cost/income ratio	56.3%	61.7%		45.5%		53.9%	64.4%	
Cost of risk (in bps)[1]	13	21		-22		-4	-13	
Other indicators								
Loans and advances customers (end of period, in billions)	77.7	83.8		94.7				
-of which Client loans (end of period, in billions)[2]	*64.5*	*62.5*		*67.2*				
Due to customers (end of period, in billions)	60.6	64.4		73.9				
Risk-weighted assets (end of period, in billions)	73.6	62.4		75.4				
Number of employees (end of period, in FTEs)	3,595	3,857		3,753				

1 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding fair value adjustments from hedge accounting.
2 Gross carrying amount excluding fair value adjustment from hedge accounting.

Full-year highlights

- Net interest income rose in 2022, mainly due to a EUR 289 million increase in CB core, reflecting business growth (increased lending volume) and improved deposit margins. This was partly offset by a EUR 52 million decrease in CB non-core due to the successful wind-down.
- Net fee and commission income showed an increase of 37 million, or 6%, mainly at Clearing and due to increased market volatility throughout 2022.
- Other operating income in 2022 amounted to EUR 451 million (2021: EUR 188 million), mainly as a result of large incidentals and volatile items in both years.
- Operating expenses were nearly flat compared with the previous year, with the decline in CB non-core due to the ongoing wind-down being fully offset by higher personnel expenses from the new CLA and higher charges from Group Functions.
- Impairment charges recorded a net release of EUR 68 million in 2022, mainly due to stage 3 model-based and individual releases throughout 2022.

Core

(in millions)	Q4 2022	Q4 2021	Change	Q3 2022	Change	2022	2021	Change
Net interest income	549	456	21%	523	5%	2,046	1,757	16%
Net fee and commission income	168	164	2%	164	2%	670	621	8%
Other operating income	87	109	-20%	177	-51%	444	330	34%
Operating income	**804**	**728**	**10%**	**864**	**-7%**	**3,160**	**2,708**	**17%**
Personnel expenses	129	113	13%	126	2%	502	465	8%
Other expenses	296	291	2%	238	24%	1,078	1,002	8%
Operating expenses	**425**	**404**	**5%**	**364**	**17%**	**1,581**	**1,467**	**8%**
Operating result	**379**	**324**	**17%**	**500**	**-24%**	**1,579**	**1,241**	**27%**
Impairment charges on financial instruments	9	75	-88%	-12		-1	-54	98%
Profit/(loss) before taxation	**370**	**248**	**49%**	**512**	**-28%**	**1,580**	**1,296**	**22%**
Income tax expense	100	51	98%	105	-5%	368	278	32%
Profit/(loss) for the period	**270**	**198**	**37%**	**407**	**-34%**	**1,212**	**1,017**	**19%**
Cost/income ratio	52.8%	55.5%		42.1%		50.0%	54.2%	
Cost of risk (in bps)[1]	2	30		-10		-1	-8	
Other indicators								
Loans and advances customers (end of period, in billions)	76.8	82.3		93.4				
-of which Client loans (end of period, in billions)[2]	*63.4*	*60.5*		*65.6*				
Risk-weighted assets (end of period, in billions)	71.6	50.5		73.0				
Number of employees (end of period, in FTEs)	3,360	3,388		3,502				

1 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding fair value adjustments from hedge accounting.
2 Gross carrying amount excluding fair value adjustment from hedge accounting.

Non-core

(in millions)	Q4 2022	Q4 2021	Change	Q3 2022	Change	2022	2021	Change
Net interest income	14	22	-38%	17	-22%	66	119	-44%
Net fee and commission income	2	5	-57%	2	-3%	12	24	-52%
Other operating income	-2	11		2		7	-142	
Operating income	**13**	**38**	**-65%**	**21**	**-37%**	**85**	**1**	
Personnel expenses	21	28	-26%	23	-9%	98	137	-29%
Other expenses	14	40	-64%	16	-10%	71	142	-50%
Operating expenses	**35**	**68**	**-48%**	**39**	**-9%**	**169**	**279**	**-39%**
Operating result	**-22**	**-31**	**28%**	**-18**	**-23%**	**-83**	**-278**	**70%**
Impairment charges on financial instruments	15	11	33%	-46		-67	40	
Profit/(loss) before taxation	**-37**	**-42**	**12%**	**28**		**-16**	**-318**	**95%**
Income tax expense	-9	-13	31%	10		-4	-31	88%
Profit/(loss) for the period	**-28**	**-29**	**4%**	**18**		**-13**	**-287**	**96%**
Cost/income ratio	264.8%	181.2%		184.4%		197.7%	n.a.	
Cost of risk (in bps)[1]	740	-289		-700		-196	-79	
Other indicators								
Loans and advances customers (end of period, in billions)	0.9	1.5		1.3				
-of which Client loans (end of period, in billions)[2]	*1.2*	*2.0*		*1.6*				
Risk-weighted assets (end of period, in billions)	2.1	11.9		2.4				
Number of employees (end of period, in FTEs)	235	469		250				

1 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding fair value adjustments from hedge accounting.
2 Gross carrying amount excluding fair value adjustment from hedge accounting.

Group Functions

Highlights

- Net interest income decreased significantly in Q4 2022 compared to Q4 2021, mainly due to a significant decrease in mortgage prepayment penalties. In comparison with Q3 2022, net interest income increased by EUR 101 million, mainly due to the higher interest on cash positions at the ECB this quarter.
- Other operating income fluctuations are mainly explained by large incidentals (in Q4 2022 and 2021) and volatile items.
- Operating expenses decreased compared with Q4 2021, largely because of the allocating of Group Functions costs related to AML activities, IT and strategy execution to business segments.

Operating results

(in millions)	Q4 2022	Q4 2021	Change	Q3 2022	Change	2022	2021	Change
Net interest income	9	130	-93%	-92		-161	198	
Net fee and commission income	-7	-6	-22%	-6	-20%	-25	-21	-20%
Other operating income	-287	352		134		-30	455	
Operating income	**-285**	**477**		**36**		**-216**	**632**	
Personnel expenses	265	220	21%	246	8%	1,004	873	15%
Other expenses	-291	-211	-37%	-344	16%	-993	-446	-123%
Operating expenses	**-26**	**8**		**-98**	**74%**	**11**	**427**	**-98%**
Operating result	**-259**	**469**		**134**		**-226**	**204**	
Impairment charges on financial instruments	1					5	-3	
Profit/(loss) before taxation	**-261**	**470**		**134**		**-231**	**207**	
Income tax expense	-64	102		16		-93	169	
Profit/(loss) for the period	**-197**	**368**		**118**		**-138**	**38**	
Other indicators								
Securities financing - assets (end of period, in billions)	13.5	10.5		21.6				
Loans and advances customers (end of period, in billions)	-8.5	2.7		-8.5				
Securities financing - liabilities (end of period, in billions)	9.6	9.5		17.4				
Due to customers (end of period, in billions)	7.0	6.2		14.9				
Risk-weighted assets (end of period, in billions)	4.7	4.4		5.0				
Number of employees (end of period, in FTEs)	9,082	8,528		9,032				

Full-year highlights

- Net interest income decreased significantly, mainly due to lower Treasury results and lower mortgage prepayment penalties.
- Other operating income fluctuations are explained by large incidentals and volatile items in both years.
- Operating expenses, excluding large incidentals, declined slightly year-on-year, mainly due to a higher allocation of Group Functions costs to business segments.

Additional financial information

Selected financial information

Condensed consolidated income statement

(in millions)	Q4 2022	Q4 2021	Q3 2022	2022	2021
Income					
Interest income calculated using the effective interest method	2,546	1,754	1,849	7,698	6,760
Other interest and similar income	70	71	55	236	258
Interest expense calculated using the effective interest method	1,043	361	613	2,455	1,397
Other interest and similar expense	10	124	16	57	411
Net interest income	**1,564**	**1,339**	**1,276**	**5,422**	**5,210**
Fee and commission income	564	563	561	2,271	2,213
Fee and commission expense	121	117	120	493	550
Net fee and commission income	**443**	**446**	**441**	**1,778**	**1,664**
Income from other operating activities	-213	466	325	375	805
Expenses from other operating activities	29	35	30	125	142
Net income from other operating activities	**-242**	**432**	**294**	**249**	**663**
Net trading income	84	59	81	282	145
Share of result of equity-accounted investments	18	11	70	107	23
Net gains/(losses) on derecognition of financial assets measured at amortised cost	-5	-2	1	1	-108
Operating income	**1,861**	**2,284**	**2,162**	**7,841**	**7,597**
Expenses					
Personnel expenses	634	571	605	2,458	2,324
General and administrative expenses	666	816	605	2,796	3,287
Depreciation, amortisation and impairment losses of tangible and intangible assets	43	46	44	172	194
Operating expenses	**1,343**	**1,433**	**1,254**	**5,425**	**5,806**
Impairment charges on financial instruments	32	121	7	39	-46
Total expenses	**1,375**	**1,555**	**1,261**	**5,464**	**5,759**
Profit/(loss) before taxation	**486**	**729**	**902**	**2,376**	**1,838**
Income tax expense	132	177	159	509	604
Profit/(loss) for the period	**354**	**552**	**743**	**1,867**	**1,234**
Attributable to:					
Owners of the parent company	354	552	743	1,868	1,231
Non-controlling interests					3

Condensed consolidated statement of comprehensive income[1]

(in millions)		Q4 2022		Q4 2021		Q3 2022
Profit/(loss) for the period		**354**		**552**		**743**
Other comprehensive income:						
Items that will not be reclassified to the income statement						
Remeasurement gains/(losses) on defined benefit plans		13		22		3
Gains/(losses) on liability own credit risk		1		6		
Items that will not be reclassified to the income statement before taxation		**14**		**28**		**4**
Income tax relating to items that will not be reclassified to the income statement		3		7		1
Items that will not be reclassified to the income statement after taxation		**11**		**22**		**3**
Items that may be reclassified to the income statement						
Net gains/(losses) currency translation reserve	-98		14		66	
Less: Reclassification currency translation reserve through the income statement					3	
Net gains/(losses) currency translation reserve through OCI		-98		14		64
Net gains/(losses) fair value reserve through OCI		-283		74		38
Net gains/(losses) cash flow hedge reserve	28		80		-380	
Less: Reclassification cash flow hedge reserve through the income statement	-16		9		-9	
Net gains/(losses) cash flow hedge reserve through OCI		43		71		-371
Net gains/(losses) share of other comprehensive income of associates					-23	
Less: Reclassification share of other comprehensive income of associates through the income statement	2				7	
Share of other comprehensive income of associates		-2				-30
Items that may be reclassified to the income statement before taxation		**-339**		**159**		**-298**
Income tax relating to items that may be reclassified to the income statement		-62		22		-86
Items that may be reclassified to the income statement after taxation		**-277**		**137**		**-212**
Total comprehensive income/(expense) for the period after taxation		**88**		**710**		**533**
Attributable to:						
Owners of the parent company		88		710		533

[1] The consolidated comprehensive income have been refined. In order to achieve fairer presentation, reclassifications to the income statement have been added to the consolidated statement of comprehensive income.

Condensed consolidated statement of changes in equity

(in millions)	Share capital	Share premium	Other reserves including retained earnings	Accumulated other comprehensive income	Net profit/(loss) attributable to owners of the parent company	AT1 capital securities	Equity attributable to the owners of the parent company	Non-controlling interests	Total equity
Balance at 1 October 2021	**940**	**12,970**	**6,731**	**-1,386**	**679**	**1,987**	**21,922**	**5**	**21,927**
Total comprehensive income				158	552		710		710
Dividend			-639				- 639		- 639
Other changes in equity			1				1		1
Balance at 31 December 2021	**940**	**12,970**	**6,093**	**- 1,227**	**1,231**	**1,987**	**21,994**	**5**	**21,999**
Balance at 1 October 2022	**898**	**12,529**	**6,375**	**-576**	**1,513**	**1,984**	**22,723**	**2**	**22,725**
Total comprehensive income				-266	354		88		88
Decrease of capital						1	1		1
Balance at 31 December 2022	**898**	**12,529**	**6,375**	**- 842**	**1,868**	**1,985**	**22,812**	**2**	**22,814**

Risk developments

Highlights

- Impairment charges amounted to EUR 32 million in the fourth quarter. For the full year 2022, impairments were EUR 39 million, or a cost of risk of 3bps, well below our through-the-cycle cost of risk of around 20bps.
- The macroeconomic scenarios we use for calculating provisions were brought into line with our latest forecasts for economic growth, inflation and house price developments and our scenario weights were adjusted.
- Loans to banks and corporate loans also showed a strong decrease, mostly as a result of seasonal movements, regular repayments and TLTRO-funded loan repayments by some larger corporate clients and USD depreciation.

Key figures

(in millions)	31 December 2022	30 September 2022	31 December 2021
Total loans and advances, gross carrying amount[1,2]	**258,212**	**276,696**	**261,421**
- of which Banks	*2,990*	*4,221*	*2,811*
- of which Residential mortgages[1]	*150,762*	*150,510*	*146,351*
- of which Consumer loans	*10,232*	*10,400*	*10,794*
- of which Corporate loans[1,2]	*86,731*	*92,574*	*86,458*
- of which Other loans and advances customers[2]	*7,497*	*18,991*	*15,007*
Total Exposure at Default (EAD)	**391,065**	**422,548**	**417,214**
Credit quality indicators[2]			
Forbearance ratio	2.7%	2.9%	4.3%
Past due ratio	0.8%	0.7%	0.8%
Stage 2 ratio	9.4%	8.9%	8.2%
Stage 2 coverage ratio	1.7%	1.7%	1.7%
Stage 3 ratio[3]	2.0%	2.0%	2.6%
Stage 3 coverage ratio[3]	25.6%	27.8%	28.3%
Regulatory capital			
Total RWA	128,593	130,959	117,693
- of which Credit risk[4]	*110,621*	*112,538*	*99,976*
- of which Operational risk	*15,967*	*16,167*	*16,049*
- of which Market risk	*2,005*	*2,254*	*1,668*
Total RWA/total EAD	32.9%	31.0%	28.2%
Mortgage indicators			
Exposure at Default[5]	155,608	156,455	163,737
- of which mortgages with Nationale Hypotheek Garantie (NHG)	*29,474*	*29,908*	*31,557*
Risk-weighted assets (Credit risk)[5,6]	22,574	22,516	22,110
RWA/EAD	14.5%	14.4%	13.5%
Average Loan-to-Market-Value	54%	54%	56%
Average Loan-to-Market-Value - excluding NHG loans	54%	54%	56%

1 Excluding fair value adjustments from hedge accounting.
2 Excluding loans and advances measured at fair value through P&L.
3 Including POCI.
4 RWA for credit value adjustment (CVA) is included in credit risk. CVA per 31 December 2022: EUR 0.3 billion (30 September 2022: EUR 0.3 billion; 31 December 2021: EUR 0.2 billion).
5 The RWA (Credit risk) and Exposure at Default amounts are based on the exposure class Secured by immovable property. This scope is slightly broader than the residential mortgage portfolio.
6 Previous reports with reference date 31 December 2021 presented total RWA. In this report, the comparative figures for 31 December 2021 have been adjusted to show credit risk RWA only.

Loans and advances

In Q4 2022, total loans and advances decreased to EUR 258.2 billion (30 September 2022: EUR 276.7 billion). Other loans and advances to Clearing clients showed the largest decrease, primarily driven by lower trading positions at year-end 2022. Furthermore lower commodity prices and outflows towards segregated client accounts resulted in a decrease in margin contributions, mainly at European Commodity Clearing (ECC). Loans to banks and corporate loans also showed a strong decrease, mostly as a result of seasonal movements, regular repayments and TLTRO-funded loan repayments by some larger corporate clients and USD depreciation.

Corporate Banking's non-core portfolio decreased further to EUR 1.2 billion at 31 December 2022 (30 September 2022: EUR 1.6 billion). Approximately EUR 0.4 billion of this portfolio was classified as stage 3 (30 September 2022: EUR 0.6 billion).

Exposure at Default

EAD decreased to EUR 391.1 billion (30 September 2022: EUR 422.5 billion), largely caused by the decrease in loans and advances and, to a lesser extent, by lower cash and balances at central banks due to repayment of TLTRO III facilities.

Credit quality indicators

Movements in the credit quality indicators in the fourth quarter were strongly influenced by the decrease in total loans and advances, which serves as the basis for most of the credit quality ratios.

Forborne exposures decreased, especially in corporate loans and consumer loans, leading to an improvement in the forbearance ratio to 2.7% (30 September 2022: 2.9%). Despite higher interest rates and inflation, the forborne residential mortgages portfolio was stable, after several quarters of strong decreases relating to loans for which a payment deferral had been granted after the outbreak of Covid-19.

The past due ratio rose from 0.7% to 0.8%, partly driven by a large client who temporarily became overdue, and partly proportional to the decline in total loans and advances.

Loan amounts in stages 2 and 3 decreased; the increase in the stage 2 ratio to 9.4% (30 September 2022: 8.9%) was fully attributable to the decrease in total loans and advances. The stage 3 coverage ratio decreased due to the write-down of some highly provisioned loans in stage 3.

Risk-weighted assets

Total RWA decreased to EUR 128.6 billion in Q4 2022 (30 September 2022: EUR 131.0 billion), reflecting decreases in credit risk RWA and, to a lesser extent, market risk RWA and operational risk RWA. Due to the strong decrease in EAD in categories with zero or low risk weight, the average risk weight increased to 32.9%.

Credit risk RWA decreased due to lower loans and advances, partly offset by methodology and policy changes. Operational risk RWA declined in Retail Banking because of a decreased impact of scenarios relating to the compensation of consumer client interest rates. Market risk decreased by EUR 0.2 billion, driven by lower Stress Value at Risk (SVaR) and Incremental Risk Charge (IRC), partly offset by higher Value at Risk (VaR).

Macroeconomic scenarios

ECL scenarios on 31 December 2022

(in millions)	Weight	Macroeconomic variable	2022	2023	2024	2025
Positive	5%	Real GDP Netherlands[1]	4.5%	2.8%	2.6%	2.3%
		Unemployment[2]	3.6%	3.9%	3.8%	3.7%
		House price index[3]	14.5%	1.0%	0.0%	1.0%
Baseline	60%	Real GDP Netherlands[1]	4.2%	0.5%	1.2%	1.6%
		Unemployment[2]	3.6%	4.3%	4.2%	4.0%
		House price index[3]	14.0%	-2.5%	-2.5%	-2.0%
Negative	35%	Real GDP Netherlands[1]	4.0%	-1.8%	-0.4%	1.3%
		Unemployment[2]	3.6%	5.0%	4.9%	4.7%
		House price index[3]	12.0%	-8.0%	-12.0%	-11.0%

1 Real GDP Netherlands, % change year-on-year.
2 Unemployment Netherlands, % of labour force.
3 House price index Netherlands - average % change year-on-year.

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ECL scenarios on 30 September 2022

(in millions)	Weight	Macroeconomic variable	2022	2023	2024	2025
Positive	10%	Real GDP Netherlands[1]	5.1%	3.2%	2.9%	2.4%
		Unemployment[2]	3.4%	3.4%	3.2%	3.2%
		House price index[3]	17.5%	5.0%	1.5%	1.0%
Baseline	30%	Real GDP Netherlands[1]	4.7%	0.5%	1.4%	1.6%
		Unemployment[2]	3.5%	4.2%	4.0%	3.6%
		House price index[3]	15.0%	2.5%	0.0%	1.0%
Negative	60%	Real GDP Netherlands[1]	4.1%	-1.8%	0.1%	1.3%
		Unemployment[2]	4.2%	5.4%	6.2%	5.6%
		House price index[3]	10.0%	-10.0%	-12.5%	-7.5%

1 Real GDP Netherlands, % change year-on-year.
2 Unemployment Netherlands, % of labour force.
3 House price index Netherlands - average % change year-on-year.
4 Excluding ECL for stage 3 and POCI.

In the fourth quarter we adjusted our macroeconomic forecasts to reflect the negative impact of the ongoing war in Ukraine and uncertainties surrounding global economic growth, inflation and central bank policies with a potential spillover effect. The lingering energy crisis is expected to tip the Eurozone and the Netherlands into recession. Inflation is translating into a fall in real incomes, which is weighing down on consumer spending, while high energy prices and supply shortages are hampering industry. On the monetary front, central banks are tightening their policies to offset inflation. The rises in mortgage rates we saw in 2022 are driving house prices downwards. Given this background, ABN AMRO economists expect house price declines to continue.

The scenario weights indicated in the above tables are in place for expected credit loss (ECL) calculation purposes only and are designed to capture prevailing uncertainties in the macroeconomic outlook in our ECL estimate. As the most recent macroeconomic indicators were more in line with the baseline than the negative scenarios, the adjustment to the weights used in the previous quarter was rolled back and weights were reset to their usual levels.

Impairments and cost of risk

	Q4 2022	Q4 2021	Q3 2022	2022	2021
Impairment charges on loans and other advances (in EUR million)[1]	32	121	7	39	-46
- of which Residential mortgages	*-41*	*-20*	*32*	*56*	*-46*
- of which Consumer loans	*12*	*4*	*-2*	*14*	*3*
- of which Corporate loans	*69*	*90*	*-22*	*-1*	*-124*
- of which Off-balance sheet items	*-12*	*38*	*-2*	*-28*	*116*
Cost of risk (in bps)[2,3]	6	11	1	3	-7
- of which Residential mortgages	*-11*	*-5*	*9*	*4*	*-3*
- of which Consumer loans	*47*	*14*	*-6*	*13*	*2*
- of which Corporate loans	*30*	*42*	*-10*		*-14*

1 Including other loans and impairments charges on off-balance sheet exposures.
2 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.
3 Calculation of CoR excludes (impairment charges on) off-balance exposures.

In Q4 2022, a net impairment charge of EUR 32 million was recorded (Q4 2021: EUR 121 million), resulting in a cost of risk of 6bps (Q4 2021: 11bps). This is the net result of additions of EUR 57 million in stage 3, offset by releases of EUR 25 million in stages 1 and 2. The additions in stage 3 can largely be attributed to new and existing individual provisioned files. The releases in stages 1 and 2 were mainly caused by adjustments in the weights for the macroeconomic scenarios and a net decrease of management overlays and in-model adjustments, including the overlay related to the war in Ukraine and overlays relating to Covid-19 and to portfolios that are being wound down. Decreases in management overlays were partly offset by a new in-model adjustment introduced in anticipation of the implementation of stricter internal rules for credit risk models.

Impairment releases for mortgage loans were mainly caused by the changes to the scenario weights. In addition, the existing management overlay to address the impact of excessive increases in property prices was lowered due to the declining house price index in our macroeconomic forecast. Impairment charges for corporate loans were recorded for new and existing individual provisioned files, along with a one-off addition for the small entrepreneurs portfolio.

Coverage and stage ratios

			31 December 2022		30 September 2022		31 December 2021	
(in millions)	Gross carrying amount[3]	Allowances for credit losses[4]	Coverage ratio	Stage ratio	Coverage ratio	Stage ratio	Coverage ratio	Stage ratio
Stage 1								
Loans and advances banks	**2,953**	**8**	**0.3%**	**98.8%**	**0.1%**	**99.1%**	**0.4%**	**99.9%**
Residential mortgages	140,450	21	0.0%	93.2%	0.0%	93.2%	0.0%	93.7%
Consumer loans	9,121	30	0.3%	89.1%	0.3%	88.7%	0.2%	86.6%
Corporate loans[1]	69,103	256	0.4%	79.7%	0.3%	80.3%	0.2%	80.2%
Other loans and advances customers[1]	7,457		0.0%	99.5%	0.0%	99.8%	0.0%	99.6%
Total loans and advances customers[1]	**226,130**	**308**	**0.1%**	**88.6%**	**0.1%**	**89.1%**	**0.1%**	**89.2%**
Stage 2								
Loans and advances banks	**37**		**0.0%**	**1.2%**	**0.0%**	**0.9%**	**0.5%**	**0.1%**
Residential mortgages	9,169	57	0.6%	6.1%	0.8%	6.1%	0.3%	5.5%
Consumer loans	749	36	4.8%	7.3%	4.5%	7.8%	4.4%	9.6%
Corporate loans[1]	13,963	301	2.2%	16.1%	2.1%	15.4%	2.4%	14.0%
Other loans and advances customers[1]	36	2	5.6%	0.5%	7.1%	0.2%	3.2%	0.3%
Total loans and advances customers[1]	**23,917**	**396**	**1.7%**	**9.4%**	**1.7%**	**8.9%**	**1.7%**	**8.2%**
Stage 3 and POCI[2]								
Loans and advances banks								
Residential mortgages	1,143	75	6.6%	0.8%	7.9%	0.7%	4.1%	0.9%
Consumer loans	363	211	58.2%	3.5%	58.9%	3.5%	50.8%	3.8%
Corporate loans[1]	3,666	1,033	28.2%	4.2%	30.5%	4.3%	32.5%	5.8%
Other loans and advances customers[1]	4	3	83.9%	0.0%	81.7%	0.0%	32.0%	0.1%
Total loans and advances customers[1]	**5,175**	**1,322**	**25.6%**	**2.0%**	**27.8%**	**2.0%**	**28.3%**	**2.6%**
Total of stages 1, 2, 3 and POCI[2]								
Total loans and advances banks	**2,990**	**8**	**0.3%**		**0.1%**		**0.4%**	
Residential mortgages	150,762	153	0.1%		0.1%		0.1%	
Consumer loans	10,232	277	2.7%		2.7%		2.6%	
Corporate loans[1]	86,731	1,590	1.8%		1.9%		2.4%	
Other loans and advances customers[1]	7,497	5	0.1%		0.0%		0.0%	
Total loans and advances customers[1]	**255,222**	**2,026**	**0.8%**		**0.8%**		**0.9%**	
Total loans and advances[1]	**258,212**	**2,034**	**0.8%**		**0.8%**		**0.9%**	

1 Excluding loans at fair value through P&L.
2 On 31 December 2022 loans classified as POCI amounted to EUR 9 million (30 September 2022: EUR 11 million, 31 December 2021: EUR 16 million). Due to the immateriality it has been included in the amount shown for stage 3.
3 Gross carrying amount excludes fair value adjustments from hedge accounting.
4 The allowances for credit losses excludes allowances for financial investments held at FVOCI (31 December 2022: EUR 1 million; 30 September 2022: EUR 1 million; 31 December 2021: EUR 1 million).

Residential mortgages

Housing market developments

Higher interest rates, inflation and increased pressure on household budgets have triggered a cooling-off in the Dutch housing market. As a result, home buyers now have more properties to choose from. Under pressure from rising inflation and increased economic uncertainty, house prices in the Netherlands showed a slight decline in the second half of 2022.

According to the Dutch Land Registry (Kadaster), the number of transactions in Q4 2022 was 2% higher than in Q3 2022 and 3% lower than in Q4 2021. The house price index published by Statistics Netherlands (CBS) for Q4 2022 was 2% lower than in Q3 2022 and 5% higher than in Q4 2021.

Residential mortgage portfolio insights

New mortgage production amounted to EUR 4.1 billion, a 33% decrease compared with Q3 2022 and 24% less than in Q4 2021, mainly as a result of the cooling-down of the market. A further consequence of the interest rate increases is that mortgage refinancing has become less attractive to clients. Redemptions totalled EUR 4.1 billion, a 6% decrease on Q3 2022 and 26% less than in Q4 2021. Due to the developments in the housing market, significantly lower prepayments were observed in Q4. This resulted in a slightly slower amortisation of the porfolio. ABN AMRO's market share of new mortgage production came out at 15.7% in Q4 2022 (Q3 2022: 19.1%, Q4 2021: 15.2%).

In response to recent macroeconomic developments and rising energy prices, ABN AMRO continued close monitoring of arrears on loans and instalments. Despite reports of certain entities being impacted by higher energy prices, the Q4 mortgage arrears ratio remained stable at 0.6%.

The average indexed Loan to Market Value (LtMV) remained relatively stable at 54% (30 September 2022: 54%). The gross carrying amount of mortgages with an LtMV in excess of 100% increased slightly to EUR 2.4 billion (30 September 2022: EUR 2.1 billion). Loans with an LtMV in excess of 100% accounted for 1.6% of total mortgages (30 September 2022: 1.4%). The new inflow of mortgages with an LtMV in excess of 100% relates to sustainable home improvements. The proportion of amortising mortgages increased to 44% by 31 December 2022 (30 September 2022: 43%).

Other risk developments

Discussions with regulator on regulatory levies

ABN AMRO is in discussion with the Single Resolution Board (SRB) about the calculation method applied for annual Single Resolution Fund (SRF) contributions paid in the past. The outcome of these discussions is currently still uncertain. The annual SRF contribution is a levy introduced by the European Union in 2016. The SRB calculates the SRF contribution based on the information provided annually by the credit institutions in the European Banking Union in scope of the SRF. The SRB believes that ABN AMRO incorrectly reported variables for calculating the annual SRF contributions from 2016 to 2022. ABN AMRO disagrees with the SRB and, since 2016, has repeatedly and extensively communicated its position to the SRB with regard to the adjusted amount.

The differing opinions of the SRB and ABN AMRO on this matter are due to their differing interpretations of the regulation regarding annual SRF contributions. Refusal by the SRB to accept ABN AMRO's position could result in an additional contribution of approximately EUR 110 million (before tax) in the first half of 2023. In that event, ABN AMRO will challenge the SRB's decision. The outcome of this challenge is uncertain because the SRF regulation is relatively new and there is little to no case law on the subject. ABN AMRO nevertheless considers it more likely than not that any such challenge will be successful. Therefore, no provision has been recognised.

Capital management

Regulatory capital structure

(in millions)	31 December 2022	30 September 2022	31 December 2021
Total equity (EU IFRS)	**22,814**	**22,725**	**21,999**
Dividend reserve	-601	-435	-573
AT1 capital securities (EU IFRS)	-1,985	-1,984	-1,987
Share buyback reserve	-500	-250	-500
Regulatory and other adjustments	-221	-132	267
Common Equity Tier 1	**19,507**	**19,923**	**19,206**
AT1 capital securities (EU IFRS)	1,985	1,984	1,987
Regulatory and other adjustments	-3	-2	-5
Tier 1 capital	**21,489**	**21,906**	**21,188**
Subordinated liabilities (EU IFRS)	7,290	6,685	7,549
Regulatory and other adjustments	-1,842	-750	-2,413
Tier 2 capital	**5,449**	**5,935**	**5,136**
Total regulatory capital	**26,938**	**27,841**	**26,324**
Other MREL eligible liabilities[1]	11,827	9,692	6,568
Total MREL eligible liabilities	**38,765**	**37,533**	**32,893**
Total risk-weighted assets	**128,593**	**130,959**	**117,693**
Exposure measure			
Exposure measure	413,525	450,510	360,779
Capital ratios			
Common Equity Tier 1 ratio	15.2%	15.2%	16.3%
Common Equity Tier 1 ratio (Basel IV)[2]	16%	16%	16%
Tier 1 ratio	16.7%	16.7%	18.0%
Total capital ratio	20.9%	21.3%	22.4%
MREL	30.1%	28.7%	27.9%
Leverage ratio[3]	5.2%	4.9%	5.9%

1 Other MREL eligible liabilities consists of subordinated liabilities and senior non-preferred notes that are not included in regulatory capital.
2 Basel IV results are based on fully-loaded figures, rounded to the nearest whole percent, based on ABN AMRO's interpretation of the Basel IV framework and subject to the implementation of Basel IV standards into EU legislation.
3 The temporary relief measure that exempted central bank reserves from the exposure measure applied until 31 March 2022.

Developments impacting capital ratios

On 31 December 2022, the CET1 ratio under Basel III was 15.2% (30 September 2022: 15.2%). In comparison with Q3 2022, the CET1 ratio remained flat as the decrease in RWA was offset by a decrease in capital. The EUR 2.4 billion decrease in RWA reflects a decrease in credit risk RWA and, to a lesser extent, in market risk RWA and operational risk RWA. The decrease in credit risk RWA mainly reflects business developments and was partly offset by methodology and policy changes. The decrease in market risk RWA is attributable to business developments. The decrease in operational risk RWA is attributable to reassessed scenarios. CET1 capital decreased, mainly due to the permission granted by the ECB to repurchase shares totalling EUR 500 million and that superseded the EUR 250 million conditional share buyback permission communicated in Q2 2022. This decrease was partly offset by the addition of Q4 2022 net profit of EUR 354 million, excluding the 50% dividend reservation. All capital ratios were in line with the bank's risk appetite and comfortably above regulatory requirements.

The maximum distributable amount (MDA) trigger level is 9.7% (excluding AT1 shortfall). The reported Basel III CET1 ratio of 15.2% is well above the MDA trigger level.

The Dutch central bank (DNB) will increase the Countercyclical Capital Buffer (CCyB) for Dutch exposures to 1% by 25 May 2023. Full implementation of the 2% CCyB rate is expected by Q2 2024. This will cause the MDA trigger level to increase by around 1.5%. This is already reflected in our 13% CET1 target under Basel IV. The bank remains committed to maintaining a significant buffer in excess of its regulatory requirements at all times.

Based on our latest views of the Basel IV EU proposal, the fully-loaded Basel IV CET1 ratio was estimated at around 16% on 31 December 2022. This was comfortably above the 13% target and the 15% threshold for considering share buybacks (subject to conditions and regulatory approval). The Basel IV CET1 ratio at implementation is still subject to some uncertainties, including data limitations, finalisation of the Basel IV regulations, management actions and other portfolio developments.

Dividends and Share Buybacks

From 2021 onwards, the dividend payout has been set at 50% of reported net profit, after deduction of AT1 coupon payments and minority interests. Interim dividends will be considered at 40% of the reported H1 net profit, provided profit is expected to be sustainable throughout the year, at the discretion of the Board.

Based on this dividend policy, a net profit for 2022 of EUR 1,777 million (after AT1 and minority interests) and after the interim dividend of EUR 0.32 per share in 2022, ABN AMRO proposes a final cash dividend for 2022 of EUR 0.67 per share (2021: EUR 0.61). This is equivalent to EUR 601 million (2021: EUR 570 million), based on the number of outstanding shares at year-end 2022. This will bring the total dividend for 2022 to EUR 0.99 per share (2021: EUR 0.61). The ex-dividend date will be 21 April 2023, while the record date will be 24 April 2023 and the dividend will be paid on 17 May 2023.

Our capital position remains very strong, with a fully loaded Basel III CET1 ratio of 15.2% and a Basel IV CET1 ratio of around 16%. In line with our capital framework we have announced a share buyback programme of EUR 500 million to further optimise our capital position, superseding the EUR 250 million conditional share buyback permission. This programme will commence on 9 February and is expected to end no later than June 2023.

Leverage ratio

The Capital Requirements Regulation (CRR) includes a non-risk-based and binding leverage ratio. The leverage ratio increased to 5.2% at 31 December 2022 (30 September 2022: 4.9%), mainly due to a decrease in on-balance sheet exposures including those due to TLTRO repayments, partly offset by the decrease in Tier 1 capital. The reported leverage ratio remained well above the 3.0% requirement.

MREL

As of 1 January 2022, our intermediate MREL target is set at 27.1% of Basel III RWA, of which 26.6% must be met by own funds, subordinated instruments and senior non-preferred (SNP) notes. Subject to further SRB guidance, the MREL target for 1 January 2024 is set at 27.4%, of which 27.0% must be met by own funds, subordinated instruments and SNP notes. This includes the combined buffer requirement (CBR) of 4.0%.

Based on the eligible liabilities, i.e. own funds, subordinated instruments and SNP notes, the MREL ratio increased slightly to 30.1% at 31 December 2022 (30 September 28.7%). As well as being attributable to a decrease in RWA, this reflects the issuance of EUR 2.25 billion in SNP notes and EUR 1 billion in a T2 note, partly offset by the exercising of a call option on a EUR 1 billion T2 note. A EUR 1 billion SNP note was issued on 16 January 2023.

The reported MREL ratio excludes EUR 5.4 billion of grandfathered senior preferred liabilities currently eligible for MREL.

About **this report**

Introduction
This report presents ABN AMRO's results for the fourth quarter of 2022. It provides a quarterly business and financial review, as well as risk and capital disclosures.

Presentation of information
Except for the changes described below, the financial information contained in this Quarterly Report has been prepared according to the same accounting policies as our most recent financial statements, which were prepared in accordance with EU IFRS. The figures in this document have not been audited or reviewed by our external auditor. This report is presented in euros (EUR), which is ABN AMRO's functional and presentation currency, rounded to the nearest million (unless otherwise stated). All annual averages in this report are based on month-end figures. Management does not believe these month-end averages present trends that are materially different from those that would be presented by daily averages. Certain figures in this report may not tally exactly due to rounding. Furthermore, certain percentages in this document have been calculated using rounded figures.

As announced in November 2021, ABN AMRO has simplified its organisational structure by replacing its four business lines by three units organised around client segments: Personal and Business Banking, Wealth Management and Corporate Banking. Consequently, the prior period figures relating to these segments in the Financial review section of this report have been restated.

To download this report or to obtain more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com. In addition to this report, ABN AMRO provides an analyst and investor call, an investor presentation and a fact sheet regarding the Q4 2022 results.

Enquiries

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Investor call

A conference call for analysts and investors will be hosted by the bank on Wednesday 8 February 2023 at 11:00 am CET (10:00 am London time). To participate in the conference call, we strongly advise analysts and investors to pre-register for the call using the information provided on the ABN AMRO Investor Relations website. More information can be found on our website, abnamro.com/ir.

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Information on our website does not form part of this Quarterly Report, unless expressly stated otherwise.

Disclaimer & cautionary statements

ABN AMRO has included in this document, and from time to time may make certain statements in its public statements, that may constitute "forward-looking statements". This includes, without limitation, statements that include the words "expect", "estimate", "project", "anticipate", "should", "intend", "plan", "probability", "risk", "Value-at-Risk ("VaR")", "target", "goal", "objective", "will", "endeavour", "outlook", "optimistic", "prospects" and similar expressions or variations of such expressions. In particular, the document may include forward-looking statements relating but not limited to ABN AMRO's potential exposures to various types of operational, credit and market risk. Such statements are subject to uncertainties.

Forward-looking statements are not historical facts and represent only ABN AMRO's current views and assumptions regarding future events, many of which are by nature inherently uncertain and beyond our control. Factors that could cause actual results to deviate materially from those anticipated by forward-looking statements include, but are not limited to, macroeconomic, demographic and political conditions and risks, actions taken and policies applied by governments and their agencies, financial regulators and private organisations (including credit rating agencies), market conditions and turbulence in financial and other markets, and the success of ABN AMRO in managing the risks involved in the foregoing.

Any forward-looking statements made by ABN AMRO are current views as at the date they are made. Subject to statutory obligations, ABN AMRO does not intend to publicly update or revise forward-looking statements to reflect events or circumstances after the date the statements were made, and ABN AMRO assumes no obligation to do so.

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