ABN·AMRO

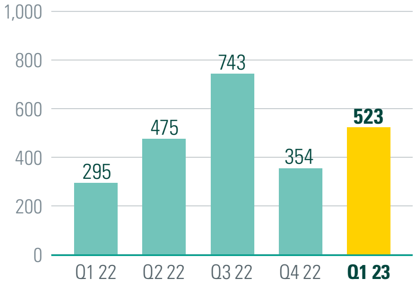
Quarterly Report

ABN AMRO Bank N.V.

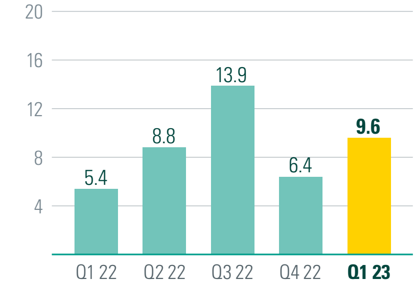
First quarter 2023

Figures at a glance

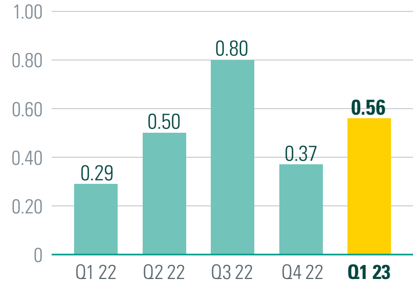
Net profit/(loss)
(in millions)



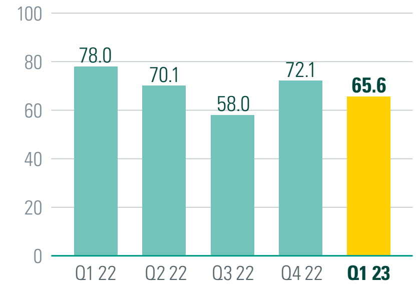
Return on equity
(in %)



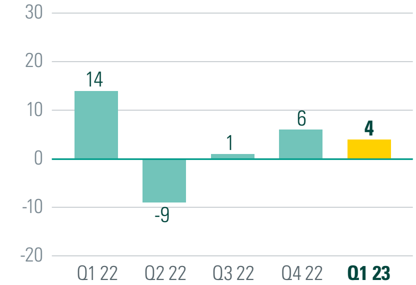
Earnings per share
(in EUR)



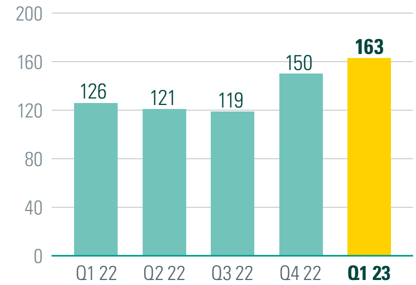
Cost/income ratio
(in %)



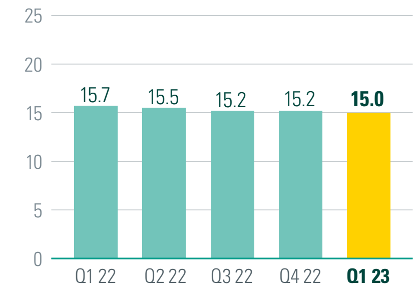
Cost of risk
(in bps) Through-the-cycle around 20bps



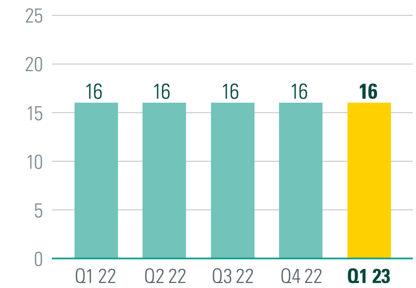
Net interest margin
(in bps)



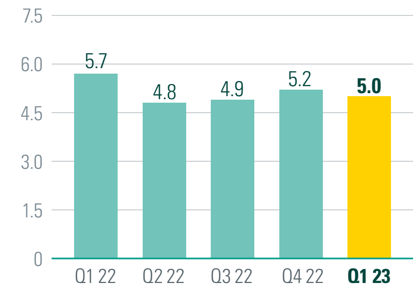
CET1 ratio (Basel III)
(end-of-period, in %)



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

- Very good start to the year with a net profit of EUR 523 million and an ROE of 9.6% reflecting high NII and low risk costs, partly offset by seasonally high regulatory levies.
- NII strong as deposit margins in all client units continued to improve in the higher interest rate environment.
- Underlying costs 2.5% lower than in Q4, partly due to lower external staff costs in the first quarter.
- Credit quality remains solid and impairments in Q1 were EUR 14 million.
- Strong capital and liquidity position. Fully-loaded Basel III CET1 ratio of 15.0% and Basel IV CET1 ratio of around 16%. Second share buyback programme of EUR 500 million finalised in April.
- Making progress in building a future-proof bank, strengthening our operational efficiency.

Message from the CEO

In the first quarter, the Dutch economy continued to demonstrate resilience. The recent turmoil in financial markets was sparked by specific issues at certain banks. Banks in the eurozone were resilient, supported by high capital buffers and conservative liquidity management. Recent developments confirm our strategic choices, giving us a distinct profile and focus. We continue to benefit from our improved risk profile and focus on our licence to operate as regulatory and capital requirements for banks increase further. We are building a future-proof bank by strengthening operational efficiency as we continue to invest in our sustainable finance regulation capabilities, model landscape and data capabilities.

In the first quarter of 2023 we delivered a very strong performance, with a net profit of EUR 523 million. The resulting return on equity (ROE) was 9.6%. Net interest income (NII) was EUR 1,620 million, as deposit margins in all client units continued to improve in the higher interest rate environment. Fee income remained stable. Costs came down by 2.5% (excluding incidentals and regulatory levies) partly due to lower external staff costs in the first quarter. We expect full-year costs for 2023 to be around EUR 5.3 billion as inflation and higher investments delay the impact of savings programmes.

Credit quality remains solid and impairments in Q1 were EUR 14 million, while prudent buffers remain in place. Risk-weighted assets increased by EUR 3.2 billion, mainly due to business developments, an adjustment in the application of the SME support factor and model updates as part of our ongoing review of models. Our capital position remains strong, with a fully-loaded Basel III CET1 ratio of 15.0% and a Basel IV CET1 ratio of around 16%. Our deposit and funding mix is stable and well diversified. At the beginning of April we finalised our second share buyback programme, which had been announced in February.

As demonstrated by recent events, economic uncertainty as well as the climate and geopolitical crises continue to converge, making the challenges for society more complex. These developments have an effect on our clients. Where high inflation is causing financial distress for clients, we aim to support them with budget coaches and debt counsellors. We remain vigilant about the longer-term effects of persistently high inflation. Lending is becoming more expensive, already affecting the Dutch housing market. Competition in the mortgage market remains strong. In a slowing housing market, our mortgage portfolio remained stable in the first quarter. Momentum in the corporate loan book is positive with an increase of EUR 0.7 billion (excluding non-core), especially in our focus sectors digital, mobility and new energy. Net new assets at Wealth Management increased by EUR 0.4 billion.

The bank operates from a position of strength, with a clear profile, strategic focus and a strong capital and liquidity position. Our people play a crucial role in serving our clients in the best possible way. I would like to thank them for remaining fully committed to our clients. Recent developments underline the importance of trust in banks. We are fully aware of this and work hard every day to be the future-proof bank that deserves that trust from clients and society.

Robert Swaak
CEO of ABN AMRO Bank N.V.

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)	Q1 2023	Q1 2022	Change	Q4 2022	Change
Net interest income	1,620	1,310	24%	1,564	4%
Net fee and commission income	444	447	-1%	443	
Other operating income	78	176	-56%	-145	
Operating income	**2,142**	**1,933**	**11%**	**1,861**	**15%**
Personnel expenses	606	600	1%	634	-4%
Other expenses	800	908	-12%	709	13%
Operating expenses	**1,406**	**1,508**	**-7%**	**1,343**	**5%**
Operating result	**736**	**425**	**73%**	**518**	**42%**
Impairment charges on financial instruments	14	62	-77%	32	-56%
Profit/(loss) before taxation	**722**	**363**	**99%**	**486**	**49%**
Income tax expense	199	68		132	51%
Profit/(loss) for the period	**523**	**295**	**77%**	**354**	**48%**
Attributable to:					
Owners of the parent company	523	295	77%	354	48%
Other indicators					
Net interest margin (NIM) (in bps)	163	126		150	
Cost/income ratio	65.6%	78.0%		72.1%	
Cost of risk (in bps)[1]	4	14		6	
Return on average equity[2]	9.6%	5.4%		6.4%	
Earnings per share (in EUR)[3, 4]	0.56	0.29		0.37	
Client assets (end of period, in billions)	309.9	304.7		301.2	
Risk-weighted assets (end of period, in billions)	131.7	124.3		128.6	
Number of internal employees (end of period, in FTEs)	20,142	20,086		20,038	
Number of external employees (end of period, in FTEs)	4,324	6,438		4,575	

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 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.
4 For Q1 2023, the average number of outstanding shares amounted to 888,907,418. For the year 2022, the average number of outstanding shares amounted to 907,707,706.

Large incidentals

Q4 2022 & Q1 2022

TLTRO programme

With effect from 23 November 2022, the TLTRO III terms and conditions were changed. In Q4 2022 the changes resulted in a loss of EUR 319 million due to the unwinding of the hedge held for interest rate sensitivity, which was booked in other operating income at Group Functions. The discount from the TLTRO programme had been recorded in net interest income in Q1 2022 and Q4 2022, at EUR 44 million and EUR 60 million respectively.

Collective Labour Agreement

As part of the collective labour agreement (CLA) that took effect on 1 July 2022, a one-time gross payment of EUR 2,000 per employee in the Netherlands (on a full-time basis) resulted in an additional cost of EUR 34 million in Q4 2022, which was included in personnel expenses.

Provision for AML remediation programmes

Other expenses in Q1 2022 included a EUR 50 million addition to the provision for AML remediation programmes, recorded mainly at Group Functions.

First quarter 2023 results

Net interest income (NII) amounted to EUR 1,620 million in Q1 2023 (Q1 2022: EUR 1,310 million). Excluding large incidentals, net interest income grew EUR 354 million compared with Q4 2022. This growth was recorded in all client units and was mainly driven by a significant increase in deposit income as deposit margins were higher, partly offset by overall asset margin pressure, a decline in mortgage prepayment penalties and the continued wind-down of CB non-core.

The net interest margin amounted to 163bps in Q1 2023 (Q1 2022: 126ps), mainly due to improved NII in combination with a decrease in the average amount of total assets on the balance sheet (stronger seasonal effect combined with TLTRO-funded loan repayments during Q4 2022).

In comparison with Q4 2022, net interest income increased by EUR 56 million. Excluding large incidentals, the increase in net interest income was EUR 116 million, predominantly due to a deposit margin improvement in all client units. From 1 March 2023, the interest rate on savings accounts increased to 50bps and with effect from 1 May it increased further to 75bps.

Net fee and commission income amounted to EUR 444 million in Q1 2023, nearly flat compared with Q1 2022 (EUR 447 million), as the decline in asset management fee income at Wealth Management resulting from less favourable stock market developments was almost entirely offset by higher payment service income at Personal & Business Banking.

In comparison with Q4 2022, net fee and commission income also remained broadly stable. A slight improvement in Wealth Management fee income was offset by a decline in payment service income at Personal & Business Banking.

Other operating income decreased by EUR 98 million year-on-year, totalling EUR 78 million in Q1 2023 (EUR 176 million in Q1 2022). The decrease was mainly caused by volatile items: asset and liability management results at Treasury (EUR 29 million negative in Q1 2023 versus EUR 43 million in Q1 2022), CVA/DVA/FVA[1] results (EUR 5 million negative in Q1 2023 versus EUR 17 million in Q1 2022) and equity participation results (EUR 28 million in Q1 2023 versus EUR 31 million in Q1 2022).

Compared with Q4 2022, other operating income excluding large incidentals came down by EUR 96 million, mainly due to volatile items: EUR 67 million lower asset and liability management results at Treasury and EUR 3 million lower CVA/ DVA/FVA[1]. The decline was compensated to a certain extent by a EUR 18 million increase in equity participation results.

Personnel expenses totalled EUR 606 million in Q1 2023 (Q1 2022: EUR 600 million). The increase was mainly driven by the 4% salary increase under the CLA.

Compared with Q4 2022 and excluding incidentals, personnel expenses grew slightly, partly driven by an increase in internal FTEs.

Internal FTEs went up by 104 FTEs from Q4 2022 and up by 56 FTEs from Q1 2022, totalling 20,142 FTEs in Q1 2023. The additional FTEs were mainly hired in Group Functions in connection with IT related activities, mostly replacing external FTEs.

Other expenses amounted to EUR 800 million in Q1 2023 (Q1 2022: EUR 908 million). Excluding large incidentals, expenses decreased by EUR 58 million, mostly driven by lower external staffing expenses, partly offset by higher regulatory levies as the contribution to the Single Resolution Fund (SRF) in Q1 2023 amounted to EUR 214 million compared with EUR 184 million in Q1 2022.

External FTEs totalled 4,324, a steep decline when compared with both Q1 2022 and Q4 2022, mainly reflecting the progress we are making in our AML remediation activities and the replacement of external FTEs by internal FTEs.

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

Impairment charges amounted to EUR 14 million in Q1 2023 (Q1 2022: EUR 62 million), mainly driven by additions totalling EUR 38 million for new and existing individual provisioned stage 3 loans. The additions were partly offset by releases totalling EUR 24 million in the performing corporate portfolio, resulting from improved macro-economic variables.

Income tax expenses were EUR 199 million in Q1 2023 (Q1 2022: EUR 68 million) while profit before tax amounted to EUR 722 million, resulting in an effective tax rate of 27.6%. This is a higher effective rate than the Dutch corporate income tax rate of 25.8%. The difference is mainly explained by the impact of non-deductible interest resulting from Dutch "thin capitalisation" rules for banks, which increased in line with rising interest rates.

Profit attributable to owners of the parent company amounted to EUR 523 million in Q1 2023 (Q1 2022: EUR 295 million). Excluding payments attributable to AT1 instruments, this amount was EUR 500 million in Q1 2023 (Q1 2022: EUR 272 million).

RWA increased by EUR 3.2 billion compared to year-end 2022, reflecting a rise in credit risk RWA which was impacted by business developments, particularly at Clearing, an adjustment in the application of the SME support factor and model updates as part of our ongoing review of models.

Balance sheet

Condensed consolidated statement of financial position

(in millions)	31 March 2023	31 December 2022
Cash and balances at central banks	65,504	60,865
Financial assets held for trading	1,398	907
Derivatives	5,120	5,212
Financial investments	39,999	39,034
Securities financing	30,716	20,032
Loans and advances banks	3,917	2,982
Loans and advances customers	249,434	243,927
Other	7,676	6,622
Total assets	**403,764**	**379,581**
Financial liabilities held for trading	990	641
Derivatives	3,981	4,148
Securities financing	21,931	9,652
Due to banks	19,573	17,509
Due to customers	261,944	255,015
Issued debt	60,286	56,259
Subordinated liabilities	4,864	7,290
Other	7,467	6,253
Total liabilities	**381,036**	**356,767**
Equity attributable to the owners of the parent company	22,726	22,812
Equity attributable to non-controlling interests	2	2
Total equity	**22,728**	**22,814**
Total liabilities and equity	**403,764**	**379,581**
Committed credit facilities	54,950	53,873
Guarantees and other commitments	7,395	7,651

Main developments in total assets compared with 31 December 2022

Total assets increased by EUR 24.2 billion, totalling EUR 403.8 billion at 31 March 2023. The increase was mainly driven by seasonally higher securities financing assets, cash and balances at central banks, and loans and advances to customers.

Securities financing assets went up by EUR 10.7 billion to EUR 30.7 billion at 31 March 2023, reflecting a seasonal pattern.

Loans and advances customers increased by EUR 5.5 billion to EUR 249.4 billion, mainly driven by a EUR 4.5 billion rise in professional loans.

Client loans increased by EUR 0.1 billion to EUR 240.2 billion at 31 March 2023. This slight increase mainly reflected an increase in corporate loans at CB (mainly new and increased business volumes), partly offset by the continuing wind-down of the CB non-core portfolio, slightly lower residential mortgages and consumer loans.

Loans to professional counterparties and other loans increased by EUR 4.5 billion, totalling EUR 19.7 billion, mainly due to seasonal effects (as clients brought down their positions before the 2022 year-end).

Other assets went up by EUR 1.1 billion to EUR 7.7 billion at 31 March 2023, mainly as a result of unsettled securities transactions.

Loans and advances customers

(in millions)	31 March 2023	31 December 2022
Residential mortgages	150,644	150,762
Consumer loans	10,042	10,232
Corporate loans to clients[1]	79,419	79,085
- of which Personal & Business Banking	*8,892*	*8,962*
- of which Corporate Banking	*64,325*	*63,886*
- of which Corporate Banking - core	*63,519*	*62,734*
- of which Corporate Banking - non-core	*805*	*1,152*
Total client loans[2]	**240,104**	**240,079**
Loans to professional counterparties and other loans[2, 3]	19,667	15,209
Total loans and advances customers, gross[2]	**259,771**	**255,288**
Fair value adjustments from hedge accounting	-8,494	-9,335
Total loans and advances customers, gross	**251,277**	**245,953**
Loan impairment allowances	1,842	2,026
- of which Corporate Banking - non-core	*200*	*225*
Total loans and advances customers	**249,434**	**243,927**

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.

Main developments in total liabilities and equity compared with 31 December 2022

Total liabilities increased by EUR 24.3 billion to EUR 381.0 billion at 31 March 2023, mainly driven by a seasonal increase in securities financing, amounts due to customers and issued debt securities.

Securities financing liabilities increased by EUR 12.3 billion to EUR 21.9 billion at 31 March 2023, reflecting a seasonal pattern.

Due to customers increased by EUR 6.9 billion, totalling EUR 261.9 billion at 31 March 2023. This was caused by an increase in professional funding by EUR 10.6 billion, which was partly offset by a decrease of EUR 3.7 billion in client deposits.

Client deposits decreased by EUR 3.7 billion compared with Q4 2022, mainly in Corporate Banking. This decrease was partly caused by a volume overflow from current accounts to professional deposits (money markets time deposits). The flow from current accounts to time deposits was also noticeable in Wealth Management client deposits.

Professional deposits increased to EUR 34.7 billion in Q1 2023, mainly in Treasury and Global Markets, due to a switch from client deposits and seasonal recovery.

Issued debt securities increased by EUR 4.0 billion to EUR 60.3 billion, mainly due to an increase in long-term funding. At 31 March 2023, issued debt included EUR 24.5 billion in covered bonds, EUR 10.1 billion in senior preferred funding, EUR 11.8 billion in senior non-preferred funding and EUR 13.9 billion in commercial paper and certificates of deposit. EUR 7.6 billion in outstanding long-term funding and EUR 13.9 billion in outstanding short-term funding matures within 12 months.

Subordinated liabilities decreased by EUR 2.4 billion to EUR 4.9 billion, mainly due to the exercising of the call options on a EUR 1.0 billion T2 instrument at 18 January 2023 and a USD 1.5 billion T2 instrument at 27 March 2023.

Total equity decreased by EUR 0.1 billion to EUR 22.7 billion at 31 March 2023. This decrease was mainly attributable to the share buyback programme of EUR 0.5 billion (nearly completed as at 31 March 2023) and the impact of the IFRS 17 adoption as at 1 January 2023 (resulting in a EUR 0.2 billion decrease in equity), which was offset by the retained profit for Q1 2023.

Equity attributable to owners of the parent company amounted to EUR 22.7 billion as at 31 March 2023 (31 December 2022: EUR 22.8 billion). Excluding AT1 securities, it decreased by EUR 0.1 billion to EUR 20.7 billion at 31 March 2023, resulting in a book value of EUR 23.89 per share, based on 868,157,392 outstanding shares.

(in millions)	31 March 2023	31 December 2022
Client deposits		
Current accounts	102,867	113,305
Demand deposits	100,890	100,396
Time deposits	23,432	17,147
Other client deposits	90	123
Total Client deposits	**227,279**	**230,971**
Professional deposits	34,666	24,043
Due to customers	**261,944**	**255,015**

Results **by segment**

Personal & Business Banking

Highlights

- Net interest income grew substantially in Q1 2023, to EUR 809 million, largely due to higher deposit margins and volumes. Interest income on residential mortgages decreased as asset margins narrowed, although this was partially offset by higher volumes compared with Q1 2022.
- Our market share of new production in residential mortgages was 15% in Q1 2023 (Q1 2022: 17% and Q4 2022: 16%), reflecting the current competitive market.
- Net fee and commission income increased to EUR 132 million in Q1 2023 (Q1 2022: EUR 120 million) driven by a rise in payment transactions (mainly ICS) as clients spent more on travelling, and higher fee income resulting from payment package repricing.
- Operating expenses at EUR 658 million were stable compared with Q1 2022, as higher regulatory levies were offset mainly by lower external staffing expenses.

Operating results

(in millions)	Q1 2023	Q1 2022	Change	Q4 2022	Change
Net interest income	809	652	24%	765	6%
Net fee and commission income	132	120	10%	138	-4%
Other operating income	-5	5		44	
Operating income	**937**	**777**	**21%**	**947**	**-1%**
Personnel expenses	114	115		115	
Other expenses	544	541	1%	540	1%
Operating expenses	**658**	**656**		**655**	**1%**
Operating result	**278**	**122**	**129%**	**292**	**-5%**
Impairment charges on financial instruments	1	-4		-7	
Profit/(loss) before taxation	**277**	**126**	**121%**	**299**	**-7%**
Income tax expense	71	31	126%	80	-11%
Profit/(loss) for the period	**206**	**94**	**119%**	**219**	**-6%**
Cost/income ratio	70.3%	84.4%		69.1%	
Cost of risk (in bps)[1]	1	1		-2	
Other indicators					
Loans and advances customers (end of period, in billions)	157.5	156.0		157.8	
-of which Client loans (end of period, in billions)[2]	*158.1*	*156.6*		*158.4*	
Due to customers (end of period, in billions)	122.3	117.9		122.9	
Risk-weighted assets (end of period, in billions)	38.7	39.5		38.9	
Number of internal employees (end of period, in FTEs)	4,482	4,603		4,513	
Total client assets (end of period, in billions)	99.8	97.0		99.0	
- of which Cash	*88.9*	*85.3*		*88.6*	
- of which Securities	*10.9*	*11.7*		*10.4*	

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.

Wealth Management

Highlights

- Net interest income increased significantly as deposit margins went up and volumes grew compared with Q1 2022 and Q4 2022.
- Net fee and commission income totalled EUR 149 million, down EUR 13 million from Q1 2022, mostly because of a decrease in asset management fee income resulting from weaker stock market performance.
- Operating expenses recorded an increase of EUR 8 million in Q1 2023 compared to Q1 2022, mainly due to higher regulatory levies and the salary increase under the CLA.
- Client assets increased by EUR 7.9 billion compared with Q4 2022, mainly due to more positive stock market developments throughout Q1 2023. Net new assets were EUR 0.4 billion this quarter, mainly cash.

Operating results

(in millions)	Q1 2023	Q1 2022	Change	Q4 2022	Change
Net interest income	259	158	64%	227	14%
Net fee and commission income	149	162	-8%	142	5%
Other operating income	4	10	-62%	14	-74%
Operating income	**412**	**330**	**25%**	**382**	**8%**
Personnel expenses	101	97	4%	105	-4%
Other expenses	158	154	3%	149	6%
Operating expenses	**259**	**251**	**3%**	**254**	**2%**
Operating result	**153**	**79**	**95%**	**128**	**19%**
Impairment charges on financial instruments	-1			14	
Profit/(loss) before taxation	**154**	**78**	**97%**	**114**	**35%**
Income tax expense	42	23	87%	25	73%
Profit/(loss) for the period	**111**	**55**	**101%**	**90**	**24%**
Cost/income ratio	62.9%	76.2%		66.5%	
Cost of risk (in bps)[1]	-4	2		44	
Other indicators					
Loans and advances customers (end of period, in billions)	17.0	16.2		17.0	
-of which Client loans (end of period, in billions)[2]	*17.2*	*16.3*		*17.1*	
Due to customers (end of period, in billions)	64.7	62.5		64.6	
Risk-weighted assets (end of period, in billions)	11.1	10.1		11.3	
Number of internal employees (end of period, in FTEs)	2,837	2,893		2,848	
Total client assets (end of period, in billions)	210.1	207.7		202.2	
- of which Cash	*64.7*	*62.5*		*64.6*	
- of which Securities	*145.4*	*145.2*		*137.6*	
Net new assets (for the period, in billions)	0.4	1.7		0.8	

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.

Corporate Banking

Highlights

- Net interest income totalled EUR 542 million, 10% higher than in Q1 2022, due to increased interest margins on liabilities.
- Net fee and commission income was EUR 170 million, stable compared with Q1 2022 and Q4 2022.
- Operating expenses came to EUR 480 million in Q1 2023, EUR 20 million higher than in Q4 2022, mainly due to seasonally higher regulatory levies this quarter.
- Impairment charges represent a relatively low cost of risk due to a decline in individually provisioned files and model based impairments this quarter.

Operating results

(in millions)	Q1 2023	Q1 2022	Change	Q4 2022	Change
Net interest income	542	494	10%	563	-4%
Net fee and commission income	170	172	-1%	170	
Other operating income	116	102	14%	84	38%
Operating income	**829**	**768**	**8%**	**817**	**1%**
Personnel expenses	143	150	-5%	149	-5%
Other expenses	338	336	1%	311	9%
Operating expenses	**480**	**486**	**-1%**	**460**	**4%**
Operating result	**348**	**282**	**23%**	**357**	**-2%**
Impairment charges on financial instruments	15	65	-78%	24	-38%
Profit/(loss) before taxation	**334**	**217**	**54%**	**334**	
Income tax expense	87	45	94%	91	-5%
Profit/(loss) for the period	**247**	**172**	**43%**	**242**	**2%**
Cost/income ratio	58.0%	63.2%		56.3%	
Cost of risk (in bps)[1]	11	37		13	
Other indicators					
Loans and advances customers (end of period, in billions)	82.6	87.3		77.7	
-of which Client loans (end of period, in billions)[2]	*64.9*	*64.0*		*64.5*	
Due to customers (end of period, in billions)	59.2	68.3		60.6	
Risk-weighted assets (end of period, in billions)	77.6	65.0		73.6	
Number of internal employees (end of period, in FTEs)	3,654	3,830		3,595	

[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.

Core

(in millions)	Q1 2023	Q1 2022	Change	Q4 2022	Change
Net interest income	539	476	13%	549	-2%
Net fee and commission income	169	168	1%	168	1%
Other operating income	120	95	27%	87	39%
Operating income	**828**	**739**	**12%**	**804**	**3%**
Personnel expenses	125	122	2%	129	-2%
Other expenses	326	312	4%	296	10%
Operating expenses	**451**	**435**	**4%**	**425**	**6%**
Operating result	**377**	**305**	**24%**	**379**	**-1%**
Impairment charges on financial instruments	1	74	-98%	9	-86%
Profit/(loss) before taxation	**376**	**230**	**63%**	**370**	**1%**
Income tax expense	91	48	89%	100	-9%
Profit/(loss) for the period	**285**	**182**	**56%**	**270**	**5%**
Cost/income ratio	54.5%	58.8%		52.8%	
Cost of risk (in bps)[1]	6	43		2	
Other indicators					
Loans and advances customers (end of period, in billions)	82.0	85.8		76.8	
-of which Client loans (end of period, in billions)[2]	*64.1*	*62.2*		*63.4*	
Risk-weighted assets (end of period, in billions)	76.4	62.7		71.6	
Number of internal employees (end of period, in FTEs)	3,462	3,450		3,360	

[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)	Q1 2023	Q1 2022	Change	Q4 2022	Change
Net interest income	3	18	-82%	14	-76%
Net fee and commission income	2	4	-61%	2	-16%
Other operating income	-4	7		-2	-101%
Operating income	**1**	**29**	**-98%**	**13**	**-96%**
Personnel expenses	17	28	-38%	21	-17%
Other expenses	12	24	-49%	14	-17%
Operating expenses	**29**	**51**	**-43%**	**35**	**-17%**
Operating result	**-29**	**-22**	**-30%**	**-22**	**-31%**
Impairment charges on financial instruments	13	-9		15	-9%
Profit/(loss) before taxation	**-42**	**-13**		**-37**	**-15%**
Income tax expense	-4	-3	-12%	-9	59%
Profit/(loss) for the period	**-39**	**-10**		**-28**	**-38%**
Cost/income ratio	n.a.	176.1%		264.8%	
Cost of risk (in bps)[1]	364	-191		740	
Other indicators					
Loans and advances customers (end of period, in billions)	0.6	1.4		0.9	
-of which Client loans (end of period, in billions)[2]	*0.8*	*1.9*		*1.2*	
Risk-weighted assets (end of period, in billions)	1.3	2.3		2.1	
Number of internal employees (end of period, in FTEs)	192	380		235	

[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 for Q1 2023 totalled EUR 10 million, approximately flat compared to Q4 2022. Other operating income fluctuations are explained by large incidentals (mainly the change in TLTRO terms and conditions in Q4 2022) and volatile items.
- Personnel expenses increased compared with Q1 2022, reflecting the CLA signed in 2022 and an increase in internal employees hired in connection with IT related activities.
- Other expenses, excluding large incidentals, decreased by EUR 58 million, mainly as external staffing expenses declined compared to Q1 2022.
- Loans and advances to customers totalled EUR 7.6 billion negative, mainly due to negative fair value adjustments for hedge accounting resulting from the sharp increase in long-term interest rates.

Operating results

(in millions)	Q1 2023	Q1 2022	Change	Q4 2022	Change
Net interest income	10	5	93%	9	5%
Net fee and commission income	-8	-7	-17%	-7	-19%
Other operating income	-37	59		-287	87%
Operating income	**-36**	**57**		**-285**	**88%**
Personnel expenses	248	238	4%	265	-6%
Other expenses	-240	-123	-95%	-291	17%
Operating expenses	**8**	**115**	**-93%**	**-26**	
Operating result	**-43**	**-57**	**25%**	**-259**	**83%**
Impairment charges on financial instruments	-1			1	
Profit/(loss) before taxation	**-42**	**-58**	**27%**	**-261**	**84%**
Income tax expense	-1	-31	97%	-64	98%
Profit/(loss) for the period	**-41**	**-27**	**-54%**	**-197**	**79%**
Other indicators					
Securities financing - assets (end of period, in billions)	21.1	17.7		13.5	
Loans and advances customers (end of period, in billions)	-7.6	-0.8		-8.5	
Securities financing - liabilities (end of period, in billions)	21.7	18.4		9.6	
Due to customers (end of period, in billions)	15.8	13.3		7.0	
Risk-weighted assets (end of period, in billions)	4.3	9.8		4.7	
Number of internal employees (end of period, in FTEs)	9,169	8,761		9,082	

Additional financial information

Selected financial information

Condensed consolidated income statement

(in millions)	Q1 2023	Q1 2022	Q4 2022
Income			
Interest income calculated using the effective interest method	3,343	1,629	2,546
Other interest and similar income	62	62	70
Interest expense calculated using the effective interest method	1,771	357	1,043
Other interest and similar expense	15	23	10
Net interest income	**1,620**	**1,310**	**1,564**
Fee and commission income	566	584	564
Fee and commission expense	122	136	121
Net fee and commission income	**444**	**447**	**443**
Income from other operating activities	52	158	-213
Expenses from other operating activities	28	33	29
Net income from other operating activities	**24**	**125**	**-242**
Net trading income	54	40	84
Share of result of equity-accounted investments	3	9	18
Net gains/(losses) on derecognition of financial assets measured at amortised cost	-3	2	-5
Operating income	**2,142**	**1,933**	**1,861**
Expenses			
Personnel expenses	606	600	634
General and administrative expenses	759	863	666
Depreciation, amortisation and impairment losses of tangible and intangible assets	41	45	43
Operating expenses	**1,406**	**1,508**	**1,343**
Impairment charges on financial instruments	14	62	32
Total expenses	**1,420**	**1,570**	**1,375**
Profit/(loss) before taxation	**722**	**363**	**486**
Income tax expense	199	68	132
Profit/(loss) for the period	**523**	**295**	**354**
Attributable to:			
Owners of the parent company	523	295	354

Condensed consolidated statement of comprehensive income

(in millions)	Q1 2023	Q1 2022	Q4 2022
Profit/(loss) for the period	**523**	**295**	**354**
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Remeasurement gains/(losses) on defined benefit plans			13
Gains/(losses) on liability own credit risk	1	6	1
Items that will not be reclassified to the income statement before taxation	**1**	**6**	**14**
Income tax relating to items that will not be reclassified to the income statement		2	3
Items that will not be reclassified to the income statement after taxation		**5**	**11**
Items that may be reclassified to the income statement			
Net gains/(losses) currency translation reserve through OCI	-21	33	-98
Net gains/(losses) fair value reserve through OCI	17	21	-283
Net gains/(losses) cash flow hedge reserve	85	432	28
Less: Reclassification cash flow hedge reserve through the income statement	-27	-5	-16
Net gains/(losses) cash flow hedge reserve through OCI	112	436	43
Net gains/(losses) share of other comprehensive income of associates	-2	-4	
Less: Reclassification share of other comprehensive income of associates through the income statement			2
Share of other comprehensive income of associates	-2	-4	-2
Items that may be reclassified to the income statement before taxation	**105**	**487**	**-339**
Income tax relating to items that may be reclassified to the income statement	33	118	-62
Items that may be reclassified to the income statement after taxation	**72**	**369**	**-277**
Total comprehensive income/(expense) for the period after taxation	**595**	**669**	**88**
Attributable to:			
Owners of the parent company	595	669	88

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 January 2022	**940**	**12,970**	**6,093**	**- 1,227**	**1,231**	**1,987**	**21,994**	**5**	**21,999**
Total comprehensive income				374	295		669		669
Transfer			1,231		- 1,231				
Share buy back			- 289				- 289		- 289
Paid interest on AT1 capital securities			- 46				- 46		- 46
Other changes in equity			- 1				- 1		- 1
Balance at 31 March 2022	**940**	**12,970**	**6,989**	**- 853**	**295**	**1,987**	**22,328**	**5**	**22,333**
Balance at 31 December 2022	**898**	**12,529**	**6,375**	**-842**	**1,868**	**1,985**	**22,812**	**2**	**22,814**
Impact adopting IFRS 17			-164				-164		-164
Balance at 1 January 2023	**898**	**12,529**	**6,211**	**-842**	**1,868**	**1,985**	**22,648**	**2**	**22,650**
Total comprehensive income				72	523		595		595
Transfer			1,868		-1,868				
Increase of capital						1	1		1
Share buyback[1]			-462				-462		-462
Paid interest on AT1 capital securities			-46				-46		-46
Other changes in equity[2]			-10				-10		-10
Balance at 31 March 2023	**898**	**12,529**	**7,561**	**- 770**	**523**	**1,985**	**22,726**	**2**	**22,728**

1 For more information on the share buyback, please refer to the Capital management chapter.
2 Including EUR 10 million transaction costs related to the share buyback.

Risk developments

Highlights

- In comparison with Q4 2022, the loan portfolio quality remained solid whilst showing improvement in several indicators.
- Our liquidity risk profile remained strong, and was not impacted by the recent market turmoil in the banking sector.
- In Q1 2023 we recorded a net impairment charge of EUR 14 million, resulting in a cost of risk of 4bps, well below our through-the-cycle cost of risk of around 20 bps.

Key figures

(in millions)	31 March 2023	31 December 2022
Total loans and advances, gross carrying amount[1,2]	**262,653**	**258,212**
- of which Banks	*3,923*	*2,990*
- of which Residential mortgages[1]	*150,644*	*150,762*
- of which Consumer loans[2]	*9,062*	*10,232*
- of which Corporate loans[1,2]	*90,816*	*86,731*
- of which Other loans and advances customers[2]	*8,208*	*7,497*
Total Exposure at Default (EAD)	**401,857**	**391,065**
Credit quality indicators[2]		
Forbearance ratio	2.5%	2.7%
Past due ratio	0.6%	0.8%
Stage 2 ratio	9.0%	9.4%
Stage 2 coverage ratio	1.5%	1.7%
Stage 3 ratio[3]	1.9%	2.0%
Stage 3 coverage ratio[3]	24.2%	25.6%
Regulatory capital		
Total RWA	131,748	128,593
- of which Credit risk[4]	*114,103*	*110,621*
- of which Operational risk	*15,531*	*15,967*
- of which Market risk	*2,113*	*2,005*
Total RWA/total EAD	32.8%	32.9%
Mortgage indicators		
Exposure at Default[5]	155,986	155,608
- of which mortgages with Nationale Hypotheek Garantie (NHG)	*29,277*	*29,474*
Risk-weighted assets (Credit risk)[5]	23,060	22,574
RWA/EAD	14.8%	14.5%
Average Loan-to-Market-Value	56%	54%
Average Loan-to-Market-Value - excluding NHG loans	56%	54%

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 March 2023: EUR 0.3 billion (31 December 2022: EUR 0.3 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.

Impact of financial markets turmoil

The turmoil in the financial markets, sparked by specific issues at certain banks, had a material impact on the financial markets during the last few weeks of Q1 2023. Throughout this period the bank's liquidity position remained strong, supported by a large liquidity buffer and a stable and diversified funding and deposit mix. In the beginning of 2023, we issued EUR 4.6 billion in long-term wholesale funding. As volatility in the financial markets increased and markets for long-term funding became challenging, the bank continued to have good access to short-term funding markets for all relevant currencies.

During the first quarter the bank's liquidity ratios, including its liquidity coverage ratio and net stable funding ratio, remained well above (regulatory) required levels. The liquidity buffer increased to EUR 104.3 billion, compared to EUR 103.6 billion at year-end 2022. The impact of changes in interest rates on the value of the bonds in the liquidity buffer are hedged through swaps. The loan-to-deposit ratio ended up at 95%, a slight improvement compared to 96% at year-end 2022. Increased Clearing activities amid volatile markets had an upward impact on the loan-to-deposit ratio. This, however, was more than offset by an increase in short-term deposits within Group Functions and Markets.

Loans and advances

In Q1 2023, total loans and advances increased to EUR 262.7 billion (31 December 2022: EUR 258.2 billion). Corporate loans showed the largest rise, predominantly because of increased business activities at Clearing. Residential mortgages and consumer loans declined marginally. The latter were impacted by the implementation of IFRS 17, as a result of which EUR 1.1 billion in loans with an insurance element were recorded at fair value instead of at amortised cost.

Corporate Banking's non-core portfolio decreased to EUR 0.8 billion at 31 March 2023 (31 December 2022: EUR 1.2 billion). Approximately EUR 0.4 billion of this portfolio was classified as stage 3 (31 December 2022: EUR 0.4 billion).

Exposure at Default

EAD increased by almost EUR 11 billion to EUR 401.9 billion (31 December 2022: EUR 391.1 billion). The increase was largely caused by the increase in loans and advances due to seasonal movements at Clearing and Markets.

Credit quality indicators

The forbearance ratio improved to 2.5% (31 December 2022: 2.7%) due to an increase in total loans and advances, and a slight decline in forborne assets to EUR 6.5 billion (31 December 2022: EUR 6.9 billion). This decline was mainly observed in non-performing corporate loans, of which a large amount related to the non-core CB portfolio.

The past due exposure for loans and advances to customers declined to EUR 1.6 billion (31 December 2022: EUR 2.0 billion), triggered by a sizeable decline in corporate loans in arrears. As a consequence, the past due ratio declined to 0.6% (31 December 2022: 0.8%).

Risk-weighted assets

Total RWA increased by EUR 3.2 billion compared to year-end 2022, reflecting a rise in credit risk RWA, which was impacted by business developments, particularly at Clearing, an adjustment in the application of the SME support factor and model updates as part of our ongoing review of models. Operational risk RWA decreased slightly, primarily due to a quarterly update of external loss data. Market risk RWA increased marginally due to a new add-on for one of the models, partly offset by a downward adjustment of estimated volatility.

Impairments and cost of risk

	Q1 2023	Q1 2022	Q4 2022
Impairment charges on loans and other advances (in EUR million)[1]	14	62	32
- of which Residential mortgages	*3*	*12*	*- 41*
- of which Consumer loans	*- 8*	*11*	*12*
- of which Corporate loans	*32*	*64*	*69*
- of which Off-balance sheet items	*- 9*	*- 16*	*- 12*
Cost of risk (in bps)[2, 3]	4	14	6
- of which Residential mortgages	*1*	*3*	*- 11*
- of which Consumer loans	*- 33*	*41*	*47*
- of which Corporate loans	*14*	*29*	*30*

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 Q1 2023, a net impairment charge of EUR 14 million was recorded (Q1 2022: EUR 62 million), resulting in a cost of risk of 4bps (Q1 2022: 14bps). This amount is the net result of additions of EUR 38 million in stage 3, offset by releases of EUR 24 million in the performing portfolio (stage 1 and 2 combined). The additions in stage 3 were largely attributable to new and existing individually provisioned files. The releases in the performing portfolio were mainly caused by stage transfers and releases resulting from improved macro-economic variables that mainly impacted the corporate portfolio.

Management overlays decreased mainly due to a reclassification of an overlay related to corporate banking portfolios, as an in-model adjustment. In addition, the management overlays for potential second and third-order effects of the war in Ukraine were decreased by EUR 15 million.

Macroeconomic scenarios

European economies have shown resilience to the energy crisis and its impact on inflation; as a result, ABN AMRO economists revised their 2023 growth forecasts for the eurozone and the Netherlands upward. A more resilient economy with still elevated inflation also resulted in changes in the central banks' views. The ECB deposit rate is now expected to peak at 3.75% in July 2023. Whilst headline inflation in the eurozone including the Netherlands is expected to drop significantly in 2023, core inflation will likely be more persistent.

As a consequence, Dutch residential and commercial real estate prices are expected to fall more than previously anticipated. In order to allow for remaining uncertainties concerning geopolitics, energy issues, inflation and interest rates, we assigned a 25% risk weight to the negative scenario (31 December 2022: 35%).

The scenario weights indicated in the below 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.

ECL scenarios on 31 March 2023

(in millions)	Weight	Macroeconomic variable	2023	2024	2025	2026
Positive	15%	Real GDP Netherlands[1]	3.6%	2.7%	2.3%	1.6%
		Unemployment[2]	3.5%	3.6%	3.5%	3.5%
		House price index[3]	-1.5%	0.0%	0.5%	1.5%
Baseline	60%	Real GDP Netherlands[1]	1.2%	1.3%	1.5%	1.3%
		Unemployment[2]	3.8%	3.9%	3.9%	3.9%
		House price index[3]	-6.0%	-4.0%	-1.0%	1.0%
Negative	25%	Real GDP Netherlands[1]	0.0%	-0.5%	1.1%	1.6%
		Unemployment[2]	4.5%	4.7%	4.5%	4.5%
		House price index[3]	-10.0%	-12.0%	-8.3%	0.1%

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

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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Coverage and stage ratios

	31 March 2023				31 December 2022	
(in millions)	Gross carrying amount[3]	Allowances for credit losses[4]	Coverage ratio	Stage ratio	Coverage ratio	Stage ratio
Stage 1						
Loans and advances banks	**3,804**	**6**	**0.2%**	**97.0%**	**0.3%**	**98.8%**
Residential mortgages	139,606	19	0.0%	92.7%	0.0%	93.2%
Consumer loans[1]	8,323	27	0.3%	91.9%	0.3%	89.1%
Corporate loans[1]	74,480	267	0.4%	82.0%	0.4%	79.7%
Other loans and advances customers[1]	8,173		0.0%	99.6%	0.0%	99.5%
Total loans and advances customers[1]	**230,582**	**312**	**0.1%**	**89.1%**	**0.1%**	**88.6%**
Stage 2						
Loans and advances banks	**119**		**0.0%**	**3.0%**	**0.0%**	**1.2%**
Residential mortgages	9,860	57	0.6%	6.5%	0.6%	6.1%
Consumer loans[1]	479	15	3.0%	5.3%	4.8%	7.3%
Corporate loans[1]	12,884	271	2.1%	14.2%	2.2%	16.1%
Other loans and advances customers[1]	13	1	8.8%	0.2%	5.6%	0.5%
Total loans and advances customers[1]	**23,237**	**344**	**1.5%**	**9.0%**	**1.7%**	**9.4%**
Stage 3 and POCI[2]						
Loans and advances banks						
Residential mortgages	1,178	82	7.0%	0.8%	6.6%	0.8%
Consumer loans[1]	259	127	49.2%	2.9%	58.2%	3.5%
Corporate loans[1]	3,452	974	28.2%	3.8%	28.2%	4.2%
Other loans and advances customers[1]	22	3	11.8%	0.3%	83.9%	0.0%
Total loans and advances customers[1]	**4,911**	**1,186**	**24.2%**	**1.9%**	**25.6%**	**2.0%**
Total of stages 1, 2, 3 and POCI[2]						
Total loans and advances banks	**3,923**	**6**	**0.2%**		**0.3%**	
Residential mortgages	150,644	158	0.1%		0.1%	
Consumer loans[1]	9,062	169	1.9%		2.7%	
Corporate loans[1]	90,816	1,512	1.7%		1.8%	
Other loans and advances customers[1]	8,208	4	0.0%		0.1%	
Total loans and advances customers[1]	**258,730**	**1,842**	**0.7%**		**0.8%**	
Total loans and advances[1]	**262,653**	**1,849**	**0.7%**		**0.8%**	

1 Excluding loans at fair value through P&L.
2 On 31 March 2023 loans classified as POCI amounted to EUR 9 million (31 December 2022: EUR 9 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 March 2023: EUR 0 million; 31 December 2022: EUR 1 million).

In Q1 2023, we observed an increase in stage 1 exposures due to a rise in total loans and advances and transfers from stage 2 exposures. The transfers to stage 1 and repayments resulted in a decrease in loans and advances in stages 2 and 3. As a result, the stage 2 ratio decreased to 9.0% (31 December 2022 9.4%); and stage 3 ratio decreased to 1.9% (31 December 2022: 2.0%). In addition, EUR 1.1 billion consumer loans shifted from amortised cost to fair value accounting due to the implementation of IFRS 17, and thereby fall outside the scope of the coverage and stage ratios (see footnote 1). Without the impact of IFRS 17, we would have seen a slight increase in the coverage ratios of consumer loans across all risk stages.

Residential mortgages

Housing market developments

House prices in the Netherlands showed a further decline in Q1 2023, mainly due to higher mortgage interest rates and increased uncertainty in the market. Despite increased supply, the number of home sales declined due to the reluctance among buyers. Similarly, new construction is under pressure mainly due to affordability issues and long lead times caused by the nitrogen crisis in the Netherlands and lengthy permit processes.

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According to the Dutch Land Registry (Kadaster) the number of transactions in Q1 2023 was 21% lower than in Q4 2022 and 8% lower than in Q1 2022. The housing price index published by Statistics Netherlands (CBS) for Q1 2023 was 2% lower than in Q4 2022 and 1% lower than in Q1 2022.

Residential mortgage portfolio insights

New mortgage production amounted to EUR 2.9 billion, a 29% decrease compared with Q4 2022 and 47% less than in Q1 2022, mainly as a result of the cooling-down of the market. Mortgage refinancing remained unattractive to clients as interest rates continued to rise. Redemptions totalled EUR 3.1 billion, a 23% decrease from Q4 2022 and 31% less than in Q1 2022. This resulted in a slightly slower amortisation of the portfolio. The proportion of amortising mortgages had grown to 45% by 31 March 2023 (31 December 2022: 44%). ABN AMRO's market share in new mortgage production came to 14.7% in Q1 2023 (Q4 2022: 15.7%, Q1 2022: 16.7%).

In response to recent macroeconomic developments, ABN AMRO continued to closely monitor arrears in instalments. The Q1 mortgage arrears ratio remained stable at 0.6%.

The average indexed Loan to Market Value (LtMV) increased slightly to 56%, mainly due to the decline in house prices (31 December 2022: 54%). The gross carrying amount of mortgages with a LtMV in excess of 100% increased to EUR 4.0 billion (31 December 2022: EUR 2.4 billion). Loans with a LtMV in excess of 100% accounted for 2.7% of total mortgages (31 December 2022: 1.6%). New inflow of mortgages with a LtMV in excess of 100% relate to sustainable home improvements and constitute the only exception where mortgages are financed at a LtMV in excess of 100% (and up to 106%). Mortgage financing in excess of 100% can only be utilised to cover sustainable home improvements.

Other risk developments

Discussion with supervisor 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. At this time, the outcome of these discussions are 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 credit institutions that are part of the European Banking Union and in scope for the SRF. The SRB is of the opinion that ABN AMRO incorrectly reported variables for calculation of the annual SRF contribution over the 2016-2022 period. ABN AMRO disagrees with the SRB's point of view and, as from 2016, has repeatedly and extensively communicated its position with regard to the adjusted amount to the SRB.

The different points of view held by the SRB and ABN AMRO are attributable to a differing interpretation of the regulation governing the annual SRF contribution. If the SRB continues to disagree with ABN AMRO's position, this could result in an additional contribution of approximately EUR 120 million (before tax) being declared payable in the first half of 2023. In that event, ABN AMRO will challenge the SRB's decision. The outcome of any such 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 such challenge will be successful. Therefore, no provision has been recognised.

Capital management

Regulatory capital structure

(in millions)		31 March 2023		31 December 2022
Total equity (EU IFRS)		**22,728**		**22,814**
Dividend reserve		-851		-601
AT1 capital securities (EU IFRS)		-1,985		-1,985
Share buyback reserve		-38		-500
Regulatory and other adjustments		-127		-221
Common Equity Tier 1		**19,727**		**19,507**
AT1 capital securities (EU IFRS)		1,985		1,985
Regulatory and other adjustments		-3		-3
Tier 1 capital		**21,709**		**21,489**
Subordinated liabilities (EU IFRS)	4,864		7,290	
Regulatory and other adjustments	-985		-1,842	
Tier 2 capital		**3,879**		**5,449**
Total regulatory capital		**25,587**		**26,938**
Other MREL eligible liabilities[1]		13,940		11,827
Total MREL eligible liabilities		**39,527**		**38,765**
Total risk-weighted assets		**131,748**		**128,593**
Exposure measure				
Exposure measure		437,797		413,525
Capital ratios				
Common Equity Tier 1 ratio		15.0%		15.2%
Common Equity Tier 1 ratio (Basel IV)[2]		16%		16%
Tier 1 ratio		16.5%		16.7%
Total capital ratio		19.4%		20.9%
MREL		30.0%		30.1%
Leverage ratio		5.0%		5.2%

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.

Developments impacting capital ratios

On 31 March 2023, the CET1 ratio under Basel III was 15.0% (31 December 2022: 15.2%). In comparison with Q4 2022, the CET1 ratio decreased as the increase in RWA was only partly offset by an increase in capital. Total RWA increased by EUR 3.2 billion compared to year-end 2022, reflecting a rise in credit risk RWA, which was impacted by business developments, particularly at Clearing, an adjustment in the application of the SME support factor and model updates as part of our ongoing review of models. Operational risk RWA decreased slightly, primarily due to a quarterly update of external loss data. Market risk RWA increased marginally due to a new add-on for one of the models, partly offset by lower estimated volatility. CET1 capital increased mainly due to the addition of the Q1 2023 net profit of EUR 523 million, excluding a 50% dividend reservation, partly offset by a negative impact of EUR 164 million due to the adoption of IFRS 17. All capital ratios were in line with the bank's risk appetite and comfortably above regulatory requirements.

The maximum distributable amount (MDA) trigger level was at 9.8% (excluding AT1 shortfall). The reported Basel III CET1 ratio of 15.0% was 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, which 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 March 2023. 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 remaining uncertainties, including data limitations, finalisation of the Basel IV regulations, management actions and other portfolio developments. We continue to review our credit risk RWA models, which may lead to further model updates and RWA add-ons under both Basel III and Basel IV.

Share buyback programme

On 8 February 2023, in line with our capital framework, we announced a share buyback programme of EUR 500 million. The programme commenced on 9 February and was completed on 12 April. Under the programme, 31,946,537 depositary receipts and ordinary shares were repurchased. Upon completion of the share buyback programme, the outstanding number of depositary receipts and ordinary shares was 865,575,379. We intend to cancel the repurchased ordinary shares and corresponding depository receipts in due course. As a majority shareholder, NLFI participated in the share buyback programme on a pro-rata basis for its 56.3% holding.

Leverage ratio

The Capital Requirements Regulation (CRR) includes a non-risk-based and binding leverage ratio. The leverage ratio decreased to 5.0% at 31 March 2023 (31 December 2022: 5.3%), mainly due to an increase in on-balance sheet exposures, partly offset by the increase 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 was 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 has been set at 27.7%, of which 26.7% must be met by own funds, subordinated instruments and SNP notes. This included a combined buffer requirement (CBR) of 4.0%.

Based on the eligible liabilities, i.e. own funds, subordinated instruments and SNP notes, the MREL ratio decreased slightly to 30.0% as of 31 March 2023 (31 December 2022: 30.3%). The decrease was mainly driven by the increase in RWA and the exercising of the call option on a USD 1.5 billion T2 note. This was partly offset by the issuance of EUR 2.0 billion in SNP notes. Another EUR 1.3 billion SNP note was issued on 20 April 2023.

The reported MREL ratio excludes EUR 3.8 billion of grandfathered senior preferred liabilities currently eligible for MREL.

About **this report**

Introduction

This report presents ABN AMRO's results for the first quarter of 2023. 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 from 1 January 2023, ABN AMRO has adopted IFRS 17 "Insurance Contracts". IFRS 17 replaces IFRS 4 and includes comprehensive new requirements for the recognition and measurement, presentation and disclosure of insurance contracts.

Following the application of IFRS 17, a portfolio of loans with death waiver features was in scope for the accounting policy choice allowed under IFRS 17. ABN AMRO opted for application of IFRS 9 to loans with death waivers in their entirety, i.e. including the insurance feature, as a result of which these loans no longer meet the SPPI criterion. These loans are therefore measured in their entirety at fair value through profit or loss as of 1 January 2023. ABN AMRO chose not to restate prior periods in line with the transitional provisions of IFRS 9 as amended by IFRS 17. As a result, the comparative figures have not been adjusted and the impact is recognised in the opening balance at 1 January 2023. Furthermore, ABN AMRO has a captive insurance entity and two equity accounted insurance entities. IFRS 17 has an impact on the shareholders' equity, net result, presentation and disclosures of these entities.

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 Q1 2023 results.

Enquiries

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Investor call

A conference call for analysts and investors will be hosted by the bank on Wednesday 10 May 2023. 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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