Interim Report & Quarterly Report

ABN AMRO Bank N.V.

Second quarter 2023

About this report

Introduction

This Quarterly Report presents ABN AMRO's results for the second quarter of 2023, the interim report for 2023 and the Condensed consolidated Interim Financial Statements for 2023. The report provides a quarterly business and financial review as well as risk, funding, liquidity and capital disclosures.

Presentation of information

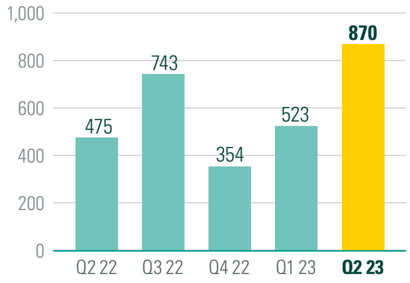
The Condensed consolidated Interim Financial Statements in this report have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU) and have been reviewed by our external auditor. Some disclosures in the Risk, funding & capital section of this report are part of the Condensed consolidated Interim Financial Statements and are labelled as 'Reviewed' in the respective tables or headings.

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.

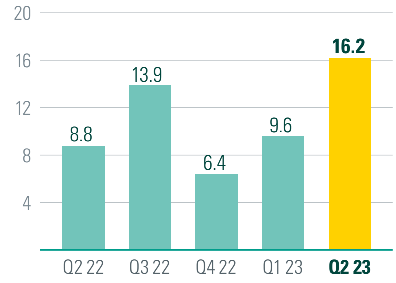
To download this report or to obtain more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com. In addition to this report, ABN AMRO provides an analyst and investor call presentation, an investor presentation and a factsheet regarding the second-quarter 2023 results.

Figures at a glance

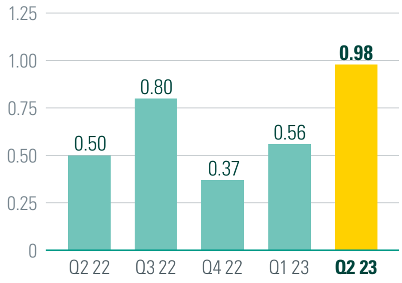
Net profit/(loss)
(in millions)



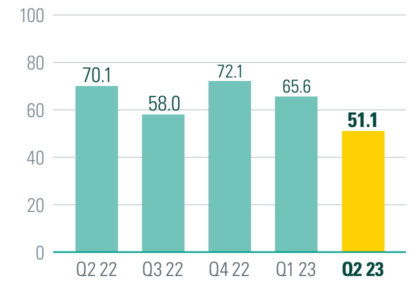
Return on equity
(in %)



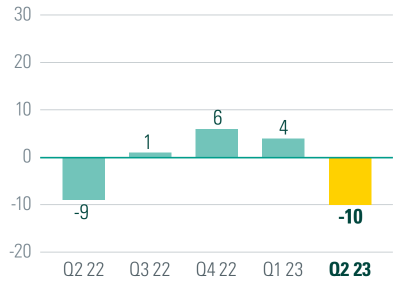
Earnings per share
(in EUR)



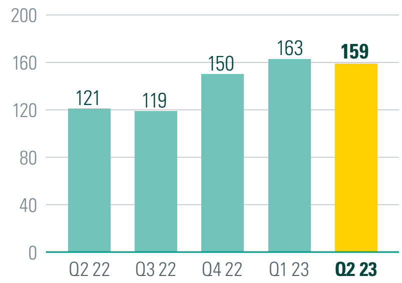
Cost/income ratio
(in %)



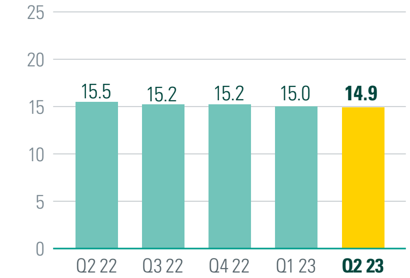
Cost of risk
(in bps) Target is 25-30 bps through-the-cycle



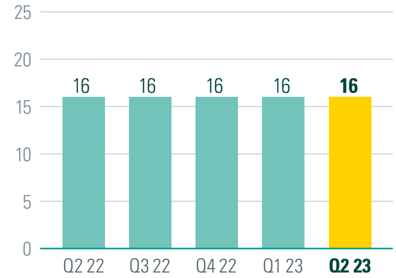
Net interest margin
(in bps)



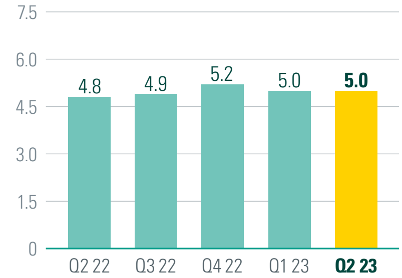
CET1 ratio (Basel III)
(end-of-period, in %)



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 strong result, with a net profit of EUR 870 million and an ROE of over 16%, reflecting high NII and impairment releases. All client units contributed with improved net profit.
- Continued strong NII, benefitting from the higher interest rate environment.
- Expected costs for 2023 now around EUR 5.2 billion; we do not expect to reach our 2024 cost target as 2023 investments spill over, inflation is higher and AML costs will reduce more gradually.
- Credit quality remains solid, with impairment releases of EUR 69 million.
- Solid capital position; fully-loaded Basel III CET1 ratio of 14.9% and Basel IV CET1 ratio of around 16%. Interim dividend has been set at EUR 0.62 per share.
- Updated financial KPIs and capital framework to be presented at publication of Q4 results.

Message from the CEO

In the second quarter, we once again delivered a very strong financial result, driven by high net interest income (NII) and impairment releases, in an environment where macroeconomic and geopolitical uncertainty persisted. I am proud of the continued commitment we demonstrated to our clients in the past quarter. All client units contributed with improved net profit, and momentum in the corporate loan book and mortgage portfolio was positive. The Dutch economy cooled down somewhat, and uncertainty and persistently high inflation continued to put pressure on our clients. Despite this slowdown, the labour market remained tight and corporate and household balance sheets robust. I am pleased the bank is resilient, with a stable risk profile and a strong balance sheet. We will present our updated financial KPIs and capital framework at publication of the Q4 results.

Net profit in the second quarter was EUR 870 million and the return on equity (ROE) was over 16%. NII, benefitting from the higher interest rate environment, stood at EUR 1,622 million and fee income was stable. Costs were lower due to lower regulatory levies, while investments have been delayed in a tight labour market. We now expect full-year costs for 2023 to be around EUR 5.2 billion. While we remain focused on cost discipline, we no longer expect to reach our cost target of EUR 4.7 billion in 2024, as 2023 investments spill over, inflation is higher and AML costs will reduce more gradually. More effort than expected is required to ensure that our ongoing AML activities are at a sustainable and adequate level and meet regulatory requirements.

Credit quality remained solid in Q2 with impairment releases of EUR 69 million, reflecting the ending of the Covid management overlay and net releases in individual client files. The impact of the economic slowdown on our loan portfolio so far remains limited and we expect the cost of risk for 2023 to remain well below the through-the-cycle cost of risk of around 20 basis points. Buffers remain in place against uncertainties in the economic outlook. Risk-weighted assets increased by EUR 2.7 billion, mainly due to model updates as part of our ongoing review of models. Our capital position remains strong, with a fully-loaded Basel III CET1 ratio of 14.9% and a Basel IV CET1 ratio of around 16%. In line with our dividend policy, the interim dividend has been set at EUR 0.62 per share, which amounts to EUR 537 million.

Banks play an important role in society, contributing to the real economy and creating trust. We support all our clients – private clients, entrepreneurs and companies – in their daily banking and with expertise when it matters. Society is facing climate change, the war in Ukraine and macroeconomic uncertainty, while technology is evolving very fast. In this rapidly changing environment our stakeholders value secure banking, sustainable investment and finance, and a solid business model, all of which are key elements in our strategy of being a personal bank in the digital age. Our purpose 'Banking for better, for generations to come' inspires us to support our clients with fair banking and contribute to society while we remain focused on the execution of our strategy and continue to transform into a future-proof bank.

Creating trust is ultimately about people. Our staff are key to delivering on our strategy and earning the trust of our clients. I would like to thank them for their commitment. And I would like to thank our clients, our shareholders and all other stakeholders for their continued support.

Robert Swaak
CEO of ABN AMRO Bank N.V.

Strategic **KPIs**

We are focused on executing our strategy of becoming 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 – are our guiding principles in acting on our purpose 'Banking for better, for generations to come'.

Customer experience

We focus on attractive segments in the Netherlands and Northwest Europe where we can grow profitably and further develop our leading positions in mortgages and SMEs by offering new propositions.

ABN AMRO's market share in new mortgage production decreased to 14% in the first half of 2023, reflecting strong competition and our focus on sustainable margins. In June our market share was higher than in previous months. Our market share for SMEs remained at 16% in a competitive market.

As we increasingly become a personal bank in the digital age, the digital experience remains the most valued element of our service for clients, while they clearly also appreciate our expertise through personal contact. Our relational NPS scores for both mortgages and SMEs are still influenced by the general sentiment and branch closures. Our NPS for mortgages is slightly lower compared with last year, while our NPS for SMEs is also lower as we continue to invest in our new client service model. Contact with our employees and their expertise is the most important reason for clients to recommend the bank. It takes some time before operational improvements affect NPS scores.

We are piloting with a private ChatGPT, the new wave of artificial intelligence, whose impact is only just beginning to take shape. In the pilot, we are using a private ChatGPT system to summarise client conversations. When an adviser types in a client question, ChatGPT shows a summary of all product pages, allowing them to focus fully on the conversation. We expect that ChatGPT will allow our staff to spend more time with our clients.

Sustainability

We aim to increase the asset volume of sustainable client loans (including mortgages and corporate loans) and ESG & impact investments from around one-fifth to over one-third in 2024. We are making good progress, with a score of 33% at the end of June. Following the publication of our climate strategy last December, we will evaluate the bank-wide targets on sustainability and further include climate.

The Sustainability Acceleration Standard (SAS) KPI increased from 31% to 33%. Sustainable loans at Corporate Banking increased from 19% to 23%, mainly for Commercial Real Estate clients. The percentage for residential mortgages continued to steadily improve. At Wealth Management we now bring impact investing within reach of a larger group of clients through the Impact Funds Mandate, making the full breadth of the ESG investment spectrum available to all clients.

We are making steady progress on the execution of our climate strategy. We are piloting a client engagement tool on the transition and we facilitate trainings, while we are also working on targets for the next wave of sectors. For companies with a financing need of up to EUR 25 million we provide standardised products such as the transition loan, encouraging companies to make sustainability improvements.

We aim to lead by example and make our office buildings more energy-efficient. We have signed a construction contract to redevelop one of our locations in Amsterdam into a Paris-proof campus, designed to facilitate the trend of hybird working. In the same area of Amsterdam, through our Social Point programme, we are supporting local social initiatives with expertise and resources. The programme is now being scaled-up to five other major cities.

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 both our people and our clients – an environment that reflects the diversity of our society. This is important for employee engagement and a pleasant working environment and makes for a better risk culture and decision-making. The percentage of women in the sub-top remained at 31%.

Future-proof bank

We are building a future-proof bank. In the digital age, our personal touch is often digitally enabled, combined with expertise as our main differentiator. Clients expect easy digital delivery through apps, fully digital services and seamless self-service. As we are transforming into a personal bank in the digital age, we are staying close to our clients in a different way, including through our mobile banking app which now also enables direct contact by phone or video call.

We continuously adapt our IT systems and organisation to the developing requirements of our bank-wide strategy and the evolving approach to data and data quality. 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. We have made further progress in the end-to-end digitalisation of our high-volume processes, but given that we have broadened the scope of the STP (straight-trough-processing) target this progress is not reflected in the outcome of our STP score of 59%. All our daily banking services and products are available remotely.

Innovation is an important part of our business model. In our own incubator, we explore new trends, and they play a key role in shaping the bank's strategy development. We collaborate with start-ups and are investing in them via the ABN AMRO Ventures Fund, the Sustainable Impact Fund and through our partner Techstars. These partnerships teach us about new ways to use technology and help these start-ups pick up the pace.

Progress on our financial targets is addressed in the relevant sections of this report.

Strategic pillars	Metric	2024 targets	First half 2023	2022 results
Customer experience				
	Relational NPS[1]			
	Mortgages	> 0	-3	0
	SMEs (incl. self-employed)	> 0	-47	-38
	Market share growth in focus segments			
	New production mortgages	20%	14%	17%
	SMEs[2]	20%	16%	16%
Sustainability				
	Supporting clients' transition to sustainability			
	Percentage sustainability (acceleration) asset volume[3]	36%	33%	31%
	Diversity & Inclusion			
	Percentage of women at sub-top	34%	31%	31%
Future-proof bank				
	Digitalisation			
	Straight-through-processing rate of high volume service and product processes[4]	90%	59%	63%
	Financial targets			
	Absolute cost base (in EUR billions)[5]	<4.7	2.5	5.3
	Through-the-cycle cost of risk (in bps)	20	-3	3
	Return on equity (ambition with normalised interest rates)	8% (10%)	13%	9%
	CET1 ratio (Basel IV)[6]	13%	16%	16%

1 Net Promoter Score is calculated as the percentage of promoters minus the percentage of detractors.
2 Market share SMEs is based on previous year-end results.
3 For definition of sustainability (acceleration) asset volume, see Operational sustainability KPIs table.
4 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).
5 Excluding large incidentals.
6 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	First half 2023	2022
Percentage sustainability (acceleration) asset volume[1]					
- ESG + impact investments	42%	40%	38%	45%	46%
- Residential mortgages	34%	31%	28%	29%	28%
- Corporate loans to clients[2]	27%	21%	16%	23%	19%
Total	**36%**	**32%**	**29%**	**33%**	**31%**
External rating					
S&P Global ESG Dow Jones Sustainability Index[3]	top 5%	top 5%	top 5%	-[4]	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 Corporate loans include loans from all three client units. Non-core loans are not included.
3 The result indicates to which extent ABN AMRO deviates from the highest score of the industry leader.
4 This index is measured on an annual basis and is therefore not available per first half 2023.

Financial review

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

Results

Operating results

(in millions)	Q2 2023	Q2 2022	Change	Q1 2023	Change	First half 2023	First half 2022	Change
Net interest income	1,622	1,273	27%	1,620		3,242	2,583	26%
Net fee and commission income	444	448	-1%	444		889	895	-1%
Other operating income	157	163	-4%	78	102%	235	339	-31%
Operating income	**2,223**	**1,884**	**18%**	**2,142**	**4%**	**4,366**	**3,817**	**14%**
Personnel expenses	612	619	-1%	606	1%	1,218	1,219	
Other expenses	525	702	-25%	800	-34%	1,325	1,610	-18%
Operating expenses	**1,137**	**1,321**	**-14%**	**1,406**	**-19%**	**2,543**	**2,829**	**-10%**
Operating result	**1,086**	**563**	**93%**	**736**	**48%**	**1,823**	**988**	**84%**
Impairment charges on financial instruments	-69	-62	-10%	14		-55	-0	
Profit/(loss) before taxation	**1,155**	**626**	**85%**	**722**	**60%**	**1,877**	**989**	**90%**
Income tax expense	285	151	89%	199	43%	485	219	122%
Profit/(loss) for the period	**870**	**475**	**83%**	**523**	**66%**	**1,393**	**770**	**81%**
Attributable to:								
Owners of the parent company	870	475	83%	523	66%	1,393	770	81%
Other indicators								
Net interest margin (NIM) (in bps)	159	121		163		161	123	
Cost/income ratio	51.1%	70.1%		65.6%		58.2%	74.1%	
Cost of risk (in bps)[1]	-10	-9		4		-3	2	
Return on average equity[2]	16.2%	8.8%		9.6%		12.9%	7.1%	
Dividend per share (in EUR)[3]	0.62	0.32				0.62	0.32	
Earnings per share (in EUR)[3,4]	0.98	0.50		0.56		1.54	0.79	
Client assets (end of period, in billions)	312.6	297.2		309.9				
Risk-weighted assets (end of period, in billions)	134.5	126.7		131.7				
Number of internal employees (end of period, in FTEs)	20,153	20,079		20,142				
Number of external employees (end of period, in FTEs)	4,296	5,933		4,324				

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 Q2 2023, the average number of outstanding shares amounted to 866,005,715. (Q1 2023: 888,907,418; for the year 2022: 907,707,706).

Large incidentals

Q2 2023
Provision for revolving consumer credit compensation
In Q2 2023, this provision was updated, resulting in a EUR 18 million release under net interest income and a EUR 20 million addition for handling costs under other expenses. Both items were recorded at Personal & Business Banking.

Q2 2022
Additional TLTRO discount
Q2 2022 included EUR 41 million in net interest income for an additional TLTRO discount.

Provision for AML remediation programmes
Other expenses in Q2 2022 included a EUR 34 million addition to the provisions for the AML remediation programmes, recorded mainly at Group Functions and for a small part at Personal & Business Banking.

Second-quarter 2023 results

Net interest income (NII) amounted to EUR 1,622 million in Q2 2023 (Q2 2022: EUR 1,273 million), including a EUR 18 million release for revolving consumer credit compensation with floating interest rates. Excluding large incidental in both quarters, NII increased by EUR 372 million compared with Q2 2022, as higher deposit margins were recorded in all client units. This was partly offset by overall asset margin pressure and a decline in mortgage prepayment penalties.

The net interest margin amounted to 159bps in Q2 2023 (Q2 2022: 121bps), mainly due to improved NII in combination with a smaller average amount of total assets (mainly due to TLTRO-funded loan repayments).

In comparison with Q1 2023, net interest income (excluding large incidentals) declined by EUR 16 million, predominantly due to lower Treasury results.

Net fee and commission income decreased slightly to EUR 444 million in Q2 2023 (Q2 2022: EUR 448 million), mainly in Wealth Management, as a result of less favourable stock market developments. Compared with previous quarter, fees were nearly stable.

Other operating income decreased by EUR 6 million to EUR 157 million in Q2 2023 (Q2 2022: EUR 163 million). Volatile items were down by EUR 73 million from Q2 2022 and included lower asset and liability management results at Treasury (EUR 11 million negative in Q2 2023 versus EUR 64 million in Q2 2022), lower CVA/DVA/FVA[1] results (EUR 3 million in Q2 2023 versus EUR 18 million in Q2 2022) and higher equity participation results (EUR 36 million in Q2 2023 versus EUR 19 million in Q2 2022). These were mainly offset by positive fair value adjustments for IFRS 17 (loans with insurance features) and improved results in markets business.

Compared with Q1 2023, other operating income increased by EUR 79 million, partly explained by volatile items: EUR 18 million higher asset and liability management results at Treasury, EUR 8 million higher equity participation results and EUR 8 million higher CVA/DVA/FVA.
The remaining is explained by higher fair value adjustments from IFRS 17.

Personnel expenses totalled EUR 612 million in Q2 2023 (Q2 2022: EUR 619 million). The EUR 7 million decrease reflected collective labour agreement (CLA) related one-offs booked in Q2 2022, offset by higher staff costs due to a CLA salary increase. Compared with Q1 2023, personnel expenses increased by EUR 6 million, mainly due to wage inflation and higher pension costs.

Employee FTEs totalling 20,153 FTE in Q2 2023, went up by 74 FTE compared with Q2 2022. The increase is largely explained by additional internal resources related to IT, customer care and AML activities. Compared with Q1 2023, the number of FTEs remained nearly flat.

Other expenses amounted to EUR 525 million in Q2 2023 (Q2 2022: EUR 702 million). Regulatory expenses (Single Resolution Fund) were substantially lower this quarter, due to a partial release of the contribution accrued in Q1 2023. Excluding large incidentals and regulatory levies, other expenses decreased by EUR 71 million in comparison with the previous year, mainly reflecting a steep decline in external staffing expenses.

Compared with Q1 2023, excluding the impact of large incidentals and levies, other expenses were nearly stable.

Impairment charges showed a release of EUR 69 million (Q2 2022: EUR 62 million release). This is predominantly attributable to large releases due to the sale of some stage 3 exposures, the termination of the remaining Covid overlays resulting in releases in performing stages, and the further decrease of the portfolios in rundown. Additions from the stage 3 inflows were limited and more than offset by the aforementioned releases.

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

Income tax expenses were EUR 285 million in Q2 2023 (Q2 2022: EUR 151 million), while profit before tax amounted to EUR 1,155 million, resulting in an effective tax rate of 24.7%. This is a lower effective rate than the Dutch corporate income tax rate of 25.8%. The difference is mainly explained by tax exempted income from participations, partly offset 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 870 million in Q2 2023 (Q2 2022: EUR 475 million). Excluding payments attributable to AT1 instruments, this amount was EUR 847 million in Q2 2023 (Q2 2022: EUR 452 million).

RWA for the second quarter increased by EUR 2.7 billion in comparison with Q1 2023, reflecting a rise in credit risk RWA, mainly as a result of model updates as part of our ongoing reviews, partly offset by the effect of asset quality improvements and business developments.

First half-year 2023 results

ABN AMRO recorded a net profit of EUR 1,393 million in H1 2023 (H1 2022: EUR 770 million). The increase was mainly caused by strongly improved net interest income and lower operating expenses.

Return on average equity for H1 2023 was 12.9%, compared with 7.1% in H1 2022.

Net interest income increased by EUR 659 million to EUR 3,242 million, compared with EUR 2,583 million in H1 2022. Excluding large incidentals, net interest income increased by EUR 726 million, mainly due to higher deposit margin income in all client units as a result of increased interest rates and higher Treasury results. This was partly offset by margin pressure on our loan book, declining mortgage prepayment penalties and a decline in interest income as the wind-down of non-core portfolio continued.

Net fee and commission income amounted to EUR 889 million, a small decrease of EUR 6 million compared with H1 2022. This decrease was attributable to lower asset management fee income at Wealth Management resulting from less favourable stock market developments, which was almost entirely offset by higher income fees from payment services at Personal & Business Banking.

Other operating income decreased by EUR 104 million to EUR 235 million (H1 2022: EUR 339 million). The overall negative impact of volatile items (EUR 147 million lower asset and liability management results at Treasury, EUR 37 million lower CVA/DVA/FVA results, and EUR 14 million favourable results from equity participations) was partially offset by positive fair value adjustments for IFRS 17 and improved results at Global Markets.

Personnel expenses remained nearly flat at EUR 1,218 million (H1 2022: EUR 1,219 million). Salary increases were fully mitigated by a decrease in CLA related one-offs recorded in 2022.

Other expenses amounted to EUR 1,325 million (H1 2022: EUR 1,610 million). Excluding large incidentals and regulatory levies (mainly related to the Single Resolution Fund), operating expenses decreased by EUR 162 million, for a major part due to lower external staffing costs in all client units and Group Functions.

Impairment charges were EUR 55 million lower due to releases in the second quarter of 2023 (H1 2022: nil), mainly as a result of decreases in management overlays and releases in individual files largely in the corporate loan portfolio. During the first quarter, a net impairment charge of EUR 14 million was recorded, primarily due to additions in stage 3 which were largely attributable to new and existing individual provisioned files.

Income tax expense amounted to EUR 485 million in H1 2023 (H1 2022: EUR 219 million), while profit before tax amounted to EUR 1,877 million, resulting in an effective tax rate of 25.8%. This is equal to the Dutch corporate income tax rate of 25.8%.

Profit attributable to owners of the parent company amounted to EUR 1,393 million in H1 2023 (H1 2022: EUR 770 million). Excluding payments attributable to AT1 instruments, this amount was EUR 1,347 million in H1 2023 (H1 2022: EUR 725 million).

Balance sheet

Condensed consolidated statement of financial position

(in millions)	30 June 2023	31 March 2023	31 December 2022
Cash and balances at central banks	63,315	65,504	60,865
Financial assets held for trading	1,711	1,398	907
Derivatives	5,109	5,120	5,212
Financial investments	38,449	39,999	39,034
Securities financing	33,956	30,716	20,032
Loans and advances banks	3,287	3,917	2,982
Loans and advances customers	248,605	249,434	243,927
Other	8,953	7,676	6,622
Total assets	**403,384**	**403,764**	**379,581**
Financial liabilities held for trading	1,346	990	641
Derivatives	4,019	3,981	4,148
Securities financing	23,500	21,931	9,652
Due to banks	8,208	19,573	17,509
Due to customers	259,975	261,944	255,015
Issued debt	69,289	60,286	56,259
Subordinated liabilities	5,424	4,864	7,290
Other	8,576	7,467	6,253
Total liabilities	**380,337**	**381,036**	**356,767**
Equity attributable to the owners of the parent company	23,044	22,726	22,812
Equity attributable to non-controlling interests	3	2	2
Total equity	**23,047**	**22,728**	**22,814**
Total liabilities and equity	**403,384**	**403,764**	**379,581**
Committed credit facilities	55,091	54,950	53,873
Guarantees and other commitments	6,330	7,395	7,651

Main developments in total assets compared with 31 March 2023

Total assets remained nearly flat, totalling EUR 403.4 billion at 30 June 2023.

Loans and advances customers decreased by EUR 0.8 billion to EUR 248.6 billion, driven mainly by lower professional lending.

Client loans remained stable at EUR 240.1 billion as at 30 June 2023. An increase in corporate loans at CB (mainly new and increased business volumes) was offset by the continuing wind-down of the CB non-core portfolio and slight decreases in consumer loans.

Loans to professional counterparties and other loans decreased by EUR 1.0 billion, totalling EUR 18.7 billion, mainly due to lower lending volumes in Clearing.

Main developments in total assets compared with 31 December 2022

Total assets increased by EUR 23.8 billion, totalling EUR 403.4 billion at 30 June 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 went up by EUR 14.0 billion to EUR 34.0 billion at 30 June 2023, reflecting a seasonal pattern.

Loans and advances customers increased by EUR 4.7 billion, to EUR 248.6 billion. This increase was mainly driven by a EUR 3.5 billion rise in professional loans.

Client loans remained stable at EUR 240.1 billion at 30 June 2023. An increase in corporate loans at CB (mainly new and increased business volumes) was offset by the continuing wind-down of the CB non-core portfolio and decreases in consumer loans.

Loans to professional counterparties and other loans increased by EUR 3.5 billion, totalling EUR 18.7 billion, mainly due to seasonal recovery (as clients traditionally brought down their positions before the 2022 year-end).

Other assets went up by EUR 2.3 billion to EUR 8.9 billion at 30 June 2023, mainly as a result of unsettled securities transactions.

Loans and advances customers

(in millions)	30 June 2023	31 March 2023	31 December 2022
Residential mortgages	150,706	150,644	150,762
Consumer loans	9,876	10,042	10,232
Corporate loans to clients[1]	79,493	79,419	79,085
- of which Personal & Business Banking	*8,691*	*8,892*	*8,962*
- of which Corporate Banking	*64,671*	*64,325*	*63,886*
- of which Corporate Banking - core	*64,131*	*63,519*	*62,734*
- of which Corporate Banking - non-core	*540*	*805*	*1,152*
Total client loans[2]	**240,075**	**240,104**	**240,079**
Loans to professional counterparties and other loans[2,3]	18,659	19,667	15,209
Total loans and advances customers, gross[2]	**258,734**	**259,771**	**255,288**
Fair value adjustments from hedge accounting	-8,360	-8,494	-9,335
Total loans and advances customers, gross	**250,374**	**251,277**	**245,953**
Loan impairment allowances	1,768	1,842	2,026
- of which Corporate Banking - non-core	*168*	*200*	*225*
Total loans and advances customers	**248,605**	**249,434**	**243,927**

[1] Corporate loans excluding loans to professional counterparties.
[1] Excluding fair value adjustment from hedge accounting.
[1] 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 March 2023

Total liabilities decreased by EUR 0.7 billion to EUR 380.3 billion at 30 June 2023.

Due to customers decreased by EUR 2.0 billion, totalling EUR 260.0 billion at 30 June 2023. This was caused by a decrease in professional deposits by EUR 2.0 billion.

Client deposits remained stable at EUR 227.3 billion, with a migration of EUR 6.1 billion from current accounts to demand and time deposits.

Professional deposits decreased by EUR 2.0 billion to EUR 32.7 billion in Q2 2023, mainly in Treasury and Clearing.

Issued debt securities increased by EUR 9.0 billion to EUR 69.3 billion, due to an increase in both short and long term funding, mainly to refinance the EUR 11.0 billion of maturing TLTRO-funding. At 30 June 2023, issued debt included EUR 24.5 billion in covered bonds, EUR 14.1 billion in senior preferred funding, EUR 12.9 billion in senior non-preferred funding and EUR 17.8 billion in commercial paper and certificates of deposit. EUR 7.6 billion in outstanding long-term funding and EUR 17.8 billion in outstanding short-term funding matures within 12 months.

Due to banks decreased by EUR 11.4 billion to EUR 8.2 billion, mainly as a result of TLTRO repayments.

Subordinated liabilities increased by EUR 0.5 billion to EUR 5.4 billion, mainly due to the issuance of a EUR 750 million T2 instrument on 21 June 2023.

Total equity increased by EUR 0.3 billion to EUR 23.0 billion at 30 June 2023. This increase was mainly attributable to the year-to-date results in Q2, which were partly offset by the payment of final dividend for 2022 and finalisation of the share buyback programme in April 2023.

Equity attributable to owners of the parent company amounted to EUR 23.0 billion as at 30 June 2023 (31 March 2023: EUR 22.7 billion). Excluding AT1 securities, it increased by EUR 0.3 billion to EUR 21.1 billion at 30 June 2023, resulting in a book value of EUR 24.33 per share, based on 865,575,379 outstanding shares (31 March 2023: EUR 23.89 per share, based on 868,157,392 outstanding shares).

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

Total liabilities increased by EUR 23.6 billion to EUR 380.3 billion at 30 June 2023, mainly driven by a seasonal increase in securities financing, amounts due to customers and issued debt securities.

Due to customers increased by EUR 5.0 billion, totalling EUR 260.0 billion at 30 June 2023. This was caused by a EUR 8.6 billion increase in professional deposits (seasonal), which was partly offset by a EUR 3.7 billion decrease 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 the migration from current accounts to professional deposits (money markets time deposits) and partly due to client outflow caused by clients transferring funds to banks with higher yields. Moreover, the flow from current accounts to time deposits was noticeable, mainly in Wealth Management and Personal & Business Banking.

Professional deposits increased by EUR 8.6 billion to EUR 32.7 billion in Q2 2023, mostly in Treasury, and to a lesser extent a switch from client deposits.

Securities financing increased by EUR 13.8 billion to EUR 23.5 billion at 30 June 2023, reflecting a seasonal pattern.

Issued debt securities increased by EUR 13.0 billion to EUR 69.3 billion, due to an increase in both short and long term funding, mainly to refinance the EUR 11.0 billion of maturing TLTRO funding.

Due to banks decreased by EUR 9.3 billion to EUR 8.2 billion, mainly as a result of TLTRO repayments.

Subordinated liabilities decreased by EUR 1.9 billion to EUR 5.4 billion, mainly due to the exercising of call options on a EUR 1.0 billion T2 instrument on 18 January 2023 and a USD 1.5 billion T2 instrument on 27 March 2023, partly offset by the issuance of a EUR 750 million T2 instrument on 21 June 2023.

Total equity increased by EUR 0.2 billion to EUR 23.0 billion at 30 June 2023. This increase was mainly attributable to the year-to-date results, offset by the share buyback programme of EUR 0.5 billion (completed during Q2 2023) and the first-time adoption of IFRS 17 as at 1 January 2023 (resulting in a EUR 0.2 billion decrease in equity).

(in millions)	30 June 2023	31 March 2023	31 December 2022
Client deposits			
Current accounts	96,813	102,867	113,305
Demand deposits	101,456	100,890	100,396
Time deposits	28,933	23,432	17,147
Other client deposits	92	90	123
Total Client deposits	**227,293**	**227,279**	**230,971**
Professional deposits			
Current accounts	8,012	9,147	8,725
Time deposits	22,520	23,402	12,949
Other professional deposits	2,150	2,116	2,369
Total Professional deposits	**32,682**	**34,666**	**24,043**
Due to customers	**259,975**	**261,944**	**255,015**

Results **by segment**

Personal & Business Banking

Highlights

- Net interest income amounted to EUR 845 million in Q2 2023 and was substantially higher compared with both Q2 2022 and Q1 2023 due to higher deposit margins. Compared with Q2 2022, net interest income on residential mortgages declined due to margin pressure, although average volumes showed growth.
- Other income increased by EUR 31 million to EUR 33 million, mainly due to fair value adjustments related to the new accounting standard IFRS 17.
- Our market share of new production in residential mortgages was 14% in Q2 2023 (17% in Q2 2022 and 15% in Q1 2023); this decrease reflects strong competition and our focus on sustainable margins.
- Operating expenses totalled EUR 565 million, EUR 95 million lower than in Q2 2022. Excluding large incidentals, the decline is mainly due to lower regulatory levies and external staffing expenses.
- Loan impairments showed a release of EUR 56 million, mainly in stage 1, due to the termination of the final remaining Covid overlays.

Operating results

(in millions)	Q2 2023	Q2 2022	Change	Q1 2023	Change	First half 2023	First half 2022	Change
Net interest income	845	669	26%	809	4%	**1,654**	1,321	25%
Net fee and commission income	130	131	-1%	132	-2%	262	251	4%
Other operating income	33	2		-5		28	7	
Operating income	**1,008**	**803**	**26%**	**937**	**8%**	**1,944**	**1,580**	**23%**
Personnel expenses	116	122	-4%	114	2%	231	236	-2%
Other expenses	449	539	-17%	544	-18%	993	1,080	-8%
Operating expenses	**565**	**660**	**-14%**	**658**	**-14%**	**1,224**	**1,316**	**-7%**
Operating result	**442**	**142**		**278**	**59%**	**721**	**264**	
Impairment charges on financial instruments	-56	28		1		-55	24	
Profit/(loss) before taxation	**498**	**114**		**277**	**80%**	**776**	**239**	
Income tax expense	127	29		71	78%	198	60	
Profit/(loss) for the period	**372**	**85**		**206**	**80%**	**578**	**179**	
Cost/income ratio	56.1%	82.3%		70.3%		62.9%	83.3%	
Cost of risk (in bps)[1]	-14	7		1		-6	4	
Other indicators								
Loans and advances customers (end of period, in billions)	157.4	156.8		157.5				
-of which Client loans (end of period, in billions)[2]	*157.9*	*157.5*		*158.1*				
Due to customers (end of period, in billions)	123.9	120.8		122.3				
Risk-weighted assets (end of period, in billions)	38.9	39.2		38.7				
Number of internal employees (end of period, in FTEs)	4,400	4,492		4,482				
Total client assets (end of period, in billions)	102.0	98.5		99.8				
- of which Cash	*90.8*	*87.8*		*88.9*				
- of which Securities	*11.2*	*10.7*		*10.9*				

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 Q2 2022.
- Operating expenses increased by EUR 4 million to EUR 243 million in Q2 2023. Higher personnel expenses from the CLA salary increase were offset by lower regulatory levies and the release of a restructuring provision in Q2 2022.
- Client assets increased by EUR 0.5 billion compared with Q1 2023, mainly in securities.
- Net new assets decreased by EUR 0.8 billion this quarter, with a nearly EUR 1.0 billion increase in Core NNA offset by a decrease of EUR 1.8 billion in custody.

Operating results

(in millions)	Q2 2023	Q2 2022	Change	Q1 2023	Change	First half 2023	First half 2022	Change
Net interest income	254	172	48%	259	-2%	513	330	56%
Net fee and commission income	146	149	-1%	149	-2%	296	311	-5%
Other operating income	9	10	-17%	4	138%	12	20	-39%
Operating income	**409**	**331**	**24%**	**412**	**-1%**	**821**	**661**	**24%**
Personnel expenses	101	90	13%	101		203	187	8%
Other expenses	141	149	-5%	158	-11%	299	304	-1%
Operating expenses	**243**	**239**	**1%**	**259**	**-6%**	**502**	**491**	**2%**
Operating result	**167**	**91**	**83%**	**153**	**9%**	**319**	**170**	**88%**
Impairment charges on financial instruments	-12	5		-1		-13	5	
Profit/(loss) before taxation	**178**	**86**	**107%**	**154**	**16%**	**332**	**164**	**102%**
Income tax expense	44	23	91%	42	3%	86	45	89%
Profit/(loss) for the period	**135**	**63**	**113%**	**111**	**21%**	**246**	**119**	**107%**
Cost/income ratio	59.3%	72.4%		62.9%		61.1%	74.3%	
Cost of risk (in bps)[1]	-24	12		-4		-14	7	
Other indicators								
Loans and advances customers (end of period, in billions)	16.9	16.6		17.0				
-of which Client loans (end of period, in billions)[2]	*17.0*	*16.7*		*17.2*				
Due to customers (end of period, in billions)	64.5	62.5		64.7				
Risk-weighted assets (end of period, in billions)	11.3	10.5		11.1				
Number of internal employees (end of period, in FTEs)	2,829	2,899		2,837				
Total client assets (end of period, in billions)	210.6	198.7		210.1				
- of which Cash	*64.4*	*62.5*		*64.7*				
- of which Securities	*146.2*	*136.2*		*145.4*				
Net new assets (for the period, in billions)	-0.8	1.1		0.4		-0.4	2.8	

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 559 million, 8% higher than in Q2 2022, as interest margins on liabilities grew. This was for a small part mitigated by the CB non-core wind-down (which is close to completion) and limited margin pressure on corporate loans while average loan volumes increased.
- Net fee and commission income was EUR 176 million, nearly stable compared with Q2 2022 and Q4 2022. This quarter, CB non-core included a one-off for catch-up fee income. Other operating income increased by EUR 38 million to EUR 124 million, mainly due to positive revaluations in equity participations.
- Operating expenses came down EUR 84 million to EUR 318 million in Q2 2023, due to a regulatory charges accrual release and lower internal and external FTEs.
- Impairment charges showed a net release of EUR 2 million, mainly representing large releases in stage 3 files in CB non-core, which were offset by stage 3 additions in CB core.
- We continued to grow our presence in Northwest Europe by onboarding new clients in chosen sectors. Clients have showed their trust in our strategy, translating into successes in our home market in areas such as equity capital markets, corporate finance and more broadly with project finance.

Operating results

(in millions)	Q2 2023	Q2 2022	Change	Q1 2023	Change	First half 2023	First half 2022	Change
Net interest income	559	515	8%	542	3%	1,101	1,010	9%
Net fee and commission income	176	174	1%	170	3%	347	346	
Other operating income	124	86	44%	116	7%	240	188	28%
Operating income	**859**	**775**	**11%**	**829**	**4%**	**1,688**	**1,544**	**9%**
Personnel expenses	143	152	-6%	143		286	302	-5%
Other expenses	175	249	-30%	338	-48%	513	585	-12%
Operating expenses	**318**	**402**	**-21%**	**480**	**-34%**	**798**	**887**	**-10%**
Operating result	**541**	**374**	**45%**	**348**	**55%**	**889**	**656**	**36%**
Impairment charges on financial instruments	-2	-99	98%	15		13	-33	
Profit/(loss) before taxation	**543**	**473**	**15%**	**334**	**63%**	**877**	**690**	**27%**
Income tax expense	116	114	2%	87	34%	203	158	28%
Profit/(loss) for the period	**427**	**359**	**19%**	**247**	**73%**	**673**	**531**	**27%**
Cost/income ratio	37.0%	51.8%		58.0%		47.3%	57.5%	
Cost of risk (in bps)[1]		-44		11		5	-4	
Other indicators								
Loans and advances customers (end of period, in billions)	81.8	90.8		82.6				
-of which Client loans (end of period, in billions)[2]	*65.2*	*65.4*		*64.9*				
Due to customers (end of period, in billions)	56.9	68.4		59.2				
-of which Client deposits (end of period, in billions)	*39.0*	*44.8*		*40.3*				
-of which Professional deposits (end of period, in billions)	*18.0*	*23.6*		*18.9*				
Risk-weighted assets (end of period, in billions)	77.1	72.2		77.6				
Number of internal employees (end of period, in FTEs)	3,701	3,799		3,654				

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)	Q2 2023	Q2 2022	Change	Q1 2023	Change	First half 2023	First half 2022	Change
Net interest income	554	498	11%	539	3%	1,093	974	12%
Net fee and commission income	152	171	-11%	169	-10%	321	338	-5%
Other operating income	110	85	29%	120	-8%	229	180	28%
Operating income	**816**	**753**	**8%**	**828**	**-1%**	**1,644**	**1,493**	**10%**
Personnel expenses	133	125	6%	126	5%	259	248	5%
Other expenses	171	232	-26%	325	-47%	496	545	-9%
Operating expenses	**304**	**358**	**-15%**	**452**	**-33%**	**755**	**792**	**-5%**
Operating result	**512**	**396**	**30%**	**376**	**36%**	**889**	**700**	**27%**
Impairment charges on financial instruments	42	-72		1		43	2	
Profit/(loss) before taxation	**471**	**467**	**1%**	**375**	**26%**	**846**	**698**	**21%**
Income tax expense	113	115	-2%	90	26%	204	163	25%
Profit/(loss) for the period	**357**	**352**	**1%**	**284**	**26%**	**642**	**534**	**20%**
Cost/income ratio	37.2%	47.5%		54.6%		45.9%	53.1%	
Cost of risk (in bps)[1]	19	-36		6		13	3	
Other indicators								
Loans and advances customers (end of period, in billions)	81.5	89.5		82.0				
-of which Client loans (end of period, in billions)[2]	*64.7*	*63.1*		*64.1*				
Risk-weighted assets (end of period, in billions)	76.3	69.8		76.4				
Number of internal employees (end of period, in FTEs)	3,517	3,434		3,462				

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)	Q2 2023	Q2 2022	Change	Q1 2023	Change	First half 2023	First half 2022	Change
Net interest income	4	17	-74%	3	34%	8	35	-78%
Net fee and commission income	24	3		2		26	8	
Other operating income	14	1		-4		11	8	32%
Operating income	**43**	**22**	**94%**	**1**		**44**	**51**	**-14%**
Personnel expenses	10	27	-62%	16	-37%	26	54	-52%
Other expenses	4	17	-76%	13	-68%	17	41	-58%
Operating expenses	**14**	**44**	**-68%**	**29**	**-51%**	**43**	**95**	**-55%**
Operating result	**29**	**-22**		**-28**		**1**	**-44**	
Impairment charges on financial instruments	-44	-27	-63%	13		-30	-36	15%
Profit/(loss) before taxation	**72**	**5**		**-41**		**31**	**-8**	
Income tax expense	3	-2		-3		-1	-5	88%
Profit/(loss) for the period	**69**	**7**		**-38**		**32**	**-3**	
Cost/income ratio	33.1%	198.4%		n.a.		98.1%	185.7%	
Cost of risk (in bps)[1]	-2,340	-465		364		-710	-322	
Other indicators								
Loans and advances customers (end of period, in billions)	0.4	1.3		0.6				
-of which Client loans (end of period, in billions)[2]	*0.5*	*2.3*		*0.8*				
Risk-weighted assets (end of period, in billions)	0.8	2.5		1.3				
Number of internal employees (end of period, in FTEs)	184	365		192				

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.
1 Gross carrying amount excluding fair value adjustment from hedge accounting.

Group Functions

Highlights

- Net interest income in Q2 2023 decreased by EUR 47 million to EUR 36 million negative, mainly due to lower treasury results.
- Other operating income decreased by EUR 73 million to EUR 8 million negative, due to less favourable volatile items in Q2 2023.
- Loans and advances to customers totalled EUR 7.4 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)	Q2 2023	Q2 2022	Change	Q1 2023	Change	First half 2023	First half 2022	Change
Net interest income	-36	-83	57%	10		-26	-78	66%
Net fee and commission income	-8	-6	-40%	-8	-1%	-16	-13	-28%
Other operating income	-8	65		-37	78%	-45	124	
Operating income	**-53**	**-24**	**-116%**	**-36**	**-48%**	**-88**	**33**	
Personnel expenses	251	255	-2%	248	1%	499	493	1%
Other expenses	-240	-235	-2%	-240		-480	-359	-34%
Operating expenses	**11**	**20**	**-44%**	**8**	**43%**	**19**	**134**	**-86%**
Operating result	**-64**	**-44**	**-44%**	**-43**	**-47%**	**-107**	**-101**	**-5%**
Impairment charges on financial instruments	1	3	-62%	-1			3	-92%
Profit/(loss) before taxation	**-65**	**-47**	**-38%**	**-42**	**-52%**	**-107**	**-105**	**-2%**
Income tax expense	-2	-14	88%	-1	-67%	-3	-45	94%
Profit/(loss) for the period	**-63**	**-32**	**-94%**	**-41**	**-52%**	**-104**	**-59**	**-76%**
Other indicators								
Securities financing - assets (end of period, in billions)	24.4	20.1		21.1				
Loans and advances customers (end of period, in billions)	-7.4	-4.5		-7.6				
Securities financing - liabilities (end of period, in billions)	23.1	17.7		21.7				
Due to customers (end of period, in billions)	14.7	13.5		15.8				
-of which Professional deposits (end of period, in billions)	*14.7*	*13.5*		*15.8*				
Risk-weighted assets (end of period, in billions)	7.2	4.8		4.3				
Number of internal employees (end of period, in FTEs)	9,224	8,889		9,169				

Risk, funding & capital

Risk developments

Highlights second quarter

- The credit portfolio quality remained solid with some deterioration in the stage 2 ratio, which rose to 9.5% as more conservative risk triggers were introduced to residential mortgages and consumer loans in relation to EBA guidelines on loan origination and monitoring.
- There were releases to the impairments predominantly due to the sale of some stage 3 exposures and terminations of the last remaining Covid overlays.
- Buffers against the uncertainties, such as the war in Ukraine, remain in place.
- Cost of risk continued to remain well below the through-the-cycle level of around 20 bps.

Key figures

(in millions)	30 June 2023	31 March 2023	31 December 2022
Total loans and advances, gross carrying amount[1,2]	**261,023**	**262,653**	**258,212**
- of which Banks	*3,293*	*3,923*	*2,990*
- of which Residential mortgages[1]	*150,706*	*150,644*	*150,762*
- of which Consumer loans[2]	*8,928*	*9,062*	*10,232*
- of which Corporate loans[1 2]	*91,885*	*90,816*	*86,731*
- of which Other loans and advances customers[2]	*6,211*	*8,208*	*7,497*
Total Exposure at Default (EAD)	**396,602**	**401,857**	**391,065**
Credit quality indicators[2]			
Forbearance ratio	2.4%	2.5%	2.7%
Past due ratio	0.7%	0.6%	0.8%
Stage 2 ratio	9.5%	9.0%	9.4%
Stage 2 coverage ratio	1.3%	1.5%	1.7%
Stage 3 ratio[3]	1.9%	1.9%	2.0%
Stage 3 coverage ratio[3]	23.8%	24.2%	25.6%
Regulatory capital			
Total RWA	134,487	131,748	128,593
- of which Credit risk[4]	*116,831*	*114,103*	*110,621*
- of which Operational risk	*15,489*	*15,531*	*15,967*
- of which Market risk	*2,166*	*2,113*	*2,005*
Total RWA/total EAD	**33.9%**	32.8%	32.9%
Mortgage indicators			
Exposure at Default[5]	156,320	155,986	155,608
- of which mortgages with Nationale Hypotheek Garantie (NHG)	*29,248*	*29,277*	*29,474*
Risk-weighted assets (Credit risk)[5]	23,422	23,060	22,574
RWA/EAD	15.0%	14.8%	14.5%
Average Loan-to-Market-Value	57%	56%	54%
Average Loan-to-Market-Value - excluding NHG loans	58%	56%	54%

1 Excluding fair value adjustments from hedge accounting.
2 Excluding loans and advances measured at fair value through P&L.
3 Including Purchased or originated credit impaired (POCI).
4 RWA for credit value adjustment (CVA) is included in credit risk. CVA per 30 June 2023: EUR 0.3 billion (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.

Loans and advances

As at 30 June 2023, total loans and advances decreased to EUR 261.0 billion (Q1 2023: EUR 262.7 billion). Other loans showed the largest decrease (EUR 2.0 billion), mainly driven by lower margin requirements from various exchanges due to lower market volatility and lower prices for clients of Clearing. The decrease in total loans and advances was mostly offset by a marginal increase in corporate loans.

Corporate Banking's non-core portfolio further decreased to EUR 0.5 billion at Q2 2023 (Q1 2023: EUR 0.8 billion), as we continued to wind-down our non-core activities outside Europe. Approximately EUR 0.3 billion of this portfolio was classified as stage 3 (Q1 2023: EUR 0.4 billion).

Exposure at default

EAD decreased by EUR 5.3 billion to EUR 396.6 billion (Q1 2023: EUR 401.9 billion) mainly driven by lower balances with central banks resulting from TLTRO repayments.

Credit quality indicators

As of Q2 2023, the forbearance ratio improved further to 2.4% (Q1 2023: 2.5%, Q4 2022: 2.7%), due to the continued declining trend particularly in forborne corporate loans. Total forborne assets stood at EUR 6.1 billion, which is comparable to pre Covid-19 levels (Q1 2023: EUR 6.5 billion, Q4 2022: EUR 6.9 billion).

In comparison with Q1 2023, the past due ratio increased slightly to 0.7% (Q1 2023: 0.6%, Q4 2022: 0.8%). Primary contributor to this were corporate loans in arrears, which grew to 0.8% (Q1 2023: 0.6%; Q4 2022:1.0%). A large part of the increase in corporate past dues stemmed from overdue bank expenses or pending formalisation of clients' approved credit facilities, which were not perceived as risk signals.

Stage 3 exposures continued to remain low at 1.9% (Q1 2023: 1.9%, Q4 2022: 2.0%). Stage 2 exposure ratio rose to 9.5% (Q1 2023: 9.0%, Q4 2022: 9.4%) of the portfolio, as more conservative risk triggers were introduced to the residential mortgages in relation to the implementation of EBA guidelines on loan origination and monitoring. The coverage ratios for stage 3 declined to 23.8% (Q1 2023: 24.2%, Q4 2022: 25.6%) as a result of the repayment and sale of some highly impaired loans.

Overall, credit quality indicators remained robust. More details on credit quality can be found under *(i) Past due but not classified as stage 3* and *(ii) Coverage and stage ratios.*

Risk-weighted assets

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. Total RWA increased by EUR 2.7 billion compared to Q1 2023, reflecting a rise in credit risk RWA which was mainly impacted by model updates as part of our ongoing reviews, partly offset by the effect of asset quality improvements and business developments. Operational risk RWA decreased marginally, primarily due to a quarterly update of external loss data. Market risk RWA increased slightly.

Impairment charges & cost of risk

	Q2 2023	Q2 2022	Q1 2023	First half 2023	First half 2022
Impairment charges on loans and other advances (in EUR million)[1]	-69	-62	14	-55	-0
- of which Residential mortgages	*-0*	*53*	*3*	*3*	*65*
- of which Consumer loans	*-8*	*-8*	*-8*	*-16*	*3*
- of which Corporate loans	*-56*	*-107*	*32*	*-24*	*-48*
- of which Off-balance sheet items	*-4*	*2*	*-9*	*-13*	*-14*
Cost of risk (in bps)[2,3]	-10	-9	4	-3	2
- of which Residential mortgages	*-0*	*14*	*1*		*9*
- of which Consumer loans	*-34*	*-29*	*-33*	*-33*	*6*
- of which Corporate loans	*-25*	*-47*	*14*	*-5*	*-11*

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 Q2 2023, a net impairment release of EUR 69 million was recorded (Q2 2022: a EUR 62 million release), resulting in a cost of risk of -10bps (Q2 2022: -9bps). This was predominantly attributable to large releases in the corporate loans portfolio following the sale of some large (stage 3) exposures. The releases in performing stages resulted mainly from the termination of the final remaining Covid overlays and the further decrease of the portfolios in rundown. Additions from the stage 3 inflows were limited and more than offset by the aforementioned releases.

In the first half of 2023, the net impairment releases were EUR 55 million (H1 2022: nil). During the first quarter, a net impairment charge of EUR 14 million was recorded, primarily due to additions in stage 3 which were largely attributable to new and existing individual provisioned files.

Macroeconomic scenarios Reviewed

ABN AMRO economists are seeing global economic activity slowing over the course of 2023, as inflation is high and higher interest rates are being passed through to the economy. As a result, the Dutch economy is facing a less favourable external environment. Nevertheless, the Dutch economy remains resilient, in part due to the tight labour market, wage growth and government support. Inflation in the Netherlands is expected to continue on a declining trend, but high core inflation means the level of inflation will remain elevated by historical standards.

As of July 2023, ABN AMRO economists have seen some stabilising developments in the Dutch housing market and have accordingly revised their forecasts slightly to -5% (2023) and -3% (2024). The scenario weights, unaltered compared to the previous quarter, 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 and sensitivity on 30 June 2023 Reviewed

(in millions)	Weight	Macroeconomic variable	2023	2024	2025	2026	Unweighted ECL[4]	Weighted ECL[4]
		Real GDP Netherlands[1]	1.4%	2.1%	1.9%	1.3%		
Positive	5%	Unemployment[2]	3.5%	3.7%	3.6%	3.6%	838	
		House price index[3]	-1.5%	0.0%	0.5%	1.5%		
		Real GDP Netherlands[1]	0.7%	1.0%	1.3%	1.3%		
Baseline	60%	Unemployment[2]	3.7%	4.1%	4.0%	4.0%	908	956
		House price index[3]	-6.0%	-4.0%	-1.0%	1.0%		
		Real GDP Netherlands[1]	-0.6%	-0.5%	0.8%	0.6%		
Negative	35%	Unemployment[2]	4.4%	5.3%	4.6%	4.6%	1,054	
		House price index[3]	-10.0%	-12.0%	-8.0%	-1.0%		

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

ECL scenarios and sensitivity on 31 December 2022 Reviewed

(in millions)	Weight	Macroeconomic variable	2023	2024	2025	2026	Unweighted ECL[4]	Weighted ECL[4]
		Real GDP Netherlands[1]	2.8%	2.6%	2.3%	1.6%		
Positive	5%	Unemployment[2]	3.9%	3.8%	3.7%	3.6%	1,035	
		House price index[3]	1.0%	0.0%	1.0%	2.0%		
		Real GDP Netherlands[1]	0.5%	1.2%	1.6%	1.4%		
Baseline	60%	Unemployment[2]	4.3%	4.2%	4.0%	4.0%	1,087	1,138
		House price index[3]	-2.5%	-2.5%	-2.0%	1.0%		
		Real GDP Netherlands[1]	-1.8%	-0.4%	1.3%	1.8%		
Negative	35%	Unemployment[2]	5.0%	4.9%	4.7%	4.7%	1,240	
		House price index[3]	-8.0%	-12.0%	-11.0%	0.0%		

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

Residential mortgages

Housing market developments

The downward trend in residential property prices, which has been ongoing since August 2022, seems to be decelerating. The stabilisation of a low housing market confidence level is reflected in the number of transactions, which is decreasing less steeply than in Q1 2023. The number of transactions is expected to remain low due to reduced affordability as well as the lagging construction of new homes. Affordability has improved slightly via wage increases in a tight labour market, which has helped to offset increased inflation.

According to the Dutch Land Registry (Kadaster), the number of transactions in Q2 2023 was 10% higher than in Q1 2023 and 6% lower than in Q2 2022. The housing price index published by Statistics Netherlands (CBS) for Q2 2023 was 2% lower than in Q1 2023 and 5% lower than in Q2 2022.

Residential mortgage insights

New mortgage production amounted to EUR 2.8 billion, a 4% decrease compared to Q1 2023 and 59% less than in Q2 2022, mainly as a result of the cooling-down of the market. Mortgage refinancing in particular decreased significantly following the recent increases in interest rates. Redemptions totalled EUR 3.2 billion, a 0.2% increase compared to Q1 2023 and 36% less than in Q2 2022. ABN AMRO's market share in new mortgage production came to 13.5% in Q2 2023 (Q1 2023: 14.7%, Q2 2022: 17.5%).

In response to macroeconomic developments, ABN AMRO continued to closely monitor arrears in instalments. The Q2 mortgage arrears ratio remained stable at 0.6%.

The average indexed Loan to Market Value (LtMV) increased slightly to 57%. (Q1 2023: 56%, Q4 2022: 54%). The gross carrying amount of mortgages with a LtMV in excess of 100% increased to EUR 6.5 billion (Q1 2023: EUR 4.0 billion, Q4 2022: EUR 2.4 billion) mainly due to the decline in the house prices. Loans with a LtMV in excess of 100% accounted for 4.3% of total mortgages (Q1 2023: 2.7%, Q4 2022: 1.6%). New inflow of mortgages with a LtMV in excess of 100% relate to sustainable home improvements and constitute the only exception of mortgages being financed at a LtMV in excess of 100% (and up to 106%). The proportion of amortising mortgages remained relatively stable at 45% by Q2 2023 (Q1 2023: 45%, Q4 2022: 44%).

In general, mortgage losses are mainly caused by a combination of negative home equity and life events such as unemployment. During the peak of the previous house market decline in 2013, roughly 30% of all outstanding mortgages (in the Dutch market) had negative equity. Compared to the peak of the housing market (Q2 2022), a decline in house prices similar to the financial crisis of 2008 would lead to 8% of mortgages with negative equity compared to 30% in 2013. The unemployment rate was nearly 9% in 2013 versus 3.5% in 2022 and is expected to increase slightly in 2024 to 3.8%.

Past due but not classified as stage 3 Reviewed

		Days past due			30 June 2023		31 March 2023[4]	31 December 2022
(in millions)	Gross carrying amount[2]	≤ 30 days	> 30 days & ≤ 90 days	> 90 days[3]	Total past due, but not stage 3 or POCI	Past due ratio	Past due ratio[4]	Past due ratio
Loans and advances banks	**3,293**					**0.0%**	**0.0%**	**0.0%**
Residential mortgages	150,706	957	14	2	973	0.6%	0.6%	0.6%
Consumer loans[1]	8,928	51	29	23	103	1.2%	1.6%	1.7%
Corporate loans[1]	91,885	427	264	4	695	0.8%	0.6%	1.0%
Other loans and advances customers[1]	6,211	56			56	0.9%	0.0%	0.3%
Total loans and advances customers[1]	**257,730**	**1,491**	**307**	**30**	**1,827**	**0.7%**	**0.6%**	**0.8%**
Total loans and advances[1]	**261,023**	**1,491**	**307**	**30**	**1,827**	**0.7%**	**0.6%**	**0.8%**

1 Excluding loans at fair value through P&L.
2 Gross carrying amount excludes fair value adjustments from hedge accounting.
3 Materiality thresholds are applied for counterparties transferring to stage 3. Below these thresholds, amounts are reported on > 90 days past due.
4 The figures in this column are not reviewed. This column is for comparison purposes only.

At 30 June 2023, past due performing loans rose to EUR 1.8 billion (Q1 2023: EUR 1.6 billion; Q4 2022: EUR 2.0 billion), resulting in a past due ratio of 0.7%. The increase was predominantly in the short term bucket and for a significant part in the corporate loans category. Additionally, other loans and advances in arrears rose, but the drivers of this rise were not perceived as a risk signal.

Finally, short term residential mortgages in arrears were slightly up. The arrears in residential mortgages are being closely monitored in view of the less favourable macroeconomic conditions. The past due ratio of the residential mortgages book remain overall stable at 0.6% (Q1 2023 and Q4 2022: unchanged).

Coverage and stage ratios Reviewed

	30 June 2023				31 March 2023		31 December 2022	
(in millions)	Gross carrying amount[3]	Allowances for credit losses[4]	Coverage ratio	Stage ratio	Coverage ratio[5]	Stage ratio[5]	Coverage ratio	Stage ratio
Stage 1								
Loans and advances banks	**3,257**	**6**	**0.2%**	**98.9%**	**0.2%**	**97.0%**	**0.3%**	**98.8%**
Residential mortgages	137,891	15	0.0%	91.5%	0.0%	92.7%	0.0%	93.2%
Consumer loans[1]	7,668	23	0.3%	85.9%	0.3%	91.9%	0.3%	89.1%
Corporate loans[1]	76,638	248	0.3%	83.4%	0.4%	82.0%	0.4%	79.7%
Other loans and advances customers[1]	6,189		0.0%	99.6%	0.0%	99.6%	0.0%	99.5%
Total loans and advances customers[1]	**228,385**	**286**	**0.1%**	**88.6%**	**0.1%**	**89.1%**	**0.1%**	**88.6%**
Stage 2								
Loans and advances banks	**37**		**0.0%**	**1.1%**	**0.0%**	**3.0%**	**0.0%**	**1.2%**
Residential mortgages	11,588	57	0.5%	7.7%	0.6%	6.5%	0.6%	6.1%
Consumer loans[1]	999	14	1.4%	11.2%	3.0%	5.3%	4.8%	7.3%
Corporate loans[1]	11,863	250	2.1%	12.9%	2.1%	14.2%	2.2%	16.1%
Other loans and advances customers[1]	14	1	4.0%	0.2%	8.8%	0.2%	5.6%	0.5%
Total loans and advances customers[1]	**24,463**	**321**	**1.3%**	**9.5%**	**1.5%**	**9.0%**	**1.7%**	**9.4%**
Stage 3 and POCI[2]								
Loans and advances banks								
Residential mortgages	1,228	86	7.0%	0.8%	7.0%	0.8%	6.6%	0.8%
Consumer loans[1]	261	121	46.4%	2.9%	49.2%	2.9%	58.2%	3.5%
Corporate loans[1]	3,384	952	28.1%	3.7%	28.2%	3.8%	28.2%	4.2%
Other loans and advances customers[1]	8	3	30.6%	0.1%	11.8%	0.3%	83.9%	0.0%
Total loans and advances customers[1]	**4,881**	**1,162**	**23.8%**	**1.9%**	**24.2%**	**1.9%**	**25.6%**	**2.0%**
Total of stages 1, 2, 3 and POCI[2]								
Total loans and advances banks	**3,293**	**6**	**0.2%**		**0.2%**		**0.3%**	
Residential mortgages	150,706	158	0.1%		0.1%		0.1%	
Consumer loans[1]	8,928	157	1.8%		1.9%		2.7%	
Corporate loans[1]	91,885	1,450	1.6%		1.7%		1.8%	
Other loans and advances customers[1]	6,211	3	0.1%		0.0%		0.1%	
Total loans and advances customers[1]	**257,730**	**1,768**	**0.7%**		**0.7%**		**0.8%**	
Total loans and advances[1]	**261,023**	**1,775**	**0.7%**		**0.7%**		**0.8%**	

1 Excluding loans at fair value through P&L.
2 On 30 June 2023 loans classified as POCI amounted to EUR 9 million (31 March 2023: 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 (30 June 2023: EUR 1 million; 31 March 2023: EUR 0 million; 31 December 2022: EUR 1 million).
5 The figures in this column are not reviewed. This column is for comparison purposes only.

In the first six months of 2023, the stage 3 loans and advances declined marginally, from 2% to 1.9% of the portfolio. Overall, stage 2 exposure ratio rose to 9.5% as more conservative risk triggers were introduced to the residential mortgages, resulting in more loans moving from stage 1 to stage 2. Corporate loans registered a contrary movement, whereby stage 2 exposures declined to 12.9% (Q2 2022: 16.1%, Q1 2023: 14.2%). The largest shifts to stage 1 were observed in the oil & gas and travel & leisure sectors. Coverage ratios for stages 2 and 3 declined, primarily due to the repayment and sale of some highly impaired corporate loan exposures. The reclassification of consumer loans with an insurance element from amortised cost to fair value through profit and loss (in relation to the IFRS17 implementation) also played a role in the declining coverage ratios.

Loan impairment charges and allowances in the first six months Reviewed

(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
							30 June 2023
Balance at 1 January 2023	**8**	**153**	**277**	**1,590**	**5**	**2,034**	**51**
Transfer to stage 1		-3	-11	-11		-25	-1
Transfer to stage 2		6	-2	-1	-0	3	3
Transfer to stage 3		13	22	65	2	101	
Remeasurements[1]	-1	-11	-16	-22	-4	-55	53
Changes in risk parameters	-0	13	8	-8	-0	12	-1
Originated or purchased		2	2	19		23	6
Matured or repaid	-0	-9	-5	-25	-0	-39	-6
Impairment charges (releases) on loans and advances	**-2**	**11**	**-2**	**15**	**-2**	**20**	**55**
Write-offs		-0	-32	-156		-189	-0
Unwind discount / unearned interest accrued		1	1	16		18	-0
Foreign exchange and other movements		-6	-87	-16		-109	
Balance at 30 June 2023	**6**	**158**	**157**	**1,450**	**3**	**1,775**	**106**
							First half 2023
Impairment charges (releases) on loans and advances	-2	11	-2	15	-2	20	55
Recoveries and other charges (releases)		-8	-14	-39		-62	-68
Total impairment charges for the period[2]	**-2**	**3**	**-16**	**-24**	**-2**	**-41**	**-13**

1 Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.
2 The impairment charges for the period excludes charges (releases) for financial investments held at FVOCI 30 June 2023: EUR 1 million.

(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
							30 June 2022
Balance at 1 January 2022	**10**	**82**	**276**	**2,053**	**4**	**2,426**	**153**
Transfer to stage 1		-2	-8	-17	-0	-27	-2
Transfer to stage 2		1		11		11	2
Transfer to stage 3		9	18	52		79	1
Remeasurements[1]	-6	41	11	10	1	57	-122
Changes in risk parameters		33	9	57		98	1
Originated or purchased		3	2	27		32	8
Matured or repaid	-0	-11	-7	-166	-0	-184	-7
Impairment charges (releases) on loans and advances	**-6**	**74**	**25**	**-26**	**1**	**67**	**-117**
Write-offs		-1	-27	-117		-145	
Unwind discount / unearned interest accrued		1	2	8		10	
Foreign exchange and other movements		-0	6	30	-0	36	4
Balance at 30 June 2022	**4**	**155**	**282**	**1,947**	**6**	**2,395**	**40**
							First half 2022
Impairment charges (releases) on loans and advances	-6	74	25	-26	1	67	-117
Recoveries and other charges (releases)		-9	-22	-22		-52	102
Total impairment charges for the period[2]	**-6**	**65**	**3**	**-48**	**1**	**15**	**-14**

1 Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.
2 The impairment charges for the period excludes charges (releases) for financial investments held at FVOCI 30 June 2022: EUR 1 million.

Loan impairment charges and allowances per stage in the first six months Reviewed

(in millions)	Stage 1	Stage 2	Stage 3[2]	Total 30 June 2023	Stage 1	Stage 2	Stage 3[2]	Total 30 June 2022
Balance at 1 January	**316**	**396**	**1,322**	**2,034**	**172**	**360**	**1,894**	**2,426**
Transfer to stage 1	71	-80	-15	-25	50	-60	-17	-27
Transfer to stage 2	-24	57	-30	3	-17	63	-34	11
Transfer to stage 3	-4	-23	129	101	-9	-24	112	79
Remeasurements[1]	-79	2	23	-55	3	20	34	57
Changes in risk parameters	1	4	7	12	36	37	26	98
Originated or purchased	23			23	32			32
Matured or repaid	-7	-8	-24	-39	-8	-9	-167	-184
Impairment charges (releases) on loans and advances	**-21**	**-48**	**90**	**20**	**87**	**27**	**-47**	**67**
Write-offs			-189	-189	-0		-145	-145
Unwind discount / unearned interest accrued			18	18			10	10
Foreign exchange and other movements	-2	-26	-80	-109	-5	-8	48	36
Balance at 30 June	**293**	**321**	**1,162**	**1,775**	**254**	**379**	**1,762**	**2,395**
				First half 2023				First half 2022
Impairment charges (releases) on loans and advances	-21	-48	90	20	87	27	-47	67
Recoveries and other charges (releases)			-62	-62			-52	-52
Total impairment charges for the period	**-21**	**-48**	**28**	**-41**	**87**	**27**	**-99**	**15**

1 Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.
2 Including POCI.

Individual and collective loan impairment allowances and management overlays Reviewed

(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance 30 June 2023
Individual impairments							
Stage 3[1]			55	762	3	819	70
Total individual impairments			**55**	**762**	**3**	**819**	**70**
Collective impairments							
Stage 1	6	15	23	248		293	17
Stage 2		57	14	250	1	321	20
Stage 3[1]		86	67	190		342	
Total collective impairments	**6**	**158**	**103**	**688**	**1**	**956**	**37**
- of which management overlay		*36*		*195*		*231*	
Total impairments	**6**	**158**	**157**	**1,450**	**3**	**1,775**	**106**
Carrying amount of loans, determined to be impaired, before deducting any assessed impairment allowance		1,228	261	3,384	8	4,881	

1 Including POCI.

							31 December 2022
(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
Individual impairments							
Stage 3[1]			58	835	3	896	10
Total individual impairments			**58**	**835**	**3**	**896**	**10**
Collective impairments							
Stage 1	8	21	30	256		316	25
Stage 2		57	36	301	2	396	16
Stage 3[1]		75	153	198		427	
Total collective impairments	**8**	**153**	**219**	**755**	**2**	**1,138**	**41**
- of which management overlay		*26*	*9*	*294*		*328*	
Total impairments	**8**	**153**	**277**	**1,590**	**5**	**2,034**	**51**
Carrying amount of loans, determined to be impaired, before deducting any assessed impairment allowance		1,143	363	3,666	4	5,175	

[1] Including POCI.

Total collective impairments amounted to EUR 956 million at 30 June 2023 (EUR 1,138 million at 31 December 2022). These impairments included expected credit losses (ECL) as calculated by our IFRS 9 models and the management overlays we recorded. The ECL calculations take into account a probability weighted average of three economic scenarios. As the ECL model outcomes do not always reflect the current economic environment and circumstances, additional management overlays are applied to incorporate potential risks not fully captured by the model outcomes.

During 2023, management overlays decreased to a total of EUR 231 million (31 December 2022: EUR 328 million). These were mainly recorded for risks in the corporate loans portfolios, which decreased by EUR 99 million and comprised the following changes:

- The Covid-related management overlays were terminated.
- The reclassification of an overlay related to corporate banking portfolios, as an in-model adjustment.
- Further decrease of the overlays related to portfolios in rundown.

Compared to 31 December 2022, management overlays for our mortgage portfolio increased as we raised the overlay that covers the refinancing risk of interest-only mortgages, to take into account changes in the affordability tests following from rising interest rates. The management overlays within the consumer lending portfolios was nil, due to a reclassification of the Doorlopend Krediet portfolio of ALFAM from consumer loans at amortised cost to consumer loans at fair value through profit or loss in relation to the implementation of IFRS17.

All management overlays represent best estimates of the risks involved. The underlying reasoning and calculations are documented and discussed and approved by the Impairments and Provisioning Committee (IPC).

Other risk developments

AML remediation programme

We are making good progress on our AML client file remediation which we expect to finalise in 2023. Beyond 2023 more effort is required than expected to ensure that our ongoing AML activities are at a sustainable and adequate level and meet regulatory requirements. The Dutch central bank has been informed about these developments and is closely monitoring our progress.

Market risk

Market risk in the banking book

Market risk in the banking book is the risk that the economic value of the bank's equity or income declines due to unfavourable market movements. Market risk in the banking book consists predominantly of credit spread risk in the bank's liquidity portfolio and interest rate risk. Interest rate risk arises from holding assets such as loans with interest rate maturities that are different from the interest rate maturities of liabilities such as deposits. Assets have a longer average maturity than liabilities. This applies to contractual as well as behavioural maturities.

ABN AMRO uses a combination of portfolio (macro) hedges and specific asset or liability (micro) hedges to swap fixed interest rates for floating interest rate positions. ABN AMRO actively manages the resulting interest rate position to stay within its risk appetite.

Interest rate risk metrics

(in millions)	30 June 2023	31 December 2022
NII impact from an instantaneous increase in interest rates of 100bps	158	280
NII impact from an instantaneous decrease in interest rates of 100bps	175	-302
NII impact from a gradual increase in interest rates of 200bps	269	544
NII impact from a gradual decrease in interest rates of 200bps	-219	-474
PV01	-6.7	-4.7

NII-at-Risk is the difference in net interest income (NII) between a base scenario and the least favourable outcome out of several alternative scenarios. In June 2023, the NII-at-Risk in absolute terms decreased to EUR 219 million, reflecting a reduction of NII in the scenario of a gradual decrease in interest rates of 200bps. The change in NII-at-Risk is mainly attributable to methodological updates. The base scenario changed to using implied forward rates and the savings rates were reviewed for the downward scenarios, given the rapid increase in interest rates. In particular, in the event of an instantaneous decrease in interest rates of 100bps, NII would be EUR 175 million higher than the base scenario as client rates will not follow this decrease. The most positive NII occurs in the scenario of a gradual interest rates increase of 200bps, in which the NII would be EUR 269 million higher than the base scenario.

PV01 measures economic value of equity changes resulting from a 1bp parallel shift of the yield curve. For internal risk management, the value sensitivities to changes in individual term points on the yield curve are also measured. PV01 exposure increased by EUR 2 million to EUR 6.7 million over the first half of 2023. The change is due to the portfolio developments together with the impact of the executed hedges.

Foreign exchange risk

	30 June 2023	31 December 2022
Total OCP (long, in EUR million)	128	94
OCP as % total capital	0.5%	0.3%
Sensitivity to 100bps increase in largest non-EUR exposure (USD, in EUR million)	0.7	0.6

ABN AMRO monitors its foreign exchange risk through the banks' aggregated open currency position (OCP). As a general rule, foreign exchange risk is hedged by using foreign exchange spot transactions to convert a given foreign currency exposure into EUR. If, for operational reasons, it is inefficient to hedge exposures in foreign currencies, an open position remains. On 30 June 2023, the OCP amounted to EUR 128 million, an increase compared to 31 December 2022 due to hedging activity. The most material single open foreign exchange exposure was USD.

Market risk in the trading book

Market risk in the trading book is the risk of losses in market value due to adverse market movements.
The following market risks are inherent in the trading book:

- Interest rate risk, arising from adverse changes in interest rate risk curves and/or interest rate volatilities;
- Credit spread risk, arising from adverse changes in the term structure of credit spreads and/or from changes in the credit quality of debt securities or CDS reference entities, with an impact on default probabilities;
- Foreign exchange risk, arising from adverse changes in FX spot and forward rates and/or FX volatility.

Internal aggregated diversified and undiversified VaR for all trading positions

(in millions)	Foreign exchange	Interest rate	Total undiversified VaR	Diversified VaR
				30 June 2023
VaR at last trading day of the period	0.1	7.7	7.8	7.8
Highest VaR	0.3	8.2	8.3	8.3
Lowest VaR		1.7	1.8	1.7
Average VaR	0.1	3.9	4.0	3.9
				31 December 2022
VaR at last trading day of the period	0.2	4.1	4.3	4.2
Highest VaR	0.7	7.7	8.0	7.6
Lowest VaR		7.5	0.8	0.8
Average VaR	0.1	2.9	3.0	2.6

The average 1-day Value at Risk (VaR) increased from EUR 2.6 million to EUR 3.9 million, when comparing the full year period ending on 31 December 2022 with the half year period ending on 30 June 2023, as the volatile scenarios in March 2023 were included in the 300-day VaR window. These severe scenarios, combined with the interest rate tenor basis exposure across main EUR curves, led to higher VaR levels and the spike in VaR observed towards the end of the Q2 2023. Comparing the same periods, the highest 1-day VaR increased from EUR 7.6 million to EUR 8.3 million.

Market risk RWA

The market risk RWA moved from EUR 2.0 billion to EUR 2.2 billion, when comparing 31 December 2022 with 30 June 2023, mainly driven by volatile VaR scenarios and position changes. The increase in VaR and SVaR has been partially offset by the decrease in Incremental Risk Charge (IRC).

IBOR reform Reviewed

End of June 2023 was the last publication date for the remaining USD Libor rates. The bank-wide project tackled the IBOR transition for the affected products. The changes required in order to move away from no longer existing IBORs were successfully implemented before the IBORs cessation dates.

Liquidity risk

Highlights

- The consolidated 12-month rolling average liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) met the minimum regulatory requirements and were well above 100% throughout the first half of 2023. LCR was reported at 144% at the end of June 2023.
- The survival period, which reflects the period that the liquidity position is expected to remain positive in an internally developed (moderate) stress scenario, remained above 12 months as at 30 June 2023.
- Compared to year-end 2022 the Loan-to-Deposit ratio remained stable at 96% at the end of June 2023 (31 December 2022: 96%).

Liquidity indicators

	30 June 2023	31 December 2022
Available liquidity buffer (in billions)[1]	110.4	103.6
Survival period (moderate stress)	> 12 months	> 12 months
LCR[2]	144%	143%
NSFR	137%	133%
Loan-to-Deposit ratio	96%	96%

1 The mandatory cash reserve with the central bank has been deducted from the cash and central bank deposits in the liquidity buffer.
2 Consolidated LCR based on a 12-month rolling average.

- The liquidity buffer amounts to EUR 110.4 billion at the end of June 2023 and consists mainly of cash at central banks, government bonds and retained notes. Compared to year-end 2022, the liquidity buffer increased by EUR 6.8 billion. Main driver is EUR 11.0 billion repayment of TLTRO borrowings, thereby freeing up retained covered bonds which were used as collateral. Cash impact was largely offset by increased wholesale funding issuances.
- We are committed to increasing the green, social and sustainable investments in the liquidity portfolio up to EUR 3.5 billion by the end of 2023, by including bonds whose proceeds are invested in line with the Green Bond Principles, the Social Bond Principles or a combination of the two. Inclusion of such bonds in the liquidity portfolio is subject to availability of ESG Reporting, a thorough project selection process and sound management of proceeds. To preserve the high quality and liquidity of the portfolio, these bonds must also meet the high quality liquid assets (HQLA) criteria of the European Banking Authority (EBA). By actively investing in the euro-denominated ESG bond market, ABN AMRO aims to support the growth of this market. ABN AMRO's current ESG bond holdings amount to EUR 3.4 billion (31 December 2022: EUR 3.2 billion), which is 10% of the total bonds in the liquidity buffer.

Liquidity buffer composition

	30 June 2023		31 December 2022	
(in billions)	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible
Cash & central bank deposits[1]	61.1	61.1	58.6	58.6
Government bonds	21.4	21.9	27.3	27.5
- of which ESG bonds	*0.8*	*0.9*	*0.8*	*0.8*
Supra national & Agency bonds	8.3	8.6	9.1	9.5
- of which ESG bonds	*2.4*	*2.5*	*2.3*	*2.4*
Covered bonds	3.7	3.5	2.9	2.7
- of which ESG bonds	*0.2*	*0.2*	*0.2*	*0.1*
Retained covered bonds	15.5		5.5	
Other	0.5	0.5	0.1	0.1
Total liquidity buffer	**110.4**	**95.5**	**103.6**	**98.4**

1 The mandatory cash reserve with the central bank has been deducted from the cash and central bank deposits in the liquidity buffer.

Funding

Highlights

- Total outstanding funding instruments increased marginally to EUR 78.2 billion at 30 June 2023 (31 December 2022: EUR 77.8 billion).
- Total issued debt increased to EUR 69.3 billion at 30 June 2023 (31 December 2022: EUR 56.3 billion). This reflects an increase in both short and long term funding, mainly to refinance the maturing TLTRO funding. The decrease in other long term funding reflects the matured EUR 11.0 billion TLTRO funding.
- Subordinated liabilities decreased to EUR 5.4 billion (31 December 2022: EUR 7.3 billion) as EUR 2.5 billion of outstanding subordinated liabilities was redeemed versus EUR 0.8 billion newly issued. Additional senior non-preferred funding was issued in order to meet MREL requirements.

Overview of funding types

(in millions)		30 June 2023		31 December 2022
Total Commercial Paper/Certificates of Deposit		**17,770**		**14,723**
Covered bonds	24,521		23,781	
Secured funding (long term)		**24,521**		**23,781**
Senior preferred (medium-term notes)	14,080		8,219	
- of which ESG bonds	*2,688*		*1,385*	
Senior non-preferred	12,918		9,536	
- of which ESG bonds	*6,105*		*4,181*	
Unsecured funding (long term)		**26,999**		**17,755**
Total issued debt		**69,289**		**56,259**
Subordinated liabilities		5,424		7,290
Wholesale funding		**74,713**		**63,550**
Other long-term funding[1]		3,469		14,274
Total funding instruments[2]		**78,183**		**77,823**
- of which matures within one year		*28,278*		*32,420*

[1] Includes TLTRO III funding (recorded in due to banks) and funding with the Dutch State as counterparty (recorded in due to customers).
[2] Includes FX effects, fair value adjustments and interest movements.

Environmental, Social and Governance (ESG) bonds

Total ESG bonds outstanding increased to EUR 8.8 billion at 30 June 2023 (31 December 2022: EUR 5.6 billion) and all qualify as green bonds, which is 33% of total unsecured long term funding and 13% of total issued debt (31 December 2022: EUR 5.6 billion). Our Green Bonds Framework comprises a set of criteria applicable to the issuance of green bonds, including how we allocate the issue proceeds from green bonds to eligible assets, the evaluation and selection of eligible assets, independent assurance on the allocation of proceeds to eligible green assets, and the external reporting requirements.

Green bonds have been issued since 2015, with a focus on sustainable real estate and renewable energy. These bonds enable investors to invest in, for example, energy efficiency through residential mortgages, loans for solar panels on existing homes, sustainable commercial real estate and wind energy. The allocation of proceeds to eligible assets at 30 June 2023 has been published on the ABN AMRO website.

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Maturity calendar

- We target a maturity profile where redemptions of funding instruments are well spread over time.
- The maturity calendar assumes redemption on the earliest possible call date or the legal maturity date, which does not mean that the instruments will be called at the earliest possible call date. Early redemption of subordinated instruments is subject to approval by the regulator.

													30 June 2023
(notional amounts, in billions)	2023[3]	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	≥ 2034	Total
Covered bonds	1.8	1.8	0.5	1.6	0.6	0.7	0.4	1.9	3.1	2.2	2.3	11.7	28.6
Senior preferred	2.3	1.8	5.9	3.6	0.2	0.3		0.1	0.2			0.1	14.5
Senior non-preferred			1.3	0.7	2.0	4.2	1.0	1.3		0.8	1.0	2.1	14.2
Subordinated liabilities			1.4	0.9	1.5	0.8			1.2				5.7
Other long-term funding[1, 2]		3.0		0.3	0.2								3.5
Total long-term funding	**4.1**	**6.6**	**9.1**	**7.1**	**4.5**	**5.9**	**1.4**	**3.2**	**4.4**	**3.0**	**3.3**	**13.9**	**66.5**

												31 December 2022
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	≥ 2033	Total
Total long-term funding	17.9	6.6	6.1	4.4	4.5	1.6	1.4	3.2	4.5	3.0	16.6	69.8

1 Other long-term funding includes TLTRO III and funding with the Dutch State as counterparty.
2 The TLTRO III of EUR 3.0 billion is reported at the original legal maturity of three years.
3 Includes funding that matures in the rest of 2023.

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Capital management

Regulatory capital structure

(in millions)		30 June 2023		31 March 2023		31 December 2022
Total equity (EU IFRS)		**23,047**		**22,728**		**22,814**
Dividend reserve		-674		-851		-601
AT1 capital securities (EU IFRS)		-1,985		-1,985		-1,985
Share buyback reserve				-38		-500
Regulatory and other adjustments		-337		-127		-221
Common Equity Tier 1		**20,051**		**19,727**		**19,507**
AT1 capital securities (EU IFRS)		1,985		1,985		1,985
Regulatory and other adjustments		-3		-3		-3
Tier 1 capital		**22,033**		**21,709**		**21,489**
Subordinated liabilities (EU IFRS)	5,424		4,864		7,290	
Regulatory and other adjustments	-935		-985		-1,842	
Tier 2 capital		**4,488**		**3,879**		**5,449**
Total regulatory capital		**26,522**		**25,587**		**26,938**
Other MREL eligible liabilities[1]		15,302		13,940		11,827
Total MREL eligible liabilities		**41,824**		**39,527**		**38,765**
Total risk-weighted assets		**134,487**		**131,748**		**128,593**
Exposure measure						
Exposure measure		436,936		437,797		413,525
Capital ratios						
Common Equity Tier 1 ratio		14.9%		15.0%		15.2%
Common Equity Tier 1 ratio (Basel IV)[2]		16%		16%		16%
Tier 1 ratio		16.4%		16.5%		16.7%
Total capital ratio		19.7%		19.4%		20.9%
MREL		31.1%		30.0%		30.1%
Leverage ratio		5.0%		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 30 June 2023, the CET1 ratio under Basel III was 14.9% (31 March 2023: 15.0%). In comparison with Q1 2023, the CET1 ratio decreased slightly as the increase in RWA was only partly offset by the increase in CET1 capital. Total RWA increased by EUR 2.7 billion compared to 31 March 2023, reflecting a rise in credit risk RWA, that was mainly impacted by model updates as part of our ongoing reviews, partly offset by the effect of asset quality improvements and business developments. Operational risk RWA decreased marginally, primarily due to the quarterly update of external loss data. Market risk RWA increased slightly. CET1 capital increased mainly due to the addition of the Q2 2023 net profit of EUR 870 million, excluding a 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 (excluding AT1 shortfall) increased to 10.5% (31 March 2023: 9.8%), mainly due to the Dutch central bank (DNB) increasing the countercyclical capital buffer (CCyB) for Dutch exposures to 1% on 25 May 2023. The reported Basel III CET1 ratio of 14.9% was well above the MDA trigger level.

DNB will further increase the CCyB from 1% to 2% and lower the O-SII buffer to 1.25% (from 1.50%) on 31 May 2024. Together with the announced CCyB increases in other countries, this will cause the MDA trigger level (excluding AT1 shortfall) to increase by another 0.6%. 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 30 June 2023. This was comfortably above the 13% target and the 15% threshold for considering share buybacks (subject to conditions and regulatory approval). Despite the provisional agreement reached on the implementation of Basel III reforms, the estimated Basel IV CET1 ratio is still subject to some remaining uncertainties. These include data limitations, finalisation of regulatory and implementing technical standards, 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.

Dividend and share buybacks

From 2021 onwards, the dividend pay-out 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 bank's Board. Based on the dividend policy and a net profit of EUR 1,347 million (post AT1 and minority interest) for the first half of 2023, the interim dividend has been set at EUR 0.62 per share. This is equivalent to EUR 537 million, based on 865,575,379 of outstanding shares as at June 2023. The ex-dividend date for the interim dividend will be on 16 August 2023, the record date will be on 17 August 2023, and payment of the interim dividend will be on 12 September 2023. On 17 May 2023, ABN AMRO paid the final 2022 dividend of EUR 0.67 per share, equivalent to EUR 580 million.

The most recent share buyback programme commenced on 9 February 2023 and was completed on 11 April 2023. Under the programme, 31,946,537 depositary receipts and ordinary shares were repurchased. The repurchased ordinary shares and corresponding depository receipts were cancelled on 1 August 2023.

We will provide an update of our capital framework at publication of the Q4 results.

Leverage ratio

The Capital Requirements Regulation (CRR) includes a non-risk-based and binding leverage ratio. The leverage ratio remained flat at 5.0% on 30 June 2023 (31 March 2023: 5.0%), with limited changes in on-balance sheet exposures and an increase in Tier 1 capital. The reported leverage ratio remained well above the 3.0% requirement.

MREL

Following the increased CCyB, as of 30 June 2023 our intermediate MREL target was set at 28.0% of Basel III RWA, of which 27.5% must be met by own funds, subordinated instruments and senior non-preferred (SNP) notes. This includes a combined buffer requirement (CBR) of 4.9%. Subject to further SRB guidance, we expect the MREL target for 1 January 2024 to be set at 28.9%, of which 26.9% must be met by own funds, subordinated instruments and SNP notes. This is based on an unchanged CBR.

Based on the eligible liabilities, i.e. own funds, subordinated instruments and SNP notes, the MREL ratio increased to 31.1% as of 30 June 2023 (31 March 2023: 30.0%). The increase was mainly driven by the issuance of a EUR 1.25 billion SNP note and a EUR 750 million T2 note, partly offset by the increase in RWA.

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

Responsibility statement

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act (Wet op het financieel toezicht (Wft)), the members of the Executive Board state that to the best of their knowledge:

- The Condensed consolidated Interim Financial Statements for the six month period ending on 30 June 2023 give a true and fair view of the assets, liabilities, financial position and profit or loss of ABN AMRO Bank N.V. and the companies included in the consolidation; and
- The Interim Report for the six month period ending on 30 June 2023 gives a true and fair view of the information required pursuant to section 5:25d, paragraphs 8 and 9, of the Dutch Financial Supervision Act regarding ABN AMRO Bank N.V. and the companies included in the consolidation.

Amsterdam, 8 August 2023

The Executive Board

Robert Swaak, Chief Executive Officer and Chair
Ferdinand Vaandrager, a.i. Chief Financial Officer
Tanja Cuppen, Chief Risk Officer
Carsten Bittner, Chief Innovation & Technology Officer
Annerie Vreugdenhil, Chief Commercial Officer - Personal & Business Banking
Choy van der Hooft-Cheong, Chief Commercial Officer - Wealth Management
Dan Dorner, Chief Commercial Officer - Corporate Banking

Condensed consolidated **Interim Financial Statements 2023**

Certain IFRS disclosures in the Risk, funding & capital section are labelled as 'Reviewed' in the respective headings. These disclosures are an integral part of the Condensed consolidated Interim Financial Statements.

Condensed consolidated income statement

(in millions)	Note	First half 2023	First half 2022
Income			
Interest income calculated using the effective interest method		7,289	3,302
Other interest and similar income		158	111
Interest expense calculated using the effective interest method		4,173	800
Other interest and similar expense		33	31
Net interest income		**3,242**	**2,583**
Fee and commission income		1,134	1,147
Fee and commission expense		245	252
Net fee and commission income		**889**	**895**
Income from other operating activities		169	263
Expenses from other operating activities		57	66
Net income from other operating activities		**113**	**197**
Net trading income		103	118
Share of result in equity-accounted investments		28	19
Net gains/(losses) on derecognition of financial assets measured at amortised cost		-8	5
Operating income	4	**4,366**	**3,817**
Expenses			
Personnel expenses		1,218	1,219
General and administrative expenses		1,239	1,525
Depreciation, amortisation and impairment losses of tangible and intangible assets		86	85
Operating expenses	5	**2,543**	**2,829**
Impairment charges on financial instruments		-55	
Total expenses		**2,488**	**2,828**
Profit/(loss) before taxation		**1,877**	**989**
Income tax expense	6	485	219
Profit/(loss) for the first half year		**1,393**	**770**
Attributable to:			
Owners of the parent company		1,393	770
Earnings per share (in EUR)			
Basic earnings per ordinary share (in EUR)[1]		1.54	0.79

[1] Earnings per share consist of profit for the period, excluding results attributable to non-controlling interests and payments to holders of AT1 instruments, divided by the average outstanding and paid-up ordinary shares (30 June 2023: 877,456,566; 30 June 2022: 917,893,496).

Condensed consolidated statement of comprehensive income

(in millions)		First half 2023		First half 2022
Profit/(loss) for the period		**1,393**		**770**
Other comprehensive income:				
Items that will not be reclassified to the income statement				
Remeasurement gains/(losses) on defined benefit plans		-		
Gains/(losses) on liability own credit risk		1		6
Items that will not be reclassified to the income statement before taxation		**1**		**7**
Income tax relating to items that will not be reclassified to the income statement				2
Items that will not be reclassified to the income statement after taxation		**1**		**5**
Items that may be reclassified to the income statement				
Net gains/(losses) currency translation reserve	-29		79	
Less: Reclassification currency translation reserve through the income statement	6		2	
Net gains/(losses) currency translation reserve through OCI		-35		78
Net gains/(losses) fair value reserve	16		-43	
Less: Reclassification fair value reserve through the income statement	-		1	
Net gains/(losses) fair value reserve through OCI		16		-44
Net gains/(losses) cash flow hedge reserve	146		1,114	
Less: Reclassification cash flow hedge reserve through the income statement	-62		-14	
Net gains/(losses) cash flow hedge reserve through OCI		208		1,128
Share of other comprehensive income of associates		7		-26
Items that may be reclassified to the income statement before taxation		**197**		**1,135**
Income tax relating to items that may be reclassified to the income statement		58		280
Items that may be reclassified to the income statement after taxation		**139**		**856**
Total comprehensive income/(expense) for the period after taxation		**1,532**		**1,631**
Attributable to:				
Owners of the parent company		1,532		1,631

Condensed consolidated statement of financial position

(in millions)	Note	30 June 2023	31 December 2022
Assets			
Cash and balances at central banks		63,315	60,865
Financial assets held for trading	7	1,711	907
Derivatives	8	5,109	5,212
Financial investments	9	38,449	39,034
Securities financing	10	33,956	20,032
Loans and advances banks	12	3,287	2,982
Residential mortgages	13	142,089	141,121
Consumer loans at amortised cost	13	8,770	9,955
Consumer loans at fair value through P&L	13	948	
Corporate loans at amortised cost	13	90,534	85,295
Corporate loans at fair value through P&L	13	56	66
Other loans and advances customers	13	6,208	7,491
Equity-accounted investments		466	474
Property and equipment		958	988
Goodwill and other intangible assets		130	108
Assets held for sale		28	13
Tax assets		471	565
Other assets		6,900	4,473
Total assets		**403,384**	**379,581**
Liabilities			
Financial liabilities held for trading	7	1,346	641
Derivatives	8	4,019	4,148
Securities financing	10	23,500	9,652
Due to banks	14	8,208	17,509
Current accounts	15	104,825	122,030
Demand deposits	15	101,456	100,397
Time deposits	15	51,452	30,096
Other due to customers	15	2,242	2,491
Issued debt	16	69,289	56,259
Subordinated liabilities	16	5,424	7,290
Provisions	17	868	1,044
Tax liabilities		133	22
Other liabilities		7,575	5,187
Total liabilities		**380,337**	**356,767**
Equity			
Share capital		898	898
Share premium		12,529	12,529
Other reserves (incl. retained earnings/profit for the period)		8,335	8,243
Accumulated other comprehensive income	18	-703	-842
AT1 capital securities		1,985	1,985
Equity attributable to owners of the parent company		**23,044**	**22,812**
Equity attributable to non-controlling interests		3	2
Total equity		**23,047**	**22,814**
Total liabilities and equity		**403,384**	**379,581**
Committed credit facilities	19	55,091	53,873
Guarantees and other commitments	19	6,330	7,651

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				861	770		1,631		1,631
Transfer			1,231		-1,231				
Dividend			-553				-553		-553
Decrease of capital						-2	-2		-2
Share buy back			-500				-500		-500
Interest on AT1 capital securities			-46				-46		-46
Other changes in equity			-2				-2		-2
Balance at 30 June 2022	**940**	**12,970**	**6,224**	**-366**	**770**	**1,985**	**22,523**	**5**	**22,528**
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				139	1,393		1,532	-	1,532
Transfer			1,868		-1,868		-		
Dividend			-580				-580	-	-580
Share buyback[1]			-500				-500		-500
Interest on AT1 capital securities			-46				-46		-46
Other changes in equity[2]	-	-	-11	-	-	-	-11		-10
Balance at 30 June 2023	**898**	**12,529**	**6,942**	**-703**	**1,393**	**1,985**	**23,044**	**3**	**23,047**

[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.

Condensed consolidated statement of cash flows

(in millions)	Note	First half 2023	First half 2022
Profit/(loss) for the period		**1,393**	**770**
Adjustments on non-cash items included in profit/(loss)			
(Un)realised gains/(losses)		1,077	3,795
Share of result in equity-accounted investments	4	-28	-19
Depreciation, amortisation and impairment losses of tangible and intangible assets	5	86	85
Impairment charges on financial instruments		-55	
Income tax expense	6	485	219
Tax movements other than taxes paid & income taxes		15	7
Other non-cash adjustments		402	564
Operating activities			
Changes in:			
- Assets held for trading		-800	-1,262
- Derivatives - assets		-327	-766
- Securities financing - assets		-14,250	-10,254
- Loans and advances banks		87	66
- Residential mortgages		-223	-2,423
- Consumer loans		303	169
- Corporate loans		-5,523	-4,718
- Other loans and advances customers		1,167	-1,086
- Other assets		-2,439	-5,739
- Liabilities held for trading		707	708
- Derivatives - liabilities		90	-479
- Securities financing - liabilities		14,056	8,366
- Due to banks		-9,514	2,227
- Due to customers		4,702	13,816
Net changes in all other operational assets and liabilities		2,223	2,715
Dividend received from associates and private equity investments		7	28
Income tax paid		-296	-533
Cash flow from operating activities		**-6,656**	**6,255**

continued >

(in millions)	Note	First half 2023	First half 2022
Investing activities			
Purchases of financial investments		-4,798	-5,665
Proceeds from sales and redemptions of financial investments		5,148	5,562
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures		-10	-4
Divestments of subsidiaries (net of cash sold), associates and joint ventures		6	2
Purchases of property and equipment		-74	-82
Proceeds from sales of property and equipment		37	22
Purchases of intangible assets		-27	-1
Cash flow from investing activities		**282**	**-166**
Financing activities			
Proceeds from the issuance of debt		32,771	16,722
Repayment of issued debt		-20,638	-17,704
Proceeds from subordinated liabilities issued		774	538
Repayment of subordinated liabilities issued		-2,504	-599
Proceeds from other borrowing			-2
Proceeds from capital securities		-10	-1
Purchase of treasury shares		-500	-500
Dividends paid to the owners of the parent company		-580	-553
Interest paid AT1 capital securities		-46	-46
Payment of lease liabilities		-63	-57
Cash flow from financing activities		**9,206**	**-2,203**
Net increase/(decrease) of cash and cash equivalents		**2,831**	**3,886**
Cash and cash equivalents as at 1 January		62,608	68,027
Effect of exchange rate differences on cash and cash equivalents		-17	50
Cash and cash equivalents as at 30 June		**65,422**	**71,962**
Supplementary disclosure of operating cash flow information			
Interest paid		4,173	800
Interest received		7,448	3,413
Dividend received excluding associates		3	6

(in millions)	30 June 2023	30 June 2022
Cash and balances at central banks	63,315	69,784
Loans and advances banks (less than 3 months)[1]	2,107	2,178
Total cash and cash equivalents[1]	**65,422**	**71,962**

[1] Loans and advances banks with an original maturity of 3 months or more is included in loans and advances banks.

Notes to the Condensed consolidated Interim Financial Statements

1 Accounting policies

The Notes to the Condensed consolidated Interim Financial Statements, including the reviewed sections in the Risk, funding & capital section, are an integral part of these Condensed consolidated Interim Financial Statements.

Corporate information

ABN AMRO Bank N.V. (referred to as ABN AMRO Bank, ABN AMRO, the bank or the parent company) and its consolidated entities (together referred to as the group) provide financial services in the Netherlands and abroad. ABN AMRO Bank is a public limited liability company, incorporated under Dutch law on 9 April 2009, and registered at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands (Chamber of Commerce number 34334259).

The Condensed consolidated Interim Financial Statements of ABN AMRO Bank N.V. for the six-month period ending on 30 June 2023 include financial information of ABN AMRO Bank N.V., its controlled entities, interests in associates and joint ventures. The Condensed consolidated Interim Financial Statements were prepared by the Executive Board and authorised for issue by the Supervisory Board and Executive Board on 8 August 2023.

Basis of preparation

The Condensed consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the European Union (EU).

The Condensed consolidated Interim Financial Statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with ABN AMRO Bank's 2022 Consolidated Annual Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting policies applied in the Condensed consolidated Interim Financial Statements are the same as those applied in the 2022 Consolidated Annual Financial Statements of ABN AMRO Bank, except for the amendments explained in the Changes in accounting policies section.

The Condensed consolidated Interim Financial Statements are prepared under the going concern assumption and presented in euros, which is the functional and presentation currency of ABN AMRO, rounded to the nearest million (unless otherwise stated).

Changes in accounting policies

Please note that only the amendments applicable to ABN AMRO have been included. For a full description of the amendments, please refer to the 2022 Consolidated Annual Financial Statements.

New standards

The International Accounting Standards Board issued IFRS 17 Insurance Contracts, which is endorsed by the EU. The new standard is effective for the reporting period beginning on 1 January 2023.

IFRS 17 – Insurance Contracts

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. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

ABN AMRO has completed the assessment of the impacts of adopting IFRS 17. ABN AMRO offers a limited number of banking products with significant embedded insurance risk. None of these products were materially impacted, except for equity release mortgages and consumer loans with a death waiver.

Prior to the application of IFRS 17, ABN AMRO applied unbundling of the loan component from the insurance contract for equity release mortgages, which was permitted in accordance with IFRS 4. The loan component was measured at amortised cost in accordance with IFRS 9 and the insurance component, the No Negative Equity Guarantee (NNEG), as an insurance contract in accordance with IFRS 4.

Following the application of IFRS 17, unbundling of the loan component from the insurance contract is no longer permitted. For these type of loan contracts, the issuer of such loans can opt to apply either IFRS 9 or IFRS 17. ABN AMRO's policy is to apply IFRS 9 to such loans. Since ABN AMRO has chosen to apply IFRS 9 to the equity release mortgages, these loans in their entirety, i.e. including the NNEG feature, do not meet the SPPI criterion. They should therefore be measured in their entirety at fair value through profit or loss as of 1 January 2023.

The impact on the opening equity is a negative of EUR 164 million in respect of the equity release mortgages. This is as a result of the reclassification of equity release mortgages from residential mortgages with a value of EUR 792 million to consumer loans at fair value through profit or loss with a fair value of EUR 628 million as of 1 January 2023.

ABN AMRO has consumer loans with death waivers in its subsidiary ALFAM. These loans have been analysed and it was concluded that the amortised cost value is not significantly different from the fair value. Therefore, there was no impact on the opening equity balance. An amount of EUR 323 million was reclassed from consumer loans at amortised cost to consumer loans at fair value through profit or loss.

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.

Amendments to existing standards

The International Accounting Standards Board issued several amendments to existing standards that are endorsed by the EU. These changes became effective for the reporting period beginning on 1 January 2023. The standards amended are:

- IAS 1 Disclosure of accounting policies;
- IAS 8 Definition of accounting estimate;
- IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules.

The impact of these amendments on the consolidated financial statements are insignificant, except for the impact of the International Tax Reform. The IAS 12 amendments are the introduction of a temporary exception and targeted disclosure requirement, this in response to the International Tax Reform from the Organisation for Economic Co-operation and Development (OECD). The Pillar II EU legislation aims to ensure a minimum tax of 15% is paid on profits globally. This does not materially impact ABN AMRO but requires changes in disclosures. The impact on the current tax expense must be disclosed separately. ABN AMRO applies the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar II income taxes in 2023.

New standards, amendments and interpretations not yet effective

The International Accounting Standards Board issued the following amendments to existing standards that are endorsed by the EU. These amendments will become effective for the reporting period beginning on 1 January 2024. ABN AMRO does not early adopt these amendments. The standards amended are:

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

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

2 Segment reporting

Personal & Business Banking

This client unit serves consumer and business clients with banking and partner offerings, providing the convenience of digital interactions and access to expertise when it matters most.

Wealth Management

The Wealth Management client unit delivers outstanding expertise with tailored value propositions for wealthy clients, focusing on investment advisory, financial planning and real estate financing.
Wealth Management operates under the brand name of ABN AMRO MeesPierson in the Netherlands, and internationally it operates as ABN AMRO Wealth Management or under various local brand names such as Banque Neuflize OBC in France and Bethmann Bank in Germany.

Corporate Banking

This expertise-driven client unit delivers tailored financing, capital structuring and transaction banking solutions for mid-sized and large corporate clients and financial institutions. Corporate Banking also offers Entrepreneur & Enterprise as a bank-wide service concept for business and wealthy clients, in close collaboration with Wealth Management.

Group Functions

Group Functions consists of the following support function departments: Innovation & Technology, Finance, Risk Management, HR & Transformation, Group Audit, Strategy & Sustainability, Legal, Corporate Office and Brand, Marketing & Communications. Group Functions is not a client unit, but part of the reconciliation. The majority of Group Functions' costs are allocated to the client units.

Segment income statement of the first six months of 2023

					First half 2023
(in millions)	Personal & Business Banking	Wealth Management	Corporate Banking	Group Functions	Total
Income					
Net interest income	1,654	513	1,101	-26	3,242
Net fee and commission income	262	296	347	-16	889
Net income from other operating activities	21	5	123	-36	113
Net trading income	-1		104		103
Share of result in equity-accounted investments	8	8	22	-10	28
Net gains/(losses) on derecognition of financial assets measured at amortised cost			-9	1	-8
Operating income	**1,944**	**821**	**1,688**	**-88**	**4,366**
Expenses					
Personnel expenses	231	203	286	499	1,218
General and administrative expenses	298	105	206	630	1,239
Depreciation, amortisation and impairment losses of tangible and intangible assets	2	17	9	58	86
Intersegment revenues/expenses	693	177	298	-1,168	
Operating expenses	**1,224**	**502**	**798**	**19**	**2,543**
Impairment charges on financial instruments	-55	-13	13		-55
Total expenses	**1,169**	**489**	**811**	**19**	**2,488**
Profit/(loss) before taxation	**776**	**332**	**877**	**-107**	**1,877**
Income tax expense	198	86	203	-3	485
Profit/(loss) for the first half year	**578**	**246**	**673**	**-104**	**1,393**
Attributable to:					
Owners of the parent company	578	246	673	-104	1,393

Segment income statement of the first six months of 2022

(in millions)	Personal & Business Banking	Wealth Management	Corporate Banking	Group Functions	First half 2022 Total
Income					
Net interest income	1,321	330	1,010	-78	2,583
Net fee and commission income	251	311	346	-13	895
Net income from other operating activities	1	15	69	111	197
Net trading income	-1		118		118
Share of result in equity-accounted investments	7	4	5	3	19
Net gains/ (losses) on derecognition of financial assets measured at amortised cost			-4	10	5
Operating income	**1,580**	**661**	**1,544**	**33**	**3,817**
Expenses					
Personnel expenses	236	187	302	493	1,219
General and administrative expenses	357	112	258	798	1,525
Depreciation, amortisation and impairment losses of tangible and intangible assets	3	14	1	67	85
Intersegment revenues/expenses	720	178	327	-1,225	
Operating expenses	**1,316**	**491**	**887**	**134**	**2,829**
Impairment charges on financial instruments	24	5	-33	3	
Total expenses	**1,340**	**496**	**854**	**138**	**2,828**
Profit/(loss) before taxation	**239**	**164**	**690**	**-105**	**989**
Income tax expense	60	45	158	-45	219
Profit/(loss) for the first half year	**179**	**119**	**531**	**-59**	**770**
Attributable to:					
Owners of the parent company	179	119	531	-59	770

Personal & Business Banking

Net interest income amounted to EUR 1,654 million in H1 2023 (H1 2022: EUR 1,321 million). The increase was fully attributable to strongly improved deposit margins. Income on residential mortgages declined slightly, reflecting lower margins (in a competitive market).

Net fee and commission income increased by EUR 11 million to EUR 262 million in H1 2023, largely due to higher fee income from credit card services at ICS and package pricing, partially mitigated by a decrease in mortgage advisory fees due to lower production.

Net income from other operating activities increased by EUR 20 million, mainly due to fair value adjustments related to the new accounting standard IFRS 17.

Personnel expenses remained broadly flat in H1 2023, decreasing by EUR 5 million to EUR 231 million.

General and administrative expenses decreased by EUR 59 million, totalling EUR 298 million in H1 2023. Excluding large incidentals, the decrease was mainly attributable to a decline in regulatory levies and external staff, and lower mortgage intermediary expenses due to a decline in production volumes.

Impairment charges amounted to a release of EUR 55 million versus a charge of EUR 24 million in H1 2022, reflecting mainly stage 1 releases as the final remaining Covid overlays were terminated.

Wealth Management

Net interest income went up by EUR 183 million and amounted to EUR 513 million in H1 2023 due to strongly improved deposit margins.

Net fee and commission income decreased slightly to EUR 296 million in H1 2023, from EUR 311 million in H1 2022, mainly due to lower asset management fees.

Personnel expenses grew by EUR 16 million, totalling EUR 203 million in H1 2023, largely due to a release of the restructuring provision relating to the integration of Wealth Management Belgium in 2022 and an increase in CLA staff costs.

General and administrative expenses decreased by EUR 7 million, totalling EUR 105 million in H1 2023, partially due to lower external staffing costs.

Corporate Banking

Net interest income amounted to EUR 1,101 million in H1 2023 (H1 2022: EUR 1,010 million). The improvement was mainly driven by higher margins on liabilities, slightly offset by pressure on loan margins.

Net fee and commission income increased by EUR 1 million, totalling EUR 347 million in H1 2023, mainly as a result of one-off fee income in the CB non-core portfolio, almost fully offset by lower corporate finance fees and lower market volatility at Clearing.

Net income from other operating activities totalled EUR 123 million in H1 2023 (H1 2022: EUR 69 million). The increase was largely attributable to more favourable results in equity participations.

Net trading income amounted to EUR 104 million in H1 2023 (H1 2022: EUR 118 million). The decrease was mainly driven by lower results in markets business.

Share of result in equity-accounted investments increased by EUR 17 million in H1 2023 (H1 2022: EUR 5 million) due to more favourable results in equity stakes in non-core.

Net gains/(losses) on derecognition of financial assets measured at amortised cost totalled EUR 9 million negative in H1 2023 (H1 2022: EUR 4 million negative), mainly due to less favourable revaluations at CB non-core.

Personnel expenses were EUR 16 million lower and amounted to EUR 286 million in H1 2023 (H1 2022: EUR 302 million), largely due to the non-core wind-down.

General and administrative expenses decreased by EUR 52 million to EUR 206 million in H1 2023, mainly due to a decrease in regulatory levies driven by a lower contribution to the Single Resolution Fund and lower external staffing costs.

Impairment charges totalled EUR 13 million in H1 2023 (H1 2022: EUR 33 million release), mainly as a result of higher stage 3 releases in H1 2022 versus stage 3 additions in H1 2023.

Group Functions

Net interest income amounted to EUR 26 million negative in H1 2023 (H1 2022: EUR 78 million negative). The improvement was largely attributable to lower treasury results.

Net fee and commission income totalled EUR 16 million negative in H1 2023 (H1 2022: EUR 13 million negative).

Net income from other operating activities decreased by EUR 147 million, totalling EUR 36 million negative in H1 2023 (H1 2022: EUR 111 million), due to lower asset and liability management results at Treasury.

Personnel expenses increased by EUR 6 million to EUR 499 million in H1 2023, mainly due to an increase in internal FTEs combined with CLA increase.

General and administrative expenses amounted to EUR 630 million in H1 2023 (H1 2022: EUR 798 million). Excluding large items, expenses decreased by EUR 84 million, mainly due lower external staffing costs.

Selected assets and liabilities by segment

					30 June 2023
(in millions)	Personal & Business Banking	Wealth Management	Corporate Banking	Group Functions	Total
Assets					
Financial assets held for trading		1	1,710		1,711
Derivatives		1	4,771	337	5,109
Securities financing			9,583	24,373	33,956
Residential mortgages	144,691	5,857		-8,460	142,089
Consumer loans	4,237	4,907	574		9,718
Corporate loans	8,390	6,081	75,255	864	90,590
Other loans and advances customers	53	8	5,999	149	6,208
Other	2,065	3,273	12,850	95,815	114,004
Total assets	**159,436**	**20,128**	**110,742**	**113,078**	**403,384**
Liabilities					
Financial liabilities held for trading			1,346		1,346
Derivatives	8	14	3,526	470	4,019
Securities financing			367	23,132	23,500
Current accounts	44,158	17,983	41,959	725	104,825
Demand deposits	73,132	24,877	3,447		101,456
Time deposits	6,509	21,591	9,433	13,919	51,452
Other due to customers	92		2,106	45	2,242
Other	35,538	-44,337	48,558	51,739	91,497
Total liabilities	**159,436**	**20,128**	**110,742**	**90,031**	**380,337**

					31 December 2022
(in millions)	Personal & Business Banking	Wealth Management	Corporate Banking	Group Functions	Total
Assets					
Financial assets held for trading		1	907		907
Derivatives		1	4,836	375	5,212
Securities financing			6,545	13,487	20,032
Residential mortgages	144,537	6,072		-9,489	141,121
Consumer loans	4,588	4,725	642		9,955
Corporate loans	8,617	6,172	69,751	820	85,360
Other loans and advances customers	40	11	7,316	124	7,491
Other	1,687	1,873	11,071	94,872	109,503
Total assets	**159,469**	**18,856**	**101,068**	**100,189**	**379,581**
Liabilities					
Financial liabilities held for trading			641		641
Derivatives	8	15	3,664	461	4,148
Securities financing			47	9,605	9,652
Current accounts	47,828	25,534	48,104	565	122,030
Demand deposits	69,065	28,549	2,782		100,397
Time deposits	5,902	10,473	7,310	6,411	30,096
Other due to customers	123		2,367	2	2,491
Other	36,543	-45,715	36,153	60,330	87,311
Total liabilities	**159,469**	**18,856**	**101,068**	**77,375**	**356,767**

3 Overview of financial assets and liabilities by measurement base

					30 June 2023
(in millions)	Amortised cost	Fair value through profit or loss - trading	Fair value through profit or loss - other	Fair value through other comprehensive income	Total
Financial assets					
Cash and balances at central banks	63,315				63,315
Financial assets held for trading		1,711			1,711
Derivatives		4,770	338		5,109
Financial investments			743	37,706	38,449
Securities financing	33,956				33,956
Loans and advances banks	3,287				3,287
Loans and advances customers[1]	247,601		1,004		248,605
Other financial assets	5,888				5,888
Total financial assets	**354,047**	**6,481**	**2,086**	**37,706**	**400,320**
Financial liabilities					
Financial liabilities held for trading		1,346			1,346
Derivatives		3,533	486		4,019
Securities financing	23,500				23,500
Due to banks	8,208				8,208
Due to customers	259,975				259,975
Issued debt	69,074		215		69,289
Subordinated liabilities	5,424				5,424
Other financial liabilities	4,769				4,769
Total financial liabilities	**370,950**	**4,880**	**701**		**376,531**

[1] Loans and advances customers includes the impact of the implementation of IFRS 17 Insurance contracts. Residential mortgages with an insurance feature and consumer loans with a death waiver have been recorded at Fair value through Profit or Loss – Other.

					31 December 2022
(in millions)	Amortised cost	Fair value through profit or loss - trading	Fair value through profit or loss - other	Fair value through other comprehensive income	Total
Financial assets					
Cash and balances at central banks	60,865				60,865
Financial assets held for trading		907			907
Derivatives		4,831	381		5,212
Financial investments			626	38,408	39,034
Securities financing	20,032				20,032
Loans and advances banks	2,982				2,982
Loans and advances customers	243,861		66		243,927
Other financial assets	3,457				3,457
Total financial assets	**331,198**	**5,739**	**1,072**	**38,408**	**376,417**
Financial liabilities					
Financial liabilities held for trading		641			641
Derivatives		3,671	477		4,148
Securities financing	9,652				9,652
Due to banks	17,509				17,509
Due to customers	255,015				255,015
Issued debt	56,036		223		56,259
Subordinated liabilities	7,290				7,290
Other financial liabilities	3,127				3,127
Total financial liabilities	**348,629**	**4,312**	**700**		**353,641**

4 Operating income

(in millions)	First half 2023	First half 2022
Net interest income	3,242	2,583
Net fee and commission income	889	895
Net income from other operating activities	113	197
Net trading income	103	118
Share of result in equity-accounted investments	28	19
Net gains/(losses) on derecognition of financial assets measured at amortised cost	-8	5
Total operating income	**4,366**	**3,817**

Fee and commission income

Fee and commission income by segment is specified in the following tables.

					First half 2023
(in millions)	Personal & Business Banking	Wealth Management	Corporate Banking	Group Functions	Total
Fee and commission income from:					
Securities and custodian services	7	32	254	1	293
Payment services	291	17	79	1	388
Portfolio management and trust fees	23	257	2		282
Guarantees and commitment fees	12	3	56		70
Insurance and investment fees	18	20			38
Other service fees	17	7	39		63
Total fee and commission income	**367**	**335**	**430**	**2**	**1,134**
Timing fee and commission income					
Recognised at a point in time	168	175	378	2	723
Recognised over time	198	160	52		411
Total fee and commission income	**367**	**335**	**430**	**2**	**1,134**

					First half 2022
(in millions)	Personal & Business Banking	Wealth Management	Corporate Banking	Group Functions	Total
Fee and commission income from:					
Securities and custodian services	9	31	287	1	328
Payment services	250	16	80		346
Portfolio management and trust fees	25	278	2		305
Guarantees and commitment fees	20	3	32		55
Insurance and investment fees	23	21			44
Other service fees	12	8	49		69
Total fee and commission income	**338**	**358**	**449**	**1**	**1,147**
Timing fee and commision income					
Recognised at a point in time	164	206	402	1	774
Recognised over time	174	151	47		373
Total fee and commission income	**338**	**358**	**449**	**1**	**1,147**

5 Operating expenses

(in millions)	First half 2023	First half 2022
Personnel expenses	1,218	1,219
General and administrative expenses	1,239	1,525
Depreciation, amortisation and impairment losses of tangible and intangible assets	86	85
Total operating expenses	**2,543**	**2,829**

Personnel expenses

(in millions)	First half 2023	First half 2022
Salaries and wages	894	877
Social security charges	124	121
Expenses relating to Defined post employment benefit plans	2	13
Defined contribution plan expenses	164	158
Other	33	50
Total personnel expenses	**1,218**	**1,219**

6 Income tax expense

(in millions)	First half 2023	First half 2022
Income tax expense	485	219

7 Financial assets and liabilities held for trading

Financial assets and liabilities held for trading relates mainly to client-facilitating activities carried out by the Global Markets business. These contracts are managed on a combined basis and are therefore assessed on a total portfolio basis and not as stand-alone asset and liability classes.

Financial assets held for trading

(in millions)	30 June 2023	31 December 2022
Trading securities		
Government bonds	727	214
Corporate debt securities	966	681
Equity securities	5	10
Total trading securities	**1,698**	**906**
Other trading assets	13	1
Total financial assets held for trading	**1,711**	**907**

Financial liabilities held for trading

(in millions)	30 June 2023	31 December 2022
Bonds	1,289	609
Equity securities	1	1
Total short security positions	**1,290**	**610**
Other liabilities held for trading	56	32
Total financial liabilities held for trading	**1,346**	**641**

8 Derivatives

This comprises derivatives held for trading and derivatives held for risk management purposes. Derivatives held for trading serve to help us facilitate the needs of our clients. Derivatives held for risk management purposes include all derivatives that qualify for hedge accounting and derivatives included in an economic hedge.

								30 June 2023
	Derivatives held for trading			Economic hedges			Hedge accounting	Total derivatives
(in millions)	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	
Exchange traded								
Fair value assets	2							2
Fair value liabilities	1	1						2
Notionals	7,150	10						7,160
Over-the-counter								
Central counterparties								
Fair value assets								
Fair value liabilities								
Notionals	1,400,870			3,656			114,760	1,519,286
Other bilateral								
Fair value assets	3,910	857	1	41	279		18	5,107
Fair value liabilities	2,732	797	2	93	91		301	4,017
Notionals	233,899	109,586	239	660	24,268		92,179	460,831
Total								
Fair value assets	3,912	857	1	41	279		18	5,109
Fair value liabilities	2,733	798	2	93	91		301	4,019
Notionals	1,641,918	109,597	239	4,316	24,268		206,939	1,987,278

								31 December 2022
	Derivatives held for trading			Economic hedges			Hedge accounting	Total derivatives
(in millions)	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	
Exchange traded								
Fair value assets	51							51
Fair value liabilities	10							10
Notionals	15,853	5						15,858
Over-the-counter								
Central counterparties								
Fair value assets								
Fair value liabilities								
Notionals	1,331,761			886			101,439	1,434,086
Other bilateral								
Fair value assets	4,035	742	3	46	312		23	5,161
Fair value liabilities	2,841	817	3	95	48		334	4,138
Notionals	206,343	54,289	241	661	17,468		89,813	368,814
Total								
Fair value assets	4,086	742	3	46	312		23	5,212
Fair value liabilities	2,851	817	3	95	48		334	4,148
Notionals	1,553,957	54,294	241	1,547	17,468		191,252	1,818,758

9 Financial investments

(in millions)	30 June 2023	31 December 2022
Financial investments		
Debt securities held at fair value through other comprehensive income	37,706	38,408
Held at fair value through profit or loss	743	626
Total financial investments	**38,449**	**39,034**

Debt securities held at fair value through other comprehensive income consist mainly of goverment bonds.

Financial investments held at fair value through other comprehensive income (FVOCI)

The fair value of financial investments measured at FVOCI (including gross unrealised gains and losses) is specified in the following table.

(in millions)	30 June 2023	31 December 2022
Interest-earning securities		
Dutch government	2,489	2,465
US Treasury and US government	7,032	7,238
Other OECD government	15,461	18,158
Non-OECD government	821	142
International bonds issued by the European Union	2,686	2,415
European Stability Mechanism	1,747	1,704
Mortgage- and other asset-backed securities	4,144	3,274
Financial institutions	3,312	2,998
Non-financial institutions	15	15
Total investments held at fair value through other comprehensive income	**37,706**	**38,408**

10 Securities financing

	30 June 2023			31 December 2022		
(in millions)	Banks	Customers	Total	Banks	Customers	Total
Assets						
Reverse repurchase agreements	6,592	15,183	21,775	2,649	11,591	14,239
Securities borrowing transactions	6,682	5,498	12,181	2,900	2,893	5,793
Total	**13,274**	**20,682**	**33,956**	**5,548**	**14,484**	**20,032**
Liabilities						
Repurchase agreements	825	21,308	22,133	219	8,359	8,578
Securities lending transactions	966	401	1,366	474	600	1,074
Total	**1,791**	**21,709**	**23,500**	**692**	**8,960**	**9,652**

Securities financing transactions include balances relating to reverse repurchase activities and cash collateral on securities borrowed. ABN AMRO controls the credit risk associated with these activities by monitoring counterparty credit exposure and collateral values on a daily basis and requiring additional collateral to be deposited with ABN AMRO when deemed necessary.

11 Fair value of financial instruments

The internal controls for fair value measurement, the valuation techniques and the inputs used for these valuation techniques are consistent (with the exception of applying behavioural maturities for 'due to banks' and 'due to customers' which was not correctly applied where these have a demand feature) with those set out in the notes to ABN AMRO's 2022 Consolidated Annual Financial Statements.

Fair value is defined as the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

ABN AMRO analyses financial instruments held at fair value in the three categories described below.

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets that are not considered to be active, or using valuation techniques where all inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3 financial instruments are those valued using a valuation technique where at least one input with a significant effect on the instrument's valuation is not based on observable market data. The effect of fair value adjustments on the instrument's valuation is included in the assessment.

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

The following table presents the valuation methods used in determining the fair values of financial instruments carried at fair value.

	30 June 2023				31 December 2022			
(in millions)	Quoted market prices in active markets	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs	Total fair value	Quoted market prices in active markets	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs	Total fair value
Assets								
Government debt securities	727			727	212	3		214
Corporate debt securities	763	203		966	495	186		681
Equity securities	5			5	10			10
Other financial assets held for trading		13		13		1		1
Financial assets held for trading	**1,494**	**216**		**1,711**	**718**	**190**		**907**
Interest rate derivatives	2	3,894	75	3,971	51	4,067	36	4,155
Foreign exchange contracts		1,131	6	1,136		1,045	9	1,054
Other derivatives		1		1		3		3
Derivatives	**2**	**5,026**	**81**	**5,109**	**51**	**5,115**	**46**	**5,212**
Equity instruments	78	53	613	743	79	65	481	626
Financial investments at fair value through profit or loss	**78**	**53**	**613**	**743**	**79**	**65**	**481**	**626**
Government debt securities	29,925		311	30,235	31,801		320	32,121
Corporate debt securities	3,287	1	38	3,327	2,973	1	38	3,013
Other debt securities	4,144			4,144	3,274			3,274
Financial assets held at fair value through other comprehensive income	**37,356**	**1**	**349**	**37,706**	**38,049**	**1**	**358**	**38,408**
Loans and advances at fair value through profit or loss		36	969	1,004		36	30	66
Total financial assets	**38,930**	**5,331**	**2,011**	**46,273**	**38,897**	**5,407**	**915**	**45,219**
Liabilities								
Short positions in government debt securities	882			882	341			341
Corporate debt securities	280	126		406	205	62		267
Equity securities	1			1	1			1
Other financial liabilities held for trading		56		56		32		32
Financial liabilities held for trading	**1,164**	**183**		**1,346**	**548**	**93**		**641**
Interest rate derivatives	1	3,126		3,128	10	3,270		3,280
Foreign exchange contracts	1	888		889		865		865
Other derivatives		2		2		3		3
Derivatives	**2**	**4,017**		**4,019**	**10**	**4,138**		**4,148**
Issued debt		215		215		223		223
Total financial liabilities	**1,166**	**4,415**		**5,581**	**557**	**4,455**		**5,012**

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Transfers between fair value hierarchies

There were no material transfers between the fair value hierarchies.

Movements in level 3 financial instruments measured at fair value

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

	Assets				Liabilities
(in millions)	Derivatives	Financial investments at fair value through profit or loss	Financial assets held at fair value through other comprehensive income	Loans and advances at fair value through profit or loss	Issued debt
Balance at 1 January 2022	**88**	**433**	**481**		
Purchases		42			
Sales		-9			
Redemptions		-32			
Gains/(losses) recorded in profit and loss[1]		5	-6		
Unrealised gains/(losses)[2]	-71	41	-108		
Transfer between levels	51				
Other movements		-2			
Balance at 30 June 2022	**68**	**477**	**367**		
Balance at 1 January 2023	**46**	**481**	**358**	**30**	
Change in accounting policy				982	
Purchases		82			
Sales		-1			
Issuance				20	
Redemptions				-80	
Gains/(losses) recorded in profit and loss[1]			-6	-4	
Unrealised gains/(losses)[2]		38	-3	18	
Transfer between levels	35				
Other movements		14		3	
Balance at 30 June 2023	**81**	**613**	**349**	**969**	

1 Included in other operating income.
2 Unrealised gains/(losses) on derivatives held for trading are included in net trading income, on instruments measured at FVTPL in other operating income and on instruments measured at FVOCI in other comprehensive income.

Level 3 sensitivity information

Interest-earning securities - government bonds

ABN AMRO has a position in a Polish bond, denominated in euros (in Note 9 Financial investments, and part of Other OECD governments), for which the market is relatively illiquid. This bond is valued using a discounted cash flow model. The main inputs are the interest rate curve, liquidity spread and credit spread. The valuation spread is determined using an internal model. The sensitivity analysis is performed using a range of reasonable valuation spreads.

Interest-earning securities - other

Preference shares are shares for which the dividend is fixed for a period of ten years, after which the dividend is redetermined and the shares can be redeemed. The position is valued using a discounted cash flow model for which the relevant inputs are the interest curve, liquidity spread and credit spread. The liquidity spread and credit spread are unobservable inputs and are derived from similar securities. The sensitivity of the preference shares is determined by using a range of reasonable spreads and by considering the call option that is held by the issuer.

Equity shares - preferred shares

Equities measured at fair value through profit and loss and classified as level 3 mainly comprise private equity investments. Private equity shares are measured at fair value, applying two calculation techniques:

- Using comparable pricing in accordance with the European Private Equity and Venture Capitalist Association (EVCA) guidelines. This valuation technique is based on earnings multiples of comparable listed and unlisted companies. The fair value calculation of an investment is strongly linked with movements on public equity markets;
- Net Asset Value (NAV) for fund investments and asset-backed investments. This is determined by using audited and unaudited company financial statements and any other information available, publicly or otherwise. As a consequence, the NAV calculation of an investment is strongly linked to movements in the quarterly performance of the company and can be used as an indicator of fair value.

New investments are initially valued at fair value. Subsequently, the fair value technique – either the EVCA technique or NAV calculation - is applied for direct investments.

The sensitivity for using comparable pricing is determined by stressing the earnings multiples in a positive and negative market scenario, whereas sensitivity testing for the NAV calculation based on the quarterly performance cannot be applied.

Derivatives

ABN AMRO applies a credit valuation adjustment (CVA) that reflects counterparty credit risk in the fair value measurement of uncollateralised and partially collateralised OTC derivatives. For counterparties that do not have an observable credit spread, ABN AMRO applies a proxied credit spread extracted from counterparties of comparable credit quality that do have an observable credit spread. ABN AMRO performs a probability of default assessment for each counterparty and allocates an appropriate internal credit risk measure known as a Uniform Counterparty Rating (UCR).This UCR, which is significant to the entire fair value measurement of the derivative contracts included in the following table of level 3 sensitivity information, is generated internally and is therefore an unobservable input.

	Valuation technique	Unobservable data	Carrying value	Possible alternative assumptions		Unobservable data range		Unobservable data base
(in millions)				Applying minimum	Applying maximum	Applying minimum	Applying maximum	
30 June 2023								
Equity shares	Private equity valuation	EBITDA multiples	212	-21	21			
Equity shares	Private equity valuation	Net asset value	401	-40	40			
Interest-earning securities - government bonds	Discounted cash flow	Liquidity and credit spread	311	-15	25	13bps	151bps	100bps
Interest-earning securities - other	Discounted cash flow	Liquidity and credit spread	38			229bps	461bps	230bps
Loans and advances - Equity release mortgages	Discounted cash flow	Prepayment rate	636	-39	71	0.0%	10.0%	3.0%
Loans and advances - Other	Discounted cash flow	Liquidity and credit spread	312	-15	15			
Derivatives held for trading	Discounted cash flow	Probability of default	81	-3	10	0.0%	100.0%	10.0%
31 December 2022								
Equity shares	Private equity valuation	EBITDA multiples	140	-14	14			
Equity shares	Private equity valuation	Net asset value	342	-34	34			
Interest-earning securities - government bonds	Discounted cash flow	Liquidity and credit spread	320	-9	18	14bps	102bps	73bps
Interest-earning securities - other	Discounted cash flow	Liquidity and credit spread	38	-1		214bps	546bps	313bps
Derivatives held for trading	Discounted cash flow	Probability of default	46	-2	4	0.0%	100.0%	15.0%

Financial assets and liabilities not carried at fair value

	30 June 2023					
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	63,315	63,315			63,315	
Securities financing	33,956		33,956		33,956	
Loans and advances banks	3,287		2,617	639	3,256	-31
Loans and advances customers	247,601		33,364	205,484	238,848	-8,753
Total	**348,159**	**63,315**	**69,937**	**206,123**	**339,375**	**-8,784**
Liabilities						
Securities financing	23,500		23,500		23,500	
Due to banks	8,208		4,986	3,217	8,204	-5
Due to customers	259,975		246,228	13,184	259,412	-563
Issued debt	69,074	45,089	24,403		69,492	418
Subordinated liabilities	5,424	1,746	3,782		5,528	104
Total	**366,181**	**46,835**	**302,899**	**16,401**	**366,135**	**-46**

	31 December 2022					
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	60,865	60,865			60,865	
Securities financing	20,032		20,032		20,032	
Loans and advances banks	2,982		2,645	340	2,986	3
Loans and advances customers[1]	243,861		30,373	205,235	235,608	-8,253
Total[1]	**327,741**	**60,865**	**53,051**	**205,575**	**319,492**	**-8,250**
Liabilities						
Securities financing	9,652		9,652		9,652	
Due to banks[1]	17,509		3,174	14,232	17,406	-103
Due to customers[1]	255,015		245,755	8,609	254,364	-650
Issued debt[1]	56,036	35,185	21,365		56,549	513
Subordinated liabilities[1]	7,290	4,103	3,249		7,352	62
Total[1]	**345,502**	**39,288**	**283,195**	**22,842**	**345,325**	**-178**

[1] ABN AMRO performed a detailed review on its disclosure of the fair value of financial instruments not carried at fair value. This resulted in changes in the calculations for the fair value estimation which were not determined correctly in the past. The changes in the fair value calculation did not have a material impact on the prior period figures, however these have been adjusted for disclosure purposes.

12 Loans and advances banks

(in millions)	30 June 2023	31 December 2022
Interest-bearing deposits	2,143	1,771
Loans and advances	921	934
Mandatory reserve deposits with central banks	185	200
Other loans and advances banks	45	85
Subtotal	**3,293**	**2,990**
Less: loan impairment allowances	6	8
Total loans and advances banks	**3,287**	**2,982**

Mandatory reserve deposits are held with local central banks in accordance with statutory requirements. Most relevant to the bank are the minimum reserve requirements as determined by the ECB. The ECB prescribes how the minimum reserve amount should be calculated during pre-defined reserve periods. During such periods, the balances are available for use by ABN AMRO. The bank manages and monitors deposits to ensure that the minimum reserve requirements for the period are met.

13 Loans and advances customers

(in millions)	30 June 2023	31 December 2022
Residential mortgages (excluding fair value adjustment)	150,706	150,762
Fair value adjustment from hedge accounting on residential mortgages	-8,460	-9,489
Residential mortgages, gross	**142,247**	**141,274**
Less: loan impairment allowances - residential mortgage loans	158	153
Residential mortgages	**142,089**	**141,121**
Consumer loans at amortised cost, gross	**8,928**	**10,232**
Less: loan impairment allowances - consumer loans	157	277
Consumer loans at amortised cost	**8,770**	**9,955**
Consumer loans at fair value through P&L[1]	**948**	
Corporate loans (excluding fair value adjustment)	83,095	78,178
Fair value adjustment from hedge accounting on corporate loans	99	154
Financial lease receivables	4,310	4,396
Factoring	4,480	4,157
Corporate loans at amortised cost, gross	**91,984**	**86,885**
Less: loan impairment allowances - corporate loans	1,450	1,590
Corporate loans at amortised cost	**90,534**	**85,295**
Corporate loans at fair value through P&L	**56**	**66**
Government and official institutions	647	629
Other loans	5,564	6,868
Other loans and advances customers, gross	**6,211**	**7,497**
Less: loan impairment allowances - other	3	5
Other loans and advances customers	**6,208**	**7,491**
Total loans and advances customers	**248,605**	**243,927**

[1] Consumer loans at Fair Value through P&L is a new line item as a result of the implementation of IFRS 17 Insurance contracts. Residential mortgages with an insurance feature and consumer loans with a death waiver are mandatory recorded at Fair value through Profit or Loss.

For information on loan impairment allowances, please refer to the Risk, funding & capital section.

14 Due to banks

This item comprises amounts due to banking institutions, including central banks and multilateral development banks.

(in millions)	30 June 2023	31 December 2022
Current accounts	1,657	1,977
Demand deposits	5	1
Time deposits	5,784	14,895
Cash collateral on securities lent	761	625
Other		10
Total due to banks	**8,208**	**17,509**

On 28 June 2023, ABN AMRO partly repaid the TLTRO III borrowings for the amount of EUR 11.0 billion. On 30 June 2023, an amount of EUR 3.0 billion remained outstanding, which matures in June 2024.

15 Due to customers

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

(in millions)	30 June 2023	31 December 2022
Current accounts	104,825	122,030
Demand deposits	101,456	100,397
Time deposits	51,452	30,096
Other	2,242	2,491
Total due to customers	**259,975**	**255,015**

16 Issued debt and subordinated liabilities

The following table shows the types of debt certificates issued by ABN AMRO and the amounts outstanding. Changes in these debt instruments involve a continual process of redemption and issuance of long-term and short-term funding.

(in millions)	30 June 2023	31 December 2022
Bonds and notes issued	51,304	41,313
Certificates of deposit and commercial paper	17,770	14,723
Total at amortised cost	**69,074**	**56,036**
Designated at fair value through profit or loss	215	223
Total issued debt	**69,289**	**56,259**
- of which matures within one year	*25,265*	*19,053*

The amounts of debt issued and redeemed during the period are shown in the Condensed consolidated statement of cash flows. Further details of the funding programmes are provided in the Risk, funding & capital section.

Subordinated liabilities

The following table shows outstanding subordinated liabilities issued by ABN AMRO.

(in millions)	30 June 2023	31 December 2022
Subordinated liabilities	5,424	7,290

No perpetual loans were recorded at reporting date. The issued and outstanding loans qualifying as subordinated liabilities are subordinated to all other current and future liabilities.

17 Provisions

(in millions)	30 June 2023	31 December 2022
Legal provisions	357	447
Credit commitments provisions	139	154
Restructuring provision	81	105
Other staff provision	128	128
Provision for pension commitments	68	75
Insurance fund liabilities	6	8
Other provisions	90	128
Total provisions	**868**	**1,044**

Total provisions decreased by EUR 176 million to EUR 868 million at 30 June 2023, compared with EUR 1,044 million at 31 December 2022. This was largely due to the decrease of the legal provisions and other provisions.

Legal provisions

Euribor-based mortgages

ABN AMRO has sold mortgage loans with floating, often Euribor-based, interest rates to consumers. These rates include a margin charge. Under the applicable terms and conditions, ABN AMRO has the right to unilaterally adjust the margin charge. ABN AMRO's decision to increase the margin charge in 2012 resulted in two class actions, on top of multiple individual cases, being instigated. The central question in these cases was whether ABN AMRO's right in the terms and conditions to unilaterally adjust the margin charge was an unfair contractual clause. On 22 November 2019, the Supreme Court quashed the ruling of the Amsterdam Court of Appeal in the Euribor collective cases. The case was referred to another Court of Appeal (The Hague) in order to be dealt with further.

In the meantime, ABN AMRO and the foundation Stichting Euribar reached agreement on a settlement for clients with Euribor-Woninghypotheek mortgages. All clients who were eligible for the settlement received a personal offer from ABN AMRO and 81% of this group accepted the proposed settlement. Meanwhile, the other foundation, Stichting Stop de Banken, broke off the negotiations aimed at reaching agreement and proceeded with the class action.

On 11 October 2022, the Court of Appeal in The Hague ruled that the amendment clauses were valid and that ABN AMRO was entitled to exercise its power of amendment. The Court of Appeal also deemed the manner in which ABN AMRO exercised its power of amendment to be within the law. This means that ABN AMRO was within its rights to amend the charge and that the increase in the charge was not excessive. The Court of Appeal also rejected all the other complaints made by Stichting Stop de Banken. The ruling applies to clients who did not accept the personal settlement offer made to them by the bank in 2020 or 2021.

Stichting Stop de Banken subsequently announced that it would appeal against the ruling and, on 22 December 2022, filed the documents for the Supreme Court appeal. ABN AMRO filed its reaction on 16 June 2023.The opinion of the advocate-general is expected to be published on 3 November 2023.

Variable interest rates for consumer loans

On 3 March 2021, the Kifid Appeals Committee confirmed a ruling of the Kifid Disputes Committee about the recalculation of the variable interest charged to a specific client on a revolving credit. In short, Kifid ruled that ABN AMRO should have followed the market rate while establishing the variable interest rate for certain revolving consumer credits.

In light of the Kifid ruling, ABN AMRO reached agreement with the Dutch Consumers' Association (Consumentenbond Claimservice) on 5 September 2021 regarding a compensation scheme for affected clients. ABN AMRO has provisioned around EUR 483 million for the interest to be compensated and the costs incurred in carrying out the scheme. To date, EUR 173 million of this provision has been used, while the remaining provision as at 30 June 2023 is EUR 310 million.

It is unclear what the exact scope and application of the Kifid ruling is and whether the ruling will have a certain knock-on effect on other products with variable interest rates, beyond the range of products covered by the compensation scheme. Recent rulings from Kifid regarding other credit providers (in relation to mortgage loans) suggest that Kifid envisages a broad scope. ABN AMRO cannot give a reliable estimate of the (potentially substantial) financial risk of these contingent liabilities not provided for.

Other provisions

AML remediation programme

We are continuing the completion of our AML client file remediation. The total remaining provision for the AML programmes amounted to EUR 18 million at 30 June 2023.

18 Accumulated other comprehensive income

(in millions)	Remeasurements on post-retirement benefit plans	Currency translation reserve	Fair value reserve	Cash flow hedge reserve	Accumulated share of OCI of associates and joint ventures	Liability own credit risk reserve	Total
Balance at 1 January 2022	**-6**	**38**	**239**	**-1,540**	**51**	**-9**	**-1,227**
Net gains/(losses) arising during the period		79	-43	1,114	-26	6	1,131
Less: Net realised gains/(losses) included in income statement		2	1	-14			-11
Net gains/(losses) in equity		78	-44	1,128	-26	6	1,142
Related income tax			-11	291		2	281
Balance at 30 June 2022	**-6**	**115**	**206**	**-703**	**25**	**-4**	**-366**
Balance at 1 January 2023	**7**	**81**	**26**	**-946**	**-7**	**-3**	**-842**
Net gains/(losses) arising during the period	-	-29	16	146	7	1	142
Less: Net realised gains/(losses) included in income statement		6	-	-62	-		-56
Net gains/(losses) in equity		**-35**	**16**	**208**	**7**	**1**	**198**
Related income tax	-	-	4	54			58
Balance at 30 June 2023	**7**	**47**	**37**	**-791**		**-2**	**-703**

19 Commitments and contingent liabilities

(in millions)	30 June 2023	31 December 2022
Committed credit facilities	**55,091**	**53,873**
Guarantees and other commitments:		
Guarantees granted	539	1,342
Irrevocable letters of credit	3,929	4,429
Recourse risks arising from discounted bills	1,862	1,880
Total guarantees and other commitments	**6,330**	**7,651**
Total	**61,421**	**61,524**

Other contingent liabilities

ABN AMRO is involved in a number of legal proceedings in the ordinary course of business in various jurisdictions. In presenting the consolidated Financial Statement, management estimates the outcome of legal, regulatory and arbitration matters, and takes provisions to the income statement when losses with respect to such matters are more likely than not. Provisions are not recognised for matters for which expected cash outflow cannot be reasonably estimated or that are not more likely than not to lead to a cash outflow. Some of these matters may be regarded as a contingency.

Proceedings against 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. 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 annually provided by the credit institutions within the European Banking Union in scope of SRF. The SRB is of the opinion that ABN AMRO has reported variables to calculate the annual SRF contribution incorrectly 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 due to a differing interpretation of the regulation with regard to the annual SRF contribution.

ABN AMRO received on 11 May 2023 the final decision from the SRB regarding the ex-ante contributions to the SRF. In its final decision, SRB reiterates its arguments and doesn't agree with ABN AMRO's position. The SRB recalculated the contribution of ABN AMRO Hypotheken Groep B.V. over the years 2016 - 2022. Therefore the total amount of the invoice for the year 2023 is EUR 177 million. This amount consists of both the contribution for the year 2023 (approximately EUR 57 million) and the amount ABN AMRO Hypotheken Groep B.V. has to pay extra in contribution for the years 2016 - 2022 (approximately EUR 120 million, included as an 'other asset'). Upon DNB's and SRB's explicit request and in order to comply with the Dutch legislation, which requires the SRF contribution 2023 to be paid within six weeks after the notification of the final decision (under penalty of fines), ABN AMRO Hypotheken Groep B.V. paid on 22 June 2023, under protest, the SRF contribution 2023 to the SRB.

ABN AMRO Hypotheken Groep B.V. and ABN AMRO challenged the SRB's final decision by filing a petition with the court of Justice of the European Union on 14 July 2023. 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 such challenge will be successful. Therefore no provision has been recognised.

Equity trading

German authorities are conducting investigations into the involvement of individuals from various banks and other parties in equity trading extending over dividend record dates in Germany, including several forms of tainted dividend arbitrage (i.e. tainted dividend stripping, including cum/ex and cum/cum) for the purpose of obtaining German tax credits or refunds in relation to withholding tax levied on dividend payments, including, in particular, transaction structures that resulted in more than one market participant claiming such credit or refund with respect to the same dividend payment. ABN AMRO's legal predecessor, Fortis Bank (Nederland) N.V., ABN AMRO and several former subsidiaries were directly or indirectly involved in these transactions in the past in various capacities. Criminal investigation proceedings relating to the activities of these entities and individuals involved at the time were instigated. These proceedings also resulted in search warrants being issued against ABN AMRO. ABN AMRO is cooperating with these investigations, but has no knowledge of the results of any such investigations.

ABN AMRO also frequently receives information requests from German authorities in relation to criminal and other investigations of individuals from other banks and other parties relating to equity trading extending over dividend record dates in Germany. ABN AMRO cooperates and provides the requested information to the extent possible. Although a number of subsidiaries associated with these transactions have been sold by means of a management buy-out, legal risks remain for ABN AMRO, in particular relating to administrative offences and criminal and civil law. All material tax issues with respect to ABN AMRO's tax reclaims relating to cum/ex transactions have been settled with the German tax authorities. With respect to cum/cum transactions, the German Federal Ministry of Finance released two circular rulings dated 9 July 2021 (published 15 July 2021); these contain a change in interpretation of tax legislation compared to previous circular rulings.

While these circular rulings, in ABN AMRO's view, contradict case law of the German Federal Tax Court after the circulars were published, the German Federal Ministry of Finance has not withdrawn or amended the rulings, and the German local tax authorities are therefore expected to recollect dividend withholding tax credited to taxpayers where such credits related to cum/cum strategies. ABN AMRO has received dividend withholding tax refunds that relate to transactions that could be considered to be cum/cum transactions under the new circular rulings. In anticipation of a decision by the German tax authorities, ABN AMRO has, as a precaution, repaid the relevant dividend withholding tax amounts, while retaining its rights to contest any such future decision. Some counterparties of ABN AMRO have initiated civil law claims against ABN AMRO with respect to cum/cum securities lending transactions (some of which are pending before German courts), arguing that ABN AMRO failed to deliver beneficial ownership of the loaned securities to these counterparties and that this resulted in a denial of tax credit entitlement by the relevant German tax authorities. Although ABN AMRO considers it not probable that any such claims will be successful, the possibility that they will succeed cannot be ruled out.

It cannot be excluded that ABN AMRO or subsidiaries will face financial consequences as a result of their involvement in tainted dividend arbitrage transactions, in particular corporate administrative fines, forfeiture orders and civil law claims. It is currently unclear, however, as to how and when the German prosecution authorities' investigations will impact on ABN AMRO and its subsidiaries and if, and to what extent, corporate administrative fines or forfeiture orders will be imposed. It is also uncertain whether tax authorities or third parties will successfully claim amounts from ABN AMRO in secondary tax liability or civil law cases. Therefore, the financial impact cannot currently be reliably estimated and no provision has been recorded in this respect.

Netherlands Public Prosecution Service investigation into Dutch tax matter

The Netherlands Public Prosecution Service (NPPS) is conducting an investigation regarding transactions that ultimately led to a set-off by a third party of dividend withholding tax credits against its corporate tax liabilities in the Netherlands during the period 2009-2013. The NPPS investigation relates to ongoing tax proceedings in the Dutch courts between the third party and the Dutch tax authority regarding the third party's set-off of dividend withholding tax credits against its corporate tax liabilities. The District Court ruled in favour of this third party in 2018. In 2020, the Court of Appeal overturned the ruling of the District Court and ruled in favour of the Netherlands tax authority. An appeal with the Supreme Court has been filed against the ruling of the Court of Appeal and is currently pending. The NPPS has informed ABN AMRO that it is a suspect in the investigation, due to its involvement in some of these transactions. The NPPS is gathering information for its investigation and ABN AMRO is cooperating with the investigation.

The timing of the completion of the investigation and the outcome are uncertain. The possibility cannot be excluded that ABN AMRO will face financial consequences as a result of the investigation. However, the potential financial impact of the investigation cannot currently be reliably estimated and no provision has been made.

Duty of care matters

A number of proceedings have been initiated against ABN AMRO for alleged breach of its duty of care in transparency related standards. Where applicable, provisions for these matters have been made.

There can be no assurance that additional proceedings will not be instigated or that amounts demanded in claims brought to date will not rise. Current proceedings are pending and their outcome, as well as the outcome of any threatened proceedings, is uncertain, as is the timing of reaching any finality on these legal claims and proceedings. Although the consequences could be substantial for ABN AMRO and potentially affect its reputation, results of operations, financial condition and prospects, it is not possible to reliably estimate or quantify ABN AMRO's exposure at this time. These uncertainties are likely to continue for some time.

Luxembourg subsidiaries

In February 2018, ABN AMRO sold its Luxembourg subsidiary to BGL BNP Paribas (BGL). BGL is now being sued by a Luxembourg fund, LFP I SICAV SIF (LFP), which alleges that the Luxembourg subsidiary, in its capacity as custodian of a sub-fund of LFP (Columna), should have prevented an investment of USD 10 million from being made. LFP is claiming restitution of this amount from BGL in proceedings before the District Court of Luxembourg. BGL notified ABN AMRO of this claim in January 2020 and, in June 2020, summoned it to appear in these proceedings in an intervention procedure. In July 2020, LFP and its Hong Kong subsidiary issued an additional claim against BGL. This claim amounts to USD 38 million and also seems to be in respect of investments relating to Columna. Since August 2020, this additional claim has also been part of the intervention procedure between BGL and ABN AMRO. In August 2020, BGL reserved its (alleged) rights to file possible further claims against ABN AMRO, also in relation to LFP. As a result, it has to be awaited whether BGL will institute any further additional claims in this matter.

In addition, on 2 April 2021, BGL, as the legal successor of the Luxembourg subsidiary, was sued by a fund (SIF A) and the liquidator of SIF A. In brief, it is alleged that a sub-fund of SIF A invested for a period of time in allegedly fictitious loan instruments. ABN AMRO Bank (Luxembourg) S.A. acted as the custodian bank for SIF A for a while within this time period. SIF A alleges that it did not perform its duties properly and therefore considers that BGL, as the legal successor of the Luxembourg subsidiary, should be held liable, together with three other defendants, for EUR 4 million in damages. BGL notified ABN AMRO of this claim in May 2021. In brief, BGL is claiming that any sentence that could be pronounced against it in the proceedings against the fund and its liquidator should be borne by ABN AMRO. ABN AMRO rejects the alleged claim by BGL. Finally, on 31 May 2021, BGL, as the legal successor of the Luxembourg subsidiary, was sued by an alternative investment fund (AIF SIF). AIF SIF was originally a client of the subsidiary. AIF SIF accuses BGL, in its capacity as the former depositary bank of AIF SIF, of having caused AIF SIF's removal from the list of specialised investment funds by the Luxembourg financial regulator (CSSF). The fund claims damages from BGL in the amount of EUR 126 million. BGL notified ABN AMRO of this claim in October 2019 and July 2021. In brief, BGL is claiming that any sentence that could be pronounced against it in the proceedings against the fund should be borne by ABN AMRO. ABN AMRO rejects the alleged claim by BGL.

On 30 June 2023 BGL served a writ of summons against ABN AMRO in which BGL holds ABN AMRO primarily liable for fraudulent concealment and misrepresentation and seeks compensation for its damages. The writ is not (yet) served before the court in order to give parties a chance to discuss a potential settlement. ABN AMRO is currently assessing the writ of summons. There is no present obligation.

Cross liabilities

On 6 February 2010, the former ABN AMRO Bank N.V. demerged into two entities: NatWest Markets N.V. (formerly known as RBS N.V.) and ABN AMRO Bank N.V. On the division of an entity by demerger, Dutch law establishes a cross-liability between surviving entities for the benefit of the creditors at the time of the demerger. ABN AMRO's cross-liability amounts to EUR 198 million (31 December 2022: EUR 298 million), for which NatWest Markets N.V. has posted collateral of EUR 32 million (31 December 2022: EUR 150 million).

Foppingadreef building

The Foppingadreef building is being reconstructed to make the building an example with regard to sustainability and circularity. Furthermore, when the project is finished it will meet our own ambition to be Paris Proof before 2030. In the first half of 2023, ABN AMRO agreed to a construction contract with a total value of EUR 430 million. This amount will be subject to price indexation based on the BDB index. The project is scheduled to be completed by the end of 2026.

20 Related parties

Parties related to ABN AMRO Bank include NLFI, which has a controlling interest, the Dutch State, which has significant influence, associates, pension funds, joint ventures, the Executive Board, the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other related entities. ABN AMRO has applied the partial exemption for government-related entities described in IAS 24 paragraphs 25-27.

As part of its business operations, ABN AMRO frequently enters into transactions with related parties. Transactions conducted with the Dutch State are limited to normal banking transactions, taxation and other administrative relationships with the exception of items specifically disclosed in this note. Normal banking transactions relate to loans and deposits and are entered into under the same commercial and market terms that apply to non-related parties.

Loans and advances to the Executive Board members and their close family members, where applicable, consist mainly of residential mortgages granted under standard personnel conditions.

For further information, please refer to Note 35 of the Consolidated Annual Financial Statements 2022.

Joint ventures, associates and other

(in millions)	Joint ventures	Associates	Other	Total
30 June 2023				
Assets	10	46		56
Liabilities	120	107		226
Guarantees given		20		20
Irrevocable facilities		2		2
First half 2023				
Income received	19	1		20
Expenses paid	3	47	171	222
31 December 2022				
Assets	14	50		63
Liabilities	24	125		149
Guarantees given		20		20
Irrevocable facilities		2		2
First half 2022				
Income received	21	1		22
Expenses paid	5	49	142	196

The EUR 96 million increase in liabilities with joint ventures was mainly attributable to higher customer balances held with other financial corporations.

Expenses paid in the column Other reflects pension contributions paid to the ABN AMRO pension fund.

Dutch State

(in millions)	30 June 2023	31 December 2022
Assets		
Financial assets held for trading	328	144
Financial investments	2,489	2,465
Loans and advances customers	291	189
Liabilities		
Financial liabilities held for trading	743	299
Derivatives	1	17
Due to customers	456	477
	First half 2023	First half 2022
Income statement		
Interest income	23	28
Interest expense	10	13
Net trading income	24	40

On 1 April 2010, ABN AMRO signed an indemnity agreement with the Dutch State (currently represented by NLFI) for a shortfall in capital above a certain amount related to specific assets and liabilities of RFS Holdings B.V. In 2019, Royal Bank of Scotland (RBS) acquired all shares in RFS Holding. However, NLFI has given certain warranties related to its previously owned shares in RFS Holdings and the indemnity agreement continues to exist. RFS Holdings is sufficiently capitalised. Consequently, ABN AMRO has assessed the risk for any shortfall as remote.

Transactions conducted with the Dutch State are limited to normal banking transactions, taxation and other administrative relationships. Normal banking transactions relate to loans and deposits, financial assets held for trading and financial investments, and are entered under the same commercial and market terms that apply to non-related parties.

Transactions and balances related to taxation, levies and fines in the Netherlands are excluded from the table above.

The EUR 0.2 billion increase in financial assets held for trading and EUR 0.4 billion increase in financial liabilities held for trading are mainly related to higher amounts of Dutch government bonds, as a result of primary dealership in the Netherlands and client facilitation. Most of these contracts are hedged with short positions in government bonds.

21 Post balance sheet events

There have been no significant events between 30 June 2023 and the date of approval of these accounts which would require a change to or disclosure in the accounts.

Independent **auditor's review report**

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

Our conclusion

We have reviewed the condensed consolidated interim financial statements included in the accompanying interim report of ABN AMRO Bank N.V. (hereinafter: ABN AMRO or the bank) based in Amsterdam for the period from 1 January 2023 to 30 June 2023.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of ABN AMRO for the period from 1 January 2023 to 30 June 2023, are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated interim financial statements comprise:

- The condensed consolidated statement of financial position as at 30 June 2023
- The following consolidated statements for the period from 1 January 2023 to 30 June 2023: the condensed consolidated income statement, the condensed consolidated statements of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed consolidated interim financial statements section of our report.

We are independent of ABN AMRO in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Responsibilities of management and the Supervisory Board for the condensed consolidated interim financial statements

Management is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the bank's financial reporting process.

Our responsibilities for the review of the condensed consolidated interim financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410. Our review included among others:

- Updating our understanding of the bank and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of interim financial information
- Making inquiries of the management and others within the bank
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial statements
- Obtaining assurance evidence that the condensed consolidated interim financial statements agree with, or reconciles to, the bank's underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements
- Considering whether the condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represent the underlying transactions free from material misstatement

Amsterdam, 8 August 2023

Ernst & Young Accountants LLP
Signed by A.B. Roeders

Enquiries

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Investor call

A conference call for analysts and investors will be hosted on Wednesday 9 August 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 Interim 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, such 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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