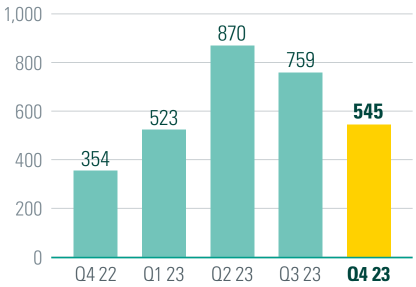
# Quarterly Report

ABN AMRO Bank N.V.

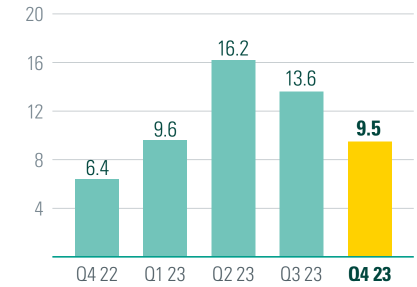
## Fourth quarter 2023

# **Figures** at a glance

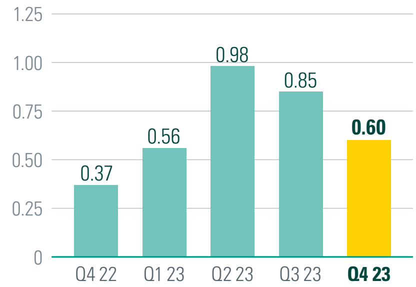
**Net profit/(loss)**
(in millions)



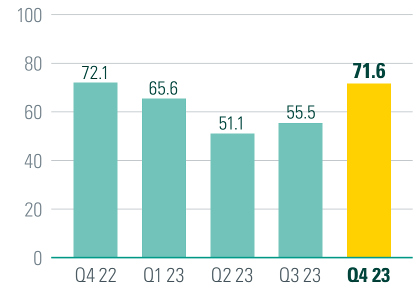

**Return on equity**
(in %)



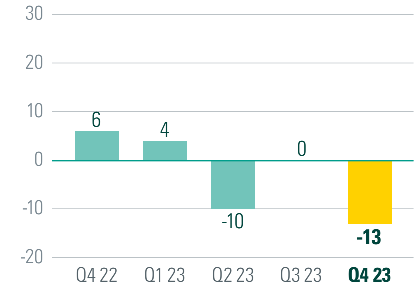

**Earnings per share**
(in EUR)



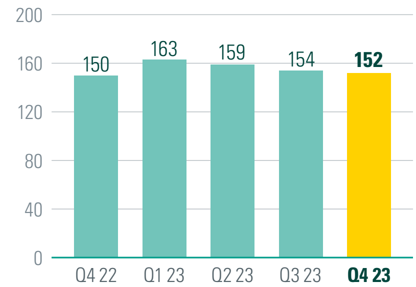

**Cost/income ratio**
(in %)



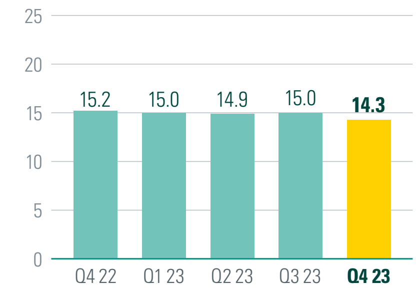

**Cost of risk**
(in bps) Target is around 20bps through-the-cycle



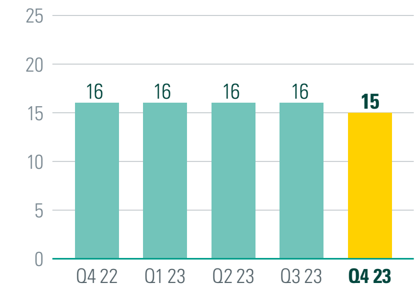

**Net interest margin**
(in bps)



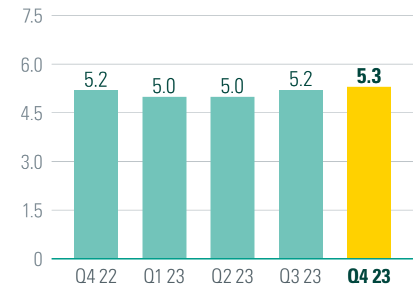

**CET1 ratio (Basel III)**
(end-of-period, in %)




**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.

# Message **from the CEO**

## Key messages of the quarter

- Good finish to the year with a net profit of EUR 545 million in Q4, reflecting continued high net interest income and impairment releases.
- Strong result in 2023, with a net profit of EUR 2.7 billion and a return on equity of 12.2%; all client units delivered better results.
- Net interest income in Q4 continued to be strong and increased to EUR 6.3 billion for 2023. Net interest income for 2024 is expected to be broadly in line with 2023.
- Costs in Q4 were higher as we increased resources for data capabilities, further digitalisation of processes and sustainable finance regulation.
- Credit quality continues to be solid. Impairment releases of EUR 83 million in Q4 due to net releases on individual files and releases from model reviews and management overlays.
- EUR 500 million share buyback announced, and final dividend proposed equivalent to EUR 0.89 per share.
- Capital position remains strong, with a Basel III CET1 ratio of 14.3% and a fully-loaded Basel IV CET1 ratio of around 15%.

## Update on capital framework and financial targets

- We confirm our strategic choices and continue our journey as a personal bank in the digital age, serving clients where we have scale in the Netherlands and Northwest Europe.
- We target a fully-loaded Basel IV CET1 ratio of 13.5% by year-end 2026 and are committed to generating and returning surplus equity to shareholders in combination with targeted growth.
- For 2026, we target a return on equity of 9-10%, and a cost/income ratio of around 60%.
- We will allocate capital in line with our strategic priorities, building on current market positions while maintaining strict portfolio discipline.

## Message from the CEO

ABN AMRO delivered a strong annual result, generating a net profit of EUR 2.7 billion and a return on equity of over 12%. The financial results for 2023 were marked by a further recovery of our net interest income due to interest rates turning positive, lower operating costs and impairment releases. All client units delivered better results. Our strategy of being a personal bank in the digital age, serving clients in segments where we have scale in the Netherlands and Northwest Europe, is a clear driver of our improved risk profile. We confirm our strategic choices and continue to focus on attractive segments where we can grow profitably, bringing convenience into the daily lives of our clients and expertise when it matters.

Net profit in Q4 was EUR 545 million, reflecting continued high net interest income and impairment releases. The resulting return on equity was 9.5%. Net interest income in Q4 was EUR 1,504 million despite some margin pressure on mortgages and consumer loans and the loss of remuneration on the ECB minimum reserve requirement. For 2024, net interest income is expected to be broadly in line with 2023. Costs in the fourth quarter were higher, reflecting higher staff numbers for data capabilities, the further digitalisation of processes and sustainable finance regulation. For 2024, we expect costs of around EUR 5.3 billion, as these costs will remain elevated throughout the year.

Credit quality remains solid, with impairment releases of EUR 83 million in Q4 due to net releases on individual files and releases from model reviews and management overlays. Cost of risk for the full year was -5 basis points, reflecting the credit quality of the loan book and successful recovery of client files. We recalibrated the through-the-cycle cost of risk from around 20 basis points to 15-20 basis points. We remain cautious and continue to stay close to our clients, while prudent buffers remain in place. Risk-weighted assets increased by EUR 3.6 billion. This was mainly due to model updates as part of our ongoing review of models. Our capital position remains strong, with a Basel III CET1 ratio of 14.3% and a fully-loaded Basel IV CET1 ratio of around 15%, after the impact of the share buyback and proposed dividend. In line with our capital framework, we propose a final cash dividend equivalent to EUR 0.89 per share. In addition, we are continuing our share buyback programme and have announced a third share buyback of EUR 500 million.

We target a 13.5% CET1 on a fully-loaded Basel IV basis by year-end 2026. We are committed to generating and returning surplus equity to shareholders in combination with targeted growth in our focus segments and in specific transition themes. We will review our capital position annually at Q4 results publication. Our dividend policy remains unchanged at 50% of net profit. For 2026, we target a return on equity of 9-10%. We expect business growth at a level slightly above GDP growth. Costs for data capabilities, further digitalisation of processes and sustainable finance regulation are expected to decline by mid-2025, enabling us to invest further in revenue-generating initiatives. Our cost/income ratio target is around 60% in 2026.

In the past year, we faced challenges such as the continued climate crisis, inflation, and the energy crisis sparked by the war in Ukraine. I remain concerned about the ongoing uncertainty in the geopolitical environment, especially in Ukraine and the Middle East, and our thoughts are with all those affected by war. Climate change is one of the greatest challenges of our time, and ABN AMRO wants to help tackle this. Sustainability has been embedded in our strategy since 2018, and is part of our purpose, 'Banking for better, for generations to come'. We are convinced we need everyone to be part of a responsible, just and sustainable transition. I am glad that our bank can play a role here.

We seek long-term value creation for all our stakeholders, financial as well as non-financial. Healthy profits enable us to invest in growth, safe and secure banking and innovative products for our clients. I am pleased that the availability of our online and mobile services is very stable.

Strong, safe and profitable banks are important for society as they support economic growth by financing companies and investments, facilitating the payment system and helping detect financial crime. A healthy profit is also key to ensuring confidence and trust in banks, contributing to financial stability.

After having served two terms as Chief Risk Officer, Tanja Cuppen will step down at the General Meeting in April. I want to sincerely thank Tanja for her leadership and invaluable contribution to the success of our bank. She has shown strong leadership in turbulent times and made a difference through her independent thinking, tremendous expertise and personal dedication.

Over the past few years, we have worked hard to transform the bank, creating a platform to successfully deliver on our strategy. In the next few years, we will accelerate our journey towards becoming a personal bank in the digital age with a clear licence to grow. Our staff have demonstrated tremendous agility and determination throughout this process. I am pleased that the outcome of the Employee Engagement Survey was much improved, as we could not have achieved this result without the commitment of our people. We will continue to build on our success for the benefit of all our stakeholders and I look forward to continuing this journey with you all.

**Robert Swaak**
CEO of ABN AMRO Bank N.V.

# Update on our strategy

## Strategic targets for 2026

We are executing our strategy of becoming a personal bank in the digital age for the resourceful and ambitious, the outcome of our comprehensive strategy review announced in November 2020. We confirm our strategic choices and will continue to focus on attractive segments where we can grow profitably, bringing convenience into the daily lives of our clients and expertise when it matters. We aim to be the first-choice partner for our clients in sustainability, providing distinctive expertise in supporting their transition. And we will continue to future-proof the bank, enhancing client service, compliance, and efficiency, including the further simplification of our operating model. We maintain our strict risk focus, with our culture and licence to grow as clear priorities. Our strategic pillars – customer experience, sustainability, and a future-proof bank – are the guiding principles of our strategy.

Since 2020, we have implemented a new service model that provides convenience supported by expertise at lifecycle moments. We are making progress with the Entrepreneur & Enterprise concept, combining the knowledge we have in the commercial, private and corporate parts of the bank. Our mortgage book has grown by more than EUR 5 billion since 2020 despite periods of challenging market conditions, and we saw growth in our transition theme portfolios: digital, mobility and new energy. We now operate in the Netherlands with 25 branches, while offering all services to our clients digitally or remotely. We have worked hard to restructure and reposition the bank. We have simplified the organisation into three client units, and successfully wound down the non-core part of Corporate Banking. We are validating the AML client file remediation, while continuing our efforts to ensure that our ongoing AML activities reach a sustainable and adequate level and meet regulatory requirements.

We have launched our climate strategy and are supporting our clients in their journey towards more sustainable business models and assets. We have reached our lending commitment to renewables and other technologies two years earlier than targeted and now have EUR 4 billion outstanding. When it comes to our consumer clients, we remain focused on the needs of those who are challenged by the digital offering or struggle to make ends meet by providing budget coaches and financial coaches.

We have successfully built the platform to execute further on our strategy, but we need to accelerate. In the coming years, we will continue to work on future-proofing the bank, focusing on data quality, regulatory requirements and further digitalisation of processes.

We will continue to grow in our focus segments, including SMEs as well as wealthy and affluent clients, and in our transition theme portfolios (digital, mobility and new energy). We see broadening our client base to younger generations as an opportunity and are already successfully winning more minors and students as new clients. Recently, we acquired BUX, one of Europe's most rapidly growing neobrokers, creating a powerful foundation for growth in a new generation of investors. We will further integrate the sustainability transition into our business models, leveraging our current exposures and sector knowledge. We will increasingly work with non-financial partners in for example SME lending, payments and investments, and develop digital asset capabilities to prepare for the transformation of the financial markets infrastructure. We remain open to bolt-on M&A opportunities that contribute to our strategic goals while maintaining financial discipline. We will allocate capital in line with our strategic priorities and build on current market positions while maintaining strict portfolio discipline.

We are working to improve our client offering with simplified financial solutions, optimising the user experience as we move towards a modular architecture. This will enable us to reduce time-to-market, make it easier to work with partners and reduce maintenance costs going forward. We will also reduce the number of applications. Further digital and process optimisation will enable our relationship managers to increase their commercial time. We are already piloting with a private version of ChatGPT, the new wave of artificial intelligence whose impact is only just beginning to take shape. We expect that ChatGPT will allow our staff to spend more time with our clients and help them work more efficiently. We will also remain focused on further improving our data and model landscape and will continue to invest in our own cybersecurity, monitoring threats and educating clients on how they can best protect themselves.

We have updated our strategic targets towards 2026, replacing our previous strategic targets for 2024. Our return on equity target for 2026 is 9-10% and we target a cost/income ratio of around 60%. We remain focused on cost discipline. We have also updated our capital framework, removing the 15% threshold for considering share buybacks. Our target is a fully-loaded Basel IV CET1 ratio of 13.5% by year-end 2026 and we will review our capital position annually at Q4 results publication.

### Our strategic targets for 2026

| Metric | 2026 targets |
|---|---|
| Return on equity | 9 - 10% |
| Cost/income ratio | c. 60% |
| CET1 ratio (Basel IV) | 13.5% |
| Dividend payout ratio | 50% of net profit |

Later in the year, we will provide further updates on our ambitions for our leading strategic non-financial KPIs.

Details on market share, client satisfaction, diversity and inclusion, digitalisation and sustainable client loans and assets remain included in our disclosures. We continue to progress steadily on the execution of our climate strategy, including our carbon reduction targets, and will communicate the second wave of targets for agriculture and inland shipping in our annual report, to be published in March 2024.

## Performance on our strategic targets

### Our strategic KPIs for 2023

| Strategic pillars | Metric | 2024 targets[7] | 2023 results | 2022 results |
|---|---|---|---|---|
| **Customer experience** | | | | |
| | **Relational NPS[1]** | | | |
| | Mortgages | > 0 | -1 | 0 |
| | SMEs (incl. self-employed) | > 0 | -46 | -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% | 34% | 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% | 65% | 63% |
| | **Financial targets** | | | |
| | Absolute cost base (in EUR billions)[5] | <4.7 | 5.1 | 5.3 |
| | Through-the-cycle cost of risk (in bps) | 20 | -5 | 3 |
| | Return on equity | 10% | 12% | 9% |
| | CET1 ratio (Basel IV)[6] | 13% | 15% | 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 and Wealth Management 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). In 2023, the amount of processes in scope has been changed due to the improvement of our recording of processes. This resulted in an increase of our straight-through-processing rate and this progress is not reflected in the outcome of our STP score of 65%. The comparative figure has not been adjusted.
5 Excluding large incidentals in 2022 (Q1: EUR 50 million, Q2: EUR 34 million, Q3: EUR 12 million, Q4: EUR 34 million) and 2023 (Q2: EUR 20 million, Q4: EUR 81 million).
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.
7 2024 targets will be replaced by the strategic targets for 2026. For more information please refer to the Update on our strategy section.

#### 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 2023, reflecting strong competition and our focus on sustainable margins. 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. Our NPS for mortgages was close to target, and our NPS for SMEs came down while we continued to invest in our new client service model. As we continue to optimise our processes, we will also work to reach out to our clients more proactively. Contact with our employees and their expertise is the most important reason for clients to recommend our bank.

### Sustainability

We aim to increase the asset volume of sustainable client loans (including mortgages and corporate loans) and ESG and impact investments from around one-fifth to over one-third in 2024. The Sustainability Acceleration Standard (SAS) KPI rose from 31% to 34%. Sustainable loans at Corporate Banking grew from 19% to 25%, mainly due to a rise in these loans to Commercial Real Estate clients and New Energy. At Wealth Management we have now brought impact investing within reach for a larger group of clients through the Impact Funds Mandate, making the full breadth of the ESG investment spectrum available to all clients.

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 transform 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 adapt our IT systems and organisation on an ongoing basis to the developing requirements of our bank-wide strategy and 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 as we have broadened the scope of the STP (straight-through-processing) target, this progress is not reflected in the outcome of our STP score of 65%. All our daily banking services and products are available remotely.

## Operational sustainability KPIs

| | Targets | | Results | |
|---|---|---|---|---|
| | **2024** | **2023** | **2023**[4] | **2022** |
| **Percentage sustainability (acceleration) asset volume**[1] | | | | |
| - ESG + impact investments | 42% | 40% | 47% | 46% |
| - Residential mortgages | 34% | 31% | 30% | 28% |
| - Corporate loans to clients[2] | 27% | 21% | 25% | 19% |
| **Total** | **36%** | **32%** | **34%** | **31%** |
| **External rating** | | | | |
| **S&P Global ESG Dow Jones Sustainability Index**[3] | top 5% | top 5% | top 20% | top 15% |

[1] The definition of sustainability (acceleration) asset volume is based on ABN AMRO's Sustainability Acceleration Standards. These standards contain internal 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] In 2023, ABN AMRO has implemented the EU Taxonomy and included Taxonomy-aligned loans (mortgages and corporate loans) in the sustainability (acceleration) volume. The addition of Taxonomy-aligned volume does not have a substantive impact on the total percentage that is reported as sustainability (acceleration) asset volume as most of these loans were previously categorised as acceleration volume already.

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

# **Financial** review

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

# Results

## Operating results

| (in millions) | Q4 2023 | Q4 2022 | Change | Q3 2023 | Change | 2023 | 2022 | Change |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 1,504 | 1,564 | -4% | 1,533 | -2% | 6,278 | 5,422 | 16% |
| Net fee and commission income | 452 | 443 | 2% | 442 | 2% | 1,782 | 1,778 | |
| Other operating income | 85 | -145 | | 237 | -64% | 558 | 640 | -13% |
| **Operating income** | **2,041** | **1,861** | **10%** | **2,211** | **-8%** | **8,618** | **7,841** | **10%** |
| Personnel expenses | 647 | 634 | 2% | 627 | 3% | 2,492 | 2,458 | 1% |
| Other expenses | 815 | 709 | 15% | 601 | 36% | 2,741 | 2,968 | -8% |
| **Operating expenses** | **1,462** | **1,343** | **9%** | **1,228** | **19%** | **5,233** | **5,425** | **-4%** |
| **Operating result** | **580** | **518** | **12%** | **983** | **-41%** | **3,385** | **2,415** | **40%** |
| Impairment charges on financial instruments | -83 | 32 | | -21 | | -158 | 39 | |
| **Profit/(loss) before taxation** | **662** | **486** | **36%** | **1,004** | **-34%** | **3,544** | **2,376** | **49%** |
| Income tax expense | 117 | 132 | -11% | 246 | -52% | 847 | 509 | 66% |
| **Profit/(loss) for the period** | **545** | **354** | **54%** | **759** | **-28%** | **2,697** | **1,867** | **44%** |
| **Attributable to:** | | | | | | | | |
| Owners of the parent company | 545 | 354 | 54% | 759 | -28% | 2,697 | 1,868 | 44% |
| **Other indicators** | | | | | | | | |
| Net interest margin (NIM) (in bps) | 152 | 150 | | 154 | | 157 | 129 | |
| Cost/income ratio | 71.6% | 72.1% | | 55.5% | | 60.7% | 69.2% | |
| Cost of risk (in bps)[1] | -13 | 6 | | | | -5 | 3 | |
| Return on average equity[2] | 9.5% | 6.4% | | 13.6% | | 12.2% | 8.7% | |
| Dividend per share (in EUR)[3] | 0.89 | 0.67 | | | | 1.51 | 0.99 | |
| Earnings per share (in EUR)[3, 4] | 0.60 | 0.37 | | 0.85 | | 2.99 | 1.96 | |
| Client assets (end of period, in billions) | 317.7 | 301.2 | | 309.0 | | | | |
| Risk-weighted assets (end of period, in billions) | 140.2 | 128.6 | | 136.6 | | | | |
| Number of internal employees (end of period, in FTEs) | 20,872 | 20,038 | | 20,513 | | | | |
| Number of external employees (end of period, in FTEs) | 4,092 | 4,575 | | 4,231 | | | | |

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 Q4 2023, the average number of outstanding shares amounted to 865,575,379. (Q3 2023: 865,575,379; for the year 2023: 871,515,973; 2022: 907,707,706).

## Large incidentals

**Q4 2023**
**Provision for variable interest compensation**
During Q4 2023, the provision for client compensation was raised by EUR 34 million, mainly due to an increase in average compensation for ICS clients. This provision was recorded in net interest income at Personal & Business Banking.

**Goodwill impairments**
In Q4 2023, the result of the annual impairment test triggered a EUR 81 million goodwill impairment in relation to a number of past acquisitions. No goodwill remains on the balance sheet after this impairment.

**CB non-core wind-down**
In Q4 2023, a EUR 85 million tax benefit for deferred tax assets was recognised for our remaining US business activities.

**Q3 2023 & Q4 2022**
**TLTRO programme**
During Q4 2022, TLTRO III terms and conditions changed, resulting in a loss of EUR 319 million recorded in other operating income at Group Functions. This amount was partially offset by the discount of EUR 60 million from the TLTRO programme, which was recorded in net interest income.

**Collective Labour Agreement**
In Q4 2022, ABN AMRO concluded a collective labour agreement (CLA), resulting in structural salary increases, and a one-off payment of EUR 34 million in Q4 2022 recorded in personnel expenses.

## Fourth quarter 2023 results

**Net interest income (NII)** amounted to EUR 1,504 million in Q4 2023 (Q4 2022: EUR 1,564 million). Excluding large incidentals, NII increased by EUR 34 million compared with Q4 2022, mostly due to higher deposit margins recorded in all client units. This was partly offset by asset margin pressure in the mortgages and consumer loan portfolios, as well as lower Treasury results (also impacted by the loss of remuneration on the ECB minimum reserve requirement).

The net interest margin amounted to 152bps in Q4 2023 (Q4 2022: 150bps). The increase was due to a decline in the average amount of total assets on the balance sheet this quarter.

In comparison with Q3 2023, net interest income (excluding large incidentals) increased by EUR 5 million, mainly due to a slight improvement in corporate loans margins, even though average volumes decreased. Improvement in Treasury result was more than offset by the negative impact of the introduction of zero interest rate on the mandatory cash reserve, which was mostly visible as of this quarter.

**Net fee and commission income,** at EUR 452 million in Q4 2023 (Q4 2022: EUR 443 million), increased by EUR 9 million mainly due to growth in asset management fees, payment services, and ICS credit card usage. This was partly offset in Corporate Banking, where fee income on payment services and corporate finance declined. Compared to the previous quarter, fee income increased by EUR 10 million, mostly due to growth in asset management fees driven by improved market performance, and higher service fee income at Wealth Management (where volumes were boosted by a campaign) and Clearing.

**Other operating income** totalled EUR 85 million in Q4 2023 (Q4 2022: negative EUR 145 million). Excluding large incidentals, other operating income decreased by EUR 89 million, mainly due to a decline in volatile items. These items came down by EUR 166 million in comparison with Q4 2022, due to lower asset and liability management results at Treasury (negative EUR 118 million in Q4 2023 versus EUR 38 million in Q4 2022), lower CVA/DVA/FVA[1] results (negative EUR 23 million in Q4 2023 versus negative EUR 2 million in Q4 2022) and higher equity participation results (EUR 21 million in Q4 2023 versus EUR 10 million in Q4 2022).

Note that asset and liability management results at Treasury included a loss on the sale of a public sector loan portfolio and break funding costs resulting from other smaller portfolio sales (offset at P&BB).

The abovementioned decrease in volatile items was partly offset by higher fair value adjustments from IFRS 17 "Insurance contracts".

Compared with Q3 2023, other operating income decreased by EUR 152 million, solely due to volatile items which decreased by EUR 172 million.

**Personnel expenses** totalled EUR 647 million in Q4 2023 (Q4 2022: EUR 634 million). Excluding large incidentals, personnel expenses increased by EUR 47 million compared with last year. This increase was mainly related to a salary increase as part of the collective labour agreement (CLA) and an increase in FTEs.

Compared with Q3 2023, personnel expenses increased by EUR 20 million, mainly due to an increase in FTEs.

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

**Internal FTEs** numbered 20,872 FTE in Q4 2023, an increase of 833 FTE from Q4 2022. The increase is mainly in Corporate Banking and in Group Functions. Compared with Q3 2023, the number of FTEs grew by 358 FTE. The increase versus both comparative periods is, amongst others, driven by regulatory and data programs.

**Other expenses** amounted to EUR 815 million in Q4 2023 (Q4 2022: EUR 709 million). Excluding large incidentals and regulatory levies, other expenses went up by EUR 40 million, mainly reflecting an increase in consultancy expenses and higher marketing costs.

Compared with Q3 2023, excluding large incidentals and regulatory levies, other expenses grew by EUR 66 million, mainly due to an increase in consultancy costs and higher marketing costs.

**Impairment charges** showed a release of EUR 83 million (Q4 2022: EUR 32 million addition), resulting in a cost of risk of -13bps (Q4 2022: 6bps). Impairment releases were recorded for corporate and consumer loans, mainly in stages 1 and 3, partly offset by impairment charges for residential mortgages.

**Income tax expense** was EUR 117 million in Q4 2023 (Q4 2022: EUR 132 million), resulting in an effective tax rate of 17.6%, which is significantly lower than the Dutch corporate income tax rate of 25.8%. The difference is mainly attributable to the recognition of a deferred tax asset of EUR 85 million for losses in the US resulting from the CB non-core wind-down (large incidental), partly offset by the impact of non-deductible interest resulting from Dutch "thin capitalisation" rules for banks and the non-deductible Dutch banking tax.

**Profit attributable to owners of the parent company** amounted to EUR 545 million in Q4 2023 (Q4 2022: EUR 354 million). After coupons attributable to AT1 instruments, this amount was EUR 523 million in Q4 2023 (Q4 2022: EUR 332 million).

**RWA** increased by EUR 3.6 billion compared with 30 September 2023, mainly reflecting a rise in credit risk RWA due to model updates, partly offset by seasonal business developments. Operational risk RWA remained unchanged. Risk-weighted assets related to market risk showed a slight decline, as expected volatility decreased marginally.

## Full-year results

ABN AMRO's full-year profit for 2023 amounted to EUR 2,697 million and improved significantly compared with 2022 (EUR 1,867 million).

**Return on Equity** for 2023 was above target at 12.2%, compared with 8.7% in 2022.

**Net interest income** increased by EUR 856 million to EUR 6,278 million in 2023, compared with EUR 5,422 million in 2022. Excluding large incidentals, net interest income increased by EUR 979 million, mainly due to higher interest margins on deposits. This was partly offset by asset margin pressure, mainly for residential mortgages (while average volumes increased) and consumer loans, and lower Treasury results.

**Net fee and commission income** totalled EUR 1,782 million in 2023, flat in comparison with EUR 1,778 million in 2022. The marginal increase in fees compared with 2022 was mainly attributable to improved fee income from payment services driven by higher credit card usage and increased package pricing at P&BB. This was offset by a decrease at Corporate Banking, partially due to lower income from corporate finance fees.

**Other operating income** amounted to EUR 558 million in 2023 (2022: EUR 640 million). Excluding large incidentals, other operating income decreased by EUR 226 million, mainly due to a decline in volatile items. The decline was driven by lower asset and liability management results at Treasury (negative EUR 137 million in 2023 versus EUR 248 million in 2022, excluding the TLTRO amendment loss, lower CVA/DVA/FVA[1] results (negative EUR 8 million in 2023 versus EUR 60 million in 2022) and higher equity participation results (EUR 97 million in 2023 versus EUR 67 million in 2022, excluding the divestment of MP Solar in 2022). Note that asset and liability management results at Treasury included a loss on the sale of a public sector loan portfolio and break funding costs due to other smaller portfolio sales (offset at P&BB). The abovementioned decrease in volatile items was partly offset by higher fair value adjustments from IFRS 17 "Insurance contracts" and positive equity stake revaluations (mainly CB non-core).

**Personnel expenses** increased by EUR 34 million to total EUR 2,492 million in 2023 (2022: EUR 2,458 million). Excluding large incidentals, these expenses increased by EUR 68 million, mainly due to salary increases as part of the collective labour agreement (CLA) and a rise in FTEs, especially in H2 2023, related mainly to regulatory activities and strategy execution (including IT).

**Other expenses** decreased by EUR 227 million to EUR 2,741 million in 2023 (EUR 2,968 million in 2022). Excluding large incidentals and regulatory levies, this decrease was EUR 169 million, mainly due to a reduction in external staffing expenses related to our AML and IT activities.

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

**Impairment charges** recorded a release of EUR 158 million for 2023 (2022: additions of EUR 39 million), resulting in a cost of risk of -5bps in 2023, compared with 3bps in 2022. Releases were attributable to a reduction of management overlays partly offset by new and existing individually provisioned files.

**Income tax expense** increased by EUR 338 million to EUR 847 million in 2023 (2022: EUR 509 million). The increase was mainly due to a rise in (taxable) profitability and in non-deductible interest resulting from Dutch "thin capitalisation" rules for banks, offset by the one-off impact of recognition of a deferred tax asset on historic losses in the US (large incidental). The effective tax rate was 23.9% in 2023, compared to the standard Dutch rate of 25.8%, mainly driven by the one-off impact of recognition of the aforementioned deferred tax asset, partly offset by the increase in non-deductible interest resulting from Dutch "thin capitalisation" rules for banks due to rising interest rates.

# Balance sheet

## Condensed consolidated statement of financial position

| (in millions) | 31 December 2023 | 30 September 2023 | 31 December 2022 |
|---|---|---|---|
| Cash and balances at central banks | 53,656 | 60,026 | 60,865 |
| Financial assets held for trading | 1,371 | 1,739 | 907 |
| Derivatives | 4,403 | 5,937 | 5,212 |
| Financial investments | 41,501 | 37,806 | 39,034 |
| Securities financing | 21,503 | 35,089 | 20,032 |
| Loans and advances banks | 2,324 | 3,734 | 2,982 |
| Loans and advances customers | 245,935 | 247,494 | 243,927 |
| Other | 7,218 | 7,689 | 6,622 |
| **Total assets** | **377,909** | **399,514** | **379,581** |
| Financial liabilities held for trading | 917 | 978 | 641 |
| Derivatives | 2,856 | 4,415 | 4,148 |
| Securities financing | 11,710 | 20,962 | 9,652 |
| Due to banks | 5,352 | 9,108 | 17,509 |
| Due to customers | 254,466 | 261,008 | 255,015 |
| Issued debt | 66,227 | 66,499 | 56,259 |
| Subordinated liabilities | 5,572 | 5,499 | 7,290 |
| Other | 6,641 | 7,423 | 6,253 |
| **Total liabilities** | **353,741** | **375,893** | **356,767** |
| Equity attributable to the owners of the parent company | 24,165 | 23,618 | 22,812 |
| Equity attributable to non-controlling interests | 3 | 3 | 2 |
| **Total equity** | **24,168** | **23,621** | **22,814** |
| **Total liabilities and equity** | **377,909** | **399,514** | **379,581** |
| Committed credit facilities | 53,968 | 50,727 | 53,873 |
| Guarantees and other commitments | 6,289 | 6,219 | 7,651 |

### Main developments in total assets compared with 30 September 2023

**Total assets** decreased by EUR 21.6 billion to EUR 377.9 billion at 31 December 2023. The decline was mainly caused by the seasonal decline in cash and balances at central banks, securities financing and lower loans and advances to customers.

**Securities financing assets** decreased by EUR 13.6 billion to EUR 21.5 billion at 31 December 2023, reflecting seasonality at the year-end.

**Loans and advances customers** decreased by EUR 1.6 billion, totalling EUR 245.9 billion at 31 December 2023. This decrease was mainly driven by lower client and professional loans, partly offset by a higher fair value adjustment from hedge accounting on residential mortgages as a result of the decrease in long-term interest rates this quarter.

**Client loans** decreased by EUR 3.1 billion to EUR 237.3 billion at 31 December 2023. This decrease was mostly driven by consumer loans (due to some product phase-outs) and corporate loans at CB core due to seasonal short-term decreases in loans and FX impact (mainly USD depreciation).

**Loans to professional counterparties and other loans** decreased by EUR 2.1 billion, totalling EUR 16.1 billion, mainly due to seasonal effects (as clients brought down their positions before the year-end).

## Loans and advances customers

| (in millions) | 31 December 2023 | 30 September 2023 | 31 December 2022 |
|---|---|---|---|
| Residential mortgages | 151,078 | 151,154 | 150,762 |
| Consumer loans | 9,028 | 9,562 | 10,232 |
| Corporate loans to clients[1] | 77,211 | 79,700 | 79,085 |
| *- of which Personal & Business Banking* | *8,369* | *8,621* | *8,962* |
| *- of which Corporate Banking* | *62,807* | *65,089* | *63,886* |
| *- of which Corporate Banking - core* | *62,438* | *64,662* | *62,734* |
| *- of which Corporate Banking - non-core* | *369* | *427* | *1,152* |
| **Total client loans[2]** | **237,317** | **240,416** | **240,079** |
| Loans to professional counterparties and other loans[2, 3] | 16,129 | 18,192 | 15,209 |
| **Total loans and advances customers, gross[2]** | **253,446** | **258,608** | **255,288** |
| Fair value adjustments from hedge accounting | -5,909 | -9,398 | -9,335 |
| **Total loans and advances customers, gross** | **247,536** | **249,209** | **245,953** |
| Loan impairment allowances | 1,602 | 1,716 | 2,026 |
| *- of which Corporate Banking - non-core* | *107* | *119* | *225* |
| **Total loans and advances customers** | **245,935** | **247,494** | **243,927** |

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

## Main developments in total liabilities and equity compared with 30 September 2023

**Total liabilities** decreased by EUR 22.2 billion to EUR 353.7 billion at 31 December 2023, mainly driven by a decline in securities financing liabilities, due to customers and due to banks.

**Securities financing liabilities** came down by EUR 9.3 billion to EUR 11.7 billion at 31 December 2023, reflecting a seasonal pattern.

**Due to customers** decreased by EUR 6.5 billion, totalling EUR 254.5 billion at 31 December 2023. This was mainly the result of seasonally lower professional deposits and was partly offset by higher client funding.

**Client deposits** increased by EUR 5.3 billion compared with 30 September 2023, mainly due to increases at Corporate Banking (volatile positions), more savings at P&BB and a movement from securities to cash in Wealth Management.

**Professional deposits** decreased to EUR 25.5 billion at 31 December 2023, mostly in relation to time deposits at Treasury.

**Issued debt** went down by EUR 0.3 billion to EUR 66.2 billion due to a decrease in short-term funding, largely offset by an increase in long-term wholesale funding. At 31 December 2023, issued debt included EUR 23.9 billion in covered bonds, EUR 12.7 billion in senior preferred funding, EUR 15.9 billion in senior non-preferred funding and EUR 13.7 billion in commercial paper and certificates of deposit. EUR 3.7 billion in outstanding long-term funding and EUR 13.7 billion in outstanding short-term funding matures within 12 months.

**Total equity** increased by EUR 0.5 billion to EUR 24.2 billion at 31 December 2023. This increase was mainly attributable to the inclusion of the profit for the quarter.

**Equity attributable to owners of the parent company** amounted to EUR 24.2 billion as at 31 December 2023 (30 September 2023: EUR 23.6 billion). Excluding AT1 securities, it increased by EUR 0.5 billion to EUR 22.2 billion at 31 December 2023, resulting in a book value of EUR 25.63 per share, based on 865,575,379 outstanding shares.

| (in millions) | 31 December 2023 | 30 September 2023 | 31 December 2022 |
|---|---|---|---|
| **Client deposits** | | | |
| Current accounts | 91,612 | 89,593 | 113,305 |
| Demand deposits | 100,943 | 99,968 | 100,396 |
| Time deposits | 36,364 | 34,054 | 17,147 |
| Other client deposits | 96 | 90 | 123 |
| **Total Client deposits** | **229,016** | **223,705** | **230,971** |
| **Professional deposits** | | | |
| Current accounts | 8,336 | 9,225 | 8,725 |
| Time deposits | 15,364 | 25,271 | 12,949 |
| Other professional deposits | 1,750 | 2,807 | 2,369 |
| **Total Professional deposits** | **25,450** | **37,303** | **24,043** |
| **Due to customers** | **254,466** | **261,008** | **255,015** |

# Results **by segment**

## Personal & Business Banking

### Highlights

- Net interest income excluding large incidentals was higher in Q4 2023 than in Q4 2022, largely due to higher deposit margins and volumes. Compared with the previous quarter and excluding large incidentals, NII decreased slightly mainly due to margin pressure in residential mortgages.
- Our market share of new production in residential mortgages was 14% in Q4 2023 (Q4 2022: 16% and Q3 2023: 15%), reflecting strong competition and our focus on sustainable margins.
- Net fee and commission income increased, compared with Q4 2022, on the back of higher transaction volumes (mainly at ICS).
- Other income went up this quarter, impacted by gains on smaller portfolio sales (offset at Group Functions)
- Operating expenses decreased in comparison with Q4 2022, mainly due to lower charges from Group Functions. Compared with the previous quarter, expenses grew due to higher external staffing and marketing costs, partly offset by lower charges from Group Functions.
- Loan impairments showed a release of EUR 34 million, mainly caused by lower IFRS 9 model adjustments. However, the fourth quarter also included an increase of EUR 20 million in the management overlay for interest-only mortgages.

### Operating results

| (in millions) | Q4 2023 | Q4 2022 | Change | Q3 2023 | Change | 2023 | 2022 | Change |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 779 | 765 | 2% | 819 | -5% | 3,251 | 2,707 | 20% |
| Net fee and commission income | 143 | 138 | 4% | 150 | -5% | 555 | 526 | 5% |
| Other operating income | 78 | 44 | 77% | 42 | 86% | 148 | 101 | 47% |
| **Operating income** | **1,000** | **947** | **6%** | **1,010** | **-1%** | **3,955** | **3,334** | **19%** |
| Personnel expenses | 122 | 115 | 7% | 119 | 3% | 472 | 463 | 2% |
| Other expenses | 524 | 540 | -3% | 509 | 3% | 2,026 | 2,194 | -8% |
| **Operating expenses** | **646** | **655** | **-1%** | **628** | **3%** | **2,498** | **2,658** | **-6%** |
| **Operating result** | **354** | **292** | **21%** | **383** | **-8%** | **1,457** | **676** | **115%** |
| Impairment charges on financial instruments | -34 | -7 | | 7 | | -81 | 73 | |
| **Profit/(loss) before taxation** | **388** | **299** | **30%** | **375** | **3%** | **1,538** | **603** | |
| Income tax expense | 106 | 80 | 33% | 87 | 23% | 391 | 144 | |
| **Profit/(loss) for the period** | **281** | **219** | **28%** | **289** | **-3%** | **1,148** | **459** | **150%** |
| Cost/income ratio | 64.6% | 69.1% | | 62.1% | | 63.2% | 79.7% | |
| Cost of risk (in bps)[1] | -9 | -2 | | 3 | | -5 | 5 | |
| **Other indicators** | | | | | | | | |
| Loans and advances customers (end of period, in billions) | 156.9 | 157.8 | | 157.6 | | | | |
| *-of which Client loans (end of period, in billions)[2]* | *157.4* | *158.4* | | *158.1* | | | | |
| Due to customers (end of period, in billions) | 124.4 | 122.9 | | 122.9 | | | | |
| Risk-weighted assets (end of period, in billions) | 39.1 | 38.9 | | 39.5 | | | | |
| Number of internal employees (end of period, in FTEs) | 4,551 | 4,513 | | 4,485 | | | | |
| Total client assets (end of period, in billions) | 102.1 | 99.0 | | 100.9 | | | | |
| *- of which Cash* | *90.9* | *88.6* | | *90.1* | | | | |
| *- of which Securities* | *11.2* | *10.4* | | *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.

## Full-year highlights

- Net interest income increased to EUR 3,251 million (2022: EUR 2,707 million). Excluding large incidentals, net interest income increased mainly due to improved deposit interest margins. This was partly offset by asset margin pressure, mainly in residential mortgages (while average volumes increased) and consumer loans.
- Market share of new production in residential mortgages decreased to 14% in 2023 (2022: 17%).
- Net fee and commission income rose to EUR 555 million (2022: EUR 526 million), largely due to higher fee income from credit card services at ICS and higher package pricing at Business Banking.
- Other income increased by EUR 47 million in 2023. Excluding gains on smaller sales in both years, the increase was mainly due to fair value revaluations as a result of adopting IFRS 17 "Insurance contracts" this year.
- Operating expenses decreased, totalling EUR 2,498 million in 2023. Excluding large incidentals, the decrease was mainly due to lower regulatory levies, lower expenses for external staff and lower charges from Group Functions. These were partly offset by an increase in personnel expenses (CLA salary increases throughout 2023).

# Wealth Management

## Highlights

- In Q4 2023, compared with Q3 2023, we continued to see our NII impacted by a decline in deposit margins resulting from higher interest rates on savings accounts, which increased to 150bps as from 15 October 2023.
- Fees increased by EUR 7 million compared with Q3 2023, mainly due to rising fee income related to higher transaction volumes this quarter and also due to growth in assets under management driven by good market performance.
- Operating expenses excluding large incidentals were flat compared with Q3 2023.
- Client assets increased by EUR 7.6 billion compared with Q3 2023, mainly in securities (of which approximately EUR 2.0 billion in custody). Net new assets in Q4 2023 increased by EUR 0.8 billion, all in cash.

## Operating results

| (in millions) | Q4 2023 | Q4 2022 | Change | Q3 2023 | Change | 2023 | 2022 | Change |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 225 | 227 | -1% | 235 | -4% | 974 | 764 | 27% |
| Net fee and commission income | 150 | 142 | 6% | 143 | 5% | 588 | 595 | -1% |
| Other operating income | 16 | 14 | 12% | 11 | 47% | 39 | 118 | -67% |
| **Operating income** | **391** | **382** | **2%** | **389** | | **1,601** | **1,477** | **8%** |
| Personnel expenses | 106 | 105 | 1% | 103 | 3% | 411 | 390 | 5% |
| Other expenses | 217 | 149 | 46% | 151 | 44% | 668 | 617 | 8% |
| **Operating expenses** | **323** | **254** | **27%** | **254** | **27%** | **1,079** | **1,007** | **7%** |
| **Operating result** | **67** | **128** | **-47%** | **135** | **-50%** | **522** | **470** | **11%** |
| Impairment charges on financial instruments | 4 | 14 | -70% | | | -8 | 29 | |
| **Profit/(loss) before taxation** | **63** | **114** | **-45%** | **135** | **-53%** | **530** | **440** | **20%** |
| Income tax expense | 33 | 25 | 36% | 37 | -10% | 157 | 93 | 69% |
| **Profit/(loss) for the period** | **30** | **90** | **-67%** | **98** | **-70%** | **374** | **347** | **8%** |
| Cost/income ratio | 82.7% | 66.5% | | 65.2% | | 67.4% | 68.2% | |
| Cost of risk (in bps)[1] | 10 | 44 | | 2 | | -4 | 19 | |
| **Other indicators** | | | | | | | | |
| Loans and advances customers (end of period, in billions) | 16.5 | 17.0 | | 16.6 | | | | |
| *-of which Client loans (end of period, in billions)[2]* | *16.6* | *17.1* | | *16.7* | | | | |
| Due to customers (end of period, in billions) | 66.2 | 64.6 | | 64.5 | | | | |
| Risk-weighted assets (end of period, in billions) | 11.2 | 11.3 | | 10.9 | | | | |
| Number of internal employees (end of period, in FTEs) | 2,931 | 2,848 | | 2,890 | | | | |
| Total client assets (end of period, in billions) | 215.6 | 202.2 | | 208.0 | | | | |
| *- of which Cash* | *66.6* | *64.6* | | *64.5* | | | | |
| *- of which Securities* | *149.1* | *137.6* | | *143.5* | | | | |
| Net new assets (for the period, in billions) | 0.8 | 0.8 | | 1.9 | | 2.2 | 3.6 | |

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

## Full-year highlights

- Net interest income increased by EUR 210 million and amounted to EUR 974 million in 2023. This increase was mainly attributable to improved margins on deposits due to rising interest rates.
- Net fee and commission income amounted to EUR 588 million (2022: EUR 595 million). As market performance mostly materialised in Q4, assets under management were lower year-on-year in the majority of the year, leading to a decline in fee and commission income.
- Operating expenses excluding large incidentals were flat compared with 2022.
- The sustainability (acceleration) asset volume related to ESG and impact investments increased by 1% points to 47% (compared with 46% in 2022).

# Corporate Banking

## Highlights

- Net interest income increased compared with previous quarter, mainly due to higher global markets and clearing results and slightly improved asset margins in corporate loans, partly offset by a decrease in average corporate loan volumes.
- Net fee and commission income in Q4 2023 was higher compared with the previous quarter, mainly due to higher fee income at Clearing and Corporate Finance this quarter.
- Operating expenses grew by EUR 59 million compared with Q3 2023, mainly due to higher regulatory levies.
- Impairment charges showed a release of EUR 54 million, largely attributable to the release in management overlays (to lower geopolitical overlays).

## Operating results

| (in millions) | Q4 2023 | Q4 2022 | Change | Q3 2023 | Change | 2023 | 2022 | Change |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 590 | 563 | 5% | 520 | 13% | 2,211 | 2,112 | 5% |
| Net fee and commission income | 164 | 170 | -3% | 156 | 5% | 667 | 682 | -2% |
| Other operating income | 104 | 84 | 24% | 146 | -28% | 490 | 451 | 9% |
| **Operating income** | **858** | **817** | **5%** | **822** | **4%** | **3,368** | **3,246** | **4%** |
| Personnel expenses | 148 | 149 | -1% | 148 | | 582 | 600 | -3% |
| Other expenses | 303 | 311 | -3% | 244 | 24% | 1,060 | 1,150 | -8% |
| **Operating expenses** | **451** | **460** | **-2%** | **392** | **15%** | **1,642** | **1,750** | **-6%** |
| **Operating result** | **407** | **357** | **14%** | **430** | **-5%** | **1,726** | **1,496** | **15%** |
| Impairment charges on financial instruments | -54 | 24 | | -29 | -88% | -70 | -68 | -3% |
| **Profit/(loss) before taxation** | **461** | **334** | **38%** | **458** | **1%** | **1,796** | **1,564** | **15%** |
| Income tax expense | 31 | 91 | -66% | 111 | -72% | 345 | 365 | -5% |
| **Profit/(loss) for the period** | **431** | **242** | **78%** | **347** | **24%** | **1,451** | **1,199** | **21%** |
| Cost/income ratio | 52.6% | 56.3% | | 47.7% | | 48.7% | 53.9% | |
| Cost of risk (in bps)[1] | -27 | 13 | | -4 | | -5 | -4 | |
| **Other indicators** | | | | | | | | |
| Loans and advances customers (end of period, in billions) | 77.7 | 77.7 | | 81.7 | | | | |
| *-of which Client loans (end of period, in billions)*[2] | *63.3* | *64.5* | | *65.6* | | | | |
| Due to customers (end of period, in billions) | 58.0 | 60.6 | | 57.3 | | | | |
| *-of which Client deposits (end of period, in billions)* | *38.4* | *43.5* | | *36.3* | | | | |
| *-of which Professional deposits (end of period, in billions)* | *19.6* | *17.1* | | *21.0* | | | | |
| Risk-weighted assets (end of period, in billions) | 79.8 | 73.6 | | 75.5 | | | | |
| Number of internal employees (end of period, in FTEs) | 3,851 | 3,595 | | 3,781 | | | | |

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

## Full-year highlights

- Net interest income increased to EUR 2,211 million in 2023 (2022: EUR 2,112 million), mainly due to higher margins on liabilities.
- Net fee and commission income recorded a decrease of EUR 14 million, partly due to lower income from corporate finance fees, partly offset by one-off fee income in the CB non-core portfolio in H1.
- Other operating income increased by EUR 39 million to EUR 490 million in 2023, mainly reflecting higher results at Global Markets.
- Operating expenses decreased compared with the previous year, mainly due to the decline in CB non-core resulting from its wind-down, lower charges from Group Functions and lower regulatory levies.
- Impairment charges recorded a net release of EUR 70 million in 2023 (2022: EUR 68 million release), mainly due to management overlay releases (to lower geopolitical overlays).

## Core

| (in millions) | Q4 2023 | Q4 2022 | Change | Q3 2023 | Change | 2023 | 2022 | Change |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 582 | 549 | 6% | 513 | 14% | 2,189 | 2,046 | 7% |
| Net fee and commission income | 162 | 168 | -4% | 154 | 5% | 636 | 670 | -5% |
| Other operating income | 86 | 87 | | 141 | -39% | 457 | 444 | 3% |
| **Operating income** | **831** | **804** | **3%** | **807** | **3%** | **3,282** | **3,160** | **4%** |
| Personnel expenses | 149 | 129 | 16% | 137 | 9% | 545 | 502 | 9% |
| Other expenses | 292 | 296 | -1% | 235 | 25% | 1,023 | 1,078 | -5% |
| **Operating expenses** | **441** | **425** | **4%** | **372** | **19%** | **1,568** | **1,581** | **-1%** |
| **Operating result** | **389** | **379** | **3%** | **436** | **-11%** | **1,713** | **1,579** | **8%** |
| Impairment charges on financial instruments | -44 | 9 | | -12 | | -14 | -1 | |
| **Profit/(loss) before taxation** | **434** | **370** | **17%** | **448** | **-3%** | **1,727** | **1,580** | **9%** |
| Income tax expense | 112 | 100 | 12% | 112 | 1% | 428 | 368 | 16% |
| **Profit/(loss) for the period** | **321** | **270** | **19%** | **336** | **-4%** | **1,299** | **1,212** | **7%** |
| Cost/income ratio | 53.2% | 52.8% | | 46.0% | | 47.8% | 50.0% | |
| Cost of risk (in bps)[1] | -24 | 2 | | 4 | | 1 | -1 | |
| **Other indicators** | | | | | | | | |
| Loans and advances customers (end of period, in billions) | 77.5 | 76.8 | | 81.4 | | | | |
| *-of which Client loans (end of period, in billions)*[2] | *62.9* | *63.4* | | *65.2* | | | | |
| Risk-weighted assets (end of period, in billions) | 79.1 | 71.6 | | 74.8 | | | | |
| Number of internal employees (end of period, in FTEs) | 3,730 | 3,360 | | 3,642 | | | | |

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

## Non-core

| (in millions) | Q4 2023 | Q4 2022 | Change | Q3 2023 | Change | 2023 | 2022 | Change |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 7 | 14 | -46% | 7 | 5% | 22 | 66 | -67% |
| Net fee and commission income | 3 | 2 | 30% | 3 | -10% | 31 | 12 | |
| Other operating income | 18 | -2 | | 5 | | 33 | 7 | |
| **Operating income** | **28** | **13** | **108%** | **15** | **87%** | **86** | **85** | **1%** |
| Personnel expenses | -1 | 21 | | 11 | | 37 | 98 | -63% |
| Other expenses | 10 | 14 | -29% | 10 | 4% | 37 | 71 | -48% |
| **Operating expenses** | **10** | **35** | **-73%** | **21** | **-53%** | **73** | **169** | **-57%** |
| **Operating result** | **18** | **-22** | | **-6** | | **13** | **-83** | |
| Impairment charges on financial instruments | -10 | 15 | | -17 | 42% | -56 | -67 | 16% |
| **Profit/(loss) before taxation** | **28** | **-37** | | **11** | | **69** | **-16** | |
| Income tax expense | -82 | -9 | | -1 | | -83 | -4 | |
| **Profit/(loss) for the period** | **109** | **-28** | | **11** | | **152** | **-13** | |
| Cost/income ratio | 34.9% | 264.8% | | 139.4% | | 84.9% | 197.7% | |
| Cost of risk (in bps)[1] | -617 | 740 | | -1,315 | | -814 | -196 | |
| **Other indicators** | | | | | | | | |
| Loans and advances customers (end of period, in billions) | 0.3 | 0.9 | | 0.3 | | | | |
| *-of which Client loans (end of period, in billions)*[2] | *0.4* | *1.2* | | *0.4* | | | | |
| Risk-weighted assets (end of period, in billions) | 0.6 | 2.1 | | 0.7 | | | | |
| Number of internal employees (end of period, in FTEs) | 121 | 235 | | 139 | | | | |

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

# Group Functions

## Highlights

- Net interest income decreased compared with Q3 2023, mainly due the introduction of zero interest rate on the mandatory cash reserve as of this quarter and movements to client units (with nil impact for the group).
- Other income was negative this quarter, impacted by losses on the sale of a public sector loan portfolio and break funding costs due to other smaller portfolio sales (offset at client units).
- Personnel expenses increased compared with Q3 2023, mainly due to a rise in internal FTEs (related to IT and regulatory projects).
- Loans and advances to customers totalled EUR 5.2 billion negative, less negative than in Q3 2023 and Q4 2022, mainly due to a decrease in long-term interest rates which positively impacted the fair value adjustments for hedge accounting.

## Operating results

| (in millions) | Q4 2023 | Q4 2022 | Change | Q3 2023 | Change | 2023 | 2022 | Change |
|---|---|---|---|---|---|---|---|---|
| Net interest income | -90 | 9 | | -41 | -117% | -158 | -161 | 2% |
| Net fee and commission income | -5 | -7 | 25% | -8 | 33% | -29 | -25 | -15% |
| Other operating income | -112 | -287 | 61% | 39 | | -119 | -30 | |
| **Operating income** | **-207** | **-285** | **27%** | **-10** | | **-306** | **-216** | **-42%** |
| Personnel expenses | 270 | 265 | 2% | 258 | 5% | 1,027 | 1,004 | 2% |
| Other expenses | -229 | -291 | 21% | -303 | 25% | -1,012 | -993 | -2% |
| **Operating expenses** | **41** | **-26** | | **-45** | | **15** | **11** | **37%** |
| **Operating result** | **-249** | **-259** | **4%** | **35** | | **-320** | **-226** | **-41%** |
| Impairment charges on financial instruments | 1 | 1 | -26% | | | 1 | 5 | -78% |
| **Profit/(loss) before taxation** | **-250** | **-261** | **4%** | **36** | | **-321** | **-231** | **-39%** |
| Income tax expense | -53 | -64 | 16% | 11 | | -45 | -93 | 52% |
| **Profit/(loss) for the period** | **-196** | **-197** | | **25** | | **-276** | **-138** | **-100%** |
| **Other indicators** | | | | | | | | |
| Securities financing - assets (end of period, in billions) | 13.5 | 13.5 | | 24.0 | | | | |
| Loans and advances customers (end of period, in billions) | -5.2 | -8.5 | | -8.4 | | | | |
| Securities financing - liabilities (end of period, in billions) | 11.5 | 9.6 | | 20.4 | | | | |
| Due to customers (end of period, in billions) | 5.8 | 7.0 | | 16.3 | | | | |
| *-of which Professional deposits (end of period, in billions)* | *5.8* | *7.0* | | *16.3* | | | | |
| Risk-weighted assets (end of period, in billions) | 10.0 | 4.7 | | 10.7 | | | | |
| Number of internal employees (end of period, in FTEs) | 9,539 | 9,082 | | 9,357 | | | | |

## Full-year highlights

- Other operating income amounted to EUR 119 million negative in 2023 (2022: EUR 30 million negative). The decrease, excluding large incidentals, was mainly driven by a public sector loan portfolio sale and break funding costs due to other smaller portfolio sales (offset at client units).
- Operating expenses were nearly flat year-on-year, with personnel expenses increasing due to a rise in internal FTEs combined with a CLA increase, partly offset by lower external staffing costs and allocation of Group Functions costs to business segments.

# **Additional** financial information

## Selected financial information

### Condensed consolidated income statement

| (in millions) | Q4 2023 | Q4 2022 | Q3 2023 | 2023 | 2022 |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Interest income calculated using the effective interest method | 4,390 | 2,546 | 4,169 | 15,849 | 7,698 |
| Other interest and similar income | 97 | 70 | 79 | 334 | 236 |
| Interest expense calculated using the effective interest method | 2,949 | 1,043 | 2,690 | 9,812 | 2,455 |
| Other interest and similar expense | 34 | 10 | 25 | 92 | 57 |
| **Net interest income** | **1,504** | **1,564** | **1,533** | **6,278** | **5,422** |
| Fee and commission income | 580 | 564 | 566 | 2,281 | 2,271 |
| Fee and commission expense | 128 | 121 | 124 | 498 | 493 |
| **Net fee and commission income** | **452** | **443** | **442** | **1,782** | **1,778** |
| Income from other operating activities | 151 | -213 | 164 | 483 | 375 |
| Expenses from other operating activities | 22 | 29 | 27 | 106 | 125 |
| **Net income from other operating activities** | **128** | **-242** | **137** | **378** | **249** |
| Net trading income | 17 | 84 | 94 | 213 | 282 |
| Share of result of equity-accounted investments | 7 | 18 | 6 | 41 | 107 |
| Net gains/(losses) on derecognition of financial assets measured at amortised cost | -67 | -5 | 1 | -75 | 1 |
| **Operating income** | **2,041** | **1,861** | **2,211** | **8,618** | **7,841** |
| **Expenses** | | | | | |
| Personnel expenses | 647 | 634 | 627 | 2,492 | 2,458 |
| General and administrative expenses | 691 | 666 | 559 | 2,490 | 2,796 |
| Depreciation, amortisation and impairment losses of tangible and intangible assets | 124 | 43 | 42 | 251 | 172 |
| **Operating expenses** | **1,462** | **1,343** | **1,228** | **5,233** | **5,425** |
| Impairment charges on financial instruments | -83 | 32 | -21 | -158 | 39 |
| **Total expenses** | **1,379** | **1,375** | **1,207** | **5,074** | **5,464** |
| **Profit/(loss) before taxation** | **662** | **486** | **1,004** | **3,544** | **2,376** |
| Income tax expense | 117 | 132 | 246 | 847 | 509 |
| **Profit/(loss) for the period** | **545** | **354** | **759** | **2,697** | **1,867** |
| **Attributable to:** | | | | | |
| Owners of the parent company | 545 | 354 | 759 | 2,697 | 1,868 |

## Condensed consolidated statement of comprehensive income

| (in millions) | Q4 2023 | Q4 2022 | Q3 2023 |
|---|---|---|---|
| **Profit/(loss) for the period** | **545** | **354** | **759** |
| **Other comprehensive income:** | | | |
| **Items that will not be reclassified to the income statement** | | | |
| Remeasurement gains/(losses) on defined benefit plans | -10 | 13 | |
| Gains/(losses) on liability own credit risk | | 1 | 1 |
| **Items that will not be reclassified to the income statement before taxation** | **-10** | **14** | **1** |
| Income tax relating to items that will not be reclassified to the income statement | -3 | 3 | |
| **Items that will not be reclassified to the income statement after taxation** | **-7** | **11** | **1** |
| **Items that may be reclassified to the income statement** | | | |
| Net gains/(losses) currency translation reserve | -51 | -98 | 34 |
| Less: Reclassification currency translation reserve through the income statement | -11 | | 3 |
| Net gains/(losses) currency translation reserve through OCI | -40 | -98 | 31 |
| Net gains/(losses) fair value reserve through OCI | -93 | -283 | -97 |
| Net gains/(losses) cash flow hedge reserve | 107 | 28 | 537 |
| Less: Reclassification cash flow hedge reserve through the income statement | -45 | -16 | -40 |
| Net gains/(losses) cash flow hedge reserve through OCI | 152 | 43 | 577 |
| Share of other comprehensive income of associates | 5 | -2 | -1 |
| **Items that may be reclassified to the income statement before taxation** | **24** | **-339** | **509** |
| Income tax relating to items that may be reclassified to the income statement | 16 | -62 | 124 |
| **Items that may be reclassified to the income statement after taxation** | **8** | **-277** | **385** |
| **Total comprehensive income/(expense) for the period after taxation** | **547** | **88** | **1,144** |
| **Attributable to:** | | | |
| Owners of the parent company | 547 | 88 | 1,144 |

## Condensed consolidated statement of changes in equity

| (in millions) | Share capital | Share premium | Other reserves including retained earnings | Accumulated other comprehensive income | Net profit/(loss) attributable to owners of the parent company | AT1 capital securities | Equity attributable to the owners of the parent company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 October 2022** | **898** | **12,529** | **6,375** | **-576** | **1,513** | **1,984** | **22,723** | **2** | **22,725** |
| Total comprehensive income | | | | -266 | 354 | | 88 | | 88 |
| Decrease of capital | | | | | | 1 | 1 | | 1 |
| **Balance at 31 December 2022** | **898** | **12,529** | **6,375** | **-842** | **1,868** | **1,985** | **22,812** | **2** | **22,814** |
| **Balance at 1 October 2023** | **866** | **12,192** | **6,739** | **-317** | **2,151** | **1,987** | **23,618** | **3** | **23,621** |
| Total comprehensive income | | | | 2 | 545 | | 547 | | 547 |
| **Balance at 31 December 2023** | **866** | **12,192** | **6,739** | **-315** | **2,697** | **1,987** | **24,165** | **3** | **24,168** |

# **Risk** developments

## Key figures

| (in millions) | 31 December 2023 | 30 September 2023 | 31 December 2022 |
|---|---|---|---|
| **Total loans and advances, gross carrying amount**[1,2] | **255,066** | **261,377** | **258,212** |
| *- of which Banks* | *2,327* | *3,740* | *2,990* |
| *- of which Residential mortgages*[1] | *151,078* | *151,154* | *150,762* |
| *- of which Consumer loans*[2] | *8,380* | *8,654* | *10,232* |
| *- of which Corporate loans*[1,2] | *86,784* | *90,644* | *86,731* |
| *- of which Other loans and advances customers*[2] | *6,497* | *7,185* | *7,497* |
| **Total Exposure at Default (EAD)** | **386,024** | **392,075** | **391,065** |
| **Credit quality indicators**[2] | | | |
| Forbearance ratio | 2.2% | 2.2% | 2.7% |
| Past due ratio | 0.8% | 1.0% | 0.8% |
| Stage 2 ratio | 8.7% | 9.1% | 9.4% |
| Stage 2 coverage ratio | 1.3% | 1.3% | 1.7% |
| Stage 3 ratio[3] | 1.9% | 1.8% | 2.0% |
| Stage 3 coverage ratio[3] | 22.9% | 23.5% | 25.6% |
| **Regulatory capital** | | | |
| Total RWA | 140,187 | 136,570 | 128,593 |
| *- of which Credit risk*[4] | *122,548* | *118,914* | *110,621* |
| *- of which Operational risk* | *15,465* | *15,465* | *15,967* |
| *- of which Market risk* | *2,175* | *2,191* | *2,005* |
| Total RWA/total EAD | 36.3% | 34.8% | 32.9% |
| **Mortgage indicators** | | | |
| Exposure at Default[5] | 157,486 | 155,264 | 155,608 |
| *- of which mortgages with Nationale Hypotheek Garantie (NHG)* | *29,542* | *29,467* | *29,474* |
| Risk-weighted assets (Credit risk)[5] | 23,891 | 23,937 | 22,574 |
| RWA/EAD | 15.2% | 15.4% | 14.5% |
| Average Loan-to-Market-Value | 58% | 58% | 54% |
| Average Loan-to-Market-Value - excluding NHG loans | 58% | 59% | 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 31 December 2023: EUR 0.3 billion (30 September 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

Total loans and advances went down modestly to EUR 255.1 billion in the fourth quarter (30 September 2023: EUR 261.4 billion). The largest decrease was recorded for corporate loans, mostly attributable to lower advances and term loan repayments by large corporate clients and seasonal business movements.

The wind-down of our Corporate Banking's non-core portfolio has almost been concluded, with a residual exposure of EUR 0.4 billion at 31 December 2023 (30 September 2023: EUR 0.4 billion; 31 December 2022: EUR 1.2 billion). This residual exposure is related to clients in the oil & gas, utilities and diamond & jewelry sectors. Approximately EUR 0.2 billion of this portfolio is classified as stage 3 (31 December 2022: EUR 0.5 billion).

## Exposure at Default

The exposure at default (EAD) decreased by EUR 6.1 billion to EUR 386.0 billion on 31 December 2023. This was mainly due to a decrease in outstanding loans with the Dutch central bank and a decrease in exposure at ABN AMRO Clearing Bank caused by seasonal effects, partly offset by movements in the fair value adjustment from hedge accounting on residential mortgages.

## Credit quality indicators

On average, the credit quality indicators showed a modest improvement in the fourth quarter. The amount of forborne assets declined to EUR 5.5 billion (30 September 2023: EUR 5.7 billion), in line with the overall decrease of loans and advances. As a result, the forbearance ratio remained stable at 2.2%. The past due ratio improved to 0.8% (30 September 2023: 1.0%) with lower past dues for corporate loans. The stage 2 ratio improved from 9.1% to 8.7% due to the reclassification of some stage 2 residential mortgages and corporate loans to stage 1. Stage 3 ratio showed a marginal rise from 1.8% to 1.9%; the underlying increase was observed in residential mortgages and consumer loans.

## Risk-weighted assets (RWA)

Total RWA increased by EUR 3.6 billion compared to 30 September 2023, mainly reflecting a rise in credit risk RWA due to EUR 3.8 billion for model updates, partly offset by seasonal business developments. The model updates related to a review of the Corporates PD model and the transfer of portfolios to the Standardised and IRB/ Foundation approach. We are continuing the review of our credit risk RWA models, which may lead to further model updates and RWA add-ons under both Basel III and Basel IV. Operational risk RWA remained unchanged. In the third quarter of 2023 we replaced the advanced measurement approach (AMA) by the standardised approach (TSA). Under this approach, RWA for operational risk is only updated once a year. Risk-weighted assets related to market risk decreased slightly as expected volatility decreased marginally.

## Macroeconomic scenarios

### ECL scenarios on 31 December 2023

| (in millions) | Weight | Macroeconomic variable | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|
| Positive | 15% | Real GDP Netherlands[1] | 0.3% | 2.0% | 2.0% | 1.4% |
| | | Unemployment[2] | 3.6% | 3.7% | 3.6% | 3.5% |
| | | House price index[3] | -2.5% | 4.5% | 2.0% | 1.5% |
| Baseline | 60% | Real GDP Netherlands[1] | 0.2% | 0.6% | 1.1% | 1.3% |
| | | Unemployment[2] | 3.6% | 4.1% | 4.0% | 4.0% |
| | | House price index[3] | -3.0% | 2.5% | 0.5% | 1.5% |
| Negative | 25% | Real GDP Netherlands[1] | 0.0% | -1.0% | 1.0% | 1.6% |
| | | Unemployment[2] | 3.7% | 6.1% | 5.6% | 5.3% |
| | | House price index[3] | -3.5% | -7.5% | -5.0% | 1.3% |

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

### ECL scenarios on 30 September 2023

| (in millions) | Weight | Macroeconomic variable | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|
| Positive | 15% | Real GDP Netherlands[1] | 1.1% | 3.0% | 1.8% | 1.4% |
| | | Unemployment[2] | 3.5% | 3.7% | 3.6% | 3.5% |
| | | House price index[3] | -2.5% | 1.0% | 0.0% | 1.6% |
| Baseline | 60% | Real GDP Netherlands[1] | 0.5% | 1.1% | 1.5% | 1.2% |
| | | Unemployment[2] | 3.6% | 4.0% | 4.0% | 4.1% |
| | | House price index[3] | -5.0% | -3.0% | 0.5% | 1.5% |
| Negative | 25% | Real GDP Netherlands[1] | -0.1% | -0.5% | 0.9% | 1.1% |
| | | Unemployment[2] | 4.4% | 6.1% | 5.4% | 5.2% |
| | | House price index[3] | -8.0% | -10.0% | -4.5% | 0.7% |

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

Inflation is continuing its downward trend. The unemployment rate in the Netherlands is forecast to remain at historically low levels, even though it is expected to rise to an average of 4.1% in 2024. In our base scenario, Dutch annual GDP growth in 2023 was below the 2022 level and is expected to remain so in 2024. During the fourth quarter, ABN AMRO economists revised their forecasts for the Dutch housing market upward, from respectively -5.0% in 2023 and -3.0% in 2024 to -3.0% for 2023 and 2.5% for 2024.

Note that the scenarios used for expected credit loss (ECL) calculations on 31 December 2023 reflect the expectations of our economists as at end of November 2023. Economic developments that took place after that date will be reflected in our ECL calculation of the first quarter of 2024. The scenario weights indicated in the tables above are in place for ECL calculation purposes only and are designed to capture prevailing uncertainties in the macroeconomic outlook in our ECL estimate.

## Impairments and cost of risk

| | Q4 2023 | Q4 2022 | Q3 2023 | 2023 | 2022 |
|---|---|---|---|---|---|
| Impairment charges on loans and other advances (in EUR million)[1] | -83 | 32 | -21 | -158 | 39 |
| *- of which Residential mortgages* | *6* | *-41* | *28* | *37* | *56* |
| *- of which Consumer loans* | *-9* | *12* | *6* | *-19* | *14* |
| *- of which Corporate loans* | *-83* | *69* | *-32* | *-139* | *-1* |
| *- of which Off-balance sheet items* | *5* | *-12* | *-23* | *-30* | *-28* |
| Cost of risk (in bps)[2,3] | -13 | 6 | | -5 | 3 |
| *- of which Residential mortgages* | *2* | *-11* | *7* | *2* | *4* |
| *- of which Consumer loans* | *-42* | *47* | *29* | *-21* | *13* |
| *- of which Corporate loans* | *-37* | *30* | *-14* | *-15* | |

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

In Q4 2023, we recorded a release of impairments of EUR 83 million (Q4 2022: EUR 32 million addition), resulting in a cost of risk of -13bps (Q4 2022: 6bps). Impairment releases were recorded for corporate and consumer loans, mainly in stages 1 and 3, partly offset by impairment charges for residential mortgages.

The releases in corporate loans were mainly caused by the recalibration and review of the IFRS 9 models. In addition, the management overlay related to the geopolitical and market sensitivity (previously: overlay for the war in Ukraine) was lowered by EUR 35 million, while the continued wind-down of our non-core portfolio resulted in a release of EUR 10 million. This was partly offset by a new overlay of EUR 25 million for the impact of climate transition risk not yet reflected in our models. New impairments for corporate loans in stage 3 were limited and primarily recorded for energy services and real estate. They were largely offset by releases on stage 3 impairments taken previously.

The charges in residential mortgages were largely attributable to an increase of EUR 20 million in the management overlay for interest-only mortgages.

## Coverage and stage ratios

| (in millions) | Gross carrying amount[3] | Allowances for credit losses[4] | 31 December 2023 Coverage ratio | 31 December 2023 Stage ratio | 30 September 2023 Coverage ratio | 30 September 2023 Stage ratio | 31 December 2022 Coverage ratio | 31 December 2022 Stage ratio |
|---|---|---|---|---|---|---|---|---|
| **Stage 1** | | | | | | | | |
| **Loans and advances banks** | **2,290** | **3** | **0.1%** | **98.4%** | **0.2%** | **99.0%** | **0.3%** | **98.8%** |
| Residential mortgages | 138,671 | 24 | 0.0% | 91.8% | 0.0% | 91.4% | 0.0% | 93.2% |
| Consumer loans[1] | 7,658 | 18 | 0.2% | 91.4% | 0.3% | 90.5% | 0.3% | 89.1% |
| Corporate loans[1] | 73,324 | 192 | 0.3% | 84.5% | 0.3% | 84.2% | 0.4% | 79.7% |
| Other loans and advances customers[1] | 6,475 | | 0.0% | 99.7% | 0.0% | 99.7% | 0.0% | 99.5% |
| **Total loans and advances customers[1]** | **226,128** | **234** | **0.1%** | **89.5%** | **0.1%** | **89.1%** | **0.1%** | **88.6%** |
| **Stage 2** | | | | | | | | |
| **Loans and advances banks** | **37** | | **0.0%** | **1.6%** | **0.0%** | **1.0%** | **0.0%** | **1.2%** |
| Residential mortgages | 11,115 | 49 | 0.4% | 7.4% | 0.5% | 7.8% | 0.6% | 6.1% |
| Consumer loans[1] | 467 | 11 | 2.4% | 5.6% | 2.7% | 6.4% | 4.8% | 7.3% |
| Corporate loans[1] | 10,308 | 228 | 2.2% | 11.9% | 2.2% | 12.2% | 2.2% | 16.1% |
| Other loans and advances customers[1] | 14 | 1 | 7.9% | 0.2% | 4.3% | 0.2% | 5.6% | 0.5% |
| **Total loans and advances customers[1]** | **21,903** | **289** | **1.3%** | **8.7%** | **1.3%** | **9.1%** | **1.7%** | **9.4%** |
| **Stage 3 and POCI[2]** | | | | | | | | |
| **Loans and advances banks** | | | | | | | | |
| Residential mortgages | 1,292 | 125 | 9.7% | 0.9% | 7.7% | 0.8% | 6.6% | 0.8% |
| Consumer loans[1] | 255 | 118 | 46.3% | 3.0% | 44.3% | 3.1% | 58.2% | 3.5% |
| Corporate loans[1] | 3,152 | 833 | 26.4% | 3.6% | 27.8% | 3.6% | 28.2% | 4.2% |
| Other loans and advances customers[1] | 8 | 2 | 27.1% | 0.1% | 23.1% | 0.1% | 83.9% | 0.0% |
| **Total loans and advances customers[1]** | **4,707** | **1,079** | **22.9%** | **1.9%** | **23.5%** | **1.8%** | **25.6%** | **2.0%** |
| **Total of stages 1, 2, 3 and POCI[2]** | | | | | | | | |
| **Total loans and advances banks** | **2,327** | **3** | **0.1%** | | **0.2%** | | **0.3%** | |
| Residential mortgages | 151,078 | 198 | 0.1% | | 0.1% | | 0.1% | |
| Consumer loans[1] | 8,380 | 147 | 1.8% | | 1.8% | | 2.7% | |
| Corporate loans[1] | 86,784 | 1,254 | 1.4% | | 1.5% | | 1.8% | |
| Other loans and advances customers[1] | 6,497 | 3 | 0.1% | | 0.0% | | 0.1% | |
| **Total loans and advances customers[1]** | **252,739** | **1,602** | **0.6%** | | **0.7%** | | **0.8%** | |
| **Total loans and advances[1]** | **255,066** | **1,605** | **0.6%** | | **0.7%** | | **0.8%** | |

1 Excluding loans at fair value through P&L.
2 On 31 December 2023 loans classified as POCI amounted to EUR 5 million (30 September 2023: EUR 7 million; 31 December 2022: EUR 9 million). Due to the immateriality it has been included in the amount shown for stage 3.
3 Gross carrying amount excludes fair value adjustments from hedge accounting.
4 The allowances for credit losses excludes allowances for financial investments held at FVOCI (31 December 2023: EUR 1 million; 30 September 2023: EUR 1 million; 31 December 2022: EUR 1 million).

## Residential mortgages

### Housing market developments

Dutch residential property prices continued to increase in Q4 2023. The house price index as published by the Dutch Land Registry (Kadaster) in Q4 2023 was 1.4% higher than in Q3 2023 and 1.6% higher than in Q4 2022.

After initially decreasing in the first half of the year, Dutch house prices bounced back after May 2023. Various factors play a role regarding the end of the house price correction. Firstly, the Dutch labour market remained tight, and wage increases (partly) compensated rising interest rates and inflation, improving borrowing capacity. Moreover, the housing shortage remains high as the number of newly built homes stays behind demand. In addition, home buyers are getting accustomed to the higher mortgage rates and their borrowing capacity improved in the last months of 2023, as mortgage interest rates declined.

The number of transactions remains under pressure. According to Kadaster, the number of house sales in Q4 2023 was 7.6% higher compared to Q3 2023 and 1.6% lower compared to Q4 2022. The pressure on housing transactions was not due to a lack of demand but due to the housing shortage.

### Residential mortgage portfolio insights

New mortgage production amounted to EUR 3.4 billion, the same volume as in Q3 2023 (EUR 3.4 billion) and 17% less than in Q4 2022 (EUR 4.1 billion). Especially mortgage refinancing decreased following the increase in interest rates last year and has remained relatively unattractive since.

ABN AMRO's market share in new mortgage production came to 14% in Q4 2023 (Q3 2023: 15%, Q4 2022: 16%).

At the same time a decrease of refinancings resulted in a decrease of redemptions. In Q4 2023, redemptions totalled EUR 3.8 billion, 8% less than in Q4 2022 and a 14% increase compared to Q3 2023. Please note that mortgage redemptions are seasonal and typically high at the end of the year.

The average Loan to indexed Market Value (LtMV) decreased to 57.6% (30 September 2023: 58.5%). The gross carrying amount of mortgages with an LtMV in excess of 100% decreased to EUR 6.3 billion, or 4.2% of the outstanding portfolio (30 September 2023: EUR 7.8 billion, or 5.2% of the outstanding portfolio) mainly due to the house price developments described above. Please note that the indexation of mortgage portfolio collateral is updated with a quarter delay.

New inflow of mortgages with an LtMV in excess of 100% relate to sustainable home improvements and constitute the only exception where mortgages are financed at an LtMV in excess of 100% (and up to 106%). The total exposure on 31 December 2023 of new mortgages originated in Q4 with an LtMV in excess of 100% was around EUR 730 million. The proportion of amortising mortgages further increased to 47% as at 31 December 2023 (30 September 2023: 46%). The arrears ratio increased slightly from 0.7% in Q3 to 0.8% in Q4 2023.

## Other risk developments

### AML remediation programme

ABN AMRO continues to enhance its internal processes and systems to contribute to the prevention of financial economic crime. We are validating the AML client file remediation process, while additional work continues to increase the effectiveness of our measures as we reach a sustainable and adequate level that meets regulatory requirements. We are in a continuous dialogue with the Dutch central bank, who is regularly informed and is closely monitoring our progress.

# **Capital** management

## Regulatory capital structure

| (in millions) | 31 December 2023 | 30 September 2023 | 31 December 2022 |
|---|---|---|---|
| **Total equity (EU IFRS)** | **24,168** | **23,621** | **22,814** |
| Dividend reserve | -770 | -505 | -601 |
| AT1 capital securities (EU IFRS) | -1,987 | -1,987 | -1,985 |
| Share buyback reserve | -500 | | -500 |
| Regulatory and other adjustments | -907 | -585 | -221 |
| **Common Equity Tier 1** | **20,003** | **20,544** | **19,507** |
| AT1 capital securities (EU IFRS) | 1,987 | 1,987 | 1,985 |
| Regulatory and other adjustments | -5 | -5 | -3 |
| **Tier 1 capital** | **21,985** | **22,526** | **21,489** |
| Subordinated liabilities (EU IFRS) | 5,572 | 5,499 | 7,290 |
| Regulatory and other adjustments | -1,294 | -1,044 | -1,842 |
| **Tier 2 capital** | **4,279** | **4,456** | **5,449** |
| **Total regulatory capital** | **26,264** | **26,981** | **26,938** |
| Other MREL eligible liabilities[1] | 17,772 | 17,158 | 11,827 |
| **Total MREL eligible liabilities** | **44,036** | **44,139** | **38,765** |
| **Total risk-weighted assets** | **140,187** | **136,570** | **128,593** |
| **Exposure measure** | | | |
| Exposure measure | 412,957 | 433,088 | 413,525 |
| **Capital ratios** | | | |
| Common Equity Tier 1 ratio | 14.3% | 15.0% | 15.2% |
| Common Equity Tier 1 ratio (Basel IV)[2] | 15% | 16% | 16% |
| Tier 1 ratio | 15.7% | 16.5% | 16.7% |
| Total capital ratio | 18.7% | 19.8% | 20.9% |
| MREL | 31.4% | 32.3% | 30.1% |
| Leverage ratio | 5.3% | 5.2% | 5.2% |

1 Other MREL eligible liabilities consists of subordinated liabilities and senior non-preferred notes that are not included in regulatory capital.
2 Basel IV results are based on fully-loaded figures, rounded to the nearest whole percent, based on ABN AMRO's interpretation of the Basel IV framework and subject to the implementation of Basel IV standards into EU legislation.

### Developments impacting capital ratios

On 31 December 2023, the CET1 ratio under Basel III was 14.3% (30 September 2023: 15.0%). In comparison with Q3 2023, the CET1 ratio decreased mainly due to a decrease in CET1 capital and an increase in RWA. Total RWA increased by EUR 3.6 billion compared to 30 September 2023, mainly reflecting a rise in credit risk RWA due to EUR 3.8 billion for model updates, partly offset by seasonal business developments. The model updates related to a review of the Corporates PD model and the transfer of portfolios to the Standardised and IRB/Foundation approach. CET1 capital decreased, mainly due to the permission granted by the ECB for a third share buyback of EUR 500 million. This decrease was partly offset by the addition of the Q4 2023 net profit of EUR 545 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) remained at 10.6% (30 September 2023: 10.6%). The Basel III CET1 ratio of 14.3% remained well above the MDA trigger level.

The ECB has notified ABN AMRO, as part of the 2023 Supervisory Review and Evaluation Process (SREP), of the final outcome regarding its capital requirements for 2024. The Pillar 2 requirement has increased to 2.25% (from 2.00%), resulting in a MDA trigger level (excluding AT1 shortfall) of 10.7% as of 1 January 2024.

Furthermore, the Dutch central bank (DNB) will increase the countercyclical capital buffer (CCyB) to 2% (from 1%) 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, the combined effect of these measures is expected to result in a pro forma MDA trigger level (excluding AT1 shortfall) of 11.3% at the end of the fourth quarter of 2023. The reported Basel III CET1 ratio is well above the pro forma MDA trigger level.

Based on our latest views of the Basel IV EU proposal, the fully-loaded Basel IV CET1 ratio was estimated at around 15% on 31 December 2023. This was comfortably above the revised target of 13.5%.

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 the Regulatory and Implementing Technical Standards, and portfolio developments.

We are continuing the review of our credit risk RWA models, which may lead to further model updates and RWA add-ons under both Basel III and Basel IV.

## Capital Framework and Share Buybacks

We have updated our capital framework. We have removed the 15% threshold for considering share buybacks.
We target a fully-loaded Basel IV ratio of 13.5% by year-end 2026, reflecting our regulatory capital requirements.
This implies a 225bps management buffer, including Pillar 2 Guidance, over the pro forma requirement of 31 May 2024 (excluding AT1 shortfall).

We are committed to generating and returning surplus equity to shareholders in combination with targeted growth in line with our strategy. We will review our capital position annually at Q4 results publication. We continue our share buyback programme and have announced our third share buyback of EUR 500 million to further optimise our capital position. This programme will commence on 15 February 2024 and is expected to end by June 2024 at the latest.

## Dividend

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

Based on this dividend policy, a net profit for 2023 of EUR 2,605 million (after AT1 and minority interests) and after the interim dividend of EUR 0.62 per share in 2023, a final cash dividend for 2023 of EUR 0.89 per share (2022: EUR 0.67) is being proposed. This is equivalent to EUR 770 million (2022: EUR 601 million), based on 865,575,379 of outstanding shares at year-end 2023. This brings the total dividend for 2023 to EUR 1.51 per share (2022: EUR 0.99), equivalent to EUR 1,307 million. The ex-dividend date will be 26 April 2024, while the record date will be 29 April 2024 and the dividend will be paid on 27 May 2024.

## Leverage ratio

The Capital Requirements Regulation (CRR) includes a non-risk-based and binding leverage ratio. The leverage ratio increased to 5.3% as of 31 December 2023 (30 September 2023: 5.2%). This was mainly due to a seasonal decrease in on-balance sheet exposures, partly offset by the deduction of the share buyback from Tier 1 capital. The reported leverage ratio remained well above the 3.0% requirement.

## MREL

Based on the eligible liabilities, i.e. own funds, subordinated instruments and senior non-preferred (SNP) notes, the MREL ratio decreased to 31.4% as of 31 December 2023 (30 September 2023: 32.3%). The decrease was mainly driven by the increase in RWA and the deduction of the share buyback from CET1 capital, partly offset by the issuance of a USD 0.8 billion SNP note. Another EUR 1.0 billion SNP note was issued on 15 January 2024.

On 31 December 2023 our intermediate MREL target was 28.0% of Basel III RWA, of which 27.5% must be met by own funds, subordinated instruments and SNP notes. This includes a combined buffer requirement (CBR) of 5.0%.

The Single Resolution Board (SRB) has notified ABN AMRO of the preliminary outcome of the MREL requirements for 2024. As of 1 January 2024, our MREL requirement is 28.3% of Basel III RWA, of which 24.7% must be met by own funds, subordinated instruments and SNP notes. This includes a CBR of 5.0%.

The expected MREL requirement for 31 May 2024 is 28.8%, of which 25.2% must be met by own funds, subordinated instruments and SNP notes. This is due to the increase of the CBR to 5.5%.

The MREL ratio of 31.4% is well above the intermediate and expected MREL requirements. The reported MREL ratio excludes EUR 3.7 billion of grandfathered senior preferred liabilities currently eligible for MREL.

## Other capital developments

Available distributable items on 31 December 2023 amounted to EUR 21.3 billion (December 2022: EUR 19.8 billion).

# About **this report**

## Introduction

This report presents ABN AMRO's results for the fourth quarter of 2023. It provides a quarterly business and financial review, as well as risk and capital disclosures.

## Presentation of information

Except for the changes described below, the financial information contained in this Quarterly Report has been prepared according to the same accounting policies as our most recent financial statements, which were prepared in accordance with EU IFRS. The figures in this document have not been audited or reviewed by our external auditor. This report is presented in euros (EUR), which is ABN AMRO's functional and presentation currency, rounded to the nearest million (unless otherwise stated).

All annual averages in this report are based on month-end figures. Management does not believe these month-end averages present trends that are materially different from those that would be presented by daily averages. Certain figures in this report may not tally exactly due to rounding. Furthermore, certain percentages in this document have been calculated using rounded figures.

To download this report or to obtain more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com. In addition to this report, ABN AMRO provides an analyst and investor call, an investor presentation and a fact sheet regarding the Q4 2023 results.

# Enquiries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## Investor call
A conference call for analysts and investors will be hosted by the bank on Wednesday 14 February 2024. 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, www.abnamro.com/en/investor-relations.


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

## Disclaimer & cautionary statements
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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.

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