ABN·AMRO

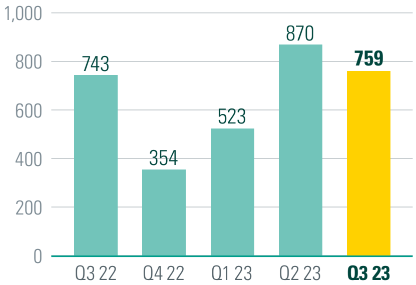
Quarterly Report

ABN AMRO Bank N.V.

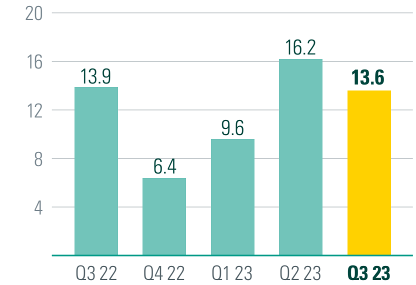
Third quarter 2023

Figures at a glance

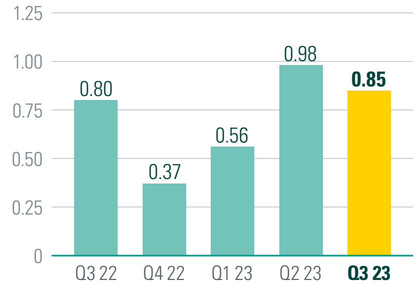
Net profit/(loss)
(in millions)



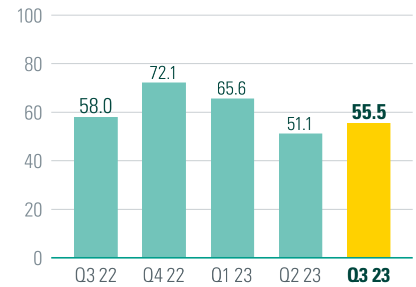
Return on equity
(in %)



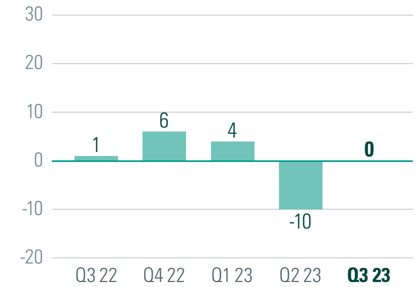
Earnings per share
(in EUR)



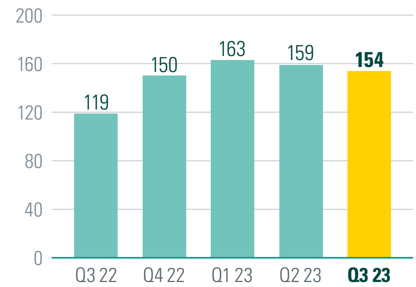
Cost/income ratio
(in %)



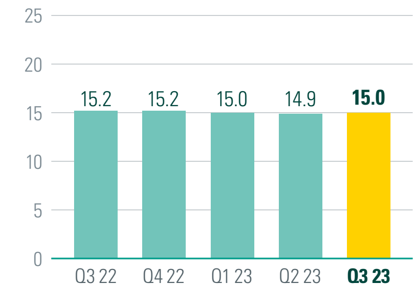
Cost of risk
(in bps) Target is around 20bps through-the-cycle



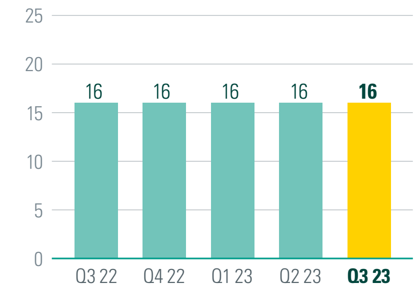
Net interest margin
(in bps)



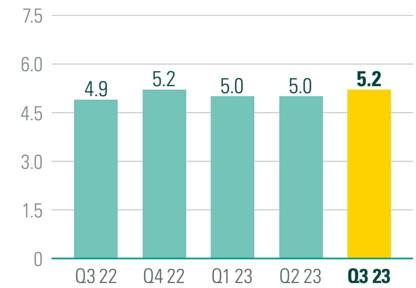
CET1 ratio (Basel III)
(end-of-period, in %)



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.

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

Highlights of the quarter

- Strong result, with a net profit of EUR 759 million and an ROE of 13.6%, supported by high other income and impairment releases.
- NII lower compared with Q2 due to deposit migration to higher yielding products, a shift to other income, limited asset margin pressure and lower results in trading activities.
- Business momentum remains good; our mortgage loan book increased by EUR 0.4 billion and our corporate loan book by EUR 0.3 billion. Mortgage market share increased to 15%.
- Costs remain under control; expected costs for 2023 lowered to between EUR 5.1 and EUR 5.2 billion.
- Credit quality remains strong, with impairment releases of EUR 21 million.
- Solid capital position; fully-loaded Basel III CET1 ratio of 15.0% and Basel IV CET1 ratio of around 16%.
- CEO's term extended by four years, until 2028.

Message from the CEO

In the third quarter, we once again delivered a strong financial result with continued high net interest income (NII) compared with last year, supported by high other income and impairment releases. The Dutch economy is cooling down and uncertainty about the economy and inflation remains, while I continue to be concerned about the ongoing uncertainty in the geopolitical environment. Slowing economic growth contrasts with our strong business momentum. Demand for credit remains good and both our mortgage and corporate loan books increased. Our market share in mortgages increased to 15%, while house prices are rising due to improved affordability.

Net profit in the third quarter was EUR 759 million and our return on equity (ROE) was 13.6%. At EUR 1,533 million, NII was 20% higher than last year. Compared with the previous quarter, NII was affected by deposit migration to higher yielding products, a shift to other income, limited asset margin pressure and lower results in trading activities. Costs were higher than in Q2, mainly due to regulatory levies. We now expect lower full-year costs for 2023, between EUR 5.1 and EUR 5.2 billion, due to good cost control and a delay in investments mainly given the tight labour market. While we remain committed to cost discipline, we expect higher costs for data capabilities, further digitalisation of processes and Sustainable Finance Regulation in the coming year.

Credit quality remained strong in Q3 with impairment releases of EUR 21 million. The releases were largely at Corporate Banking and partly offset by an increase in the management overlay for mortgages. The impact of the economic slowdown on our loan portfolio so far has been limited, while buffers remain in place against uncertainties in the economic outlook. Risk-weighted assets increased by EUR 2.1 billion. This was mainly due to model updates as part of our ongoing review of models, partly offset by business developments. Our capital position remains strong, with a fully-loaded Basel III CET1 ratio of 15.0% and a Basel IV CET1 ratio of around 16%. We will update our financial targets and our capital framework at the Q4 results.

Higher interest rates have supported the profitability of banks in the past few quarters, triggering public discussions about savings rates. Strong, safe and profitable banks are important for society as they support economic growth by financing companies and investments, facilitate the payment system and help prevent financial crime. We remain focused on fulfilling our role in society, contributing to the real economy with safe and secure banking and supporting our clients in the transition to a sustainable economy. We recently established a Supervisory Board Sustainability Committee responsible for supervising sustainability aspects of our strategy and policies, including our climate strategy. We are still making steady progress on the execution of our climate strategy and will communicate the second wave of carbon reduction targets for next sectors in our annual report, to be published in March 2024.

We look forward to appointing Ferdinand Vaandrager as our Chief Financial Officer and Ton van Nimwegen as our Chief Operations Officer after the close of our extraordinary general meeting next week. Tanja Cuppen, our Chief Risk Officer, has informed us that she will not be available for a third term and will leave the bank in April 2024.

I am pleased that the Dutch government's stake in ABN AMRO is now below 50%. We have made huge strides with the bank since 2010. We are now a stable bank with a strong focus on clients' interests, laying a healthy foundation for further reduction of the State's shareholding. I am honoured by the trust the Supervisory Board has placed in me and by the opportunity to lead this great bank for another four years. I am proud of what we, together with all our colleagues, have achieved for all our stakeholders. I would like to thank our clients and our people foremost for their unwavering commitment as we continue our journey as a personal bank in the digital age.

Robert Swaak
CEO of ABN AMRO Bank N.V.

Financial review

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

Results

Operating results

(in millions)	Q3 2023	Q3 2022	Change	Q2 2023	Change	Nine months 2023	Nine months 2022	Change
Net interest income	1,533	1,276	20%	1,622	-5%	4,775	3,859	24%
Net fee and commission income	442	441		444	-1%	1,330	1,336	
Other operating income	237	446	-47%	157	51%	472	785	-40%
Operating income	**2,211**	**2,162**	**2%**	**2,223**	**-1%**	**6,577**	**5,979**	**10%**
Personnel expenses	627	605	4%	612	3%	1,845	1,824	1%
Other expenses	601	649	-7%	525	14%	1,926	2,259	-15%
Operating expenses	**1,228**	**1,254**	**-2%**	**1,137**	**8%**	**3,771**	**4,082**	**-8%**
Operating result	**983**	**908**	**8%**	**1,086**	**-9%**	**2,806**	**1,897**	**48%**
Impairment charges on financial instruments	-21	7		-69	69%	-76	7	
Profit/(loss) before taxation	**1,004**	**902**	**11%**	**1,155**	**-13%**	**2,881**	**1,890**	**52%**
Income tax expense	246	159	55%	285	-14%	730	377	94%
Profit/(loss) for the period	**759**	**743**	**2%**	**870**	**-13%**	**2,151**	**1,513**	**42%**
Attributable to:								
Owners of the parent company	759	743	2%	870	-13%	2,151	1,513	42%
Other indicators								
Net interest margin (NIM) (in bps)	154	119		159		159	122	
Cost/income ratio	55.5%	58.0%		51.1%		57.3%	68.3%	
Cost of risk (in bps) [1]		1		-10		-2	1	
Return on average equity [2]	13.6%	13.9%		16.2%		13.1%	9.4%	
Earnings per share (in EUR) [3,4]	0.85	0.80		0.98		2.38	1.59	
Client assets (end of period, in billions)	309.0	292.6		312.6				
Risk-weighted assets (end of period, in billions)	136.6	131.0		134.5				
Number of internal employees (end of period, in FTEs)	20,513	20,128		20,153				
Number of external employees (end of period, in FTEs)	4,231	5,207		4,296				

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 Q3 2023, the average number of outstanding shares amounted to 865,575,379. (Q2 2023: 866,005,715; for the year 2022: 907,707,706).

Large incidentals

Q3 2022 & Q2 2023
Provision for variable interest compensation

In Q3 2022 the provision for client compensation was raised by EUR 110 million (recorded in net interest income) and by EUR 12 million for additional handling costs (recorded in other expenses).
In Q2 2023, the provision update resulted in a release of EUR 18 million from net interest income and a EUR 20 million addition for handling costs to other expenses. All items were recorded at Personal & Business Banking.

Additional TLTRO discount

Q3 2022 included EUR 44 million in net interest income for an additional TLTRO discount.

Release from EURIBOR provision

In Q3 2022, an amount of EUR 28 million was released from net interest income for the EURIBOR provision, mainly at Personal & Business Banking.

Sales gains

Q3 2022 included a profit of EUR 42 million for the sale of ABN AMRO's life insurance business to NN Group, EUR 73 million for the sale of ABN AMRO Pensioeninstelling to Achmea and EUR 60 million for the divestment of the bank's stake in MP Solar. All profits (EUR 175 million) were recorded in other operating income at Personal & Business Banking, Wealth Management and Corporate Banking respectively.

Third-quarter 2023 results

Net interest income (NII) amounted to EUR 1,533 million in Q3 2023 (Q3 2022: EUR 1,276 million). Excluding large incidentals, NII increased by EUR 219 million compared with Q3 2022, mostly due to higher deposit margins recorded in all client units.

In comparison with Q2 2023, net interest income (excluding large incidentals) came down by EUR 71 million as deposit margins declined due to rising interest rates on savings accounts and deposit volumes flowing from current accounts and demand deposits to time deposits. NII also declined due to lower results at Global Markets (mainly hedge related, offset at other income) and asset margin pressure.

The net interest margin amounted to 154bps in Q3 2023 (Q3 2022: 119bps) due to a significant rise in interest income, while the average amount of total assets on the balance sheet decreased after the TLTRO-funded loans had been fully repaid.

Net fee and commission income was stable at EUR 442 million in Q3 2023 (Q3 2022: EUR 441 million). Growth recorded in Personal & Business Banking due to higher transaction and payment volumes was nearly fully offset by lower fees in Corporate Banking, where fees on payment services and corporate finance declined. Compared with the previous quarter, fees were nearly stable.

Other operating income totalled EUR 237 million in Q3 2023 (Q3 2022: EUR 446 million). Excluding large incidentals, the decrease in other operating income amounted to EUR 34 million, mainly due to a decline in volatile items, offset by gains on the sale of an associate company and the sale and leaseback of an office building. Volatile items were down by EUR 88 million in comparison with Q3 2022 and included lower asset and liability management results at Treasury (EUR 21 million in Q3 2023 versus EUR 104 million in Q3 2022), lower CVA/DVA/FVA[1] results (EUR 17 million in Q3 2023 versus EUR 27 million in Q3 2022) and higher equity participation results (EUR 12 million in Q3 2023 versus EUR 7 million in Q3 2022).

Compared with Q2 2023, other operating income increased by EUR 80 million, partly due to volatile items: EUR 32 million higher asset and liability management results at Treasury and EUR 14 million higher CVA/DVA/FVA, which were partly offset by EUR 24 million lower equity participation results. The remainder is mainly explained by gains on the sale of an associate company and the sale and leaseback of an office building, followed by higher hedge related results (at Global Markets) offsetting NII.

Personnel expenses totalled EUR 627 million in Q3 2023 (Q3 2022: EUR 605 million). The EUR 22 million increase was mainly related to a wage increase as part of the collective labour agreement (CLA) and, to a lesser extent, an increase in FTEs.

Compared with Q2 2023, personnel expenses increased by EUR 15 million, mainly due to the 2.5% CLA salary increase in the Netherlands that took effect on 1 July 2023.

Internal FTEs numbered 20,513 FTE in Q3 2023, an increase of 385 FTE on Q3 2022. The increase is largely explained by additional resources related to IT and customer care. Compared with Q2 2023, the number of FTEs grew by 360 FTE across all client units and functions departments.

Other expenses amounted to EUR 601 million in Q3 2023 (Q3 2022: EUR 649 million). Excluding large incidentals and regulatory levies, other expenses decreased by EUR 48 million, mainly reflecting a decline in external staffing expenses as progress is being made on our AML remediation activities and, to a lesser extent, lower costs were incurred for marketing this quarter.

Compared with Q2 2023, excluding large incidentals and regulatory levies, other expenses grew by EUR 11 million, mainly due to an increase in external staffing costs.

Impairment charges showed a release of EUR 21 million (Q3 2022: EUR 7 million additions) predominantly due to releases recorded for corporate loans in stages 2 and 3, partly offset by impairment charges for mortgage loans (mainly caused by an increased management overlay for interest-only mortgages).

Income tax expenses were EUR 246 million in Q3 2023 (Q3 2022: EUR 159 million), resulting in an effective tax rate of 24.5%, which is lower than the Dutch corporate income tax rate of 25.8%. The difference is mainly explained by tax exempted income from equity participations, partly offset by the impact of non-deductible interest resulting from Dutch "thin capitalisation" rules for banks, which increased in line with rising interest rates.

Profit attributable to owners of the parent company amounted to EUR 759 million in Q3 2023 (Q3 2022: EUR 743 million). Excluding payments attributable to AT1 instruments, this amount was EUR 736 million in Q3 2023 (Q3 2022: EUR 720 million).

RWA increased by EUR 2.1 billion in Q3 2023, mainly related to credit risk RWA as a result of model updates following from the ongoing review of our models, partly offset by business developments and other risk parameters.

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

Balance sheet

Condensed consolidated statement of financial position

(in millions)	30 September 2023	30 June 2023	31 December 2022
Cash and balances at central banks	60,026	63,315	60,865
Financial assets held for trading	1,739	1,711	907
Derivatives	5,937	5,109	5,212
Financial investments	37,806	38,449	39,034
Securities financing	35,089	33,956	20,032
Loans and advances banks	3,734	3,287	2,982
Loans and advances customers	247,494	248,605	243,927
Other	7,689	8,953	6,622
Total assets	**399,514**	**403,384**	**379,581**
Financial liabilities held for trading	978	1,346	641
Derivatives	4,415	4,019	4,148
Securities financing	20,962	23,500	9,652
Due to banks	9,108	8,208	17,509
Due to customers	261,008	259,975	255,015
Issued debt	66,499	69,289	56,259
Subordinated liabilities	5,499	5,424	7,290
Other	7,423	8,576	6,253
Total liabilities	**375,893**	**380,337**	**356,767**
Equity attributable to the owners of the parent company	23,618	23,044	22,812
Equity attributable to non-controlling interests	3	3	2
Total equity	**23,621**	**23,047**	**22,814**
Total liabilities and equity	**399,514**	**403,384**	**379,581**
Committed credit facilities	50,727	55,091	53,873
Guarantees and other commitments	6,219	6,330	7,651

Main developments in total assets compared with 30 June 2023

Total assets decreased by EUR 3.9 billion, totalling EUR 399.5 billion at 30 September 2023, mainly due to a decline in cash and balances at central banks, followed by a decline in loans and advances to customers, and other assets.

Cash and balances at central banks decreased by EUR 3.3 billion to EUR 60.0 billion at 30 September 2023, mainly due to a decrease in amounts outstanding at the Dutch central bank (DNB).

Loans and advances customers decreased by EUR 1.1 billion, totalling EUR 247.5 billion at 30 September 2023. This decrease was mainly driven by a lower fair value adjustment from hedge accounting on residential mortgages and lower professional loans, which was partly offset by an increase in client loans.

Client loans increased by EUR 0.3 billion to EUR 240.4 billion at 30 September 2023. This slight increase mainly reflected an increase in corporate loans at CB core and residential mortgages, partly offset by lower consumer loans.

Loans to professional counterparties and other loans decreased by EUR 0.5 billion, totalling EUR 18.2 billion, mainly due to lower lending volumes in Clearing.

Other assets went down by EUR 1.3 billion to EUR 7.7 billion at 30 September 2023, mainly due to a decrease in securities transactions pending settlement.

Loans and advances customers

(in millions)	30 September 2023	30 June 2023	31 December 2022
Residential mortgages	151,154	150,706	150,762
Consumer loans	9,562	9,876	10,232
Corporate loans to clients [1]	79,700	79,493	79,085
- of which Personal & Business Banking	*8,621*	*8,691*	*8,962*
- of which Corporate Banking	*65,089*	*64,671*	*63,886*
- of which Corporate Banking - core	*64,662*	*64,131*	*62,734*
- of which Corporate Banking - non-core	*427*	*540*	*1,152*
Total client loans [2]	**240,416**	**240,075**	**240,079**
Loans to professional counterparties and other loans [2,3]	18,192	18,659	15,209
Total loans and advances customers, gross [2]	**258,608**	**258,734**	**255,288**
Fair value adjustments from hedge accounting	-9,398	-8,360	-9,335
Total loans and advances customers, gross	**249,209**	**250,374**	**245,953**
Loan impairment allowances	1,716	1,768	2,026
- of which Corporate Banking - non-core	*119*	*168*	*225*
Total loans and advances customers	**247,494**	**248,605**	**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 June 2023

Total liabilities decreased by EUR 4.4 billion to EUR 375.9 billion at 30 September 2023, mainly driven by a decrease in issued debt securities, securities financing and other liabilities, partly offset by an increase in amounts due to customers.

Due to customers increased by EUR 1.0 billion, totalling EUR 261.0 billion at 30 September 2023. This was caused by an increase in professional deposits by EUR 4.6 billion, which was partly offset by a decrease of EUR 3.6 billion in client deposits.

Client deposits decreased by EUR 3.6 billion compared with 30 June 2023, mainly in Corporate Banking. This decrease was largely offset by an increase in term deposits (professional deposits in Global Markets). A migration from current accounts and demand deposits to time deposits was also noticeable in Wealth Management client deposits.

Professional deposits increased to EUR 37.3 billion at 30 September 2023, spread across Treasury, Global Markets and Clearing.

Issued debt decreased by EUR 2.8 billion to EUR 66.5 billion due to a net decrease in both long- and short-term funding. At 30 September 2023, issued debt included EUR 22.1 billion in covered bonds, EUR 13.4 billion in senior preferred funding, EUR 14.6 billion in senior non-preferred funding and EUR 16.4 billion in commercial paper and certificates of deposit. EUR 4.6 billion in outstanding long-term funding and EUR 16.4 billion in outstanding short-term funding matures within 12 months.

Securities financing liabilities decreased by EUR 2.5 billion to EUR 21.0 billion at 30 September 2023, reflecting a seasonal pattern.

Other liabilities went down by EUR 1.2 billion to EUR7.4 billion at 30 September 2023, mainly due to a decline in securities transactions pending settlement.

Total equity increased by EUR 0.6 billion to EUR 23.6 billion at 30 September 2023. This increase was mainly attributable to the inclusion of the profit for the period and higher other comprehensive income, partly offset by the interim dividend pay-out (40% of the reported H1 net profit). Moreover, the shares repurchased in previous quarters in line with the share buyback programme were cancelled in Q3 - this does not impact total equity, but is a shift in line items.

Equity attributable to owners of the parent company amounted to EUR 23.6 billion as at 30 September 2023 (30 June 2023: EUR 23.0 billion). Excluding AT1 securities, it increased by EUR 0.6 billion to EUR 21.6 billion at 30 September 2023, resulting in a book value of EUR 24.99 per share, based on 865,575,379 outstanding shares.

(in millions)	30 September 2023	30 June 2023	31 December 2022
Client deposits			
Current accounts	89,593	96,813	113,305
Demand deposits	99,968	101,456	100,396
Time deposits	34,054	28,933	17,147
Other client deposits	90	92	123
Total Client deposits	**223,705**	**227,293**	**230,971**
Professional deposits			
Current accounts	9,225	8,012	8,725
Time deposits	25,271	22,520	12,949
Other professional deposits	2,807	2,150	2,369
Total Professional deposits	**37,303**	**32,682**	**24,043**
Due to customers	**261,008**	**259,975**	**255,015**

Results **by segment**

Personal & Business Banking

Highlights

- Net interest income was substantially higher in Q3 2023, totalling EUR 819 million, largely due to higher deposit margins and volumes.
- Our market share of new production in residential mortgages was 15% in Q3 2023 (Q3 2022: 19% and Q2 2023: 14%), reflecting strong competition and our focus on sustainable margins.
- Net fee and commission income increased on the back of higher transaction volumes (mainly at ICS) and payment volumes.
- Operating expenses excluding incidentals decreased in comparison with Q3 2022, mainly due to lower external staff expenses (due to a reduction of external FTEs) and lower charges from Group Functions.
- Loan impairments showed an addition of EUR 7 million, mainly caused by an increase in the management overlay for interest-only mortgages.

Operating results

(in millions)	Q3 2023	Q3 2022	Change	Q2 2023	Change	Nine months 2023	Nine months 2022	Change
Net interest income	819	620	32%	845	-3%	2,473	1,942	27%
Net fee and commission income	150	137	9%	130	15%	412	389	6%
Other operating income	42	50	-15%	33	28%	70	57	23%
Operating income	**1,010**	**807**	**25%**	**1,008**		**2,955**	**2,387**	**24%**
Personnel expenses	119	113	6%	116	2%	349	349	
Other expenses	509	574	-11%	449	13%	1,502	1,654	-9%
Operating expenses	**628**	**687**	**-9%**	**565**	**11%**	**1,851**	**2,003**	**-8%**
Operating result	**383**	**120**		**442**	**-13%**	**1,103**	**384**	
Impairment charges on financial instruments	7	55	-87%	-56		-48	79	
Profit/(loss) before taxation	**375**	**65**		**498**	**-25%**	**1,151**	**304**	
Income tax expense	87	4		127	-32%	284	65	
Profit/(loss) for the period	**289**	**60**		**372**	**-22%**	**866**	**240**	
Cost/income ratio	62.1%	85.1%		56.1%		62.7%	83.9%	
Cost of risk (in bps) [1]	3	12		-14		-3	7	
Other indicators								
Loans and advances customers (end of period, in billions)	157.6	158.1		157.4				
-of which Client loans (end of period, in billions) [2]	*158.1*	*158.8*		*157.9*				
Due to customers (end of period, in billions)	122.9	120.6		123.9				
Risk-weighted assets (end of period, in billions)	39.5	39.8		38.9				
Number of internal employees (end of period, in FTEs)	4,485	4,450		4,400				
Total client assets (end of period, in billions)	100.9	97.5		102.0				
- of which Cash	*90.1*	*87.2*		*90.8*				
- of which Securities	*10.9*	*10.3*		*11.2*				

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

Wealth Management

Highlights

- In Q3 2023 we continued to see our NII impacted by deposit volume flowing from current accounts and demand deposits to time deposits, on the back of increased interest on savings accounts.
- Operating expenses decreased by EUR 8 million compared with Q3 2022, mainly due to lower charges from Group Functions.
- Client assets decreased by EUR 2.6 billion compared with Q2 2023, mainly in custody, while net new assets in Q3 2023 increased by EUR 1.9 billion, mostly in cash and to a lesser extent in securities.

Operating results

(in millions)	Q3 2023	Q3 2022	Change	Q2 2023	Change	Nine months 2023	Nine months 2022	Change
Net interest income	235	207	14%	254	-7%	749	537	39%
Net fee and commission income	143	143		146	-2%	439	453	-3%
Other operating income	11	84	-87%	9	23%	23	104	-78%
Operating income	**389**	**434**	**-10%**	**409**	**-5%**	**1,210**	**1,095**	**11%**
Personnel expenses	103	98	5%	101	1%	305	285	7%
Other expenses	151	164	-8%	141	7%	451	468	-4%
Operating expenses	**254**	**262**	**-3%**	**243**	**5%**	**756**	**753**	
Operating result	**135**	**172**	**-21%**	**167**	**-19%**	**455**	**342**	**33%**
Impairment charges on financial instruments		10	-96%	-12		-12	15	
Profit/(loss) before taxation	**135**	**162**	**-17%**	**178**	**-24%**	**467**	**326**	**43%**
Income tax expense	37	23	62%	44	-15%	123	68	80%
Profit/(loss) for the period	**98**	**139**	**-30%**	**135**	**-27%**	**344**	**258**	**33%**
Cost/income ratio	65.2%	60.4%		59.3%		62.4%	68.8%	
Cost of risk (in bps) [1]	2	16		-24		-9	10	
Other indicators								
Loans and advances customers (end of period, in billions)	16.6	16.7		16.9				
-of which Client loans (end of period, in billions) [2]	*16.7*	*16.8*		*17.0*				
Due to customers (end of period, in billions)	64.5	64.5		64.5				
Risk-weighted assets (end of period, in billions)	10.9	10.7		11.3				
Number of internal employees (end of period, in FTEs)	2,890	2,893		2,829				
Total client assets (end of period, in billions)	208.0	195.1		210.6				
- of which Cash	*64.5*	*64.5*		*64.4*				
- of which Securities	*143.5*	*130.6*		*146.2*				
Net new assets (for the period, in billions)	1.9			-0.8		1.4	2.8	

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

Corporate Banking

Highlights

- Net interest income decreased compared with the previous quarter, mainly due to lower Global Markets results and, to a lesser extent, lower asset margins.
- Net fee and commission income in Q2 2023 was lower, due to the CB non-core one-off fee booked in that quarter.
- Operating expenses came down by EUR 11 million compared with Q3 2022, due to lower charges from Group Functions.
- Impairment charges showed a release of EUR 29 million, largely attributable to the improved performance of the existing defaulted portfolio.

Operating results

(in millions)	Q3 2023	Q3 2022	Change	Q2 2023	Change	Nine months 2023	Nine months 2022	Change
Net interest income	520	540	-4%	559	-7%	1,621	1,550	5%
Net fee and commission income	156	166	-6%	176	-11%	503	512	-2%
Other operating income	146	179	-19%	124	18%	386	367	5%
Operating income	**822**	**885**	**-7%**	**859**	**-4%**	**2,510**	**2,429**	**3%**
Personnel expenses	148	149	-1%	143	3%	434	451	-4%
Other expenses	244	254	-4%	175	40%	757	839	-10%
Operating expenses	**392**	**403**	**-3%**	**318**	**23%**	**1,191**	**1,290**	**-8%**
Operating result	**430**	**482**	**-11%**	**541**	**-21%**	**1,319**	**1,139**	**16%**
Impairment charges on financial instruments	-29	-58	51%	-2		-16	-92	83%
Profit/(loss) before taxation	**458**	**540**	**-15%**	**543**	**-16%**	**1,335**	**1,230**	**9%**
Income tax expense	111	115	-4%	116	-5%	314	274	15%
Profit/(loss) for the period	**347**	**425**	**-18%**	**427**	**-19%**	**1,021**	**956**	**7%**
Cost/income ratio	47.7%	45.5%		37.0%		47.4%	53.1%	
Cost of risk (in bps) [1]	-4	-22				2	-10	
Other indicators								
Loans and advances customers (end of period, in billions)	81.7	94.7		81.8				
-of which Client loans (end of period, in billions) [2]	*65.6*	*67.2*		*65.2*				
Due to customers (end of period, in billions)	57.3	73.9		56.9				
-of which Client deposits (end of period, in billions)	*36.3*	*43.0*		*39.0*				
-of which Professional deposits (end of period, in billions)	*21.0*	*30.9*		*18.0*				
Risk-weighted assets (end of period, in billions)	75.5	75.4		77.1				
Number of internal employees (end of period, in FTEs)	3,781	3,753		3,701				

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

Core

(in millions)	Q3 2023	Q3 2022	Change	Q2 2023	Change	Nine months 2023	Nine months 2022	Change
Net interest income	513	523	-2%	554	-7%	1,606	1,497	7%
Net fee and commission income	154	164	-6%	152	1%	475	502	-6%
Other operating income	141	177	-21%	110	28%	370	357	4%
Operating income	**807**	**864**	**-7%**	**816**	**-1%**	**2,451**	**2,356**	**4%**
Personnel expenses	137	126	9%	133	3%	396	374	6%
Other expenses	235	238	-1%	171	37%	731	782	-7%
Operating expenses	**372**	**364**	**2%**	**304**	**22%**	**1,127**	**1,156**	**-3%**
Operating result	**436**	**500**	**-13%**	**512**	**-15%**	**1,324**	**1,200**	**10%**
Impairment charges on financial instruments	-12	-12	1%	42		31	-10	
Profit/(loss) before taxation	**448**	**512**	**-13%**	**471**	**-5%**	**1,293**	**1,210**	**7%**
Income tax expense	112	105	6%	113	-2%	316	269	18%
Profit/(loss) for the period	**336**	**407**	**-17%**	**357**	**-6%**	**978**	**941**	**4%**
Cost/income ratio	46.0%	42.1%		37.2%		46.0%	49.1%	
Cost of risk (in bps) [1]	4	-10		19		10	-1	
Other indicators								
Loans and advances customers (end of period, in billions)	81.4	93.4		81.5				
-of which Client loans (end of period, in billions) [2]	*65.2*	*65.6*		*64.7*				
Risk-weighted assets (end of period, in billions)	74.8	73.0		76.3				
Number of internal employees (end of period, in FTEs)	3,642	3,502		3,517				

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)	Q3 2023	Q3 2022	Change	Q2 2023	Change	Nine months 2023	Nine months 2022	Change
Net interest income	7	17	-60%	4	57%	15	53	-72%
Net fee and commission income	3	2	40%	24	-88%	29	10	
Other operating income	5	2		14	-65%	16	10	62%
Operating income	**15**	**21**	**-30%**	**43**	**-65%**	**59**	**72**	**-18%**
Personnel expenses	11	23	-52%	10	8%	37	77	-52%
Other expenses	10	16	-39%	4	141%	27	57	-53%
Operating expenses	**21**	**39**	**-47%**	**14**	**46%**	**64**	**134**	**-52%**
Operating result	**-6**	**-18**	**67%**	**29**		**-5**	**-62**	**92%**
Impairment charges on financial instruments	-17	-46	64%	-44	62%	-47	-82	43%
Profit/(loss) before taxation	**11**	**28**	**-62%**	**72**	**-85%**	**42**	**20**	**107%**
Income tax expense	-1	10		3		-1	5	
Profit/(loss) for the period	**11**	**18**	**-37%**	**69**	**-83%**	**43**	**15**	
Cost/income ratio	139.4%	184.4%		33.1%		108.5%	185.3%	
Cost of risk (in bps) [1]	-1,315	-700		-2,340		-850	-436	
Other indicators								
Loans and advances customers (end of period, in billions)	0.3	1.3		0.4				
-of which Client loans (end of period, in billions) [2]	*0.4*	*1.6*		*0.5*				
Risk-weighted assets (end of period, in billions)	0.7	2.4		0.8				
Number of internal employees (end of period, in FTEs)	139	250		184				

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 remained stable compared with Q2 2023 and increased compared with Q3 2022, mainly due to lower treasury results last year.
- Personnel expenses increased compared with Q3 2022, mainly due to a rise in internal FTEs (related to IT and customer care) and a 2.5% CLA salary increase that took effect on 1 July 2023.
- Loans and advances to customers totalled EUR 8.4 billion negative, mainly due to negative fair value adjustments for hedge accounting resulting from the sharp increase in long-term interest rates.

Operating results

(in millions)	Q3 2023	Q3 2022	Change	Q2 2023	Change	Nine months 2023	Nine months 2022	Change
Net interest income	-41	-92	55%	-36	-14%	-68	-170	60%
Net fee and commission income	-8	-6	-34%	-8	7%	-24	-18	-30%
Other operating income	39	134	-71%	-8		-7	258	
Operating income	**-10**	**36**		**-53**	**81%**	**-98**	**69**	
Personnel expenses	258	246	5%	251	3%	757	739	2%
Other expenses	-303	-344	12%	-240	-26%	-784	-703	-12%
Operating expenses	**-45**	**-98**	**54%**	**11**		**-27**	**36**	
Operating result	**35**	**134**	**-74%**	**-64**		**-71**	**33**	
Impairment charges on financial instruments				1			3	
Profit/(loss) before taxation	**36**	**134**	**-74%**	**-65**		**-71**	**30**	
Income tax expense	11	16	-31%	-2		8	-29	
Profit/(loss) for the period	**25**	**118**	**-79%**	**-63**		**-80**	**59**	
Other indicators								
Securities financing - assets (end of period, in billions)	24.0	21.6		24.4				
Loans and advances customers (end of period, in billions)	-8.4	-8.5		-7.4				
Securities financing - liabilities (end of period, in billions)	20.4	17.4		23.1				
Due to customers (end of period, in billions)	16.3	14.9		14.7				
-of which Professional deposits (end of period, in billions)	*16.3*	*14.9*		*14.7*				
Risk-weighted assets (end of period, in billions)	10.7	5.0		7.2				
Number of internal employees (end of period, in FTEs)	9,357	9,032		9,224				

Additional financial information

Selected financial information

Condensed consolidated income statement

(in millions)	Q3 2023	Q3 2022	Q2 2023	Nine months 2023	Nine months 2022
Income					
Interest income calculated using the effective interest method	4,169	1,849	3,946	11,458	5,151
Other interest and similar income	79	55	96	237	166
Interest expense calculated using the effective interest method	2,690	613	2,402	6,863	1,413
Other interest and similar expense	25	16	18	58	46
Net interest income	**1,533**	**1,276**	**1,622**	**4,775**	**3,859**
Fee and commission income	566	561	568	1,700	1,707
Fee and commission expense	124	120	123	370	372
Net fee and commission income	**442**	**441**	**444**	**1,330**	**1,336**
Income from other operating activities	164	325	117	333	588
Expenses from other operating activities	27	30	28	83	97
Net income from other operating activities	**137**	**294**	**89**	**249**	**491**
Net trading income	94	81	48	196	199
Share of result of equity-accounted investments	6	70	25	34	89
Net gains/(losses) on derecognition of financial assets measured at amortised cost	1	1	-5	-7	6
Operating income	**2,211**	**2,162**	**2,223**	**6,577**	**5,979**
Expenses					
Personnel expenses	627	605	612	1,845	1,824
General and administrative expenses	559	605	481	1,799	2,130
Depreciation, amortisation and impairment losses of tangible and intangible assets	42	44	44	128	129
Operating expenses	**1,228**	**1,254**	**1,137**	**3,771**	**4,082**
Impairment charges on financial instruments	-21	7	-69	-76	7
Total expenses	**1,207**	**1,261**	**1,068**	**3,695**	**4,089**
Profit/(loss) before taxation	**1,004**	**902**	**1,155**	**2,881**	**1,890**
Income tax expense	246	159	285	730	377
Profit/(loss) for the period	**759**	**743**	**870**	**2,151**	**1,513**
Attributable to:					
Owners of the parent company	759	743	870	2,151	1,513

Condensed consolidated statement of comprehensive income

(in millions)		Q3 2023		Q3 2022		Q2 2023
Profit/(loss) for the period		**759**		**743**		**870**
Other comprehensive income:						
Items that will not be reclassified to the income statement						
Remeasurement gains/(losses) on defined benefit plans				3		
Gains/(losses) on liability own credit risk		1				1
Items that will not be reclassified to the income statement before taxation		**1**		**4**		**1**
Income tax relating to items that will not be reclassified to the income statement				1		
Items that will not be reclassified to the income statement after taxation		**1**		**3**		
Items that may be reclassified to the income statement						
Net gains/(losses) currency translation reserve	34		66		-7	
Less: Reclassification currency translation reserve through the income statement	3		3		6	
Net gains/(losses) currency translation reserve through OCI		31		64		-13
Net gains/(losses) fair value reserve through OCI		-97		38		-1
Net gains/(losses) cash flow hedge reserve	537		-380		61	
Less: Reclassification cash flow hedge reserve through the income statement	-40		-9		-35	
Net gains/(losses) cash flow hedge reserve through OCI		577		-371		97
Net gains/(losses) share of other comprehensive income of associates	-1		-23		9	
Less: Reclassification share of other comprehensive income of associates through the income statement			7			
Share of other comprehensive income of associates		-1		-30		9
Items that may be reclassified to the income statement before taxation		**509**		**-298**		**91**
Income tax relating to items that may be reclassified to the income statement		124		-86		25
Items that may be reclassified to the income statement after taxation		**385**		**-212**		**67**
Total comprehensive income/(expense) for the period after taxation		**1,144**		**533**		**937**
Attributable to:						
Owners of the parent company		1,144		533		937

Condensed consolidated statement of changes in equity

(in millions)	Share capital	Share premium	Other reserves including retained earnings	Accumu-lated other compre-hensive 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 July 2022	**940**	**12,970**	**6,224**	**- 366**	**770**	**1,985**	**22,523**	**5**	**22,528**
Total comprehensive income				- 210	743		533		533
Dividend			- 287				- 287	- 3	- 290
Decrease of capital						- 1	- 1		- 1
Share buy back	- 42	- 441	484						
Paid interest on AT1 capital securities			- 46				- 46		- 46
Balance at 30 September 2022	**898**	**12,529**	**6,375**	**- 576**	**1,513**	**1,984**	**22,723**	**2**	**22,725**
Balance at 1 July 2023	**898**	**12,529**	**6,942**	**-703**	**1,393**	**1,985**	**23,044**	**3**	**23,047**
Total comprehensive income				386	759		1,144		1,144
Dividend			-537				-537		-537
Increase of capital						2	2		2
Share buyback	-32	-337	369						
Paid interest on AT1 capital securities			-46				-46		-46
Other changes in equity [1]			10				10		10
Balance at 30 September 2023	**866**	**12,192**	**6,739**	**- 317**	**2,151**	**1,987**	**23,618**	**3**	**23,621**

[1] Including reversal of EUR 10 million transaction costs related to the share buyback.

Risk developments

Key figures

(in millions)	30 September 2023	30 June 2023	31 December 2022
Total loans and advances, gross carrying amount[1,2]	**261,377**	**261,023**	**258,212**
- of which Banks	*3,740*	*3,293*	*2,990*
- of which Residential mortgages[1]	*151,154*	*150,706*	*150,762*
- of which Consumer loans[2]	*8,654*	*8,928*	*10,232*
- of which Corporate loans[1,2]	*90,644*	*91,885*	*86,731*
- of which Other loans and advances customers[2]	*7,185*	*6,211*	*7,497*
Total Exposure at Default (EAD)	**392,075**	**396,602**	**391,065**
Credit quality indicators[2]			
Forbearance ratio	2.2%	2.4%	2.7%
Past due ratio	1.0%	0.7%	0.8%
Stage 2 ratio	9.1%	9.5%	9.4%
Stage 2 coverage ratio	1.3%	1.3%	1.7%
Stage 3 ratio[3]	1.8%	1.9%	2.0%
Stage 3 coverage ratio[3]	23.5%	23.8%	25.6%
Regulatory capital			
Total RWA	136,570	134,487	128,593
- of which Credit risk[4]	*118,914*	*116,831*	*110,621*
- of which Operational risk	*15,465*	*15,489*	*15,967*
- of which Market risk	*2,191*	*2,166*	*2,005*
Total RWA/total EAD	34.8%	33.9%	32.9%
Mortgage indicators			
Exposure at Default[5]	155,264	156,320	155,608
- of which mortgages with Nationale Hypotheek Garantie (NHG)	*29,467*	*29,248*	*29,474*
Risk-weighted assets (Credit risk)[5]	23,937	23,422	22,574
RWA/EAD	15.4%	15.0%	14.5%
Average Loan-to-Market-Value	58%	57%	54%
Average Loan-to-Market-Value - excluding NHG loans	59%	58%	54%

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

In Q3 2023, total loans and advances went up marginally to EUR 261.4 billion (Q2 2023: EUR 261.0 billion). The largest increase was recorded for other loans (EUR 1.0 billion), followed by a rise in residential mortgages (EUR 0.4 billion) and loans to banks (EUR 0.4 billion). This increase was offset by a modest decrease in corporate loans (EUR 1.2 billion) and consumer loans (EUR 0.3 billion).

The increase in other loans was mostly related to higher margin requirements and default contributions that had to be placed at the central counterparty clearing houses (CCPs) on behalf of our Clearing clients, as a result of the increased market volatility. The decrease in corporate loans mainly resulted from lower usage of credit lines by Clearing clients in Q3 2023.

Corporate Banking's non-core portfolio decreased to EUR 0.4 billion (Q2 2023: EUR 0.5 billion). Approximately EUR 0.2 billion of this portfolio was classified as stage 3 (Q2 2023: EUR 0.3 billion).

Exposure at Default

The exposure at default (EAD) decreased by EUR 4.5 billion to EUR 392.1 billion at 30 September 2023. This was mainly due to a decrease in outstanding loans with the Dutch central bank and a lower fair value adjustment from hedge accounting on residential mortgages, partly offset by an increase in loans to clients.

Credit quality indicators

Credit quality remained solid, even though the macroeconomic environment showed some signs of deterioration. The forbearance ratio decreased to 2.2% (30 June 2023: 2.4%) mainly due to a decline in forborne corporate loans. Stage 2 ratio improved from 9.5% to 9.1% as fewer consumer and corporate loans were above the lifetime probability default (LPD) threshold, which is a stage 2 trigger. The past due ratio was higher at 1.0% (30 June 2023: 0.7%). The largest part of the increase was in the 0-30 day bucket. After the reporting period, EUR 0.6 billion past due loans returned to current performing.

Risk-weighted assets

In Q3 2023, RWA increased by EUR 2.1 billion. Credit risk RWA was up as a result of model updates following from the ongoing review of our models, partly offset by business developments and other risk parameters. We are continuing the review of our credit risk RWA models, which may lead to further model updates and RWA add-ons. Operational risk RWA transitioned from the advanced measurement approach (AMA) to the standardised approach (TSA), resulting in a marginal negative impact on the RWA. Market risk RWA remained flat.

Impairment charges & cost of risk

	Q3 2023	Q3 2022	Q2 2023	Nine months 2023	Nine months 2022
Impairment charges on loans and other advances (in EUR million) [1]	-21	7	-69	-76	7
- of which Residential mortgages	*28*	*32*		*31*	*97*
- of which Consumer loans	*6*	*- 2*	*- 8*	*- 10*	*2*
- of which Corporate loans	*- 32*	*- 22*	*- 56*	*- 56*	*- 70*
- of which Off-balance sheet items	*- 23*	*- 2*	*- 4*	*- 36*	*- 17*
Cost of risk (in bps) [2,3]		1	-10	-2	1
- of which Residential mortgages	*7*	*9*		*3*	*9*
- of which Consumer loans	*29*	*- 6*	*- 34*	*- 14*	*2*
- of which Corporate loans	*- 14*	*- 10*	*- 25*	*- 8*	*- 10*

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 Q3 2023, we recorded a release of impairments of EUR 21 million (Q3 2022: EUR 7 million addition), resulting in a cost of risk of 0bps (Q3 2022: 1bps). Impairment releases were recorded for corporate loans in stage 2 and 3, partly offset by impairment charges for mortgage loans. The charges in residential mortgages were mainly caused by an increase of EUR 26 million in the management overlay for interest only mortgages, as the overlay was applied to a wider range of mortgage loans.

The releases in corporate loans were largely attributable to the improved performance of the existing defaulted portfolio, as observed through repayments, outflow to the performing portfolio and recoveries. There was a small increase of impairments for corporate loans as some of the macro-economic variables deteriorated. The management overlays for the potential second and third-order effects of the war in Ukraine remained in place.

Macroeconomic scenarios

Economies in the eurozone and the Netherlands showed mixed signs of recession and resilience in the third quarter. Inflation has been on a declining trend, but prices are still elevated. The unemployment rate is expected to rise in the eurozone and to some extent also in the Netherlands, where the labour market is still tight from a historical perspective. The fall of the Dutch government will likely constrain government spending for the remainder of 2023 and lead to delays in critical policy areas. In our base case scenario, the Dutch economy will grow less in 2023 than in 2022. Residential real estate prices are expected to bottom out and show a rebound in 2024. The scenario used for ECL calculations on 30 September reflects the expectations of our economists per end of August 2023. Economic developments that took place after that date will be reflected in our ECL calculation of the fourth quarter. The scenario weights indicated in the tables below are in place for expected credit loss (ECL) calculation purposes only and are designed to capture prevailing uncertainties in the macroeconomic outlook in our ECL estimate.

ECL scenarios on 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.

ECL scenarios on 30 June 2023

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

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

Coverage and stage ratios

(in millions)	30 September 2023 Gross carrying amount [3]	Allowances for credit losses [4]	Coverage ratio	Stage ratio	30 June 2023 Coverage ratio	Stage ratio	31 December 2022 Coverage ratio	Stage ratio
Stage 1								
Loans and advances banks	**3,703**	**6**	**0.2%**	**99.0%**	**0.2%**	**98.9%**	**0.3%**	**98.8%**
Residential mortgages	138,152	39	0.0%	91.4%	0.0%	91.5%	0.0%	93.2%
Consumer loans [1]	7,834	22	0.3%	90.5%	0.3%	85.9%	0.3%	89.1%
Corporate loans [1]	76,339	225	0.3%	84.2%	0.3%	83.4%	0.4%	79.7%
Other loans and advances customers [1]	7,161		0.0%	99.7%	0.0%	99.6%	0.0%	99.5%
Total loans and advances customers [1]	**229,486**	**285**	**0.1%**	**89.1%**	**0.1%**	**88.6%**	**0.1%**	**88.6%**
Stage 2								
Loans and advances banks	**37**		**0.0%**	**1.0%**	**0.0%**	**1.1%**	**0.0%**	**1.2%**
Residential mortgages	11,774	56	0.5%	7.8%	0.5%	7.7%	0.6%	6.1%
Consumer loans [1]	552	15	2.7%	6.4%	1.4%	11.2%	4.8%	7.3%
Corporate loans [1]	11,063	243	2.2%	12.2%	2.1%	12.9%	2.2%	16.1%
Other loans and advances customers [1]	14	1	4.3%	0.2%	4.0%	0.2%	5.6%	0.5%
Total loans and advances customers [1]	**23,403**	**315**	**1.3%**	**9.1%**	**1.3%**	**9.5%**	**1.7%**	**9.4%**
Stage 3 and POCI [2]								
Loans and advances banks								
Residential mortgages	1,228	94	7.7%	0.8%	7.0%	0.8%	6.6%	0.8%
Consumer loans [1]	268	119	44.3%	3.1%	46.4%	2.9%	58.2%	3.5%
Corporate loans [1]	3,242	901	27.8%	3.6%	28.1%	3.7%	28.2%	4.2%
Other loans and advances customers [1]	10	2	23.1%	0.1%	30.6%	0.1%	83.9%	0.0%
Total loans and advances customers [1]	**4,748**	**1,116**	**23.5%**	**1.8%**	**23.8%**	**1.9%**	**25.6%**	**2.0%**
Total of stages 1, 2, 3 and POCI [2]								
Total loans and advances banks	**3,740**	**6**	**0.2%**		**0.2%**		**0.3%**	
Residential mortgages	151,154	189	0.1%		0.1%		0.1%	
Consumer loans [1]	8,654	156	1.8%		1.8%		2.7%	
Corporate loans [1]	90,644	1,368	1.5%		1.6%		1.8%	
Other loans and advances customers [1]	7,185	3	0.0%		0.1%		0.1%	
Total loans and advances customers [1]	**257,638**	**1,716**	**0.7%**		**0.7%**		**0.8%**	
Total loans and advances [1)]	**261,377**	**1,722**	**0.7%**		**0.7%**		**0.8%**	

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

The stage 2 ratio improved to 9.1% (30 June 2023: 9.5%), due to an improvement of the lifetime probability of default (LPD). The shifts from stage 2 to stage 1 were mainly observed in consumer loans, but to some extent also in corporate loans. Furthermore, the stage 3 ratio came down slightly from 1.9% to 1.8%, due to repayments and recoveries. As a result of these portfolio changes, the stage 3 overall coverage ratio decreased from 23.8% to 23.5%. One exception to that was the stage 3 coverage ratio for residential mortgages, which went up from 7.0% to 7.7% as the impairment overlay for the interest-only mortgage portfolio was raised.

Residential mortgages

Housing market developments

Residential property prices were on the rise in Q3 2023, signaling the end of a downward trend. The rising prices were influenced by high demand amid a falling housing supply. Additionally, wage increases in a tight labour market have also played a role, as they have partly compensated rising interest rates and inflation, resulting in improved borrowing capacity among buyers.

According to the Dutch Land Registry (Kadaster), the number of transactions in Q3 2023 was 10% higher than in Q2 2023 and 6% lower than in Q3 2022. The housing price index published by Statistics Netherlands (CBS) for Q3 2023 was 2% lower than in Q2 2023 and 5% lower than in Q3 2022.

Residential mortgage portfolio insights

New mortgage production amounted to EUR 3.4 billion, a 23% increase compared to Q2 2023 and 44% less than in Q3 2022, mainly as a result of the market cooling down. Mortgage refinancing in particular decreased significantly as a result of interest rate hikes and has remained unattractive given the higher interest rates. Redemptions totalled EUR 3.3 billion, a 4.3% increase compared to Q2 2023 and 24% less than in Q3 2022. ABN AMRO's market share in new mortgage production came to 15% in Q3 2023 (Q2 2023: 14%, Q3 2022: 19%).

In response to the macroeconomic developments, ABN AMRO continued to closely monitor arrears in instalments. The Q3 mortgage arrears ratio rose slightly to 0.7% (Q2 2023: 0.6%).

The average indexed Loan to Market Value (LtMV) increased slightly to 58% (Q2 2023: 57%). The gross carrying amount of mortgages with an LtMV in excess of 100% increased to EUR 7.8 billion, equivalent to 5.2% of total mortgages (30 June 2023: EUR 6.5 billion or 4.3% of total mortgages), mainly due to the previously declining house prices. The indexation of the mortgage portfolio collateral is updated with a delay of one quarter. The total amount of mortgages originated in Q3 2023 with an LtMV in excess of 100% was around EUR 0.7 billion. 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% (up to 106%). The proportion of amortising mortgages increased slightly to 46% in Q3 2023 (Q2 2023: 45%).

Capital management

Regulatory capital structure

(in millions)	30 September 2023	30 June 2023	31 December 2022
Total equity (EU IFRS)	**23,621**	**23,047**	**22,814**
Dividend reserve	-505	-674	-601
AT1 capital securities (EU IFRS)	-1,987	-1,985	-1,985
Share buyback reserve			-500
Regulatory and other adjustments	-585	-337	-221
Common Equity Tier 1	**20,544**	**20,051**	**19,507**
AT1 capital securities (EU IFRS)	1,987	1,985	1,985
Regulatory and other adjustments	-5	-3	-3
Tier 1 capital	**22,526**	**22,033**	**21,489**
Subordinated liabilities (EU IFRS)	5,499	5,424	7,290
Regulatory and other adjustments	-1,044	-935	-1,842
Tier 2 capital	**4,456**	**4,488**	**5,449**
Total regulatory capital	**26,981**	**26,522**	**26,938**
Other MREL eligible liabilities [1]	17,158	15,302	11,827
Total MREL eligible liabilities	**44,139**	**41,824**	**38,765**
Total risk-weighted assets	**136,570**	**134,487**	**128,593**
Exposure measure			
Exposure measure	433,088	436,936	413,525
Capital ratios			
Common Equity Tier 1 ratio	15.0%	14.9%	15.2%
Common Equity Tier 1 ratio (Basel IV) [2]	16%	16%	16%
Tier 1 ratio	16.5%	16.4%	16.7%
Total capital ratio	19.8%	19.7%	20.9%
MREL	32.3%	31.1%	30.1%
Leverage ratio	5.2%	5.0%	5.2%

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

Developments impacting capital ratios

On 30 September 2023, the CET1 ratio under Basel III was 15.0% (30 June 2023: 14.9%). In comparison with Q2 2023, the CET1 ratio was slightly higher as the increase in CET1 capital was partly offset by an increase in RWA. Total RWA increased by EUR 2.1 billion compared to 30 June 2023, mainly reflecting a rise in credit risk RWA due to model updates as part of our ongoing reviews, partly offset by several reductions related to business developments and other risk parameters. CET1 capital increased mainly due to the addition of the Q3 2023 net profit of EUR 759 million, excluding a 50% dividend reservation. All capital ratios were in line with the bank's risk appetite and comfortably above regulatory requirements.

The maximum distributable amount (MDA) trigger level (excluding AT1 shortfall) increased slightly to 10.6% (30 June 2023: 10.5%), mainly due to the increase of the countercyclical capital buffer (CCyB). The Basel III CET1 ratio of 15.0% remained well above the MDA trigger level.

The ECB has notified ABN AMRO Bank, as part of the 2023 Supervisory Review and Evaluation Process (SREP), of the preliminary outcome regarding the capital requirements for 2024. The Pillar 2 requirement is proposed to increase to 2.25% (from 2.00%). Furthermore, the Dutch central bank (DNB) will increase the 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 11.2% at the end of the third quarter of 2023. The reported Basel III CET1 ratio is well above the pro forma MDA trigger level. The bank remains committed to maintaining a significant buffer in excess of its regulatory requirements at all times.

Based on our latest views of the Basel IV EU proposal, the fully-loaded Basel IV CET1 ratio was estimated at around 16% on 30 September 2023. This was comfortably above the 13% target and the 15% threshold for considering share buybacks (subject to conditions and regulatory approval). As announced in the previous quarter, we will provide an update of our capital framework at publication of the Q4 2023 results.

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.

Leverage ratio

The Capital Requirements Regulation (CRR) includes a non-risk-based and binding leverage ratio. The leverage ratio increased to 5.2% as at 30 September 2023 (30 June 2023: 5.0%). This was mainly due to the addition of the retained net profit for Q3 2023, increasing Tier 1 capital, and a decrease in on-balance sheet exposures. The reported leverage ratio remained well above the 3.0% requirement.

MREL

Following the increased CCyB, as of 30 September 2023 our intermediate MREL target was set at 28.0% of Basel III RWA, of which 27.5% must be met by own funds, subordinated instruments and senior non-preferred (SNP) notes. This includes a combined buffer requirement (CBR) of 5.0%. The Single Resolution Board (SRB) has notified ABN AMRO Bank on the preliminary outcome of the MREL requirements for 2024. The proposed MREL requirement for 1 January 2024 is 28.3%, of which 24.7% must be met by own funds, subordinated instruments and SNP notes. This is based on an unchanged CBR.

Based on the eligible liabilities, i.e. own funds, subordinated instruments and SNP notes, the MREL ratio increased to 32.3% as of 30 September 2023 (30 June 2023: 31.1%). The increase was mainly driven by the issuance of in total USD 1.8 billion SNP notes, partly offset by the increase in RWA. Another USD 0.8 billion SNP note was issued on 13 October 2023.

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

About **this report**

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

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

As from 1 January 2023, ABN AMRO has adopted IFRS 17 "Insurance Contracts". IFRS 17 replaces IFRS 4 and includes comprehensive new requirements for the recognition and measurement, presentation and disclosure of insurance contracts.

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

Other information
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 Q3 2023 results.

Enquiries

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Investor call

A conference call for analysts and investors will be hosted by the bank on Wednesday 8 November 2023. To participate in the conference call, we strongly advise analysts and investors to pre-register for the call using the information provided on the ABN AMRO Investor Relations website. More information can be found on our website, abnamro.com/ir.

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

Disclaimer & cautionary statements

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

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

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

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