ABN AMRO Bank N.V.

Integrated Annual Report 2023

ABN·AMRO

Banking for better, for generations to come

Welcome to our 2023 Integrated Annual Report

This integrated report describes our business, strategy and performance over the past year. It also provides an overview of ABN AMRO's system of governance and approach to risk and capital management. Our previous Integrated Annual Report was published in March 2023. The purpose of this report is to explain how, over time, ABN AMRO creates value for its stakeholders.

This is ABN AMRO's main regulatory disclosure document. All financial information is prepared in accordance with the EU-endorsed International Financial Reporting Standards (IFRS). Where applicable, the report also complies with financial reporting requirements under Title 9, Book 2 of the Dutch Civil Code.

We have also applied other reporting guidelines, including the Integrated Reporting <IR> Framework. Moreover, we have chosen in this report to begin alignment with the EU Corporate Sustainability Reporting Directive (CSRD) and associated European Sustainability Reporting Standards (ESRS). We expect to make further changes and improvements to our reporting before we fully adopt these standards and as market practice evolves.

This Integrated Annual Report consists of:
- An Executive Board Report, comprising Our bank; Strategy, value creation and performance; Risk, funding and capital; Leadership and governance; Sustainability statements
- Report of the Supervisory Board
- Annual Financial Statements
- Other information

Please see the Other information chapter for further information on our approach to reporting and other legal notices. For the first time in the report, we have included Sustainability Statements, taking ESRS as a starting point. These statements detail ABN AMRO's approach to sustainability[1] and emphasise the importance of sustainability to the bank's purpose, strategy and approach to compliance and risk management.

[1] Reporting under ESRS is mandatory for our Integrated Annual report of 2024. ABN AMRO will publish its first ESRS-compliant report in March 2025.

Other ABN AMRO reports

Pillar 3 Report 2023

Abbreviations and definitions of important terms 2023

Impact Report 2023

Impact Assessment 2023: Note on methodology

Note on the European single electronic reporting format

This is the PDF version of our 2023 Integrated Annual Report. There is also a version in the European single electronic reporting format (ESEF).
To download our ESEF reporting package, please visit www.abnamro.com/ir or contact us at investorrelations@nl.abnamro.com. Please note that the ESEF version prevails in the event of any discrepancies between these two versions.

ABN AMRO in 2023

Net profit (in EUR millions)

2,697

2022: 1,867

Return on average equity

12%

2022: 9%

Cost-income ratio

61%

2022: 69%

Net interest margin (in bps)

157

2022: 129

Loans and advances customers (in EUR billions)

246

2022: 244

Percentage sustainability (acceleration) asset volume

34%

2022: 31%

Percentage of women at sub-top

31%

2022: 31%

CET1 ratio (under Basel IV)

15%

2022: 16%

Please see the Other information chapter for full definitions of all performance indicators.

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Our bank

This section of the report provides an overview of ABN AMRO: its purpose and values, where the bank operates and its approach to business.

Interview with our Chief Executive Officer

2024 will mark the end of your first four years as ABN AMRO's CEO and the start of your second term. How is the bank different from when you arrived back in 2020?

"We have a very different profile now. In November 2020, we made clear choices about who we wanted to be, and we have done what we said we would do. As a result, we are now a bank with a focus on the Netherlands and Northwest Europe with client and people centricity at our heart. Our purpose 'Banking for better, for generations to come' shows our long-term commitment to our stakeholders and underlines our focus on long-term value creation. As we continue to change the bank, we have to make sure that we do not leave anyone behind."

How is the bank bringing this commitment to life in day-to-day practice?

"In many, many ways. As a personal bank in the digital age, we always need to bear in mind that some clients struggle to keep up with changes in digital banking. That is why I am very pleased that we now have an expanding pool of financial coaches who have been specially trained to support them. Another example is our effort to promote equal opportunities for female entrepreneurs. In 2023, we launched an alliance of more than 60 leading organisations aimed at helping more women to start, fund and grow their businesses.

Our commitment to inclusion can also be seen in our climate strategy. As we work towards net zero emissions, we need to keep an eye on clients who are struggling to keep pace with the transition. Think about young couples who don't have enough money to buy an energy label-A home or small businesses that are excluded from serving customers in climate-neutral zones because they don't have the means for electrically driven vehicles. It's easy to say 'Look, we are not going to finance these activities anymore because we have to meet our climate objectives'. But if we are to make this transition a success, we need to ensure that the costs and benefits are spread fairly, so that everyone can participate. If the transition cannot be fair, the world may very well not transition at all."

Robert Swaak
CEO ABN AMRO

"As we continue to change the bank, we have to make sure that we do not leave anyone behind."

How do you look back on the past year?

"2023 was very much a year of uncertainty. Geopolitical tensions increased and GDP growth was lagging, and these factors obviously translated into uncertainty for our clients. That said, it was a highly profitable year for ABN AMRO as we continued to benefit from higher interest rates and the improvement in our risk profile. We also did really well commercially. At Corporate Banking, we had a very good year because our focus on our three transition sectors – new energy, mobility and digital - continued to pay off. In terms of portfolio size, we have now completely replaced the loan book that we put into wind-down, and that is something to be very proud of. I am also happy with how our other client units performed: our mortgage book worked its way through difficult market conditions, while Wealth Management continued to position itself as a market leader.

Another milestone this past year was the continuation of our share buyback programme. We owe investors a healthy return based on clear capital framework. I continue to value our strong capital position, which allows us to continue to operate and grow the bank, to weather crises and to do what's right for our owners, which is to pay dividend and to return capital if and when we are able to.

The announcement of the acquisition of BUX, one of Europe's fastest growing neo-brokers was another highlight. We have always said that we are open to acquisitions that allow us to accelerate the execution of our strategy, and that is exactly what BUX does. It will strengthen the bank's IT capabilities and provide us with access to a client segment we really want to serve."

The bank's increased profitability triggered a public debate about lagging deposit rates. What's your view on this?

"Of course I understand that clients would like to earn more interest on their savings. But, as a bank, we always have to balance those needs with our responsibility to safeguard our long-term financial stability and ensure we can continue playing our key role in society. I think the discussion focuses too much on the short term. Before ECB rates started rising in 2022, we faced many years of unusually low rates. What people sometimes forget is that it was a long time before we eventually started passing on these costs to consumer clients."

Let's talk about the execution of your strategy. How are you progressing?

"I am pleased with the progress we have made. Over the past 3.5 years, we have de-risked the bank significantly and created a solid platform to deliver on our strategy. We have implemented a new service model that provides convenience supported by expertise at lifecycle moments to our clients and we are working to improve our client offering with more simple financial solutions. An important milestone last year was the Dutch State's decision to start reducing its shareholding again. To me, that is a sign of confidence in our strategic direction. If the State had not believed that we were on the right track, it would never have taken this step."

What else needs to happen for ABN AMRO to become a personal bank in the digital age?

"My message is simple: we need to stay the course. First of all, we have to continue to focus on improving our Net Promoter Scores, which are still not where we would like them to be. We will also continue redesigning our digital propositions so that we are available to clients whenever and wherever they need us.

We will continue to invest in our expertise and offer the best products and services to support our clients. We will also keep investing in areas such as generative artificial intelligence; these investments allow us to optimise our internal processes while freeing up staff to serve clients better.

We also need to combine this consistency with speed of execution. We live in an ever-changing world. This means we need to execute what we say we will and do it within a timeframe that allows us to change again as necessary. If we do that, I am confident that we will be able to deliver high client and people satisfaction and contribute to the climate transition, while also returning to our shareholders what they are due.

> "On top of that, we have to continue to future-proof the bank, to maintain our cost discipline and to keep executing our climate strategy, while still staying close to our clients."

As we continue to execute our strategy, it is important for our people to feel connected to the bank and our purpose. I am very proud of our employee engagement scores in 2023, which were much better than last year. It is really thanks to our more than 20,000 colleagues that we have been able to do what we have done, and that is something I can only be grateful for. Even though the journey is by no means complete, we have created an ability for the bank to move forward."

Robert Swaak
CEO of ABN AMRO Bank N.V.

Who we are

ABN AMRO is one of the Netherlands' leading banks. As a personal bank in the digital age, we deliver convenience in daily banking and offer clients our sector and sustainability expertise at moments that matter. We have a clear purpose: Banking for better, for generations to come.

Supporting our purpose are our core values:

Care

We care for our clients and put them front and centre in everything we do. By understanding their needs, we can help advance their long-term interests. Our care for society and the planet is reflected in our sustainability ambitions and activities. Caring for society also means doing everything we can to keep the financial system safe and robust. We are committed to creating a diverse, inclusive culture, grounded in respect. We foster an environment that makes it easy to do the right thing and that is vibrant, engaging and supportive.

Courage

Courage means engaging with clients, promoting more sustainable business practices, and being prepared to say 'no' if we believe it is in a client's best interest. We have the courage to take a stand in the social debate and act on our principles. Inspired by our purpose, we work to create positive change, challenge the status quo and speak up against wrongdoing. We have the courage to reinvent ourselves as a bank, by exploring new business models and innovation. And by learning new skills and constantly improving our way of working.

Collaboration

We work together across the bank to achieve our ambitions and to serve our clients' needs in the best possible way. Guided by our duty of care, we look after our clients' broader interests. We celebrate our best team players, not the best player on the team. We partner to address social and environmental issues and create positive impact. We forge partnerships with fintechs and other companies and share our knowledge and insights openly. Together with the government and peers, we strive to keep the financial system secure.

What we do

We provide loans and other financial services to millions of individuals and businesses across the Netherlands and Northwest Europe.

We offer a range of products and services – from business loans and mortgages to savings, investment products and payment services.

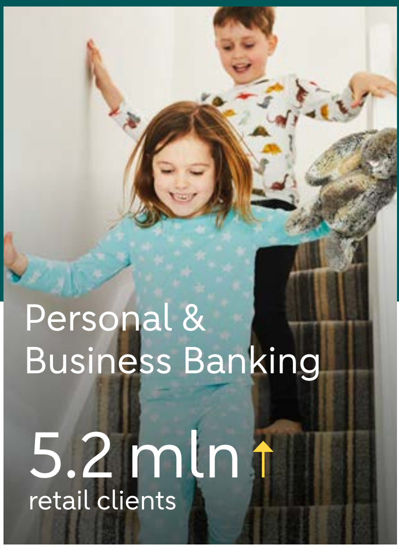
We provide advice, using our expertise to support clients in their financial decisions – whether they are buying a house, expanding their business, or making investments.

We take our role in society seriously. Our aim is to create sustainable, long-term value for all our stakeholders.

How we operate

ABN AMRO is organised into client units – Personal & Business Banking, Wealth Management and Corporate Banking – to ensure dedication and client focus.

Supporting these client units, we have a series of Group Functions: Innovation & Technology, Risk Management, Finance, Human Resources, our Legal & Corporate Office, Brand, Marketing & Communications, Group Audit and Strategy & Innovation, as well as a Sustainability Centre of Excellence and 'One Bank' teams working in areas such as Customer Digital Engagement.



We are one of the largest retail banks in the Netherlands, with over five million account holders.

Our Personal & Business Banking unit provides current accounts, savings accounts and credit cards, as well as loans, mortgages , investment accounts and other financial products, such as insurances. We are one of the market leaders in the production of new mortgages. Personal & Business Banking also offers banking and payment services to around 350,000 small and medium-sized companies[1] – the backbone of the Dutch economy.

Our Wealth Management unit manages EUR 216 billion in investments on behalf of clients.

We are one of the leading private banks in the Netherlands, Germany, France and Belgium.

Our Wealth Management businesses offer clients services ranging from investment advice to asset management and estate planning.

Through our Corporate Banking unit, we provide banking and advisory products and services to more than 9,000 corporate clients.

We have strong relations with leading companies in the Netherlands and Northwest Europe, where we offer our in-depth sector expertise.

Our shipping, financial institutions and new energy businesses operate across Europe. Through ABN AMRO Clearing Bank N.V., we are also one of the world's leading clearing banks.

[1] Including the self-employed.

Where we operate

As a bank, we are focused primarily on the Netherlands and Northwest Europe. Outside Europe, our Clearing operations maintain offices in both Asia and the Americas.

- Amsterdam Headquarter
- Personal & Business Banking
- Wealth Management
- Corporate Banking

The Netherlands:
Personal & Business Banking, Wealth Management, Corporate Banking

Belgium:
Wealth Management, Corporate Banking

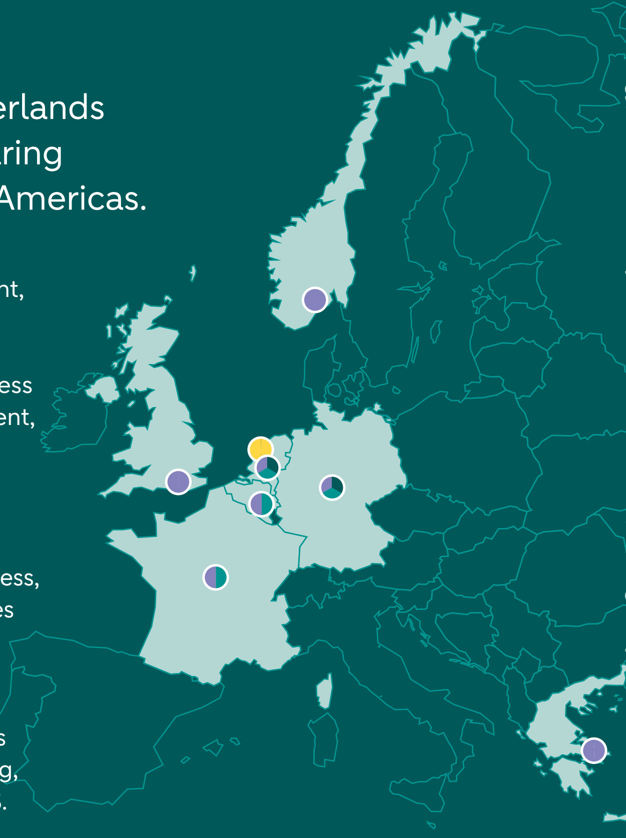
France: Wealth Management, Corporate Banking

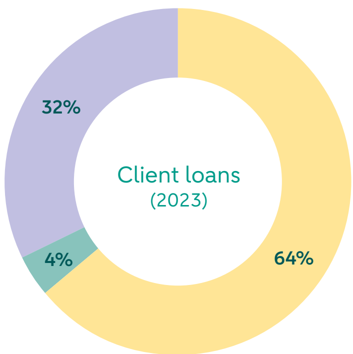
Germany: Personal & Business Banking, Wealth Management, Corporate Banking

UK: Corporate Banking

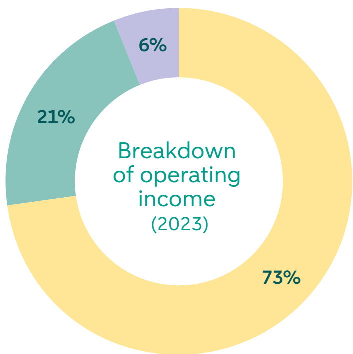
To support its shipping business, Corporate Banking has offices in Athens and Oslo.

Outside Europe, ABN AMRO Clearing Bank N.V. has offices in Australia, Brazil, Hong Kong, Japan, Singapore and the US.

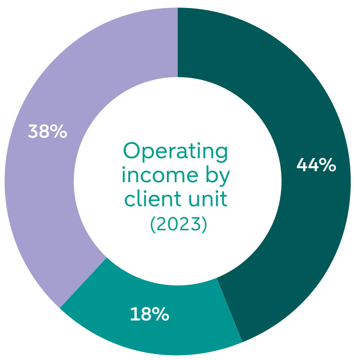




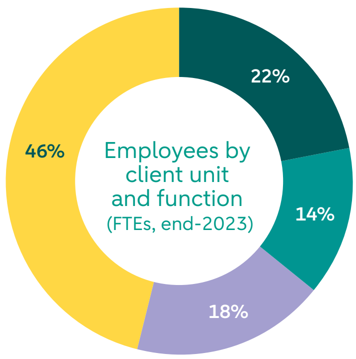
- Residential mortgages
- Consumer loans
- Corporate loans



- Net interest income
- Net fee and commission income
- Other operating income



- Personal & Business Banking
- Wealth management
- Corporate Banking



- Personal & Business Banking
- Wealth management
- Corporate Banking
- Group functions

Our operating environment

Over the past year, interest rates continued to rise, while economic growth slowed in both the Netherlands and the wider eurozone. The year also brought political tensions, with wars in both Ukraine and the Middle East. Meanwhile, longer-term trends continued, including climate change, shifting customer preferences and new technologies that are reshaping the banking industry.

Indicators

Interest rates continued to rise, pushing up borrowing costs for clients.

After a steep rise of the capital market interest rates in 2022, long-term interest rates remained relatively stable in 2023 before starting to come down towards the end of the year in anticipation of an expected change in monetary policy. Over the past two years, central banks have tightened monetary conditions substantially to contain inflation. During 2023, the ECB increased its deposit rate to 4%. High interest rates meanwhile dampened GDP growth. Dutch GDP growth decreased to 0.1% in 2023. In the eurozone, GDP growth slowed to just 0.5%.

By August 2023, average corporate borrowing rates had reached 4.99%, their highest level since 2008. Source: European Investment Fund (EIF)

House price development (2021-2023)

(% change, year on year)

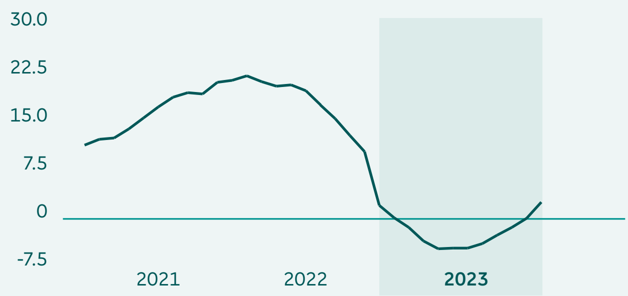


Chart shows year-on-year % change in prices for existing owner-occupied dwellings in the Netherlands.
Source: CBS Statistics Netherlands.

The Dutch housing market started to cool, with prices down and fewer houses sold.

After years of rising prices, the average house price in the Netherlands declined in 2023, triggered by higher mortgage interest rates and weaker purchasing power due to higher inflation. In the second half of 2023 however, house prices started to recover again, supported by wage rises and a lack of new construction. Prices for more energy-efficient homes performed better as energy costs became a key consideration for prospective buyers.

Use of new technologies accelerated in a breakthrough year for AI.

During 2023, we saw a continued focus on the Cloud and blockchain, especially in tokenisation. There was also a substantial acceleration in the use of Artificial Intelligence (AI), specifically generative AI. This sub-field of AI allows us to further digitalise our processes, improve customer service and personalise banking.

89% of the Dutch population use online the banking, the third highest in Europe. Source: Expatica (based on EU data)

Protecting client data is becoming ever more important – as it represents a source of trust in banks.

Data is playing an increasingly important role in banking. When managed correctly it can be used to develop personalised products and services and increase efficiency. Clients entrust banks with their data. This puts a responsibility on banks to protect client data. Banks are consequently investing more in cybersecurity to counter rising incidents of cybercrime, including phishing, identity theft and ransomware attacks that put clients at risk.

2.2 million Dutch adults were victims of online crime in 2022, including hacking, payment fraud and identity theft. Source: CBS Statistics Netherlands

Clients are changing their approach to banking.

In banking, as in many industries, safety, hyperpersonal, and conversational are the main drivers for customer experience. Technology allows banks to offer reliable, seamless and personal 24/7 access. Alongside that, clients are looking for financial advice from their bank at key moments in their lives – when they buy a house, for example, or start saving for their pensions.

Businesses face continued skills shortages, particularly in data and digital.

The global labour market faces shortages of important skills. This applies to ABN AMRO too, especially in areas where there is strong demand, such as data analytics, IT, digital security, sales, customer care and risk modelling. Competition is fierce – so banks need to devote resources to recruiting and retaining staff.

Effects of growing political tensions are being felt in the real economy.

Over the past year, political uncertainty has increased, with the war in Ukraine, conflict in the Middle East and continued tensions between the US and China. The war in Ukraine in particular has had economic repercussions – most notably, in the form of higher prices for energy and food.

Climate, environmental & social developments allow banks to support the transition to a more sustainable economy.

Banks are being called on to invest for long-term growth and support the transition to a more sustainable, low-carbon economy. With climate risk growing, banks are also playing an important role in helping clients become more climate resilient.

140 Banks in 45 countries have joined the Net-Zero Banking Alliance (NZBA) membership.

As a bank, we operate in a highly regulated sector.

Over recent years, banks have seen new regulations in areas such as data protection, anti-money laundering, and IT management. Major banking reforms under Basel IV are aimed at making banks more resilient to potential economic shocks. New rules are also being phased in on sustainable finance – including the EU's Corporate Sustainability Reporting Directive (CSRD) and Sustainable Finance Disclosure Regulation (SFDR).

Henning Gieseke is CFO of Ströer Group, one of Germany's leading media companies, combining outdoor advertising/out-of-home, digital media and dialogue marketing, as well as e-commerce and data as a service. Here he describes the company's growing relationship with ABN AMRO.

Interview with
Henning Gieseke
CFO of Ströer Group, Germany

"I now consider ABN AMRO to be our 'go-to' corporate bank for any capital structuring and financing-related matters."

"ABN AMRO became one of our Tier 1 lending banks after joining and driving forward the refinancing of our revolving credit facility in 2022. That's why we not only chose to include ABN AMRO as a new bank in our group of relationship banks, but also mandated it to lead and coordinate the EUR 600 million financing package.

ABN AMRO stood out with their strong financial structuring expertise and they were not afraid to challenge the status quo. Frankly, they gave us spot-on advice about the best combination, on packaging and sequencing the debt products we needed and on what not to do. They're bankers who are on hand to assist us and don't hesitate to grab the phone to give helpful hands-on advice and support whenever it's needed, while also maintaining a tangible balance sheet commitment. That's why we also awarded the bank a sustainability advisory mandate to improve our sustainability framework. Our discussions consistently include various strategic topics and an ongoing assessment of capital market conditions.

When I joined Ströer as CFO in June 2021, we had no relevant relationship with ABN AMRO. But shortly afterwards, its Senior Banker for Corporate Banking established a regular dialogue with us, and one that included representatives from the bank's various product teams.

What particularly appealed to me at ABN AMRO was its regular contact and the reliability and accountability of its team. These factors were vital in our selecting ABN AMRO as one of our new key relationship banks. I now consider ABN AMRO to be our 'go-to' corporate bank for any capital structuring and financing-related matters. We have an ongoing strategic dialogue with the bank and value its sector expertise and strong product capabilities. For example, it has given us some solid insights and advice about the sustainability features of our investor profile. This was instrumental in helping us choose the right approach for introducing ESG-linked KPIs for our financing. Together, we have defined a sustainability framework that will be the guiding principle for any subsequent financing activity.

For us, ABN AMRO sets itself apart from other banks by rigorously putting our interests first. It gave advice on our syndicated financing that perfectly fitted our requirements, rather than simply sticking to the bank's own wish list.

It further differentiates itself by providing honest advice. We were intrigued by ABN AMRO's high proactivity and creativity in finding a solution that fits the purpose."

Our year in review

Changes to the Executive Board

CEO Robert Swaak accepted the request of the Supervisory Board to extend his term of office as CEO by four years, until 2028. Meanwhile, Ferdinand Vaandrager was named Chief Financial Officer (CFO), succeeding Lars Kramer who left ABN AMRO to pursue career opportunities elsewhere. Ton van Nimwegen was named ABN AMRO's new Chief Operations Officer, while Tanja Cuppen announced she would not be available for a third term as Chief Risk Officer.

Share buyback programme completed

In April, we completed our latest EUR 500 million share buyback programme. Under the programme, nearly 32 million shares were purchased at an average price of EUR 15.65. In February 2024, ABN AMRO announced a new programme, also worth EUR 500 million. It will be our third such buyback since 2021.

New pan-European digital payments system

ABN AMRO became part of a new Europe-wide digital payments platform when the European Payments Initiative (EPI) took over iDEAL and Payconiq International. ABN AMRO is a shareholder in iDEAL and one of a group of banks supporting EPI. The new EPI platform will help us upgrade our digital payment services to clients across the Netherlands and Europe.

Number of ABN AMRO financial coaches passes new landmark

Having started in 2016 with just six financial coaches, ABN AMRO continued to expand its number of financial coaches in 2023 and now has over 100. These coaches work closely with clients who find it hard to switch to digital banking.

Investing in the sustainable economy

ABN AMRO continued to make investments through its Sustainable Impact Fund. Over the past year, investments included the German battery storage company Colibri Energy and the Danish sustainable fashion brand Colorful Standard. The EUR 500 million fund also invested in Spectral Energy, a software-as-a-service company operating in the real estate and energy sectors.

ABN AMRO to acquire neobroker BUX

ABN AMRO reached an agreement to acquire BUX, one of Europe's fastest-growing neobrokers. The acquisition will help strengthen our market position among retail investors. Neobrokers play an important role in offering digital financial services and making investment and trading easier for a broader customer base.

State reduces shareholding in ABN AMRO

On 9 October 2023 the NLFI announced their holding was 49.5%. On 30 November NLFI announced its intention to sell depositary receipts for shares in ABN AMRO Bank N.V. through a pre-arranged trading plan that will be executed by BofA Securities Europe SA. The maximum number of depositary receipts that BofA Securities Europe SA can sell on behalf of NLFI over the duration of the trading plan would reduce NLFI's stake in ABN AMRO from 49.5% to approximately 40%.

New Paris-proof office for ABN AMRO

Work began on a new head office for ABN AMRO. Located at Foppingadreef in south-east Amsterdam, the objective is to create an office that is Paris-proof, with space for around 10,000 ABN AMRO employees once redevelopment work is completed.

Strategy, value creation & performance

This section looks at our positioning and strategy, our performance over the past year, and how we work to create long-term value for our stakeholders.

Our strategy

Our purpose is *Banking for better, for generations to come*; this purpose gives direction to our strategy and how we deliver on it. Since 2020, we have been executing our strategy of becoming a personal bank in the digital age for the resourceful and ambitious.

Our three strategic pillars act as our guiding principles in executing our strategy. The first pillar is customer experience, as we focus on attractive segments where we can grow by bringing convenience into the daily lives of our clients and expertise when it matters. Our second pillar is sustainability, where we aim to become the first-choice partner for our clients in sustainability, providing distinctive expertise in supporting their transition. And our third pillar is future-proof bank, enhancing client service, compliance and efficiency.

We serve clients where we have scale in the Netherlands and Northwest Europe. In the Netherlands, where we serve a broad client base, we aim to grow among wealthy & affluent clients and mid-to-large corporates. In Northwest Europe, we aim to grow our Wealth Management business and use our expertise to grow in our transition themes (Energy, Digital and Mobility) in Corporate Banking.

Since 2020, we have made significant progress in delivering on our strategic priorities: we have implemented a new client service model, are making progress with our Entrepreneur & Enterprise concept, and our mortgage book has grown by more than EUR 5 billion, despite at times challenging market conditions.

At the same time, we have worked to restructure and reposition the bank, simplifying our organisation and winding down most of our former Corporate & Institutional Banking in certain geographies outside of Northwest Europe.

We have also launched our climate strategy, and are helping clients move towards more sustainable business models and assets. When it comes to consumer clients, we remain focused on the needs of those who struggle with digital banking or find it hard to make ends meet, by providing financial and budget coaches.

Over the past three years, we have successfully built a platform to execute our strategy. We now need to accelerate – in the coming years, we will continue to further improve our bank, focusing on data quality, meeting our regulatory requirements and digitalising more of our internal processes.

For each of our three strategic pillars, we have set out clear objectives and targets.

Strategic pillars

Our strategic pillars and KPIs

Customer Experience – A personal bank in the digital age, for the resourceful and the ambitious

Our aim is to focus on market segments where we can grow profitably, bring convenience to daily banking and offer expertise to clients at moments that matter. To that end, over the past few years we monitored, steered and set strategic targets on Net Promoter Score (NPS) and market share in two focus segments in the Netherlands: mortgages and SMEs.

Going forward, 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.

Metric[1]	2024 targets	2023 results	2022 results
Relational NPS			
Mortgages	> 0	-1	0
SMEs (incl. self-employed)	> 0	-46	-38
Market share growth in focus segments			
New production mortgages	20%	14%	17%
SMEs	20%	16%	16%

Sustainability – distinctive expertise in supporting clients' transition to sustainability

Sustainability has been a core pillar of our strategy since 2018 and is an integral part of our business. We aim to be our clients' first-choice partner in sustainability, providing financing and expertise to help them transition towards more sustainable practices. As part of our climate strategy we have started working with clients to align with the 2015 Paris Climate Agreement.

Going forward, we will further integrate the sustainability transition into our business models, leveraging our current exposures and sector knowledge.

Metric[1]	2024 targets	2023 results	2022 results
Supporting clients' transition to sustainability			
Percentage sustainability (acceleration) asset volume	36%	34%	31%
Diversity & Inclusion			
Percentage of women at sub-top	34%	31%	31%

[1] All definitions for targets and other indicators, including any changes to scope and methodology, can be found in the Other information chapter.

Future-proof bank – Enhance client services, compliance and efficiency

We are building a future-proof bank. To do this, we are enhancing client service, compliance, and efficiency, as well as simplifying and further centralising our organisation, reducing our cost base and streamlining our product offering. At the same time, we are working to protect client data, to help in the fight against cybercrime and to build a workforce fit for the future. We are fully committed to maintaining a strict risk focus.

Going forward, 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.

Metric[1]	2024 targets	2023 results	2022 results
Digitalisation			
Straight-Through Processing rate of high volume service and product processes	90%	65%	63%

Metric[1]	2024 targets[2]	2023 results	2022 results
Financial targets			
Absolute cost base (in EUR billions)		5.1	5.3
Through-the-cycle cost of risk (in bps)		-5	3
Return on equity		12%	9%
CET1 ratio (Basel IV)		15%	16%

[1] All definitions for targets and other indicators, including any changes to scope and methodology, can be found in the Other information chapter.
[2] 2024 targets will be replaced by the strategic targets for 2026.

Our strategic targets for 2026

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. Our strategic pillars – customer experience, sustainability, and a future-proof bank – are the guiding principles of our strategy.

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 the integration the sustainability transition into our business models and the broadening our client base to younger generations as an opportunity. 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. Our improved client offering and reduced number of applications will enable us to reduce time-to-market, make it easier to work with partners and reduce maintenance costs. Further digital and process optimisation will enable our relationship managers to increase their commercial time. We will also remain focused on further improving our data and model landscape.

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.

We have updated our strategic targets towards 2026, replacing our previous targets for 2024. Our return on equity target for 2026 is 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. We target a cost/income ratio of around 60%. While we remain focused on cost discipline, we now expect our cost to be around EUR 5.3 billion in 2024. 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 dividend policy remains unchanged at 50% of net profit.

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

Our strategy: what are the opportunities and risks?

We conduct a regular assessment of our operating environment to identify value-creating topics, where we believe ABN AMRO can create the most value for its stakeholders. These also help us map out opportunities and risks arising from our strategy and the strategic choices we have made[1].

Customer experience

Value-creating topics:	Opportunities	Risks	Our approach
Secure banking *including client data protection*	To make sure clients have round-the-clock access to banking services. To use data responsibly to provide insights into customer needs.	We face a growing threat from cyberattacks. As a result, we may lose customer data, experience IT failure or be unable to deliver banking services as our customers would expect. To protect clients' personal and professional data.	We are investing in our own cyber defences and working alongside law enforcement to tackle financial crime. We are raising awareness among customers of cybercrime risks and, in 2023, launched our first cybersecurity package for businesses.
Customer experience	To make daily banking more convenient and personal and give clients access to our knowledge and expertise when making important financial decisions. This could lead to growth for the bank in key markets – in mortgages, wealth management and among SMEs and mid-corporates, for example.	Some clients may have difficulty adapting to digital banking or may prefer still to visit us at a branch. Using technology could also make some clients feel less 'connected' to their bank.	We are expanding digital banking, introducing new products, mobile interaction and services, and – through our financial coaches – helping those who are struggling with the switch to online.

Sustainability

Value-creating topics:	Opportunities	Risks	Our approach
Responsible investment and financing	To finance the transition to a more sustainable economy. That means supporting new, 'greener' and more social business models and supporting our clients in making their homes more energy efficient. In doing so, we will also support wider efforts to halt climate change.	Some clients may face increasing social, climate and environmental impact, translating into increased credit risk for the bank. That may, in turn, affect our own risk profile. Or we may be prevented financing certain projects because of our own targets on risk and return on equity. We may also see more reputational risks if we fail to meet our commitments on sustainable finance.	We want our sustainable assets and products to grow and increase. For the first time, we are also offering smaller businesses access to sustainability loans. We are also working with more clients on the climate transition, and making more investments through our Impact Fund.

[1] See Other information chapter for more information about our approach to materiality. Value-creating topics (VCTs) above are based on our 2022 integrated reporting materiality assessment.

Future-proof bank

Value-creating topics:	Opportunities	Risks	Our approach
Viable business model	To be more efficient and less reliant, where possible, on net interest rate margins for our income. To simplify our operating model, continue to provide attractive returns and effective financial products, make use of new technologies and deliver growth in our target markets.	New entrants are coming into the banking sector. This means increased competition and pressure to keep pace with new technologies such as AI. Longer-term, we may face disintermediation as banks' traditional role as financial intermediaries is eroded by new technology. Furthermore, we may be affected by unfavourable economic trends and a lack of growth in focus markets.	We have reorganized our business units into a more client-centric model to serve clients where we have scale. We are also digitalising more of our operations, taking cost-saving measures, and exploring opportunities with new technologies, including AI.
Risk profile/ management	To strengthen public trust and confidence in ABN AMRO by operating within a strict risk appetite profile. This will limit potential losses from impairments and bad loans and ensure a sound risk return. To set high standards in combatting money laundering and other forms of financial crime.	Higher risk costs could mean lower profits, particularly if there is a downturn in the economy, with more businesses failing. With more regulation in the banking sector, particularly regarding sustainable finance, we also face potentially increased compliance costs – non-compliance may bring sanctions and a loss of public confidence.	We are maintaining a strict risk appetite, continuing with our Anti-Money Laundering programme and working to ensure compliance with new reporting regulations, most notably for 2024 reporting the EU's Corporate Sustainability Reporting Directive.

Relationship between our VCTs, our strategic pillars and ESRS materiality

In 2022 we updated our materiality assessment, resulting in 5 most material value-creating topics for 2023, which management has used for steering and monitoring starting in 2023. Our 5 most material value-creating topics are:

- Secure banking
- Customer experience
- Responsible investment and financing
- Viable business model
- Risk profile/ management

These are considered the areas where we can create most value for our stakeholders. The following chapters on strategy and our value creation model (link to be added) is focused on these 5 value creating topics, which are also closely linked to our 3 strategic pillars. More information on our materiality assessment can be found in the Other Information chapter.

This year, to anticipate regulatory developments in sustainability reporting, we also started conducting an ESRS materiality assessment, resulting in 8 of the 10 topical ESRS being material. These topics are considered to have a material impact, either on ABN AMRO itself, or on society at large through ABN AMRO's activities. Impact materiality in ESRS and value creation under Integrated Reporting are different concepts, but there is overlap as some ESRS material topics can be linked to our strategic pillars (see table in the Strategy and business model chapter of our Sustainability Statements). For more information, see the visual explanation in the Sustainability Statements on page 225.

CitizenM opened its first hotel at Schiphol Airport in 2008. By 2023 it had 40 hotels with 8,545 rooms. Our portfolio is roughly even between the U.S. and Europe with a small footprint in Asia.

Interview with
Klaas van Lookeren Campagne
CEO of Dutch hotel business citizenM

“We’re a disrupter in the hospitality world, the only global hotel business to own all its real estate and have all operations under one roof.”

“We’re a disrupter in the hospitality world, the only global hotel business to own all its real estate and have all operations under one roof. We buy the land, design the hotels, then build and operate them. The big brands are asset-light and mainly franchises. Our owner-operator model means we entirely control our guests’ experience. As their requirements change, we can adapt with them.

Our focus is on business guests, building hotels in the most expensive locations in major cities. Business travellers need a perfect bed, good technology, cleanliness and efficiency – all of it luxurious. To help our business grow we want long-term banking partnerships that are reliable, predictable and transparent. That’s something we truly value with ABN AMRO. Our relationship began in 2008 but really picked up from 2012. We started small and grew significantly. ABN AMRO first helped us by funding our hotel at Charles de Gaulle Airport in Paris. The bank steered us through France’s sometimes tricky business culture and gave citizenM a great start there.

It stepped up again in 2016 when we gathered our European hotels into one group. Having a local Dutch partner that could deal with other financial institutions was a huge advantage. With our size and geography we often have to deal with global banks and ABN AMRO supports us in that, providing expertise we could never build alone. It arranged a revolving credit facility in 2020 that was instrumental in our global rollout, along with cash flow and Capex management. It demanded innovative thinking on ABN AMRO’s part but it trusted us enough to help.

The Covid-19 pandemic was hard on hotels and real estate but ABN AMRO supported us throughout. We had conference calls every Friday to share financial information about how our business was doing. Beyond that, sustainability is a current issue. As with most businesses, it starts with compliance and then becomes a sincere and integrated part of the company’s strategy. Our clients and employees demand it these days.

We’re now quite advanced in ESG and ABN AMRO arranged our first sustainability linked loan, one of the biggest in Europe. We need banks that evolve with us and ABN AMRO can do that. For example, we’re growing fastest in the US where it doesn’t have a huge presence. That hasn’t prevented it from fully supporting us in our global ambitions there and elsewhere.”

How we create value for our stakeholders

We aim to create sustainable long-term value for all our stakeholders. We do this in two ways:
- By trying to maximise the positive effects we have on society. Through the financial products we offer, such as green bonds and impact loans, we increase our positive impact on society while supporting economic growth and job creation. We also offer our employees career opportunities and a safe, inclusive working environment.
- By trying to minimise the adverse effects our business may have. We may contribute indirectly to climate change through our loans, for example. Elsewhere, we may inadvertently be financing companies with a poor record on respecting labour rights. We work to reduce these kinds of risks by setting strict rules for lending and investment.

Who are our stakeholders?

We define our stakeholders as any group or individual the bank affects through its activities or products and services or who, in turn, may affect the bank's ability to achieve its goals. We recognise four main stakeholder groups: our clients, employees, investors and society (which includes public institutions, regulators, media and governments, as well as NGOs and charities).

How we engage with our stakeholders

Stakeholder group	How we engage	Key issues discussed
Clients Individual clients, SMEs and larger corporates	• Regular client surveys • Call centres, in-person meetings, video banking and online	• Effect of higher interest rates and economic developments • Implementation of new client engagement model • Expansion of digital banking • Transition to more sustainable business practices • Impact of climate change and biodiversity loss
Employees Full-time and part-time employees and sub-contractors	• Employee surveys • Regular 'engagement circles' with employees • Meetings with employee works' councils, unions and other representative groups	• Pay, personal recognition and cost of living • Implementation of Collective Labour Agreement (CLA) • Planned opening of new headquarters in Amsterdam • Improving client focus
Investors Shareholders and bondholders	• Regular roadshows and investor conferences • Annual General Meeting (AGM)	• Financial performance and strategy execution • Changes in business and market environment • Share buy-back programme • Sustainability topics
Society Suppliers and other business partners, local communities, governments, regulators and NGOs	• Regular meetings with government and regulators • Industry roundtables and conferences • In-person meetings with suppliers and business partners	• Roll-out of bank's climate strategy • Measures taken to combat financial crime • Digital inclusion and impact of recent branch closures • Regulation affecting banking sector

Please note this table is intended to be an overview only. It does not provide an exhaustive list of issues discussed with stakeholders during the year.

Note on our value creation model

Please note this table is intended as an overview only and does not provide an exhaustive list of issues discussed with stakeholders during the year.

Note on our value creation model

The following page provides an overview of ABN AMRO's value creation process, comprising four stages:
- **Inputs**, showing the resources used by the bank to operate its business
- **Business model**, showing the bank's main activities and the process for transforming inputs into value for stakeholders
- **Outputs**, showing the immediate results of our business activities
- **Outcomes**, showing the effects our business has on value created for stakeholders

Our value creation model also shows our contribution to the UN Sustainable Development Goals (SDGs), though these are not part of the model itself. ABN AMRO's model is based on the Integrated Reporting <IR> Framework, which uses six forms of capital: manufactured, financial, intellectual, human, social and natural.

Our value creation model

Inputs

The resources we need to operate our business, ranging from the time, skills and know-how of our employees to the equity provided by the bank's shareholders

Financial
Deposits, savings and fee payments from clients, as well as financial capital from shareholders and other investors
- **EUR 152 billion** in client deposits and savings
- **EUR 6.3 billion** in net interest income
- **EUR 24.1 billion** in shareholders' equity

Manufactured
Use of offices, property and equipment, including IT
- **25** bank branches across the Netherlands
- **91%** of suppliers signing ABN AMRO's Code of Conduct

Social
Relationships with clients, employees, business partners and other stakeholders
- **18** lending clients, **2** clearing clients and **747** companies engaged through investment services
- **EUR 1.2 million** in community investment made through ABN AMRO Foundation

Natural
Our consumption of energy, water and other natural resources
- **63 GWh** in energy used in our branches, offices and for transport

Intellectual
Innovation, development of new business models, brand and reputation, as well as purchased software and consulting services
- **EUR 696 million** spent on IT during 2023
- **EUR 108 million** intangible assets

Human
Employees' time, skills and expertise, as well as investment in workforce training and development
- **20,872** total number of employees

Our business model

This is our 'engine room' – it shows how our activities transform inputs into value for stakeholders

Our purpose
Banking for better, for generations to come

Our strategic pillars
- Customer experience
- Sustainability
- Future-proof bank

Our business activities

Banking services
We provide banking services to individuals and businesses. Most of our revenue comes from net interest income. We also receive fees and commissions in return for our services.

Funding and managing risk
We fund our loans through deposits, savings and capital markets – and actively manage the risks associated with them.

Reinvesting and sharing returns
From our income, we meet our operating costs, reinvest in our business and pay out returns to our investors.

Outputs

The immediate results of our activities: the loans and mortgages we provide to clients or the salaries and benefits we pay employees

Financial
- **EUR 9.8 billion** in interest paid to clients and counterparties
- **EUR 2.6 billion** in payments to investors
- **EUR 847 million** paid in corporate tax

Manufactured
- **EUR 230.8 billion** in mortgages and loans and advances to corporates

Social
- **357** cases with specific human rights link in the sustainability risk assessment
- More than **100** financial coaches

Natural
- **34%** sustainability (acceleration) asset volume
- **EUR 275 million** committed to circular economy deals in 2023 in more than 40 deals

Intellectual
- **99.98%** availability of internet and mobile banking
- **94%** affluent & **74%** of consumer meetings held via video banking

Human
- **EUR 2.5 billion** paid to employees in salaries and benefits
- **EUR 40 million** spent on external training and development

Outcomes

The effects of our business on stakeholders – the fact, for example, that our products and services may help clients save and invest, or that, through home ownership, our mortgages may provide a greater sense of personal security

Financial
- **EUR 2.99** earnings per share
- **12%** return on equity

Manufactured
- **14%** Market share Mortgages
- **16%** Market share SMEs
- **-1** NPS Mortgages
- **-46** NPS SMEs

Social
- **31%** D&I women at subtop
- **NPS scores**
  - **-17** P&BB (Consumer & Affluent)
  - **-46** P&BB (Business Clients & Ecosystems)
  - **12** Wealth Management
  - **0** Corporate Banking

Natural
CO_2 emissions from our
- scope 1 own operations **1.73 kTon**
- scope 2 own operations **2.59 kTon**
- scope 3 own operations **2.59 kTon**

40.449 kTon of CO_2 emitted as a result of the bank's lending and investment activities (scope 3)

Intellectual
- **161** client complaints relating to data privacy breaches (2 substantiated)
- **122** client complaints relating to breaches of other regulatory or voluntary codes in the Netherlands (2 substantiated)

Human
- **82%** employee engagement score
- New hires: **2,243** of which **55.46%** occupied by internal candidates

Supporting the UN Sustainable Development Goals (SDGs)

SDG 8
Decent work and economic growth

Our contribution

Through our loans to companies and individuals, we support economic growth and job creation.
We have also built minimum labour standards and human rights into our lending criteria.
And we support initiatives to bring more disadvantaged people into the workforce.

SDG 12
Responsible consumption and production

Our contribution

Through our transition loans, we help companies adopt more sustainable business models.
We also help finance the circular economy, providing loans to companies that reduce waste and consumption of scarce natural resources.

SDG 13
Climate action

Our contribution

We are developing a roadmap with an ambition to achieve net zero across all our portfolios by 2050.
To do this, we work closely with businesses on how to reduce their carbon emissions.
We also inform mortgage clients on how to make their homes more energy efficient.
And we are introducing measures to reduce our own carbon footprint, with a view to becoming carbon neutral by 2030.

Performance on our strategy

Customer experience

We are a personal bank in the digital age, for the resourceful and the ambitious. We bring convenience into the daily lives of our clients and offer expertise when it matters. Over the past year, we expanded our digital and online banking services, further rolled out our Entrepreneur & Enterprise concept and became the first bank in the Netherlands to introduce a dedicated cybersecurity package for clients.

Being a personal bank in the digital age

Our client service model, introduced in 2022, reflects our combined convenience and expertise approach, offering:

- Self-service banking, where clients can access ABN AMRO products and services, mainly through our banking app
- Assisted self-service through our call centres and chatbot
- Personal expertise, where clients can speak to one of our professionals directly – either through video or in-person meetings

With more banking done online, there are inevitably fewer people visiting our branches. Over the past few years, we have been reducing our network. As branches close, we have taken steps to ensure we continue to be accessible to our clients at times and in ways that suit them best. At the same time, we have also been expanding our team of financial coaches for those struggling with digital banking.

Digital and online banking

All our products are available via digital channels or remotely. Clients in the Netherlands can book appointments online and, with the introduction of electronic signatures, finalise and sign loans and mortgages online. At the same time, we are continuing to add services to our ABN AMRO app. Our Tikkie payments app, meanwhile, has become a fixture of life in the Netherlands, with more than nine million users. We are working towards 'friction free' digital customer service as part of our Friction Free Value digital strategy, introduced in 2023.

With the takeover of iDEAL by EPI, we will be able to continue to bring innovation in payments to clients together with other Dutch and European banks.

AI has the potential to fundamentally reshape banking in the years ahead. During 2023, we ran several new AI pilots. These included deploying our own private ChatGPT to allow agents at contact centres to answer customer queries quickly by giving them access to the bank's knowledge resources, for which we were awarded the 2023 Quorus-Accenture Banking Innovation Award.

We are putting more emphasis on protecting client data, becoming the first bank in the Netherlands to offer business clients a dedicated cybersecurity package, Cyber Safe & Secure, developed jointly with cybersecurity experts MMOX. Based on an ABN AMRO study of 233 organisations (SMEs, self employed and big companies), as of January 2023, 76% overall had experienced a cyber attack (including phishing mails). Note the results are cumulative, so it is not an attack per year.

Developments at our client units

As part of our strategy, we focus on markets where the bank can grow profitably. We want to grow in mortgages and SMEs, as well as growing our business among wealthy, affluent, younger generations and mid-to-large corporates. In Northwest Europe, we are looking to grow in our expertise in Wealth Management and Corporate Banking, with the latter focusing on the current energy, mobility and digital transitions.

In Personal & Business Banking, we are using automation to help personalise contact with our clients and ensure we provide the right advice and the right product information. We continue to invest in Beyond Banking products to help clients grow their businesses, such as online bookkeeping and invoicing and help with recruitment through our partner HR Office. By digitalising, we have made our mortgage approval process smoother and more straightforward for clients. Our mortgage advisors are trained to inform home owners on energy efficiency, and this service has been in demand recently in view of volatile energy bills.

Our Entrepreneur & Enterprise (E&E) concept involving a cooperation between Wealth Management, Corporate Banking and Personal & Business Banking – is now available across the Netherlands, Belgium, France and Germany. E&E helps entrepreneurs by combining their personal and business banking and is a good example of ABN AMRO's 'One Bank' approach.

During the year, our Wealth Management business set up a dedicated team in the Netherlands to support family offices, which are privately owned companies that manage assets on behalf of wealthy families. We also extended our impact investing mandate, with the result that clients can now start investing with EUR 50,000, instead of the previously required EUR 2.5 million. We believe lowering the bar will be of particular value to younger clients looking to make a positive social or environmental impact with their investments.[1]

In Corporate Banking, we continued to extend transition loans[2] and released a new version specifically for SMEs, as well as supporting other corporate clients with loans and advice. During the year, we continued to grow our sustainability advisory business, updated our Green Bond Framework and worked with GroenBank to provide sustainability-linked loans and bonds. Since its launch in 2018, GroenBank has granted more than EUR 600 million in loans to over 400 corporate clients.

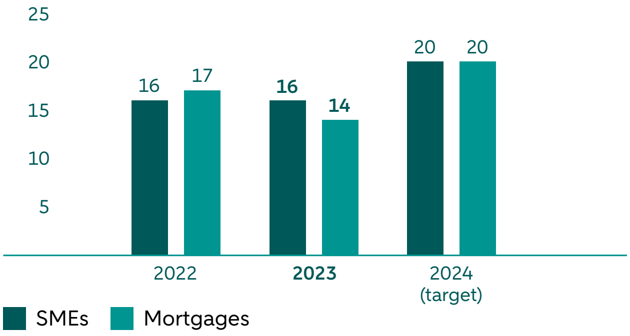
Customer satisfaction

We measure customer satisfaction regularly, using the Net Promoter Score, or NPS and we measure the NPS by client unit and market.

As part of our strategy, we have set targets for relational NPS for mortgages and SMEs.

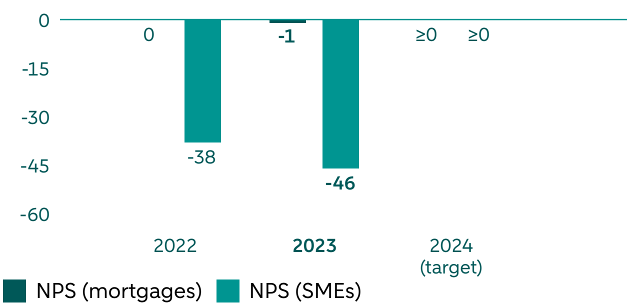
ABN AMRO's market share in new mortgage production decreased to 14% in 2023, reflecting strong competition and our focus on sustainable margins. Our market share for SMEs remained at 16% in a competitive market.

Market share for SMEs and mortgages
(in %)



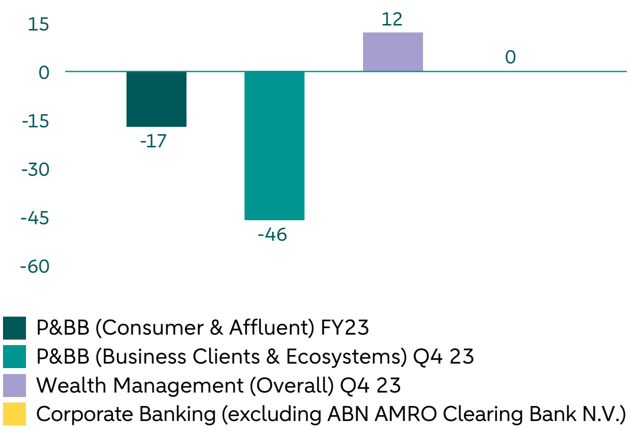
As we increasingly become a personal bank in the digital age, the digital experience remains the most valued element of our service for clients. Our NPS for mortgages was close to target, and our NPS for SMEs came down while we continued to invest in our new client service model. As we continue to optimise 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.

NPS for targeted growth markets



Figures are shown at end-Q4, except for Personal & Business Banking – consumer and affluent clients, which covers the full year. Definitions of all key performance indicators and other metrics can be found in the Other information chapter.

Relational NPS by client unit



[1] Through this mandate, investments are made in a selection of socially responsible investment funds, aligned with the UN Sustainable Development Goals.
[2] As defined under our Operational sustainability targets. See page 30 for further details.

Sustainability

We aim to play a role in helping to build a more sustainable society and providing distinctive expertise in supporting clients' transition to sustainability. As ABN AMRO, we want to be our clients' first-choice partner for sustainability.

During 2023, we moved ahead with our climate strategy, invested more in sustainable businesses and surpassed our sustainability acceleration targets for both corporate loans and ESG + impact investments.

Supporting the move to sustainability

We are working closely with clients to reduce their carbon footprint. We are also investing in sustainable businesses and technologies supporting the circular economy and prioritising social impact. In addition, we have set clear sustainability acceleration targets. We want more of our loans, proportionally, to go to businesses that meet our sustainability standards and more of our Wealth Management clients to choose ESG funds and strategies. By the end of 2023, we saw advances in our sustainability acceleration target for ESG + impact investments, residential mortgages and corporate loans – a reflection of strong demand among clients and investors:

	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.

Sustainability (acceleration) asset volume refers to products that adhere to ABN AMRO's sustainability acceleration standard. This year, we have extended our sustainable acceleration standard disclosures by including the Green Asset Ratio (GAR) and EU Taxonomy definitions. We have chosen to report on both concepts because, with each having its own objective, we see them as complementary. To be included in the numerator in the GAR, economic activities must be aligned with the EU Taxonomy criteria. The GAR is a valuable indicator for green volumes because of its strict data quality requirements and theoretical comparability with peers, and because it shows where we currently stand in terms of achieving the EU Taxonomy environmental objectives in 2050. Our Green Asset Ratio per 31 December 2023 is 10% with most taxonomy alignment coming from our mortgage portfolio. On the other hand, the GAR has several drawbacks. First and foremost, it focuses on only a small part of our corporate loan portfolio and mortgages, and only climate-related volumes can be taxonomy-aligned for this reporting year. Given that market practice is still developing, there may be substantial differences in how technical screening criteria are interpreted in the market, thus hampering comparability between banks. For some sectors, the GAR also requires corporations to have advanced technologies in place that are not yet always economically feasible. In light of this, we also still report on the sustainability (acceleration) asset volume as the metric that this provides for the rest of our corporate loans portfolio and mortgage portfolio reflects currently available technologies supporting the transition and focuses on broader environmental and social aspects. This allows us to maintain a broader perspective on where we stand in helping our clients in their respective transitions, while still aligning our definitions with the EU regulation in this area.

For client assets, we have aligned our definition of sustainable acceleration client assets with the definitions set in the EU's SFDR (Articles 8 and 9). We use this as the leading metric for our target-setting on client assets at present. Since this category relates to clients' investments, these assets are not on ABN AMRO's balance sheet and are therefore not included in ABN AMRO's GAR. We report separately on the taxonomy alignment of our client assets. More details on the EU Taxonomy can be found under EU Taxonomy in the Sustainability Statements.

The S&P Global ESG Dow Jones Sustainability Index (DJSI) tracks the sustainability performance of leading companies per sector. Our result on the DJSI indicates to which extent ABN AMRO deviates from the the industry leader, which was 20% in 2023. This places us in the top 20% but also quite far from our target of scoring within 5% of the industry leader. Since we set this target in 2018 we noticed increased attention for sustainability performance in the sector which has made it a more challenging KPI for us. This year we will evaluate our target on sustainability, taking these and other developments into consideration.

Our climate strategy

Our climate strategy, as published in December 2022, is designed to achieve our goal of bringing our portfolio in line with a 1.5°C maximum global warming scenario and supporting the transition to a net zero economy by 2050.

In 2022, targets were set for five sectors: residential mortgages, commercial real estate, oil and gas upstream, power generation and shipping. In addition, an ambition was set for our Discretionary Portfolio Management (DPM) as part of the client assets portfolio. Further on by the end of 2023, we have set targets for inland shipping and agriculture in line with our intention to communicate targets for all carbon-intensive[1] sectors. With our current climate targets we cover 68% of our total loans and advances and the corporate sectors account for 25% of our total corporate loans.

For residential mortgages, oil and gas upstream and power generation our performance is progressing towards the target. With regard to our client assets ambition we are currently on par to meet the ambition set for 2025. For our shipping portfolio, our current progress is off target. We are currently reviewing how we can accelerate progress towards our target and ensure we achieve the required reduction in emissions.

Our sustainability efforts aim to help our clients decarbonise their business models, assets and footprint in order to structurally reduce carbon emissions in the real economy. During the year under review, we scaled up our investments in renewable energy projects (already meeting our 2025 goal) and provided sustainability-linked loans to clients to incentivise them to decarbonise. An example from the shipping sector was the financing of a methanol-fuelled MR tanker newbuild vessel. We are also investigating other opportunities to finance energy efficiency measures in

[1] The carbon-intensive sectors as defined by NZBA are agriculture, aluminium, cement, coal, commercial and residential real estate, iron and steel, oil and gas, power generation, and transport.

liaison with our clients. For residential mortgages and commercial real estate we have increased financing of property with energy label A or higher. We are also developing a data improvement plan and have developed a Transition Readiness Assessment to support clients in moving towards more sustainable business models.

Our climate strategy is part of the strategic priorities of ABN AMRO. For example, one of our climate strategy priorities is scaling our existing sustainability-linked solutions, by amongst other, supporting our clients on their climate journeys. We have implemented dashboarding to monitor our progress on this in the first sectors. As a next step to further incorporate climate factors into our performance management cycle, we are currently updating our climate-related KPIs and management reporting.

There were also challenges in the implementation of our climate strategy. The availability of data, including client-specific data, remains a challenge. Another challenge is the embedding of climate data into our IT landscape. This is taking longer than we had planned in 2022.

We have earmarked EUR 1.0 billion in early-stage capital to invest in new sustainable businesses in order to further accelerate the transition to a lower-carbon economy. Approximately EUR 250 million of this EUR 1.0 billion had already been invested as by December 2023. Over the past year, direct equity investments included The Think Better Group, Spectral Energy, Colibri Energy and Colorful Standard. ABN AMRO also supports its clients with green, social and sustainability-linked bonds. In 2023, over EUR 18 billion of these bonds were structured, issued and distributed on behalf of our clients. All these bonds were issued under publicly available green, social and sustainability-linked bond frameworks subject to an independent verification. Highlights during the year were the first inaugural green bond for Gasunie and Hypo Tirol, and the inaugural sustainability-linked transaction for Eramet.

As well as supporting our clients in their transition we intend to lead by example by decarbonising our own operations. Our aim is to reduce all scope 1 and 2 emissions by focusing on energy reduction and the sourcing of renewable energy for our buildings, data centres and mobility, and to further reduce business travel emissions. Over the past year, we managed to reduce our scope 1 and 2 emissions by approximately 23%, mainly thanks to continued energy savings and a decrease in mobility.

Both our sustainability (acceleration) asset volume and climate strategy have the same purpose: to support our objectives for a more sustainable economy. However, both concepts do have different angles of looking at sustainability and therefore an increase in one does not necessarily lead to an increase in the other. For example, sustainability (acceleration) volume does not only include loans that positively contribute to climate, but also other sustainability categories like circular economy. Also, the scope of both concepts is different in terms of product types covered and in terms of coverage of those product types.

In several cases, a positive development in sustainability (acceleration) volume will have a positive impact on our pathway towards climate targets, if these loans are provided to clients in one of the sectors that is in scope and the loan is aimed at mitigating climate impact. An example is our mortgage portfolio where an increase in A labels will lead to a higher sustainable (acceleration) volume, and most likely will also show a positive impact on our pathway to our climate target. However, not in all cases there is a direct link between both disclosures, as in some cases sustainable linked loans will only have an effect on the emissions of our clients a few years later on. For example, when we provide a sustainability-linked retrofit loan to a shipping client, our sustainability (acceleration) volume will increase in the year that the loan has been provided. However, the corresponding GHG emissions will not decrease correspondingly in the same year, as the vessel will first need to be adjusted. Therefore, the positive climate impact will only become visible in later years and provided that the loan has not been repaid already. We aim to align the underlying criteria and business drivers for these two metrics as good as possible towards the future.

For more details on our climate strategy and performance, see the Sustainability statements chapter.

Biodiversity

We have developed an action plan in 2023 to help tackle biodiversity loss. Therefore, we build on existing work on biodiversity, like data on ABN AMRO's impact on biodiversity and environmental risk analysis. Work will now focus on engaging with business clients in two sectors to slow the loss of biodiversity: the built environment, and agriculture and food.

Circular economy

Alongside our climate strategy, we also want to help enable our clients' circular transition by, for instance, financing companies that re-use waste materials and reduce pressure on often scarce natural resources. During 2023, we originated more than 40 circular loans, worth EUR 275 million, bringing us to a total of 2.1 billion in circular deals, still behind our EUR 3.5 billion ambition for the end of 2024[1].

We provided a loan to Stichting UPV Textiel, a textile producers' foundation that is working with the textile sector to facilitate the transition to a circular textile chain. This is in line with new Dutch regulations on textiles that came into effect in July 2023 and made producers responsible for the waste from used products. Stichting UPV Textiel helps participants to meet their regulatory obligations collectively.

Another new loan in 2023 was to Kegs United, a beer brewers' cooperative, to finance the development of reusable, stainless steel beer barrels. These barrels are sustainable and can be used among different clients, which also makes it more logistically efficient.

Our efforts to support the circular economy are not limited to loans. Through Tikkie, we make the return of plastic and glass bottles and cans more practical and efficient. In 2023, Tikkie enabled the return of 2.1 million packaging items. Users can receive their deposit on packaging back through Tikkie and at more locations than previously.

Social impact

As a bank which has 'Banking for better, for generations to come' as its purpose, ABN AMRO is strongly committed to help improve social inequality, financial resilience and financial inclusion.

We are also working to promote inclusive banking[2] to help vulnerable groups in society where possible. This includes a focus on society as a whole and female clients, who face difficulties accessing the right banking and financial services, since some groups of women in the Netherlands are particularly vulnerable and have less than optimal access to financial expertise, knowledge and funding.

According to the Dutch Central Bank, around 2.6 million people in the Netherlands experience difficulty with online banking. We have therefore expanded our network of financial coaches to more than 100 nationwide. These coaches have held more than 100,000 client meetings to help clients needing more assistance and guidance to handle their finances. We are also working with outside organisations, including the Alliance for Digital Cooperation and ANBO, the Netherlands' leading association for senior citizens. During the year, we signed the Digital Inclusion Manifesto, which sets priorities for addressing digital exclusion.

Financial resilience has become an important issue, particularly with the rising cost of living in the Netherlands over the past two years. We realise that many clients are unaware of the assistance we provide to people with financial problems, or leave it too late before asking for help. For those facing financial hardship, we have specialist budget coaches and debt advisors.

Respecting human rights

Following our commitment to the UN Guiding Principles on Business and Human Rights, we have a responsibility to respect human rights. This has an impact on all our business relationships, including our corporate clients, which is why we have incorporated human rights into our Sustainability Risk Framework.

As part of our commitment to the UNGPs, we have identified our salient human rights issues – i.e., those issues that stand out because they are at risk of the most severe negative impact through our activities and our business relationships. We also see emerging risks such as the impact that continued climate change can have on human rights.

[1] Progress on the EUR 3.5 billion 2024 circular ambition is monitored using the EU Categorisation System for the Circular Economy.
[2] For ABN AMRO, inclusive banking is about making our products, services, policies, systems and processes more accessible, particularly to client groups currently facing difficulty accessing banking services and finance, and to support equal opportunities and help strengthen our clients' financial resilience and independence.

Promoting diversity within ABN AMRO

Throughout ABN AMRO, we are working to encourage greater inclusivity within our workforce to reflect the diversity of society. We believe that diversity makes for better, more effective decision-making and ultimately brings us closer to our clients. Over the past year, we made further progress towards our diversity targets, but we are conscious that work still needs to be done.

Our 2023 equal pay study showed that women and men working at the same job level receive equal pay within ABN AMRO. That said, men were still overrepresented in the higher salary scales. This leads to an unadjusted gender pay gap of 16%, which will narrow if more women are appointed to higher job levels. As part of our approach, we have built diversity into our HR practices[1].

We train our managers to recognise unconscious bias and have a mentoring programme to encourage more colleagues from minority groups to apply for senior positions.

Alongside this, we have set up internal diversity programmes and work with external initiatives to promote diversity. Our internal programmes include B-Able for employees with occupational disabilities and Reboot, which is aimed at bringing people with a refugee background into the bank's workforce. We are also signatories to the UN Women Empowerment Principles and are working with Talent to the Top[2] and the Financial Alliance and Women in Financial Services to advocate for more women in executive positions throughout the financial sector.

Our diversity targets

	2023	2022	Target (2024)
Gender diversity:			
- Women at the top	31%	30%	34%
- Women at the sub-top	31%	31%	34%
Employees with disabilities:			
- Number of employees with disabilities	119	125	196
Managers with non-western background:			
- Managers at the top from non-western background	5%	5%	7.1%
- Managers at the sub-top from non-western background	8%	8%	8.5%
Gender pay gap[1]	16%	15%	NA

[1] Measured as the ratio of total pay for men throughout the organisation to total pay for women. This is due to underrepresentation of women in higher functions.
For more information on ABN AMRO and subsidiaries' diversity targets in response to implementation of current Dutch legislation in this area, please see this link.
NA – not applicable.

[1] Diversity relates to the variety of something, in most cases a group of people. This could thus refer to a group of people with different backgrounds and experiences, like ethnicity, gender, sexual orientation, etc.
[2] Choy van der Hooft-Cheong, Chief Commercial Officer of ABN AMRO's Wealth Management division, took over as Chair of Talent to the Top at the beginning of April 2023.

Future-proof bank

We are focused on a future-proof business model, enhancing client service, compliance and efficiency. Over the past year, we continued to simplify our organisation and digitalised more of our processes to improve customer service. We also stepped up recruitment and skills development, and gave future generations a bigger voice within the bank.

Simplifying our organisation

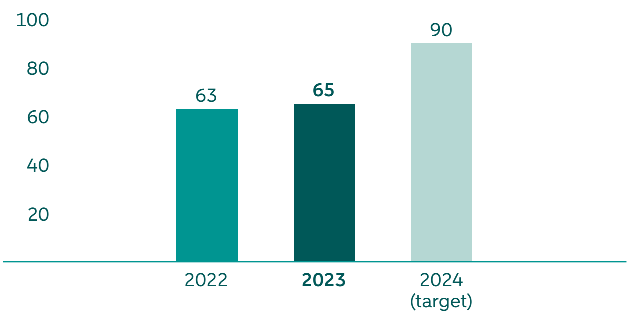
Over the past two years, we have reorganised our bank to be more client-focused and simpler in its processes and operations. We have created clients units and reduced risk by winding down most of our non-core Corporate Banking activities.

At the same time, we have maintained a strong capital position, worked to reduce costs, improve efficiency and lessen our reliance on interest rate margins by increasing income from fees and commissions. We have also simplified our Wealth Management organisation by turning our subsidiaries Neuflize OBC in France and Bethmann Bank in Germany into fully-fledged ABN AMRO branches.

We recognise that the straight-through processing rate is below our target and we will consider possible next steps. Meanwhile, we have made progress in further digitalising ABN AMRO. We have moved more of our applications to the Cloud, digitalised more of our high-volume systems and processes in areas such as client management and core transactions, and continued to add new functions to Anna, our chatbot.

Straight-Through Processing rate

(high-volume processes, in %)



Digitalisation helps us to improve customer service, reduce operating costs and speed up time to market. We are working to improve our client offering with simplified financial solutions, optimising the user experience as we move towards a modular architecture. We are reducing the number of applications we have and are continuously rejuvenating our IT systems so that we can become more efficient and accommodate new technologies more easily.

As we work towards becoming a personal bank in the digital age, we must continue providing reliable access to our services. We have maintained a very high level of availability for our banking services throughout the year:

Availability of our banking services

	2023
Internet Banking	99.97%
ABN AMRO app	99.97%
iDEAL	99.94%
Pin betalingen (POS)	100.00%

Protecting data and fighting cyber crime

As ABN AMRO, we have a responsibility to protect our employees' and clients' data, privacy and assets, as well as maintaining round-the-clock access to banking services. Cybersecurity remains a priority for the bank, given that cyber attacks are becoming more frequent and more sophisticated. We are continuing to invest in security measures and our ability to change and adapt to new threats.

Workforce fit for the future

We strive for a workforce that is engaged and has the right skills. Over the past year, we saw some skills shortages in areas of high demand such as data analytics, IT, digital security, sales, customer care and risk modelling. In response, we have dedicated teams of recruiters and launched new, online recruitment campaigns.

We want to create a safe, inclusive working environment, as well providing attractive benefits and career opportunities. Generally, we prefer reskilling or upskilling. However, given the changes in the banking sector, we recognise that we will also need to bring in new skills from outside the bank to support our strategy, particularly in sustainability, data and IT.

Hybrid working has become more common throughout ABN AMRO. Employees have the option, when appropriate, to work in the office or remotely, and may even work from abroad from certain countries. For those choosing to work remotely, we provide the right equipment for home-working. Alongside the switch to hybrid working, we have increased our focus on mental health and well-being through the bank's MyWellbeing programme.

In addition, we offer extensive skills training. Our employees each receive a personal development budget to determine their own training priorities as part of our emphasis on self-learning. We also have education programmes, including our Compliance, Anti-Money Laundering, Data and Sustainability academies. In 2023, we spent a total of EUR 40 million on external training and development.

Employee engagement

Every year, we conduct an Employee Engagement survey. The results are used to help improve the working environment for our employees. In 2023, the survey showed an overall engagement score of 82, an improvement from 78 the previous year. Higher scores were recorded particularly for vision and direction (+7), senior management (+7), efficiency (+3) and collaboration, one of our core values (+3). A total of 77% of employees took part in the 2023 survey, compared with 68% the year before.

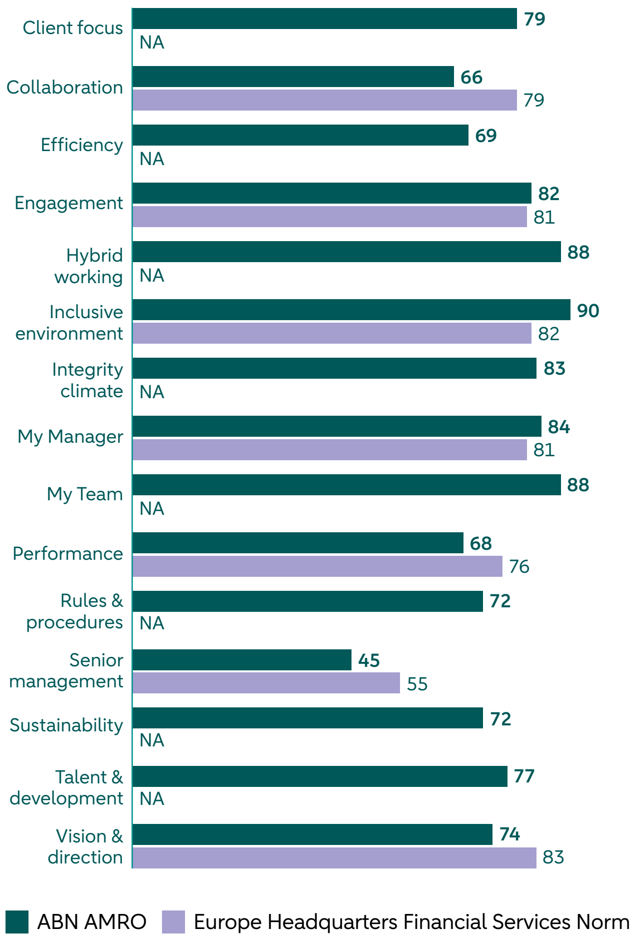
Results are discussed each year by both the Executive and Supervisory Boards, as well as by individual teams and departments. In addition, we organised Engagement Circles, where colleagues were asked to share their needs and experiences first hand with management. Results from our survey are also benchmarked against an average of Financial Services with headquarters in Europe.

Alongside the survey, we also carried out a separate Benefits Survey[1] in 2023. Results showed that employees are generally satisfied with current benefits, although the appreciation of salaries decreased a bit.

[1] Sent to all employees covered by ABN AMRO's current Collective Labour Agreement (CLA).

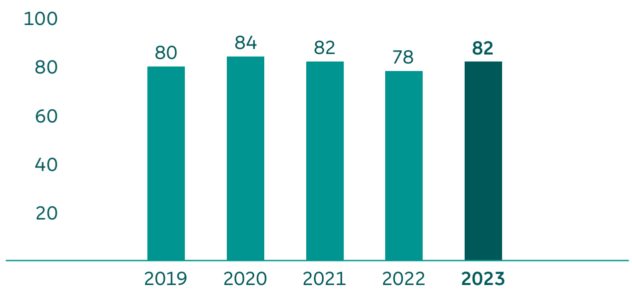
Breakdown of employee engagement survey results

The benchmark is used to calibrate our efforts against industry standards, and serves as an input to shape our endeavours for the coming year. This year's benchmark underlines our ambitions to strengthen two categories: Collaboration, in particular the collaboration between different parts of our organisation, and Performance, through improving our Performance Management practice and process.



Scores above are based on ABN AMRO's annual Employee Engagement Survey. The latest survey was conducted in October 2023; 77% of employees took part.

Employee engagement score
(in %)



Ethics, integrity and fighting financial crime

To maintain trust, it is important that we uphold standards of ethics and integrity. For us, this means doing:

- What we have to do – complying with all relevant laws and regulations
- What we can do – doing what we can to support standards over and above regulations
- What we want to do – being responsible and protecting our long-term licence to operate.

Like other banks, we act as a gatekeeper in helping to protect the wider financial system against fraud and other financial crime; we take this role very seriously. We therefore have a strong framework of internal policies and controls in place to ensure we comply with regulations and minimise risks associated with fraud, bribery and corruption, money laundering and terrorist financing.

Our controls include extensive due diligence on clients and other business partners, particularly those with political exposure or living and active in countries or sectors with a higher incidence of financial crime.

We encourage a speak-up culture within the bank, so that employees feel safe in reporting possible violations and discussing ethical dilemmas. Both employees and third parties may report violations, or suspected violations, through our Speak-Up programme. Everyone within the bank can contact the Ethics Committee with questions about moral dilemmas in the workplace. By discussing these ethical questions, the Ethics Committee gives substance to our purpose: How can we bank for better, for generations to come. ABN AMRO employees are trained to recognise warning signs of financial crime and required to report all incidents, both actual and suspected, immediately. 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.

Giving future generations a voice

In 2023, we set up a Future Generations Board, comprising seven employees under 35 working in different parts of the bank. This Board will seek to ensure that the interests of future generations are given more weight in our decision-making. For this purpose, we have developed a 'generations test' to help gauge the effect on future generations of decisions we take now as a bank. The Future Generations Board works closely with our Chief Sustainability Officer, while the Chair has a seat on the bank's Group Sustainability Committee, thus further anchoring our purpose of 'Banking for better, for generations to come' into the bank's organisation.

New Amsterdam head office for ABN AMRO

Work began during 2023 on our new head office at Foppingadreef in south-east Amsterdam. These premises date back to the 1980s, but will be redeveloped into a modern, Paris-proof building. The new headquarters will provide space for around 10,000 ABN AMRO employees. The redevelopment will re-use approximately 70% of the current building, while any left-over materials will be repurposed, and the façade will be lined with 10,500 m^2 of solar panels, thus significantly reducing our energy consumption.

Interview with
Marjette Soeteman
Personal banking client

Personal banking client, Marjette Soeteman, faced a number of tricky financial hurdles while trying to re-establish her home life in the midst of a divorce last year. She found, in particular, that living in the Netherlands while working for the European Union in Brussels severely restricted her ability to raise a new mortgage.

"With the way real estate prices fluctuated in the Netherlands, I would have been living in a garage."

Fortunately, a friend recommended ABN AMRO.

"I was recently divorced and needed to borrow money to buy my own place. That was complicated because I'm paid from Brussels, even though I'm resident in the Netherlands. The bank my ex-husband and I borrowed money from eight years before would only count my basic pay and not the various allowances I receive, effectively halving the amount of salary I could put toward mortgage repayments.

In addition, I wasn't eligible for Dutch tax breaks on mortgage interest payments, prompting the bank to decrease my allowable monthly charges by about 1000 euros a month. On that basis, I could have borrowed the same amount as when I started work as a primary school teacher 25 years ago. With the way real estate prices have gone in the Netherlands, I would have been living in a garage. A friend who had an account with ABN AMRO suggested I try there, which I did. This was in October last year. It was a difficult time. I was on a tight deadline to finalise my divorce and have a mortgage approved before I could secure my new house.

I had a couple of issues trying to open a current account online and was initially refused. Thankfully, I was able to speak to an advisor and have it sorted out quickly. It was a bit frustrating at first as I needed to have an ABN AMRO account before I could apply for a mortgage. But everybody I dealt with was very nice and kind, so it wasn't a problem. I was able to secure my mortgage within two days of the deadline. The advice I had was practical and clear. It's very important for me to have that personal touch. It's especially important when dealing with enormous life changes.

I felt a bit desperate when my new mortgage application was rejected by my original lender, and ABN AMRO helped get me through that. It was very easy to contact people when needed and they were extremely helpful. My personal advisor, in particular, was very friendly and competent, always available to answer my questions. It was a good experience."

"We will continue to further improve our bank, focusing on data quality, meeting our regulatory requirements and digitalising more of our internal processes."

Ferdinand Vaandrager
CFO of ABN AMRO N.V.

Interview with our Chief Financial Officer

2023 was a highly profitable year for ABN AMRO. Was that exclusively due to the favourable interest rate environment?

"Obviously, the higher interest rates played a big role. In just over a year, the interest rate environment improved materially, which had a significant positive impact on our net interest income generation. On top of that, we benefited from the strategic steps we have taken since 2020. The wind-down of our CB non-core activities, which is almost fully completed, has helped to de-risk the bank and improve the overall quality of our loan portfolio. Despite challenging market and geopolitical circumstances, we didn't see any uptick in loan defaults last year and underlying credit quality indicators remained solid. In fact, we recorded EUR 158 million in impairment releases as our non-performing loan exposures further decreased and earlier provision overlays to cover possible losses were reduced including those related to geopolitical uncertainties."

What did the year reveal about ABN AMRO and where it stands?

"2023 was a volatile year, which re-emphasised the resilience of our diversified business model and the strength of our capital and liquidity positions.

Amid ongoing macroeconomic and geopolitical uncertainty, we continued to grow our key customer segments and create value for our clients. In Corporate Banking, we added new clients as we are increasingly being recognised for our expertise in helping businesses in Northwest Europe to accelerate their new energy, mobility and digital transitions. In mortgages, we benefited from our ability to reach clients across the market and keep our overall mortgage portfolio stable in a competitive market.

At the same time, our income from fees remained stable as market circumstances made it difficult to sustain the increasing trajectory. In Personal & Business Banking, for example, our package pricing strategy developed slower than initially anticipated and mortgage advisory fees impacted by a lower number of transactions. Clearly over time, we have the ambition to make fees a more important part of our income by focussing on strategic initiatives in Affluent, SME's and emphasis on growing the Assets under Management, reducing the dependency on net interest income."

As you said, 2023 was a very profitable year for ABN AMRO. How are you putting your excess capital to use?

"The good financial performance and strong capital position has enabled us to return capital to our shareholders. In April 2023, we completed our second share buyback programme and continue to be committed to generating and returning capital through dividends and buybacks as evidenced with the third share buyback we announced at our Q4 results in February. We are also continuing to invest in growth. A good example of this was our acquisition of neo-broker BUX, which boosts our offering to young affluent and next generation clients in Europe.

Another highlight was the Dutch State's decision to reduce its stake in ABN AMRO below 50%, which shows that our major shareholder is confident in how we are executing our strategy. It will clearly also increase the free float of our shares, and so provide more opportunities for other shareholders to build up positions in ABN AMRO."

What's your outlook for 2024?

"We are confident in the outlook for both the economy and the bank's performance. The big question is: are we expecting a soft landing for the economy? On that note, the overall outlook is relatively good. The Dutch economy continues to perform relatively well and expanding again after three consecutive quarters of contraction. The expectation was that house prices would come under significant pressure; they are actually rising again. The forecast is that domestic spending will hold up in 2024, exports will bottom outand inflation will fall. At the same time, wage growth will remain relatively strong, and this will have a positive impact on private consumption supporting moderate GDP growth going forward."

When publishing its second-quarter results in August, the bank said it would not achieve its cost target for 2024. How do you explain this?

"First of all, it's a reality check. The inflationary environment in which we are operating today is nowhere near the environment we thought we would be operating in back in 2020. There is also the issue of investments spilling over. In a very tight labour market, we had to delay some of our major change programmes as we struggled to find people with the right skillset. As a result, 2023 costs were lower than previously expected.

While we remain committed to cost discipline, we expect higher costs in 2024 as we have scaled up resources for data capabilities, further digitalisation of processes and implementation of new regulation like Sustainable Finance. We will also continue to invest in simplifying our IT and application landscape, which should help, over time, to reduce maintenance costs while also freeing up capacity to improve the digital experience for clients."

How do you view the ever-increasing regulatory pressure for banks?

"In my view, regulatory change and our strategy are mutually enhancing. Regulation is also a catalyst of change, it helps standardisation and data availability, it creates a level playing field and can push the industry to operate at higher levels of risk management. That's also how I look at the Corporate Sustainability Reporting Directive, which increases the requirements for impact reporting as of our 2024 integrated annual report. We are very well positioned for CSRD as we have been reporting on how we create value for society since our first Impact Report in 2018. Still, the new reporting guidelines require us to capture even more non-financial data, which we will use to make better informed decisions as we aim to maximise positive impact for all our stakeholders in line with our strategy."

You officially took over as the CFO in November last year. If you look at your predecessors, how will your role be different?

"The finance department is increasingly focusing on making visible how we create value for our stakeholders and use that for both steering and reporting in an integrated way. That also means that the skillsets of the people in finance are changing. When I look at myself, it was only three years ago that I transitioned into the finance organisation. Before that, I had worked in various departments, including corporate banking and financial markets for more than 15 years.

This background provides me with a broader perspective on the bank and its environment, which I hope will be helpful as we transition the finance organisation. In the end, our future success depends on our continued ability to develop value-added services for clients. By combining financial and non-financial data, my team plays an important role in providing insights and steering on broader value creation perspective thereby identifying areas where we can have the biggest impact for our stakeholders."

Ferdinand Vaandrager
CFO of ABN AMRO N.V.

Our financial performance

We reported a strong financial result for 2023 due mainly to higher interest rates, lower operating costs and impairment releases. All client units delivered better results for the year. Results also benefited from recent choices – particularly in winding down our Corporate Banking non-core loans, which has helped de-risk the bank and improve overall asset quality. In February 2023, we also announced a further EUR 500 million share buy-back. Our capital position meanwhile remained strong, despite a challenging economic environment.

Financial indicators

(in millions)	2023	2022	Change
Net interest income	6,278	5,422	16%
Net fee and commission income	1,782	1,778	0%
Other operating income	558	640	-13%
Operating income	**8,618**	**7,841**	**10%**
Personnel expenses	2,492	2,458	1%
Other expenses	2,741	2,968	-8%
Operating expenses	**5,233**	**5,425**	**-4%**
Operating result	**3,385**	**2,415**	**40%**
Impairment charges on financial instruments	-158	39	
Profit/(loss) for the period	**2,697**	**1,867**	**44%**
Other indicators			
Common Equity Tier 1 ratio	14.3%	15.2%	
Common Equity Tier 1 ratio (Basel IV)	15%	16%	
Net interest margin (NIM) (in bps)	157	129	
Return on average Equity[1]	12.2%	8.7%	
Dividend per share (in EUR)[2]	1.51	0.99	

1 Figures based on bank's annualised profit (or loss) for the period, excluding payments attributable to AT1 capital securities and results attributable to non-controlling interests, divided by average equity attributable to shareholders of the bank, excluding AT1 capital securities.
2 Figure for 2023 shows proposed dividend, subject to approval by ABN AMRO's Annual General Meeting (AGM).

Financial results

Net interest income increased by 16% to EUR 6.3 billion, with interest rates turning positive leading to an improvement in deposit margins. The increase was partly offset by pressure on margins for mortgages and consumer loans. Income from fees and commissions remained stable year-on-year. Overall, operating income was 10% higher in 2023 at EUR 8.6 billion.

Operating expenses, meanwhile, decreased by 4%, as costs for investments in data capabilities, further digitilisation of processes and sustainable finance regulation spilled over into 2024. Cost measures have delivered approximately EUR 500 million in savings since year-end 2020. Full-year costs for 2023, excluding incidentals, totalled to EUR 5.1 billion.

With higher income and lower expenses, net profit for the year was up 44% at EUR 2.7 billion. Consequently, our return on equity improved to 12.2%, compared with 8.7% the previous year. Impairment charges recorded a release of EUR 158 million and releases were attributable to a reduction of management overlays.

Lending and credit quality

Our mortgage portfolio proved very stable despite some pressure on margins in what was a competitive market. Mortgages account for nearly two-thirds of our total loan book. Corporate loans, meanwhile, were lower year-on-year as we almost fully completed the wind-down of our non-core loans[1]. We also saw some decrease in consumer loans, with several products in run-off and lower client demand resulting from stricter lending criteria.

Overall credit quality remained solid, despite economic uncertainty. During the year, we were able to release a net EUR 158 million in impairments and reflect releases in management overlays as earlier provisions taken were no longer required. As a result, our cost of risk was minus 5 basis points – testament to the underlying quality of our loan book following the non-core wind-

1 By the end of 2023, we had just 2% of our non-core loans remaining (as compared with Q2 2020).

down and measures taken to strengthen the bank's risk appetite framework.

Capital position

During 2023, ABN AMRO's capital position remained strong, with a fully-loaded Basel III CET 1 ratio of 14.3% and a Basel IV ratio of around 15% – lower than the previous year, but still well above regulatory minimums.

Risk-weighted assets increased by just over 9%, partly due to updates in credit risk models.

Our strong capital position has allowed us to continue returning capital to shareholders in line with the bank's capital framework. We have proposed a final cash dividend for 2023 of EUR 0.89 a share, subject to approval by shareholders at the 2024 AGM. If approved, this will bring the total dividend for the year to EUR 1.51 a share.

In addition, we have also announced a new share buyback of EUR 500 million, our third buyback. Over the past three years, ABN AMRO has returned approximately EUR 4.3 billion in capital to shareholders in the form of dividends and share buybacks. We will maintain our current dividend policy: to pay out 50% of reported net profit[1]. 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.

Financial performance outlook for 2024

We expect net interest income to remain broadly in line with 2023, with interest rates not forecast to decline until mid-year at the earliest.

Costs will increase to around EUR 5.3 billion, with additional resources allocated to data capabilities, further digitalisation of processes and sustainable finance regulation.

Overall, we believe costs will remain flat between 2024-2026, with savings being offset by inflation.

[1] After deduction of AT1 coupon payments and minority interests.

Large incidentals

Please find below an overview of the largest incidentals affecting our results for the previous and current year. More detailed information on other large incidentals disclosed can be found in the quarterly reports.

Provision for variable compensation

In 2022, the Appeals Board of the Dutch Financial Services Complaints Authority (Kifid) ruled that clients with interest rates that were not sufficiently aligned with market rates should also be compensated for compound interest (interest on interest) and the provision was increased by EUR 110 million for client compensation.

In 2023, this provision was updated by a net addition of EUR 16 million under net interest income and an addition of EUR 20 million for handling costs under other expenses. Both items were recorded in Personal & Business Banking. The EUR 16 million addition under net interest income is the sum of the EUR 18 million release recorded in Q2 and the EUR 34 million addition in Q4. The addition in Q4 was mainly driven by an increase in average compensation for ICS clients.

TLTRO

The 2022 figures include a discount of EUR 189 million from the TLTRO programme (until 23 November 2023), which was recorded in net interest income. Most of this benefit is being passed to our clients.

During the final quarter of 2022, ECB announced that the TLTRO III terms and conditions would change from 23 November 2022. As a result of this change, the hedge held for interest rate sensitivity was no longer effective and led to a loss of EUR 319 million, which was booked in Other Operating Income at Group Functions.

AML

In 2022, EUR 84 million was added to the provisions for the AML remediation programmes. The scope of the provision was further updated to incorporate additional requirements agreed with the Dutch Central Bank and, after a review, more AML remediation-related activities were added to the provision.

Goodwill impairments

In 2023, the result of the annual impairment test triggered a EUR 79 million goodwill impairment relating to various past acquisitions. No goodwill remains on the balance sheet after this impairment.

CB non-core wind-down

In 2023, a EUR 85 million tax benefit for deferred tax assets was recognised on our remaining US business activities.

Financial performance by client unit
Personal & Business Banking

(in millions)	2023	2022	Change
Operating income	3,955	3,334	19%
Operating expenses	2,498	2,658	-6%
Operating result	**1,457**	**676**	**115%**
Impairment charges on financial instruments	-81	73	
Profit/(loss) for the period	**1,148**	**459**	**150%**

Our Personal & Business Banking division reported a significant increase in profit for 2023, supported by higher interest rates and measures taken during the year to reduce operating expenses.

Net interest income increased by 20%, due mainly to improved deposit interest margins, offset by margin pressure on residential mortgages and consumer loans.

Residential mortgages were higher year-on-year, though ABN AMRO's market share of new mortgages declined to 14%, down from 17% in 2022, reflecting the competitive environment and our focus on healthy margins.

Net fee and commission income rose to EUR 555 million because of higher fee income from credit card services at ICS and an increase in package pricing for both retail clients and SME clients.

During the year, we kept a tight lid on operating expenses. Overall, these decreased by 6% due to lower regulatory levies and lower costs for external staffing. Personnel expenses were 2% higher – a reflection of salary increases agreed under the current Collective Labour Agreement.

Wealth Management

(in millions)	2023	2022	Change
Operating income	1,601	1,477	8%
Operating expenses	1,079	1,007	7%
Operating result	**522**	**470**	**11%**
Impairment charges on financial instruments	-8	29	
Profit/(loss) for the period	**374**	**347**	**8%**

Wealth Management reported an 8% increase in profit for 2023, despite rising operating expenses. Net interest income rose by 27% as higher interest rates resulted in improved margins on deposits. Net fee and commission income was broadly stable. Assets under management were lower for most of the year, while financial market performance did not improve substantially until Q4.

Operating expenses were up 7%, though this was due to large incidentals. Without these, expenses would have remained flat when compared with 2022. During the year, the sustainability (acceleration) asset volume, relating to ESG and impact investments, rose to 47%, up from 46% a year earlier.

Corporate Banking

(in millions)	2023	2022	Change
Operating income	3,368	3,246	4%
Operating expenses	1,642	1,750	-6%
Operating result	**1,726**	**1,496**	**15%**
Impairment charges on financial instruments	-70	-68	-3%
Profit/(loss) for the period	**1,451**	**1,199**	**21%**

Our Corporate Banking business saw a 21% increase in profit for 2023 reflecting improved net interest income and a reduction in operating expenses. Net interest income rose 5%, due mainly to higher margins on deposits. Income from fees and commissions was somewhat lower however, with a decrease in corporate finance fees, partly offset by a beneficial one-off payment relating to our non-core portfolio. Higher results from our Global Markets business, meanwhile, helped increased other operating income.

Operating expenses declined by 6% during the year as the wind-down continued of our non-core loan book. Regulatory levies were also lower. Profits at Corporate

Banking further benefitted from impairment releases amounting to EUR 70 million.

ABN AMRO share price performance and dividend

ABN AMRO's share price rose 5.1% during 2023. Over the same period, the STOXX Europe 600 Bank Index, our principal benchmark, increased by just 3.1%.

The total dividend proposed for 2023 is EUR 1.51 a share, representing a dividend payout of 50% of the bank's reported net profit (after deduction of AT1 coupon payments and minority interests). The total dividend consists of an interim dividend of EUR 0.62, paid in September 2023, and a proposed final cash dividend of EUR 0.89, subject to approval at the April 2024 Annual General Meeting.

On 14 February, we announced a further share buyback programme of EUR 500 million, expected to be complete by June 2024 at the latest. Our previous share buyback was completed in April 2023.

Listing information and substantial holdings

STAK AAB (Stichting Administratiekantoor Continuïteit ABN AMRO Bank) owns 462.1 million shares in ABN AMRO, equivalent to 49.5% of the total. STAK AAB has issued depositary receipts representing these shares, which are listed on Euronext Amsterdam.

In November 2023, NLFI announced its intention to sell depositary receipts for shares in ABN AMRO Bank N.V. through a pre-arranged trading plan.

Since the start of the trading plan in February 2023, a total of 58.47 million depositary receipts have been sold. In addition, NLFI has said it will sell more shares as part of ABN AMRO's planned share buyback, announced in February 2024, to prevent any increase in its stake in the bank[1].

Other than STAK AAB and NLFI, ABN AMRO was not aware, at 31 December 2023, of any current or potential shareholders or owners of depositary receipts with an interest of 3% or more in the bank.

For more information on our shareholder structure, listing information and substantial holdings, see Leadership & Governance (page 161) or visit our website at abnamro.com. Depositary receipts trade under ISIN code NL0011540547, Reuters ticker 'ABNd.AS' and Bloomberg ticker 'ABN:NA'.

(in millions)	**31 December 2023**	31 December 2022
Share count		
Total shares outstanding/issued and paid-up shares	866	898
- of which held by NLFI (shares and depositary receipts)	*421*	*505*
- of which held by other investors (depositary receipts)	*444*	*392*
- as a percentage of total outstanding shares	*51%*	*44%*
Average number of shares	872	908
Average diluted number of shares	872	908
Key indicators per share (EUR)		
Earnings per share[1]	2.99	1.96
Shareholder's equity per share	25.62	23.20
Tangible shareholder's equity per share	25.51	23.08
Dividend per share[2]	1.51	0.99
Share price development (EUR)		
Closing price (end of period)	13.59	12.93
High (during the period)	16.79	13.22
Low (during the period)	11.94	8.80
Market capitalisation (end of period, in billions)	11.76	11.60
Valuation indicators (end of period)		
Price/Earnings	4,55x	6.60x
Price/Tangible book value	0,53x	0.56x
Dividend yield	11.1%	7.7%
Dividend payout ratio[1, 2]	50%	50%

[1] Earnings per share: Profit for the period excluding reserved coupons for AT1 capital securities (net of tax) and results attributable to other non-controlling interests divided by the average outstanding and paid-up ordinary shares.
[2] Dividend per share and payout ratio subject to approval of the annual general meeting in April 2023. For 2020, no dividend was paid given the fullyear loss. Payment of the 2019 final dividend was postponed following ECB guidance on dividends in light of the Covid-19 pandemic. In September 2021 this dividend (EUR 0.68 per share) was paid.

[1] NLFI has said it will sell shares to ABN AMRO corresponding to 40% of the buyback's total value; the sale is expected to yield gross proceeds for the Dutch government of approximately EUR 200 million.

Additional financial performance

Balance sheet

(in millions)	31 December 2023	31 December 2022
Cash and balances at central banks	53,656	60,865
Financial assets held for trading	1,371	907
Derivatives	4,403	5,212
Financial investments	41,501	39,034
Securities financing	21,503	20,032
Loans and advances banks	2,324	2,982
Loans and advances customers	245,935	243,927
Other	7,218	6,622
Total assets	**377,909**	**379,581**
Financial liabilities held for trading	917	641
Derivatives	2,856	4,148
Securities financing	11,710	9,652
Due to banks	5,352	17,509
Due to customers	254,466	255,015
Issued debt	66,227	56,259
Subordinated liabilities	5,572	7,290
Other	6,641	6,253
Total liabilities	**353,741**	**356,767**
Equity attributable to the owners of the parent company	24,165	22,812
Equity attributable to non-controlling interests	3	2
Total equity	**24,168**	**22,814**
Total liabilities and equity	**377,909**	**379,581**
Committed credit facilities	53,968	53,873
Guarantees and other commitments	6,289	7,651

Main developments in assets compared with 31 December 2022

Total assets declined by EUR 1.7 billion, totalling EUR 377.9 billion at 31 December 2023. The decline was mainly caused by lower cash and balances at central banks, partly offset by an increase in financial investments and in loans and advances to customers.

Cash and balances at central banks decreased by EUR 7.2 billion due to a decrease in amounts outstanding at the Dutch Central Bank (DNB).

Financial investments increased by EUR 2.5 billion, primarily due to increased mortgage-backed securities and corporate debt securities portfolios.

Loans and advances customers increased by EUR 2.0 billion, totalling EUR 245.9 billion at 31 December 2023, largely due to an increase of EUR 3.4 billion in fair value adjustments from hedge accounting and EUR 0.9 billion in professional lending. This was partially mitigated by a decrease in client loans.

Client loans decreased by EUR 2.8 billion to EUR 237.3 billion at 31 December 2023. The decrease was mainly attributable to corporate loans, of which EUR 0.8 billion was attributable to the wind-down of the CB non-core portfolio, and EUR 1.2 billion related to a decrease in consumer loans (due to the phasing-out of some products), partly attributable to the adoption of IFRS 17 'Insurance contracts' at 1 January 2023. This was partly offset by an increase in the mortgage portfolio.

Loans to professional counterparties and other loans increased by EUR 0.9 billion to total EUR 16.1 billion, mainly due to seasonal effects in volatile client positions.

Loans and advances customers

(in millions)	31 December 2023	31 December 2022
Residential mortgages	151,078	150,762
Consumer loans	9,028	10,232
Corporate loans to clients[1]	77,211	79,085
- of which Personal & Business Banking	*8,369*	*8,962*
- of which Corporate Banking	*62,807*	*63,886*
Total client loans[2]	**237,317**	**240,079**
Loans to professional counterparties and other loans[3]	16,129	15,209
Total loans and advances customers[3]	**253,446**	**255,288**
Fair value adjustments from hedge accounting	-5,909	-9,335
Less: loan impairment allowance	1,602	2,026
Total loans and advances customers	**245,935**	**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 liabilities compared with 31 December 2022

Total liabilities decreased by EUR 3.0 billion, totalling EUR 353.7 billion at 31 December 2023, mainly driven by a decline in due to banks, partly offset by issued debt.

Due to banks decreased by EUR 12.2 billion to EUR 5.4 billion, mainly related to matured interbank deposits.

Issued debt increased by EUR 10.0 billion to EUR 66.2 billion. Long-term wholesale funding increased mainly to refinance the EUR 11.0 billion of TLTRO borrowings repaid in June 2023. At 31 December 2023, issued debt included EUR 23.9 billion of covered bonds, EUR 12.7 billion of senior preferred funding, EUR 15.9 billion of senior non-preferred funding and EUR 13.7 billion of commercial paper and certificates of deposit. EUR 3.7 billion of outstanding long-term funding and EUR 13.7 billion of outstanding short-term funding mature within 12 months.

Total equity increased by EUR 1.4 billion to EUR 24.2 billion at 31 December 2023. This increase was mainly attributable to the inclusion of profit for the period and an increase in accumulated other comprehensive income.

Equity attributable to the owners of the parent company amounted to EUR 24.2 billion at 31 December 2023. Excluding AT1 securities, it increased by EUR 1.4 billion to EUR 22.2 billion at 31 December 2023.

Due to customers

(in millions)	31 December 2023	31 December 2022
Personal & Business Banking	124,409	122,918
Wealth Management	66,245	64,556
Corporate Banking	57,977	60,563
Group Functions	5,835	6,978
Total due to customers	**254,466**	**255,015**

Other information
Total bank

	2023	2022
Net interest margin (NIM) (in bps)	157	129
Cost/income ratio	60.7%	69.2%
Cost of risk (in bps)[1]	-5	3
Return on average Equity[2]	12.2%	8.7%
Dividend per share (in EUR)[3]	1.51	0.99
Earnings per share (in EUR)[4]	2.99	1.96
Client assets (in billions)	317.7	301.2
Risk-weighted assets (in billions)	140.2	128.6
Number of internal employees (in FTEs)	20,872	20,038
Number of external employees (in FTEs)	4,092	4,575

1 Impairment charges on loans and advances customers 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 Profit for the period excluding coupons 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 Final dividend per share for the relevant period as declared/proposed by the company, subject to approval at the annual general meeting (AGM). For more information, please refer to Capital in the Risk, funding & capital section.
4 Profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

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

Return on assets in 2023 was 0.7% (2022: 0.4%), mainly due to the higher return in 2023.

Personal & Business Banking

	2023	2022
Loans and advances customers (in billions)	156.9	157.8
-of which Client loans (in billions)[1]	*157.4*	*158.4*
Due to customers (in billions)	124.4	122.9
Risk-weighted assets (in billions)	39.1	38.9
Number of internal employees (in FTEs)	4,551	4,513
Total client assets (in billions)	102.1	99.0
- of which Cash	*90.9*	*88.6*
- of which Securities	*11.2*	*10.4*

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

Loans and advances customers decreased by EUR 0.9 billion to EUR 156.9 billion (2022: EUR 157.8 billion), mainly driven by consumer loans (due to the phasing-out of some products).

Due to customers increased by EUR 1.5 billion to EUR 124.4 billion (2022: EUR 122.9 billion), driven by a net inflow of demand and time deposits.

Total client assets increased by EUR 3.1 billion to EUR 102.1 billion (2022: EUR 99.0 billion), mainly driven by an increase in cash positions.

Wealth Management

	2023	2022
Loans and advances customers (in billions)	16.5	17.0
-of which Client loans (in billions)[1]	*16.6*	*17.1*
Due to customers (in billions)	66.2	64.6
Risk-weighted assets (in billions)	11.2	11.3
Number of internal employees (in FTEs)	2,931	2,848
Total client assets (in billions)	215.6	202.2
- of which Cash	*66.6*	*64.6*
- of which Securities	*149.1*	*137.6*

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

Loans and advances customers decreased by EUR 0.5 billion to EUR 16.5 billion (2022: EUR 17.0 billion), mainly driven by a decrease in residential mortgages and corporate loans.

Due to customers increased by EUR 1.6 billion to EUR 66.2 billion (2022: EUR 64.6 billion), driven by a net inflow of time deposits.

Total client assets increased by EUR 13.4 billion to EUR 215.6 billion (2022: EUR 202.2 billion), mainly driven by the 2023 investment result resulting in higher value of securities client assets.

Net new assets totalled EUR 2.2 billion, mainly driven by a cash inflow throughout the year.

Client assets

(in billions)	31 December 2023	31 December 2022
Opening balance client assets	**202.2**	**213.9**
Net new assets	2.2	3.6
Market performance	11.2	-15.3
Divestments/acquisitions		
Closing balance client assets	**215.6**	**202.2**
Breakdown by type		
Cash	66.6	64.6
Securities	149.1	137.6
- of which Custody	*35.2*	*35.4*
Breakdown by geography		
The Netherlands	61%	60%
Rest of Europe	39%	40%

Corporate Banking

	2023	2022
Loans and advances customers (in billions)	77.7	77.7
-of which Client loans (in billions)[1]	*63.3*	*64.5*
Due to customers (in billions)	58.0	60.6
Risk-weighted assets (in billions)	79.8	73.6
Number of internal employees (in FTEs)	3,851	3,595

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

Due to customers decreased by EUR 2.6 billion to EUR 58.0 billion (2022: EUR 60.6 billion), mostly driven by volatility in third parties' escrow and current accounts.

RWA increased by EUR 6.2 billion, totalling EUR 79.8 billion at 31 December 2023. This increase was predominantly driven by credit risk RWA. Credit risk RWA was up as a result of a new model risk add-on and the migration of specific portfolios from the Advanced IRB approach to Foundation IRB and to the Standardised Approach.

Group Functions

	2023	2022
Securities financing - assets (in billions)	13.5	13.5
Loans and advances customers (in billions)	-5.2	-8.5
Securities financing - liabilities (in billions)	11.5	9.6
Due to customers (in billions)	5.8	7.0
Risk-weighted assets (in billions)	10.0	4.7
Number of internal employees (in FTEs)	9,539	9,082

Loans and advances customers increased to EUR 5.2 billion negative in 2023. This increase was attributable to a downshift in long-term interest rates during the year, which resulted in changes to fair value adjustments from hedge accounting on residential mortgages.

Economic outlook for 2024

Going into 2024, we expect a modest recovery in the economy. However, GDP growth will remain sluggish because of lagged effects of tight monetary policy, which is expected to ease during this year, and continued geopolitical uncertainties, particularly in Ukraine and the Middle East.

A shift in monetary stance

Long term interest rates have come down in anticipation of a pivot in monetary policy and are expected to decline even further once central banks actually start to cut their policy rates in the second half of this year. There is room for policy rate cuts thanks to the improvement of the inflation outlook. The effect of energy prices on inflation is fading and the peak of wage growth, which was triggered by workers seeking compensation and by tight labour market conditions, is expected to be near. If the European Central Bank and the Federal Reserve Bank move in tandem, what we expect, this will contribute to a relatively stable outlook for the euro-dollar exchange rate.

Subdued global growth

The decline in short and long term interest rates supports global activity, but overall GDP growth remains subdued. The fading impulse from excess savings and a cooling labour market are likely to weigh on consumption in the US. In the eurozone, the recovery in real incomes following the easing of the energy crisis and the catch-up in wages is expected to drive a modest recovery. In China, authorities are continuing to roll out targeted stimulus and piecemeal easing, but the need to deleverage holds them back from administering a bigger jolt to growth.

Modest recovery for Dutch economy

For the Netherlands, we expect GDP to increase by just 0.7%, and a continued fall in inflation. Combined with relatively strong wage growth, the fall in inflation gives rise to an improvement of consumers' purchasing power. As a result, consumption will be a main driver of growth, together with government spending. Over the year, when the eurozone starts to recover, foreign demand will also start to contribute to growth again. This will increase the appetite for investment. Investment contracted in the second half of last year due to high interest rates and weak foreign demand, thus putting a drag on GDP growth.

House prices to rise again

Dutch house prices are forecast to increase again in 2024, after a relatively modest correction of -2.8% in 2023. Confidence in the housing market is improving, but still in negative territory. House prices are supported by the increase in wages and the decline in mortgage interest rates. As the Energy Label has become part of mortgage lending standards, differences in energy consumption are increasingly priced into the market. Meanwhile housing supply remains limited as home construction is faltering due to high interest rates, material cost increases, labour shortages and environmental constraints. The lack of housing supply keeps a lid on house transactions, which will stay at a low level.

Low unemployment

The Dutch labour market remains extremely tight. Employment continues to rise, even during periods of economic weakness. The participation rate is record high and the unemployment rate is historically low. Labour shortages remain an important constraint for companies. The economy continues to experience labour shortages and high vacancy rates, in particular for technical and digital skilled jobs. However, some relief will come from a normalisation of corporate dynamism. The number of bankruptcies, which was extremely low, has normalised. This should contribute to mobility on the labour market.

Note on availability of resources and inputs

To operate, our business relies on certain resources being available: access to financial capital, for example, and skilled labour. Changes in our operating environment may affect the availability of these resources.

We have listed the main risks below (each risk is linked to the relevant <IR> capital[1]):

- Continued slow economic growth, resulting in lower demand for bank loans among businesses (manufactured capital)
- Persistent skills shortages, especially in strategic areas such as data/digital and sustainability (human capital)
- Increasing cyberattacks, resulting in risk of privacy breaches or client data loss (intellectual capital)
- Rising political tensions, leading to market volatility and increase in energy and food prices (financial capital)
- Declining transactions in the Dutch housing market, hampering plans for growth in the mortgage sector (manufactured capital)

ABN AMRO also faces other risks, including possible sanctions from political conflict, pandemic risk or new regulations restricting certain products or requiring banks to hold additional capital. For further information on our risks and our approach to risk management, please see page 62.

[1] See the Other information chapter of these capitals. The same six capitals are used in our value creation model in the Strategy, value creation and performance chapter.

Risk, funding & capital

This section provides an introduction to the Risk, funding & capital chapter. As this chapter of the Integrated Annual Report contains information based on EU IFRS as well as CRD V/CRR2, this section provides more information on differences in scope and consolidation.

Tanja Cuppen
CRO of ABN AMRO N.V.

Interview with our Chief Risk Officer

2023 was a turbulent year for the banking industry, the economy and the world in general. Was it a stressful year for risk managers?

"Last year was essentially a real-life stress test for banks. We saw ongoing geopolitical and macroeconomic uncertainty, coupled with turmoil in the banking industry following the collapse of Silicon Valley Bank and Credit Suisse in March. That said, I was happy to see that ABN AMRO, and the European banks in general, showed resilience and were prepared to manage these types of stress. ABN AMRO could demonstrate its strong and diversified liquidity position to the market.

As a bank, we always have to keep our risks in view so that we are not caught off guard if any of the risks materialises. On that note, I'm happy to say that there were no surprises. With our risk appetite setting we have determined for ourselves how much risk we are willing to take. We assess this under different scenarios including stress scenarios and make sure that even in times of stress we meet certain minimum standards."

How do you look at the bank's performance in 2023?

"Our financial performance was very strong as we continued to benefit from the normalisation in the interest rate environment. But what also played a role is the improved quality of our loan portfolio, which is very much the result of the strategic choices we have made. Since November 2020, we have been working hard to reduce the risks in our loan portfolio by winding down our CB non-core activities. We now have a strong focus on clients in the Netherlands and Northwest Europe, and this has clearly helped to reduce our exposure to non-performing loans. Despite the challenging economic environment, most of our clients did well last year."

"Despite the challenging environment, most of our clients did well last year."

Last year's results were also supported by impairment releases. What's your outlook for 2024?

"Indeed, we reported EUR 158 million in impairment releases as our clients successfully recovered from the volatility caused by the Covid crisis. Also the impact of the war in Ukraine, with heightened inflation and high energy prices, was absorbed relatively well. Impairment releases will not continue and we do expect the situation to gradually normalise this year, which means that we will see a new addition in provisions. Although the Dutch economy has been pretty resilient so far, the impact of higher interest rates and lower investments will still hit certain sectors in 2024. For us, it's important to monitor these risks and remain in close contact with our clients to help them get their finances back under control, wherever needed."

Going forward, what are the biggest risks for ABN AMRO?

"Climate risk continues to be one of our key focus areas. The increased frequency and intensity of severe weather conditions, as we witnessed in Europe last year, can imply serious physical risks for our clients, such as flooding or impact of heat and drought. If our clients are impacted, we will be impacted. We use stress testing to assess the potential impact of severe events.

We are also keeping a close eye on climate transition risks. Regulations require clients to reduce their climate (and environmental) footprint. This means clients need to transition and change their production to reduce their carbon footprint, for example. We are working very closely with clients to help mitigate these risks. For example, the bank has a specific offering to provide financing to clients with a mortgage and also for business clients to green their homes or premises. We see the transition as an opportunity and a threat. The transition requires investments and as a bank we are there to finance these investments. At the same time we know that not all clients will be able to make the transition timely and certain assets that we have financed in the past will become stranded assets. We cover for this risk. We include such novel risk in management overlays in our loan impairments.

Another risk that will remain on our radar is cybercrime. Geopolitical tensions are clearly on the rise and increase the likelihood of such attacks. Meanwhile, society has become more susceptible to cyber threats because we are increasingly dependent on digital tools. We therefore continue to invest in our own cybersecurity, monitor threats and educate employees and clients on how they can protect themselves against such things as phishing and malware."

How do you explain the increase in risk-weighted assets in 2023?

"The increase in RWAs is a result of our ongoing review of models as we prepare for Basel IV. We are increasingly using a standardised approach, which by default applies higher risk weights than before. We are currently in the final phase of determining which portfolios we can continue to model ourselves and which require a standardised approach."

You will leave the bank in 2024 after seven years. What do you consider your most important achievement at ABN AMRO?

"I'm grateful for having had the opportunity to work with so many passionate people. We are a great team and I'm proud of what we have achieved. ABN AMRO has made an impressive transformation, we have better view on our risk profile and we are continuously getting better at incorporating sustainability data into our risk management, all of which are crucial for the bank's future.

I'm also very proud of how we organise diversity and inclusion at ABN AMRO. Last year, I participated in our reverse mentoring programme, in which I was paired with a younger colleague from a different cultural background. I gained many new insights about myself, the way I communicate, celebrate success, and provide feedback. I can't stress enough how important these initiatives are for the bank's culture. Regardless of culture, age, gender, education or experience, everyone at ABN AMRO should feel encouraged to share their insights. That's also where diversity meets good risk management. If we all think along the same lines, we all risk falling into the same hole. Good risk management is about be able to think in different scenario's, not about convincing each other which scenario is most likely.

We have more than 20,000 voices at the bank. We need to listen carefully to dissenting voices, to unlock hidden insights and help us solve the complex problems of today and tomorrow."

Tanja Cuppen
CRO of ABN AMRO N.V.

Key risk developments

This section provides an introduction to the Risk, funding & capital chapter. As this chapter of the Integrated Annual Report contains information based on EU IFRS as well as CRD V/CRR2, this section provides more information on differences in scope and consolidation.

Key figures

(in millions)	31 December 2023	31 December 2022
Total loans and advances, gross excluding fair value adjustments[1]	**255,066**	**258,212**
- of which Banks	*2,327*	*2,990*
- of which Residential mortgages	*151,078*	*150,762*
- of which Consumer loans	*8,380*	*10,232*
- of which Corporate loans[1]	*86,784*	*86,731*
- of which Other loans and advances customers[1]	*6,497*	*7,497*
On-balance sheet maximum exposure to credit risk	375,496	377,007
Total Exposure at Default (EAD)	**386,024**	**391,065**
- of which Personal & Business Banking	*170,491*	*173,419*
- of which Wealth Management	*21,770*	*20,571*
- of which Corporate Banking	*106,418*	*107,740*
- of which Group Functions	*87,345*	*89,335*
Credit quality indicators[1]		
Forbearance ratio	2.2%	2.7%
Past due ratio	0.8%	0.8%
Stage 3 ratio	1.9%	2.0%
Stage 3 coverage ratio	22.9%	25.6%
Cost of risk (in bps)[2]	-5	3
Regulatory capital		
Total RWA	140,187	128,593
- of which Credit risk[3]	*122,548*	*110,621*
- of which Operational risk	*15,465*	*15,967*
- of which Market risk	*2,175*	*2,005*
Total RWA/total EAD	36.3%	32.9%
Liquidity and funding indicators		
Loan-to-Deposit ratio	97%	96%
LCR[4]	144%	143%
NSFR	140%	133%
Capital ratios		
CET1 ratio	14.3%	15.2%
MREL	31.4%	30.1%
Fully-loaded leverage ratio (incl. central bank exposure)	5.3%	5.2%

1 Excluding fair value adjustments from hedge accounting.
2 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 RWA for credit value adjustment (CVA) is included in credit risk. CVA per 31 December 2023 is EUR 0.3 billion (31 December 2022 EUR 0.3 billion).
4 Consolidated LCR based on a 12-month rolling average.

Key risk figures per business segment

(in millions)	Personal & Business Banking	Wealth Management	Corporate Banking	Group Functions	Total
					31 December 2023
Total assets	158,878	20,389	99,552	99,089	377,909
Total Exposure at Default	170,491	21,770	106,418	87,345	386,024
RWA					
Credit risk[1]	31,468	9,045	73,387	8,649	122,548
Operational risk	7,674	2,203	4,197	1,392	15,465
Market risk		2	2,173		2,175
Total RWA	**39,141**	**11,249**	**79,756**	**10,041**	**140,187**
Total RWA/Total Exposure at Default	23.0%	51.7%	74.9%	11.5%	36.3%
Economic capital					
Credit risk	2,620	1,075	7,606	844	12,144
Operational risk	1,024	295	563	184	2,066
Market risk			119	2,520	2,639
Business risk	406	328	602		1,336
Other risk types[2]	211	81	100	7	399
Economic capital	**4,261**	**1,778**	**8,991**	**3,554**	**18,585**
					2023
Average risk exposure amount	38,966	11,150	76,126	7,148	133,390
Cost of risk (in bps)[3]	-5	-4	-5		-5

1 RWA for credit value adjustment (CVA) is included in credit risk. CVA per 31 December 2023 is EUR 0.3 billion (31 December 2022 EUR 0.3 billion).
2 Other risk types include equity risk and property risk. Own funding spread risk has been integrated into market risk in 2023.
3 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.

(in millions)	Personal & Business Banking	Wealth Management	Corporate Banking	Group Functions	Total
					31 December 2022
Total assets	159,469	18,856	101,068	100,189	379,581
Total Exposure at Default	173,419	20,571	107,740	89,335	391,065
RWA					
Credit risk[1]	30,991	8,992	67,362	3,275	110,621
Operational risk	7,907	2,329	4,274	1,458	15,967
Market risk		2	2,003		2,005
Total RWA	**38,898**	**11,322**	**73,640**	**4,733**	**128,593**
Total RWA/Total Exposure at Default	22.4%	55.0%	68.3%	5.3%	32.9%
Economic capital					
Credit risk	3,224	1,044	7,051	724	12,043
Operational risk	1,037	306	562	190	2,094
Market risk			124	2,515	2,639
Business risk	411	309	931		1,651
Other risk types[2]	207	174	84	1,811	2,276
Economic capital	**4,879**	**1,833**	**8,752**	**5,239**	**20,703**
					2022
Average risk exposure amount	39,347	10,417	72,857	4,637	127,259
Cost of risk (in bps)[3]	5	19	-4		3

1 RWA for credit value adjustment (CVA) is included in credit risk. CVA per 31 December 2023 is EUR 0.3 billion (31 December 2022 EUR 0.3 billion).
2 Other risk types include equity risk and property risk. Own funding spread risk has been integrated into market risk in 2023.
3 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.

Loans and advances

In 2023, total loans and advances went down marginally to EUR 255.1 billion (31 December 2022: EUR 258.2 billion). The largest decrease was recorded for consumer loans, due to partial sale of the loans to a third party and impact of adopting IFRS17 insurance contracts to be recorded at fair value through profit and loss. Moreover, the other loans also showed a significant drop, primarily driven by business movements. This decrease in loans and advances was partly offset by a marginal increase in residential mortgages.

The Corporate Banking's non-core portfolio had a residual exposure of EUR 0.4 billion on 31 December 2023 (31 December 2022: EUR 1.2 billion). This residual exposure is mostly related to the diamond & jewelry sector, which will be reclassified to our core portfolio following the revised strategy. Approximately EUR 0.2 billion of this portfolio is classified as stage 3 (31 December 2022: EUR 0.5 billion).

Exposure at Default

EAD decreased to EUR 386.0 billion (31 December 2022: EUR 391.1 billion) largely caused by the decrease in loans & advances, partly offset by movements in the fair value adjustment from hedge accounting on residential mortgages.

Credit quality indicators

The credit quality indicators improved in 2023, as reflected in the stage and forbearance ratios. The stage 1 ratio increased to 89.5% (31 December 2022: 88.6%), partly due to a positive impact of macroeconomic scenarios used in calculating the provision. Particularly in the residential mortgages, a relatively improved housing market outlook supported the shift from stage 2 to stage 1. The forbearance ratio declined to 2.2% (31 December 2022: 2.7%) as many clients that had received forbearance measures during the Covid pandemic came to the end of their minimum two-year probation period.

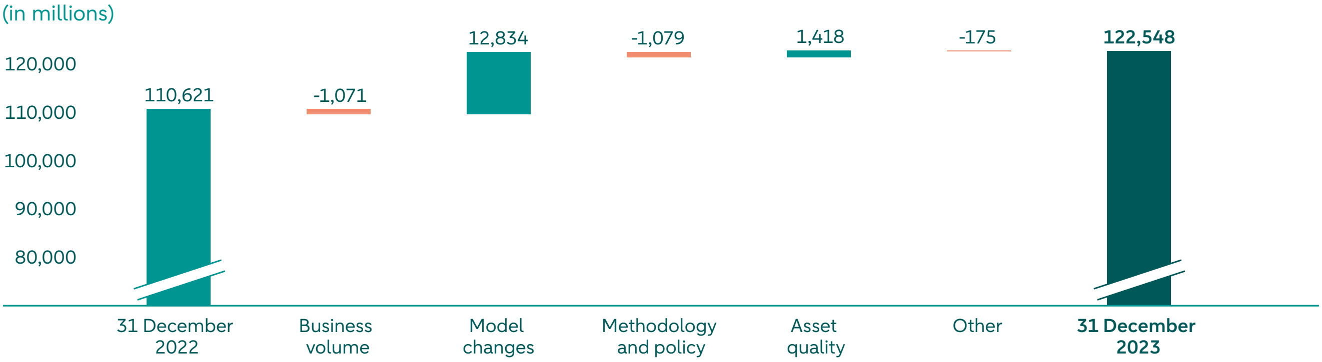
Total arrears remained stable at EUR 2.0 billion, or 0.8% of total loans and advances, comparable to 31 December 2022. Residential mortgages in arrears rose from 0.6% to 0.8%; the increase was particularly in the short-term bucket. Corporate loans in arrears registered a strong decline of EUR 0.3 billion, improving the past due ratio from 1% to 0.7%. Increased efforts in monitoring the arrears contributed to this result. The stage 3 ratio increased marginally from 0.8% to 0.9% due to portfolio changes. The decline in the stage 2 and stage 3 coverage ratios of total loans and advances was to a large extent attributable to the releases of management overlays and other adjustments.

Risk-weighted assets

Total RWA rose to EUR 140.2 billion (31 December 2022: EUR 128.6 billion), predominantly driven by credit risk RWA. Credit risk RWA was up as a result of a new model risk add-on and the migration of specific portfolios from the Advanced IRB approach to Foundation IRB and to the Standardised Approach, partly offset by declining asset size. Market risk RWA also increased by roughly EUR 175 million over the year. CVA risk RWA (counterparty credit risk) declined slightly over the year, while operational risk RWA decreased by EUR 0.5 billion.

RWA flow statement credit risk

(in millions)



Economic capital

Economic capital (EC) declined to EUR 18.6 billion (31 December 2022: EUR 20.7 billion) reflecting lower market risk (EUR -1.8 billion) and lower business risk EC (EUR -0.3 billion). The decrease in the market risk in the banking book (MRBB) is mainly driven by a model redevelopment, that included amongst others the integration of own funding spread risk. This integration yielded some diversification benefits. In addition, the lower interest rate environment means there is less sensitivity to prepayment shocks which also lowers the MRBB EC. The decline in business risk EC resulted from the updated model methodology that prioritised the stability of the EC. EC for credit risk increased by EUR 0.1 billion due to methodology update that also shifted the distribution of EC over the different client units, additional credit risk model add-ons and business development.

Liquidity and funding indicators

The Loan-to-Deposit (LtD) ratio increased to 97% at 31 December 2023 (31 December 2022: 96%). Loans and advances to customers increased mainly due to other clients' loans within Clearing and fair value adjustments related to hedge accounting, while due to customers showed a decrease. The Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) both remained above 100% throughout 2023.

Total funding instruments decreased to EUR 75.3 billion at 31 December 2023 (31 December 2022: EUR 77.8 billion). This decrease was mainly driven by the partial repayment of TLTRO III borrowings, largely offset by an increase in issued debt.

Capital ratios

At 31 December 2023, the Basel III Common Equity Tier 1 (CET1), Tier 1 and total capital ratios were 14.3%, 15.7% and 18.7%, respectively (31 December 2022: 15.2%, 16.7% and 20.9%, respectively). The CET1 capital ratio decreased compared to 31 December 2022 due to an increase in RWA, partly offset by an increase in CET1 capital. The CET1 capital position increased, mainly due to the addition of the net profit for 2023 (after dividend and AT1 coupon payments) and partly offset by the permission granted by the ECB for a third share buyback of EUR 500 million. All capital ratios were in line with the bank's risk appetite and were comfortably above regulatory requirements.

The leverage ratio increased to 5.3% at 31 December 2023 (31 December 2022: 5.2%), mainly due to a decrease in on-balance sheet exposures and an increase in CET1 capital. The MREL ratio increased to 31.4% at 31 December 2023 (31 December 2022: 30.1%), mainly driven by issuances of senior non-preferred instruments and the increase in CET1 capital, partly offset by the increase in RWA.

Emerging risks

Identifying, monitoring and mitigating emerging risks early on forms an important part of our risk management framework. Material emerging risks are included in our Risk Event Register and serve as input for our risk monitoring, scenario analysis and stress testing and the review of our Risk Taxonomy. For more information on our Risk Taxonomy, please refer to the Risk Management Framework section. During 2023, the following emerging risks were assessed to be material:

Geopolitical risks

Global tensions have been on the rise because geopolitical conflicts, such as the conflict in the Middle East, war in Ukraine and the subsequent tensions between NATO members and Russia, continue to impact on the financial markets and the broader world economy. In addition, any further deterioration in the trade relationship between the US and China could adversely affect the global economy. The direct impact that these geopolitical risks have had on our activities has so far been low, given our limited exposure to the Middle East, China, Ukraine and Russia. However, we expect geopolitical risks to remain at elevated levels in the upcoming year, with the US elections scheduled for November 2024; therefore, we have a management overlay in place related to the geopolitical and market sensitivity. We will continue to monitor the impact of geopolitical risks on our clients and maintain prudent financial buffers.

Rising interest rates

Interest rates rose in 2023 more sharply than has been seen for decades. The fact that this did not trigger an economic crisis or sharp recession shows the resilience of the world economy. We expect to return to a more normalised interest rate environment in 2024 and that inflation levels will return to around 3%. However, we could experience further economic weakness, given the monetary time lag of decreases in short-term interest rates.

Cyber risks

Despite cyber risks being seen as a business-as-usual risk, developments in this domain are going very fast and continually changing. In addition, we see threat actors becoming more professional and using more sophisticated methods, with the result that the potential impact of ransomware attacks is very high, both from an operational and a reputational risk perspective. We have also observed increased third-party risk as our vendors, too, are outsourcing some of their work, thus making it more challenging to get a clear overview of the quality of all outsourced activities. For further details of our mitigating actions, please refer to the Information risk disclosure, part of the Operational (non-financial) risk section.

AI risks

Artificial intelligence (AI) for use in images, voice, video and coding is increasingly being adopted around the world. The technology is expected to continue developing and improve rapidly; this will create opportunities for the bank, but likewise also for parties outside the bank, including criminals. Having proper risk management controls in place will ensure the responsible use and implementation of trustworthy AI. The internal risks arising from the bank's use of AI include information risk, privacy risk (part of compliance risk), legal risk and model risk. Internal risks also arise because of vendors applying AI to products and services used by the bank. In addition, there are external risks stemming from malevolent parties using these technologies to harm the bank or its clients. Examples include voice cloning, targeted phishing attacks and hacking. While not all these risks are new, AI models will enable criminals to deliver better quality with far less effort. These risks may primarily result in reputational damage, but may also have a financial impact. The risks can be managed by carefully applying the existing risk management processes when implementing changes and performing our regular tasks. We are following the negotiations of the EU Artificial Intelligence Act, the world's first regulation on AI, with interest and will implement the requirements of this legislation in our policy framework. This framework and its governance and controls will be further enhanced. In addition, capacity and knowledge are built to continuously manage the risks stemming from AI. Meanwhile, the bank is ensuring it keeps up-to-date with the opportunities to use AI to increase the quality and efficiency of our work.

ESG-related risks

Environmental, social & governance risks are getting more and more attention from our clients, our regulators and from the society at large. In 2023, we continued our efforts to integrate ESG risk into our risk management processes and performed a double materiality assessment based on the principles and requirements formulated in the ESRS. This included a financial impact assessment of climate - and environmental risks (CER), in which we assessed the materiality of physical and transition risk for various risk types. To mitigate the potential financial impact of CER we have two management overlays for loan loss allowances and increased our capital buffers under the ICAAP framework. By including the agriculture and inland shipping sectors, we also extended the scope of our climate strategy, which now includes 68% of our total loans and advances. The objective of our climate strategy is to bring our portfolio in line with a 1.5°C maximum global warming scenario and support the transition to a net zero economy towards 2050.

"In 2023, we performed our first double materiality assessment based on ESRS requirements."

Risk management

Risk management framework

Topics described in this section:
- Risk taxonomy
- Risk appetite framework
- Risk governance
- Risk measurement

ABN AMRO is committed to being a well-capitalised and sufficiently liquid bank that focuses on delivering sustainable value to all of its stakeholders. This is defined by our strategic risk appetite statement and ensured by our risk management framework, which is further explained in this chapter.

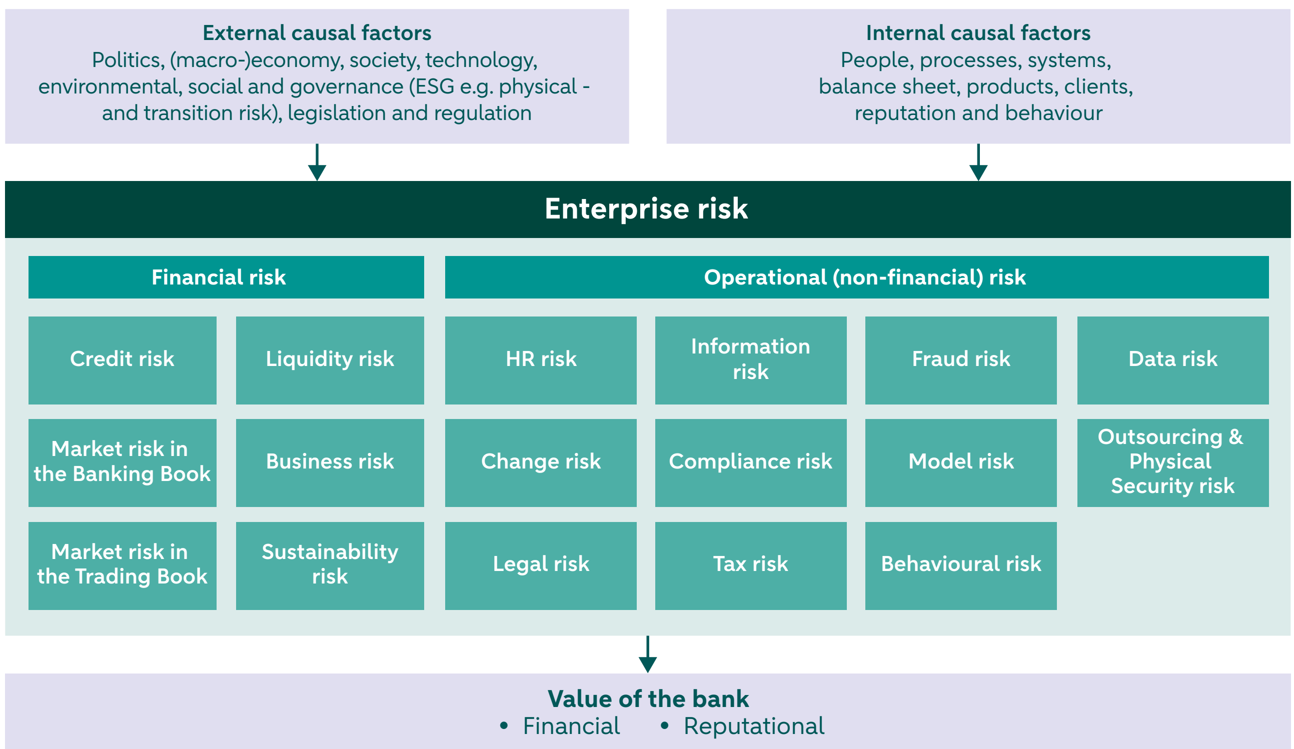
Risk taxonomy Audited

The ABN AMRO risk appetite follows from the ABN AMRO risk taxonomy, which ensures that all identified material risks are defined and incorporated into the risk governance framework. The visual below summarises these risks. The risk taxonomy is reviewed and updated on an annual basis, or sooner if any new material risk type emerges and requires an update.

The financial impact is assessed on the basis of capital and net profit. The key financial risk types related to our business model are credit risk, market risk in the banking book and liquidity risk. The non-financial impact is determined by the Net Promoter Score (NPS), sustainability (acceleration) asset volume and environmental and social footprint.

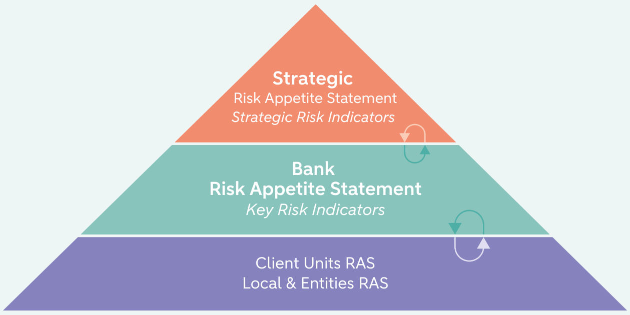
The risk, funding & capital section has chapters dedicated to the traditional risk types. Insofar as climate and environmental risk is material for these risk types, this is described in the chapter of the risk type. For general disclosures on the bank's sustainability risk management framework, and specific information on management of environmental, social and governance risks and opportunities, please refer to the Sustainability Statements.

Risk taxonomy Audited



Risk appetite framework Audited

Our risk appetite determines the level of risk that the bank is willing to take in order to pursue its strategy, and safeguards our strict focus. It is regularly evaluated and updated to ensure continuous alignment with our strategy.



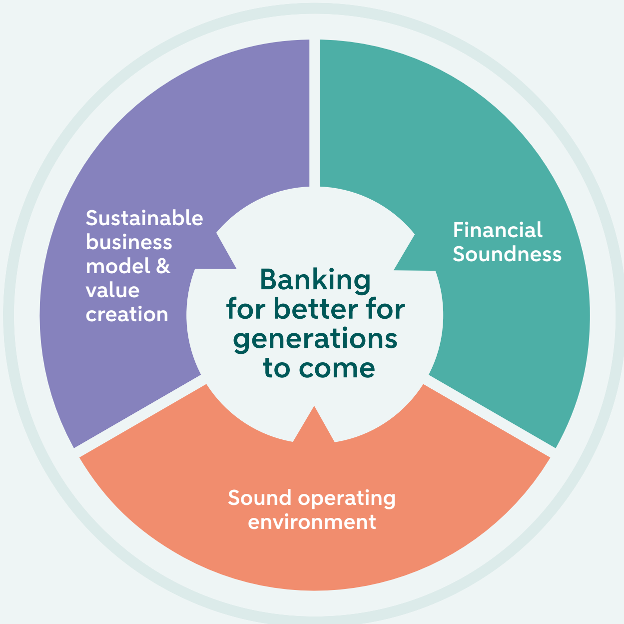
The Strategic Risk Appetite Statement entails three focus areas, each of which is substantiated by a qualitative statement and concrete Strategic Risk Indicators (SRIs). The Strategic Risk Appetite Statement SRIs are further articulated in the bank-wide (BRAS) and Key Risk Indicators (KRIs), which are cascaded to client unit level risk appetite statement (RAS), local level (LRAS) and entity level (ERAS).

The risk indicator framework consists of quantitative and/or qualitative SRIs and KRIs. A limit and checkpoint is set for every SRI and KRI, against which the actual risk profile is monitored. Examples of SRIs and KRIs in our risk appetite include:

- Regulatory and internal capital ratios;
- Risk-adjusted return measures;
- Concentration limits for single counterparties, sectors and countries;
- Economic capital and risk-weighted asset limits for various risk types;
- Liquidity ratios (LtD, LCR, NSFR);
- Market risk parameters (Supervisory Outlier Test on Net Interest Income and Supervisory Outlier Test on Economic Value of Equity);
- Operational (non-financial) risk parameters (effectiveness of internal control environment);
- Reputational risk parameter (NPS);
- A social risk indicator on facilitating financial inclusiveness.

The status of adherence to the risk appetite and the outlook are discussed monthly by the Executive Board and quarterly by the Supervisory Board, based on the Enterprise Risk Management report.

Strategic Risk Appetite Statement Audited



Risk governance Audited

Effective risk management requires organisation-wide risk governance. Our risk and control structure is based on the ‘three lines of defence’ governance model, which has been designed to ensure risk is managed in line with the risk appetite approved by the Executive Board and Supervisory Board.

Three lines of defence

The three lines of defence (3LoD) model aims to clarify the relationship between risk takers and the internal control functions, and provides all employees within the bank with clarity regarding their risk management responsibilities. The three lines of defence model is applied across all risk types and covers the whole organisation, including the client units, functions, the Risk Management organisation, outsourced activities and distribution channels.

Three lines of defence Audited

1 1st Line of Defence	2 2nd Line of Defence	3 3rd Line of Defence
Risk Ownership	Risk Control & Oversight	Risk Assurance
Responsible for • Delivers value-added services to our clients • Takes primary ownership to identify and assess, measure, mitigate, monitor and report the risk that it incurs • Proposes the business line risk appetite and operates within it • Strikes the right balance between return and risk in its decisions • Seeks outside-in views and advice, where necessary • Ensure systems, processes and reporting capabilities are commensurate to its activities and risk appetite	**Responsible for** • Sets the bank-wide risk management framework • Sets risk policies and ensures regulations are translated into policies • Maintains risk control and oversight through monitoring, reporting and escalating, where necessary • Provides independent challenge and expertise to the First Line • Proactively opines on how to identify and mitigate risks • Provides outside-in views and ensures consistency in risk management practices across First Line	**Responsible for** • Protects and enhances organisational value by providing risk-based and objective assurance, insight and added value to support the achievement of our objectives • Evaluates the design and effectiveness of Governance, Risk Management & Control processes, agrees with management on remediation and monitors follow-up

- The first line of defence comprises management within each client unit or function (such as Finance, Innovation & Technology, HR, Asset & Liability Management / Treasury), who are responsible for managing the risks they incur in conducting their activities and for designing and executing effective and efficient controls.
- The second line of defence consists of dedicated departments in the Risk Management organisation, which are responsible for setting the risk management framework within which the first line must operate. These dedicated departments are headed by risk type owners.
- The third line of defence consists of Group Audit, which evaluates the effectiveness of the governance, risk management and control processes, in order to strengthen management's solution focus and accountability.

Board level oversight

The Executive Board and Supervisory Board of ABN AMRO define the governance arrangements designed to ensure effective and prudent management of the bank, and oversee the implementation of these arrangements. The Boards are accountable for setting, approving and overseeing the implementation of the bank's risk management framework, including:

- an adequate and effective internal governance and control framework. This includes a clear organisational structure and effective independent internal control functions (Risk Management, Compliance and Group Audit) that have sufficient authority, stature and resources to perform their functions;
- the three lines of defence model at all levels of the bank;
- a risk culture that addresses risk awareness and risk-taking behaviour in the bank;
- key policies of the bank within the applicable legal and regulatory framework;
- the bank's overall strategy, risk strategy and risk appetite;
- the amounts, types and distribution of internal capital and regulatory capital that are required to ensure that the bank's exposure to risks is adequately covered;
- targets for the bank's liquidity and funding management.

The Risk Management organisation operates under the direct responsibility of the Chief Risk Officer, who is a member of the Executive Board.

Executive risk committees

The Executive Board is responsible for setting, monitoring, reviewing and realising the bank's mission, vision, strategy, risk appetite and risk framework, with a view to creating long-term value for the bank and ensuring that effective internal risk management and control systems are in place. In the risk decision-making framework, the Executive Board has set up three executive risk management committees: the Group Risk Committee, the Group Central Credit Committee and the Group Regulatory Committee, each of which is chaired by the Chief Risk Officer. The mandates of the executive risk committees are summarised below.

Group Risk Committee
The Group Risk Committee (GRC) is mandated by the Executive Board to monitor, assess and manage the bank's risk profile within the approved risk appetite. The GRC monitors and approves all material risks as defined in the bank's risk taxonomy. The GRC has delegated specific approval powers to sub-committees, including Business Risk Committees for the bank's main client units, the Financial Crime Risk Committee, the Methodology Acceptance Group, the Scenario and Stress Testing Committee, and the Impairment and Provisioning Committee.

Group Central Credit Committee
The Group Central Credit Committee (CCC) is mandated by the Executive Board to make decisions on the acceptance of credit and counterparty risk in respect of individual persons, legal persons and public administrative bodies relating to credit proposals falling within the scope of the risk appetite and limits that have been set by the Executive Board. In addition, the CCC is also responsible for approving and monitoring large intercompany credit facilities.

Group Regulatory Committee
The Group Regulatory Committee is mandated by the Executive Board to ensure there is a thorough understanding and adequate overview of regulatory changes. This Committee makes choices and decisions on matters relating to timely compliance with new and changing national and international legislation and regulations affecting the bank.

For further information on governance, please refer to the Leadership and governance chapter.

Risk measurement
We develop and use internal models to quantify the risk for most risk types in the risk taxonomy. The models for credit, operational, market, liquidity and business risk are used most widely to measure the level of risk. They support day-to-day decision making, alongside periodic monitoring and reporting on developments in the bank's portfolios and activities. In many cases, models quantify the probability and severity of an event, i.e. the likelihood that an event will occur and the loss the bank may suffer as a consequence of that event occurring.

This outcome of the models serve as the basis for ABN AMRO's internal measures of risk (economic capital) and as key input for calculating the minimum regulatory capital requirements according to the Basel framework (regulatory capital).

New models require approval before being implemented and used. Internal approval for the use (or continued use) of a model is obtained from the Methodology Acceptance Group (MAG), a sub-committee of the Group Risk Committee. This approval usually follows the validation performed by independent model validators, who highlight the potential risks and deficiencies of the models and formulate an advice to the MAG accordingly. If required, external approval is requested from the supervisor. Supervisory approval is always required for Pillar 1 new models, and for models that witness a material change due to redevelopment.

The independent model risk management department validates internal models. The model risk management framework, which includes model validation standards and procedures, ensures that models are validated in a consistent and independent manner. Model data, methodology, performance and implementation are checked according to these standards and reviewed against internal and regulatory requirements.

Capital measurement
Regulatory capital (CRD V/CRR2) Audited
Under the Basel framework as implemented in European legislation (CRD V and CRR2), banks are required to hold capital to cover their financial risks. As an intermediate step in determining the minimum level of capital, banks need to calculate their exposure to three major risk types (credit, operational and market risk). The outcome of the internal models serve as input for this calculation. The capital requirements are stated as a percentage of RWA. Under Pillar 1, banks are required to hold a regulatory fixed percentage of RWA in capital. Under Pillar 2, supervisors impose a bank-specific percentage of RWA in addition to the Pillar 1 requirement.

Economic capital
For Pillar 2, we calculate the economic capital (EC) in addition to the amount of regulatory capital required. The economic capital covers all risk types in our risk taxonomy for which capital is deemed to be the instrument for mitigating unexpected losses, and is used as the key metric for internal risk measurement and management. It is the amount of capital we reserve in order to achieve a sufficient level of protection against

large unexpected losses that could result from extreme market conditions or events.

Internal models are used to calculate EC at a 99.95% confidence level and a one-year time horizon. This implies that the estimated capital figure for the coming year is sufficient to cover a level of loss that will be exceeded in only 0.05% of all possible cases. The confidence level is aligned with the definition of total available financial resources (total AFR). In addition, the ratio of core AFR versus EC is monitored. Core AFR is the amount of capital that is available to cover losses on a continuity-based approach (i.e. excluding AT1, Tier 2 and senior non-preferred instruments).

EC is aggregated for all risk types (without applying inter-risk diversification) to determine the total EC at bank level and to support capital adequacy assessment, capital allocation, ex-post performance measurement and risk appetite setting, such as industry concentration risk limits.

Stress testing and scenario analysis Audited

ABN AMRO uses stress testing and scenario analysis as an important risk management instrument, which entails looking at profitability, capital and liquidity from a bank-wide perspective in various scenarios on a regular basis. The stress testing framework covers both internal and external stress test requirements. In addition, sub-portfolio and risk type-specific stress testing and scenario analyses are performed.

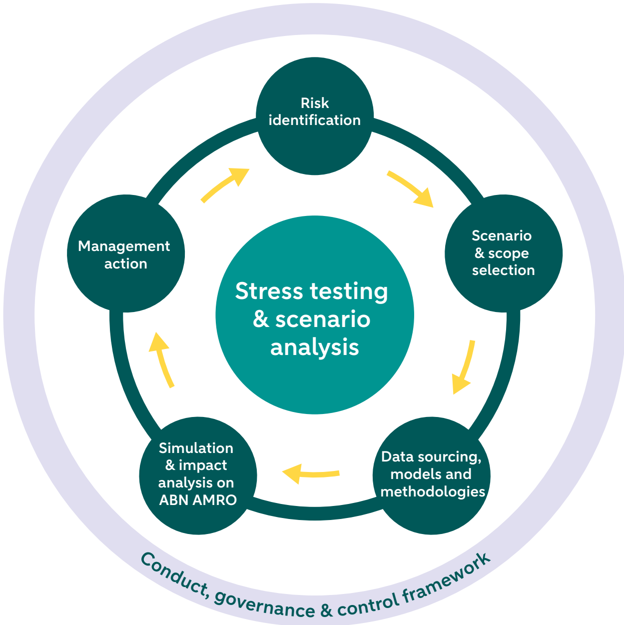
Stress testing purposes

ABN AMRO applies stress testing for several purposes, including:

- Business planning: various macroeconomic scenarios for budget purposes;
- Capital planning: stress testing is used to gain insight into the resilience of our capital under adverse changes in the economic environment and ABN AMRO-specific circumstances;
- Risk appetite setting and monitoring: the outcome of stress testing is used for setting and monitoring risk appetite limits and targets, including limits under stress;
- Contingency planning: stress testing is used to assess and strengthen the triggers and measures in the liquidity and capital contingency and recovery plans. Reverse stress testing is performed to gain deeper insight into plausible events that could put the continuity of ABN AMRO under pressure;
- Risk type-specific and client unit stress testing, such as market risk trading and banking book and mortgage stress testing;
- Supervisory stress testing, based on prescribed scenarios and assumptions. This includes the stress test programme of the European Banking Authority (EBA), which is designed to assess banks' resilience to adverse economic or financial developments, and the ECB economy-wide climate stress test, which aims to evaluate the impact of alternative climate scenarios on the resilience of the bank.

The figure below shows the stress testing and scenario analysis cycle.

Stress test & scenario analysis cycle Audited



Scenario projections for stress testing purposes are based on quantitative models as well as expert opinion procedures. In general, the results are presented excluding and including potential mitigating actions, taking into account contingency plans. The stress testing framework also comprises the sensitivity scenarios that address the impact of various severe events on specific portfolios, countries and/or sectors, as well as the annual reverse stress test in line with regulatory requirements. Moreover, climate and environmental-related risks are incorporated into our bank-wide stress testing framework by including specific events related to physical risks and drivers of transition risk, such as carbon prices (for definitions of physical and transition risks, please refer to the Risk chapter in the Sustainability Statements).

Credit risk management

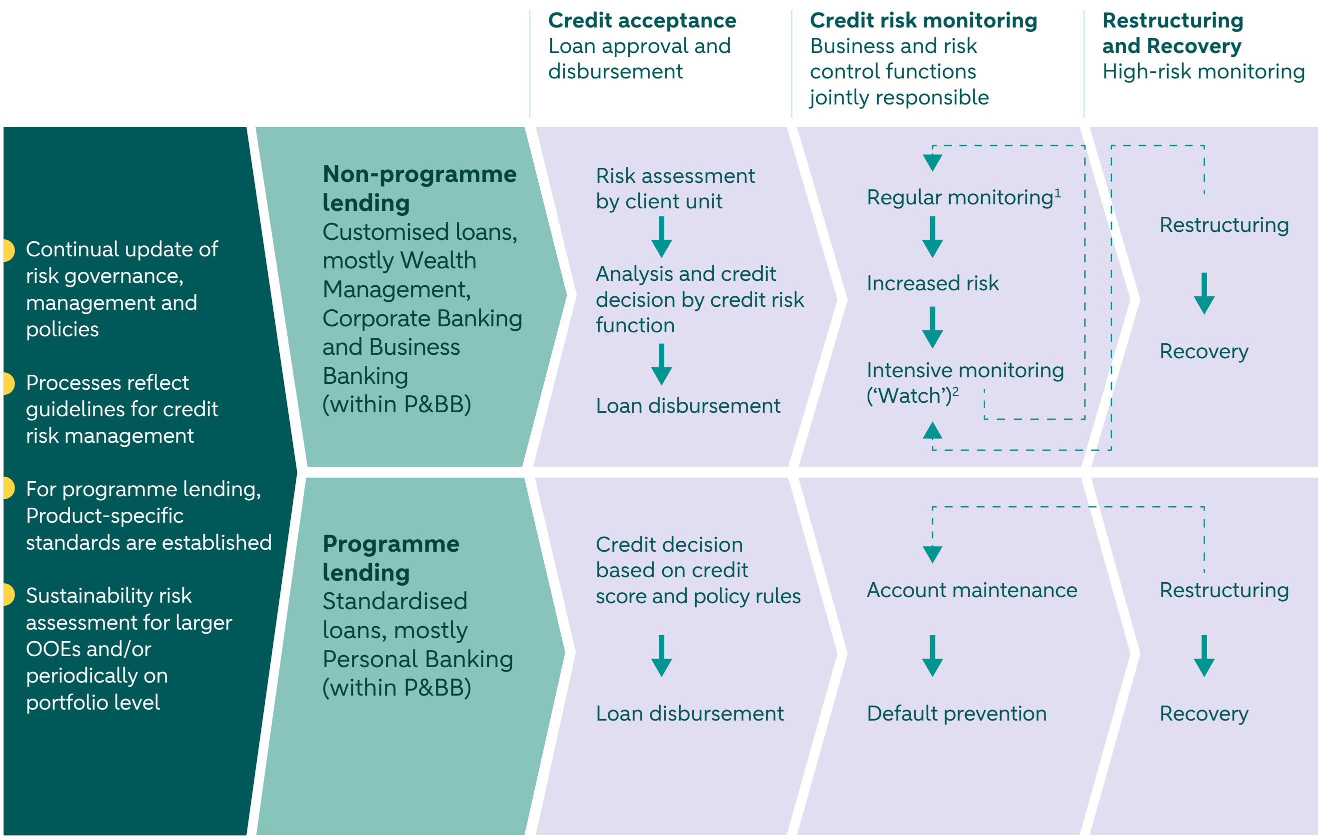
This section provides information on:
- Credit risk management approach
- CER materiality assessment
- Credit concentration risk
- Credit risk quality and impairment
- Credit risk measurement
- Credit risk mitigation

Credit risk management approach Audited

Credit risk constitutes a key risk in our business model. ABN AMRO employs two separate approaches to managing credit risk, which reflect the bank's way of doing business. Standardised products and processes are managed on a pooled basis (programme lending), to which uniform risk criteria are assigned. For customised lending to counterparties (non-programme lending), risks are assessed on an individual basis. In addition, climate risks are also integrated into our risk management practices.

Credit risk management process Audited

The following figure presents a simplified overview of the credit risk management process.



[1] Daily monitoring or (semi-) annual credit review.
[2] 'Watch': status assigned to counterparties with an increased risk.

For more insight on our credit portfolio, please refer to the Credit risk review section.

Planning

Within programme lending, the credit cycle starts with a product planning phase, during which the product is designed and/ or reviewed. The goal is to optimise the key drivers of risk and return within the context of ABN AMRO's strategy, risk appetite, the client's best interests and sustainability. For non-programme lending, the lending product is customised and not subject to a product planning phase.

Credit acceptance

For a credit approval decision within programme lending, client-specific aspects and internal and external data are taken into consideration to calculate a credit score (scorecard). The credit decision is based on the outcome of the scorecard and policy rules.

Within non-programme lending, the credit acceptance phase of a credit proposal starts with an assessment of the proposal by the relevant client unit. The qualitative and quantitative details of the credit risk associated with the loan are assessed prior to approval. Information must be provided on matters such as the purpose, details and structure of the proposed credit facility, the borrower and other counterparties, the industry and geography, management and owners, and financial and non-financial analyses. Compliance with internal policies is checked. After the assessment, an analysis is performed by Risk Management. The credit decision is based on independent assessments by both the commercial and the credit risk functions.

Client assessment on sustainability

ABN AMRO makes an assessment of every client during the onboarding stage and regularly thereafter. Lending clients are subject to more stringent rules, for which client assessment tools and processes are in place. ESG risk criteria are part of the onboarding process and are measured via the CASY tool. Additionally, the transmission channels are also integrated into the client assessment.

CASY

Client Assessment on Sustainability (CASY) is a client assessment tool for assessing the ESG performance of our corporate clients at client onboarding and monitoring reviews. The tool stores relevant data to help safeguard the bank against sustainability and reputational risks and provides a basis for strategic discussions on sustainability with clients. At client level, CASY includes a questionnaire that addresses clients' compliance with the bank's sustainability risk framework by focusing on ESG- related regulations, sustainability commitments and the capacity to manage sustainability risks and track records. Depending on the client's level of compliance with the bank's sustainability risk framework, the outcome of a CASY assessment is above, on or below par, and serves as the basis for further engaging with the company.

The CASY tool needs to be developed further to capture the most recent sustainability risks insights and leading ESG management practices, which are constantly evolving.

Credit Risk Sustainability team

Credit Risk Sustainability, as part of the second line of defense, oversees client level due diligence and engagement for both lending and non-lending clients. In the context of KYC processes, a sustainability risk advice can be provided for both lending and non-lending clients, and is triggered by sustainability related adverse media hits, defence related activities and/or a potential violation of the bank's Exclusion List or Controversial Weapons List.

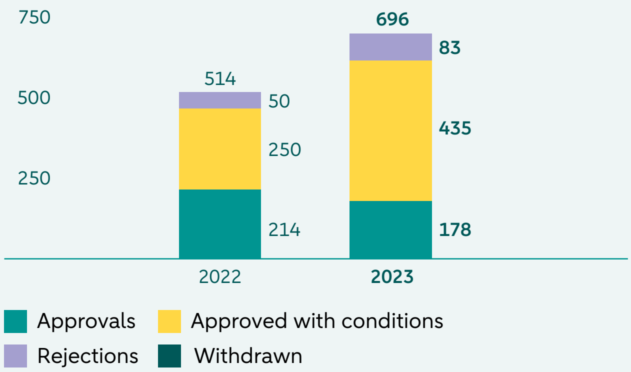
For lending clients with a high sustainability risk level and a total lending exposure in excess of EUR 1 million, an additional second line advice is required from Credit Risk Sustainability. They provide validation on the first line assessments conducted through CASY and assess clients against the bank's sustainability risk framework.

If a client is not fully compliant with the sustainability risk framework, but demonstrates sufficient commitment and capacity to comply, the second line may accept the client relationship/line of credit subject to conditions aimed at establishing that a client is moving towards full compliance with the sustainability risk framework. Non-compliance is then considered a driver of credit risk that could lead to the deterioration of a counterparty's creditworthiness or collateral due to physical and transition risk or prosecution for health and safety breaches. These clients are monitored on an annual basis.

If a client is not compliant with the sustainability risk framework and does not demonstrate sufficient capacity or commitment to achieve compliance, the sustainability risk advice will be negative and the credit committee will be advised to exit the relationship from a sustainability perspective. Given the bank's inclusive strategy, this type of negative conclusion is a last resort risk response.

The cases for which advice was given in 2023 comprised 83 rejected cases, 178 approved cases and 435 cases in which approval was subject to conditions. The conditions imposed included requesting additional information, monitoring sustainability performance and engagement with the client to substantially improve sustainability performance.

Conclusion of advice



Credit risk monitoring

Consistent and regular monitoring of counterparties, exposures, risk mitigants and ongoing compliance with internal policies helps to safeguard the bank's position in relation to all risks associated with the counterparty, credit type or portfolio. Monitoring starts when the credit facility is granted and periodically continues throughout the lifecycle of the credit facility and the relationship with the counterparty until the exposure has been fully repaid and/or the limit has been cancelled.

Depending on whether a facility is considered programme or non-programme lending, a time-based or event-based review applies. For programme lending portfolios, the entire risk management framework defined in a product programme must be reviewed at least annually. Individual credit reviews are performed on the basis of pre-defined triggers for risk based credit reviews. For non-programme lending, all counterparties are subject to at least an annual review. The review takes into consideration not only changes in risk profile, financial position, creditworthiness compared to the criteria and the assessment at the point of loan origination, but also climate and environmental risk.

If a situation arises in which an individual counterparty shows signs of credit risk deterioration and an action is required in order to avoid the credit risk evolving into a default classification, a 'watch' status is assigned. A 'watch' status indicates that a counterparty is subject to increased monitoring and appropriate follow-up measures in order to prevent further deterioration or a default. Indicators for this status are changes in risk profile, liquidity problems, management issues, the market outlook, potential breach of a credit agreement, solvency issues and uncertain continuity.

Restructuring & Recovery

Non-programme lending credit facilities that are subject to a default event are mandatorily transferred to the Financial Restructuring & Recovery department (FR&R). If a 'going concern' approach is applicable and return to a performing status is considered likely, the credit facility is transferred to the Restructuring team, which will devise a plan aimed either at rehabilitation or enhancement of the likelihood of full repayment. If a 'gone concern' approach is applicable and the Bank does not expect that the restructuring will result in the counterparty returning to a performing classification, the credit facility is transferred to the Recovery team.

Once a client is considered able to meet its future payment obligations and the involvement of FR&R is no longer required, the client is transferred back to the client unit.

Programme lending contracts are transferred to the Late Collections team if a default status is assigned because payments have been past due for more than 90 days or because another default trigger applies. If restructuring is ultimately ineffective, the client is transferred to other internal departments or external parties (such as Flanderijn) for debt collection.

Through its restructuring and recovery activities, FR&R plays a significant role in the execution of the bank's non-performing exposure (NPE) strategy. In line with regulatory expectations, the NPE Strategy sets targets for reducing non-performing exposure in each business segment and for specific sectors with increased levels of non-performing loans.

Counterparty credit risk

Counterparty credit risk (CCR) refers to the risk that the counterparty to a transaction defaults before final settlement of the transaction's cash flows. In line with the regulatory definition of CCR, ABN AMRO incurs counterparty credit risk in two business activities: firstly through over-the-counter (OTC) derivatives and securities financing transactions with corporate clients and financial institutions (including positions taken to manage our interest rate hedging and liquidity position) and secondly in the business of ABN AMRO Clearing.

To manage these risks, credit limits are set in accordance with the bank's risk appetite. Limit requirements are set against the creditworthiness of the counterparty and take into account a range of factors, including the mark-to-market value and the potential future exposure (PFE) of the transactions. The effectiveness of the limits is verified by monitoring trades and exposures at the second line of defence and by escalating limit breaches to the competent management levels when necessary. The bank can use credit risk mitigants to reduce the size of the credit risk exposure or likelihood of suffering losses. Counterparty credit risk mitigation includes the use of proper legal documentation, collateralisation, netting, trade or portfolio compression and central clearing.

Climate and Environmental Risk in Credit Risk

Materiality assessment

In 2023, we updated our assessment of the materiality of climate-related and environmental risk (CER) in relation to traditional risk types. The initial assessment was qualitative and, where possible, further substantiated quantitatively. A distinction was made between materiality in the short, medium and long term horizon. To ensure consistency across risk types, we looked at a set of predefined CER events, including climate-related risk events such as floods and drought (physical risk) and policy and technology development (transition risk), as well as environmental risk events such as water stress and biodiversity loss (physical risk) and policy and technology development (transition risk). The risk is considered material if it has material impact on net profit or expected credit losses or if the likelihood of occurrence is high. The results for credit risk are summarized below.

	Climate risk						Environmental risk					
	Physical risk			Transition risk			Physical risk			Transition risk		
	ST	MT	LT	ST	MT	LT	ST	MT	LT	ST	MT	LT
Credit risk	○	○	●	○	○	●	●	●	●	●	●	●

The quantitative materiality assessment of the CER impact on credit risk performed by ABN AMRO in 2023 showed that the impact of environmental risk on credit risk is material in the short, medium and long term. Climate risk is also material for credit, but on a longer term.

Identification and measurement

To assess the materiality of climate risk we made use of various analyses, including our climate risk heatmap, climate scenario analyses on the mortgages and commercial real estate portfolios, a climate stress test on a part of the corporate portfolio and an environmental risk scenario analysis.

The materiality assessment of environmental risk is mainly based on a qualitative assessment, supported by scenario analyses. For more information on the climate and environmental risk heatmaps and climate scenario analyses, please refer to the topical standard Environment in the Sustainability Statements.

Transmission channels

Transmission channels are the causal chains through which climate factors translate into financial risks to ABN AMRO by directly influencing our counterparties and the assets they hold. Physical risk, such as floods or drought, can be expected to lead to loss of productivity for companies and to damage to property, such as houses, for consumers. In the short term, transition risk is expected to lead to higher costs for companies transitioning to a carbon-free environment. The transition may also result in some companies' business models becoming obsolete or to a significant drop in demand. For consumers, transition risk may lead to a fall in the prices of properties with low energy labels.

Mitigating measures

Various measures have been taken in order to mitigate CER in Credit Risk. These relate to credit risk acceptance, risk monitoring, risk appetite setting and financial buffers.

Credit Risk Acceptance

ABN AMRO is taking steps to incorporate ESG factors and associated risks into its credit acceptance process for both programme lending and non-programme lending. Therefore, we have defined and implemented general transmission channels and specific transmission channels for strategically important portfolios. The insights gained from defining these transmission channels are used to adjust the credit lifecycle elements and thus integrate climate risk into the credit acceptance process. The aim of the transmission channels in the credit risk acceptance process is to translate CER into financial impact. In 2023 we extended this analysis to five new portfolios in carbon-intensive sectors:

- Air transport
- Freight transport by road
- Manufacture of chemicals and chemical products
- Construction
- Manufacture of basic metals

Capitalisation and provisioning

The short term financial impact can be mitigated by adequate capital buffers and provisioning for expected credit losses (ECL). As our current models do not include CER aspects, we have used the results of the materiality assessment in order to assess whether we are sufficiently capitalized. As a result of the assessment, an add-on for economic capital and a management overlay for expected credit losses have been taken. Both the economic capital add-on and the management overlay for expected credit losses were taken for climate physical and transition risk in order to cover potential losses. For more information we refer to the Credit Risk Review section.

Overview of Climate and Environmental Risk Assessment

		Climate Risk (E1)		Environmental Risk (E2-E5)	
		Physical Risk	**Transition Risk**	**Physical Risk**	**Transition Risk**
Time horizon		Long term	Long term	Short, medium and long term	Short, medium and long term
Identification and measurement		• Climate risk heatmap • Climate Scenario Analysis	• Climate risk heatmap • Climate risk stress test	• Environmental risk heatmap • Environmental risk scenario analysis	
Transmission channels	**Corporates**	• Disruption of business operations • Property/ Equipment damage • Immovable assets becoming stranded • Decreasing Supplies • Adaptation costs	• Adaptation costs • Drop in demand/ revenue • Stranded assets	• Loss of permits • Increased costs • Drop in demand/revenue • Decreasing supplies	
	Households	• Property Damage	• Value reduction	• Increase in costs • Value reduction	
	Macroeconomy	• Productivity loss • Property value reduction • Stranded assets	• Drop in GDP • Property value reduction	• Drop in GDP	
Mitigating measures	**Credit Risk Acceptance**	• Integrate the Transmission Channels into the Credit Acceptance Process • Client Assessment on Sustainability (CASY) during the Client Acceptance Process			
	Risk appetite	• Physical Risk Indicator	• Transition Risk Indicator	• Physical risk relative exposure	• Transition risk relative exposure
	Provisions (IFRS) and capital (ICAAP)	• CER incorporated in macroeconomic scenarios used for expected credit loss (ECL) • Management overlay for CER risks not captured by ECL models • Climate and Environmental Risk in the Credit Risk Model Landscape (in progress) • Economic Capital add-on for Climate Risk under ICAAP			

Risk appetite

Credit risk indicators related to climate physical and transition were included in the Risk Appetite Statement in 2023. As we are still learning how these measures behave and whether they sufficiently and correctly cover the risk, they were set to monitoring only.

Climate and Environmental Risk in the Credit Risk Model Landscape

The incorporation of CER in the credit risk model landscape is challenging for multiple reasons. These vary from lack of granular and high-quality data, changes in regulatory requirements to limited past materialisation of CER on credit risk. This makes future estimates uncertain, especially over different time horizons. Notwithstanding these challenges, we outlined a strategy consisting of a vision and roadmap on how to integrate CER into all the credit risk modelling frameworks: stress testing, capital adequacy (economic capital and Basel IRB) and IFRS9. Pilots for stress testing and IRB model development started in 2023. Both physical and transition risks are considered, through the use of both quantitative and qualitative CER data attributes.

Credit concentration risk Audited

Credit concentration risk is the risk of loss arising from large exposures, relative to the bank's total risk exposure, to a single counterparty or to counterparties that are positively and highly correlated. As limiting excessive concentrations is fundamental to our credit risk strategy, we aim to keep the credit risk portfolio sufficiently granular and diversified. To avoid excessive credit risk concentrations, Risk Management sets maximum levels for subgroups in the following categories:

- Single counterparty and groups of related counterparties (counterparty concentration);
- Countries (geographic concentration);
- Industries (industry concentration);
- Products (product concentration).
- Climate risk (physical and/or transition risk concentration).

Counterparty concentration

Counterparty concentration credit risk is the risk of loss arising from relatively large exposures to counterparties belonging to the same risk group. The One Obligor Exposure (OOE) is the exposure to a risk group and includes all drawn and undrawn credit facilities granted, plus all indirect exposure to the risk group, including guarantees and any other recourse claims.

A risk group is an interrelated group of counterparties with a high degree of interdependency due to a control relationship. This control relationship may be due to direct or indirect majority interests being held by the same shareholder or group of shareholders.

Counterparty credit concentration risk is measured by the OOE and the Economic Capital (EC) per counterparty. The bank limits its counterparty credit risk by setting OOE and EC limits. Additionally, all credit applications with an OOE and/or EC above a certain threshold are reviewed by the Executive Board.

Geographic concentration

Geographic concentration risk is the risk of credit losses arising from events or circumstances specifically related to a country or location. We recognise geographic concentration in our books for climate risks in the Netherlands and for cross-border risks outside the Netherlands. ABN AMRO has branches and subsidiaries located outside the Netherlands, as well as clients who operate internationally.

Management of country risk focuses on cross-border risk, which includes the risk that funds, goods or services cannot be transferred out of a country as a result of actions by local authorities in that country or other events. These risks are managed by setting country credit limits, based on individual country analyses by economic, compliance and country risk experts.

Country limits are reviewed at least once a year. Each country also has an annually reviewed internal credit rating, which is an important factor in managing country concentration risks. As the Netherlands is our home country, it is not included in any concentration risk appetite statement or credit limits. Given that our strategic focus is on Northwest Europe, our country risk exposure has declined significantly in recent years.

Industry concentration

Industry concentration risk is the risk of loss arising from a relatively large credit exposure to counterparties active in a single industry. Industry concentration risk arises when deterioration in a specific industry has an effect on all credit exposures relating to that industry. ABN AMRO manages its industry concentrations by setting limits on economic capital (EC) for credit risk in each industry as a percentage of total EC for credit risk. Industries with a concentration limit are financial institutions, industrial transportation, industrial engineering and food & beverages. In addition to the EC limits, EC concentration checkpoints are set to facilitate timely and sufficient management interventions so as to avoid limits being breached.

Product concentration

Product concentration risk is the risk of loss arising from relatively large credit exposures in a specific asset or product class. This asset or product class concentration occurs in residential mortgages, commercial real estate and leveraged loans, among others. In line with our risk appetite, ceilings are defined per product type.

Climate risk concentration

Concentration of corporate exposures highly susceptible to climate transition risk is monitored. For managing climate risk in the residential mortgages book, the bank monitors the percentage of properties that have relatively high climate transition risks and are located in an area sensitive to climate physical risk. Please refer to the Sustainability Statements- Environment section for GHG financed emissions and climate risks in our real estate portfolios.

Credit risk quality and impairment Audited

We continuously monitor the credit portfolio for signs indicating that the counterparty may become credit impaired in the future. Loans at risk are classified into different risk categories for individual counterparties and into days-in-arrears buckets for groups of aggregated counterparties in order to optimise the monitoring and review of these loans.

Forbearance

Forbearance is the process of making concessions to clients who are or will soon be experiencing financial difficulty (such as Covid-19-impacted clients), with the intention of bringing them back within their payment capacity. A forborne asset is any contract that has been entered into with a counterparty who is in or about to face financial difficulty, and that has been refinanced or modified on terms and conditions that we would not have accepted if the counterparty had been financially healthy.

Forbearance measures can be applied to contracts on which the counterparty has already defaulted, as well as to contracts that are still performing. If the contract is considered to be performing at the time the forbearance measure is taken, an assessment is made to determine whether the counterparty will be able to meet the revised conditions of the contract and whether full repayment of the credit facility is expected. A forborne contract will cease to qualify as forborne only when all the following conditions are met:

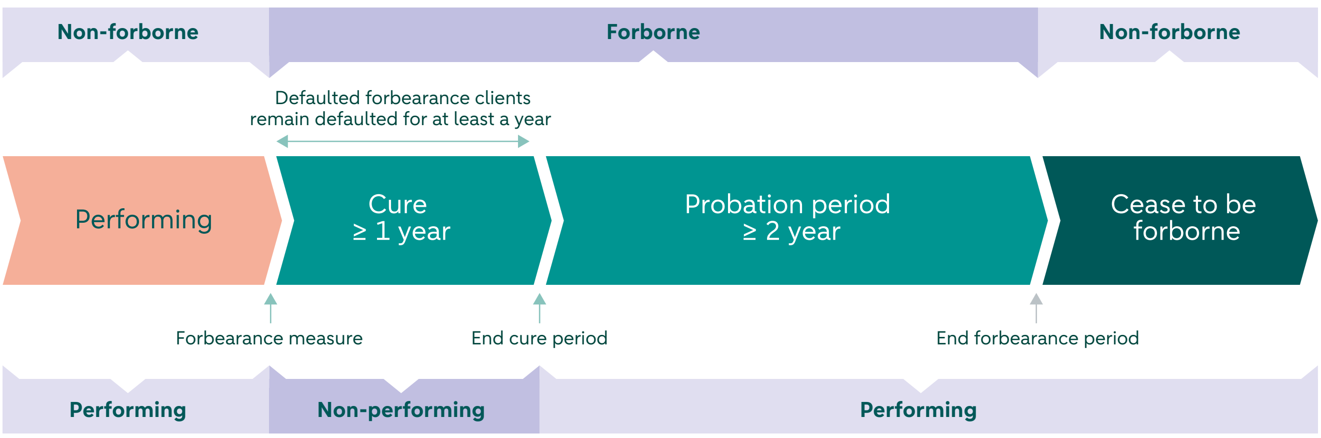
- The contract is considered performing;
- A minimum probation period of at least two years has passed since the last forbearance measure and/or the date the forborne contract was considered performing (whichever is later);
- Regular and timely payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period;
- The counterparty does not have any contract, within the credit agreement, that is more than 30 days past due at the end of the probation period.

If the forborne contract is or has become non-performing at the time of the forbearance measure, a mandatory cure period of at least one year applies to the contract before it is returned to performing status. The cure period starts when the contract becomes non-performing or, if the contract was already non-performing, when the last forbearance measure was taken.

Past due credit exposures

A financial asset is past due if a counterparty fails to make a payment on the contractual due date or if the counterparty has exceeded an agreed credit limit. ABN AMRO starts counting days past due on the first day that a counterparty is past due on any financial obligation.

Forbearance life cycle Audited



Accounting policy for measuring allowances for expected credit losses (ECL) Audited

The IFRS 9 impairment requirements are applicable to financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI), loan commitments, lease receivables and contract assets and financial guarantee contracts. At each reporting date, these financial instruments are classified into one of three risk stages, depending on current credit quality, or as purchased or originated credit-impaired (POCI).

POCI assets, which are credit-impaired at initial recognition, are accounted for at fair value (i.e. net of the initial lifetime ECLs) and do not carry an impairment allowance. Instead, a credit-adjusted effective interest rate (EIR), which is calculated using expected cash flows including initial lifetime ECLs, is applied to the amortised cost. Subsequently, the cumulative changes in lifetime ECLs since initial recognition, which are discounted at the credit-adjusted effective interest rate, are recognised in the profit or loss statement as an impairment gain or loss, and presented under impairment charges on financial instruments. Once a financial asset is classified as POCI, it retains that classification until it is derecognised. For this reason, the POCI stage is not included in the following figure.

Change in credit quality Audited

Change in credit quality since initial recognition		
Stage 1	**Stage 2**	**Stage 3**
Performing (Initial recognition)	**Credit quality deteriorated** (Assets with significant increase in credit risk since initial recognition)	**Default = Impaired** (Credit impaired assets)
Recognition of ECL		
12 month ECL	Lifetime ECL	Lifetime ECL
Interest income		
Effective interest on gross carrying amount	Effective interest on gross carrying amount	Effective interest on amortised cost (gross carrying amount less loss allowance)

Classification in stage 2

We use quantitative and qualitative stage triggers to determine whether a financial instrument should be classified as stage 1 or stage 2.

Quantitative stage triggers

The key quantitative metric that determines when a financial instrument is transferred from stage 1 to stage 2 is the deterioration in the lifetime probability of default (LPD) from the date of origination to the reporting date, based on internal data. The LPD represents the likelihood that a counterparty will default during the lifetime of the financial instrument and depends on credit risk drivers such as:
- product characteristics (e.g. repayment and interest terms, term of the product);
- the financial condition of the borrower;
- the number of days past due;
- expected developments in the economy.

The lifetime PD deterioration (LPDD) measures the relative difference between the remaining lifetime PD at reporting (LPDR) and the remaining lifetime PD at origination (LPDO) as LPDD = LPDR/LPDO. If the LPD deterioration of an exposure is above a predefined threshold, the LPD is considered to be significantly deteriorated. The exposure is then transferred to stage 2 and impairment allowances equal to the lifetime expected credit loss are recognised. If the LPD deterioration subsequently reduces and falls below the threshold, the client is transferred back to stage 1. When determining the thresholds, ABN AMRO distinguishes between various portfolios within consumer lending, residential mortgages and corporate loans. A specific threshold is calculated for each portfolio, based on a statistical method. The following table shows LPD deterioration thresholds that triggered transfers to stage 2 as at 31 December 2023. The table provides ranges, as each product class uses multiple ECL models and thresholds are determined for each ECL model.

Range of lifetime PD deterioration thresholds Audited

Product class	Range
Consumer lending	1.8x-5.2x
Residential mortgages	1.7x-2.0x
Corporate loans	1.3x-5.8x

The lifetime PD thresholds remain unadjusted compared to 31 December 2022.

Qualitative stage triggers
The bank transfers a financial instrument from stage 1 to stage 2 if the instrument meets any one of the following qualitative triggers:
- Forborne status of a borrower;
- Watch status of a borrower. ABN AMRO assigns the watch status to counterparties with an increased credit risk. This process comprises intensive monitoring, early detection of deterioration in the credit portfolio and appropriate follow up measures;
- A delinquency-based regulatory backstop is in place, such that the credit risk of financial assets that are more than 30 days past due will be assumed to have significantly increased.

Reclassification to stage 1
As a general rule, favourable changes in credit risk are recognised consistently with unfavourable changes, and a financial instrument is transferred back to stage 1 if quantitative or qualitative triggers are no longer met. In some cases, a probation period applies:
- Forborne financial instruments are transferred back from stage 2 to stage 1 only after a probation period of at least two years has ended, in line with the ABN AMRO forbearance policy. Stage 3 forborne instruments transfer back to stage 2 after a cure period of at least one year;
- For financial instruments that are 30 days past due, a three-month probation period is applied for transfers from stage 2 to stage 1.

Classification in stage 3
A transfer to stage 3 will always be the result of the default of a financial instrument. Our definitions of default and impaired are aligned and comply with the European Banking Authority (EBA) guidelines on the application of the definition of default.

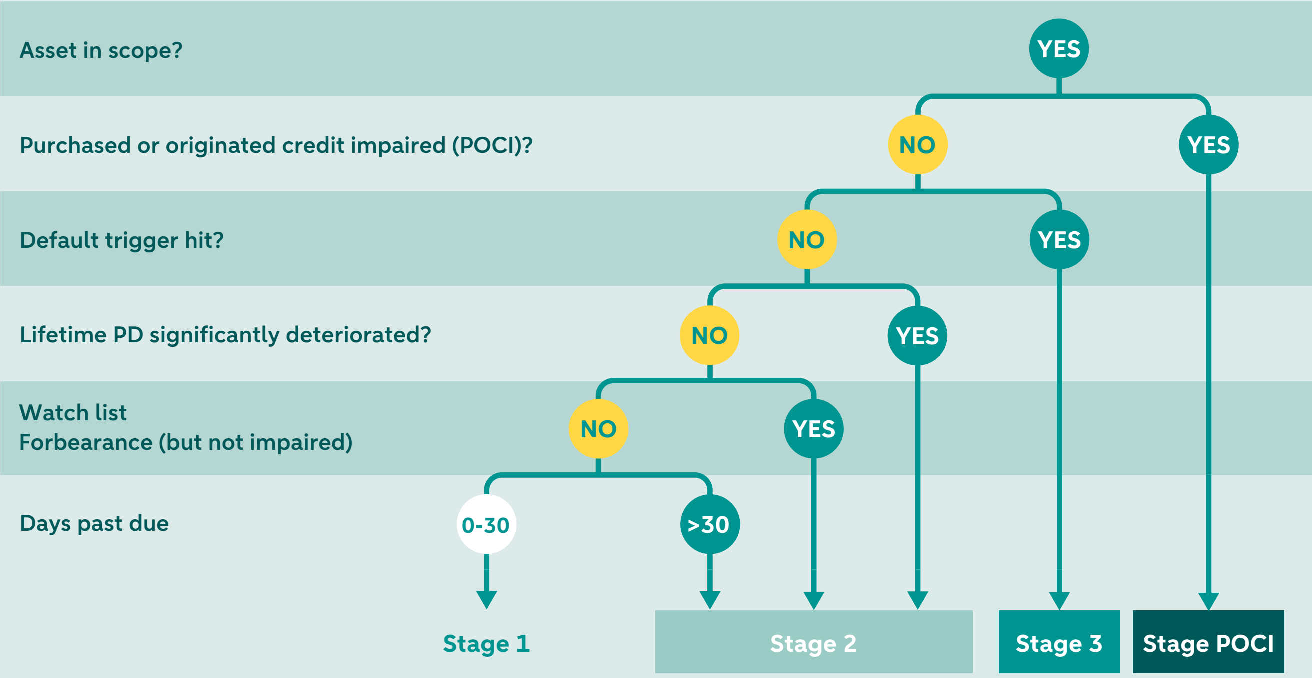
All models use a consistent definition of default, which has been specified in line with regulations. A default is deemed to have occurred when:
- the counterparty is past due by more than 90 days on any material financial credit obligation to the bank; or
- the bank considers the borrower to be unlikely to meet its contractual obligations (unlikely to pay, or UTP).

The materiality of a financial obligation past due is assessed against an absolute and a relative threshold, in line with regulatory standards. To determine unlikeliness to pay, the bank has specified both mandatory default triggers (always resulting in the assignment of a default status, whereby no additional expert judgement is allowed) and judgemental triggers (requiring an assessment by credit risk managers to determine whether the UTP indications should result in a default classification).

The mandatory triggers include the reporting of a forborne exposure under probation as non-performing for being 30 days past due or owing to an additional forbearance measure being applied. As a result, the definitions of non-performing and default are materially aligned.

Reclassification to stage 2
The default classification for non-forborne exposures ends when the default triggers no longer apply and a (probation) cure period of at least three months has passed since the default trigger was last applied. For forborne exposures, a twelve month cure period starts from the moment the last forbearance measure or default trigger was applied. After the cure period, an assessment is performed to establish whether the improvement in the credit quality is factual and permanent (including, for example, no remaining past due amounts).

Asset stages Audited



Calculation method
ABN AMRO recognises loss allowances based on the Expected Credit Loss model (ECL) of IFRS 9, which is designed to be forward-looking. The amount of ECL is based on the probability-weighted present value of all expected cash shortfalls over the remaining life of the financial instrument for both on- and off-balance sheet exposures. ABN AMRO distinguishes between two types of calculation methods for credit loss allowances:

- Individual Lifetime ECL (LECL) for credit-impaired (stage 3) financial instruments with exposures above EUR 3 million;
- Collective 12-month ECL (stage 1) and LECL (stage 2 and 3) for financial instruments that have similar credit risk characteristics (e.g. residential mortgages, consumer loans and SME loans) are clustered in portfolios and collectively assessed for impairment losses. A collective impairment calculation approach based on individual parameters is also applied to stage 3 exposures below EUR 3 million. ABN AMRO has models to quantify the Probability of Loss (PL), Loss Given Loss (LGL) and Exposure at Loss (EAL) for the purpose of calculating the collective 12-month ECL and LECL for these financial instruments.

Lifetime expected credit loss
ABN AMRO defines the lifetime of credit as the maximum contractual period during which the bank is exposed to credit risk; we do not apply a longer period, even if that longer period is consistent with business practice. For some contracts, such as overdraft facilities or credit cards, no end date is specified or amounts can be contractually withdrawn by the lender at short notice. In these cases, ABN AMRO uses behavioural maturity models that rely on historical client behaviour to determine future expected exposures.

Forward-looking information
For expected credit loss calculations, ABN AMRO uses three different scenarios of future economic developments: a baseline (or most likely) scenario, a negative scenario and a positive scenario. The three scenarios are incorporated into the expected credit loss calculation and risk stage determination in a probability-weighted manner. In order to incorporate the latest economic outlook, the scenarios and their weights are reviewed each quarter and adjusted if necessary. Details of the scenarios and their weights used in the reporting period can be found in the Credit risk review section. The baseline scenario entails our Group Economics analysts' current macroeconomic base scenario, which usually covers the current year and subsequent year. For the purpose of scenario analysis under IFRS 9, this baseline is extended by three or four additional calendar years, after which it is assumed that macroeconomic variables (MEVs) gradually move to their potential or equilibrium values. At least once every quarter, Group Economics compares its forecasts with those of institutions like the Netherlands Bureau for Economic Policy Analysis (CPB), the Dutch central bank (DNB), ECB, IMF or OECD, in order to determine possible differences and to analyse whether it can

underpin those. This external benchmarking exercise is a standard input to the Scenario Booklet that is presented to the bank's Scenario and Stress Testing Committee for approval. Group Economics also develops a negative and a positive scenario. These scenarios are designed to give an impression of the bandwidth within which the economy, interest and FX rates, and other relevant variables are likely to move in the next four to five years, with a probability of around 85% (roughly corresponding to a standard deviation of plus and minus one and a half). Hence, these scenarios produce upper and lower boundaries, with a resulting bandwidth between the outcomes of the negative ('bad weather' in terms of financial results of the bank) and positive ('good weather') scenarios. To determine these boundaries, Group Economics may look at historical developments, medium-term (non-baseline) scenarios made by the aforementioned institutions, and other relevant developments.

Management overlays and other adjustments

Where necessary to reflect the credit risk dynamics not captured by our models, management judgement is applied via a management overlay or other IFRS 9 adjustment. A management overlay is a temporary adjustment in a loss allowance until a long-term solution (e.g. model adjustment) is effective, and must be an amount commensurate to the model limitation. All overlays require a decision of the Impairment and Provision Committee (IPC) and are governed via the IFRS 9 Adjustment Standard. The main types of management overlays that ABN AMRO distinguishes are: post-model adjustments (adjustments to model outcomes), adjustments in the weightings of macroeconomic scenarios and stage overrides. Other adjustments such as adjustments to model parameters or input data are not considered management overlays, but follow the same internal approval process. Upon changes to the drivers of an overlay / adjustment, for instance a resolution of a model limitation or changes to the underlying credit risk dynamics, release of an overlay or adjustment will be considered and decided upon in the IPC.

Climate and environmental risks in ECL

Incorporating climate risk explicitly into ECL models is challenging due to the lack of historical data and the horizon on which climate and environmental risks are expected to materialise. We are taking steps to gain deeper insight into how climate and environmental risks affect our clients, and to eventually embed them into our IFRS 9 ECL models.

Although the impact of climate risk on ECL can only be estimated with a high degree of uncertainty regarding amounts of losses and the time horizon on which it will materialise, it is partially embedded into our ECL estimates through our macroeconomic forecasts. Climate scenarios are included in Group Economics' baseline, positive and negative macroeconomic scenarios. These are underpinned by and compared to public and non-public climate scenarios such as those of the Network for Greening of Financial Services (NGFS). To capture climate and environmental risks in ECL and related scenario processes, each macroeconomic scenario is accompanied by an overview that illustrates which of these risks are included in the various projected macroeconomic indicators.

Management overlays on ECL can be taken for identifiable events that are not yet included in the macroeconomic forecasts. These are currently limited to an overlay for the potential impact of the government's nitrogen-reducing measures and an overlay for climate transition risk. Given the combination of individual assessments, macroeconomic scenarios and aforementioned management overlays, we consider the bank adequately provisioned for climate and environmental risks.

Cured financial assets

When a credit impaired financial asset cures, the interest that was previously unrecognised is reported as an impairment release in the impairment charge rather than as a credit to the interest income calculated using the effective interest method.

Write-off

- For non-programme lending, a loan must be written off if all possible means of recovery have been exhausted and it has become clear that there is a low probability of recovering the debt, either in part or full.
- Most of the programme lending facilities are automatically written off after 1,080 days in default.

Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment charges on financial instruments in the income statement.

Credit risk measurement Audited

The models used for measuring and managing credit risk vary from purely statistical to expert-based models and employ both quantitative and qualitative risk drivers. All models are subject to the bank's model risk management framework. They undergo initial validation by the independent model validation function before their first use, and annually thereafter. Independent validation is also required when a model undergoes a material change.

Probability of default

The Probability of Default (PD) indicates the likelihood that a counterparty or exposure defaults within a one-year time horizon. For the non-programme lending portfolio, the model score is mapped to and expressed as an internal uniform counterparty rating (UCR). The UCR rating scale consists of 14 performing ratings, each representing a fixed PD range. The indicative mapping of the internal UCR rating scale to external rating agency ratings is shown in the following table.

Internal rating scale mapped to external ratings

Grade Category	UCR (internal rating)	Low PD%	Mid PD%	High PD%	Standard & Poor's equivalent	Moody's equivalent	Fitch equivalent
Investment grade	UCR 1	0.000	0.03	0.035	AAA to A+	Aaa to Aa3	AAA to AA-
	UCR 2+	0.035	0.04	0.045	A+	A1	A+
	UCR 2	0.045	0.05	0.071	A	A2	A+
	UCR 2-	0.071	0.10	0.127	A-	A3	A to A-
	UCR 3+	0.127	0.16	0.200	BBB+	Baa1	BBB+
	UCR 3	0.200	0.25	0.300	BBB	Baa2	BBB
	UCR 3-	0.300	0.36	0.465	BBB-	Baa3	BBB-
Sub-investment grade	UCR 4+	0.465	0.60	0.775	BB+	Ba1	BB+
	UCR 4	0.775	1.00	1.285	BB	Ba3	BB
	UCR 4-	1.285	1.65	2.225	BB-	B1	B+
	UCR 5+	2.225	3.00	4.243	B	B2	B
	UCR 5	4.243	6.00	8.485	B-	Caa	B-
	UCR 5-	8.485	12.00	16.971	CCC/C	Caa	CCC/C
	UCR 6+	16.971	24.00	99.999	CCC/C	Ca	CCC/C
Default	UCR 6-8		100		D	C-D	D

Rating assignment

For non-programme lending, the ratings are individually assigned to each obligor (PD) and facility (LGD) by the business account manager (first line of defence) and approved by credit risk (second line of defence). For programme lending, exposures ratings are not assigned individually but assigned to pools with similar characteristics. For all exposures, the EAD estimation is assigned automatically based on the facility type and the undrawn part of the facility.

Loss given default

Loss Given Default (LGD) models estimate the amount the bank would lose if the counterparty were to default. LGD is expressed as a percentage of the outstanding amount at default. For credit facilities that are not in default, LGD estimates are influenced by the risk mitigating techniques used by the bank (such as collateral coverage and/or third party protection), the credit facility's seniority and structure, and the bank's view on the creditor-friendliness of the relevant country's legal framework.

Exposure at default

Exposure at Default (EAD) models estimate the expected exposure at the time a counterparty defaults. If all or a part of a facility is undrawn (i.e. the outstanding amount is less than the approved limit) at the time of the EAD calculation, a portion of the undrawn amount is added to the exposure to reflect the tendency of counterparties to utilise larger portions of their approved credit facilities when nearing default.

Capital for credit risk

Regulatory capital

For the purpose of determining capital requirements for credit risk, ABN AMRO applies the Advanced Internal Rating Based (A-IRB) approach to most of its portfolios. Under this approach, the previously described internal estimates for PD, EAD and LGD are used to calculate Credit Risk RWA. For the financial institutions and project finance portfolios the Foundation Internal Rating Based (F-IRB) approach is applied, meaning that only internal estimates of PD are used to calculate credit risk RWA. The LGD and EAD models for these portfolios are still used for internal purposes such as origination, pricing, monitoring and reporting. For a number of smaller portfolios and the large Central Governments and Central Banks portfolio, RWA is determined according to the Standardised Approach (SA). This approach uses standard risk weights to be applied to the exposure value in order to calculate RWA.

Economic capital

The EC model for credit risk uses a Monte Carlo simulation to determine a full portfolio loss distribution, taking into account specific portfolio characteristics and diversification effects. Loan facilities are valued on an economic value (mark-to-market) basis to ensure that loss estimates can be based not only on defaulting borrowers, but also on possible credit migrations and changes associated with the market values of loans.

Credit risk mitigation

Credit risk mitigation techniques are used by the bank to reduce the credit risk associated with its credit exposures. Such techniques relate mainly to collateral management and guarantees, offsetting financial assets and liabilities, and enforcing master netting agreements or similar instruments. In our acceptance policy, we currently do not actively make use of credit risk mitigation for physical risks.

Credit risk mitigation techniques themselves entail risks and, as such, have to meet certain requirements so they can be used effectively and in line with the bank's risk appetite. For this reason, ABN AMRO has established mandatory, bank wide policies governing the use and management of credit risk mitigation techniques. These are in line with regulatory requirements, as well as the needs of the bank and its clients. These bank-wide policies provide the overarching rules to be met by business-specific procedures and processes related to credit risk mitigation.

Collateral management and guarantees

Collateral and guarantees represent assets with material value that have been received by (or pledged to) the bank to secure obligations under a credit facility or other exposure. To be effective, such security must give the bank the right to appropriate and liquidate collateral on time and without impediment so that losses on the exposure at default are minimised.

In addition to minimising exposure risk, eligible collateral and guarantees can also reduce the regulatory and economic capital the bank is required to hold as a buffer for unexpected losses. The Capital Requirements Regulation prescribes the criteria that collateral must meet to become eligible for capital reduction. These criteria, which provide for legal effectiveness and for the enforceability, valuation and monitoring of collateral, are aimed at the effective and timely realisation of collateral.

Residential mortgages, followed by commercial real estate, represent the largest collateral category in our books. We manage our collateral risk through lending criteria such as Loan to Value, and for commercial real estate financing we apply a minimum energy label.

Accounting policy for offsetting financial assets and liabilities Audited

Financial assets and liabilities are offset, and the net amount is reported on the EU IFRS balance sheet, if there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously. The bank applies netting to debtor and creditor balances, such as current accounts, where offsetting is justified by formal agreement with the client, provided they meet the applicable criteria.

Accounting policy for enforceable master netting agreements or similar instruments Audited

Enforceable master netting arrangements take into account all agreements containing conditions that allow offsetting in the event of default. In addition, agreements are enforceable if the bank has a legally enforceable right to offset and no ability and/or intention to realise the asset and settle the liability simultaneously. These arrangements include derivative clearing agreements, global master repurchase agreements and global master securities lending agreements.

Credit risk review

This section provides information on:
- Credit risk exposure
- Credit risk concentration
- Forborne, past due and credit-impaired loans
- Credit risk mitigation
- Developments in specific portfolios

Credit risk exposure

We measure our credit risk exposure in two ways, depending on the purpose for which the exposure is calculated: EU IFRS or the determination of regulatory or economic capital (CRD-V/CRR2). This section shows our exposure to credit risk according to both frameworks and provides further details on risk-weighted assets and credit quality.

Credit risk overview Audited

(in millions)		31 December 2023		31 December 2022
Cash and balances at central banks		53,656		60,865
Financial assets held for trading		1,371		907
Derivatives		4,403		5,212
Financial investments[1]		41,501		39,034
Securities financing		21,503		20,032
Loans and advances banks		2,324		2,982
Loans and advances customers		245,935		243,927
Other assets	5,351		4,473	
Less: Other[1]	546		425	
Other assets		4,805		4,047
On-balance sheet maximum exposure to credit risk		**375,496**		**377,007**
Off-balance sheet				
Committed credit facilities	53,968		53,873	
Guarantees and other commitments	6,289		7,651	
Revocable credit facilities	31,710		34,347	
Off-balance sheet credit facilities and guarantees		**91,967**		**95,872**
Maximum exposure to credit risk[2]		**467,463**		**472,879**
Adjustments on assets[2, 3]		2,680		4,705
Valuation adjustments[4]		7,226		9,797
Offsetting and netting		-28,194		-26,557
Off-balance sheet credit facilities and guarantees		-91,967		-95,872
Off-balance sheet exposure fraction expected to be drawn prior to default (credit conversion factors)		28,816		26,112
Total Exposure at Default		**386,024**		**391,065**
Credit risk RWA / Total Exposure at Default		31.7%		28.3%

1 This contains non-credit obligation assets and assets on accounts which are out of scope for credit risk.
2 Adjustment on assets includes equity positions.
3 Main adjustments on assets relate to selected financial assets held for trading and fair value adjustments from hedge accounting.
4 Adjustments on valuation include loan impairment allowances.

The above table shows the maximum exposure to credit risk and reconciliation with the total exposure at default. Exposure at default is predominantly used for the determination of regulatory and economic capital.

Overall credit risk EAD and RWA Audited

(in millions)	Original EAD	Less: Netting/ EAD mitigation[3]	EAD	- of which: Derivatives	Securities financing transactions	RWA	RWA/EAD
						31 December 2023	
Credit risk IRB							
Institutions[1]	9,875	702	9,173	716	1,593	2,180	23.8%
Corporates	134,326	34,514	99,812	1,982	1,577	55,693	55.8%
Retail	167,328	4,981	162,347			17,563	10.8%
- of which secured by immovable property	*157,349*	*505*	*156,844*			*15,917*	*10.1%*
- of which qualifying revolving exposures	*5,352*	*3,955*	*1,397*			*139*	*9.9%*
- of which other retail	*4,627*	*521*	*4,106*			*1,507*	*36.7%*
Securitisation positions	2,205		2,205			277	12.6%
Subtotal	**313,734**	**40,197**	**273,537**	**2,698**	**3,171**	**75,714**	**27.7%**
Equities not held for trading	1,064		1,064			3,549	333.6%
Other[2]	2,063		2,063			33,883	1642.1%
Total IRB	**316,861**	**40,197**	**276,664**	**2,698**	**3,171**	**113,146**	**40.9%**
Credit risk SA							
Central governments and central banks	84,348	-327	84,675	56	190	347	0.4%
Institutions[1]	25,703	10,199	15,503	3,764	4,595	1,304	8.4%
Corporates	19,030	12,978	6,053	1,167	1,078	5,278	87.2%
Retail	4,708	2,439	2,269			1,703	75.1%
Secured by mortgages on immovable property	656	15	642			233	36.3%
Exposures in default	511	349	162	1		219	134.7%
Credit valuation adjustment						261	
Subtotal	**134,956**	**25,652**	**109,304**	**4,988**	**5,863**	**9,344**	**8.5%**
Other[2]	56		56			57	102.2%
Total SA	**135,012**	**25,652**	**109,360**	**4,988**	**5,863**	**9,402**	**8.6%**
Total	**451,874**	**65,849**	**386,024**	**7,686**	**9,034**	**122,548**	**31.7%**

[1] Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
[2] Other includes default fund contribution under the IRB approach and non-credit obligation assets under the IRB and Standardised Approach.
[3] Consists mainly of netting, secured funding trades, guarantees, credit conversion factors and impairments under the Standardised Approach.

							31 December 2022
	Original EAD	Less: Netting/ EAD mitigation[3]	EAD	- of which:		RWA	RWA/EAD
(in millions)				Derivatives	Securities financing transactions		
Credit risk IRB							
Institutions[1]	8,900	917	7,983	695	1,618	1,847	23.1%
Corporates	134,776	33,693	101,083	1,709	1,471	53,501	52.9%
Retail	165,991	5,466	160,525			16,891	10.5%
- of which secured by immovable property	*156,003*	*829*	*155,174*			*15,431*	*9.9%*
- of which qualifying revolving exposures	*5,292*	*3,965*	*1,328*			*136*	*10.3%*
- of which other retail	*4,696*	*673*	*4,023*			*1,323*	*32.9%*
Securitisation positions	2,043		2,043			253	12.4%
Subtotal	**311,711**	**40,077**	**271,634**	**2,404**	**3,089**	**72,492**	**26.7%**
Equities not held for trading	824		824			3,091	375.2%
Other[2]	1,970		1,970			24,835	1260.9%
Total IRB	**314,504**	**40,077**	**274,428**	**2,404**	**3,089**	**100,418**	**36.6%**
Credit risk SA							
Central governments and central banks	91,310	-2,177	93,487	85	96	515	0.6%
Institutions[1]	26,166	13,511	12,656	4,105	3,314	939	7.4%
Corporates	21,583	14,790	6,793	1,233	827	5,854	86.2%
Retail	5,787	2,697	3,090			2,272	73.5%
Secured by mortgages on immovable property	438	4	434			152	35.1%
Exposures in default	467	344	123			158	128.4%
Credit valuation adjustment						274	
Subtotal	**145,751**	**29,169**	**116,582**	**5,423**	**4,237**	**10,164**	**8.7%**
Other[2]	55		55			39	70.5%
Total SA	**145,806**	**29,169**	**116,637**	**5,423**	**4,237**	**10,203**	**8.7%**
Total	**460,310**	**69,245**	**391,065**	**7,827**	**7,327**	**110,621**	**28.3%**

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Other includes default fund contribution under the IRB approach and non-credit obligation assets under the IRB and Standardised Approach.
3 Consists mainly of netting, secured funding trades, guarantees, credit conversion factors and impairments under the Standardised Approach.

Credit quality by exposure class Audited

				31 December 2023
(in millions, Exposure at Default)	Investment grade	Sub-investment grade	Impaired	Total
Central governments and central banks				
Institutions[1]	8,890	283		9,173
Corporates	48,964	47,861	2,987	99,812
Retail[2]	133,993	26,773	1,582	162,347
- of which secured by immovable property	*131,115*	*24,300*	*1,429*	*156,844*
- of which qualifying revolving exposures	*1,231*	*142*	*24*	*1,397*
- of which other retail	*1,647*	*2,331*	*129*	*4,106*
Securitisation positions	2,205			2,205
Total IRB[3]	**194,052**	**74,916**	**4,569**	**273,537**
Total SA[4]				109,304
Total IRB and SA[3,4]				**382,841**

				31 December 2022
	Investment grade	Sub-investment grade	Impaired	Total
Central governments and central banks				
Institutions[1]	7,813	170		7,983
Corporates	48,776	48,823	3,483	101,083
Retail[2]	132,134	26,933	1,457	160,525
- of which secured by immovable property	*129,785*	*24,115*	*1,274*	*155,174*
- of which qualifying revolving exposures	*1,162*	*142*	*24*	*1,328*
- of which other retail	*1,188*	*2,676*	*159*	*4,023*
Securitisation positions	2,043			2,043
Total IRB[3]	**190,767**	**75,927**	**4,940**	**271,634**
Total SA[4]				116,582
Total IRB and SA[3,4]				**388,216**

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 For Retail exposures a probability of default is estimated and mapped to investment grade or sub-investment grade, according to our internal rating scale, which can be found in the Credit Management section.
3 Total Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.
4 Exposure at Default does not include EAD calculated for other non-credit obligations.

EAD decreased to EUR 386.0 billion (31 December 2022: EUR 391.1 billion), largely caused by the decrease in loans and advances and partly offset by a lower fair value adjustment from hedge accounting on residential mortgages.

Total RWA rose to EUR 140.2 billion (31 December 2022: EUR 128.6 billion), predominantly driven by credit risk RWA. Credit risk RWA was up because of a new model risk add-on, the migration of specific portfolios from the Advanced IRB approach (A-IRB) to the Foundation IRB (F-IRB) and Standardised Approach (SA), partly offset by a decline in EAD. Market risk RWA increased by roughly EUR 175 million over the year. CVA risk RWA (counterparty credit risk) declined slightly over the year, while operational risk RWA declined by EUR 0.5 billion. At 31 December 2023, RWA add-ons for regulatory matters amounted to approximately EUR 23 billion (31 December 2022: approximately EUR 15.7 billion).

Credit quality by internal rating scale mapped to stages Audited

The following table presents the gross carrying amount of loans and the contractual amount of undrawn loan commitments, classified by internal rating and risk stage. In order to classify a client as stage 2, several qualitative triggers are needed, which are not necessarily dependent on internal ratings. Reference is made to the Credit risk management section for more information on internal ratings and stage determination.

			31 December 2023				31 December 2022			
(in millions)	PD scale	UCR range	Stage 1	Stage 2	Stage 3[4]	Total	Stage 1	Stage 2	Stage 3[4]	Total
Residential mortgages										
	0.000 - < 0.035	1	31			31	43			43
	0.035 - < 0.127	2	63,726	1,583		65,309	64,113	1,438		65,551
	0.127 - < 0.465	3	51,973	2,824		54,797	50,689	2,286		52,975
	0.465 - < 2.225	4	22,404	3,808		26,212	24,677	2,442		27,119
	2.225 - < 16.971	5	457	2,366		2,823	889	2,518		3,407
	16.971 - < 100	6+	79	535		613	38	486		524
	100	6-8			1,292	1,292			1,143	1,143
	No rating[1]									
Total residential mortgages			**138,671**	**11,115**	**1,292**	**151,078**	**140,450**	**9,169**	**1,143**	**150,762**
Consumer loans										
	0.000 - < 0.035	1	625	2		628	661	4		665
	0.035 - < 0.127	2	797	5		802	1,492	6		1,498
	0.127 - < 0.465	3	2,708	43		2,751	2,748	130		2,878
	0.465 - < 2.225	4	2,728	185		2,914	3,444	223		3,667
	2.225 - < 16.971	5	118	158		276	280	290		570
	16.971 - < 100	6+	681	73		755	496	96		591
	100	6-8			255	255			363	363
	No rating[1]									
Total consumer loans			**7,658**	**467**	**255**	**8,380**	**9,121**	**749**	**363**	**10,232**
Corporate loans										
	0.000 - < 0.035	1	11,791	77		11,867	8,964	122		9,086
	0.035 - < 0.127	2	8,429	140		8,569	9,677	253		9,931
	0.127 - < 0.465	3	19,018	1,565		20,583	16,678	2,499		19,178
	0.465 - < 2.225	4	27,152	4,460		31,612	27,925	7,042		34,967
	2.225 - < 16.971	5	1,990	3,004		4,994	3,137	3,478		6,615
	16.971 - < 100	6+	4,935	1,062		5,997	2,709	559		3,267
	100	6-8			3,152	3,152			3,666	3,666
	No rating[1]		8			8	13	9		22
Total corporate loans			**73,324**	**10,308**	**3,152**	**86,784**	**69,103**	**13,963**	**3,666**	**86,731**
Other loans										
	0.000 - < 0.035	1	15,339	37		15,376	14,776	37		14,813
	0.035 - < 0.127	2	8,205			8,205	8,988			8,988
	0.127 - < 0.465	3	3,586			3,586	4,607			4,607
	0.465 - < 2.225	4	2,996			2,996	1,946			1,946
	2.225 - < 16.971	5					71			71
	16.971 - < 100	6+	26	14		40	46	36		82
	100	6-8			8	8			4	4
	No rating[1]		117			117	7			7
Total other loans[2]			**30,268**	**51**	**8**	**30,327**	**30,442**	**73**	**4**	**30,519**
Loan commitments and financial guarantee contracts										
	0.000 - < 0.035	1	4,328	4		4,332	5,232			5,233
	0.035 - < 0.127	2	15,934	117		16,051	13,299	254		13,553
	0.127 - < 0.465	3	14,317	657		14,974	14,156	1,691		15,847
	0.465 - < 2.225	4	15,073	1,644		16,717	15,582	3,333		18,915
	2.225 - < 16.971	5	608	867		1,475	1,136	816		1,952
	16.971 - < 100	6+	1,823	217		2,040	765	114		880
	100	6-8			965	965			700	700
	No rating[1]		58			58	15			15
Total loan commitments and financial guarantee contracts[3]			**52,141**	**3,507**	**965**	**56,613**	**50,187**	**6,209**	**700**	**57,095**
Total										
	0.000 - < 0.035	1	32,114	121		32,235	29,677	163		29,840
	0.035 - < 0.127	2	95,958	1,844		97,801	97,570	1,951		99,521
	0.127 - < 0.465	3	91,602	5,089		96,691	88,879	6,606		95,486
	0.465 - < 2.225	4	70,353	10,098		80,451	73,575	13,040		86,615
	2.225 - < 16.971	5	3,174	6,395		9,569	5,513	7,102		12,615
	16.971 - < 100	6+	8,678	1,901		10,579	4,054	1,291		5,344
	100	6-8			5,672	5,672			5,874	5,874
	No rating[1]		183			183	35	9		44
Total			**302,062**	**25,447**	**5,672**	**333,181**	**299,303**	**30,162**	**5,874**	**335,339**

[1] Up till 31 December 2022 clients with a missing UCR-rating were reported under UCR6+, in line with treatment under Basel framework. From 31 December 2023 onwards they are reported in a separate category. Comparative figures have been adjusted.
[2] Total other loans includes Banks, Securities Financing and Government and official institutions.
[3] Total loan commitments and financial guarantee contracts exclude performance letters of credit.
[4] Including POCI.

Compared to year-end 2022, the largest part of ABN AMRO's portfolio continues to be classified in the highest and medium internal ratings of stage 1. Stage 2 clients are primarily in the medium internal UCRs, primarily visible for corporate- and mortgage loans. Furthermore, the share of the portfolio with an investment grade (UCR 1 to UCR 3 bucket) increased marginally, mainly due to higher investment grade in corporate- and mortgage loans; the former resulting from higher trading positions of Clearing clients and the latter from new loan originations and overall improved client ratings.

Approximately 3% of the bank's portfolio is reported in UCR 6+. Clients where revision of the UCR is overdue are classified as UCR 6+ until a new rating is available. During that time, the mid-PD of UCR 6+ is used for capital calculation purposes.

Credit risk concentration Audited

Geographic concentration

The exposures in the following table have been classified on the basis of the geographical regions where clients are domiciled. The bank actively manages and monitors the development of its country risk exposures, based on the country at risk. The country at risk may be different from the country of domicile, for example if the bank finances a project in a country other than the borrower's country of incorporation.

Geographic concentration by EAD Audited

						31 December 2023
(in millions, Exposure at Default)	**The Netherlands**	**Rest of Europe**	**USA**	**Asia**	**Rest of the world**	**Total**
Institutions[1]	1,173	6,517	765	188	531	9,173
Corporates	60,206	32,906	1,533	591	4,576	99,812
Retail	161,714	469	54	71	39	162,347
- of which secured by immovable property	*156,242*	*444*	*53*	*68*	*37*	*156,844*
- of which qualifying revolving exposures	*1,397*					*1,397*
- of which other retail	*4,076*	*25*	*1*	*3*	*2*	*4,106*
Securitisation positions	2,205					2,205
Total IRB[2]	**225,297**	**39,892**	**2,352**	**850**	**5,145**	**273,537**
Total SA[3]	61,173	32,830	10,307	2,934	2,060	109,304
Total IRB and SA[2, 3]	**286,471**	**72,722**	**12,659**	**3,785**	**7,205**	**382,841**
Percentage of total IRB and SA[2, 3]	74.8%	19.0%	3.3%	1.0%	1.9%	100.0%

						31 December 2022
	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total
Institutions[1]	1,151	4,903	1,268	222	439	7,983
Corporates	62,957	31,255	1,532	727	4,611	101,083
Retail	159,910	475	45	64	31	160,525
- of which secured by immovable property	*154,613*	*426*	*45*	*61*	*29*	*155,174*
- of which qualifying revolving exposures	*1,328*					*1,328*
- of which other retail	*3,970*	*48*		*3*	*2*	*4,023*
Securitisation positions	2,043					2,043
Total IRB[2]	**226,062**	**36,633**	**2,846**	**1,013**	**5,081**	**271,634**
Total SA[3]	71,755	29,882	9,753	3,286	1,906	116,582
Total IRB and SA[2, 3]	**297,817**	**66,514**	**12,599**	**4,299**	**6,987**	**388,216**
Percentage of total IRB and SA[2, 3]	76.7%	17.1%	3.2%	1.1%	1.8%	100.0%

1 Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
2 Total Exposure at Default does not include EAD calculated for equities not held for trading and other non-credit obligations.
3 Exposure at Default does not include EAD calculated for other non-credit obligations.

Our exposure in the Netherlands decreased to 74.8% of the bank's portfolio (2022: 76.7%), as a result of lower exposure to the central bank (treated under the standardised approach) and the expansion of our activities in the rest of Europe. Clients in the rest of Europe are primarily located in neighbouring countries like Belgium, France and Germany. As the wind-down of the non-core CB portfolio has been finalized, our exposure in countries outside Europe remained approximately at the same level. Exposure in the USA is largely related to our clearing activities.

Industry concentration Audited

	31 December 2023		31 December 2022	
(in millions)	Gross carrying amount[3, 4]	Percentage of total	Gross carrying amount[3, 4]	Percentage of total
Loans and advances banks	**2,327**	**0.9%**	**2,990**	**1.2%**
Financial services[1]	22,673	8.9%	21,734	8.4%
Industrial goods and services	15,482	6.1%	16,763	6.5%
Real estate	15,896	6.2%	16,953	6.6%
Oil and gas	2,059	0.8%	2,565	1.0%
Food and beverage	10,473	4.1%	9,953	3.9%
Retail	4,347	1.7%	4,478	1.7%
Healthcare	3,557	1.4%	3,736	1.4%
Construction and materials	2,487	1.0%	3,010	1.2%
Travel and leisure	2,902	1.1%	3,012	1.2%
Utilities	2,777	1.1%	2,214	0.9%
Automobiles and parts	1,949	0.8%	1,525	0.6%
Technology	2,348	0.9%	1,709	0.7%
Other[2]	7,249	2.8%	7,292	2.8%
Total industry classification benchmark	**94,199**	**36.9%**	**94,943**	**36.8%**
Private individuals (non-industry classification benchmark)	158,255	62.0%	159,650	61.8%
Public administration (non-industry classification benchmark)	285	0.1%	629	0.2%
Total non-industry classification benchmark	**158,540**	**62.2%**	**160,279**	**62.1%**
Total loans and advances customers	**252,739**	**99.1%**	**255,222**	**98.8%**
Total loans and advances[3]	**255,066**	**100.0%**	**258,212**	**100.0%**

1 Financial services include asset managers, credit card companies and providers of personal financial services and securities and brokers.
2 Other includes personal and household goods, basic resources, media, chemicals, telecommunication and insurance, in addition to unclassified.
3 Excluding loans at fair value through P&L.
4 Excluding fair value adjustments from hedge accounting.

Compared to 2022, loans and advances to industry marginally declined. The movements in the industries were broadly in line with our strategy, visible in increased exposures to technology and utilities sectors and decline in the oil and gas sector.

ABN AMRO applies industry concentration limits in line with the Industry Classification Benchmark (ICB). In the exposure table, non-material industry clusters are aggregated under Other. Industry concentration limits are established within the bank's risk appetite, with the thresholds for concentrations being based on relative risk, the importance of the industry to the Dutch economy and expert opinion. The table shows the industry in which the original obligor, i.e. the counterparty with whom ABN AMRO has the contractual relationship, has its main activity.

Management of forborne, past due and credit-impaired loans Audited

Credit risk reporting scope

Although all financial assets on our balance sheet are subject to some form of credit risk, by far the largest part is in loans and advances. To provide a meaningful view of the credit risk in our lending book, the figures presented in this section therefore relate to loans and advances. Any credit risk outside the reported scope are mentioned below the table. All figures are furthermore reported gross of loan impairment allowances and exclude fair value adjustments. The following table provides a comparison of gross carrying amounts presented in this section with the consolidated balance sheet.

Total loans and advances customers Audited

(in millions)	31 December 2023 Gross carrying amount[3]	Fair value adjustment from hedge accounting	Less: loan impairment allowance	Less: amortisation and depre-ciation	Carrying amount	31 December 2022 Gross carrying amount[3]	Fair value adjustment from hedge accounting	Less: loan impairment allowance	Less: amortisation and depre-ciation	Carrying amount
Loans and advances banks	**2,327**		**3**		**2,324**	**2,990**		**8**		**2,982**
Residential mortgages	151,078	-6,005	198		144,875	150,762	-9,489	153		141,121
Consumer loans[1]	8,380		147		8,233	10,232		277		9,955
Corporate loans[1]	86,784	96	1,254		85,626	86,731	154	1,590		85,295
Other loans and advances customers[1]	6,497		3		6,494	7,497		5		7,491
Total loans and advances customers[1]	**252,739**	**-5,909**	**1,602**		**245,228**	**255,222**	**-9,335**	**2,026**		**243,861**
Total loans and advances[1]	**255,066**	**-5,909**	**1,605**		**247,551**	**258,212**	**-9,335**	**2,034**		**246,844**
Other	134,409	-1,640	187	2,224	130,358	138,201	-3,119	123	2,222	132,738
Total assets	**389,474**	**-7,549**	**1,792**	**2,224**	**377,909**	**396,414**	**-12,454**	**2,157**	**2,222**	**379,581**
Loans and advances customers[1]	252,739	-5,909	1,602		245,228	255,222	-9,335	2,026		243,861
Consumer loans at fair value through P&L[2]	648				648					
Corporate loans at fair value through P&L	59				59	66				66
Total loans and advances customers	**253,446**	**-5,909**	**1,602**		**245,935**	**255,288**	**-9,335**	**2,026**		**243,927**

[1] Excluding loans at fair value through P&L.
[2] As a result of the implementation of IFRS 17 Insurance contracts, residential mortgages with an insurance feature and consumer loans with a death waiver have to be recorded at fair value through profit and loss.
[3] Excluding fair value adjustments from hedge accounting.

Fair value adjustments from hedge accounting for residential mortgages and corporate loans result from entering into interest rate swaps to protect against changes in the fair value of fixed-rate assets due to changes in market interest rates. The fair value adjustment for mortgages decreased due to lower market interest rates.

Forborne exposures

Clients in (or potentially in) financial difficulty and whose contracts have been amended in ways that are regarded as concessions on the part of the bank are accounted for as forborne assets. The following table provides an overview of forborne assets, broken down into performing and non-performing assets, and classified by the type of forbearance measure.

Overview of forborne assets Audited

											31 December 2023
		Performing assets				Non-performing assets					
(in millions)	Gross carrying amount[2]	Temporary modification	Permanent modification	Refinancing	Total performing forborne assets	Temporary modification	Permanent modification	Refinancing	Total non-performing forborne assets	Total forborne assets	Forbearance ratio
Loans and advances banks	**2,327**										**0.0%**
Residential mortgages	151,078	516	14		531	506	10	1	517	1,048	0.7%
Consumer loans[1]	8,380	20	27		47	11	40	6	56	103	1.2%
Corporate loans[1]	86,784	564	1,548	370	2,482	294	1,303	288	1,884	4,367	5.0%
Other loans and advances customers[1]	6,497							2	2	2	0.0%
Total loans and advances customers[1]	**252,739**	**1,101**	**1,589**	**371**	**3,060**	**810**	**1,352**	**296**	**2,459**	**5,519**	**2.2%**
Total loans and advances[1]	**255,066**	**1,101**	**1,589**	**371**	**3,060**	**810**	**1,352**	**296**	**2,459**	**5,519**	**2.2%**
Loans at FV through P&L	707	1	1		2	12	2		14	16	2.2%
Total loans and advances	**255,773**	**1,102**	**1,590**	**371**	**3,062**	**822**	**1,354**	**296**	**2,472**	**5,535**	**2.2%**

[1] Excluding loans at fair value through P&L.
[2] Gross carrying amount excludes fair value adjustments from hedge accounting.

											31 December 2022
		Performing assets				Non-performing assets					
(in millions)	Gross carrying amount[3]	Temporary modification	Permanent modification	Refinancing	Total performing forborne assets	Temporary modification	Permanent modification	Refinancing	Total non-performing forborne assets	Total forborne assets	Forbearance ratio
Loans and advances banks	**2,990**										**0.0%**
Residential mortgages	150,762	545	22	2	569	489	15		503	1,072	0.7%
Consumer loans[1]	10,232	32	57	1	91	53	23	15	91	181	1.8%
Corporate loans[1]	86,731	585	2,258	374	3,217	383	1,774	282	2,439	5,655	6.5%
Other loans and advances customers[1]	7,497										0.0%
Total loans and advances customers[1, 2]	**255,222**	**1,162**	**2,337**	**377**	**3,876**	**924**	**1,812**	**296**	**3,033**	**6,909**	**2.7%**
Total loans and advances[1, 2]	**258,212**	**1,162**	**2,337**	**377**	**3,876**	**924**	**1,812**	**296**	**3,033**	**6,909**	**2.7%**
Loans at FV through P&L	66										
Total loans and advances	**258,278**	**1,162**	**2,337**	**377**	**3,876**	**924**	**1,812**	**296**	**3,033**	**6,909**	**2.7%**

[1] Excluding loans at fair value through P&L.
[2] Gross carrying amount excludes fair value adjustments from hedge accounting.

In 2023 the forbearance ratio improved to 2.2% (31 December 2022: 2.7%). Corporate loans and consumer loans with forbearance measures declined significantly as many clients that had received forbearance measures during the Covid pandemic came to the end of their minimum two-year probation period. Assets for mortgages remained largely unchanged. After three years of increased forbearance, forborne assets are back at their pre-Covid-19 level. Most of the recently applied forbearance measures are temporary. Approximately 35% of the total forborne exposures are now subject to a temporary measure (31 December 2022: approximately 30%), with the remainder relating to permanent measures such as covenant waivers and refinancing.

Past due not classified as stage 3 Audited

(in millions)	Gross carrying amount[2]	Assets not classified as stage 3 or POCI	≤ 30 days	> 30 days & ≤ 90 days	> 90 days[3]	Total past due, but not stage 3 or POCI	Past due ratio
			Days past due				31 December 2023
Loans and advances banks	**2,327**	**2,327**					**0.0%**
Residential mortgages	151,078	149,786	1,204	6	2	1,211	0.8%
Consumer loans[1]	8,380	8,125	90	17	37	143	1.7%
Corporate loans[1]	86,784	83,631	359	205	76	640	0.7%
Other loans and advances customers[1]	6,497	6,489	4			4	0.1%
Total loans and advances customers[1]	**252,739**	**248,031**	**1,657**	**227**	**114**	**1,999**	**0.8%**
Total loans and advances[1]	**255,066**	**250,358**	**1,657**	**227**	**114**	**1,999**	**0.8%**

[1] Excluding loans at fair value through P&L.
[2] Gross carrying amount excludes fair value adjustments from hedge accounting.
[3] Materiality thresholds are applied for counterparties transferring to stage 3. Below these thresholds, amounts are reported on > 90 days past due.

(in millions)	Gross carrying amount[3]	Assets not classified as stage 3 or POCI	≤ 30 days	> 30 days & ≤ 90 days	> 90 days[4]	Total past due but not stage 3 or POCI	Past due ratio
			Days past due				31 December 2022
Loans and advances banks	**2,990**	**2,990**					**0.0%**
Residential mortgages	150,762	149,619	879	52	7	939	0.6%
Consumer loans[1]	10,232	9,869	104	50	23	178	1.7%
Corporate loans[1]	86,731	83,066	635	181	84	900	1.0%
Other loans and advances customers[1]	7,497	7,493	4		17	21	0.3%
Total loans and advances customers[1, 2]	**255,222**	**250,047**	**1,623**	**284**	**131**	**2,038**	**0.8%**
Total loans and advances[1, 2]	**258,212**	**253,038**	**1,623**	**284**	**131**	**2,038**	**0.8%**

[1] Excluding loans at fair value through P&L.
[2] Gross carrying amount excludes fair value adjustments from hedge accounting.
[3] Materiality thresholds are applied for counterparties which are transferred to impaired. Below these thresholds, amounts are reported on > 90 days past due.

Past due exposures

When a counterparty is past due or exceeds its credit limit, all loans and advances (total gross carrying amount) in the related credit arrangement are considered to be past due. The absolute and relative materiality thresholds used for determining a defaulted status do not apply for the purposes of classification as past due. Below these thresholds, arrears of more than 90 days are reported as past due.

Total arrears remained stable at EUR 2.0 billion, or 0.8% of total loans and advances, comparable to the position at 31 December 2022. Residential mortgages in arrears rose by EUR 0.3 billion, from 0.6% to 0.8%. The increase was particularly in the short-term bucket. Corporate loans in arrears registered a strong decline of EUR 0.3 billion, thus improving the past due ratio from 1% to 0.7%. This result was helped by increased efforts to monitor arrears.

Coverage and stage ratios Audited

(in millions)	31 December 2023 Gross carrying amount[2]	Allowances for credit losses[3]	Coverage ratio	Stage ratio	31 December 2022 Gross carrying amount[2]	Allowances for credit losses[3]	Coverage ratio	Stage ratio
Stage 1								
Loans and advances banks	**2,290**	**3**	**0.1%**	**98.4%**	**2,953**	**8**	**0.3%**	**98.8%**
Residential mortgages	138,671	24	0.0%	91.8%	140,450	21	0.0%	93.2%
Consumer loans[1]	7,658	18	0.2%	91.4%	9,121	30	0.3%	89.1%
Corporate loans[1]	73,324	192	0.3%	84.5%	69,103	256	0.4%	79.7%
Other loans and advances customers[1]	6,475		0.0%	99.7%	7,457		0.0%	99.5%
Total loans and advances customers[1]	**226,128**	**234**	**0.1%**	**89.5%**	**226,130**	**308**	**0.1%**	**88.6%**
Stage 2								
Loans and advances banks	**37**		**0.0%**	**1.6%**	**37**		**0.0%**	**1.2%**
Residential mortgages	11,115	49	0.4%	7.4%	9,169	57	0.6%	6.1%
Consumer loans[1]	467	11	2.4%	5.6%	749	36	4.8%	7.3%
Corporate loans[1]	10,308	228	2.2%	11.9%	13,963	301	2.2%	16.1%
Other loans and advances customers[1]	14	1	7.9%	0.2%	36	2	5.6%	0.5%
Total loans and advances customers[1]	**21,903**	**289**	**1.3%**	**8.7%**	**23,917**	**396**	**1.7%**	**9.4%**
Stage 3 and POCI								
Loans and advances banks								
Residential mortgages	1,292	125	9.7%	0.9%	1,143	75	6.6%	0.8%
Consumer loans[1]	255	118	46.3%	3.0%	363	211	58.2%	3.5%
Corporate loans[1]	3,152	833	26.4%	3.6%	3,666	1,033	28.2%	4.2%
Other loans and advances customers[1]	8	2	27.1%	0.1%	4	3	83.9%	0.0%
Total loans and advances customers[1]	**4,707**	**1,079**	**22.9%**	**1.9%**	**5,175**	**1,322**	**25.6%**	**2.0%**
Total of stages 1, 2, 3 and POCI								
Total loans and advances banks	**2,327**	**3**	**0.1%**		**2,990**	**8**	**0.3%**	
Residential mortgages	151,078	198	0.1%		150,762	153	0.1%	
Consumer loans[1]	8,380	147	1.8%		10,232	277	2.7%	
Corporate loans[1]	86,784	1,254	1.4%		86,731	1,590	1.8%	
Other loans and advances customers[1]	6,497	3	0.1%		7,497	5	0.1%	
Total loans and advances customers[1]	**252,739**	**1,602**	**0.6%**		**255,222**	**2,026**	**0.8%**	
Total loans and advances[1]	**255,066**	**1,605**	**0.6%**		**258,212**	**2,034**	**0.8%**	

1 Excluding loans at fair value through P&L.
2 Gross carrying amount excludes fair value adjustments from hedge accounting.
3 The allowances for credit losses excludes allowances for financial investments held at FVOCI (31 December 2023: EUR 1 million; 31 December 2022: EUR 1 million).

The stage 1 ratio improved to 89.5% (31 December 2022: 88.6%), partly due to the positive impact of macroeconomic scenarios used to calculate the provision. As the macroeconomic outlook improved, fewer clients showed a significant increase in credit risk (SICR), as measured by their life-time probability of default. Particularly in residential mortgages, a relatively improved outlook for the housing market supported the shift from stage 2 to stage 1. The stage 3 ratio increased only marginally from 0.8% to 0.9% due to portfolio changes. The decline in the coverage ratios of both stage 2 and stage 3 loans was largely attributable to the releases of management overlays.

Purchased or Originated Credit Impaired (POCI)

At 31 December 2023, loans classified as POCI amounted to EUR 5 million. Due to the immateriality of the amount, this is included in the amount shown for stage 3 throughout this report.

Exposure and impairment flows

This section provides more details on the exposure and impairment flows underlying the change in coverage and stage ratios shown in the previous section.

Total loans and advances Audited

(in millions)	Stage 1	Stage 2	Stage 3[3]	2023 Total	Stage 1	Stage 2	Stage 3[3]	2022 Total
Closing balance of the previous year	**229,084**	**23,954**	**5,175**	**258,212**	**233,537**	**21,183**	**6,701**	**261,421**
Impact adopting IFRS 17	-1,061	-103	-83	-1,247				
Balance at 1 January	**228,023**	**23,851**	**5,091**	**256,965**	**233,537**	**21,183**	**6,701**	**261,421**
Transfer to stage 1	8,542	-8,417	-125		7,771	-7,662	-110	
Transfer to stage 2	-11,135	12,130	-996		-14,007	15,050	-1,044	
Transfer to stage 3	-1,131	-1,116	2,247		-864	-932	1,796	
Additional drawdowns and partial repayments	-11,950	199	-8	-11,759	-25,287	-73	-71	-25,430
Originated or purchased	37,428			37,428	48,595			48,595
Matured or repaid	-20,909	-4,609	-1,198	-26,715	-21,365	-3,728	-1,515	-26,608
Write-offs			-334	-334			-622	-623
Foreign exchange	-484	-92	-18	-594	826	44	38	908
Other movements	33	-7	48	74	-123	71	1	-51
Balance at 31 December	**228,418**	**21,940**	**4,707**	**255,066**	**229,084**	**23,954**	**5,175**	**258,212**

1 Excluding loans at fair value through P&L.
2 Gross carrying amount excludes fair value adjustments from hedge accounting.
3 Including POCI.

Total loans and advances decreased marginally compared to 31 December 2022. The largest decrease was recorded for consumer loans, due to some of the loans being sold to a third party and also to the change in accounting treatment to IFRS17 for consumer loans with contingent elements. Other loans, too, showed a significant fall, primarily driven by seasonal business movements within Clearing Bank.

The decrease in consumer and other loans was partly off-set by a marginal increase in residential mortgages.

The amount of total stage 2 and stage 3 loans decreased markedly, due to a large amount of matured or repaid loans. In addition, stage transfers and write-offs for stage 3 also contributed to the overall decrease.

Exposure flows per product class are presented in the Additional risk, funding & capital disclosures section.

Loan impairment charges and allowances Audited

(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
						31 December 2023	
Balance at 31 December 2022	**8**	**153**	**277**	**1,590**	**5**	**2,034**	**51**
Impact adopting IFRS 17			-100			-100	
Balance at 1 January 2023	**8**	**153**	**177**	**1,590**	**5**	**1,934**	**51**
Transfer to stage 1		-4	-5	-20		-28	-1
Transfer to stage 2		7	-1	-14		-9	2
Transfer to stage 3		24	30	133	2	188	17
Remeasurements[1]	-5	35	-15	-112	-4	-101	47
Changes in risk parameters		3	6	-35		-26	-4
Originated or purchased		4	3	32		39	8
Matured or repaid		-17	-8	-54		-79	-9
Impairment charges (releases) on loans and advances	**-5**	**51**	**10**	**-71**	**-3**	**-17**	**60**
Write-offs		-1	-58	-274		-334	
Unwind discount / unearned interest accrued		2	3	29	1	34	
Foreign exchange and other movements		-7	15	-20		-12	-1
Balance at 31 December 2023	**3**	**198**	**147**	**1,254**	**3**	**1,605**	**109**
							2023
Impairment charges (releases) on loans and advances	-5	51	10	-71	-3	-17	60
Recoveries and other charges (releases)		-14	-29	-67		-111	-90
Total impairment charges for the period[2]	**-5**	**37**	**-19**	**-139**	**-3**	**-128**	**-30**

1 Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage but also affected due to reclassification to IFRS17.
2 The impairment charges for the period excludes charges (releases) for financial investments held at FVOCI 31 December 2023: EUR 0 million.

							31 December 2022
(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
Balance at 31 December 2021	**10**	**82**	**276**	**2,053**	**4**	**2,426**	**153**
Transfer to stage 1		-3	-9	-21		-33	-2
Transfer to stage 2		4		11		15	4
Transfer to stage 3		17	37	98		152	
Remeasurements[1]	-3	9	27	-64		-30	-120
Changes in risk parameters		57	12	61		130	2
Originated or purchased		7	4	44		55	12
Matured or repaid		-18	-12	-88		-119	-7
Impairment charges (releases) on loans and advances	**-2**	**73**	**59**	**41**	**1**	**171**	**-110**
Write-offs		-3	-65	-556		-623	
Unwind discount / unearned interest accrued		1	5	25		32	
Foreign exchange and other movements			3	27		29	8
Balance at 31 December 2022	**8**	**153**	**277**	**1,590**	**5**	**2,034**	**51**
							2022
Impairment charges (releases) on loans and advances	-2	73	59	41	1	171	-110
Recoveries and other charges (releases)		-17	-45	-42		-103	82
Total impairment charges for the period[2]	**-2**	**56**	**14**	**-1**	**1**	**67**	**-28**

[1] Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.
[2] The impairment charges for the period excludes charges (releases) for financial investments held at FVOCI 31 December 2022: EUR 0 million.

Loan impairment charges and allowances per stage Audited

				2023				2022
(in millions)	**Stage 1**	**Stage 2**	**Stage 3[2]**	**Total**	Stage 1	Stage 2	Stage 3[2]	Total
Closing balance of the previous year	**316**	**396**	**1,322**	**2,034**	**172**	**360**	**1,894**	**2,426**
Impact adopting IFRS 17	-6	-19	-75	-100				
Balance at 1 January	**310**	**376**	**1,247**	**1,934**	**172**	**360**	**1,894**	**2,426**
Transfer to stage 1	109	-128	-10	-28	57	-74	-16	-33
Transfer to stage 2	-41	90	-58	-9	-31	153	-107	15
Transfer to stage 3	-15	-59	261	188	-17	-40	209	152
Remeasurements[1]	-125	44	-20	-101	50	23	-103	-30
Changes in models								
Changes in risk parameters	-31	-1	6	-26	44	56	30	130
Originated or purchased	39			39	55			55
Matured or repaid	-11	-16	-53	-79	-14	-26	-79	-119
Impairment charges (releases) on loans and advances	**-75**	**-69**	**126**	**-17**	**145**	**91**	**-66**	**171**
Write-offs			-334	-334			-622	-623
Unwind discount / unearned interest accrued			34	34			32	32
Foreign exchange and other movements	2	-18	4	-12	-1	-55	84	29
Balance at 31 December	**237**	**289**	**1,079**	**1,605**	**316**	**396**	**1,322**	**2,034**
Impairment charges (releases) on loans and advances	-75	-69	126	-17	145	91	-66	171
Recoveries and other charges (releases)			-111	-111			-103	-103
Total impairment charges for the period	**-75**	**-69**	**16**	**-128**	**145**	**91**	**-169**	**67**

[1] Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage but also affected by reclassification to IFRS17.
[2] Including POCI.

An impairments release of EUR 158 million (EUR 128 million on balance and EUR 30 million off balance) was recorded for 2023 (2022: additions of EUR 39 million). Releases were attributable to a reduction of management overlays and other adjustments, partly offset by new and existing individually provisioned files.

For corporate loans, releases of EUR 139 million were recorded in 2023 (2022: addition of EUR 39 million). This was caused by a decrease in adjustments due to recalibration and review of the IFRS9 models. In addition, the management overlays related to Covid-19 were terminated and the management overlay related to the geopolitical and market sensitivity was lowered. A further wind-down of our corporate portfolio also contributed to the release of impairments. This was partly offset by the introduction of a management overlay of EUR 25 million for climate transition risk, following the update of the climate and environmental risk materiality assessment.

For residential mortgages, charges of EUR 37 million were recorded (2022: EUR 56 million). This was caused by the increase of management overlay for interest only mortgages, due to inherent credit risk not fully captured in our models.

Individual and collective loan impairment allowances and management overlays Audited

							31 December 2023
(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
Individual impairments							
Stage 3[1]			52	695	2	750	78
Total individual impairments			**52**	**695**	**2**	**750**	**78**
Collective impairments							
Stage 1	3	24	18	192		237	16
Stage 2		49	11	228	1	289	12
Stage 3[1]		125	66	138		329	3
Total collective impairments	**3**	**198**	**95**	**558**	**1**	**855**	**31**
- of which management overlay		*83*		*177*		*260*	
Total impairments	**3**	**198**	**147**	**1,254**	**3**	**1,605**	**109**
Carrying amount of loans, determined to be impaired, before deducting any assessed impairment allowance		1,292	255	3,152	8	4,707	

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

[1] Including POCI.

During 2023, management overlays decreased to a total of EUR 260 million (31 December 2021: EUR 328 million). Overlays were mainly in place for risks in the corporate loans portfolio and comprised the following items:

- A management overlay of EUR 86 million (31 December 2022: EUR 123 million) that is applied for the geopolitical effects that are not fully captured by the latest projections in our macroeconomic scenarios (previously: overlay for the war in Ukraine)
- To cover anticipated additional risk costs relating to the wind-down of portfolios an overlay of EUR 31 million is in place. As the wind-down of the CIB

non-core portfolio was completed this overlay was lowered in 2023 (31 December 2022: EUR 61 million)
- A new overlay of EUR 25 million was introduced for climate transition risk, following an update of the climate and environmental risk materiality assessment
- The overlay that was formed for the potential impact of the government's nitrogen reducing measures on clients in livestock farming businesses in the Netherlands amounting to EUR 35 million (31 December 2022: EUR 34 million)

Management overlays to reflect the impact of covid-19 were ended, which led to a release of EUR 30 million. Furthermore a management overlay amounting to EUR 55 million at the end of 2022 that was introduced to capture potential differences between coverage ratios for collective provisions (MPS) and individual provisions (IPS) was also discontinued.

Compared to 31 December 2022, management overlays for our mortgage portfolio increased as the overlay that covers the refinancing risk of interest-only mortgages was raised by EUR 57 million, to EUR 83 million.

Macroeconomic scenarios and ECL sensitivity

The tables below show the scenarios used for calculating the expected credit loss (ECL) at 31 December 2023 and 31 December 2022. In 2023, ABN AMRO economists lowered their GDP forecasts, reflecting the sluggishness of the eurozone. The unemployment rate in the Netherlands is forecast to remain below the rate that had been predicted a year ago, with labour hoarding and strong public demand for labour being the main drivers. Although inflation is hitting people's purchasing power, it is continuing on its downward trend and an average of 3.1% is expected in 2024. While rising mortgage interest rates are putting pressure on house prices, the tight labour market, changes in housing preferences, the lack of new construction and the tightened mortgage regulations prompted ABN AMRO's economists to increase their forecast for the Dutch housing market to a rise of 2.5% in 2024.

Macroeconomic scenarios in 2023 Audited

(in millions)	Weight	Macroeconomic variable	2024	2025	2026	2027	Unweighted ECL[4]	Weighted ECL[4]
Positive	15%	Real GDP Netherlands[1]	2.0%	2.0%	1.4%	1.2%	763	
		Unemployment[2]	3.7%	3.6%	3.5%	3.6%		
		House price index[3]	4.5%	2.0%	1.5%	2.5%		
Baseline	60%	Real GDP Netherlands	0.6%	1.1%	1.3%	1.2%	822	855
		Unemployment	4.1%	4.0%	4.0%	4.1%		
		House price index	2.5%	0.5%	1.5%	2.0%		
Negative	25%	Real GDP Netherlands	-1.0%	1.0%	1.6%	1.4%	990	
		Unemployment	6.1%	5.6%	5.3%	5.1%		
		House price index	-7.5%	-5.0%	1.3%	2.1%		

1 Real GDP Netherlands, % change year-on-year.
2 Unemployment Netherlands, % of labour force.
3 House price index Netherlands - average % change year-on-year.
4 Weighted and unweighted ECL are including all collective impairments.

Macroeconomic scenarios in 2022 Audited

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

1 Real GDP Netherlands, % change year-on-year.
2 Unemployment Netherlands, % of labour force.
3 House price index Netherlands - average % change year-on-year.
4 Weighted and unweighted ECL are including all collective impairments.

Credit risk mitigation Audited

Collateral reporting is based on the net collateral value (NCV). The NCV represents the amount expected to be recovered from the collateral pledged to the bank if the client defaults. Where necessary, certain discounts are applied. The NCV is approached by an average recovery rate observed for the specific type of collateral and, where applicable, by applying haircuts, for example in the event of currency mismatches. Surplus collateral is the amount of over-collateralisation, calculated on an individual basis. A surplus is not included for guarantees as the debtor cannot be held liable for more than the maximum debt.

Financial assets: offsetting, netting, collateral and guarantees Audited

31 December 2023

	Offset in the statement of financial position			Not offset in the statement of financial position						Net exposure[5]
(in millions)	Carrying amount before balance-sheet netting	Less: balance-sheet netting with gross liabilities	Carrying amount[2]	Master netting agreement[3]	Financial instruments collateral	Property & equipment	Other collateral and guarantees	Total risk mitigation	- of which surplus collateral[4]	
Financial assets held for trading	**1,371**		**1,371**							**1,371**
Derivatives	**4,403**		**4,403**	**3,151**				**3,151**		**1,252**
Financial investments	**41,501**		**41,501**							**41,501**
Securities financing	**29,876**	**8,374**	**21,503**	**1,130**	**29,213**			**30,343**	**9,279**	**438**
Interest-bearing deposits	1,729	328	1,401	39				39		1,362
Loans and advances	729		729	490	489			980	487	236
Other	194		194							194
Total loans and advances banks	**2,651**	**328**	**2,324**	**529**	**489**			**1,019**	**487**	**1,792**
Residential mortgages	150,880		150,880		2,567	271,233	613	274,413	128,748	5,216
Consumer loans	8,233		8,233		3,444	4,501	55	8,000	2,874	3,107
Corporate loans	86,413	883	85,530	1,812	36,311	52,909	3,717	94,749	39,523	30,304
Other loans and advances customers	6,494		6,494	203		36	5	244	15	6,264
Fair value adjustment from hedge accounting	-5,909		-5,909							-5,909
Total loans and advances customers[1]	**246,111**	**883**	**245,228**	**2,015**	**42,322**	**328,679**	**4,390**	**377,406**	**171,159**	**38,981**
Loans at fair value through P&L	707		707			1,385		1,385	988	309
Total loans and advances customers	**246,818**	**883**	**245,935**	**2,015**	**42,322**	**330,064**	**4,390**	**378,791**	**172,147**	**39,290**
Other assets	**4,295**		**4,295**	**17**	**460**		**1,121**	**1,597**	**460**	**3,158**
Total on-balance sheet subject to netting and pledged agreements	**330,916**	**9,584**	**321,331**	**6,843**	**72,484**	**330,064**	**5,510**	**414,901**	**182,373**	**88,803**
Assets not subject to netting and pledged agreements	56,578		56,578							56,578
Total assets	**387,493**	**9,584**	**377,909**	**6,843**	**72,484**	**330,064**	**5,510**	**414,901**	**182,373**	**145,381**
Total off-balance sheet	91,967		91,967		2,640	10,739	807	14,186	4,963	82,745
Total on- and off-balance sheet	**479,461**	**9,584**	**469,876**	**6,843**	**75,124**	**340,803**	**6,317**	**429,087**	**187,336**	**228,126**

1 Excluding loans at fair value through P&L.
2 Carrying amount includes loan impairment allowances where applicable.
3 Collateral in the column Master netting agreement is mainly markets related and consists of master netting agreements which also includes cash collateral as part of these agreements. Cash collateral not part of master netting agreements has been reported under the column Financial instruments.
4 Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.
5 Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

										31 December 2022
	Offset in the statement of financial position			Not offset in the statement of financial position						Net exposure[5]
(in millions)	Carrying amount before balance-sheet netting	Less: balance-sheet netting with gross liabilities	Carrying amount[2]	Master netting agreement[3]	Financial instruments collateral	Property & equipment	Other collateral and guarantees	Total risk mitigation	- of which surplus collateral[4]	
Financial assets held for trading	**907**		**907**							**907**
Derivatives	**5,212**		**5,212**	**4,136**				**4,136**		**1,077**
Financial investments	**39,034**		**39,034**							**39,034**
Securities financing	**25,218**	**5,186**	**20,032**	**820**	**24,847**			**25,667**	**5,881**	**246**
Interest-bearing deposits	2,088	317	1,771	44			317	361		1,410
Loans and advances	934		934	537	1,793			2,330	1,793	396
Other	277		277							277
Total loans and advances banks	**3,300**	**317**	**2,982**	**582**	**1,793**		**317**	**2,692**	**1,793**	**2,083**
Residential mortgages	150,609		150,609		2,778	288,267	258	291,303	144,617	3,923
Consumer loans	9,959	4	9,955		3,741	6,787	386	10,913	4,387	3,428
Corporate loans	86,242	1,101	85,141	2,047	30,432	51,330	3,920	87,730	33,471	30,882
Other loans and advances customers	7,491		7,491	377		50	19	446	18	7,064
Fair value adjustment from hedge accounting	-9,335		-9,335							-9,335
Total loans and advances customers[1]	**244,966**	**1,105**	**243,861**	**2,424**	**36,951**	**346,434**	**4,583**	**390,392**	**182,492**	**35,962**
Loans at fair value through P&L	66		66							66
Total loans and advances customers	**245,032**	**1,105**	**243,927**	**2,424**	**36,951**	**346,434**	**4,583**	**390,392**	**182,492**	**36,028**
Other assets	**3,532**	**1**	**3,531**	**52**	**520**		**842**	**1,414**	**427**	**2,544**
Total on-balance sheet subject to netting and pledged agreements	**322,235**	**6,609**	**315,626**	**8,013**	**64,110**	**346,434**	**5,742**	**424,300**	**190,593**	**81,919**
Assets not subject to netting and pledged agreements	63,955		63,955							63,955
Total assets	**386,190**	**6,609**	**379,581**	**8,013**	**64,110**	**346,434**	**5,742**	**424,300**	**190,593**	**145,875**
Total off-balance sheet	95,872		95,872		4,095	8,576	1,279	13,951	5,471	87,392
Total on- and off-balance sheet	**482,062**	**6,609**	**475,453**	**8,013**	**68,205**	**355,011**	**7,021**	**438,251**	**196,064**	**233,267**

1 Excluding loans at fair value through P&L.
2 Carrying amount includes loan impairment allowances where applicable.
3 Collateral in the column Master netting agreement is mainly markets related and consists of master netting agreements which also includes cash collateral as part of these agreements. Cash collateral not part of master netting agreements has been reported under the column Financial instruments.
4 Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.
5 Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

Total risk mitigation decreased due to a reduction in property and equipment for residential mortgages, mainly due to falling house prices. As a result, surplus collateral also decreased. In the case of consumer loans, total risk mitigation and net exposure declined slightly. Financial instruments collateral increased alongside total risk mitigation for corporate loans. This was mainly driven by an increase in marketable securities collateral in the context of securities financing, mostly between financial institutions. The total net exposure of loans and advances customers increased to EUR 39.3 billion in 2023 (31 December 2022: EUR 36.0 billion). This was primarily driven by a lower fair value adjustment from hedge accounting, due to declining interest rates.

Financial assets: offsetting, netting, collateral and guarantees for credit-impaired assets Audited

Collateral and guarantees for credit-impaired assets (stage 3 and POCI) represent credit risk mitigation based on the net collateral value (NCV) for clients in default. The carrying amount includes expected credit loss allowances, based on the probability-weighted present value of all expected cash shortfalls over the remaining life of the financial instrument for both on- and off-balance sheet exposures. The Financial Restructuring & Recovery department identifies the most likely scenarios for non-programme lending defaulted clients (going concern or gone concern) and estimates the amounts and timing of expected future cash flows. This explains why a net exposure remains after collateral pledged to the bank is taken into account.

										31 December 2023
	Offset in the statement of financial position			Not offset in the statement of financial position						Net exposure[4]
(in millions)	Carrying amount before balance-sheet netting	Less: balance-sheet netting with gross liabilities	Carrying amount[1]	Master netting agreement[2]	Financial instruments collateral	Property & equipment	Other collateral and guarantees	Total risk mitigation	- of which surplus collateral[3]	
Loans and advances banks										
Residential mortgages	1,167		1,167		11	2,015	2	2,028	862	1
Consumer loans	137		137		11	67	4	82	23	78
Corporate loans	2,319		2,319		762	1,674	156	2,592	711	438
Other loans and advances customers	6		6				5	5		1
Total loans and advances customers	**3,629**		**3,629**		**784**	**3,756**	**167**	**4,707**	**1,596**	**518**
Total loans and advances	**3,629**		**3,629**		**784**	**3,756**	**167**	**4,707**	**1,596**	**518**
										31 December 2022
Loans and advances banks										
Residential mortgages	1,068		1,068		11	1,854	1	1,865	799	2
Consumer loans	151		151		23	71	11	105	32	79
Corporate loans	2,632		2,632	4	608	1,734	324	2,670	617	579
Other loans and advances customers	1		1							1
Total loans and advances customers	**3,852**		**3,852**	**4**	**641**	**3,659**	**336**	**4,640**	**1,449**	**661**
Total loans and advances	**3,852**		**3,852**	**4**	**641**	**3,659**	**336**	**4,640**	**1,449**	**661**

1 Carrying amount includes loan impairment allowances where applicable.
2 Collateral in the column Master netting agreement is mainly markets related and consists of master netting agreements which also includes cash collateral as part of these agreements. Cash collateral not part of master netting agreements has been reported under the column Financial instruments.
3 Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.
4 Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

In line with the decrease in the stage 3 carrying amount (including POCI) to EUR 3.6 billion (31 December 2022: EUR 3.9 billion), total risk mitigation increased slightly to EUR 4.7 billion in 2023 (31 December 2022: EUR 4.6 billion). This increase was mainly observed in financial instruments and, to a lesser extent, property and equipment. The increase in property and equipment was caused by an increase for residential mortgages due to indexation. As the carrying amount of the stage 3 portfolio (including POCI) decreased, and the total risk mitigation increased, net exposure decreased by EUR 142 million to EUR 516 million at 31 December 2023.

During 2023 ABN AMRO obtained property and equipment by taking possession of collateral held as security for loans and advances. The total amount of such assets held at 31 December 2023 amounted to EUR 4 million (31 December 2022: EUR 4 million). ABN AMRO does not intend to use these assets in its operations and will pursue timely and orderly realisation of the collateral.

Financial liabilities: offsetting, netting, collateral and guarantees Audited

								31 December 2023
	Offset in the statement of financial position			Not offset in the statement of financial position				Net exposure[3]
(in millions)	Carrying amount before balance-sheet netting	Less: balance-sheet netting with gross assets	Carrying amount	Master netting agreement[1]	Financial instruments collateral	Total risk mitigation	- of which surplus collateral[2]	
Financial liabilities held for trading	**917**		**917**					**917**
Derivatives	**2,856**		**2,856**	**1,994**		**1,994**		**861**
Securities financing	**20,084**	**8,373**	**11,710**	**1,130**	**10,084**	**11,214**	**9,126**	**9,621**
Deposits	5,351		5,351	544		544		4,807
Other								
Due to banks	**5,352**		**5,352**	**544**		**544**		**4,808**
Deposits	253,831	1,211	252,620	1,424		1,424		251,196
Other borrowings	1,846		1,846	1,750		1,750		96
Due to customers	**255,677**	**1,211**	**254,466**	**3,174**		**3,174**		**251,292**
Other liabilities	**5,741**		**5,741**				**2**	**5,743**
Total liabilities subject to netting arrangements	**290,626**	**9,584**	**281,041**	**6,843**	**10,084**	**16,927**	**9,128**	**273,242**
Remaining liabilities not subject to netting	72,700		72,700					72,700
Total liabilities	**363,326**	**9,584**	**353,741**	**6,843**	**10,084**	**16,927**	**9,128**	**345,942**

								31 December 2022
Financial liabilities held for trading	**641**		**641**					**641**
Derivatives	**4,148**		**4,148**	**2,480**		**2,480**		**1,668**
Securities financing	**14,839**	**5,186**	**9,652**	**820**	**13,798**	**14,618**	**6,478**	**1,512**
Deposits	17,531	32	17,499	688		688		16,811
Other	10		10					10
Due to banks	**17,541**	**32**	**17,509**	**688**		**688**		**16,821**
Deposits	253,913	1,390	252,523	1,659		1,659		250,864
Other borrowings	2,491		2,491	2,367		2,367		124
Due to customers	**256,405**	**1,390**	**255,015**	**4,026**		**4,026**		**250,989**
Other liabilities	**5,187**	**1**	**5,187**					**5,187**
Total liabilities subject to netting arrangements	**298,761**	**6,609**	**292,152**	**8,013**	**13,798**	**21,812**	**6,478**	**276,818**
Remaining liabilities not subject to netting	64,616		64,616					64,616
Total liabilities	**363,376**	**6,609**	**356,767**	**8,013**	**13,798**	**21,812**	**6,478**	**341,434**

1 Collateral in the column Master netting agreement is mainly markets related and consists of master netting agreements which also includes cash collateral as part of these agreements. Cash collateral not part of master netting agreements has been reported under the column Financial instruments.
2 Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.
3 Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

Developments in specific portfolios

The following section provides a more detailed overview of developments in specific portfolios and products.

Residential mortgages

Housing market developments

Prices on the Dutch housing market are rebounding. After initially decreasing in the first half of 2023, they started bouncing back from late May onwards. According to the Dutch Land Registry (Kadaster), house prices were 1.6% higher in December 2023 than in December 2022, but are still 3.0% below their peak in July 2022.

At the same time the number of housing transactions remains under pressure: the total number of house sales in 2023 decreased by 5.5% compared to 2022. This pressure is not being caused by any lack of demand, but rather by the ongoing housing shortage and the fact that new construction continues to lag behind demand.

The housing supply started falling again in 2023. According to the NVM association of real estate agents, the number of houses for sale in Q4 2023 was 26% lower than in Q4 2022. In 2022, demand decreased as buyers took a step backwards in response to rapidly rising mortgage rates and high inflation. By the end of 2023, the number of properties for sale had decreased to 2.1 for every potential buyer (year-end 2022: 3.2, 2021: 1.3, 2020: 2.0). The shortage in the housing market is being caused by a combination of higher demand for properties and a decrease in the numbers of new houses being built and becoming available for sale.

Residential mortgage indicators

(in millions)	31 December 2023	31 December 2022
Gross carrying amount excluding fair value adjustment from hedge accounting	151,078	150,762
- of which Nationale Hypotheek Garantie (NHG)	*29,542*	*29,474*
Fair value adjustment from hedge accounting	-6,005	-9,489
Carrying amount excluding fair value adjustment from hedge accounting	150,880	150,609
Exposure at Default[1]	157,486	155,608
Risk-weighted assets (Credit risk)[1]	23,891	22,574
RWA/Exposure at Default	15.2%	14.5%
Forbearance ratio	0.7%	0.7%
Past due ratio	0.8%	0.6%
Stage 3 ratio	0.9%	0.8%
Stage 3 coverage ratio	9.7%	6.6%
Cost of risk (in bps)[2]	2	4
Average LtMV (indexed)	58%	54%
Average LtMV - excluding NHG loans (indexed)	58%	54%
Total risk mitigation	274,413	291,303
Total risk mitigation/carrying amount excluding fair value adjustment from hedge accounting	181.9%	193.4%

[1] 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.
[2] 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.

The residential mortgage portfolio remained virtually unchanged at EUR 151.1 billion in 2023 (31 December 2022: EUR 150.8 billion). ABN AMRO's market share of new mortgage production in 2023 was 14% (2022: 17%). The proportion of amortising mortgages increased further to 47% at 31 December 2023 (31 December 2022: 44%). Total redemptions were 25% lower than in 2022. Extra repayments in 2023 amounted to EUR 1.9 billion, a decrease of 6% compared to 2022. The share of mortgages covered by the National Mortgage Guarantee (NHG) scheme remained virtually the same at 20%.

Credit quality indicators

The credit quality indicators for residential mortgages deteriorated in the second half of 2023. However, the credit quality of the portfolio remained relatively stable. The mortgage arrears ratio increased slightly from 0.6% to 0.8% at 31 December 2023. The coverage ratio for stage 3 increased from 6.6% to 9.7%.

Risk-weighted assets and EAD

The RWA for credit risk in the residential mortgage portfolio increased to EUR 23.9 billion (31 December 2022: EUR 22.6 billion). Exposure at default (EAD) increased to EUR 157.5 billion (2022: EUR 155.6 billion).

Residential mortgages to indexed market value

	31 December 2023				31 December 2022			
	Gross carrying amount	Percentage of total			Gross carrying amount	Percentage of total		
(in millions)			- of which guaranteed[1]	- of which unguaranteed			- of which guaranteed[1]	- of which unguaranteed
LtMV category								
<50%	59,070	39.1%	7.9%	31.2%	65,529	43.5%	8.9%	34.6%
50% - 80%	64,728	42.8%	8.7%	34.1%	65,547	43.5%	9.1%	34.4%
80% - 90%	11,530	7.6%	1.2%	6.5%	9,435	6.3%	0.9%	5.3%
90% - 100%	9,092	6.0%	1.2%	4.8%	7,252	4.8%	0.6%	4.2%
>100%	6,320	4.2%	0.5%	3.6%	2,366	1.6%	0.1%	1.5%
Unclassified	338	0.2%			632	0.4%		
Total	**151,078**	**100%**			**150,762**	**100%**		

[1] NHG guarantees.

The gross carrying amount of mortgages with a loan-to-market value (LtMV) in excess of 100% increased in 2023 to EUR 6.3 billion at the year-end (year-end 2022: EUR 2.4 billion) and accounted for 4.2% of total mortgages, while approximately 4% of the extra repayments relate to this category. The increase in loans with an LtMV greater than 100% was mainly due to the decline in house price valuations. Note, however, that the updating of the collateral value indexation includes a delay of a quarter.

It should also be noted that an LtMV in excess of 100% does not necessarily indicate a client in financial difficulties. The new inflow of mortgages with an LtMV in excess of 100% relates to sustainable home improvements. ABN AMRO actively approaches clients with an interest-only mortgage in combination with a high LtMV to discuss changing their mortgage product.

Breakdown of residential mortgage portfolio by loan type

	31 December 2023		31 December 2022	
(in millions)	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total
Interest only (partially)	41,652	28%	42,677	28%
Interest only (100%)	21,658	14%	22,025	15%
Redeeming mortgages (annuity/linear)	70,269	47%	66,417	44%
Savings	8,749	6%	9,474	6%
Life (investment)	5,566	4%	6,153	4%
Other[1]	3,184	2%	4,017	3%
Total	**151,078**	**100%**	**150,762**	**100%**

[1] Other includes hybrid and unclassified mortgage types. The hybrid portfolio consists of a combination of savings and investment mortgages.

Residential mortgages to indexed market value for 100% interest-only

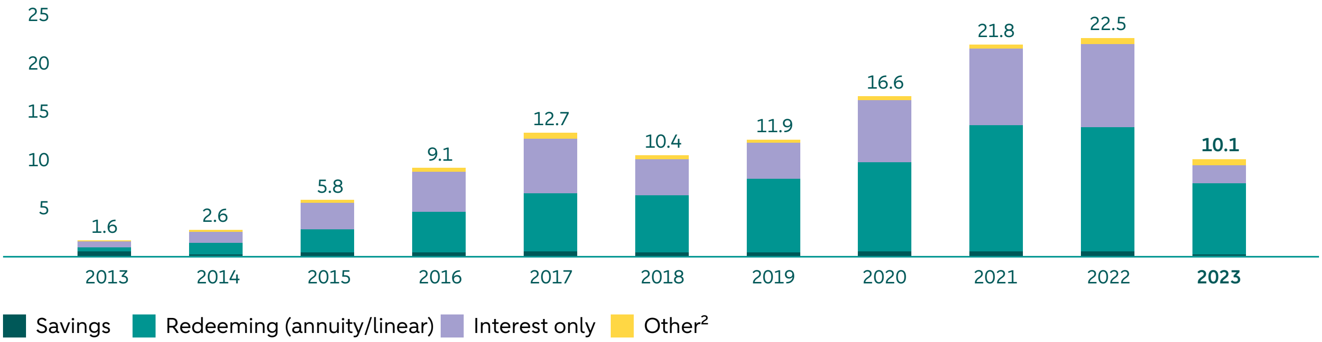
	31 December 2023	31 December 2022
	Percentage of total	Percentage of total
Loan-to-Market Value category		
<50%	12%	12%
50% - 70%	2%	2%
70% - 100%	0%	0%
>100%	0%	0%
Total[1]	**14%**	**15%**

[1] Percentages of the total mortgage portfolio.

Fully interest-only mortgages decreased from 15% to 14% of the total mortgage portfolio in 2023, while approximately 22% (up from 19% in 2022) of the extra repayments related to this type of loan. The amount of fully interest-only mortgages with an LtMV in excess of 100% is relatively limited.

Breakdown of the residential mortgage portfolio by year of latest adjustment[1]

(in billions)



[1] Includes the new mortgage production and all mortgages with an adjustment date.
[2] Other includes universal life, life investment, hybrid and unclassified mortgage types. The hybrid portfolio consists of a combination of savings and investment mortgages.

Due to the rise in mortgage interest rates, clients' interest in interest-only loans decreased. Mortgage loan originations in 2023 (defined as new production and mortgages with a loan type modification) comprised 19.1% interest-only, 72.3% redeeming mortgages and 2.3% savings mortgages. Interest-only and savings mortgages can be provided to clients who want to refinance loans originated before 2013. The majority of the interest-only inflow is part of a mixed mortgage.

Residential mortgages - energy labels

Energy labels provide information about properties' energy consumption. The most energy-efficient category is 'higher than A' and the least energy-efficient category is label G. The EPC labels in the following table are from the Rijksdienst voor Ondernemend Nederland (RVO) and consist of a combination of energy labels under the old methodology (NEN7120, prior to 1 January 2021) and the new methodology (NTA8800). If no official energy label is available, business rules are applied to determine an estimated label. This mainly involves using preliminary energy labels, as issued by RVO in 2015.

Breakdown of residential mortgage portfolio by energy label

	31 December 2023				31 December 2022			
	Gross carrying amount[1]			Percentage of total	Gross carrying amount[1]			Percentage of total
(in millions)		- of which EPC label	- of which estimated label			- of which EPC label	- of which estimated label	
Higher than A	8,769	3,740	5,029	6%	6,546	1,866	4,680	4%
A	36,291	28,829	7,462	24%	35,320	27,057	8,263	23%
B	21,065	10,596	10,469	14%	21,344	10,071	11,272	14%
C	31,479	15,629	15,850	21%	31,827	14,991	16,835	21%
D	11,893	7,727	4,165	8%	12,129	7,639	4,489	8%
E	8,679	5,255	3,424	6%	8,928	5,263	3,665	6%
F	12,286	4,475	7,811	8%	13,038	4,612	8,426	9%
G	14,535	4,327	10,208	10%	15,285	4,397	10,887	10%
No label	1,687			1%	1,753			1%
Unknown label	4,393			3%	4,593			3%
Total	**151,078**	**80,578**	**64,420**	**100%**	**150,762**	**75,898**	**68,518**	**100%**

[1] Including both energy labels based on the applicable regulation before and after 1 January 2021.

The proportion of residential mortgages with energy label A and higher increased compared to 2022. This increase was mainly due to a higher inflow to these categories and migrations from lower energy labels. These movements are consistent with ABN AMRO's ambition, as expressed in our climate strategy, to reduce the carbon footprint of our residential mortgage portfolio. Please refer to the Climate change section in the Sustainability statements for further details on how we progress towards this target.

In view of the increased energy prices, potential house buyers are also increasingly attaching value to energy-efficient homes in a wider market. In 2023, the percentage of EPC labels versus estimated labels increased from 50% to 53%. This is mainly because new inflows usually have a final energy label, given that this is mandatory at the time of a sale or purchase transaction.

Commercial Real Estate (CRE)

Market developments

The sharp increase in interest rates in 2023 is the main reason for the decrease in real estate valuations. Many real estate investments are driven by debt capital, which became considerably more expensive within a short period of time in 2023. As a result, the number of investor transactions fell during the year. A total of EUR 8.0 billion was invested in 2023, which represented a decrease of 53% compared to 2022. The low volume of transactions shows that there is still a difference between asking prices and the prices buyers are willing to pay.

Office real estate valuations decreased sharply in 2023. Corporates continued to struggle in 2023 to attract employees back into the office. Low occupancy rates are forcing these companies to reconsider their housing decisions. The lack of flexible, energy-efficient office buildings in prime locations near intercity stations is particularly remarkable, given that these locations can count on sufficient demand. As well as increased interest rates, the residential market was hit by new regulations. These regulations on rent and new taxes are designed to keep rental homes affordable for low and middle-income households. However, they have also made investing in this asset type less attractive by reducing potential rental income. These supply-side problems resulted in a decline in residential real estate valuations in 2023. The uncertainty is continuing because of the governing coalition's fall in July 2023 and the fact that forming a new government is taking time.

Because the value of retail properties had already decreased between 2020 and 2022 and because of uncertainty in other segments, the impact of the rent increase was less pronounced in this segment than in the others. Nevertheless, investment volumes were down by more than 50%.

The cooling-down of the economy is providing some relief in the tight market for industrial and logistics real estate. Rising interest rates and cooling economies are temporarily resulting in lower investments in new construction, with the result that the shortage in the market is not worsening. However, a shortage of new locations, partly as a result of social and political resistance and the limitations of the electricity grid, means that new industrial or logistics real estate is difficult to get off the ground. As a result, the focus is increasingly shifting to the redevelopment of existing buildings.

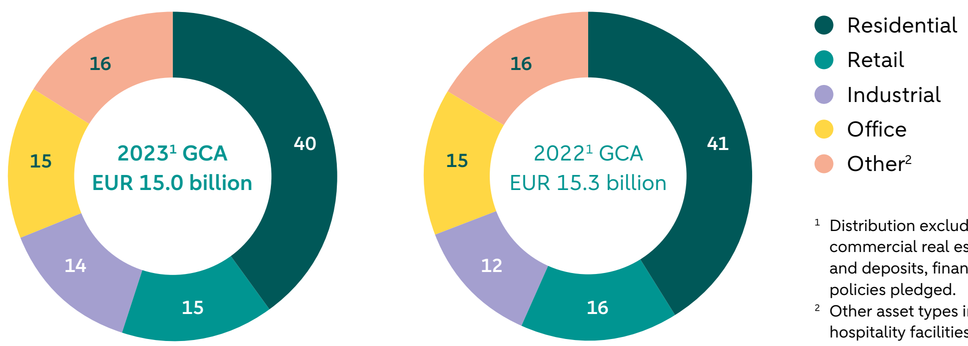
CRE portfolio

The exposure reported in the CRE portfolio relates to loans aimed at acquiring CRE property or secured by CRE property, whereby CRE means any income-producing real estate, either existing or under development or renovation. It excludes social housing, property owned by end-users, buy-to-let housing below a market value of EUR 2 million and unsecured general purpose lending. The credit exposure covered by the above definition is monitored on a quarterly basis and subject to an EAD and RWA limit.

Compared to 2022, the gross carrying amount decreased marginally by 1.7% in 2023 to EUR 15.0 billion (31 December 2022: EUR 15.3 billion). The CRE loan portfolio is largely collateralised by Dutch properties and consists primarily of investment loans that are well diversified across different asset types. The distribution remained mostly comparable to 2022, with a marginal increase in industrial asset types.

Breakdown of CRE portfolio by asset type

(in %)



[1] Distribution excluding collateral not defined as commercial real estate collateral, such as currency and deposits, financial guarantees and life insurance policies pledged.
[2] Other asset types includes mixed objects, hotels & hospitality facilities and parking real estate.

CRE energy labels

As part of its climate strategy, ABN AMRO has set targets to reduce the carbon footprint of its CRE portfolio. ABN AMRO continues to work towards this goal by seeking to increase the A and higher-than-A labels in the CRE portfolio and lowering the exposure to D-G energy labels. In line with this strategy, the distribution of energy labels marginally improved compared to 2022, with a significant increase in higher-than-A labels and 62% of the CRE portfolio now having an energy label of C or higher (31 December 2022: 59%).

The increase in the higher-than-A labels mainly relates to existing customers as a result of improvements in the administration and partially as a result of newly financed building units. In the coming years we expect further improvements for the energy labels of existing building units as a result of sustainability agreements made with customers and the registration of new energy labels subsequent to sustainability investments.

On 31 December 2023 more than 90% of assets in the CRE portfolio had an energy label (31 December 2022: 93%). Assets that are out of scope are assigned to 'No label'. Wherever energy labels are available for asset types which are EPC eligible but not EPC applicable e.g. monuments, the respective energy label will be reported if available. Most labels reported are supplied by the Rijksdienst voor Ondernemend Nederland (RVO) via EP-Online and are the labels officially registered for the properties. Some of the labels are estimated labels, and approximately 13% is unknown (31 December 2022: 7%) owing mostly to new exposures where the property is under development or not yet registered. Please refer to the Environment - Climate change section of the Sustainability statements for further details on climate risk identification, monitoring, strategy and other.

Breakdown of CRE portfolio by energy label

	31 December 2023				31 December 2022			
	Gross carrying amount			Percentage of total	Gross carrying amount			Percentage of total
(in millions)		- of which EPC label[3]	- of which estimated label			- of which EPC label[3]	- of which estimated label	
Higher than A	2,784	2,222	562	19%	886	885	1	6%
A	3,633	3,435	198	24%	4,901	3,662	1,240	32%
B	1,025	876	149	7%	1,124	883	240	7%
C	1,876	1,438	438	13%	2,028	1,410	618	13%
D	869	671	199	6%	1,139	858	281	7%
E	697	518	179	5%	899	574	324	6%
F	446	275	171	3%	646	299	347	4%
G	1,661	384	1,277	11%	2,001	423	1,578	13%
No label[1]	521			3%	590			4%
Unknown label[2]	1,485			10%	1,044			7%
Total	**14,999**	**9,818**	**3,174**	**100%**	**15,258**	**8,994**	**4,629**	**100%**

[1] No label relates to asset types e.g. Parking, Land, Monuments and Properties meant for storage or processing, for which no energy labels are applicable. Wherever energy labels are available for asset types which are EPC eligible but not EPC applicable, the energy label will be reported if available.
[2] Unknown label relates to asset types which are expected to have an energy label.
[3] Including both energy labels based on the applicable regulation before and after 1 January 2021.

Market risk in the trading book

This section provides information on the market risk in traded assets and covers the following topics:
- Total market risk exposure
- Market risk management for the trading book
- Market risk measurement for the trading book
- Valuation adjustments
- CER materiality assessment
- Review of 2023 results

Total market risk exposure

Market risk exposure traded and non-traded risk

ABN AMRO is exposed to market risk in its trading book and banking book. The following table presents the market risk factors to which the assets and liabilities in the balance sheet are sensitive.

	31 December 2023			31 December 2022		
	Carrying amount		Market risk measure	Carrying amount		Market risk measure
(in millions)		Traded risk	Non-traded risk		Traded risk	Non-traded risk
Assets subject to market risk						
Cash and balances at central banks	53,656		53,656	60,865		60,865
Financial assets held for trading	1,371	1,371		907	907	
Derivatives	4,403	4,038	365	5,212	4,831	381
Financial investments	41,501		41,501	39,034		39,034
Securities financing	21,503		21,503	20,032		20,032
Loans and advances banks	2,324		2,324	2,982		2,982
Loans and advances customers	245,935		245,935	243,927		243,927
Other assets	7,218		7,218	6,622		6,622
Total assets	**377,909**	**5,409**	**372,500**	**379,581**	**5,739**	**373,843**
Liabilities subject to market risk						
Financial liabilities held for trading	917	917		641	641	
Derivatives	2,856	2,422	434	4,148	3,671	477
Securities financing	11,710		11,710	9,652		9,652
Due to banks	5,352		5,352	17,509		17,509
Due to customers	254,466		254,466	255,015		255,015
Issued debt	66,227		66,227	56,259		56,259
Subordinated liabilities	5,572		5,572	7,290		7,290
Other liabilities	6,641		6,641	6,253		6,253
Total liabilities	**353,741**	**3,339**	**350,402**	**356,767**	**4,312**	**352,455**
Equity	**24,168**		**24,168**	22,814		22,814
Total liabilities and equity	**377,909**	**3,339**	**374,570**	**379,581**	**4,312**	**375,269**

Market risk management for the trading book Audited

Positions held with trading intent and hedges for positions held with trading intent must be included in the bank's trading book. The Central Trading Risk policy describes the positions included in the trading book and the criteria for transferring risk and positions between the trading and banking books. As part of its business strategy, ABN AMRO facilitates client orders, acts as a market maker in key markets and provides liquidity to clients, including institutional investors and private clients. Market risk in the trading book is the risk of losses in market value due to adverse market movements. The following market risks are inherent in the trading book:
- Interest rate risk, arising from adverse changes in interest rate risk curves and/or interest rate volatilities;
- Credit spread risk, arising from adverse changes in the term structure of credit spreads and/or from changes in the credit quality of debt securities or CDS reference entities, with an impact on default probabilities;
- Foreign exchange risk, arising from adverse changes in FX spot and forward rates and/or FX volatility.

ABN AMRO has in place a detailed risk management framework to identify, measure and control market risk in the trading book. This risk management framework is in line with the 3LoD model and provides assurance that the bank's trading activities are consistent with its client-focused business strategy and moderate risk profile. In accordance with the strategy, the Business Risk Committee Trading annually approves trading mandates and limits, which define the nature and amount of the permitted transactions and risks, as well as the associated constraints. The limit utilisation is monitored and discussed by the first and second LoD on a daily basis. The Business Risk Committee Trading is a subsidiary committee of the Group Risk Committee.

Market risk measurement for the trading book Audited

ABN AMRO measures and manages market risk in the trading book on a daily basis. The key metrics used are economic capital, regulatory capital, Value-at-Risk (VaR), Stressed VaR (SVaR) and Incremental Risk Charge (IRC), together with a wide array of stress and scenario tests, sensitivity measures, concentration limits and notional limits. These metrics are measured and monitored on a daily basis. Appropriate limits are set at bank level in the Risk Appetite Statement and at bank and business-line levels in the limit framework, in line with the general risk principles of the Central Trading Risk policy.

Metrics and models are managed, reviewed, assessed and, if required, adjusted in a similar way as in the banking book. Other important tools to ensure the adequacy of the models, alongside the formal validation and review of models, are the daily explanation of risk reporting figures, periodic portfolio reviews and regular back-testing.

Validation procedure

For all models, including market risk models, we have a model risk policy in place. This policy requires that model assumptions and limitations are documented and independently validated by Model Validation. For material changes, the regulator performs an onsite investigation before such a model change is applied in production.

Economic capital

The calculation of economic capital for market risk in the trading book is based on the daily VaR, SVaR and IRC at a 99.95% confidence level.

Stress testing and scenario analysis

Stress testing and scenario analysis are designed to focus specifically on the impact of tail events occurring outside the VaR confidence interval. We perform daily stress tests for large movements in risk factors. Scenario analyses are also conducted frequently to evaluate the impact of extreme market events that cover multiple risk factors, and the results of these tests are monitored. These scenarios can be based on historical or hypothetical events, or on a combination of the two.

For each risk type, sensitivities are monitored against limits. This includes all risk types mentioned above and the basic risks in the trading portfolio. In addition, the holding period is monitored as a measure of the liquidity of the positions.

Valuation adjustments

For the trading book, we take into account adjustments for counterparty credit risk on our clients (Credit Valuation Adjustment), ABN AMRO funding costs (Funding Valuation Adjustment) and ABN AMRO credit risk (Debt Valuation Adjustment).

CER materiality assessment

In 2023, we updated our assessment of the materiality of climate-related and environmental risk in relation to traditional risk types. The initial assessment was qualitative and, where possible, further substantiated in quantitative terms. A distinction was made between materiality in the short term (within 1 year), medium term (within 5 years) and long term (within 30 year) horizon. To ensure consistency across risk types, we assessed a set of predefined CER events, including climate-related risk events such as floods and drought (physical risk) and policy and technology development (transition risk), as well as environmental risk events such as water stress and biodiversity loss (physical risk) and policy and technology development (transition risk). The results for market risk in the trading book are summarised below.

Market risk in the trading book	Climate risk						Environmental risk					
	Physical risk			Transition risk			Physical risk			Transition risk		
	ST	MT	LT	ST	MT	LT	ST	MT	LT	ST	MT	LT
	○	○	○	○	○	○	○	○	○	○	○	○

Climate and environment risks can impact the trading books via the revaluation of fair valued positions which are held with a trading intent. In order to assess the impact, stress scenarios have been applied by shocking the market risk factors (e.g. credit spreads). The impact was found to be immaterial for market risk in the trading book.

Trading book positions are subject to prudent valuation standards in accordance with regulatory requirements. The prudent value is derived from IFRS fair value accounting and includes additional value adjustments.

Review of 2023 results

Internal aggregated diversified and undiversified VaR for all trading positions Audited

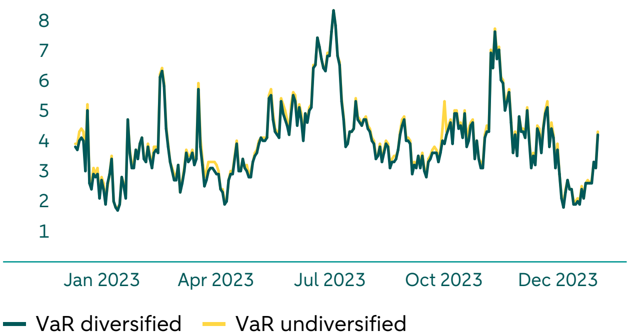
ABN AMRO applies a diversified portfolio VaR approach that takes into account the fact that returns across risk factors may offset one another to a certain extent and consequently reduce risk. As long as these returns are not perfectly correlated to one another, VaR figures based on a diversified portfolio approach will be lower than if the figures are calculated using undiversified VaR. Undiversified VaR means that the VaR figures computed for the different risk factors are aggregated without taking into account any offset across risk factors, negating the potential for risk reduction. The following graph shows the total one-day VaR at a 99% confidence level ('VaR diversified') and aggregation of the stand-alone risk factors ('VaR undiversified').

Internal aggregated diversified and undiversified VaR for all trading positions Audited

				31 December 2023
(in millions)	Foreign exchange	Interest rate	Total undiversified VaR	Diversified VaR
VaR at last trading day of the period	0.1	3.0	3.1	3.1
Highest VaR	0.4	8.2	8.3	8.3
Lowest VaR		1.7	1.8	1.7
Average VaR	0.1	3.9	4.0	3.9
				31 December 2022
VaR at last trading day of the period	0.2	4.1	4.3	4.2
Highest VaR	0.7	7.7	8.0	7.6
Lowest VaR		7.5	0.8	0.8
Average VaR	0.1	2.9	3.0	2.6

VaR diversified and undiversified

(in millions)



The average 1-day VaR at a 99% confidence level moved from EUR 2.6 million in 2022 to EUR 3.9 million in 2023. In the same period, the average 1-day undiversified VaR at a 99% confidence level moved from EUR 3.0 million to EUR 4.0 million. Both increases were mainly due to increased market volatilities and position changes in 2023. In 2023 and 2022, interest rates were the largest VaR component.

Regulatory capital

Market risk regulatory capital decreased to EUR 156 million (31 December 2022: EUR 160 million) as risk-weighted assets remained at EUR 2.0 billion. The slight decrease was mostly due to a decrease in the IRC.

IBOR reform

The last publication date for the remaining USD Libor rates was at the end of June 2023. A bank-wide project was set up to tackle the IBOR transition for the affected products. The changes required to move away from IBORs that were being discontinued were successfully implemented before the final publication dates.

Market risk in the banking book

This section provides information on:
- Market risk management
- Interest rate risk
- Credit spread risk
- Funding spread risk
- Foreign exchange risk
- CER materiality assessment
- Market risk banking book metrics

Market risk in the banking book is the risk that the economic value of equity or the income of the bank declines because of unfavourable market movements. Market risk in the banking book consists predominantly of interest rate risk and credit spread risk in the liquidity portfolio. Funding spread risk and foreign exchange risk are also recognised as market risks in the banking book. However, these are immaterial.

Market risk management for the banking book Audited

ABN AMRO has a detailed risk management framework in place to identify, measure and control market risk in the banking book. This framework provides assurance that the banking book activities remain consistent with the bank's strategy to pursue a moderate risk profile. The day-to-day management is delegated from the Asset & Liability Committee (ALCO) to the Asset and Liability Management and Treasury department (ALM/ Treasury). Their activities include the execution of hedge transactions. ALM/Treasury forms the first line of defence. Market & ALM/T Risk Management acts as the second line of defence.

The risk appetite is articulated in terms of net interest income, the economic value of equity and the economic capital for market risk in the banking book, and expresses the maximum loss the bank is willing to accept. The risk appetite is cascaded into a limit framework.

Interest rate risk in the banking book

Interest rate risk is the risk of losses in the economic value of equity or the bank's net interest income (NII) due to yield curve developments. In order to measure interest rate risk, models are used and assumptions on client behaviour are made, most importantly with respect to the maturity of savings and the prepayment of mortgages. These assumptions influence the anticipated interest cash flow pattern. Interest rate risk is continuously managed in line with the risk appetite, as the profile of assets and liabilities on the balance sheet can change if client behaviour changes.

The main sources of interest rate risk are:
- The maturity mismatch between assets and liabilities. ABN AMRO provides mortgages and commercial loans with fixed interest terms. These assets are funded by non-maturing deposits and wholesale funding with a shorter average interest maturity than the assets;
- Client behaviour, which determines the maturity profile of some of our products. As we use models to predict this behaviour, we are exposed to model risk.

ABN AMRO uses a combination of portfolio (macro) hedges and specific asset or liability (micro) hedges to manage the interest rate sensitivity in the banking book and keep it in line with the bank's strategy and risk appetite. Micro hedges are used to swap fixed funding transactions and fixed investments in the liquidity buffer for floating interest rate positions. In addition, macro hedging is applied in order to align with the bank's strategy to contribute to a stable NII while protecting the economic value of equity.

Key assumptions for modelling client behaviour

From an interest rate risk perspective, the following aspects of client behaviour are the most important:
- Client behaviour with respect to early redemption of residential mortgages. This has a significant impact on the average interest maturity of the mortgage portfolio. Clients have the option to fully or partially prepay mortgages before maturity. Prepayments may be triggered by, for example, relocation, redemption or curtailment. An important driver of prepayments is the interest rate incentive, i.e. the difference between a client's current mortgage rate and prevailing mortgage rates. Future mortgage rates are simulated using a Monte Carlo approach. In addition to the interest rate incentive, other drivers such as loan age, seasonality and house price developments are also taken into account;
- Client acceptance of the residential mortgage volume offered and the deviation between the offered rate and the actual coupon;
- Client behaviour with respect to non-maturing deposits that are callable on demand. Future client rates for savings and current accounts are modelled using a replicating portfolio model. Modelled client rates depend on current or lagged yield curves and funding costs. A maximum maturity of 10 years is assumed. The resulting duration depends on product type and client behaviour.

The metrics used for market risk in the banking book are dependent upon the assumptions made in the behavioural models. Models must therefore be based on extensive research, including historical data regarding observed client behaviour, and must be independently validated and approved by the mandated risk committees. Models are periodically assessed to determine whether they behave appropriately and are statistically sound; if required, they are adjusted.

Risk measurement for interest rate risk

Interest rate risk is measured by NII at risk, the present value of one basis point (PV01), and the economic value of equity (EVE) at risk. To ensure a comprehensive approach to risk management and identify potential weaknesses, the metrics are complemented by stress testing and scenario analysis. Stress testing and scenario analyses go beyond determining the impact of alternative developments of interest rates and include testing assumptions with respect to modelling and client behaviour. A combination of market and product floors is applied. These floors are reviewed periodically.

For management purposes, the interest rate risk position is monitored by the Asset & Liability Committee (ALCO) on a monthly basis. The above metrics are also regularly reported to the Executive Board.

Credit spread risk in the banking book

Credit spread risk is the risk of losses due to adverse movements in the credit spread of assets. The main source is from bonds held for liquidity purposes. It is measured as the impact on economic value of a 1bp change in spreads to a swap rate. The sensitivity is measured for individual term points, as well as for a parallel shift of the curve.

Funding spread risk

Funding spread risk is the risk of losses due to adverse movements in the term structure of rates at which ABN AMRO can fund itself – expressed as a spread to a benchmark such as EURIBOR. Funding spread movements can arise due to changes in, for example, the perceived credit quality of ABN AMRO, changes in the competitive environment or changes in liquidity premiums. They may be entity-specific or systemic by nature. If funding spreads widen, it costs more to fund assets on the balance sheet. Unless this increased spread is passed on to clients by increasing client rates, the projected net interest income will decrease. The funding spread risk is measured using an NII-at-risk approach whereby the funding spread increases.

Foreign exchange risk

Foreign exchange (FX) risk is the risk arising from adverse movements in FX spot and forward rates and/or FX volatility. It is managed within the bank by ALM and Treasury. As a general rule, foreign exchange risk is hedged by using cross-currency swaps to swap the exposure in foreign currency to euros. If, for operational reasons, it is inefficient to hedge exposures in foreign currencies, an open currency position (OCP) remains. This is measured by the aggregated net position per currency, except for euro.

CER materiality assessment

In 2023, we assessed the materiality of climate-related and environmental risk in relation to traditional risk types. The assessment was performed quantitatively, whereby a distinction between materiality in the short-term (within 1 year), medium-term (within 5 years) and long-term (within 30 years) horizon was made, where possible. The assessment includes climate-related risk events such as floods and drought (physical risk) and policy and technology development (transition risk), as well as environmental risk events such as water stress and biodiversity loss (physical risk) and policy and technology development (transition risk).
The results for the market risk in the banking book are summarised below.

Market risk in the banking book	Climate risk						Environmental risk					
	Physical risk			Transition risk			Physical risk			Transition risk		
	ST	MT	LT	ST	MT	LT	ST	MT	LT	ST	MT	LT
	○	○	○	○	○	○	○	○	○	○	○	○

Climate and environmental risk events can materialise in market risks within the banking book. More specifically CER events can have a (potential) negative effect on the net interest income (NII) of the bank through changing client behavior and/or changes in regulation which have an effect on the Bank's interest rate risk position, changing interest rate curves and increase in funding spreads. Based on scenario analyses. the effect of a single physical or environmental event on the NII of ABN AMRO is currently assessed to be immaterial. This is due to the relatively low interest rate sensitivity of portfolios with a higher sensitivities to physical or transition risks.

Economic capital

Economic capital for market risk in the banking book is calculated using a parametric Monte Carlo simulation model that determines the economic capital needed to absorb losses resulting from adverse movements in interest rates, client behaviour for mortgages and non-maturing deposits, volatility, credit spreads and foreign exchange rates.

Market risk in the banking book metrics

Interest rate risk

(in millions)	31 December 2023	31 December 2022
NII impact from an instantaneous increase in interest rates of 200bps	274	557
NII impact from an instantaneous decrease in interest rates of 200bps	-201	-170
EVE impact from an instantaneous increase in interest rates of 200bps	-1,153	-1,164
EVE impact from an instantaneous decrease in interest rates of 200bps	-651	105

NII-at-Risk is the difference in NII between a base scenario and an alternative scenario observed over a 1-year horizon. This is calculated for a 200bps instantaneous increase in interest rates and for a 200bps instantaneous decrease in interest rates. NII-at-Risk includes all expected cash flows, including commercial margins and other spread components, from all interest rate-sensitive assets, liabilities and off-balance sheet items in the banking book. The NII-at-Risk calculation contains assumptions about the future balance sheet, including the reinvestment of maturing positions.

On 31 December 2023, the NII-at-Risk was EUR 274 million for the scenario where there is an instantaneous increase in interest rates of 200bps and EUR -201 million for the scenario where there is an instantaneous decrease in interest rates of 200bps. The change in NII-at-Risk is mainly attributable to methodological updates in combination with changes in the rates environment. The savings rates were reviewed for the downward scenarios, given the rapid increase in short-term interest rates, and the base scenario for calculating NII sensitivity was updated to use implied forward rates instead of steady rates.

EVE-at-Risk is the loss in economic value of equity as a result of various yield curve shocks. This is also calculated for a 200bps instantaneous increase in interest rates and for a 200bps instantaneous decrease in interest rates. The impact is calculated for cash flows from all interest-bearing assets, liabilities and off-balance sheet items in the banking book. An assumption of a run-off balance sheet is made, where banking book positions amortise and are not replaced by new business. The projected cash flows include commercial margins and other spread components and are discounted at the risk-free rate.

The EVE-at-Risk scenario with the highest impact at the 2023 year-end remains the scenario where interest rates increase by 200bps instantaneously, and shows a limited decline compared to the 2022 year-end. The EVE-at-Risk scenario in which interest rates fall by 200bps also results in a negative EV impact. This is because the longer-term interest rates at the 2023 year-end were lower than at the 2022 year-end. When further shocked down in the (parallel) down scenario, an increase in forecast mortgage prepayments is triggered, which adversely impacts the EV.

Open currency position

The OCP is monitored regularly, and limits apply at a local and aggregate level. USD is the largest non-EUR exposure for assets as well as liabilities. The total OCP increased in 2023 due to higher exposures in USD and GBP.

	31 December 2023	31 December 2022
Total OCP (long, in EUR million)	181	94
OCP as % total capital	0.7%	0.3%
Sensitivity to 100bps increase in largest non-EUR exposure (USD, in EUR million)	1.0	0.6

Funding & Liquidity risk

This section provides information on:
- Liquidity risk management
- Funding strategy
- Risk management approach
- Going-concern management
- Contingency risk management
- CER materiality assessment

Liquidity risk is the risk that actual and potential payments or collateral posting obligations cannot be met on a timely basis, or only at excessive costs. There are two types of liquidity risk:
- Funding liquidity risk is the risk of not being able to accommodate both expected and unexpected current and future cash outflows and collateral needs because insufficient cash is available. Eventually, this can affect the bank's daily operations or its financial condition;
- Market liquidity risk is the risk that the bank cannot sell an asset in a timely manner at a reasonable market price due to insufficient market depth (insufficient supply and demand) or market disruption. Market liquidity risk includes the sensitivity in liquidity value of a portfolio due to changes in the applicable haircuts and market value. It also concerns uncertainty about the time that would be needed to liquidate assets in periods of stress.

Framework

Liquidity risk management

We have in place a liquidity risk management framework that helps us maintain a moderate risk profile and safeguards the bank's reputation from a liquidity perspective. This framework enables us to meet regulatory requirements and payment obligations at a reasonable cost, even under severely adverse conditions. A set of liquidity risk metrics and limits help manage the liquidity position. By maintaining a smooth long-term maturity profile, managing dependence on wholesale funding and holding a solid liquidity buffer in our main currencies, we maintain a prudent liquidity profile. The liquidity position is monitored on a daily basis.

Funding strategy

Our main source of funding is our strong client deposit base. The remainder of our funding is raised largely through various types of long-term and short-term wholesale funding instruments. Our wholesale funding strategy targets a moderate risk profile with a stable and diversified funding mix to support the bank's commercial activities and reflect the composition of our loan book. This strategy aims to optimise the bank's funding sources in order to maintain market access and the targeted funding position with a diverse, stable and cost-efficient funding base. The maturity profile of wholesale funding is steered to avoid concentration of outflows and to control repricing risks. The funding strategy takes into account the following guidelines:
- Maintain market access by diversifying funding sources in different funding markets (Europe, the US and the Asia-Pacific region);
- Continually monitor attractive funding opportunities and maintain strong relationships with the investor base through active marketing;
- Optimise the balance between public benchmark deals and private placements;
- Optimise funding costs within the targets set for volumes and maturities and manage credit curves in different instruments and currencies;
- Optimise the planning and execution of funding in different market windows and currencies.

Risk management approach Audited

The natural maturity mismatch between our loan book and funding portfolio requires liquidity risk management. We consider maturity transformation to be an integral part of the business model, which is why we closely monitor our liquidity position and the resulting risks. We hold a liquidity buffer consisting of a considerable amount of cash to survive the initial period of stress, and a portfolio of highly liquid assets that can swiftly be converted into cash in the event of unforeseen market disruptions, allowing us to meet payment and collateral obligations at all times. Funding and liquidity risk is managed centrally within ALM/Treasury. We incorporate liquidity costs into the pricing of our day-to-day business activities. In managing funding and liquidity risk, a clear distinction is made between going-concern and contingency risk management.

Going-concern management

The most important metrics for going-concern risk management and the management of the day-to-day liquidity position within specified limits are:
- **Stress testing:** in monthly and ad-hoc stress tests we evaluate the impact of cash inflows and outflows under plausible stress scenarios, based on actual stress events. Market-wide as well as bank-specific stress scenarios are defined and analysed. The goal of stress testing is twofold. Firstly, it helps us to review our liquidity risk management framework, i.e.

the liquidity buffer size, risk appetite and risk limits. Secondly, it allows us to identify ways to reduce outflows in times of crisis;
- **Liquidity Coverage Ratio (LCR):** The objective of the LCR is to assess the short-term resilience of the liquidity position by ensuring sufficient high-quality liquid assets to survive a significant stress scenario lasting 30 calendar days;
- **Survival period:** this is the period the liquidity position is expected to remain positive in an internal stress scenario in which wholesale funding markets deteriorate and clients withdraw a material proportion of their deposits;
- **Net Stable Funding Ratio (NSFR):** The objective of this ratio is to assess resilience over a longer time horizon. The NSFR requires banks to hold sufficient stable funding to cover the duration of their long-term assets on an ongoing basis;
- **Loan-to-Deposit ratio (LtD):** The LtD ratio measures the relationship between the loan book (loans and advances customers) and deposits from clients (due to customers), and includes all client-related loans and deposits. The ratio gives an indication of our dependence on wholesale funding for financing client loans.

CER materiality assessment

In 2023, we updated our materiality assessment of climate-related and environmental risk in relation to traditional risk types. The initial assessment was qualitative and, where possible further substantiated in quantitative terms. A distinction was made between materiality in the short term (within 1 year), medium term (within 5 years) and long term (within 30 year) horizon. To ensure consistency across risk types, we assessed a set of predefined CER events, including climate-related risk events such as floods and drought (physical risk) and policy and technology development (transition risk), as well as environmental risk events such as water stress and biodiversity loss (physical risk) and policy and technology development (transition risk). The results for the liquidity risk are summarised below.

	Climate risk						Environmental risk					
	Physical risk			Transition risk			Physical risk			Transition risk		
Liquidity risk	ST	MT	LT	ST	MT	LT	ST	MT	LT	ST	MT	LT
	○	○	○	○	○	○	○	○	○	○	○	○

We assessed whether material CER could cause net cash outflows and consequent depletion of the liquidity buffer and incorporated these factors into the liquidity risk management and liquidity buffer calibration. We also assessed the impact of CER on the bank's funding market access, funding costs and on the liquidity value of the liquidity buffer. This was done both for CER transition risks and physical risks. The analysis confirmed that the CER impact on liquidity is currently not considered to be material, supported by our sustainability objective and the relevant initiatives

CER impact on the liquidity risk was assessed for the short-term horizon only, as the regulatory and internal liquidity metrics - liquidity coverage ratio and buffer remaining after stress - have short time horizons of 30 days and a maximum of 12 months, respectively.

Moreover, the sustainable market, as well as the regulation, has yet to reach its maturity stage.

In the long run, our embracement of the ECB CER guidelines could contribute to creating a framework to facilitate sustainable business growth and limit CER-related impact. It is expected that our climate strategy, which combines the ability to obtain sustainable lending as well as financing, will affect the CER impact and could influence our future ability to attract sustainable funding and deposits.

Climate physical risk

- Physical risk on funding liquidity risk: asset value change driven by physical events may affect the bank's funding capacity, such as issuing secured funding. Physical events may lead to potential liquidity outflows, such as increased drawdown of credit lines or accelerated deposit withdrawals, as clients need additional money to finance damage repairs in times of CER events;
- Physical risk on market liquidity risk: as physical risk events are embedded in the country risk ratings we use in our liquidity risk management framework, the impact of physical risk on the liquidity buffer is materially limited.

Climate transition risk

- Transition risk on funding liquidity risk: refinancing risk occurs if transition risk affects the bank's access to funding sources. Repricing risk occurs if transition risk negatively impacts the funding costs of non-ESG issuances in comparison with ESG issuances;
- Transition risk on market liquidity risk: the overall liquidity value of the liquidity buffer may be affected by transition risk following from differences in the liquidity of ESG and non-ESG investments.

Methodology

To assess if the CER risk could have material impact on the liquidity outflow and consequently on the liquidity buffer, the internal liquidity stress test methodology is used to quantify the materiality. Separate CER liquidity stress scenarios and parameters are defined in order to monitor potential liquidity outflows. The stress test covers the entire balance sheet of ABN AMRO, including off balance sheet positions. To calculate the impact of the CER stress events on the liquidity buffer a number of parameters are required.

The final result of the stress test shows that the outflows based on the CER liquidity scenario parameters are considered minimal compared with the outflows of the regular internal stress test. The overall CER impact on liquidity is therefore considered to be immaterial.

Contingency risk management

Contingency risk management aims to ensure that, in the event of either a bank-specific or general market stress event, the bank is able to generate sufficient liquidity to withstand a short or longer-term liquidity crisis. Contingency risk management entails:

- **Contingency Funding Plan:** this plan sets out the guidelines and responsibilities for addressing possible liquidity shortfalls in emergency situations. This only comes into effect if the liquidity position is threatened or if there are strong indications that liquidity stress is imminent. The Contingency Funding Plan is aligned with the Recovery Plan, as required by the regulators. It enables us to manage our liquidity position without unnecessarily jeopardising commercial activities, while limiting excessive funding costs in severe market circumstances;
- **Collateral posting in the event of a rating downgrade:** if our credit rating is downgraded, collateral requirements may increase. We monitor these potential additional collateral postings in our liquidity risk management framework;
- **Collateral posting to guarantee access to critical Financial Market Infrastructures (FMI):** access to critical FMI is essential in conducting our business and collateral requirements may increase in times of stress. We monitor these potential additional collateral postings in our liquidity risk management framework;
- **Liquidity buffer:** Treasury manages our liquidity buffer, of which the liquidity portfolio comprises a substantial part. At all times, this portfolio should be highly liquid to accommodate liquidity outflows during stress. The buffer consists of unencumbered, high-quality liquid assets, including government bonds, retained covered bonds and cash.

Liquidity risk

The objective of our liquidity risk management is to manage the bank's liquidity position and to comply at all times with internal, regulatory and other relevant liquidity requirements. Various indicators are used to measure the liquidity objectives.

Liquidity risk management

Liquidity risk indicators

	31 December 2023	31 December 2022
Available liquidity buffer (in billions)[1]	109.7	103.6
Survival period (moderate stress)	> 12 months	> 12 months
LCR[2]	144%	143%
NSFR[3]	140%	133%
Loan-to-Deposit ratio	97%	96%

[1] The mandatory cash reserve with the central bank has been deducted from the cash and central bank deposits in the liquidity buffer.
[2] Consolidated LCR based on a 12-month rolling average.
[3] Consolidated NSFR reflects a fixed point in time.

The available liquidity buffer increased to EUR 109.7 billion at 31 December 2023 (31 December 2022: EUR 103.6 billion). This was mainly the result of an increased amount of freely available retained covered bonds following contractual TLTRO III repayments. The survival period reflects the period that the liquidity position is expected to remain positive in an internally developed (moderate) stress scenario. This scenario assumes wholesale funding markets deteriorate and clients withdraw part of their deposits. The survival period was consistently above 12 months in 2023. The liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) both remained above 100% throughout 2023.

Loans and advances to customers increased to EUR 245.9 billion at 31 December 2023 (31 December 2022: EUR 243.9 billion). This was mostly the result of an increase in other client loans within Clearing and fair value adjustments related to hedge accounting.
Due to customers decreased to EUR 254.4 billion at 31 December 2023 (31 December 2022: EUR 255.0 billion). Outflows were mainly observed for corporate clients, largely offset by inflows in our Markets segment. As a result, the Loan-to-Deposit (LtD) ratio increased to 97% at 31 December 2023 (31 December 2022: 96%).

Liquidity buffer composition Audited

	31 December 2023			31 December 2022		
	Liquidity buffer	LCR eligible		Liquidity buffer	LCR eligible	
(in billions, liquidity value)		Level 1	Level 2		Level 1	Level 2
Cash & central bank deposits[1]	51.4	51.4		58.6	58.6	
Government bonds	26.9	27.0	0.5	27.3	25.1	2.4
Supra national & Agency bonds	10.1	10.5		9.1	9.5	
Covered bonds	5.0	4.6	0.1	2.9	2.5	0.2
Retained covered bonds	16.1			5.5		
Other	0.2		0.2	0.1		0.1
Total liquidity buffer	**109.7**	**93.5**	**0.8**	**103.6**	**95.7**	**2.7**
- of which ESG bonds	*4.4*	*4.5*		*3.2*	*3.4*	
- of which in EUR	*90.7%*			*89.5%*		
- of which in other currencies	*9.3%*			*10.5%*		

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

The liquidity buffer consists largely of cash and deposits at central banks, government bonds and securities. Most of the securities in the liquidity buffer, with the exception of retained covered bonds, qualify for the LCR. The liquidity buffer faces haircuts based on the market value. These haircuts are used to determine the liquidity value. Haircuts may vary between the liquidity buffer and the LCR eligible buffer as the internal assessment of the liquidity buffer may deviate from the LCR definition.

Our aim for the end of 2023 was to increase the green, social and sustainable (ESG) investments in the liquidity portfolio to EUR 3.5 billion. The liquidity value of our ESG bond holdings at 31 December 2023 amounted to EUR 4.4 billion (31 December 2022: EUR 3.2 billion), which represented 8% of total bonds in the liquidity buffer. Targeted investments are bonds where the proceeds are invested in a sustainability instrument in line with the Green Bond Principles, the Social Bond Principles or a combination of the two. Such bonds' inclusion in the liquidity portfolio is subject to availability of ESG Reporting, a thorough project selection process and sound management of proceeds. To preserve the portfolio's high quality and liquidity value, these bonds must also meet the high-quality liquid assets (HQLA) criteria of the European Banking Authority (EBA). By actively investing in the euro-denominated ESG bond market, we aim to support the growth of this market.

Liquidity buffer currency diversification Audited

(in billions, liquidity value)	31 December 2023	31 December 2022
EUR	99.5	92.7
USD	8.0	8.2
JPY	0.6	2.5
GBP	0.2	0.2
SGD	1.4	
Total	**109.7**	**103.6**

The previous table shows the breakdown per currency in the liquidity buffer. The currency composition reflects the composition of the balance sheet, which mainly consists of EUR and USD exposures. The monthly averages of the liquidity buffer are shown in the following table.

Liquidity buffer composition - monthly average Audited

(in billions, liquidity value)	2023	2022
Cash & central bank deposits[1]	60.2	67.6
Government bonds	23.3	20.2
Supra national & Agency bonds	8.1	6.5
Covered bonds	3.9	2.5
Retained covered bonds	11.1	0.5
Other	0.8	0.3
Total	**107.6**	**97.5**

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

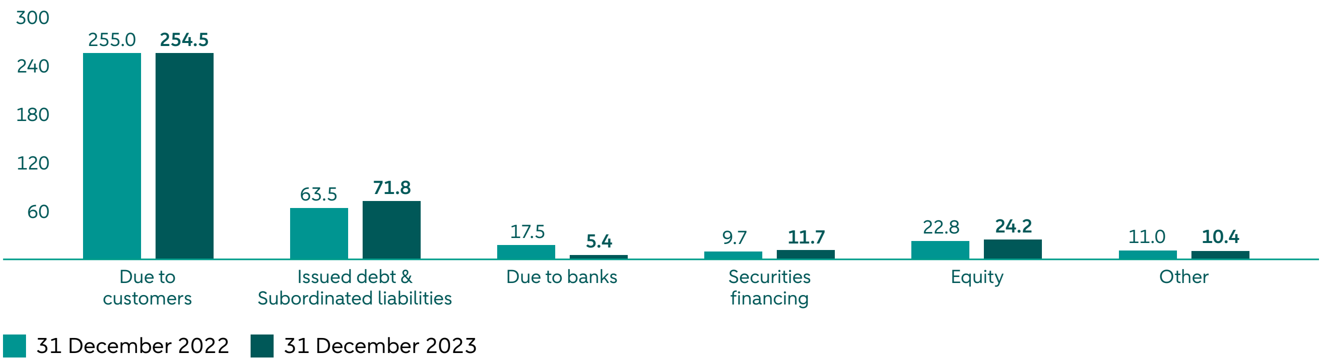
Funding

Liability and equity breakdown Audited

Client deposits are our main source of funding, complemented by a well-diversified book of wholesale funding. The graph below shows the liability and equity breakdown for the full balance sheet. Client deposit volume remained stable in 2023.

Liability and equity breakdown Audited

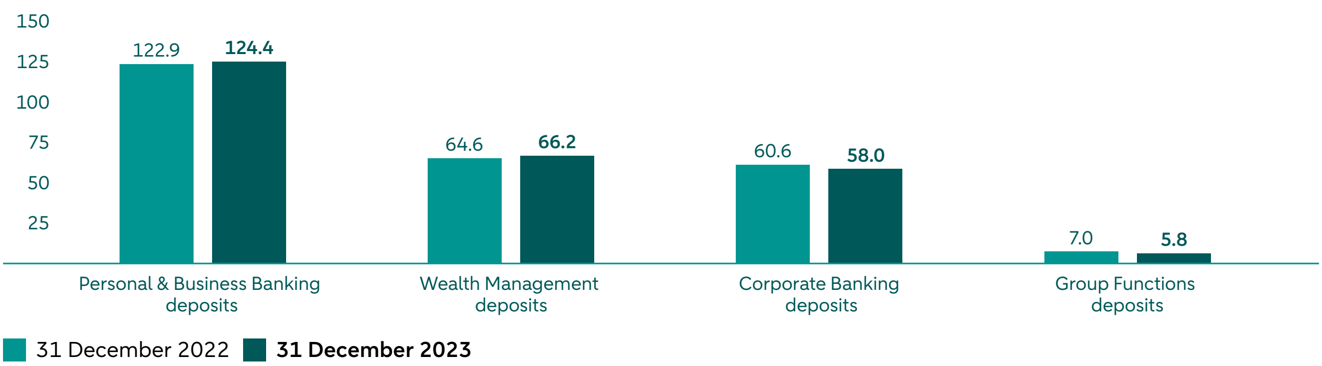
(in billions)



The graph below shows the breakdown of client deposits by segment.

Breakdown of client deposits Audited

(in billions)



Available funding instruments Audited

A key goal of the funding strategy is to diversify funding sources. Our funding programmes allow us to issue various instruments in different currencies and markets, enabling diversification in our investor base. The following table shows a breakdown of total funding instruments.

Overview of funding instruments Audited

(in millions)	31 December 2023		31 December 2022	
Commercial Paper/Certificates of Deposit		**13,741**		**14,723**
Covered bonds	23,853		23,781	
Secured funding (long-term)		**23,853**		**23,781**
Senior preferred	12,726		8,219	
- of which green bonds	*2,832*		*1,385*	
Senior non-preferred	15,907		9,536	
- of which green bonds	*6,481*		*4,181*	
Unsecured funding (long-term)		**28,633**		**17,755**
Total issued debt		**66,227**		**56,259**
Subordinated liabilities		5,572		7,290
Wholesale funding		**71,800**		**63,550**
Other long-term funding[1]		3,538		14,274
Total funding instruments[2]		**75,338**		**77,823**
- of which matures within one year		*20,481*		*32,420*

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

Total funding instruments decreased to EUR 75.3 billion at 31 December 2023 (31 December 2022: EUR 77.8 billion), mainly driven by the partial repayment of TLTRO III borrowings and offset by an increase in issued debt. Total issued debt increased to EUR 66.2 billion at 31 December 2023 (31 December 2022: EUR 56.3 billion), reflecting the increase in unsecured funding instruments. Senior non-preferred funding increased to EUR 15.9 billion at 31 December 2023 (31 December 2022: EUR 9.5 billion) in order to meet MREL requirements. Subordinated liabilities decreased to EUR 5.6 billion at 31 December 2023 (31 December 2022: EUR 7.3 billion) in favour of senior non-preferred funding. Other long-term funding decreased to EUR 3.5 billion at 31 December 2023 (31 December 2022: EUR 14.3 billion) due to the repayment of EUR 11.0 billion of TLTRO III.

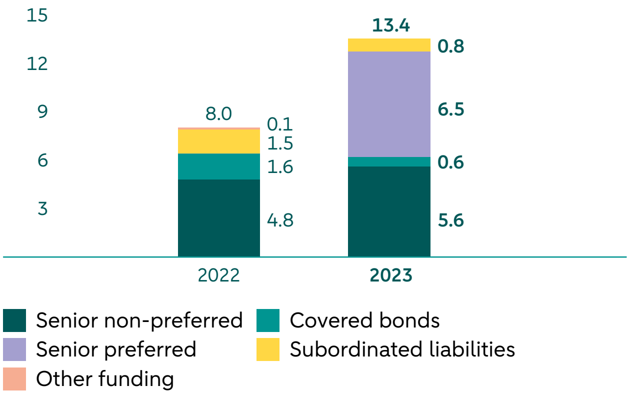
Environmental, Social and Governance (ESG) bonds

Total ESG bonds outstanding increased to EUR 9.3 billion at 31 December 2023 (31 December 2022: EUR 5.6 billion), representing 33% of total unsecured long-term funding and 14% of total issued debt. All ESG bonds qualify as green bonds. Our Green Bonds Framework, which was updated in February 2024, comprises a set of criteria applicable to issuances of green bonds, including how we allocate the proceeds from green bonds to eligible assets, as well as the evaluation and selection of eligible assets, independent assurance on allocating proceeds to eligible green assets, and the external reporting requirements. Green bonds have been issued since 2015, with a focus on sustainable real estate and renewable energy. These bonds enable investors to invest in, for example, energy efficiency through residential mortgages, loans for solar panels on existing homes, sustainable commercial real estate and wind energy. The allocation of green proceeds at 31 December 2023 is published on our website.

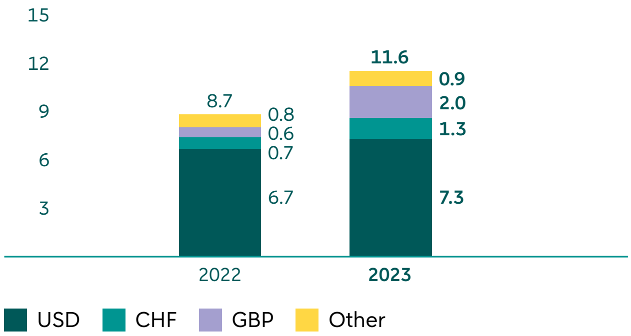
Funding issuance in 2023 Audited

Total long-term funding raised in 2023 amounted to EUR 13.4 billion. This included EUR 0.6 billion of ultra-long covered bonds, EUR 6.5 billion of senior preferred funding, EUR 5.6 billion of senior non-preferred funding and EUR 0.8 billion of subordinated liabilities. Deeply subordinated capital instruments (AT1 instruments) have been excluded from the long-term funding overview and are presented in the capital section, which provides a complete overview of all outstanding capital instruments.

Long-term funding raised in 2023 and 2022 Audited
(notional amounts at issuance, in billions)



Non-euro currency diversification of total outstanding long-term funding Audited
(in billions)



Long-term wholesale funding in non-euro currencies increased to 17.7% of total outstanding long-term wholesale funding, compared with 15.7% at 31 December 2022. In 2023, the bank raised its long-term wholesale funding mainly in euros and dollars. The diversification of the outstanding long-term funding in non-euro currencies is shown in the following graph.

Maturity calendar Audited

											31 December 2023	
(notional amounts, in billions)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	≥ 2034	Total
Covered bonds	1.8	0.5	1.6	0.6	0.7	0.4	1.9	3.1	2.3	2.3	11.7	26.9
Senior preferred	1.8	6.4	3.6	0.3	0.3		0.1	0.2			0.1	12.7
Senior non-preferred		1.9	2.3	2.0	4.2	1.0	1.3		0.8	1.0	2.1	16.5
Subordinated liabilities		1.4	0.9	1.5	0.8			1.2				5.7
Other long-term funding[1,2]	3.0		0.3	0.2								3.5
Total long-term funding	**6.6**	**10.2**	**8.6**	**4.6**	**5.9**	**1.4**	**3.2**	**4.4**	**3.0**	**3.3**	**13.9**	**65.2**

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

[1] Other long-term funding includes TLTRO III and funding with the Dutch State as counterparty.
[2] The TLTRO III of EUR 3.0 billion is reported at the original legal maturity of three years.

We target a maturity profile where redemptions of funding instruments are well spread over time. The average remaining maturity of outstanding long-term funding remained stable at 5.8 years at year-end 2023 (5.7 years at year-end 2022). The average remaining maturity of newly issued wholesale funding decreased to 3.3 years at year-end 2023 (down from 9.4 years at year-end 2022). This was mainly due to the reduced issuance of covered bonds with longer tenors (15-20 years), reflecting the shorter fixed-interest rate periods of new mortgage production. The maturity calendar assumes redemption on the earliest possible call date or the legal maturity date, which does not mean that the instruments will actually be called on the earliest possible call date. Early redemption of subordinated liabilities is subject to approval by the regulator.

Business risk

Volatility of earnings

Business risk is the risk that business earnings and franchise values decline and/or deviate from expectations due to uncertainty in business income or in expenses incurred to generate business income. ABN AMRO strives to preserve its business earnings, independently of internal and/or external developments. Business risk therefore needs to be managed in order to limit actual and forecasted volatility in business earnings.

ABN AMRO manages business risk by seeking to minimise the effect of unexpected internal and/or external developments. The key criteria for classifying a risk as a business risk are:

- An unexpected event that leads to uncertainty in present or future business earnings and/or franchise value;
- Changes in the drivers of future business earnings such as uncertainty in volumes, margins, fee and commission rates and/or business expenses.

Drivers of earnings volatility

Earnings are affected by various internal and external factors, such as changes in client preferences, competition and regulation. In addition, earnings are affected by technical, societal, geopolitical and economic developments. Our risk assessments are based on the long-term uncertainty in expected business earnings and take into account internal and external developments, scenarios and market movements. When assessing the pressure from external factors contributing to an increase or decrease in the business risk, at least the following elements are considered:

- The key macroeconomic variables within which the bank operates or will operate based on its main geographies. Examples include gross domestic product (GDP), unemployment rates, interest rates, inflation rates and house price indices;
- The competitive landscape and how it is likely to evolve, considering the activities of the bank's peers;
- Expected growth in target markets, and the activities and plans of key competitors and new players (FinTech) in these target markets;
- Overall trends in the market that may have an impact on performance and profitability. This should include, as a minimum, regulatory trends, technological trends and societal/demographic trends;
- The contamination effects that risks may have on other risk types, and risks downstream or upstream in client supply chains that may have implications (this includes for example Climate Change).

We consider the following developments to be of primary importance for future earnings: a potential slowdown in economic growth, changing relations with clients due to our service/operating model, investments in digital & data infrastructure, disintermediation in banking, increased regulatory and gatekeeper costs, and competition from big tech, other neo-banks and FinTechs.

Business risk appetite

The thresholds are set at the expected one-year profit horizon and form the basis for a quantitative Red, Amber or Green (RAG) status. The qualitative RAG status is based on expert judgements, taking into account elements such as pressure from external factors and strategic objectives.

Monitoring of earnings drivers

ABN AMRO continually monitors and responds to the key external and internal factors and elements within these factors. The disclosure and monitoring of the business risk drivers is performed, among other things, through the ERM report. ABN AMRO's business risk management framework is supported by the 3LoD model. The bank mitigates sensitivity to business risk drivers through discussions at senior management and board level that address developments in these drivers in an effective and timely manner. Business risk is also included in the capital buffer that is meant to safeguard our position in the case of extreme events.

Strategic risk

We consider strategic risk to be a part of business risk. It concerns the risk of internal and external events that may have an effect on ABN AMRO achieving its objectives and strategic goals. The bank's strategy and business risk are related. The strategy incorporates mitigation of unexpected events and changes in business risk drivers. Regular review of the strategy ensures alignment with developments in business risk. To ensure that the bank's strategy is pursued and the long-term strategic goals (financial and non financial) are met, our business plans and budgets take these strategic goals into account.

Strategic equity investment risk

As part of business risk, strategic equity investment risk is the risk of deviation in the value of strategic equity investments. These investments are not fully consolidated in the bank's financial accounts, but are represented as an equity investment on the balance sheet. Investments related to clients and involving unlisted private equity or held for trading purposes are not considered to be strategic equity investments.

Economic capital as a buffer for business risk

Economic capital is used to mitigate the negative effects of unexpected business risk events. The economic capital for business risk reflects the maximum downward deviation of actual versus expected net operating profit in one year, excluding any impact already covered by other risk types (e.g. impairments for credit risk).

The economic capital (EC) for business risk combines an EC based on forward looking scenarios with an EC based on historical revenue data. EC for both approaches is calculated and the maximum of the two is used. These scenarios determine the sensitivity of the client units' income to macroeconomic variables or industry performance indicators. This sensitivity is used to determine the volatility of income for each client unit, as well as any correlation between the client units. Based on the individual volatilities, we use simulation to calculate bank-wide volatility. The model offers a methodology through which our model inputs and assumptions can be updated and tested efficiently on an annual basis. The model is sensitive to the projections for the negative and adverse scenarios and their probabilities.

Furthermore, economic capital also considers a buffer for strategic equity investment risk. This is the maximum downward deviation of a strategic equity investment's economic value from the current book value.

CER materiality risk assessment

	Climate risk						Environmental risk					
	Physical risk			Transition risk			Physical risk			Transition risk		
	ST	MT	LT	ST	MT	LT	ST	MT	LT	ST	MT	LT
Business risk	○	○	○	○	●	○	○	○	○	○	●	○

In 2023, we updated our assessment of the materiality of climate-related and environmental risk in relation to traditional risk types, including business risk. The initial assessment was qualitative and, where possible, further substantiated in quantitative terms. A distinction was made between materiality in the short term (within 1 year), medium term (within 5 years) and long term (within 30 year) horizon. To ensure consistency across risk types, we assessed a set of predefined CER events, including climate-related risk events such as floods and drought (physical risk) and policy and technology development (transition risk), as well as environmental risk events such as water stress and biodiversity loss (physical risk) and policy and technology development (transition risk). The results for the business risk are summarised below.

Business risk in climate and environmental risk (CER) relates to the present and potential effect of events on the operating result of the bank. To assess this risk in 2023, ABN AMRO used a combination of qualitative expert judgement and the outcomes of existing analyses, including the 2022 ECB Climate Stress Test, ABN AMRO's environmental risk heatmap, climate scenario analysis, and the impact of the climate transition risk on business risk as set out in the bank's climate strategy.

ABN AMRO assessed the impact of climate transition risk on business risk via the impact of CO_2 reduction targets for lending volumes and revenues in the medium term for the sectors in scope, and published details of this impact in its climate strategy (wave I sector targets) in December 2022.

In 2023, ABN AMRO progressed on wave II of its climate strategy by setting targets for its inland shipping and agriculture portfolios. While targets for the former are derived from the IEA's NZE 2050 transport scenario, targets for the latter are based, in view of the specifics of the portfolio, on the prevailing political and legislative environment in the Netherlands and the EU. We aim to reduce business risk for ABN AMRO by increasing the sectors in scope of targets set in line with external good practice and mitigating transition risk.

Climate physical risk

With regard to physical climate risk, individual CER events have not historically had a material impact on our operating expenses and not expected to do so in the near future. Instead, we expect the impact of physical risk to gradually materialise over the longer term, and potentially to affect our mortgage and commercial real estate portfolios in particular. Specifically, we are currently seeing a gradual rise in physical damage to collateral as a result of severe flooding events and foundation issues (such as pole rot), which could have an impact going forward. The effect of a single physical or environmental event on the bank's operating income is currently assessed as marginal.

Climate transition risk

Transition risk refers to the direct and indirect financial and non-financial risks following the transition to a lower-carbon economy. This could impact on the bank via changes in its (or its clients') regulatory environment, business model or consumer preferences. In the short term, we assess transition risk as not material. In the medium to long term, material business risks could result from adjustments made to ABN AMRO's commercial or risk policies in order to reduce other CER-related risks and/or to decrease emissions within client portfolios in accordance with climate-related regulations.

Environmental risk

Environmental risks refer to risks occurring either due to the degradation of the environment (physical risk) or to the transition to a more environmentally sustainable economy affecting ABN AMRO's clients - and, by extension, its business model - via mechanisms similar to those for climate physical risks and transition risks. Environmental risk events with a high probability and a material impact relate to transition risk factors such as regulations or technology.

We manage material CER in business risk through the medium or longer-term portfolio choices we make regarding company strategy. Our assessments in the areas of long-term value creation and potential impact help to reinforce these decisions. For more information on our approach to climate and environmental risks, please refer to the Sustainability statements, Environment section.

Operational (non-financial) risk

This section provides information on:
- Operational (non-financial) risk management
- Specific operational (non-financial) risk areas
- Operational (non-financial) risk measurement
- CER materiality assessment
- Review of 2023 results

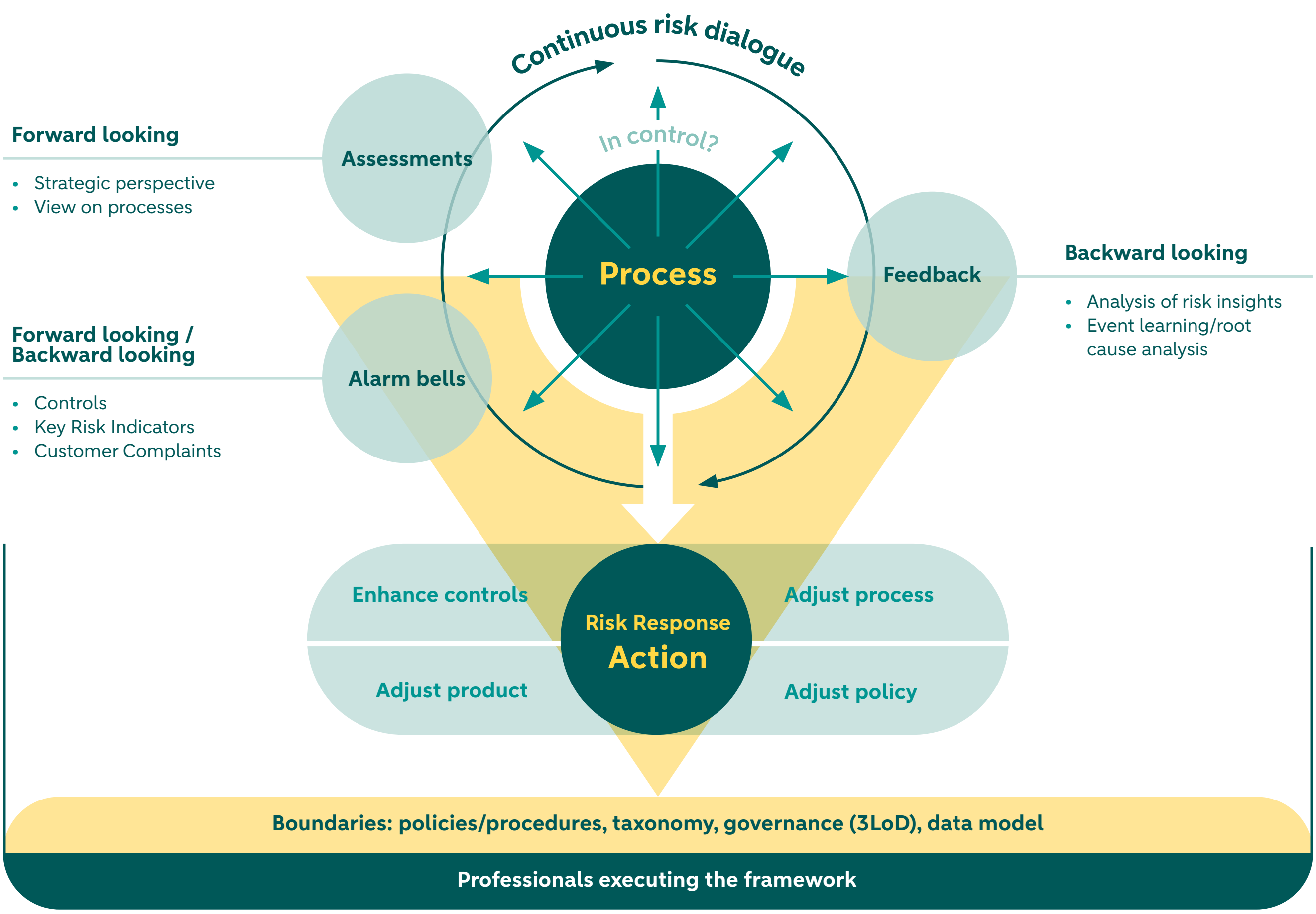
Operational (non-financial) risk management

Non-financial risks (NFR) refer to the category of risks that could result in loss due to inadequate or failed internal processes, people and systems or due to external events.

This definition is in line with the definition applied by the Basel Committee on Banking Supervision (BCBS).

ABN AMRO has a holistic approach to managing non-financial risks (NFRs), providing the business with a clear and fair view on these risks, their relevance to the bank and how they should be managed. For this purpose, ABN AMRO has in place a framework that enables non-financial risks to be managed within its moderate risk profile. The Information and Operational Risk Management (I&ORM) department with ABN AMRO sets this framework for the bank in line with applicable rules and regulations. The main components of the framework are shown in the following diagram.

Framework for operation (non-financial) risk



Last year, the evaluation of the adequacy of ABN AMRO's internal risk management and control systems was regularly discussed with the Audit Committee, the Risk & Capital Committee and the full Supervisory Board.

Framework for operational (non-financial) risk management

We deploy our NFR Framework to make sure that we stay in control of all the bank's NFRs and adhere to existing laws and regulations. ABN AMRO's NFR Framework may be partly described as a toolkit of assessments, alarm bells and feedback. The bank itself may also be understood as a collection of processes. For that reason processes are at the heart of the NFR framework, but processes and tools are not enough. We rely on professionals to execute the NFR framework, especially in a continuous dialogue about risks. The activities performed in executing the NFR Framework are contextualised by boundaries established through a range of NFR policies and procedures, a taxonomy of material risks, roles and responsibilities for professionals working according to 3LoD model practices and behaviours as well as data management systems.

Risk assessments are conducted to identify non-financial risks and assess risk exposures. They are performed either periodically or can be initiated when concerns arise, for example as a result of changes in internal processes or developments in the outside environment that pose risks to strategic priorities. We also rely on alarm bells from both internal and external sources such as the effectiveness of the internal control environment, the status of key risk indicators (KRIs) relative to established risk thresholds and complaints from our clients to understand what actions are necessary to further mature the efficacy of the NFR Framework. Despite preventive measures being in place, incidents and operational losses are inherent to our business. ABN AMRO systematically tracks and analyses these events as part of feedback mechanisms that enable us to learn from operational failures and use them as early warnings. We also scan external developments and identify emerging risks for further assessment.

During our continuous risk dialogues, risk professionals from the first (1LoD) and second (2LoD) Lines of Defence evaluate the level of threat from NFRs and determine appropriate responses to keep control. Our risk professionals combine relevant internal data (e.g. scale of changes to processes), external data (e.g. climate science) and professional judgement to come to a holistic risk view. Once NFR exposures are agreed upon by 1LoD and 2LoD, and evaluated against risk thresholds, an appropriate risk response can be implemented. Common risk responses include enhancing controls by expanding coverage to capture new and evolving areas of risks as well as adjusting processes to reduce opportunities for errors.

The results of the executed risk dialogues as per the NFR framework are provided in risk reports at various levels within the bank, up to the Executive Board and Supervisory Board. This enables senior management to steer the bank's overall profile of NFRs.

Specific operational (non-financial) risk areas

Within the NFR risk category, ABN AMRO defines eleven (11) non-financial sub-risk types (see below). The bank has in place dedicated functional areas with specific knowledge and expertise to deal with each material type of NFR. The NFR risk category and individual non-financial risk types are governed by the broader Enterprise Risk Management approach to ensure that structured, coherent, systematic and consistent risk management processes are applied throughout the 3LoD of the bank.

Operational (non-financial) risk types

Compliance risk	Data risk	Outsourcing & Physical Security risk	Change risk
Fraud risk	Legal risk	HR risk	Tax risk
Model risk	Behavioural risk	Information risk	

Compliance risk

Compliance risk is defined as the risk of failure to comply with laws and regulations, self-regulatory organisational standards, company values and business principles, codes of conduct or generally accepted market standards applicable to ABN AMRO's services and activities. Non-compliance can result in legal or regulatory sanctions, material financial loss and/or harm to ABN AMRO's reputation.

ABN AMRO must continuously live up to regulatory expectations and obligations. The bank is expected to act as a gatekeeper in detecting financial and economic crime, to fulfil its obligations arising from its duty of care towards clients, to preserve market integrity, and to address and incorporate key topics such as privacy and sustainability in the bank's strategy and compliance programmes.

Failing to meet these expectations could lead to reputational damage, fines, claims and adverse changes in ABN AMRO's income, costs or capital basis, all of which could endanger its long-term goals. Main areas with a risk of non-compliance with regulations are Anti-Money Laundering, Counter-Terrorism Financing, Duty of Care towards the bank's clients and Privacy Risk.

Compliance programmes and the Compliance function remain the foundation of effective compliance within ABN AMRO, essential for ABN AMRO's license to operate, enabling and supporting values-led business and protecting the banks' integrity and reputation. In 2023, ABN AMRO focused on sustainably embedding the Compliance function's operational effectiveness. The growth path to the seasoned compliance officer will continue, and balancing the four roles (advisor, challenger, monitor and gatekeeper) will lead to the countervailing power that is needed for a personal bank in the digital age.

Data risk

ABN AMRO continued to focus on improving the quality and availability of data throughout 2023. This included making investments to upgrade data management capabilities that support its ambition to become a data-driven bank and achieve its overall strategy. In the current age, data not only provides commercial competitiveness but is of growing importance from risk management and regulatory compliance perspectives. In particular, structured and systematic data risk oversight contributes to effective risk management for the bank by enabling faster and more informed decision-making at every level within the organisation. Enhancement of our data risk management function to support and mature the overall in-control objective for data risks will continue to be high priority for ABN AMRO.

Outsourcing & Physical Security risk

Adequate risk management on third party and outsourcing risks ensures that specific risks related to the external and intragroup outsourcing of IT platforms, software and business processes are properly managed. Additionally, third party risk management (TPRM) consists of a framework of more generic risks and mitigating measures related to external third parties.

In 2023, we further improved our third-party and outsourcing risk management framework by implementing periodic assessments on outsourcing concentration risk and risks caused by the aggregation of multiple service providers in business processes. Our third-party risk management framework has been improved to automatically perform specific risk management activities on high-impact contracts. We also assessed the impact of upcoming regulation (such as the Digital Operational Resilience Act) on our third-party risk management approach. Where possible, existing processes and policies have already been adapted to take these changes into account.

Physical security is an important pillar of continuity management. ABN AMRO's physical security policy (PSP) enables a fit-for-purpose framework that safeguards people, information, buildings and company assets against damage and disruptions. We operate a multi-disciplinary approach by combining insights from key areas such as business continuity management, security and integrity management, workplace management, corporate information security and client units.

The PSP includes governance procedures that distribute roles and responsibilities across various internal departments, branches, critical corporate buildings and foreign offices with the aim of coordinating complex physical security issues such as events associated with chronic or acute climate change. Evaluations such as physical security risk assessments are regularly executed on data centers, critical corporate buildings and sites in the Netherlands and abroad. ABN AMRO did not experience any material financial loss due to extreme weather linked to climate change in 2023.

Business continuity management

Business continuity management ensures organisational resilience at all levels within ABN AMRO. It focuses on setting up and maintaining ABN AMRO's crisis management capability (i.e. framework, process, tooling, people) to enable the organisation to remain well-prepared and sufficiently responsive in the face of severe threats. Our business continuity management capabilities proved effective in 2023.

Our key tasks in continuity management include:
- Scanning the operating environment for threats, including use of our Emerging Risk Scanner, that could trigger a calamity and/or crisis;

- Analysing these threats and the business impact of a potential or actual calamity and/or crisis;
- Determining the strategies and solutions to be applied in the event of a calamity and/or crisis – such as emergency management, business recovery, crisis management and IT disaster recovery planning – to ensure the safety of our employees, clients and visitors, and to enable continuity of business operations;
- Documenting, periodically assessing and testing these strategies and solutions.

Mitigations are in place to prepare for and deal with incidents and crises threatening the continuity of critical business processes. These mitigations include business continuity plans, crisis management, business relocation plans and IT disaster recovery plans. We also perform evaluations and root cause analyses on incidents and implement lessons learned. Equally importantly, we carry out forward-looking analyses to prepare for evolving threats such as those related to climate change where data and methodologies from climate science are increasingly incorporated into our risk assessments on critical infrastructure, such as our data centers.

Information risk

Information is one of the bank's most valuable assets. Given that our clients rely increasingly on digitalisation and online banking, proper functioning of the bank's IT systems is crucial. These systems run in complex information infrastructures, connecting the bank's networks to public networks. Banking processes and their supporting information systems are therefore inherently vulnerable to threats to the security of client data and services. Examples of such threats include social engineering and phishing, computer-assisted fraud, unauthorised disclosure of confidential information, virus infections and ransomware, and distributed denial of service attacks (DDoS).

In recognition of the vital importance of protecting its information, systems and infrastructure at all times, ABN AMRO has established a structured IT risk management approach to ensure the confidentiality, integrity and availability of information. This approach defines the organisational framework, management and staff responsibilities, and the information security directives that apply to ABN AMRO, its vendors and third parties with whom the bank exchanges information.

In line with the bank's strategy, the IT transformation continued in 2023 through the adoption of cloud services and DevOps ways of working. These were accompanied by improvements to safeguard ABN AMRO's overall security position and to foster security by design. We also increased our efforts to keep pace with evolving cyber threats such as phishing and ransomware, while ensuring regulatory compliance. Our improved defenses against DDoS proved to be effective throughout 2023, thus helping to mitigate attacks and limit disruption for our clients. We will continue to make investments geared toward ensuring overall stability of our digital payment services and strengthening the effectiveness of our risk and control framework.

Change risk

Change is fundamental to ABN AMRO's strategy and a key factor in its desire to succeed as a personal bank in the digital age. It is crucial to be agile and adaptable to achieve our client-centric approach. Responding to change is what makes us commercial, progressive and entrepreneurial.

Change risk relates to the factors that could hamper the achievement of goals set in the areas of growth, digitalisation, cost containment and regulatory compliance. Complying with the regulatory environment is characterised by adapting many new laws and regulations, which could lead to an accumulation of change and cost pressure on ABN AMRO.

During 2023 we continued to implement a wide range of change programmes as part of our strategy execution. The change programmes are instrumental to resolving weaknesses (e.g. data management) identified within the bank. Our relatively large change portfolio plus their interdependencies tend to slow down the execution of the change portfolio. In 2023, we continued to further mature our change management framework by working towards reducing complexity in our change portfolio and emphasising stronger prioritisation and execution.

Fraud risk

Fraud is a complex phenomenon with an increasing impact on society, ABN AMRO and its clients. It can arise from internal or external events and result in financial loss, reputational damage and/or regulatory fines. ABN AMRO acknowledges that fraud is a significant risk for the bank nowadays, especially as the bank is digitalising and the proliferation of technology presents unprecedented opportunities for fraud (such as voice cloning through AI software). Within ABN AMRO, third- and first-party fraud are seen as the most prevalent external fraud risks. The most frequent modus operandi that ABN AMRO has observed for external fraud is scams involving impersonation, debit and credit cards, and online sales. In some instances, ABN AMRO itself has been the victim of credit fraud, when fraudulent documents were used in credit applications.

With regard to internal fraud, the bank continuously monitors and assesses risks related to the possibility of employee fraud and bribery and corruption. The insider risk threat remained elevated in 2023, due to the ongoing geopolitical tensions and the increased threat from organised crime groups. The level of this threat reflects the potential for an insider to misuse authorised access or knowledge of an organisation to harm that organisation in a manner that could adversely affect its integrity, confidentiality or availability. Continuous improvements ensure that the insider risk programme that ABN AMRO is developing, and which includes data logging as an essential aspect of information security, is effective.

While ABN AMRO maintains a zero tolerance approach to fraud, it has also set a risk appetite in order to monitor relevant developments. The bank implemented several technical fraud measures in 2023 to reduce the risk of clients becoming victims of external fraud. These included the waiting time that now applies after requested changes in limits. We are also continually examining the need for additional measures, such as improvements regarding locks on savings accounts and awareness campaigns. ABN AMRO's first and second lines have been working closely together within the fraud risk framework to enable the bank to manage and mitigate this risk. A fraud risk maturity level assessment has also been performed. All the first line entities in this assessment have demonstrated improvements in their fraud risk management, with the focus being predominantly on formalising and improving roles and responsibilities regarding fraud prevention, detection and response. To enhance the fraud risk management framework, we have defined a reference control library for fraud risk and started translating this into local controls. Besides that, improvements in the fraud management information available to client units and subsidiaries have resulted in increased insight, higher-quality risk assessments and risk-based management. ABN AMRO will continue its efforts in 2024, specifically focusing on further implementing the framework in the international branches.

The management information for 2023 showed a decrease, compared with 2022, in the losses suffered by ABN AMRO clients and also in the numbers of fraud victims. In other words, ABN AMRO has become more successful at preventing criminals from accessing the payment system (via the e-dentifier or app, for example). This resulted in a significant drop in cyber-related frauds (phishing, malware). Criminals consequently started to shift their focus towards targeting clients and manipulating and misleading them into transferring money directly to fraudsters in online scams. ABN AMRO is continuously monitoring these emerging threats, with the aim of ensuring it responds adequately to all relevant developments.

ABN AMRO will continue its efforts in 2024 to strengthen its clients' resilience to fraud and help employees to manage financial, emotional and reputational impact. Key actions undertaken during 2023 included:

- **Executing the fraud risk management framework:** This framework puts in place fraud risk management processes and controls through which emerging fraud risks are continuously identified, assessed, measured, responded to, monitored and reported;
- **Awareness:** To increase fraud awareness and resilience of employees ABN AMRO has in place a continuous integrity and compliance programme, as well as a bank-wide code of conduct. It also has a speak-up programme to encourage employees to report corruption and any suspicious or fraudulent behaviours. This programme includes the whistle-blowing procedure. ABN AMRO also increased client awareness during the year through a series of campaigns (including tips, for example, on keeping payment limits low and activating locks on savings accounts), campaigns through the NVB and monthly newsletters for clients;
- **Expertise:** In order to monitor and assess emerging fraud risks ABN AMRO employs dedicated resources for in-depth investigations, risk analyses, mitigation, reporting and prevention of fraud;
- **Public private partnerships:** ABN AMRO is cooperating with public and private institutions and authorities to combat online frauds and scams. Existing initiatives such as the Electronic Crimes Taskforce (ECTF) and the Landelijk Meldpunt Internetoplichting (LMIO) have proven their value in this respect. ABN AMRO is also taking part in an initiative led by the Ministry of Justice and Security to implement a governance framework that focuses

on mobilising all public and private partners to accept joint responsibility for combatting fraud. The initial results of this integrated approach revealed six priority themes: information exchange, data-sharing, designing and executing interventions, police and prosecution, prevention and victim support. In 2024, closer and more efficient cooperation, shared responsibility and additional measures beyond the payment system will be necessary in order to counter the societal problem and enhance customer protection. These measures will involve all parties whose services are abused by criminals to commit online fraud (e.g. electronic communication providers, Big Tech, social media platforms).

Legal risk

ABN AMRO considers legal risk to be any risk of financial loss or reputational effects that is the result of:
- uncertainty in the applicability, enforceability and interpretation of contracts, laws and regulations,
- the failure (or assumed failure) by the bank and/or any third party to comply with statutory, contractual or regulatory obligations or "best practices", or
- uncertainty about the outcome of legal actions against or initiated by the bank (including judicial proceedings/litigation).

The following considerations could be considered:
- ABN AMRO acknowledges the fact that especially in a globalised business environment, there may not always be a clear set of legal rules and that ABN AMRO may be confronted with an abundance of legal requirements, as well as a lack of legal clarity. Legal obligations may be unclear, opaque and conflicting, and can arise retroactively.
- Furthermore, rules and regulations may be interpreted and applied outside the original intention of the legislator by supervisors or under case law.
- Rules and regulations that are not directly binding on parties involved or third parties, such as resolutions, recommendations and best practice documents issued by authorities and other governmental or non-governmental bodies, may emerge and have a de facto force going beyond formal laws and regulations.
- Finally, extraterritorial reach of certain national laws increases the complexity of complying with all these many layers, types and forms of rules and regulations.

HR risk

Human Resource (HR) risk is the risk that ABN AMRO is unable to develop, retain and attract the required critical skills/ talents and diverse workforce in line with applicable (HR related) laws and regulations to realise ABN AMRO's strategic objectives. Internally, we distinguish HR risks related to discrimination, employee relations, personal health & safety, remuneration and suitability. Adverse developments in these areas can potentially compromise the bank's viability. For this reason, management of HR risk is fundamental to the bank's achievement of its strategic, business, operational, compliance and reputational objectives.

Tax risk

Tax risk is the risk of unexpected tax charges, including interest and penalties. It is also the risk of being engaged in tax-related events resulting in, for example, a damaged reputation with the tax authorities, investors, employees and the public. This can occur both in relation to the bank's own behaviour, products or solutions as well as with regard to the tax integrity of our clients. See page 213 for the section tax governance code in the Leadership and governance chapter for more details on how ABN AMRO deals with this risk.

Model risk

Models are developed and applied to quantify the risk for most of the risk types listed in ABN AMRO's risk taxonomy. We define model risk as the potential for adverse consequences from decisions based substantially or partly on incorrect output of models, and due to errors in the development, implementation or use of such models. This definition is in line with the EU Capital Requirements Directive (CRD). To monitor and mitigate risks arising from the use of these models, the model risk management (MRM) department acts as the second LoD. As an independent department, MRM sets the model risk framework for the bank in line with regulatory requirements and independently validates models before they can be used. For this purpose, ABN AMRO has in place independent model validation standards and procedures as part of its model risk management framework. MRM also reports to senior management on the status of model risks in ABN AMRO and facilitates finding solutions to critical deficiencies.

Behavioural risk

ABN AMRO designated behavioural risk as a material risk type in 2021. Behavioural risk management aims to safeguard an enabling and supportive work environment. It empowers employees to execute our strategy, take sound risks and act in line with our purpose, core values and Code of Conduct.

Behavioural risk is considered an internal causal factor of other ABN AMRO risk types. It is defined as the risk that actions, decisions and behaviours by ABN AMRO (collectively), or by employees (as a group or individually) lead to detrimental or poor outcomes for clients, employees, society and/or ABN AMRO, and/or ABN AMRO fails to maintain high standards of market behaviour and integrity, and/or ABN AMRO fails to maintain the high expectations of clients, society and other stakeholders with regard to the integrity of our business.

In 2022, behavioural risk was embedded in ABN AMRO's enterprise risk management cycles. The tools and processes to identify, measure, report and monitor the level of behavioural risk were designed and delivered and will be operationally effective throughout the organisation with effect from 2025. ABN AMRO has mitigated identified behavioural risks by conducting analyses of organisational root causes for undesired behaviours and non-compliance and by delivering effective interventions to behavioural change.

Operational (non-financial) risk measurement

In mid-2023 the ECB approved our request to change the approach of ABN AMRO's regulatory capital calculation for non-financial risk. As a result of this decision, we moved from the model based Advanced Measurement Approach (AMA) to the simpler, income-based Standardised Approach (TSA) with effect from Q3 2023. Under TSA the own funds requirement for non-financial risk is calculated as a percentage of the three years average income of the bank. Depending on the type of business line, the percentage applied to the average income varies between 12%, 15% and 18%.

With this change in the capital calculation approach, ABN AMRO is anticipating the move to the Basel IV standardised approach (SA). It also provides the bank with the opportunity to further implement the redesigned non-financial risk methodology (from risk measurement-based instruments towards a framework focusing on risk management of non-financial risks).

Until 2023 the AMA model was also used for Pillar 2 purposes, e.g. the calculation of non-financial risk economic capital and the annual ICAAP. In line with Pillar 1, it was decided to remove the AMA model from the Pillar 2 framework as well. As a replacement, a simple Pillar 2 approach was developed, which takes the non-financial risk pillar 1 capital levels of the bank as a starting point, but also adds risk-based elements to the calculation, e.g. from control effectiveness, historical loss data and stress testing. This new approach was implemented in Q4.

Review of 2023 results

ABN AMRO uses a holistic approach to managing operational (non-financial) risks, considering capital, losses and the effectiveness of the control environment.

Capital for operational (non-financial) risk

At a bank level, the move from AMA to TSA did not have any significant impact on the Risk Weighted Assets (RWA) for NFR. The newly imposed regulatory add-on of EUR 2.1 billion, to be added to the TSA RWA amount, resulted in a total RWA of EUR 15.5 billion, which was in line with the total AMA RWA figure in Q2 2023 (although somewhat lower than the EUR 16.0 billion RWA in Q4 2022). This RWA level is also roughly in line with the expected RWA level under Basel IV as at 2025.

ABN AMRO's current NFR risk capital level (measured against the bank's gross income) is also in line with that of peer banks with a moderate risk profile (based on ORX benchmark data).

Losses related to operational (non-financial) risks

Operational losses related to non-financial risks include direct losses, as well as provisions for legal claims. Operational losses are reported according to event categories such as External Fraud; Internal Fraud; Clients, Products & Business Practices; Execution, Delivery & Process Management; Employee Practices & Workplace Safety; Disaster & Public Safety, and Technology & Infrastructure Failures.

A net operational loss of EUR 94 million was recorded in 2023. Clients, Products & Business Practices accounted for around two thirds of this total net loss, with a large share of this category relating to an addition to the provision for the compensation scheme for clients who previously paid too much interest on revolving consumer credits. Another main loss category was Execution, Delivery & Process Management (e.g. processing errors), which accounted for just over a quarter of the total net loss. The loss due to External Fraud was lower than in 2022.

Effectiveness of the control environment

A robust risk control framework is a fundamental element of ABN AMRO's risk management system. The bank continually adapts its risk control framework to changes in both the internal and external environment so as to ensure it has well-designed and operationally effective controls. Throughout 2023, ABN AMRO continued improving its control environment via the Risk Management Foundation Plan and through initiatives such as the Risk Fit professional training and the implementation of a new risk assessment tool. The overall bank-level control effectiveness further improved in 2023, with most controls proving effective.

CER materiality assessment

Operational (non-financial) risk	Climate risk						Environmental risk					
	Physical risk			Transition risk			Physical risk			Transition risk		
	ST	MT	LT	ST	MT	LT	ST	MT	LT	ST	MT	LT
	○	●	●	●	●	●	○	○	○	●	●	●

In 2023, we assessed the materiality of climate-related and environmental risk in relation to traditional risk types. The initial assessment was qualitative. For some risk types this was further substantiated in quantitative terms whereby a distinction between materiality in the short term (within 1 year), medium term (within 5 years) and long term (within 30 year) horizon was made, where possible. To ensure consistency across risk types, we assessed a set of pre-defined CER events, including climate-related risk events such as floods and drought (physical risk) and policy and technology development (transition risk), as well as environmental risk events such as water stress and biodiversity loss (physical risk) and policy and technology development (transition risk). The results for operational (non-financial) risk are summarised below.

This year ABN AMRO took a different approach and used the integrated scenario & stress testing methodology to determine the materiality for all non-financial sub-risk types combined. By assessing NFR scenarios with 1, 5 and 30-year horizons, this methodology provided a more structured approach to assessing potential high-impact non-financial risk events, including reputational impact. For the assessment we used internal and external data sources regarding climate and environmental risks. We were able to identify 6 potential material events in the NFR domains – 3 greenwashing events, 2 physical threats affecting third parties and 1 related to the duty of care in mortgages. All material events were assessed by physical and transition risk experts from the first and second lines of defence.

Climate risk

Regarding climate physical risk, the outcome of our assessment was as follows:

- India – water and heat-related hazards. The assessment showed that climate change could lead to operational failure of vendors located in India in the longer time horizon (30 years). Monitoring activities for this risk have been implemented and mitigating actions are available, when needed.
- The Netherlands – water-related hazards. In 2022. the materiality assessment identified flooding, especially regarding the data centres, as the most important factor from a business continuity perspective. This is still relevant in 2023.
- Duty of care (DoC) risks – where home owners potentially face increasing costs as a result of flooding – are elevated for the mortgage portfolio, especially in a 5-year horizon. More attention is required to remain compliant within the boundaries of 'strict' DoC. The key action is to follow through on plans around client outreach programmes and updating loan origination processes.

In the case of climate transition risk we focused on greenwashing scenarios, including mis-selling, mis-reporting and misleading advertising. Only for the mis-selling scenario there might be a material reputational impact given a 1 year horizon. Our main concerns regarding reputational and liability risks (for example, claims and regulatory costs) arising from potential greenwashing relate to the 5-year horizon. The most significant driver for transition risks is pressure from clients, regulators and NGOs. Keeping the risk control framework for CERs up-to-date is a mitigant that demands continued awareness.

Environmental risk

Environmental physical risk is not considered material at this moment. Environmental transition risks were included in the greenwashing scenarios together with the climate transition risk, and assessed similarly material given a 1 year horizon.

Overall the improved methodology of the NFR materiality assessment led to an improved insight in the NFR risks for 1, 5 and 30-year horizons.

Capital

Capital management strategy
The primary objective of the bank's capital management strategy is to ensure that capital adequacy requirements are met at all times and that sufficient capital is available to support the bank's strategy. Capital is a necessary resource for doing business and defines the bank's commercial possibilities. The balance between available and required capital is managed centrally to optimise the use of available capital. The basis of the capital management strategy is the bank's risk appetite and its business plans. Other important factors of managing the capital position are expectations and requirements of external stakeholders (such as regulators, investors, shareholders, equity analysts, rating agencies and clients), the bank's position in the market, market developments, contingent capital needs and the feasibility of capital management actions. Although ABN AMRO manages its capital centrally, the group companies are sufficiently capitalised to comply with all local regulatory solvency requirements and to meet any local business needs. ABN AMRO's banking activities are carried out by legal entities that are part of the bank's fiscal unity. Apart from prevailing statutory and regulatory legislation, there are no specific material impediments for prompt transfer of the bank's regulatory capital.

Dividend policy and Capital Framework
The bank's dividend policy takes into account matters including current and pending regulatory capital requirements, our risk profile, growth in commercial activities and market factors. The dividend payout is determined in light of the bank's moderate risk profile and regulatory changes and to ensure that dividend payments can be maintained in the future.

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

We have updated our capital framework. We have removed the 15% threshold for considering share buybacks. We are targeting a fully-loaded Basel IV ratio of 13.5% by year-end 2026, reflecting our regulatory capital requirements.

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 the time of publishing the Q4 results.

Any distribution of dividend remains discretionary, and ABN AMRO may propose deviations from the above policy.

Capital measurement and allocation
Capital adequacy is measured and monitored on an ongoing basis against target capital ratios, which are derived from the bank's overall risk appetite and strategy. Capital projections and stress test scenarios, both market-wide and bank-specific, are used to ensure that actual and future capital levels remain above the targets. Capital is allocated to businesses in a way that optimises the long-term value of the bank while serving the bank's strategic objectives. In the capital allocation process, both risk-based and non-risk-based return parameters are considered, taking into account economic and regulatory capital requirements. This process ensures that the bank meets its return targets while maintaining a moderate risk profile in line with its risk appetite.

Contingency capital management
Contingency plans are in place to address any capital issues arising. The Contingency Capital Plan provides a framework for detecting capital adequacy stress by setting out various early warning indicators. The plan also sets out a range of actions that can be undertaken, based on the level of severity and urgency of the issues.

Recovery and resolution planning
The Bank Recovery and Resolution Directive (BRRD) requires a recovery plan and a resolution plan to be in place. ABN AMRO submitted a reviewed and updated version of its bank recovery plan to the ECB in December 2023. The Single Resolution Board (SRB) has prepared a resolution plan, in which it concluded a Single-Point-of-Entry as the preferred resolution strategy, with ABN AMRO Bank N.V. as the resolution entity and bail-in is the preferred resolution tool.

Capital structure

Regulatory capital structure Audited

(in millions)		31 December 2023		31 December 2022
Total equity (EU IFRS)		**24,168**		**22,814**
Cash flow hedge reserve		250		946
Dividend reserve		-770		-601
AT1 capital securities (EU IFRS)		-1,987		-1,985
Share buyback reserve		-500		-500
Regulatory and other adjustments		-1,157		-1,167
Common Equity Tier 1		**20,003**		**19,507**
AT1 capital securities (EU IFRS)		1,987		1,985
Regulatory and other adjustments		-5		-3
Tier 1 capital		**21,985**		**21,489**
Subordinated liabilities (EU IFRS)	5,572		7,290	
Regulatory and other adjustments	-1,294		-1,842	
Tier 2 capital		**4,279**		**5,449**
Total regulatory capital		**26,264**		**26,938**

Regulatory capital flow statement Audited

(in millions)	2023	2022
Common Equity Tier 1 capital		
Balance at 1 January	**19,507**	**19,206**
Addition of net profit attributable to owners of the parent company	2,697	1,868
Reserved dividend	-770	-601
Interim dividend paid	-537	-287
Other, including regulatory adjustments	-893	-678
Balance at 31 December	**20,003**	**19,507**
Additional Tier 1 capital		
Balance at 1 January	**1,982**	**1,982**
Newly issued Tier 1 eligible capital instruments		
Redeemed Tier 1 eligible capital instruments		
Balance at 31 December	**1,982**	**1,982**
Tier 1 capital	**21,985**	**21,489**
Tier 2 capital		
Balance at 1 January	**5,449**	**5,136**
New issued Tier 2 eligible capital instruments	746	1,524
Redeemed Tier 2 ineligible capital instruments	-1,385	-996
Other, including regulatory adjustments	-531	-216
Balance at 31 December	**4,279**	**5,449**
Total regulatory capital	**26,264**	**26,938**

MREL

(in millions)	31 December 2023	31 December 2022
Regulatory capital	26,264	26,938
Other MREL eligible liabilities[1]	17,772	11,827
Total MREL eligible liabilities	**44,036**	**38,765**
Total risk-weighted assets	140,187	128,593
MREL	31.4%	30.1%

[1] Other MREL eligible liabilities consists of subordinated liabilities that are not included in regulatory capital.

RWA Audited

(in millions)	31 December 2023	31 December 2022
Credit risk	**122,548**	110,621
- of which standardised	*9,402*	*10,203*
- of which advanced	*113,146*	*100,418*
Operational risk	**15,465**	15,967
- of which standardised		*533*
- of which TSA approach	*15,465*	
- of which advanced		*15,434*
Market risk	**2,175**	2,005
- of which standardised	*2*	*2*
- of which advanced	*2,173*	*2,003*
Total RWA	**140,187**	**128,593**

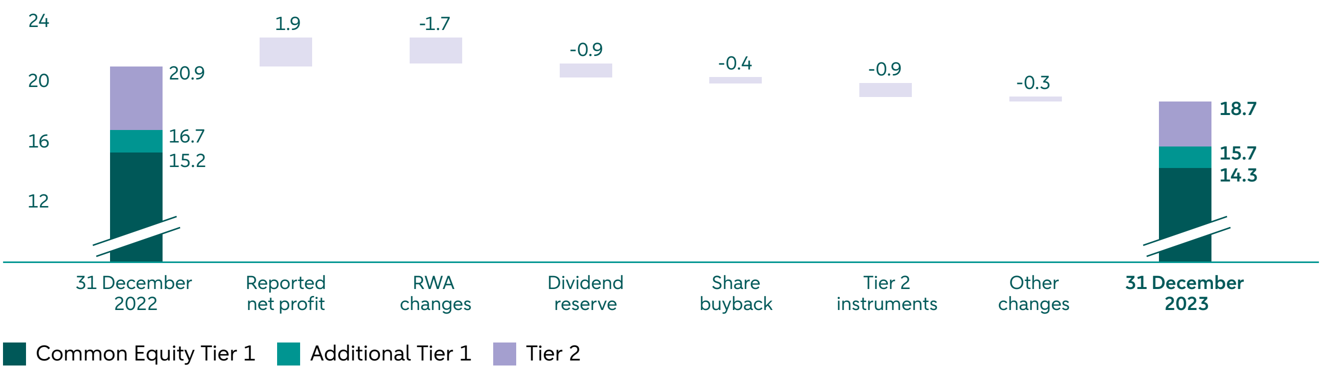
Main developments in capital position

On 31 December 2023, the Basel III Common Equity Tier 1 (CET1), Tier 1 and total capital ratios were 14.3%, 15.7% and 18.7% respectively (31 December 2022: 15.2%, 16.7% and 20.9% respectively). The CET1 capital ratio decreased compared to 31 December 2022 due to an increase in RWA, partly offset by an increase in CET1 capital. The EUR 11.6 billion increase in RWA mainly reflects an increase in credit risk RWA. Credit risk RWA was up as a result of new model risk add-ons, the migration of specific portfolios from the Advanced IRB approach to Foundation IRB and to the Standardised Approach and business developments. The CET1 capital position increased mainly due to the addition of the net profit for 2023 (after dividend and AT1 coupon payments), partly offset by the permission granted by the ECB for a third share buyback of EUR 500 million. All capital ratios were in line with the bank's risk appetite and were comfortably above regulatory requirements.

The following chart shows the primary drivers of the Basel III capital ratios in 2023.

Developments impacting capital ratios in 2023

(in %)



The maximum distributable amount (MDA) trigger level (excluding AT1 shortfall) increased to 10.6% (31 December 2022: 9.7%), mainly due to the Dutch central bank (DNB) increasing the countercyclical capital buffer (CCyB) for Dutch exposures to 1% from 25 May 2023. 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 an MDA trigger level (excluding AT1 shortfall) of 10.7% at 1 January 2024.

DNB will also increase the countercyclical capital buffer (CCyB) to 2% (from 1%) and lower the O-SII buffer to 1.25% (from 1.50%) from 31 May 2024. Together with the announced CCyB increases in other countries, the combined effect of these measures resulted 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% at 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 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.

MREL

Based on the eligible liabilities, i.e. own funds, subordinated instruments and senior non-preferred (SNP) notes, the MREL ratio increased to 31.4% at 31 December 2023 (31 December 2022: 30.1%). The increase was mainly driven by issuances of senior non-preferred instruments and the increase in CET1 capital, partly offset by the increase in RWA.

Our intermediate MREL target at 31 December 2023 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. At 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 in 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.

Developments impacting capital ratios in 2023

Common Equity Tier 1 capital

CET1 capital increased in 2023, mainly reflecting the addition of the net profit for 2023 (after dividend and AT1 coupon payments), partly offset by the permission granted by the ECB for a third share buyback of EUR 500 million. The reported CET1 ratio of 14.3% under Basel III is considerably above the MDA trigger level of 10.6%.

Additional Tier 1

A total of EUR 2.0 billion of AT1 instruments is currently outstanding, which equates in 1.4% of RWA versus a requirement of 1.9%. Post balance sheet date, the AT1 shortfall of 0.5% / EUR 0.6 billion per 31 December 2023, has been mitigated through an additional AT1 issuance of EUR 0.75 billion (issued 26 February 2024, settled 4 March 2024).

The AT1 instruments have triggers at the bank consolidated level (7.0% CET1) and solo level (5.125% CET1). If the CET1 ratio breaks through the trigger level, the AT1 is temporarily written down. ABN AMRO is comfortably above the trigger levels, with the bank consolidated CET1 ratio at 14.3% and the bank solo CET1 ratio at 13.9%. Available distributable items on 31 December 2023 amounted to EUR 21.3 billion (31 December 2022: EUR 19.8 billion).

Tier 2 capital

The fully-loaded total capital ratio of 18.7% decreased by 2.2 percentage points compared to 31 December 2022 (20.9%). This was mainly due to the increase in RWA and lower Tier 2 capital, partly offset by the increase in CET1 capital. A T2 instrument of EUR 0.75 billion was issued on 21 June 2023. A T2 instrument of USD 1.5 billion was called for early redemption on 23 March 2023. The reported Tier 2 layer of 3.1% is above the required level of 2.5% (combined requirement of pillar 1 and 2).

Senior non-preferred instruments

A total of EUR 16.4 billion of senior non-preferred instruments is currently outstanding. The bank issued a total of EUR 5.6 billion of senior non-preferred notes during the year under review. The senior non-preferred layer combined with total capital results in MREL eligible instruments of EUR 44.0 billion per year-end 2023.

Risk-weighted assets
Total RWA rose to EUR 140.2 billion (31 December 2022: EUR 128.6 billion), predominantly driven by credit risk RWA. Credit risk RWA was up as a result of new model risk add-ons, the migration of specific portfolios from the Advanced IRB approach to Foundation IRB and to the Standardised Approach and business developments. Market risk RWA increased over the year as a whole, while Operational risk and CVA risk (counterparty credit risk) RWA decreased.

Further information on share capital, dividend and capital instruments
Share capital
At 31 December 2023, the authorised share capital amounted to EUR 2,400 million, distributed as 2,200 million class A ordinary shares and 200 million class B ordinary shares. Class A and B ordinary shares have a nominal value of EUR 1.00 each.

At 31 December 2023, issued and paid-up capital amounted to EUR 865,575,379 (31 December 2022: EUR 897,521,916) and consisted entirely of class A ordinary shares. Further information is provided in Note 33 Equity attributable to owners of the parent company in the Consolidated Annual Financial Statements.

Dividend and share buybacks
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 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 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.

On 8 February 2023, in line with our capital framework, we announced our second share buyback programme of EUR 500 million. The programme commenced on 9 February 2023 and was completed on 11 April 2023. Under the programme, 31,946,537 ordinary shares and depositary receipts of ABN AMRO Bank N.V. were repurchased. Upon completion of the share buyback programme and cancellation of the ordinary shares and depositary receipts, the outstanding number of ordinary shares and depositary receipts of ABN AMRO Bank N.V. is 865,575,379. The NLFI, being a majority shareholder, participated in the share buyback programme pro-rata to its holding of 56.3% of shares and depositary receipts via off-market transactions, thereby maintaining its relative stake in the company.

Our capital position remained strong, with a fully-loaded Basel III CET1 ratio of 14.3% and a Basel IV CET1 ratio of around 15%. In line with our updated capital framework we have announced our third share buyback programme of EUR 500 million to further optimise our capital position. This programme commenced on 15 February 2024 and is expected to end by June 2024 at the latest.

Capital instruments Audited

(in millions)	ISIN/CUSIP	Maturity date	First possible call date	31 December 2023 Nominal amount	31 December 2023 Carrying amount	31 December 2022 Nominal amount	31 December 2022 Carrying amount
Tier 1[1]							
EUR 1,000 million 4.375% per annum	XS2131567138	Perpetual	September 2025	1,000	993	1,000	991
EUR 1,000 million 4.75% per annum	XS1693822634	Perpetual	September 2027	1,000	994	1,000	994
Total Tier 1 capital instruments				**2,000**	**1,987**	**2,000**	**1,985**
Tier 2							
USD 1,500 million 4.75% per annum	US00080QAF28 / XS1264600310	July 2025		1,357	1,338	1,405	1,360
USD 1,000 million 4.8% per annum	US0008DAL47 / XS1392917784	April 2026		905	860	937	868
EUR 1,000 million 2.875% per annum	XS1346254573	January 2028	January 2023			1,000	1,027
USD 300 million 5.6% per annum	XS1385037558	April 2031		271	245	281	249
SGD 750 million 5.5% per annum	XS2498035455	October 2032	July 2027	514	522	524	520
EUR 1,000 million 5.125% per annum	XS2558022591	February 2033	November 2027	1,000	1,049	1,000	979
USD 1,000 million 3.324% per annum	US00084DAV29 / XS2415308761	March 2037	December 2031	905	774	937	778
EUR 750 million 5.5% per annum	XS2637967139	September 2033	June 2028	750	779		
USD 113 million 7.75% per annum	US00080QAD79 / USN0028HAP03	May 2023				106	103
USD 1,500 million 4.4% per annum	XS1586330604	March 2028	March 2023			1,405	1,392
EUR various smaller instruments		2023 -2025		4	4	14	14
Total Tier 2 capital instruments				**5,706**	**5,572**	**7,609**	**7,290**
- of which eligible for regulatory capital:							
Basel III, Tier 1 (fully-loaded)				2,000		2,000	
Basel III, Tier 2 (fully-loaded)				4,279		5,449	

[1] AT1 capital securities. For both AT1 instruments, the CET1 Trigger levels are 7.0% for ABN AMRO Bank level, and 5.125% for ABN AMRO Bank solo level. The amount of available distributable items for ABN AMRO Bank N.V. per 31 December 2023 totals EUR 21.3 billion (31 December 2022: EUR 19.8 billion).

Movements in subordinated liabilities Audited

(in millions)	2023 Carrying amount	2022 Carrying amount
Balance as at 1 January	**7,290**	**7,549**
Cash flows		
Issuance	776	1,540
Redemption	-2,504	-1,602
Non-cash changes		
Foreign exchange differences	-143	360
Fair value changes hedge accounting	143	-533
Other	10	-23
Balance as at 31 December	**5,572**	**7,290**

Minimum capital requirements

The Pillar 1 capital requirement is the absolute minimum amount of capital required to cover the three major types of risk a bank faces: credit risk, operational risk and market risk, as determined in the Capital Requirements Directive (CRD) IV Pillar 1 framework. The following table provides an overview of RWA and minimum capital requirements per risk type, category of exposure and regulatory approach.

Minimum capital requirements

	31 December 2023		31 December 2022	
(in millions)	Capital requirement	RWA	Capital requirement	RWA
Credit risk IRB				
Institutions[1]	174	2,180	148	1,847
Corporates	4,455	55,693	4,280	53,501
Retail	1,405	17,563	1,351	16,891
- of which secured by immovable property	*1,273*	*15,917*	*1,235*	*15,431*
- of which qualifying revolving exposures	*11*	*139*	*11*	*136*
- of which other retail	*121*	*1,507*	*106*	*1,323*
Equities not held for trading	284	3,549	247	3,091
Securitisation positions	22	277	20	253
Other[2]	2,711	33,883	1,987	24,835
Total credit risk IRB	**9,052**	**113,146**	**8,033**	**100,418**
Credit risk SA				
Central governments and central banks	28	347	41	515
Institutions[1]	104	1,304	75	939
Corporates	422	5,278	468	5,854
Retail	136	1,703	182	2,272
Secured by mortgages on immovable property	19	233	12	152
Exposures in default	18	219	13	158
Credit valuation adjustment	21	261	22	274
Other[2]	5	57	3	39
Total credit risk SA	**752**	**9,402**	**816**	**10,203**
Other risks				
Market risk	174	2,175	160	2,005
- of which Standardised Approach		*2*		*2*
- of which Internal Model Approach	*174*	*2,173*	*160*	*2,003*
Operational risk	1,237	15,465	1,277	15,967
- of which Standardised Approach[3]			*43*	*533*
- of which TSA approach	*1,237*	*15,465*		
- of which Advanced Measurement Approach			*1,235*	*15,434*
Total other risks	**1,411**	**17,639**	**1,438**	**17,973**
Total	**11,215**	**140,187**	**10,287**	**128,593**

[1] Institutions include exposures to banks and investment companies, regional and local governments and pension funds.
[2] Other includes the impact of the DNB mortgage risk-weight floor for (IRB) mortgages, as well as add-ons the bank has taken in relation to a number of its IRB models and also includes the non-credit obligation assets.
[3] Including Basic Indicator Approach.

Main regulatory developments

EU implementation of Basel IV via CRR 3 and CRD 6 has been finalised and endorsed by the European Council and Parliament. The legislative texts are still subject to legal revision and a final vote. The implementation date for the new CRR rules has been confirmed to be 1 January 2025.

Impact of CRD V/CRR2 fully-loaded rules on capital ratios

	31 December 2023	31 December 2022
Common Equity Tier 1 capital	20,003	19,507
Common Equity Tier 1 ratio	14.3%	15.2%
Common Equity Tier 1 ratio (Basel IV)[1]	15%	16%
Tier 1 capital	21,985	21,489
Tier 1 ratio	15.7%	16.7%
Total regulatory capital	26,264	26,938
Total capital ratio	18.7%	20.9%
RWA	140,187	128,593
Leverage ratio (SA-CRR)	5.3%	5.2%

1 Basel IV results are based on fully-loaded figures, rounded to the nearest whole percent and subject to the implementation of Basel IV standards into EU legislation.

Leverage ratio

(in millions)	31 December 2023	31 December 2022
Tier 1 capital	**21,985**	**21,489**
Exposure measure (CRR2)		
On-balance sheet exposures	377,909	379,581
Off-balance sheet exposures	31,413	30,452
On-balance sheet netting	3,646	5,014
Derivative exposures	4,008	3,677
Securities financing exposures	2,379	2,248
Other regulatory measures	-6,399	-7,448
Exposure measure	**412,957**	**413,525**
Leverage ratio	5.3%	5.2%

The Capital Requirements Regulation (CRR) includes a non-risk-based leverage ratio. The leverage ratio requirements were amended by CRR2, which introduced a binding leverage ratio requirement of at least 3% and amended the requirements for calculating the exposure measure. The amendment includes the application of SA-CCR to clearing guarantees on derivative exposures. The leverage ratio increased to 5.3% at 31 December 2023 (31 December 2022: 5.2%), mainly due to a decrease in on-balance sheet exposures and an increase in CET1 capital. The exposure measure is reported to the Asset and Liability Committee (ALCO) at the business line level and monitored closely in order to ensure the leverage ratio remains within the bank's risk appetite. The leverage ratio outlook takes account of business-specific plans, as well as macroeconomic conditions, regulatory developments and capital-related uncertainties. In the event of risk appetite breaches for the leverage ratio, the bank-wide escalation paths for capital and funding are followed.

Management Control Statement

ABN AMRO publishes this Management Control Statement to demonstrate its accountability for risk management and culture, as stipulated in provisions 1.4 and 2.5 of the Dutch Corporate Governance Code.

- By virtue of provision 1.4 (Risk management accountability) of the Dutch Corporate Governance Code, ABN AMRO's Executive Board is required to account for the effectiveness of the design and operation of the bank's internal risk management and control systems.
- By virtue of provision 2.5 (Culture) of the Code, the Executive Board is responsible for creating a culture aimed at sustainable long-term value creation for the company and its affiliated enterprises.
- By virtue of Principle 2.5.4 (Reporting on culture), the Executive Board is required to explain the bank's values and how these values are incorporated into the activities of the company and its affiliated enterprises, and to account for the effectiveness of and the bank's compliance with the Code of Conduct.

The Management Control Statement consists of four sections:

A. Insights into our Risk management governance processes and control systems for 2023;
B. Factors that potentially impact ABN AMRO's current business model;
C. Areas at risk of non-compliance with regulations and heightened regulatory scrutiny;
D. Areas of attention for ABN AMRO identified by senior management.

Section A: Risk Management Governance

ABN AMRO's internal risk management and control process is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Strategic and business objectives;
- Compliance with laws, regulations and internal policies;
- Reliability of financial and non-financial information;
- Effectiveness and efficiency of operations; and
- Safeguarding of assets, and identification and management of liabilities.

ABN AMRO's first and second lines of defence perform a variety of tests and controls – risk assessments, stress tests, and evaluations of the effectiveness of controls– regarding our risk management and control systems. The results are reported in formal risk reports and discussed at senior management level.

ABN AMRO continuously upgrades the effectiveness of its risk control framework. This includes fostering a strong risk culture via, for example, a culture change, and by elevating credit risk and non-financial risk management as well as upgrading data, IT and reporting.

Group Audit, the third line of defence, evaluates the design and effectiveness of ABN AMRO's governance, as well as its risk management and control systems. In 2023, Group Audit's reports were discussed with relevant Executive Board members. Group Audit attended the Executive Board meetings every quarter to discuss the Quarterly Audit Opinions.

On an annual basis, the Executive Board makes the following statements and provides clear substantiation regarding the internal risk management and control systems. This is always done in accordance with ABN AMRO's moderate risk profile (in compliance with best practice provision 1.4.3 of the Corporate Governance Code and based on ABN AMRO's risk management processes):

- The Executive Board's report, which is an integral part of the Integrated Annual Report 2023, provides insight into any failings in the effectiveness of the internal risk management and control systems (best practice 1.4.3.i);
- The internal risk management and control systems provide reasonable assurance that the financial reporting for 2023 does not contain any material inaccuracies (best practice 1.4.3.ii);

- Based on the current situation, preparation of the financial reporting for 2023 on a going-concern basis is justified (best practice 1.4.3.iii). For further information, please refer to Note 1 Accounting policies in the Consolidated Annual Financial Statements;
- The Executive Board's report sets out any material risks and uncertainties that may affect ABN AMRO's continuity for the 12-month period following the preparation of the report (best practice 1.4.3.iv);
- The Executive Board's report outlines the bank's values, and how they are incorporated into the activities of the bank and its affiliated enterprises. It discusses the bank's compliance with the Code of Conduct (best practice 2.5.4).

For more information, please refer to the Risk framework section.

Section B: Factors that potentially impact ABN AMRO's current business model

The Executive Board has identified the following factors with potential impact on ABN AMRO's business model:
- Geopolitical tensions
- Macroeconomic developments
- Pressure on business volumes, margins and costs
- Ongoing challenges to comply with a fast-changing regulatory landscape
- Other significant corporate developments

Geopolitical tensions

In 2023 ABN AMRO, like other banks, had to cope with the intensified sanctions regime resulting from the ongoing war in Ukraine and an economy with steeply rising interest rates. 2024 is expected to be a year of normalised inflation and central banks ending a cycle of interest rate hikes. However new geopolitical risks could arise from the outcome of the US presidential elections, the Middle East conflict and the European Commission's investigation into Chinese electric vehicle subsidies. This could lead to new import tariffs, pressure on inflation and upward pressure on interest rates and with that a risk of economic weakness.

ABN AMRO has committed to supporting European and national energy transition policies and has set targets for itself and its clients in the bank's climate strategy.

Pressure on business volumes, margins and costs

Competition in ABN AMRO's core markets is putting pressure on its ability to grow. Examples include pressure on the bank's market share in mortgages and the highly competitive banking environment in Northwest Europe. Furthermore climate change risk could lead to financial risk for example related to real estate lending.

ABN AMRO is continuously anticipating on changing client preferences. Foundational aspects of transaction banking are addressed such as changes in ecosystem, regulatory requirements, further strengthening processes and IT environment by strategic programme activities which include improving digital contact with our customers.

Moreover ABN AMRO remains committed to cost discipline, expecting higher costs in 2024 for data capabilities, further digitalisation of processes and the Sustainable Finance Regulation. We will continue to invest in simplifying our IT and application landscape, which should help, over time, to reduce maintenance costs.

Fast-changing regulatory landscape

ABN AMRO has an intrinsic motivation to comply with the fast-changing regulatory landscape:
- Complying with the regulatory environment is characterised by adapting business processes to many new laws and regulations, especially in the area of sustainable financing, privacy and digital resilience (DORA) as well as more detailed disclosure requirements for non-financial risks. This comes with an accumulation of change and cost pressure on ABN AMRO.
- ABN AMRO has defined sustainability as one of its strategic pillars since 2018. Developments in sustainability offer both opportunities and challenges for the bank. For example, supporting our clients with advice and financing solutions in this area also benefits ABN AMRO.
- However, sustainability regulations and expectations expose ABN AMRO to a wide range of reputational and legal risks if expectations are not met, for example regarding the bank's climate strategy.

- As ABN AMRO - like other banks - matures in its environmental, social and governance (ESG) activities, it also needs to keep up with challenging external regulations (such as the Corporate Sustainability Reporting Directive, CSRD). Future legal and financial consequences are conceivable if clients underperform on sustainability criteria and the bank decides to terminate these relationships.
- To mitigate the risks relating to incomplete or incorrect ESG risk disclosures, the current control framework is continuously assessed and improved to ensure sufficient coverage of these disclosures, including the quality of the data used. ABN AMRO actively manages ESG risk by incorporating this risk in its risk management practices, most importantly in its credit risk management activities.

For more information, please refer to the Sustainability Statements section.

Other significant corporate developments

The Executive Board is continuing to shape a digitalised future-proof bank with a focus on business activities in Northwest Europe and sustainability as one of its core pillars. Priority is being given to growth initiatives and the Risk Management Foundation Plan that aims to strengthen credit and non-financial risk management. The wind-down of the bank's non-core activities has been completed.

Section C: Areas with a risk of non-compliance with regulations and heightened regulatory scrutiny

Ensuring demonstrable compliance requires robust risk governance, enhanced data management and sufficient resources. ABN AMRO finds it important to live up to the bank's own expectations as well as those of regulators, clients and society at large. Failing to meet these expectations could lead to reputational damage, fines, claims and adverse changes in ABN AMRO's income, costs or capital basis, all of which could endanger its long-term goals. The main areas with a risk of non-compliance with regulations and heightened regulatory scrutiny are described below. Updates on the progress of remediation programmes are also provided.

- **Anti-Money Laundering (AML) and Counter-Terrorism Financing (CFT), including Customer Due Diligence/Know Your Client.** ABN AMRO is highly dedicated to enhance its internal processes and systems to contribute to the prevention of financial economic crime. We are validating the AML client file remediation while additional work continues to increase the effectiveness of our measures and to reach a sustainable and adequate level that meets regulatory requirements. We are in a continuous dialogue with the Dutch central bank which is regularly informed and is closely monitoring our progress.

  An area of increased attention is sanctions, specifically the monitoring of embargoed goods and sanction evasion through countries close to sanctioned countries. For more information, please refer to the Business conduct section of Sustainability Statements.
- **Duty of care towards the bank's clients.** The goals of ABN AMRO and the expectations of external stakeholders continue to be high when it comes to the bank's duty of care. After the successful implementation of the bank-wide Duty of Care programme in the bank's regular governance and processes, the bank's practices regarding Duty of Care have matured. Upcoming EU regulations and case law developments are raising the bar for client protection expectations. The bank stays therefore focused on sufficiently monitoring clients during the full client life cycle and meeting all requirements regarding the provision of accurate, clear and non-misleading information to clients. Attention is also given to the implementation of MiFID II regulations which requires updating and monitoring of the bank's applications and control framework in various parts of the bank. Furthermore ABN AMRO continues its efforts to inform and engage with clients on the repayment of interest only mortgages, in addition to the continued assessment of its risk methodology.

- **Product pricing.** There is an increasing demand in society for transparent pricing of banking products. ABN AMRO is seeing an increased risk of claims and liability regarding product pricing for consumer loans and loans to micro and small enterprises. Examples of pricing topics are the use of variable interest for consumer credits and mortgages. ABN AMRO continues to monitor pricing risks to ensure transparent pricing and sufficient communication to clients.
- **Privacy.** The implementation of regulations is complex because of its wide-ranging applicability and principle based nature. ABN AMRO has implemented a programme based approach to ensure it meets requirements.
- **Fraud.** This requires continuous vigilance, especially as society and our bank are further digitalising and fraudsters are constantly adapting their modus operandi. The impact on clients is not only financial, but also emotional and could also lead to financial losses or reputational damage for ABN AMRO. Collaboration within the bank and with public and private partners aims to ensure the bank has a state-of-the-art internal fraud risk management framework. For more information, please refer to Customer experience in the Strategy, value creation & performance chapter.
- **Credit Risk Management. Regulatory attention regarding credit risk management remains high.** Based on a self-assessment ABN AMRO provided a comprehensive action plan describing how to structurally enhance the credit chain. The self-assessment amongst others resulted in solutions to increase the level of control over the existing data infrastructure, data availability, data quality and a comprehensive view of actions with timelines to resolve self-assessment findings. The action plan includes the Future Credit Domain programme (FCD), a strategic priority programme that focuses on improving the credit chain. The ECB supervisory review process has resulted in a preliminary capital requirements proposal to increase the Pillar 2 requirement by 0.25% to 2.25% for 2024. The increase mainly reflects improvements required in the area of BCBS 239 compliancy and the internal ratings-based (IRB) approach. ABN AMRO is continuously evaluating and updating its model landscape. With regard to the credit risk models used for RWA calculation it has created a Return to Compliance plan to bring all credit risk models further in line with regulations.

  In light of requirements under CRR3 (Basel IV) ABN AMRO plans to adjust the approach for several risk exposure types will be adjusted to less sophisticated approaches. More information on this is provided in the Credit risk management section

In the past, ABN AMRO's legal predecessor, Fortis Bank (Nederland) N.V., ABN AMRO and several (former) subsidiaries were directly or indirectly involved in transactions relating to equity trading extending beyond dividend record dates, including several forms of tainted dividend arbitrage, i.e. tainted dividend stripping, including cum/ex and cum/cum. ABN AMRO or subsidiaries could face financial consequences as a result of their involvement in these transactions. These could include corporate administrative fines and other measures under both criminal and civil law claims. The bank has been implementing measures to prevent any future involvement in tainted dividend arbitrage.

Overall, continuous improvement to ensure compliance with regulations requires a substantial, ongoing effort, especially with regard to the regulatory areas mentioned above.

Section D: Areas of attention identified by senior management

The Executive Board has identified and agreed on the following areas of improvement, which are being actively managed by senior management:

- **Information risks:** To ensure up-to-date cyber security measures ABN AMRO continuously invests and makes risk-based choices between client functionality on the one hand and solutions aimed at addressing IT vulnerabilities on the other. Relevant actions have been taken to manage risk exposure and making systems more robust and fit for purpose. However, substantial efforts are still required in order to improve the IT infrastructure, which is complex due to legacy systems. Additionally emerging trends such as artificial intelligence need to be incorporated in our IT landscape and risk management in an appropriate manner.

- **Data management:** Data and data management processes are essential parts of the bank's strategic ambitions and key for sound risk taking, innovation and digitalisation, detecting financial crime, cost efficiency, ESG reporting and competitive edge. To underline the importance of data management, data risk is now managed and monitored explicitly via the Federated Data Governance Model that links ABN AMRO's corporate governance to data governance in data domains. The implementation of this model is expected to improve the quality of data, data ownership, data knowledge and a complex IT infrastructure.
- **Change risk:** ABN AMRO's change portfolio is large and complex while the bank is faced with scarcity of skilled resources which is hampering the achievement of goals set in the areas of growth, digitalisation, cost containment and regulatory compliance. During 2023 the bank further improved its priority setting, programme governance, change execution and performance measurement. Significant progress has been made in the various areas of change. These developments bode well for the future but navigating the complexities of the change portfolio and fully embedding the renewed structures into practice is expected to require significant and ongoing attention by ABN AMRO and its subsidiaries.
- **People and culture:** It remains challenging for ABN AMRO to attract, develop and retain the right people with the right skills. Although the labour market in general is less stressed than last year, there is still a lack of critical skills for specific areas. Efforts are being made to mitigate these risks through carefully managed HR programmes, which focus on strategic workforce management, determining critical skill needs per segment and facilitating reskilling, upskilling and attracting new people.

  In 2023 a wide range of actions were initiated to strengthen employee engagement, improve our work climate and act on feedback. As a result ABN AMRO's Employee Engagement Survey scores increased considerably in 2023. HR works closely with the Executive Board and all business units in order to:
  - Enhance performance management practices;
  - Strengthen leadership development and embed a consistent narrative on the bank's vision and direction throughout the organisation;
  - Enhance the attractiveness of ABN AMRO as an employer through brand positioning.

In the meantime, measures have been taken to minimise and mitigate the risks regarding all areas of improvement. For instance, Business Process Management activities improve control of the bank's processes, non-financial risks and digitalisation. These activities are expected to support the bank's reporting on the control effectiveness in the proposed VOR risk management statement (Verklaring Omtrent Risicobeheersing, for which it is expected that this will be incorporated in the Dutch Corporate Governance Code). ABN AMRO is preparing for this implementation.

It should be noted that ABN AMRO's internal risk management and control systems do not provide complete assurance on the realisation of business objectives, nor do they always prevent or detect inaccuracies, fraud and non-compliance with rules and regulations.

Additional risk, funding & capital disclosures

The following section includes additional disclosures on risk, funding and capital. This mandatory information is provided in accordance with EU IFRS and EDTF. This section is supplemental to the core analysis provided in the Risk, funding & capital review section and provides additional or more detailed information.

Credit quality by exposure class under the Internal Ratings-Based (IRB) approach

The following tables provide an overview of the EAD, RWA and LGD buckets by exposure class and grade category.

IRB approach: credit quality by exposure class

							31 December 2023
		Total			LGD 0-20%	LGD 20-50%	LGD >50%
(in millions)		EAD	RWA	RWA/EAD	EAD (%)	EAD (%)	EAD (%)
Exposure class	**Grade category**						
Institutions[1]	Investment grade	8,890	1,681	19%	43%	48%	9%
	Sub-investment grade	283	499	177%	8%	89%	3%
	Impaired						
	Total	**9,173**	**2,180**	**24%**	**42%**	**49%**	**9%**
Corporates	Investment grade	48,964	21,491	44%	22%	76%	2%
	Sub-investment grade	47,861	31,259	65%	18%	80%	1%
	Impaired	2,987	2,944	99%	38%	59%	3%
	Total	**99,812**	**55,693**	**56%**	**21%**	**77%**	**2%**
Retail	Investment grade	133,993	8,353	6%	98%	2%	0%
	Sub-investment grade	26,773	7,453	28%	91%	9%	1%
	Impaired	1,582	1,757	111%	5%	94%	1%
	Total	**162,347**	**17,563**	**11%**	**96%**	**4%**	**0%**
Securitisation positions	Investment grade	2,205	277	13%	100%		
	Sub-investment grade						
	Impaired						
	Total	**2,205**	**277**	**13%**	**100%**	**0%**	**0%**
Total	Investment grade	194,052	31,802	16%	76%	23%	1%
	Sub-investment grade	74,916	39,212	52%	44%	55%	1%
	Impaired	4,569	4,701	103%	26%	71%	2%
	Total[2]	**273,537**	**75,714**	**28%**	**67%**	**32%**	**1%**

[1] Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
[2] Exposure at Default does not include other non-credit obligations and equities not held for trading, because these items are not subject to credit risk grading.

IRB approach: credit quality by exposure class

							31 December 2022
		Total			LGD 0-20%	LGD 20-50%	LGD >50%
(in millions)		EAD	RWA	RWA/EAD	EAD (%)	EAD (%)	EAD (%)
Exposure class	**Grade category**						
Institutions[1]	Investment grade	7,813	1,532	20%	43%	48%	9%
	Sub-investment grade	170	314	185%	8%	89%	3%
	Impaired						
	Total	**7,983**	**1,847**	**23%**	**42%**	**49%**	**9%**
Corporates	Investment grade	48,776	20,558	42%	22%	76%	2%
	Sub-investment grade	48,823	29,289	60%	18%	80%	1%
	Impaired	3,483	3,654	105%	38%	59%	3%
	Total	**101,083**	**53,501**	**53%**	**21%**	**77%**	**2%**
Retail	Investment grade	132,134	8,506	6%	98%	2%	0%
	Sub-investment grade	26,933	6,940	26%	91%	9%	1%
	Impaired	1,457	1,445	99%	5%	94%	1%
	Total	**160,525**	**16,891**	**11%**	**96%**	**4%**	**0%**
Securitisation positions	Investment grade	2,043	253	12%	100%		
	Sub-investment grade						
	Impaired						
	Total	**2,043**	**253**	**12%**	**100%**	**0%**	**0%**
Total	Investment grade	190,767	30,850	16%	76%	23%	1%
	Sub-investment grade	75,927	36,544	48%	44%	55%	1%
	Impaired	4,940	5,098	103%	28%	69%	3%
	Total[2]	**271,634**	**72,492**	**27%**	**66%**	**33%**	**1%**

[1] Institutions include exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.
[2] Exposure at Default does not include other non-credit obligations and equities not held for trading, because these items are not subject to credit risk grading.

Additional information on exposure flows
Gross carrying amount – residential mortgages Audited

				2023				2022
(in millions)	Stage 1[1,2]	Stage 2[1,2]	Stage 3[1,2,3]	Total[1,2,3]	Stage 1[1,2]	Stage 2[1,2]	Stage 3[1,2,3]	Total[1,2,3]
Balance at 1 January	**140,450**	**9,169**	**1,143**	**150,762**	**137,063**	**8,025**	**1,264**	**146,351**
Transfer to stage 1	2,927	-2,922	-5		3,838	-3,823	-15	
Transfer to stage 2	-6,111	6,435	-324		-6,587	7,023	-436	
Transfer to stage 3	-306	-383	689		-257	-338	595	
Additional drawdowns and partial repayments	-10,497	-904	-7	-11,408	-14,064	-1,509	-232	-15,805
Originated or purchased	13,824			13,824	22,879			22,879
Matured or repaid	-1,605	-280	-202	-2,088	-2,421	-208	-31	-2,660
Write-offs			-1	-1			-3	-3
Foreign exchange				1	1			1
Other movements	-11			-11				
Balance at 31 December	**138,671**	**11,115**	**1,292**	**151,078**	**140,450**	**9,169**	**1,143**	**150,762**

[1] Excluding loans at fair value through P&L.
[2] Gross carrying amount excludes fair value adjustments from hedge accounting.
[3] Including POCI.

Gross carrying amount – consumer loans Audited

(in millions)	2023 Stage 1[1,2]	Stage 2[1,2]	Stage 3[1,2,3]	Total	2022 Stage 1[1,2]	Stage 2[1,2]	Stage 3[1,2,3]	Total
Closing balance of the previous year	**9,121**	**749**	**363**	**10,232**	**9,348**	**1,037**	**409**	**10,794**
Impact adopting IFRS 17	-1,061	-103	-83	-1,247				
Balance at 1 January	**8,060**	**646**	**279**	**8,985**	**9,348**	**1,037**	**409**	**10,794**
Transfer to stage 1	298	-285	-13		443	-433	-11	
Transfer to stage 2	-259	274	-15		-343	360	-17	
Transfer to stage 3	-52	-34	86		-50	-58	108	
Additional drawdowns and partial repayments	-452	9	19	-424	-340	-24	-11	-375
Originated or purchased	1,433			1,433	1,911			1,911
Matured or repaid	-1,430	-144	-42	-1,617	-1,852	-134	-51	-2,037
Write-offs			-58	-58			-65	-65
Foreign exchange				1	3			4
Other movements	60			60				
Balance at 31 December	**7,658**	**467**	**255**	**8,380**	**9,121**	**749**	**363**	**10,232**

1 Excluding loans at fair value through P&L.
2 Gross carrying amount excludes fair value adjustments from hedge accounting.
3 Including POCI.

Gross carrying amount – corporate loans Audited

(in millions)	2023 Stage 1[1,2]	Stage 2[1,2]	Stage 3[1,2,3]	Total	2022 Stage 1[1,2]	Stage 2[1,2]	Stage 3[1,2,3]	Total
Balance at 1 January	**69,103**	**13,963**	**3,666**	**86,731**	**69,364**	**12,075**	**5,019**	**86,458**
Transfer to stage 1	5,317	-5,210	-107		3,472	-3,388	-84	
Transfer to stage 2	-4,764	5,420	-657		-7,040	7,631	-591	
Transfer to stage 3	-773	-695	1,467		-557	-536	1,093	
Additional drawdowns and partial repayments	302	1,098	-19	1,381	-3,391	1,449	175	-1,767
Originated or purchased	21,897			21,897	23,683			23,683
Matured or repaid	-17,389	-4,170	-954	-22,513	-16,920	-3,381	-1,431	-21,732
Write-offs			-274	-274			-555	-556
Foreign exchange	-350	-92	-18	-461	577	43	37	657
Other movements	-19	-7	48	22	-84	71	1	-13
Balance at 31 December[1,2]	**73,324**	**10,308**	**3,152**	**86,784**	**69,103**	**13,963**	**3,666**	**86,731**

1 Excluding loans at fair value through P&L.
2 Gross carrying amount excludes fair value adjustments from hedge accounting.
3 Including POCI.

Gross carrying amount – off-balance Audited

(in millions)	2023 Stage 1	Stage 2	Stage 3[1]	Total	2022 Stage 1	Stage 2	Stage 3[1]	Total
Balance at 1 January	**50,187**	**6,209**	**700**	**57,095**	**50,199**	**6,019**	**1,271**	**57,488**
Transfer to stage 1	2,543	-2,505	-38		1,960	-1,923	-37	
Transfer to stage 2	-1,564	1,632	-68		-2,801	2,958	-157	
Transfer to stage 3	-139	-90	230		-81	-82	164	
Additional drawdowns and partial repayments	-8,615	-1,421	165	-9,872	-9,513	-668	-547	-10,728
Originated or purchased	10,341			10,341	10,701			10,701
Matured or repaid	-519	-302	-22	-844	-549	-138		-687
Foreign exchange	-91	-15	-2	-108	271	42	7	320
Balance at 31 December	**52,141**	**3,507**	**965**	**56,613**	**50,187**	**6,209**	**700**	**57,095**

1 Including POCI.

Additional information on impairment charges

Loan impairment charges and allowances – residential mortgages Audited

	2023				2022			
(in millions)	Stage 1	Stage 2	Stage 3[2]	Total	Stage 1	Stage 2	Stage 3[2]	Total
Balance at 1 January	**21**	**57**	**75**	**153**	**8**	**22**	**52**	**82**
Transfer to stage 1	14	-18	-1	-4	6	-8	-1	-3
Transfer to stage 2	-2	28	-19	7	-2	20	-14	4
Transfer to stage 3	-1	-5	30	24	-1	-2	21	17
Remeasurements[1]	-13	-6	54	35	-12	5	16	9
Changes in models								
Changes in risk parameters	4	-1		3	17	28	12	57
Originated or purchased	4			4	7			7
Matured or repaid	-1	-6	-10	-17	-1	-7	-10	-18
Impairment charges (releases) on loans and advances	**4**	**-7**	**54**	**51**	**13**	**35**	**25**	**73**
Write-offs			-1	-1			-3	-3
Unwind discount / unearned interest accrued			2	2			1	1
Foreign exchange and other movements	-1	-2	-4	-7				
Balance at 31 December	**24**	**49**	**125**	**198**	**21**	**57**	**75**	**153**
Impairment charges (releases) on loans and advances	4	-7	54	51	13	35	25	73
Recoveries and other charges (releases)			-14	-14			-17	-17
Total impairment charges for the period	**4**	**-7**	**39**	**37**	**13**	**35**	**8**	**56**

[1] Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage but also affected by reclassification to IFRS17.
[2] Including POCI.

Loan impairment charges and allowances – consumer loans Audited

	2023				2022			
(in millions)	Stage 1	Stage 2	Stage 3[2]	Total	Stage 1	Stage 2	Stage 3[2]	Total
Closing balance of the previous year	**30**	**36**	**211**	**277**	**23**	**45**	**208**	**276**
Impact adopting IFRS 17	-6	-19	-75	-100				
Balance at 1 January	**25**	**16**	**136**	**177**	**23**	**45**	**208**	**276**
Transfer to stage 1	7	-7	-4	-5	13	-17	-5	-9
Transfer to stage 2	-3	8	-6	-1	-2	11	-9	
Transfer to stage 3	-3	-2	35	30		-5	42	37
Remeasurements[1]	-11	-4		-15	-9	-1	37	27
Changes in models								
Changes in risk parameters			6	6	3	3	6	12
Originated or purchased	3			3	4			4
Matured or repaid	-2	-1	-6	-8	-2	-1	-9	-12
Impairment charges (releases) on loans and advances	**-9**	**-6**	**26**	**10**	**7**	**-10**	**61**	**59**
Write-offs			-58	-58			-65	-65
Unwind discount / unearned interest accrued			3	3			5	5
Foreign exchange and other movements	2	1	11	15			2	3
Balance at 31 December	**18**	**11**	**118**	**147**	**30**	**36**	**211**	**277**
Impairment charges (releases) on loans and advances	-9	-6	26	10	7	-10	61	59
Recoveries and other charges (releases)			-29	-29			-45	-45
Total impairment charges for the period	**-9**	**-6**	**-4**	**-19**	**7**	**-10**	**16**	**14**

[1] Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage but also affected by reclassification to IFRS17.
[2] Including POCI.

Loan impairment charges and allowances – corporate loans Audited

(in millions)	2023 Stage 1	2023 Stage 2	2023 Stage 3[2]	2023 Total	2022 Stage 1	2022 Stage 2	2022 Stage 3[2]	2022 Total
Balance at 1 January	**256**	**301**	**1,033**	**1,590**	**130**	**291**	**1,632**	**2,053**
Transfer to stage 1	88	-103	-5	-20	38	-49	-10	-21
Transfer to stage 2	-36	55	-33	-14	-27	123	-84	11
Transfer to stage 3	-10	-51	194	133	-15	-34	147	98
Remeasurements[1]	-96	54	-71	-112	74	18	-156	-64
Changes in risk parameters	-34	-1		-35	24	25	12	61
Originated or purchased	32			32	44			44
Matured or repaid	-9	-9	-37	-54	-10	-18	-60	-88
Impairment charges (releases) on loans and advances	**-65**	**-55**	**49**	**-71**	**127**	**65**	**-152**	**41**
Write-offs			-274	-274			-555	-556
Unwind discount / unearned interest accrued			29	29			25	25
Foreign exchange and other movements	1	-17	-3	-20	-1	-55	82	27
Balance at 31 December	**192**	**228**	**833**	**1,254**	**256**	**301**	**1,033**	**1,590**
Impairment charges (releases) on loans and advances	-65	-55	49	-71	127	65	-152	41
Recoveries and other charges (releases)			-67	-67			-42	-42
Total impairment charges for the period	**-65**	**-55**	**-19**	**-139**	**127**	**65**	**-194**	**-1**

[1] Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage but also affected by reclassification to IFRS17.
[2] Including POCI.

Loan impairment charges and allowances – off-balance Audited

(in millions)	2023 Stage 1	2023 Stage 2	2023 Stage 3[3]	2023 Total	2022 Stage 1	2022 Stage 2	2022 Stage 3[3]	2022 Total
Balance at 1 January	**25**	**16**	**10**	**51**	**17**	**20**	**116**	**153**
Transfer to stage 1	4	-5		-1	6	-8		-2
Transfer to stage 2	-4	5		2	-2	5		4
Transfer to stage 3			17	17	-1		1	
Remeasurements[1]	-7	-1	55	47	-4		-115	-120
Changes in risk parameters	-4			-4	1	1		2
Originated or purchased	8			8	12			12
Matured or repaid	-7	-2		-9	-4	-3		-7
Impairment charges (releases)	**-10**	**-3**	**72**	**60**	**9**	**-4**	**-114**	**-110**
Foreign exchange and other movements	1	-1	-1	-1			8	8
Balance at 31 December	**16**	**12**	**81**	**109**	**25**	**16**	**10**	**51**
Impairment charges (releases) on off-balance	-10	-3	72	60	9	-4	-114	-110
Other charges (releases)[2]			-90	-90			82	82
Total impairment charges for the period	**-10**	**-3**	**-18**	**-30**	**9**	**-4**	**-32**	**-28**

[1] Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage but also affected by reclassification to IFRS17.
[2] These charges (releases) relate to the off-balance sheet items that do not fall within the scope of IFRS 9 and for which stage information is not applicable.
[3] Including POCI.

Additional information on forborne, past due and impaired (stage 3) loans

Forbearance credit quality Audited

(in millions)	Total forborne assets	Forborne assets not past due and not stage 3 or POCI	Forborne assets past due, but not stage 3 or POCI	Impaired forborne assets	Specific allowance	Collective allowance	Total allowance
							31 December 2023
Loans and advances banks							
Residential mortgages	1,048	639	8	400		47	47
Consumer loans	103	32	16	56	5	14	20
Corporate loans	4,367	2,471	12	1,884	404	95	499
Other loans and advances customers	2			2	1		1
Total loans and advances customers	**5,519**	**3,142**	**35**	**2,342**	**410**	**156**	**566**
Total loans and advances	**5,519**	**3,142**	**35**	**2,342**	**410**	**156**	**566**
Loans at FV through P&L	16	15					
Total loans and advances	**5,535**	**3,157**	**36**	**2,342**	**410**	**156**	**566**
							31 December 2022
Loans and advances banks							
Residential mortgages	1,072	622	69	382		34	34
Consumer loans[1]	181	87	5	88	4	54	58
Corporate loans[1]	5,655	3,129	88	2,439	515	154	669
Total loans and advances customers[1]	**6,909**	**3,838**	**162**	**2,909**	**519**	**242**	**760**
Total loans and advances[1]	**6,909**	**3,838**	**162**	**2,909**	**519**	**242**	**760**
Loans at FV through P&L							
Total loans and advances	**6,909**	**3,838**	**162**	**2,909**	**519**	**242**	**760**

[1] Excluding loans at fair value through P&L.

Forborne assets by geography Audited

(in millions)	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total
						31 December 2023
Loans and advances banks						
Residential mortgages	1,046	1				1,048
Consumer loans[1]	82	21				103
Corporate loans[1]	3,400	784	99	2	82	4,367
Other loans and advances customers[1]					2	2
Total loans and advances customers[1]	**4,528**	**807**	**99**	**2**	**83**	**5,519**
Total loans and advances[1]	**4,528**	**807**	**99**	**2**	**83**	**5,519**
Loans at FV through P&L	16					16
Total loans and advances	**4,544**	**807**	**99**	**2**	**83**	**5,535**
						31 December 2022
Loans and advances banks						
Residential mortgages	1,064	8				1,072
Consumer loans[1]	147	34				181
Consumer loans[1]	4,513	930	78	2	132	5,655
Other loans and advances customers[1]						
Total loans and advances customers[1]	**5,725**	**972**	**78**	**3**	**132**	**6,909**
Total loans and advances[1]	**5,725**	**972**	**78**	**3**	**132**	**6,909**
Loans at FV through P&L						
Total loans and advances	**5,725**	**972**	**78**	**3**	**132**	**6,909**

[1] Excluding loans at fair value through P&L.

Forborne assets by business segment Audited

(in millions)	31 December 2023	31 December 2022
Personal & Business Banking	1,984	2,358
Wealth Management	272	243
Corporate Banking	3,278	4,307
Total forborne assets	**5,535**	**6,909**

Forborne, past due and credit-impaired loans by geography

(in millions)	Forborne exposure	Exposures past due, but not stage 3 or POCI	Stage 3 exposures[1]	Allowances for stage 3[1]	Stage 3 charges for the period[1]
					31 December 2023
The Netherlands	4,544	1,615	3,965	786	45
Rest of Europe	807	308	422	128	-17
USA	99	1	81	14	-10
Asia	2	73	57	57	-3
Rest of the world	83	2	183	94	
Total loans and advances	**5,535**	**1,999**	**4,707**	**1,079**	**16**

	Forborne exposure	Exposures past due, but not stage 3 or POCI	Stage 3 exposures[1]	Allowances for stage 3[1]	Stage 3 charges for the period[1]
					31 December 2022
The Netherlands	5,725	1,703	3,960	844	-264
Rest of Europe	972	241	820	301	44
USA	78	4	75		-22
Asia	3		134	92	94
Rest of the world	132	89	186	84	-21
Total loans and advances	**6,909**	**2,038**	**5,175**	**1,322**	**-169**

[1] Including POCI.

Forborne, past due and credit-impaired loans by industry

(in millions)	Gross carrying amount[3,4]	Forborne expo-sures	Forborne ratio	Exposures past due, but not stage 3 or POCI	Past due ratio	Stage 3 exposures[5]	Stage 3 ratio[5]	Allowances for impairments for identified credit risk	Stage 3 impairment charges for the period[5]
									31 December 2023
Loans and advances banks	**2,327**		**0.0%**						
Financial services[1]	22,673	173	0.8%	124	0.5%	93	0.4%	65	-2
Industrial goods and services	15,482	718	4.6%	138	0.9%	472	3.1%	164	-26
Real estate	15,896	365	2.3%	136	0.9%	353	2.2%	65	47
Oil and gas	2,059	117	5.7%	49	2.4%	117	5.7%	45	-21
Food and beverage	10,473	931	8.9%	14	0.1%	711	6.8%	61	-43
Retail	4,347	415	9.5%	16	0.4%	238	5.5%	87	-29
Healthcare	3,557	171	4.8%	3	0.1%	226	6.3%	39	11
Construction and materials	2,487	319	12.8%	11	0.5%	317	12.7%	137	34
Travel and leisure	2,902	499	17.2%	3	0.1%	157	5.4%	40	-8
Utilities	2,777	139	5.0%	24	0.9%	126	4.5%	57	22
Automobiles and parts	1,949	32	1.6%	13	0.6%	33	1.7%	1	1
Technology	2,348	70	3.0%	2	0.1%	75	3.2%	14	10
Other[2]	7,249	409	5.6%	101	1.4%	290	4.0%	82	-12
Subtotal industry classification benchmark	**94,199**	**4,357**	**4.6%**	**636**	**0.7%**	**3,208**	**3.4%**	**857**	**-16**
Private individuals (non-industry classification benchmark)	158,255	1,153	0.7%	1,351	0.9%	1,488	0.9%	220	34
Public administration (non-industry classification benchmark)	285	24	8.6%	12	4.1%	11	3.8%	2	-2
Total non-industry classification benchmark	**158,540**	**1,178**	**0.7%**	**1,363**	**0.9%**	**1,499**	**0.9%**	**222**	**32**
Total loans and advances customers	**252,739**	**5,535**	**2.2%**	**1,999**	**0.8%**	**4,707**	**1.9%**	**1,079**	**16**
Total loans and advances	**255,066**	**5,535**	**2.2%**	**1,999**	**0.8%**	**4,707**	**1.8%**	**1,079**	**16**

[1] Financial services include asset managers, credit card companies and providers of personal financial services and securities and brokers.
[2] Other includes personal and household goods, basic resources, media, chemicals, telecommunication and insurance, in addition to unclassified.
[3] Excluding loans at fair value through P&L.
[4] Excluding fair value adjustments from hedge accounting.
[5] Including POCI.

31 December 2022

(in millions)	Gross carrying amount[3,4]	Forborne exposures	Forborne ratio	Exposures past due, but not stage 3 or POCI	Past due ratio	Stage 3 exposures[5]	Stage 3 ratio[5]	Allowances for impairments for identified credit risk	Stage 3 impairment charges for the period[5]
Loans and advances banks	**2,990**		**0.0%**						
Financial services[1]	21,734	172	0.8%	400	1.8%	109	0.5%	72	-10
Industrial goods and services	16,763	1,096	6.5%	129	0.8%	927	5.5%	233	-103
Real estate	16,953	431	2.5%	138	0.8%	157	0.9%	26	-40
Oil and gas	2,565	165	6.4%		0.0%	203	7.9%	103	-63
Food and beverage	9,953	1,021	10.3%	35	0.4%	606	6.1%	95	-22
Retail	4,478	432	9.7%	6	0.1%	444	9.9%	116	27
Healthcare	3,736	309	8.3%	9	0.2%	166	4.4%	24	-12
Construction and materials	3,010	247	8.2%	14	0.5%	261	8.7%	90	-10
Travel and leisure	3,012	1,026	34.1%	63	2.1%	289	9.6%	50	-20
Utilities	2,214	167	7.5%	23	1.0%	115	5.2%	39	23
Automobiles and parts	1,525		0.0%	34	2.2%	2	0.1%		
Technology	1,709	74	4.3%	9	0.5%	66	3.8%	32	8
Other[2]	7,292	512	7.0%	41	0.6%	394	5.4%	179	46
Subtotal industry classification benchmark	**94,943**	**5,653**	**6.0%**	**900**	**0.9%**	**3,738**	**3.9%**	**1,060**	**-175**
Private individuals (non-industry classification benchmark)	159,650	1,230	0.8%	1,111	0.7%	1,431	0.9%	260	5
Public administration (non-industry classification benchmark)	629	26	4.1%	27	4.2%	6	1.0%	3	1
Total non-industry classification benchmark	**160,279**	**1,256**	**0.8%**	**1,138**	**0.7%**	**1,437**	**0.9%**	**262**	**6**
Total loans and advances customers	**255,222**	**6,909**	**2.7%**	**2,038**	**0.8%**	**5,175**	**2.0%**	**1,322**	**-169**
Total loans and advances	**258,212**	**6,909**	**2.7%**	**2,038**	**0.8%**	**5,175**	**2.0%**	**1,322**	**-169**

1 Financial services include asset managers, credit card companies and providers of personal financial services and securities and brokers.
2 Other includes personal and household goods, basic resources, media, chemicals, telecommunication and insurance, in addition to unclassified.
3 Excluding loans at fair value through P&L.
4 Excluding fair value adjustments from hedge accounting.
5 Including POCI.

Maturity overview of assets and liabilities Audited

The following table shows financial assets and liabilities arranged by the earliest possible contractual maturity.

Contractual maturity of assets and liabilities Audited

31 December 2023

(in millions)	On demand	Trading deriva-tives	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	No maturity	Total
Assets											
Cash and balances at central banks	53,656										53,656
Financial assets held for trading	13		18	57	35	72	178	495	504		1,371
Derivatives		4,038	15	7	1	17	6	62	259		4,403
Financial investments	814		1,188	1,865	2,549	2,104	4,707	12,115	15,320	838	41,501
Securities financing	1,098		18,141	1,265	996	2					21,503
Loans and advances banks	814		561	26	223	22	22	182	473		2,324
Loans and advances customers	8,498		9,836	4,986	3,321	7,834	13,814	34,399	163,246		245,935
Other assets	3,001		2,647	724	63	146	14	534	89		7,218
Total assets	**67,895**	**4,038**	**32,404**	**8,931**	**7,188**	**10,197**	**18,741**	**47,787**	**179,891**	**838**	**377,909**
Liabilities											
Financial liabilities held for trading	3		79	22	95	25	89	233	370		917
Derivatives		2,422	39	7	6	2	24	82	274		2,856
Securities financing	301		10,653	753		2					11,710
Due to banks	870		806	180	3,159	45	76	53	163		5,352
Due to customers	203,764		25,275	7,022	5,638	4,382	595	1,665	6,124		254,466
Issued debt	16		7,169	6,997	2,167	1,014	8,858	15,347	24,660		66,227
- of which senior secured			*1,531*	*116*	*30*	*166*	*497*	*2,868*	*18,645*		*23,853*
- of which senior unsecured			*1,557*	*121*	*31*	*116*	*8,294*	*12,479*	*5,993*		*28,590*
- of which other	*16*		*4,081*	*6,761*	*2,106*	*732*	*67*		*22*		*13,784*
Subordinated liabilities							1,342	3,210	1,020		5,572
Other liabilities	1,987		3,593	426	64	24	538	5	6		6,641
Total liabilities	**206,942**	**2,422**	**47,614**	**15,407**	**11,129**	**5,493**	**11,523**	**20,595**	**32,617**		**353,741**
Total equity										24,168	24,168
Total liabilities and equity	**206,942**	**2,422**	**47,614**	**15,407**	**11,129**	**5,493**	**11,523**	**20,595**	**32,617**	**24,168**	**377,909**
Off-balance sheet liabilities											
Committed credit facilities	53,968										53,968
Guarantees and other commitments	6,289										6,289
Total off-balance sheet liabilities	**60,257**										**60,257**

31 December 2022

(in millions)	On demand	Trading deriva-tives	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	No maturity	Total
Assets											
Cash and balances at central banks	60,865										60,865
Financial assets held for trading	28		32	90	49	64	56	251	337		907
Derivatives	1	4,831	6			36	14	32	292		5,212
Financial investments	594		1,204	1,232	3,024	3,903	5,367	12,437	10,647	626	39,034
Securities financing	548		15,293	3,146	1,045						20,032
Loans and advances banks	1,296		864				78	31	714		2,982
Loans and advances customers	17,949		7,258	5,659	3,694	8,851	14,580	32,588	153,348		243,927
Other assets	2,688		2,107	1,242	94	30		386	73		6,622
Total assets	**83,968**	**4,831**	**26,765**	**11,369**	**7,907**	**12,884**	**20,096**	**45,725**	**165,411**	**626**	**379,581**
Liabilities											
Financial liabilities held for trading	2		92	1	55	7	23	209	252		641
Derivatives	1	3,671	24	1	2	19	22	63	346		4,148
Securities financing	419		9,034	200							9,652
Due to banks	1,568		912	235	11,327	130	3,070	115	152		17,509
Due to customers	223,772		15,755	3,747	1,657	1,670	422	1,484	6,507		255,015
Issued debt			3,665	10,261	1,052	4,074	3,585	9,913	23,709		56,259
- of which senior secured				*20*	*154*	*1,779*	*1,816*	*2,618*	*17,393*		*23,781*
- of which senior unsecured			*26*	*81*		*2,270*	*1,768*	*7,295*	*6,315*		*17,755*
- of which other			*3,639*	*10,160*	*898*	*25*					*14,723*
Subordinated liabilities			1,027	1,401	103			3,731	1,028		7,290
Other liabilities	2,810		2,620	430	27	18	330	18			6,253
Total liabilities	**228,572**	**3,671**	**33,129**	**16,276**	**14,224**	**5,920**	**7,451**	**15,532**	**31,993**		**356,767**
Total equity										22,814	22,814
Total liabilities and equity	**228,572**	**3,671**	**33,129**	**16,276**	**14,224**	**5,920**	**7,451**	**15,532**	**31,993**	**22,814**	**379,581**
Off-balance sheet liabilities											
Committed credit facilities	53,873										53,873
Guarantees and other commitments	7,651										7,651
Total off-balance sheet liabilities	**61,524**										**61,524**

Maturity based on contractual undiscounted cash flows Audited

The following tables show financial assets and liabilities arranged by the earliest possible contractual maturity.

31 December 2023

(in millions)	On demand	Trading deriva-tives	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	No maturity	Total
Assets:											
Cash and balances at central banks	53,656										53,656
Financial assets held for trading	13		19	60	42	85	198	522	528		1,468
Derivatives		4,038	53	155	366	683	1,235	2,476	2,524		11,531
Financial investments	814		1,216	1,973	2,799	2,541	5,410	13,141	16,239	838	44,970
Securities financing	1,098		18,179	1,280	1,006	2					21,565
Loans and advances banks	814		604	136	459	398	711	1,415	1,658		6,195
Loans and advances customers	8,498		10,196	6,362	6,679	13,988	24,670	55,972	184,582		310,948
Other assets	3,001		2,647	725	65	149	19	537	90		7,234
Total undiscounted assets	**67,895**	**4,038**	**32,915**	**10,692**	**11,417**	**17,845**	**32,243**	**74,063**	**205,622**	**838**	**457,567**
Of which:											
Gross settled derivatives not held for trading:											
Contractual amounts receivable			273	100	108	117	211	457	160		1,426
Contractual amounts payable			269	94	131	104	191	383	119		1,289
Total undiscounted gross settled derivatives not held for trading			**5**	**6**	**-23**	**13**	**20**	**75**	**41**		**137**
Net settled derivatives not held for trading			160	355	89	282	746	1,554	2,481		5,667
Liabilities:											
Financial liabilities held for trading	3		80	23	98	29	96	243	379		951
Derivatives		2,422	101	234	563	1,047	1,883	3,571	3,682		13,503
Securities financing	301		10,676	758		2					11,737
Due to banks	870		814	205	3,192	55	90	78	188		5,491
Due to customers	203,764		25,308	7,083	5,740	4,497	779	2,016	6,468		255,657
Issued debt	16		7,249	7,273	2,781	2,137	10,615	18,099	27,187		75,356
Subordinated liabilities			12	49	123	233	1,683	3,496	1,211		6,808
Other liabilities	1,987		3,583	417	51	2	535	4	4		6,583
Total liabilities	**206,942**	**2,422**	**47,822**	**16,044**	**12,546**	**8,002**	**15,681**	**27,506**	**39,119**		**376,085**
- of which:											
Gross settled derivatives not held for trading:											
Contractual amounts receivable			297	158	70	36	21	13	22		618
Contractual amounts payable			150	102	47	30	24	14	15		383
Total undiscounted gross settled derivatives not held for trading			**-147**	**-56**	**-23**	**-6**	**3**	**1**	**-8**		**-235**
Net settled derivatives not held for trading			418	-42	121	266	117	211	1,075		2,167
Net liquidity gap	**-139,047**	**1,616**	**-14,907**	**-5,352**	**-1,130**	**9,843**	**16,562**	**46,557**	**166,503**	**838**	**81,482**
Off-balance sheet liabilities											
Committed credit facilities	53,968										53,968
Guarantees and other commitments	6,289										6,289
Total off-balance sheet liabilities	**60,257**										**60,257**

31 December 2022

(in millions)	On demand	Trading deriva-tives	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	No maturity	Total
Assets											
Cash and balances at central banks	60,865										60,865
Financial assets held for trading	28		32	91	51	68	64	262	347		944
Derivatives	1	4,831	28	84	210	404	670	1,434	1,663		9,325
Financial investments	594		1,224	1,309	3,203	4,197	5,812	13,001	11,127	626	41,092
Securities financing	548		15,305	3,155	1,049						20,056
Loans and advances banks	1,296		868	9	22	41	150	191	877		3,453
Loans and advances customers	17,949		7,492	6,558	5,879	12,829	21,534	46,385	166,989		285,614
Other assets	2,688		2,108	1,242	95	31	2	388	74		6,627
Total undiscounted assets	**83,968**	**4,831**	**27,057**	**12,448**	**10,508**	**17,571**	**28,231**	**61,660**	**181,077**	**626**	**427,978**
Of which:											
Gross settled derivatives not held for trading:											
Contractual amounts receivable			17	42	31	87	142	411	282		1,012
Contractual amounts payable			10	17	34	66	127	354	230		837
Total undiscounted gross settled derivatives not held for trading			**7**	**25**	**-3**	**21**	**15**	**57**	**52**		**175**
Net settled derivatives not held for trading			52	160	80	392	940	2,529	4,247		8,401
Liabilities											
Financial liabilities held for trading	2		92	1	57	11	29	219	261		674
Derivatives	1	3,671	60	135	337	633	1,120	2,292	2,596		10,844
Securities financing	419		9,038	200							9,657
Due to banks	1,568		911	230	11,320	125	3,068	113	151		17,488
Due to customers	223,772		15,757	3,752	1,666	1,684	446	1,531	6,553		255,161
Issued debt			3,707	10,407	1,358	4,603	4,474	11,468	25,183		61,198
Subordinated liabilities			1,041	1,449	200	181	343	4,007	1,202		8,424
Other liabilities	2,810		2,616	427	23	11	329	17			6,234
Total liabilities	**228,572**	**3,671**	**33,223**	**16,602**	**14,961**	**7,249**	**9,809**	**19,647**	**35,946**		**369,681**
- of which:											
Gross settled derivatives not held for trading:											
Contractual amounts receivable			677	247	53	82	29	7			1,096
Contractual amounts payable			165	133	69	110	64	16			558
Total undiscounted gross settled derivatives not held for trading			**-512**	**-114**	**16**	**28**	**36**	**9**			**-537**
Net settled derivatives not held for trading			54	120	273	480	271	213	809		2,222
Net liquidity gap	**-144,604**	**1,161**	**-6,165**	**-4,154**	**-4,453**	**10,321**	**18,422**	**42,013**	**145,131**	**626**	**58,297**
Off-balance sheet liabilities											
Committed credit facilities	53,873										53,873
Guarantees and other commitments	7,651										7,651
Total off-balance sheet liabilities	**61,524**										**61,524**

Expected maturity based on behavioural models Audited

The following table provides an overview of the amounts expected to be settled within twelve months and after twelve months, based on the behavioural maturity profile.

	31 December 2023			31 December 2022		
(in millions)	Up to one year	More than one year	Total	Up to one year	More than one year	Total
Assets						
Cash and balances at central banks	53,656		53,656	60,865		60,865
Financial assets held for trading	1,371		1,371	907		907
Derivatives	4,038	365	4,403	4,831	381	5,212
Financial investments	8,440	33,061	41,501	9,848	29,186	39,034
Securities financing	20,830	673	21,503	19,117	916	20,032
Loans and advances banks	1,494	829	2,324	1,732	1,250	2,982
Residential mortgages	10,591	134,284	144,875	14,377	126,744	141,121
Consumer loans at amortised cost	2,261	5,972	8,233	2,305	7,650	9,955
Consumer loans at fair value through P&L	178	470	648			
Corporate loans at amortised cost	33,731	51,895	85,626	36,896	48,398	85,295
Corporate loans at fair value through P&L	23	36	59	28	37	66
Other loans and advances customers	5,975	519	6,494	6,789	703	7,491
Equity-accounted investments		333	333		474	474
Property and equipment	713	264	978	673	315	988
Goodwill and other intangible assets	99		99	108		108
Assets held for sale	130		130	13		13
Tax assets	327		327	565		565
Other assets	4,848	503	5,351	323	4,150	4,473
Total assets	**148,706**	**229,203**	**377,909**	**159,377**	**220,204**	**379,581**
Liabilities						
Financial liabilities held for trading	917		917	641		641
Derivatives	2,422	434	2,856	3,671	477	4,148
Securities financing	11,448	262	11,710	8,822	830	9,652
Due to banks	5,008	344	5,352	13,847	3,662	17,509
Current accounts	21,862	78,086	99,948	15,126	106,905	122,030
Demand deposits	5,846	95,097	100,943		100,397	100,397
Time deposits	45,068	6,660	51,728	21,611	8,485	30,096
Other due to customers	72	1,775	1,846	198	2,293	2,491
Issued debt	17,517	48,711	66,227	19,298	36,961	56,259
Subordinated liabilities		5,572	5,572	2,520	4,770	7,290
Provisions	734	7	742	1,030	13	1,044
Tax liabilities	159		159	22		22
Other liabilities	5,726	15	5,741		5,187	5,187
Total liabilities	**116,779**	**236,962**	**353,741**	**86,787**	**269,980**	**356,767**

The behavioural maturity profile is based on internally developed liquidity risk models. These models cover residential mortgages, consumer and corporate loans, non-maturing assets (mainly current accounts), credit cards, non-maturing liabilities (demand deposits and current accounts) and term deposits. The liquidity risk models predict the behavioural cash flows, which can differ from the contractual cash flows as a result of, for example, prepayments or because some products do not have a defined contractual maturity date. The models are based on historically observed client behaviour and use a combination of internal and external risk drivers. The models are used for monitoring the bank's liquidity mismatch position.

The liquidity risk models are included in the bank's model risk management framework. This means that the models have to follow a regular monitoring and validation schedule. Approval of the models is given by the Methodology Acceptance Group (MAG) ALM/T, based on independent advice from Model Validation.

Total assets overview

This table provides a detailed overview of the ABN AMRO portfolio by EAD, based on the Industry Classification Benchmark (ICB) and the bank's internal industry classifications.

(in millions)		31 December 2023	31 December 2022
Industry classification benchmark (ICB)	**ABN AMRO global industry classification (AGIC)**		
Automobiles and parts	Leasing motor vehicles	1,075	875
	Manufacturing automotive components	144	63
	Manufacturing motor vehicles	10	215
	Manufacturing tires		6
Banks	Commercial banks	10,654	10,258
Basic resources	Forestry	2	3
	Manufacturing and wholesale diamonds		1
	Manufacturing other non-ferrous metals	44	193
	Manufacturing pulp and paper	50	69
	Manufacturing steel	141	174
	Mining and manufacturing other basic materials	284	273
	Mining and manufacturing other precious metals	22	19
	Mining bauxite and manufacturing aluminium	52	52
	Wholesale other basic materials	184	328
	Wholesale other non-ferrous metals	132	134
	Wholesale raw lumber, pulp and paper	10	24
	Wholesale steel	200	172
Chemicals	Manufacturing basic chemicals	408	492
	Manufacturing industrial gasses	3	35
	Manufacturing specialty chemicals	346	499
	Wholesale chemicals	202	205
Construction and materials	Construction of residential and non-residential buildings	562	830
	Heavy construction	694	720
	Manufacturing non-metallic mineral products	244	276
	Manufacturing other building materials	436	405
	Manufacturing wood products	154	188
	Sub-contractors	967	1,246
	Wholesale building materials	630	702
Financial services	Asset managers	819	844
	Charities and endowments		3
	Commercial finance	608	429
	Consumer finance	44	53
	Exchanges and clearing	1,824	2,751
	Investment bank	31	30
	Leveraged funds - non-hedge funds	24	42
	Mortgage finance	1,228	1,296
	Other funds	341	331
	Pension funds	503	670
	Private equity investment and venture capital	1,967	1,839
	Securities brokers and dealers	10,132	8,259
	Specialty finance	2,237	2,034
	Unleveraged funds	6,537	5,983

(in millions)		31 December 2023	31 December 2022
Industry classification benchmark (ICB)	**ABN AMRO global industry classification (AGIC)**		
Food and beverage	Arable farming	1,761	1,735
	Auctions for agriculture and fish products	78	67
	Farming other animals		1,064
	Fishery	431	427
	Floriculture	618	630
	Horticulture (primary food products, fruit and vegetables)	618	765
	Manufacturing beer	154	145
	Manufacturing meat	385	340
	Manufacturing other food products	1,491	1,658
	Manufacturing soft drinks	177	225
	Manufacturing wine and spirits	48	62
	Other agriculture	115	102
	Processing of live animal feed and commodity trading	358	401
	Raising of calves/live cattle	206	163
	Raising of dairy cattle/diary	3,054	3,220
	Raising of poultry/eggs	232	225
	Raising of swine/lean hogs	917	1,064
	Support activities for agriculture	35	41
	Wholesale food	1,700	1,818
	Wholesale of live cattle	1	
Healthcare	Biotechnology drugs	2	31
	General health services	1,237	1,503
	Manufacturing and wholesale medical and surgical equipment	287	231
	Manufacturing drugs	259	275
	Medical practices	1,196	1,251
	Nursing and personal care services	863	906
	Retail drugs	191	187
	Wholesale drugs	96	72
Industrial goods and services	Dealers commercial vehicles	60	76
	Delivery services	37	104
	Employment services and management training	782	866
	Financial administration	16	32
	Freight transport inland water	541	513
	Freight transport rail	80	88
	Freight transport road	1,140	1,130
	Freight transport sea	6,454	6,477
	Leasing aircraft	24	116
	Leasing commercial vehicles	1,500	1,433
	Leasing machinery and metal products	453	420
	Legal and accounting activities	328	392
	Management consultancy	1,201	1,316
	Manufacturing and wholesale aircraft	2	12
	Manufacturing and wholesale packaging materials	645	750
	Manufacturing appliance components	103	144
	Manufacturing commercial vehicles	97	126

Continued ▶

(in millions)		31 December 2023	31 December 2022
Industry classification benchmark (ICB)	**ABN AMRO global industry classification (AGIC)**		
Industrial goods and services (continued)	Manufacturing defense equipment	1	1
	Manufacturing electrical machinery	162	228
	Manufacturing electronic equipment	13	5
	Manufacturing general machinery	462	484
	Manufacturing lifting and handling equipment	46	57
	Manufacturing measuring and control machinery	118	106
	Manufacturing metal products	269	209
	Manufacturing optical instruments	10	7
	Manufacturing other transportation equipment	52	59
	Manufacturing plastic products	153	161
	Manufacturing rubber products	11	16
	Manufacturing ships	193	370
	Manufacturing special industrial machinery	331	327
	Metal working	396	387
	Other commercial services	1,008	1,164
	Research and engineering	59	89
	Transport services air	63	71
	Transport services land	1,617	1,927
	Transport services water	165	159
	Wholesale commercial vehicles	286	191
	Wholesale machinery and metal products	570	605
Insurance	Insurance brokers	80	92
	Insurance composite	148	146
	Life insurance	596	514
	Non-life insurance	504	546
	Reinsurance	112	120
Media	Marketing communications	214	199
	Motion picture production and distribution	352	482
	Printing	131	135
	Publishing	382	391
	Publishing sound recordings	19	23
	Radio, TV and cable	157	190
Oil and gas	Integrated oil and gas		24
	Non-integrated oil and gas	954	786
	Oil and gas services	1,394	2,372
	Wholesale fuels	426	119
Personal and household goods	Manufacturing accessories	12	20
	Manufacturing apparel and sportswear	14	12
	Manufacturing consumer electronics	64	77
	Manufacturing domestic appliances	19	24
	Manufacturing footwear	3	2
	Manufacturing furniture	39	57
	Manufacturing non-durable household products	58	58
	Manufacturing other durable household products	95	120
	Manufacturing other furnishings	130	112
	Manufacturing other recreational products	117	133
	Manufacturing personal care	44	40
	Manufacturing photographic equipment	1	1

(in millions)		31 December 2023	31 December 2022
Industry classification benchmark (ICB)	**ABN AMRO global industry classification (AGIC)**		
Personal and household goods (continued)	Manufacturing textiles	129	158
	Manufacturing tobacco		1
	Manufacturing toys and games	6	12
	Renting recreational products	3	5
	Wholesale hides, skins and leather	16	24
Private individuals	Private individuals	168,051	171,139
Public administration (non-icb)	Central administration and public services	25,163	26,908
	Central bank	56,794	63,121
	Educational services	108	128
	International and supranational organisations	4,457	3,597
	Multilateral finance institutions	631	347
	Regional administration and public services	4	2
Real estate	Buying and selling of own real estate	3,523	3,442
	Housing associations and corporations	1,244	949
	Management of real estate on a fee or contract basis	2,377	2,291
	Real estate agencies	717	799
	Real estate developments (project development)	2,892	2,780
	Real estate investment entities	2,899	3,126
	Renting of non-residential buildings	3,889	3,918
	Renting of other residential buildings	1,384	1,366
Retail	Automotive service	102	94
	Independent fuel stations	46	47
	Personal services	100	144
	Renting of personal and household goods	70	63
	Retail accessories	70	51
	Retail apparel, footwear and sports goods	226	247
	Retail broadline	143	115
	Retail car parts and accessories	19	23
	Retail consumer appliances	106	72
	Retail food	1,760	1,960
	Retail home decoration	325	357
	Retail motor vehicles	600	498
	Retail other household goods	329	310
	Wholesale accessories	89	120
	Wholesale apparel, footwear and sports goods	370	467
	Wholesale broadline	233	205
	Wholesale car parts and accessories	157	187
	Wholesale consumer appliances	114	133
	Wholesale home decoration	141	181
	Wholesale motor vehicles	33	44
	Wholesale other household goods	280	327
Technology	Internet services	1,291	821
	IT services	1,735	1,321
	Leasing technology goods	10	11
	Manufacturing computer hardware	53	120
	Manufacturing telecom equipment	40	46
	Publishers computer software	22	18
	Wholesale technology goods	318	393

Continued ▶

(in millions)		31 December 2023	31 December 2022
Industry classification benchmark (ICB)	**ABN AMRO global industry classification (AGIC)**		
Telecommunications	Fixed line telecom	2,193	1,667
	Mobile telecom	1,150	534
Travel and leisure	Commercial sports and facilities	291	265
	Cultural activities	110	100
	Gambling and casino facilities	33	74
	Hotels and resorts	1,487	1,437
	Passenger transport air	66	198
	Passenger transport rail, road and water	462	588
	Recreational services	398	363
	Restaurants and bars	429	485
	Travel & tourism related services	148	149
Unclassified	Unclassified	5,226	5,089
	Activities of head office	57	57
	Financial holdings	69	86
Utilities	Gas distribution	193	38
	Integrated power	126	76
	Power distribution and transportation	2,339	1,875
	Power generation	2,257	1,487
	Waste and disposal services	655	658
	Water collection, treatment and distribution	297	319
Total		**387,024**	**397,077**

About risk, funding & capital

Regulatory requirements

The Risk, funding & capital chapter presents the disclosures required under the Dutch Financial Supervision Act (Wet op financieel toezicht – Wft), Title 9, Book 2 of the Dutch Civil Code and EU IFRS. ABN AMRO also embraces the Enhanced Disclosure Task Force (EDTF) principles and recommendations. For non-financial disclosures required under the Dutch Decree on non-financial disclosures, ABN AMRO follows the Non-Financial Reporting Directive (NFRD), including its guidelines. As of this report, we have chosen to start aligning our non-financial risk disclosures with the EU Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standards (ESRS). Therefore, sustainability risk is no longer part of this chapter but is integrated in the Sustainability Statements. Certain disclosures in the Risk, funding & capital chapter are an integral part of the Consolidated Annual Financial Statements (AFS) and contain audited information. The parts concerning risk disclosures of financial instruments (IFRS 7) and capital disclosures (IAS 1) have been audited. Information that has been audited in these sections is labelled 'Audited' in the respective headings. The audited sections run until the next same-level heading that is not labelled 'Audited'.

Risk exposure measurement and scope differences

Risk measures vary according to the purpose for which the exposure is calculated: EU IFRS or the determination of regulatory or economic capital (CRD V/CRR2).

EU IFRS reporting scope

The objective of the financial statements is to provide primary users of these financial statements with useful financial information about the bank to support their decisions. Financial information is useful when it is relevant and reliably represents what it purports to represent. Financial statements provide information about the financial position of the bank and the effects of transactions and other events that change the bank's financial position and performance. The consolidation scope of ABN AMRO is determined in accordance with IFRS 10 Consolidated Financial Statements. More information can be found in Note 1 Accounting policies in the Consolidated Annual Financial Statements.

Regulatory reporting scope

The objective of regulatory reporting is to take a risk view on the bank's portfolio and to ensure that the bank maintains sufficient capital buffers to cover unexpected losses, and sufficient liquidity buffers. The scope of consolidation for the purpose of calculating regulatory and economic capital (based on the CRD V and CRR2) is generally the same as the consolidation scope under EU IFRS and includes subsidiaries that are directly or indirectly controlled by ABN AMRO and active in the banking and financial sectors. Subsidiaries consolidated under EU IFRS but active in sectors other than banking and finance are excluded from the regulatory scope of consolidation.

Leadership & governance

This section presents ABN AMRO's leadership and corporate governance framework. It provides information on ABN AMRO's Executive Board and Supervisory Board, as well as on its legal structure and remuneration policy. This section also presents the Report of the Supervisory Board for 2023.

Leadership and governance structure

Executive Board composition

Introduction to leadership & governance

Good corporate governance is critical for us to realise our strategic ambition of being a trusted and professional partner for all our stakeholders: our clients, investors, employees and society at large.

ABN AMRO has a two-tier governance model consisting of a Supervisory Board and an Executive Board. In this chapter we report on the set-up of our corporate governance, division of duties and responsibilities, and decision-making during the year 2023.

Role and responsibilities of the Executive Board

The Executive Board is the statutory managing board of ABN AMRO within the meaning of Section 2:129 of the Dutch Civil Code. It is responsible, among other things, for: (i) the general course of business of ABN AMRO, ensuring compliance with laws and regulations and the adequate financing of its activities, (ii) the continuity of ABN AMRO and its business, aimed at sustainable long-term value creation for ABN AMRO and taking into account interests of stakeholders, and (iii) setting ABN AMRO's mission, strategy, risk appetite, risk framework, budgets, financial and non-financial targets, and the realisation thereof.

The Executive Board ensures close cooperation with the Supervisory Board in the discharge of its responsibilities and seeks the Supervisory Board's approval for the bank-wide strategy in line with the pursued culture aimed at long-term value creation and targets. The Executive Board accounts to the Supervisory Board and to the General Meeting for the performance of its duties. In performing its duties, the Executive Board develops a view on sustainable long-term value creation for ABN AMRO and its business and considers relevant stakeholder interests.

Composition and diversity

The Executive Board consisted of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Risk Officer (CRO), the Chief Innovation & Technology Officer (CI&TO), three Chief Commercial Officers (CCOs) (Personal & Business Banking, Corporate Banking and Wealth Management) and until 1 February 2023 also of a Chief Human Resources Officer (CHRO). On 1 February 2023, ABN AMRO announced that the CHRO role would fall directly under the CEO and would no longer be part of the Executive Board. ABN AMRO also announced that a Chief Operations Officer (COO) would be added to the Executive Board, with primary responsibility for the bank's operational performance.

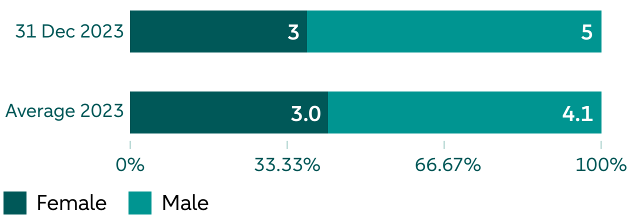
The Executive Board's composition is based on ABN AMRO's guiding principle that diversity of thought, expertise, background, competences and interpersonal styles is a prerequisite for effective management and, by extension, for long-term value creation. The vision set by ABN AMRO is to become a company that mirrors, at all levels, the diversity of the communities in which it operates. A diverse Executive Board fosters a variety of views and experiences and facilitates independent opinions and sound decision-making within the Executive Board.

To that effect, the following diversity aspects are relevant for the composition of the Executive Board: gender, age, educational and professional background, and geographical provenance. The Supervisory Board considered these aspects for the appointments in 2023. In line with ABN AMRO's diversity policy, ABN AMRO strives to meet its gender target. According to ABN AMRO's gender diversity target, at least one-third (1/3rd) of ABN AMRO's Executive Board should consist of the underrepresented gender. The Executive Board currently consists of 5 male members and 3 female members.

When vacancies arise and in succession planning, ABN AMRO gives due consideration to any applicable diversity requirements in its search for suitable new members who meet the fit and proper requirements stipulated in the Dutch Financial Markets Supervision Act.

The Rules of Procedure of the Executive Board are available on abnamro.com. These Rules of Procedure were last updated in 2023, based on changes to our organisational structure, relevant legislative and regulatory guidance.

Diversity Executive Board
(male/female)



Following the Extraordinary General Meeting of 15 November 2022, Carsten Bittner was appointed as Chief Innovation & Technology Officer (CI&TO) and member of the Executive Board of ABN AMRO Bank N.V. for a four-year term with effect from 1 January 2023.

In addition, on 11 January 2023, ABN AMRO announced that Lars Kramer, Chief Financial Officer of ABN AMRO and Vice-Chair of the Executive Board, had decided to step down from his position and would leave ABN AMRO on 30 April 2023 to pursue an opportunity outside ABN AMRO. Ferdinand Vaandrager was appointed to replace Lars Kramer on an interim basis from 1 May 2023 until the appointment of a permanent candidate for the position of CFO. On 5 September 2023, the Supervisory Board announced its intention to appoint Ferdinand Vaandrager for the position of CFO and member of ABN AMRO's Executive Board until the close of the 2027 Annual General Meeting. The Supervisory Board appointed Ferdinand Vaandrager as CFO and member of the Executive Board as of the close of the Extraordinary General Meeting of shareholders on 16 November 2023.

Dan Dorner took over Lars Kramer's position as Vice-Chair of the Executive Board with effect from 1 April 2023.

On 1 February 2023, ABN AMRO announced its intention to appoint a Chief Operations Officer (COO) within the ExBo to strengthen strategy execution. The position of COO includes ultimate responsibility for bank-wide operational processes and for accelerating change management within ABN AMRO. The COO will lead the central management of operational activities, including the Detecting Financial Crime department. On 21 September 2023 the Supervisory Board announced its intention to appoint Ton van Nimwegen as COO and member of the ExBo with effect from 1 December 2023. The Supervisory Board has appointed Ton van Nimwegen as COO and member of the Executive Board with effect from 1 December 2023, following the Extraordinary General Meeting of shareholders on 16 November 2023.

On 29 August 2023, ABN AMRO announced that Tanja Cuppen would not be available for a third term. She informed the Supervisory Board that after having served two terms as CRO at ABN AMRO she would not be available for another term. She will complete her current term, which ends at the 2024 Annual General Meeting. The succession process of finding a new CRO was subsequently initiated.

On 30 October 2023, ABN AMRO announced that its Supervisory Board had requested Robert Swaak to extend his current term of office as the CEO by four years. Robert Swaak accepted the Supervisory Board's request, which means he will continue his role as CEO for another four years, until the 2028 Annual General Meeting.

Appointment, suspension and dismissal
The Supervisory Board (re)appoints members of the Executive Board for a term of up to four years, provided that the term of office continues up to and including the first General Meeting to be held after expiry of the term. When preparing the appointment and reappointment of the members of the Executive Board, the Selection & Nomination Committee and the Supervisory Board consider the diversity objectives laid down in ABN AMRO's internal policies. Only candidates who meet the fit and proper test under the relevant legal requirements stemming either from applicable EU law or applicable national law are eligible for appointment.

The Employee Council renders advice on the appointment of members of the Executive Board. The Supervisory Board notifies the General Meeting of the intended appointment or reappointment of a member of the Executive Board, accompanied by a short resume of the candidate including the candidate's age, gender, educational and professional background, and geographical provenance.

The Supervisory Board may appoint one of the members of the Executive Board as Chair (to be granted the title of Chief Executive Officer). Pursuant to the relationship agreement with NLFI, the Supervisory Board will give NLFI the opportunity to advise on the decision to appoint or reappoint any member of the Executive Board, as long as NLFI directly or indirectly holds at least 10% of the issued share capital of the bank. The Supervisory Board may at all times suspend or dismiss a member of the Executive Board.

Further information on the suspension and dismissal procedure of the Executive Board is provided in ABN AMRO's Articles of Association and the Rules of Procedure of the Executive Board as published on abnamro.com.

Executive Board

Executive Board (from left to right):
Ton van Nimwegen, Annerie Vreugdenhil, Tanja Cuppen, Dan Dorner, Robert Swaak, Choy van der Hooft-Cheong, Carsten Bittner, Ferdinand Vaandrager

Personal details of the members of the Executive Board

The personal details of all members of the Executive Board who were active in 2023 can be found on our website. The information below refers to the members of the Executive Board as at 12 March 2024.

Chief Executive Officer and Chair of the Executive Board

Robert Swaak Dutch, male, 1960

Robert Swaak was appointed as CEO and Chair of the Executive Board of ABN AMRO, effective 22 April 2020. As CEO, Robert Swaak is also responsible for Group Audit, Legal & Corporate Office, Strategy & Innovation, Sustainability Center of Excellence, Brand, Marketing & Communications, Group Economics and Human Resources. His current term ends at the close of ABN AMRO's Annual General Meeting in 2024. Robert Swaak accepted the request of the Supervisory Board to extend his term of office as CEO by four years, until the 2028 General Meeting of Shareholders.

Relevant positions pursuant to CRD V
Chief Executive Officer and Chair of the Executive Board of ABN AMRO Bank N.V.

Other relevant ancillary positions
Member of the Supervisory Council of Stichting Nationale Opera & Ballet, chair of the Supervisory Council of Stichting Paleis Het Loo, member of the Board of Stichting Amerika-Europese Gemeenschap (Nederland) of Stichting American European Community Association (Netherlands), member of the Board of directors of the Nederlandse Vereniging van Banken (NVB), member of the Advisory Board IRCC (Integrated Reporting and Connectivity Council) of the IFRS Foundation, member of the Board of Directors of Stichting Nationaal Fonds 4/5 mei.

Chief Commercial Officer Corporate Banking and Vice-Chair of the Executive Board

Dan Dorner Dutch, male, 1976

Dan Dorner was appointed to the Executive Board of ABN AMRO as CCO Corporate Banking, effective 24 November 2021. As CCO Corporate Banking, he is responsible for the client unit Corporate Banking. Dan Dorner was appointed Vice-Chair of the Executive Board with effect from 1 April 2023. His current term ends at the close of ABN AMRO's Annual General Meeting in 2026.

Relevant positions pursuant to CRD V
Chief Commercial Officer Corporate Banking and Vice-Chair of the Executive Board of ABN AMRO Bank N.V.

Other relevant ancillary positions
Member of the Advisory Board of Euronext, member of the general board and of the daily board of Vereniging VNO-NCW (Confederation of Netherlands Industry and Employers)

Chief Innovation & Technology Officer

Carsten Bittner German, male, 1971

Carsten Bittner was appointed to the Executive Board of ABN AMRO as CI&TO, effective 1 January 2023. As CI&TO, he is responsible for Innovation and Technology, including IT, Platforms & Technology, Data Management, the Corporate Information Security Office, Procurement, and Change Management & Consultancy. His current term ends at the close of ABN AMRO's Annual General Meeting in 2027.

Relevant positions pursuant to CRD V
Chief Innovation & Technology Officer of the Executive Board of ABN AMRO Bank N.V.

Chief Risk Officer
of the Executive Board

Tanja Cuppen Dutch, female, 1969

Tanja Cuppen was appointed to the Executive Board of ABN AMRO effective 1 October 2017 and was appointed CRO with effect from 1 November 2017. As CRO, she is responsible for Risk Management, including: Enterprise risk management, Credit risk, Market & ALM risk, Sustainability risk management, Financial Restructuring & Recovery, Compliance, Security & Intelligence Management and Regulatory Execution Oversight. The Supervisory Board reappointed Tanja Cuppen for a second term with effect from the Annual General Meeting in April 2021 for a period of three years. Her current term ends at the close of ABN AMRO's Annual General Meeting in 2024.

Relevant positions pursuant to CRD V
Chief Risk Officer of the Executive Board of ABN AMRO Bank N.V., member of the Supervisory Board of Coöperatie Menzis U.A.

Other relevant ancillary position
Member of the Advisory Committee Maatwerkafspraken Verduurzaming Industrie.

Chief Commercial Officer Wealth Management and member of the Executive Board

Choy van der Hooft-Cheong Dutch, female, 1971

Choy van der Hooft-Cheong was appointed to the Executive Board of ABN AMRO as CCO Wealth Management, effective 24 November 2021. As CCO Wealth Management, she is responsible for the client unit Wealth Management. Her current term ends at the close of ABN AMRO's Annual General Meeting in 2026.

Relevant positions pursuant to CRD V
Chief Commercial Officer Wealth Management and member of the Executive Board of ABN AMRO Bank N.V.

Other relevant ancillary positions
Founder and board member of Stichting Children's Khazana Foundation, Chair of the statutory board of Stichting Talent naar de Top.

Chief Operations Officer
of the Executive Board

Ton van Nimwegen Dutch, male, 1969

Ton van Nimwegen was appointed to the Executive Board of ABN AMRO Bank N.V. as Chief Operations Officer, effective 1 December 2023. As COO, Ton van Nimwegen is responsible for Detecting Financial Crime, Customer Care & Operations, Strategy Portfolio and Strategy Execution, End-2-End Processes and Digitalisation and Client Data, and Workplace Management.

Relevant positions pursuant to CRD V
Chief Operations Officer of the Executive Board of ABN AMRO Bank N.V.

Other relevant ancillary position
Chair of the Board of Trustees of the International School of Amsterdam.

Chief Financial Officer
of the Executive Board

Ferdinand Vaandrager Dutch, male, 1970

Ferdinand Vaandrager was appointed to the Executive Board of ABN AMRO Bank N.V. as interim Chief Financial Officer, effective 1 May 2023. He was appointed to the Executive Board of ABN AMRO Bank N.V. as Chief Financial Officer, effective 16 November 2023. As CFO, Ferdinand Vaandrager is responsible for Finance, including Asset & Liability Management and Treasury, Controlling, Financial Accounting, Tax and Investor Relations.

Relevant positions pursuant to CRD V
Chief Financial Officer of the Executive Board of ABN AMRO Bank N.V.

Chief Commercial Officer Personal & Business Banking and member of the Executive Board

Annerie Vreugdenhil Dutch, female, 1963

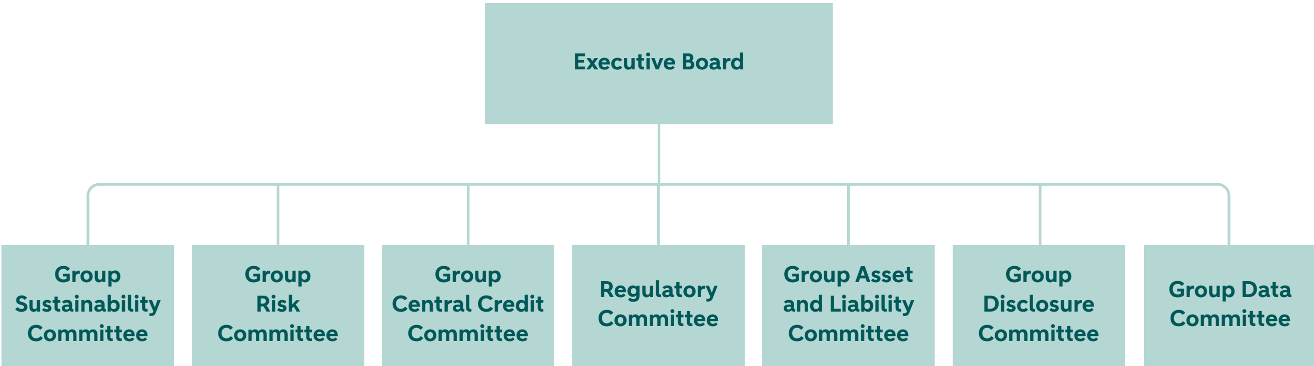
Chief Commercial Officer Personal & Business Banking and member of the Executive Board
Annerie Vreugdenhil was appointed to the Executive Board of ABN AMRO as CCO Personal & Business Banking, effective 1 March 2022. As CCO Personal & Business Banking, she is responsible for the client unit Personal & Business Banking. Her term ends at the close of ABN AMRO's Annual General Meeting in 2026.

Relevant positions pursuant to CRD V
Chief Commercial Officer Personal & Business Banking and member of the Executive Board of ABN AMRO Bank N.V., member of the Supervisory Board of Stadsherstel Amsterdam N.V., non-executive member of the Board of EPI Company SE.

Other relevant ancillary positions
Member of the Board of directors of the Nederlandse Vereniging van Banken (NVB).

Committees

The Executive Board has established a number of committees that are responsible for preparing the decision-making on certain subjects, taking certain delegated decisions and advising the Executive Board on certain matters.



In the last quarter of 2023, the Executive Board established the Group Data Committee to assist and support the Executive Board in the performance of its duties relating to data management, data governance and data quality. The Group Data Committee oversees the adoption of the Group's governance with regard to data management, data quality and reporting as part of the overall risk management framework, as well as the Group's key performance indicators, key risk indicators and its performance in this respect.

Furthermore, the Executive Board has three risk-related committees:
- the Group Risk Committee;
- the Group Regulatory Committee;
- the Group Central Credit Committee.

More information on the delegated authority of these committees is provided in the Risk, funding & capital management chapter.

In addition, the Executive Board has installed a Group Disclosure Committee, a Group Asset & Liability Committee and a Group Sustainability Committee.

The Group Disclosure Committee's responsibilities include advising and supporting the Executive Board in relation to (i) supervision of the accuracy, effectiveness and timeliness of public disclosures by the group, and (ii) integrity with regard to the financial statements and other public disclosures as required by Dutch and European legislation, in particular (but not limited to) financial and non-financial disclosures, changes to group target ratios, prospectus disclosures, stress tests, public corporate governance statements, changes in key capital requirements (SREP), changes in dividend policy, changes in ratings and disclosures about environmental, social and governance (ESG) performance, social and employee matters, human rights performance and anti-corruption and anti-bribery matters.

The Group Asset & Liability Committee has been mandated by the Executive Board to decide on matters relating to the interest rate and liquidity risk profile, as well as the group's solvency, within the parameters set by the Executive Board.

The Group Sustainability Committee assists and supports the Executive Board in the performance of its duties relating to ESG. More information on the Group Sustainability Committee is provided in the Governance section of the Sustainability statements.

Supervisory Board composition

Role and responsibilities of the Supervisory Board

The Supervisory Board supervises, advises, challenges and supports the Executive Board in the exercise of its powers and duties. Together with the Executive Board, the Supervisory Board is responsible for ABN AMRO's sustainable long-term value creation. Members must execute their duties in a sustainable manner with due observance of the long-term viability of the pursued strategy. In discharging its task, the Supervisory Board takes into account the dynamics and the relationship between the Executive Board and its members. The Supervisory Board must be involved with the Executive Board early and closely when formulating the bank-wide strategy and targets (in line with the pursued culture aimed at sustainable long-term value creation).

In performing their duties, the members of the Supervisory Board are guided by the interests of ABN AMRO and its associated businesses. They take due consideration of the legitimate interests of all of ABN AMRO's stakeholders (such as its clients, savers and deposit holders, shareholders, holders of depositary receipts for shares issued with the company's cooperation, employees and the society in which ABN AMRO carries out its activities). Certain decisions taken by the Executive Board are subject to the approval of the Supervisory Board.

Changes in 2023

At the Annual General Meeting of 19 April 2023, Michiel Lap was reappointed to the Supervisory Board for a period of four years.

At the Annual General Meeting of 19 April 2023, Wouter Devriendt was appointed as a new Supervisory Board member for a period of four years, replacing Anna Storåkers. Since Anna Storåkers was not available for a new term, there was a vacancy within the Supervisory Board for a member with knowledge and experience in the financial sector and of risk management in particular.

In addition, the Supervisory Board informed the Annual General Meeting of shareholders of 19 April 2023 that there was a vacancy on the Supervisory Board for a member with specific expertise on the themes culture, governance, sustainability, climate & environmental risks and large transformations. At the Extraordinary General Meeting of 29 June 2023, Femke de Vries was appointed as a new Supervisory Board member for a period of four years.

On 5 February 2024, ABN AMRO announced that Wouter Devriendt had decided to step down as a member of the Supervisory Board of ABN AMRO Bank N.V. with immediate effect because of being appointed CEO of another company.

Appointment, suspension and dismissal

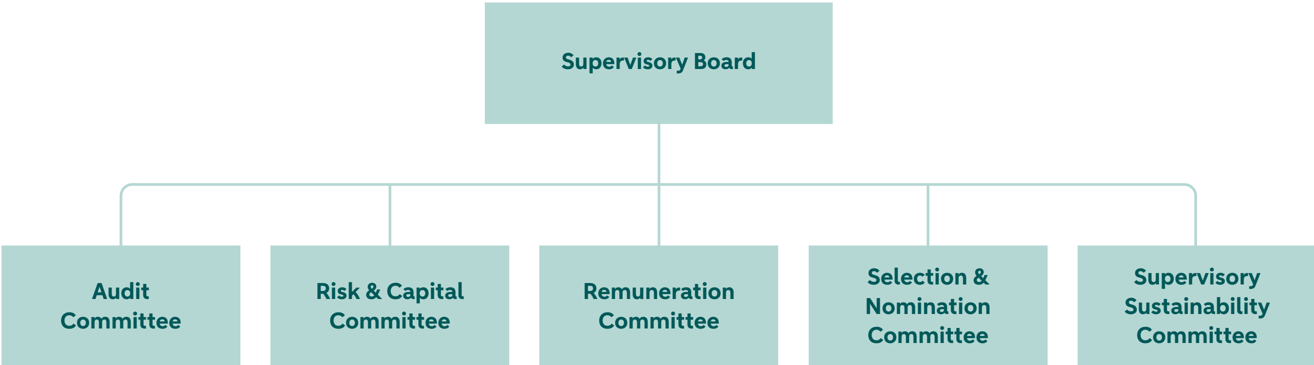
Members of the Supervisory Board are appointed by the General Meeting, following nomination by the Supervisory Board itself. Only candidates who have passed the fit and proper test under the relevant legal requirements stemming either from applicable EU law or applicable national law are eligible for appointment. The General Meeting and the Employee Council may recommend candidates to the Supervisory Board to be nominated as members of the Supervisory Board. The diversity objectives laid down in ABN AMRO's internal policies are taken into consideration when preparing the appointment and reappointment of the members of the Supervisory Board. The Supervisory Board notifies the General Meeting of the intended appointment or reappointment of a member of the Supervisory Board, accompanied by a short resume of the candidate including the candidate's age, gender, educational and professional background, and geographical provenance.

In accordance with the best practice provisions of the Dutch Corporate Governance Code, Supervisory Board members are appointed for a period ending at the close of the first Annual General Meeting held after four years have passed since their last appointment, unless a shorter period was set at the time of the appointment. The Supervisory Board is required to nominate a candidate recommended by the Employee Council in respect of one-third of the members of the Supervisory Board (the 'enhanced recommendation right'). The Supervisory Board must accept the recommendation of the Employee Council unless it believes that the recommended candidate is unsuitable to fulfil the duties of a member of the Supervisory Board or if the Supervisory Board would not be properly composed if the appointment was made as recommended.

The Supervisory Board may suspend any of its members at any time. The General Meeting may dismiss the Supervisory Board in its entirety due to a lack of confidence in the Supervisory Board. This requires an absolute majority of the votes cast, representing a quorum of at least one-third of the issued share capital. If this quorum is not met, it is not possible to hold a second General Meeting at which no quorum applies. Further information on the suspension and dismissal procedure is provided in ABN AMRO's Articles of Association and the Supervisory Board Rules of Procedure as published on the ABN AMRO website.

Committees

The Supervisory Board has established five committees to prepare its decision-making and to advise the Supervisory Board on specific matters. These committees are composed exclusively of Supervisory Board members.



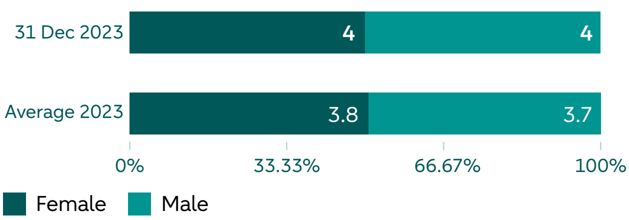
These committees are the:
- Audit Committee;
- Risk & Capital Committee;
- Remuneration Committee;
- Selection & Nomination Committee;
- Supervisory Sustainability Committee.

Composition and diversity

The Supervisory Board's composition is based on the guiding principle that diversity of thought, expertise, background, competences and interpersonal styles is a prerequisite for effective supervision and, by extension, for sustainable long-term value creation. To that effect, the following diversity aspects are relevant for the composition of the Supervisory Board: gender, age, educational and professional background, and geographical provenance.

Diversity Supervisory Board

(male/female)



The gender diversity target has been reviewed in light of new legislation for a more balanced ratio between men and women in the board of directors and supervisory board. According to ABN AMRO's current gender diversity target, at least one-third (1/3rd) of ABN AMRO's Supervisory Board should consist of the underrepresented gender. ABN AMRO's Supervisory Board currently consists of four male and four female members. When vacancies arise, the Supervisory Board gives due consideration to any applicable gender requirements in its search for suitable new members meeting the fit and proper requirements stipulated in the relevant legal requirements stemming either from applicable EU law or applicable national law.

Collectively, the members have expertise in personal and business banking, wealth management and corporate banking, investment banking, risk management, financial management, strategy formulation and execution, cultural and other change management, IT, digitalisation, innovation, economics, remuneration and human resources management, sustainability and corporate social responsibility, legal and compliance matters and the development of products and services, and experience in the key markets in which the bank is active. The Supervisory Board has one financial expert, in accordance with the formal definition and requirements, accompanied by highly experienced bankers, who collectively have broad and deep banking experience across all key areas of domestic and international banking.

"Our purpose 'Banking for better, for generations to come' shows our long-term commitment to our stakeholders and underlines our focus on long term value creation."

All members of the Supervisory Board have passed the fit and proper test required under the Dutch Financial Supervision Act. The Supervisory Board confirms that all members of the Supervisory Board are independent within the meaning of best practice provision 2.1.10 of the Dutch Corporate Governance Code.

Competence matrix

Competences	 Tom de Swaan Chair	 Arjen Dorland Vice-Chair	 Laetitia Griffith Member	 Michiel Lap Member	 Sarah Russell Member	 Mariken Tannemaat Member	 Femke de Vries Member
Executive experience	★★	★★	★★	★★	★★	★★	★★
Banking and finance experience	★★	★	★	★★	★★	★★	★
Audit experience	★★	★★	★★	★★	★★	★	★
Risk experience	★★	★★	★★	★★	★★	★★	★★
IT and digitalisation experience	★★	★★	★	★★	★★	★★	★
Transformation and innovation experience	★★	★★	★	★★	★★	★★	★★
Environmental experience	★★	★	★★	★★	★	★★	★★
Social experience	★★	★★	★★	★★	★★	★	★★
Governance experience	★★	★★	★★	★★	★★	★★	★★
Compliance and conduct experience	★★	★★	★★	★	★★	★★	★★

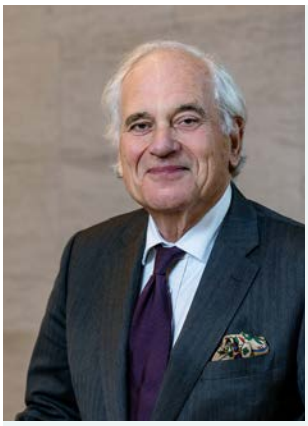
★ Has good understanding of the subject but is not expert ★★ Can make a balanced independent judgment on the subject (expert).

Supervisory Board

Supervisory Board (from left to right):
Michiel Lap, Sarah Russell, Laetitia Griffith, Tom de Swaan, Femke de Vries, Arjen Dorland, Mariken Tannemaat

Personal details of the members of the Supervisory Board

The personal details of all members of the Supervisory Board who were active in 2023 can be found on our website. The information below refers to the members of the Supervisory Board as at 12 March 2024.



Chair of the Supervisory Board

Tom de Swaan Dutch, male, 1946

Tom de Swaan was appointed to the Supervisory Board of ABN AMRO effective 12 July 2018 and reappointed for a second term effective 20 April 2022. His current term expires at the close of the Annual General Meeting in 2026.

Last executive position held
CEO ad interim, Zurich Insurance Group. Ltd

Relevant positions pursuant to CRD V
Chair of the Supervisory Board of ABN AMRO Bank N.V.

Other relevant ancillary positions
Chair of the Board of Foundation National Opera & Ballet Fund, the Netherlands, member of the International Advisory Board of Akbank, Chair of the Management Board of Stichting Fondsen Nederlands Kankerinstituut, member of the Supervisory Council of Foundation Holland Festival, the Netherlands, member of the Advisory Board of Stichting tot Instandhouding van de Diergaarde van het Koninklijk Zoölogisch Genootschap Natura Artis Magistra, member of the Board of Stichting Liszt Concours, member of the Board of Directors of The International Centre for Missing & Exploited Children, Chair of the Board of the Liberal Jewish Community of Amsterdam, member of the Board of Stichting Gan Hasjalom, member of the Committee of Recommendation of Stichting Het Stenen Archief.

Vice-Chair of the Supervisory Board

Arjen Dorland Dutch, male, 1955

Arjen Dorland was appointed to the Supervisory Board of ABN AMRO effective 18 May 2016. His current term expires at the close of the Annual General Meeting in 2024.

Last executive position held
Executive Vice-President of Technical and Competitive IT, Royal Dutch Shell.

Relevant positions pursuant to CRD V
Vice-Chair of the Supervisory Board of ABN AMRO Bank N.V., Vice-Chair of the Supervisory Board of Essent N.V., Chair of the Supervisory Board of Bovemij N.V. and N.V. Schadeverzekering-Maatschappij Bovemij.

Other relevant ancillary positions
Chair of the combined Supervisory Council of Stichting Naturalis Biodiversity Center and Stichting Japanmuseum Sieboldhuis, Chair of the Supervisory Council of Haaglanden Medisch Centrum.

Member

Laetitia Griffith Dutch, female, 1965

Laetitia Griffith was appointed to the Supervisory Board of ABN AMRO effective 17 December 2019. Her current term expires at the close of the Annual General Meeting in 2024.

Last executive position held
Member of Parliament on behalf of the VVD (portfolio: Home Affairs), House of Representatives of the Netherlands.

Relevant positions pursuant to CRD V
Member of the Supervisory Board of ABN AMRO Bank N.V., member of the Supervisory Board of Tennet TSO GmbH, member of the Supervisory Board of Tennet Holding B.V., member of the Supervisory Board of Benno Leeser Holding B.V., member of the Supervisory Board of Coca-Cola Europacific Partners Nederland B.V.

Other relevant ancillary positions
Chair of the Supervisory Board of the Dutch Film Fund, Chair of the Board of Stichting Nederlandse Vioolconcoursen, Chair of the Supervisory Council of Stichting Save the Children Nederland, Chair of the Supervisory Council of Stichting Metropole Orkest, member of the Supervisory Council of the Kadaster, member of the Electoral Council (Kiesraad), member of the Board of Stichting Assurances KLM, member of the Board of Koninklijke Verzamelingen, onderdeel van de Dienst van het Koninklijk Huis (Royal Collections of the Netherlands, part of the Royal Household).

Member

Michiel Lap Dutch, male, 1962

Michiel Lap was appointed to the Supervisory Board of ABN AMRO effective 24 April 2019 and reappointed effective 19 April 2023. His current term expires at the close of the Annual General Meeting in 2027.

Last executive position held
Partner and Head of Northwest Europe, Goldman Sachs.

Relevant positions pursuant to CRD V
Member of the Supervisory Board of ABN AMRO Bank N.V., Chair of the Supervisory Board of Arcadis N.V., non-executive board member of Rijn Capital B.V.

Other relevant ancillary positions
Member of the Supervisory Board of Stichting Het Nederlands Kanker Instituut – Antoni van Leeuwenhoek Ziekenhuis.

Member

Mariken Tannemaat Dutch, female, 1971

Mariken Tannemaat was appointed to the Supervisory Board of ABN AMRO effective 15 December 2020. Her current term expires at the close of the Annual General Meeting in 2025.

Last executive position held
Chief Innovation Officer at Robeco N.V.

Relevant positions pursuant to CRD V
Member of the Supervisory Board of ABN AMRO Bank N.V., vice-Chair of the Supervisory Board of CM.com N.V. and member of the Supervisory Board of CM Payments B.V., member of the Supervisory Board of VLC & Partners B.V., non-executive director of Prudential Assurance Company Limited, non-executive director of Investment Funds Direct Limited.

Other relevant ancillary positions
Advisor to the Executive Board of Erasmus Enterprise B.V.

Member

Sarah Russell Australian, female, 1962

Sarah Russell was appointed to the Supervisory Board of ABN AMRO effective 20 April 2022. Her current term expires at the close of the Annual General Meeting in 2026.

Last executive position held
CEO of AEGON Asset Management Holding B.V. and member of the Managing Board of AEGON N.V.

Relevant positions pursuant to CRD V
Member of the Supervisory Board of ABN AMRO Bank N.V., member of the Supervisory Board of APG Groep N.V. and APG Asset Management N.V., member of the Supervisory Board of APG Asset Management N.V., member of the Supervisory Board of The Currency Exchange Fund N.V.

Member

Femke de Vries Dutch, female, 1972

Femke de Vries was appointed to the Supervisory Board of ABN AMRO effective 29 June 2023. Her current term expires at the close of the Annual General Meeting in 2027.

Last executive position held
Managing Partner at &samhoud consultancy.

Relevant positions pursuant to CRD V
Member of the Supervisory Board of ABN AMRO Bank N.V., member of the Supervisory Board of BNG Bank N.V.

Other relevant ancillary positions
Chair of the Advisory Board of Authority for Nuclear Safety and Radiation Protection, member of the Advisory Board of Human Environment and Transport Inspectorate (ILT), Professor by special appointment in Supervision of the University of Groningen, regular author of expert contribution to the Dutch financial daily gazette (Financieele Dagblad), independent consultant.

Interview with our Supervisory Board Chair

How do you look at the bank's performance in 2023?

"On balance, 2023 was a successful year. If you look at the financial performance, it was a great year. But we have to be realistic: part of that performance was due to external developments, as higher interest rates continued to support our net interest income.

At the same time, the external environment created challenges that the bank managed well. Its prudence during the Covid crisis and since the war in Ukraine have resulted in an comfortable position as far as loan-loss provisions are concerned. Also, the bank was successful on the commercial side. In corporate banking, its focus on accelerating the sustainability transition continued to resonate with clients. Especially in the past two years, ABN AMRO has been able to regain an attractive position in this market."

It is over three years since ABN AMRO presented its strategy to become a personal bank in the digital age. How is the bank doing?

"We are on the right track. The bank has made great strides forward under Robert Swaak's leadership. The bank is in good shape and has a strong focus on clients' interests in markets where we have a right to win. That's why we're happy that Robert has agreed to stay on as the CEO for another four years. I'm also pleased with the Dutch State's decision to start reducing its stake again for the first time since 2017. It's a sign that they believe the bank has developed in such a way that it no longer needs the State as a shareholder. But while that's something to be proud of, it doesn't mean we can lean back and relax."

What makes you say that? Where does the bank need to step up?

"Especially in Personal & Business Banking, we continue to have very low Net Promoter Scores. This seems to be a sticky issue. When I talk to clients, they seem to be satisfied with the bank. But the scores are still low and have been low for quite some time. We have to look carefully at how we can improve them. We will only succeed as a personal bank in the digital age if clients value our services and continue to see us as a trusted partner.

What the Supervisory Board follows closely was the increase in risk-weighted assets in 2023. This was mostly linked to data issues and the complexity of ABN AMRO's legacy organisation. If you don't have certain data on a client's collateral for instance, the

Tom de Swaan
Supervisory Board Chair of ABN AMRO N.V.

"I'm positive about the leadership team. They are well suited to the job, they have the right energy levels and they are increasingly working together as a good team."

regulator assumes that there is no collateral. That means you have to apply higher risk weights to assets, which limits the bank's lending capacity."

How do you look at the bank's leadership team? Are they doing enough to tackle these issues?

"I'm positive about the leadership team. They are well suited to the job, they have the right energy levels and they are increasingly working together as a good team. Obviously, we always want them to go faster. I wish, for example, that we could have speeded up more in resolving legacy issues such as the AML remediation programme or the data problems I just mentioned. Our role as the Supervisory Board is then to challenge the Executive Board. Why haven't these issues been resolved yet? What can you do to avoid such situations in the future? What needs to change?

Sometimes there are impediments to moving faster. The current leadership team inherited, for example, a relatively complex organisation. But it is hard work to streamline the bank's processes, reduce complexity and create a more accountable, more entrepreneurial culture. The focus is certainly there. There can be no doubt about that. We have the right people who are doing the right things, but it's a long road to go."

Following the appointments of Carsten Bittner and Ton van Nimwegen, the majority of the Executive Board now consists of people from outside the bank. What's your view on that?

"First of all, it's important to have people coming from outside from time to time because they introduce new ways of thinking. I am very pleased that Ferdinand Vaandrager was appointed from within the bank. I would like to see more strong internal candidates, however in the past management didn't devote as much attention to succession planning as it should have.

We consider it a positive development that the bank is gradually rebuilding its talent development capabilities. This is also an important topic for the Supervisory Board. The Selection and Nomination Committee regularly talks to people at the level below the Executive Board which we believe having a good future at the bank. We get to know them, ask what they are looking for and discuss their personal development goals with them.

This way, we are rebuilding a pool of people potentially ready for higher positions, which is important for the continued success of the bank."

Let's zoom in on the Supervisory Board. Did you make any changes to your own way of working last year?

"An important change was our decision to establish a separate committee focusing exclusively on sustainability. This committee, which is chaired by my new colleague Femke de Vries, shows the importance of the sustainability aspects of the bank's strategy and the impact this has on people and the environment. Last year, we also organised our first two team offsites, where members of the Supervisory Board spend a whole day away from the office discussing how we work together as a team and how we view our cooperation with the Executive Board, the regulator and other stakeholders. As all of us attach high value to these offsites, we will continue this approach going forward."

"People across the bank are doing some incredible things. We should emphasise that more and the best way to do that is to raise the flag and celebrate!"

Last year, you said that people at ABN AMRO should celebrate more. What's your message to them this year?

"I will continue to say that we should celebrate more. Why? Because we certainly have some successes to celebrate! Look at the decision of the Dutch State to start reducing its shareholding further, our acquisition of BUX or the prizes the bank won in corporate banking and wealth management. People at ABN AMRO tend to say 'Yes, we have achieved that, but...' In my view, that's one of the things in the bank's culture that should change. People across the bank are doing some incredible things. We should emphasise that more and the best way to do that is to raise the flag and celebrate!"

Tom de Swaan
Supervisory Board Chair of ABN AMRO N.V.

Report of the Supervisory Board

Meetings of the Supervisory Board

During 2023, the Supervisory Board held six regular meetings according to the pre-set schedule and sixteen additional meetings. The regular meetings were held physically, whereas most of the additional meetings were held online.

Regular Supervisory Board meetings take place following the meetings of the Remuneration Committee, Selection & Nomination Committee, Risk & Capital Committee, Supervisory Sustainability Committee and Audit Committee. These committees report to the Supervisory Board on their deliberations and findings after their meeting, and the Supervisory Board takes into account their outcomes and recommendations. The Company Secretary (or deputy Company Secretary) attends all meetings and is the secretary to the Supervisory Board and its committees. All meetings of the Supervisory Board start with a conflict of interest check in order to determine whether any of the Supervisory Board members is conflicted regarding agenda items. The regular meetings of the Supervisory Board also start with a check-in for the Supervisory Board members only. In the quarterly meetings, after the check-in, the CEO provides an update to the Supervisory Board through the lens of the CEO's priorities. Following the CEO's update the other Executive Board members join the quarterly meetings of the Supervisory Board. In March the Supervisory Board held its regular meeting to discuss and approve the Integrated Annual Report and, in December, its regular meeting to discuss the financial plan for 2024-2028, among other topics. These meetings were also attended by the members of the Executive Board.

Depending on the topics discussed in the additional meetings of the Supervisory Board, the responsible Executive Board members also attend these meetings. The quarterly meetings take six hours on average. Other bank staff and the internal and external auditor are frequently invited to give presentations on specific topics such as Detecting Financial Crime (DFC), the Supervisory Review and Evaluation Process (SREP), the Credit Domain, the Payments Domain, climate strategy, data, IT strategy, performance highlights, the capital & funding plan, strategy and execution of the strategy, investor relations updates, M&A projects, innovation, the culture change plan, risk appetite, quarterly audit reports and the quarterly report of the interaction with the supervisors ECB, DNB and AFM. The CCOs provided the Supervisory Board with quarterly business updates and deep-dives on their respective client units, with a focus on the dilemmas and challenges facing these units. Client satisfaction (NPS), duty of care, revenues and strategy going forward were important items for the Supervisory Board during the business updates.

In addition to the regular meetings of the Supervisory Board, meetings were held to discuss the desired composition of the Supervisory Board and its committees. Due to the resignation of Anna Storåkers with effect from 19 April 2023, the agenda for these meetings included the selection and appointment of a new Chair of the Risk & Capital Committee. Wouter Devriendt was subsequently appointed to chair this committee and as a member of the Supervisory Board with effect from 19 April 2023. In addition, the Supervisory Board created a vacancy for an eighth Supervisory Board member with a focus on governance, culture and sustainability and selected Femke de Vries as the preferred candidate for this vacancy. Femke de Vries was appointed to this position on 29 June 2023.

On 1 November 2023, the Supervisory Board established the Supervisory Sustainability Committee, consisting of Femke de Vries (Chair), Laetitia Griffith, Michiel Lap and Mariken Tannemaat. This committee advises the Supervisory Board on matters within the area of sustainability.

Culture and behaviour were key topics for the Supervisory Board during the year as these play a fundamental role in the bank's executing of its strategy. The culture change plan entailed designing an integrated approach to strengthen the organisation's execution power and capability for sound risk-taking, both of which are crucial enablers for successfully achieving the bank's purpose and its strategy for growing the business. The Supervisory Board is periodically informed about the progress and impact of this plan.

In addition, certain specific subjects were discussed, including the appointment of a successor for the CFO and the CRO and the re-appointment of the CEO. Ton van Nimwegen was appointed as Chief Operations Officer and became the eighth member of the Executive Board. Other topics on the agenda included performance management, ancillary positions of Supervisory Board members and members of the Executive Board, KPI-setting and the annual self-assessment of the Supervisory Board. Wouter

Devriendt and Sarah Russell were mandated by the Supervisory Board to discuss the Recovery Plan with Risk, and this plan was subsequently approved on 13 December 2023. The Supervisory Board then approved the Diversity & Inclusion Policy on 14 December 2023.

During the year the Supervisory Board held two offsite meetings. During the first of these meetings, in March, the subjects discussed by the Supervisory Board included the Supervisory Board priorities for 2023. During the second meeting, in October, the Supervisory Board discussed topics such as the brand strategy, SREP, the strategy of ABN AMRO, Artificial Intelligence, cybersecurity and privacy.

Details of the Supervisory Board's composition in 2023 can be found in the Composition and diversity paragraph in the Supervisory Board section. The personal details of the members of the Supervisory Board are considered to be incorporated, by reference, in this Report of the Supervisory Board. At the Annual General Meeting held on 19 April 2023, Anna Storåkers resigned as a member of the Supervisory Board and Wouter Devriendt was appointed as a member of the Supervisory Board.

The attendance rates in 2023 of Supervisory Board members and committee members, as well as the number of meetings held during the period that a person was a member of the Supervisory Board or a committee, are listed in the following table.

Attendance rate Supervisory Board committees

Attendance	Tom de Swaan	Arjen Dorland	Wouter Devriendt	Laetitia Griffith	Michiel Lap	Sarah Russell	Anna Storåkers	Mariken Tannemaat	Femke de Vries
Supervisory Board	91% **20/22**	91% **20/22**	80% **12/15**	82% **18/22**	77% **17/22**	95% **21/22**	71% **5/7**	86% **19/22**	100% **11/11**
Audit Committee		100% **6/6**	100% **3/3**		100% **6/6**	100% **6/6**	100% **3/3**		
Remuneration Committee	88% **7/8**	100% **8/8**		100% **8/8**				100% **8/8**	
Risk & Capital Committee	100% **7/7**		100% **7/7**			100% **9/9**	100% **2/2**	100% **9/9**	100% **2/2**
Selection and Nomination Committee	95% **18/19**	84% **16/19**		89% **17/19**	74% **14/19**				
Supervisory Sustainability Committee				100% **1/1**	100% **1/1**	0% **0/1**			100% **1/1**

Focus areas and activities of the Supervisory Board

The Supervisory Board's key areas of focus included the bank's compliance with legislation, codes and regulations. The remediation programmes and reassessments within DFC were closely monitored by the Supervisory Board. The Supervisory Board discussed the challenges and interventions regarding meeting the regulatory deadlines and the date by which ABN AMRO must achieve compliance with the relevant AML regulations. The Supervisory Board also discussed the challenges in ensuring the quality of the Systematic Integrity Risk Assessment (SIRA), getting client lifecycle processes in control and achieving AML transaction-monitoring effectiveness.

The Supervisory Board was regularly updated on ABN AMRO's key financial and non-financial risks and the design of the internal risk management and control systems. During these updates the Executive Board's assessment of the adequacy and effectiveness of the risk management and control systems was monitored and discussed. The Enterprise Risk Management (ERM) report was discussed quarterly and showed the developments in ABN AMRO's risk profile in the past quarter, based on the strategic and bank risk appetite. As an annex to the ERM report, the major entities risk update was provided to the Supervisory Board. The bank's risk appetite and ICAAP/ILAAP were also discussed and approved.

The Supervisory Board devoted a lot of time to the findings and requirements arising from the SREP 2022 letter and draft SREP 2023 letter. Each quarter the Supervisory Board received an update on progress on delivery on the SREP 2022 letter. The Supervisory Board challenged progress on topics mentioned in the SREP letter, given that some of these topics have been in the SREP letter for some years now, and emphasised the importance of delivering on the SREP topics.

Another important item for the Supervisory Board was growth. Although ABN AMRO benefitted from the changes in the interest rate environment, these benefits were due to external developments and not self-generated. During the business updates on the client units, the Supervisory Board discussed the focus in Northwest Europe on organic and inorganic growth, with specific attention for the entrepreneur and enterprise (E&E) concept. While this concept is showing initial signs of success, further improvements are needed. Other important elements included client satisfaction and digital capabilities. During the year, the Supervisory Board also discussed potential M&A transactions, including ABN AMRO's acquisition of BUX (subject to regulatory approval), one of Europe's most rapidly growing neobrokers.

At various meetings, the Supervisory Board discussed the strategy of ABN AMRO for 2024-2028, spending considerable time looking at trends, the market outlook, the bank-wide relative performance and the financial ambition. With regard to the financial ambition the Supervisory Board challenged the Executive Board to carefully look at revenue initiatives, cost levels, cost-saving initiatives and the return on equity. The Supervisory Board views sustainable long-term value creation for all stakeholders as important.

Data, information management, IT and digitalisation were key priorities for the Supervisory Board during the year. The Supervisory Board receives a quarterly update from the Chief Innovation & Technology Officer, with information security and fraud management being important items in these updates. The Supervisory Board also closely monitored developments regarding cybersecurity during the year. Frequent topics of discussion included execution of the data strategy and the resolving of data quality issues across the bank. The outcomes of and recommendations following the exercise conducted by Boston Consulting Group were translated into a set of ten interventions, which were closely monitored by the Supervisory Board. Specific attention was also devoted to initiatives in scope of the payments domain, and on which the Supervisory Board receives a quarterly status and progress update.

Implementation of the climate strategy announced in December 2022 was a key topic for the Supervisory Board during the year. In various formal and informal meetings the Supervisory Board devoted time to considering and challenging the various elements in the climate strategy. The implementation roadmap for 2023-2024 was discussed and approved at the Supervisory Board meeting on 1 June 2023. The convergence pathways and progress on target-setting for the agriculture, road transport and inland shipping sectors were also discussed. The proposed targets for agriculture and inland shipping were approved in mid-December. The qualitative statement on midstream and sector targets was challenged by the Supervisory Board, which questioned whether the bank should be more ambitious.

Governance and oversight on important subsidiaries remained a key topic. The Supervisory Board performed deep-dives on important subsidiaries such as ABN AMRO Clearing Bank and ICS and is working to improve oversight on other important subsidiaries.

The Executive Board and the Supervisory Board went on their annual study trip, this time to London, in May 2023. Discussions covered the economic and banking landscape in the United Kingdom after Brexit and the country's relationship with the European Union, as well as topics such as data in finance, artificial intelligence and diversity & inclusion. During this trip, colleagues from ABN AMRO Clearing Bank had the opportunity to give a presentation on their business in the United Kingdom.

The Supervisory Board continued to actively engage with its key stakeholders in 2023, both in virtual and physical meetings. The two members appointed pursuant to the enhanced recommendation right of the Employee Council, Laetitia Griffith and Arjen Dorland, met regularly with the Employee Council throughout the year so as to maintain an active dialogue and obtain the Employee Council's thoughts and input on various matters, including diversity, work satisfaction, strategy execution, hybrid working and reorganisations. The Chair and other members of the Supervisory Board also met the Employee Council on several formal and informal occasions during the year. The Supervisory Board appreciates the constructive relationship it has with the Employee Council, and highly values the input, engagement, suggestions and considerations provided by the Employee Council in the interests of the bank. Active engagement was also maintained throughout the year with the Dutch Central Bank, the European Central Bank, the AFM, STAK AAB and NLFI. The Supervisory Board's aim continued to be to ensure that the bank is well positioned to create sustainable long-term value for its shareholders and for society, while focusing firmly on clients' interests and balancing the interests of all stakeholders.

A description of the duties, responsibilities and current composition of the Supervisory Board, including its committees and other positions held by members, is provided in the Supervisory Board section of this chapter. More information on remuneration is provided in the Remuneration report section of this chapter. These subjects are considered to be incorporated, by reference, in this Report of the Supervisory Board.

Supervisory Board Committees

Audit Committee

Introduction

The Audit Committee is responsible for the direct supervision of all matters relating to financial and sustainability reporting and controlling. In doing so, it is responsible for supervising (and advising the complete Supervisory Board) in respect of, amongst other things, (i) matters concerning accounting policies, (ii) internal control, financial and sustainability reporting functions, (iii) internal and external audit, (iv) risk assessment of issues that can influence financial and (v) sustainability reporting and relevant regulatory compliance.

Members of the Audit Committee in 2023

On 1 January 2023, the Audit Committee consisted of Sarah Russell (Chair), Michiel Lap, Arjen Dorland and Anna Storåkers. Because Anna Storåkers was not available for a new term as Supervisory Board member, her appointment ended on the date of the Annual General Meeting, being 19 April 2023. On that same date, Wouter Devriendt was appointed as Supervisory Board member and member of the Audit Committee.

Meetings held in 2023 and attendance

The Audit Committee held six regular plenary meetings in 2023. All members attended these meetings. In addition, Tom de Swaan, in his capacity as a Supervisory Board member, attended five meetings of the Audit Committee in order to keep abreast of the most important developments relating to the Committee's tasks, while Laetitia Griffith and Mariken Tannemaat joined two and three plenary meetings, respectively, during the year. All meetings of the Audit Committee were also attended by the CEO, the CFO or CFO ad interim and the CRO. The Head of Group Audit, the external auditor and either the deputy Company Secretary or Company Secretary were also present at the meetings. The Head of Accounting & Consolidation and the Head of Controlling attended five of the meetings.

In addition to the above meetings, the Chair and other members of the Audit Committee regularly held separate meetings in 2023 with several Executive Board members, the Head of Group Audit, the CFO and CFO ad interim, the CRO, the Head of Accounting & Consolidation and the Head of Controlling. The Chair of the Audit Committee also met bilaterally with the external auditor on several occasions in 2023, focusing on subjects such as the progress of the external audit, the independence of the external auditor and other subjects relevant to the Committee's responsibilities. The Chair also met bilaterally with the European Central Bank and the Dutch Central Bank in her role as Chair of the Audit Committee on two occasions during the year. Furthermore, the Committee's members held meetings with managers of various departments in order to remain well informed on topics subject to the Committee's supervision. Directly after the meeting on 1 March 2023, when the draft annual accounts were discussed, the Audit Committee had an informal bilateral conversation with the external auditor to seek confirmation that all relevant matters emerging from the audit had been brought to the Committee's attention. In addition, EY shared its insights on process improvements, certain high-risk topics and the progress of data projects. At the November meeting, a closed session between the Committee and the CFO ad interim was organised to exchange thoughts on various aspects of the CFO's role and the handling of challenges associated with the position. Lastly, and since 2023, the internal and external auditor have been asked whether they would prefer every meeting of the Audit Committee to be a closed session, instead of holding a closed session just once a year.

General discussion items

The Audit Committee's discussions in the meetings covered topics including the quarterly reports, the 2022 Integrated Annual Report of ABN AMRO and key audit matters reported by internal and external audit. In relation to the latter, the Audit Committee discussed all control observations of the internal and external auditors, including progress on high-priority projects and closure of medium- and high-risk audit findings, by means of the quarterly Group Audit reports and the EY management letter. Please refer to the Management Control Statement in the Risk, funding & capital chapter and the Audit Opinion of EY (see Other) for further details.

In 2023, the Audit Committee remained focused on governance relating to financial reporting controls within the bank, especially involving the second line, and with the aim of improving the independent oversight of the financial reporting risk. In addition, the Committee started preparing to strengthen its monitoring and reporting role regarding legislation and regulations governing sustainability reporting, whereby oversight by the second line is also deemed important. Examples of these preparations include the Committee's discussions of (i) the changes in the corporate reporting suite for implementation in the 2023 reporting cycle, (ii) the governance, roles and responsibilities with regard to the 2023 reporting cycle (and looking ahead to 2024), (iii) the assurance scope proposal for the Integrated Annual Report 2023, and (iv) the structure of the Integrated Annual Report for implementation in the 2023 reporting cycle. In addition, the first and second line together report on improvements in financial and sustainability reporting processes on a semi-annual basis. The Audit Committee's Rules of Procedure have been amended to reflect the Committee's new responsibilities in light of the Corporate Sustainability Reporting Directive.

The Audit Committee extensively discussed the bank's financial performance, with an increased focus on management overlays, IFRS9 in-model adjustments and the newly implemented software capitalisation process. In addition, the Committee considered the challenges in the 2024 cost objectives, communications on the updated capital framework and key financial targets for the upcoming years. The Committee continually paid attention to current and future operational results, also in view of the volatile interest rate environment impacting heavily on the NII and the ongoing uncertainties regarding the economy and inflation. The Committee held quarterly discussions on the audit ratings of the bank's first- and second-line departments. As a result, it was decided to perform deep-dives on several high-priority programmes regarding audit findings in the coming period. In 2023, the Committee advised on one share buyback transaction. It also took note of financial reports issued to supervisory authorities, such as the COREP and FINREP reports, as well as considering Group Audit's role, performance and reports, reports from the external auditor and EY's engagement letters, independence and fees, and discussed regular whistleblowing reports. The Committee was also informed of and, if necessary, discussed all relevant letters received from the European Central Bank or the Dutch Central Bank.

During 2023, the Audit Committee increasingly concentrated on data governance and oversight. Given the importance of this topic, it has been added to the Committee's agenda as a recurring item so as to ensure monitoring and support of the various data-related programmes. The second line is also involved by means of reporting on monitoring and controlling data risks.

Discussion items per meeting

In February 2023, in addition to the regular topics noted above, the Audit Committee recommended the Supervisory Board to approve the annually updated Auditor Independence Policy. It also advised the Supervisory Board to approve the final cash dividend for 2022, as well as the share buyback programme in the amount of EUR 500 million. During this meeting, the Audit Committee spoke to the assessor who performed the external assessment of the internal audit function in 2022. This assessment, which is required to be performed every five years, included reviewing files and work processes and interviewing the former and current Chairs of the Audit Committee, as well as executives and members of the internal audit department. The subjects discussed included the proposed action plan, the effectiveness of the quality assurance team and advice on future quarterly reporting.

In March 2023, the Audit Committee reviewed and discussed the Integrated Annual Report 2022, including the Impact Report and Human Rights report, the external auditor's report on the 2022 consolidated financial statements and the Management Control Statement. EY reflected specifically on the extended sustainability disclosures in the Integrated Annual Report. The Committee challenged management on various disclosures in the Integrated Annual Report and Management Control Statement. The Committee also exchanged views on the letter from the VEB to audit firms, including the VEB's request for meaningful reporting on the findings and observations regarding fraud risk and climate-related risks in the audit report and in the presentation given to shareholders at the Annual General Meeting. The demand for an open dialogue with the auditor at annual general meetings was also considered.

In May 2023, in addition to the regular agenda items, the Audit Committee discussed the 2023 Audit Plan of the external auditor and issued positive advice to the Supervisory Board on the EY Engagement Letter for 2023. Special attention was paid to the topic of information risk, while the effectiveness of the Security Platform Committee and managing challenges in this area were also touched on.

In August 2023, the Audit Committee discussed and subsequently advised the Supervisory Board to approve the interim dividend proposed for the first half of the 2023 financial year. The Committee also took note of the proposal for the Integrated Annual Report 2023, which took account of the Corporate Sustainability Reporting Directive. The Committee stressed the importance of

sharing the updated climate strategy in due course in light of its responsibility to oversee sustainability reporting and urged that the Supervisory Sustainability Committee, too, should be involved in this process. During this meeting, the Committee and the CFO ad interim reflected on the bank's communications regarding capital return, NII and costs in the first quarter of 2023, as well as discussing the updated financial KPIs and capital framework for 2024, and specifically communications to the market on this topic.
The Committee discussed and subsequently advised the Supervisory Board on the tender process for an external auditor appointment for 2026-2028. Lastly, the Audit Committee and the project team zoomed in on the programme focusing on areas such as the bank's digital and payments environment.

In the last meeting of 2023, apart from the recurring agenda items, the Audit Committee recommended the Supervisory Board to approve the annual review of the Group Audit Charter and the Group Audit Plan 2024. Regarding the latter, the availability of sufficient resources and expert quality to ensure adherence to the Audit Plan and regulations was discussed. The Committee was also updated on the status of the bank's credit risk lifecycle programme.

Risk & Capital Committee

Introduction

The Risk & Capital Committee (R&CC) is responsible for supervising and advising the Supervisory Board on topics like: (i) risk management and risk control, (ii) the strategies for capital and liquidity management, (iii) the bank's risk appetite and risk strategy and reviewing the business activities in relation to these matters, (iv) compliance with applicable laws and regulations (including codes of conduct and internal procedures), (v) risk and compliance awareness within the bank, (vi) sound remuneration policies and practices in the light of risk, capital, liquidity and expected earnings, (vii) proposing corrective and/or disciplinary measures against members of the Executive Board in the event of a breach of applicable laws and regulations, and (viii) periodic review of the bank's actual risk profile.

Members of the Risk & Capital Commitee in 2023

On 1 January 2023, the Risk & Capital Committee consisted of Tom de Swaan, Sarah Russell, Anna Storåkers and Mariken Tannemaat. Wouter Devriendt was appointed as a member and Chair of the R&CC with effect from 19 April 2023. Subsequently, Femke de Vries was appointed as a member of the R&CC on 29 June 2023 and Tom de Swaan resigned from the R&CC, both with effect from 16 October 2023.

Meetings held in 2023 and attendance

All regular plenary meetings of the R&CC were also attended by the CEO, the CFO and the CRO. The Head of Group Audit and the Head of Compliance, the external auditor and the Company Secretary or deputy Company Secretary also attended the full plenary meetings. In addition, when deemed relevant and useful, individual staff members and responsible management were invited to present their case, respond to questions and participate in discussions.

Discussion items in 2023

The R&CC held nine plenary meetings in 2023, consisting of four regular meetings and five additional meetings. All matters discussed in the R&CC's plenary meetings that were relevant for the Supervisory Board were reported on orally at the subsequent meeting of the full Supervisory Board.

Recurring items on the R&CC's agenda in 2023 were the Enterprise Risk Management (ERM) Report, the major subsidiary oversight report, the Capital & Funding Plan, the Credit Risk Report, Compliance, DFC, legal updates, a progress report on the Risk Management Foundation Plan, including an update on the Future Credit Domain, a status overview of regulatory findings and the Risk Policy Approval Report, in which a quarterly overview is provided of changes to relevant risk policies. Additionally, the CRO provided quarterly updates at the regular R&CC meetings on relevant developments in her area of control.

The ERM Report provides a concise overview of ABN AMRO's position on all risk types identified in the risk taxonomy. It also aims (i) to identify cross-risk type issues and effects and (ii) to provide a single integrated view on the bank's risk profile, benchmarked against the bank's strategy and risk appetite. The ERM Report and all other regular and one-off reports were used by the R&CC to maintain oversight and advise the Supervisory Board on the functioning and efficiency of the bank's operations versus its risk appetite, including the functioning of its internal risk management function. The subjects discussed by the R&CC and based, for example, on the ERM Report included interest rate risks, change risks, credit risks, operational risks, compliance risks, IT & security risks, and sustainability and climate risks.

Every quarter the R&CC assessed the updated Capital & Funding Plan and was informed about the bank's current capital and funding positions. The R&CC discussed the bank's management of its capital and liquidity ratios, including the issuance plans for capital and funding and options for RWA steering. In all instances, the

R&CC advised the Supervisory Board to approve the proposed Capital & Funding Plan. Additionally, the R&CC held an extra meeting to discuss the Capital Adequacy Statement and the Liquidity Adequacy Statement.

Based on the quarterly Compliance and Legal Reports, the R&CC discussed individual Legal, Tax and Compliance files, the performance of the Compliance function, Compliance policies and procedures, and the impact of national and international laws and regulations. The R&CC had a continued focus on compliance-related matters, and particularly on the duty of care, client due diligence, anti-money laundering and the countering of terrorism financing. The R&CC was updated on a quarterly basis on the activities of the Detecting Financial Crime unit. The R&CC also zoomed in on the progress and deliverables of the ongoing remediation programmes.

The R&CC extensively discussed topics and dilemmas that related to the rapidly changing macroeconomic environment and ABN AMRO's risk profile, including the impact of high energy prices, inflation and higher interest rates on client risk profiles. The R&CC also extensively discussed the plan to return to compliance for IRB models and the impact of this on the bank's capital, and zoomed in on developments relating to interest-only mortgages.

Other points of attention in 2023 were the need to meet increasing regulatory demands within fairly short periods of time and investments in future-proof IT platforms. Extra meetings were also held to deep-dive on DFC deliverables, remuneration incentives, data quality and the IT infrastructure, Future Credit Domain, ABN AMRO's capital framework , sustainable finance regulations and climate-related and environmental risks, and to discuss the risk review of the pricing methodology.

More information on the risk, capital, liquidity and funding-related topics discussed in the R&CC is provided in the Risk, funding & capital chapter.

Remuneration Committee

Introduction

The Remuneration Committee is responsible for supervising and advising the Supervisory Board on subjects such as: (i) remuneration policies and their execution with regard to members of the Executive Board, the Supervisory Board, members of the Extended Leadership Team, heads of control functions, Identified Staff and non-Identified Staff, and (ii) reporting on the execution of the bank's remuneration policies through a remuneration report.

Members of the Remuneration Commitee in 2023

On 1 January 2023, the Remuneration Committee consisted of Arjen Dorland (Chair), Tom de Swaan, Laetitia Griffith and Mariken Tannemaat.

Discussion items in 2023

At the beginning of the year, the Remuneration Committee evaluated the performance in 2022 of the Executive Board members and CLA+ employees (i.e. employees with a job level exceeding the Collective Labour Agreement job levels) and advised on the scores and proposed variable remuneration and salary increases, which are both linked to these scores. In addition, the Remuneration Committee carefully reviewed the proposed allocation of the 2022 variable remuneration pool for CLA staff in the Netherlands and other countries. The thorough process followed took account of business performance, individual performance and local market circumstances. Although an increase in total variable remuneration could have been considered, based on the improved overall performance in 2022 compared to 2021, as well as individual performance and labour market circumstances drawing further attention to market pay levels, the overall spend was within the previously approved variable remuneration pools. As part of the end-of-year process, the control functions performed a malus assessment for Identified Staff; it was decided not to apply a malus in 2022.

The Remuneration Committee also debated applying the collective increases agreed in the banking sector's Collective Labour Agreement (CLA) to the Supervisory Board fees and Executive Board remuneration. It was decided, however, not to apply the 1% increase provided for in the CLA, which came into force on 1 July 2023.

The Remuneration Committee also discussed and agreed to the proposed KPI frameworks for 2023 and decided on definitions, targets and standards for Identified Staff and Executive Board members. These definitions, targets and standards were set in liaison with Finance, Client Units, Functions, HR and the Sustainability Centre of Expertise. Unlike in 2022, the 2023 KPI framework for the Executive Board contained a data KPI to reflect the importance of data governance and accountability for data quality, aggregation and reporting. The Committee also discussed the sustainability KPI for the Executive Board (i.e. the Dow Jones Sustainability Index (DJSI), a widely used global index). In the absence of an alternative, the Committee agreed to keep the DJSI for another year. However, it recommended looking into a sustainability KPI related to the climate strategy, and this was added to the frameworks for 2024.

A joint meeting with the Risk & Capital Committee was held in May 2023 to discuss the risk assessment of remuneration incentives. This assessment links the main risks in remuneration policies and practices to the various areas of the strategic risk appetite. The joint meeting assessed the main remuneration-related risks, including the risk of non-compliance with remuneration legislation, of not being able to attract and retain the right talent, and of having incentives that are not client-centric /or do not contribute to the strategy. It was concluded that the bank's remuneration set-up was generally regulatory-compliant. Proposed enhancements focused on being able to attract and retain staff with the right skills and talent by offering a competitive remuneration package, especially in the current tight labour market, and having a performance management system that awards and recognises staff performance on the basis of impact and individual contribution.

In June 2023, the Remuneration Committee discussed the proposed remuneration packages of the new Chief Financial Officer and new Chief Operations Officer and recommended the Supervisory Board to approve these proposals. Details of the remuneration are published on the bank's website. Upon receipt of the regulatory declaration of no objection, the Chief Financial Officer was appointed on an ad interim basis with effect from 1 May 2023 and permanently with effect from 16 November 2023. The Chief Operations Officer assumed office on 1 December 2023.

The bonus prohibition, including the salary freeze on fixed remuneration, for Executive Board members and some senior staff, which has applied since 2010, continued to make it challenging in 2023 to retain qualified leaders.

As the Supervisory Board and Executive Board remuneration policies were most recently amended in 2020 and have to be voted on at the Annual General Meeting on 24 April 2024, the Remuneration Committee reviewed these policies during 2023.

Proposed amendments regarding Executive Board remuneration relate to ESG and sustainability and to the performance measurement framework. With respect to this remuneration policy, feedback from our shareholders influenced our proposals regarding the balance between financial and non-financial KPIs, and resulted in an increased percentage of financial KPIs.

Some stakeholders are in favour of payment being made, at least partly, in ABN AMRO shares, and this may be considered if and when the bonus prohibition ceases to apply. KPIs relating to ESG clearly reflect the bank's ambitions in this area and are recognised as such by stakeholders. Like its peers, ABN AMRO is in the process of defining sustainability KPIs that adequately reflect its ambitions for ESG improvements and, in doing so, is taking account of public opinion and also the views of other stakeholders. Stakeholders have therefore been invited to consultation meetings to enable the Chair of the Remuneration Committee to obtain feedback and explore ways of implementing our new remuneration policy and to address various concerns that had been expressed. This is in line with our continued commitment to good governance.

With regard to the Supervisory Board Remuneration Policy, shareholder feedback influenced our proposals and prompted us to move away from the original plan to apply a one-time moderate increase to the annual fixed fee paid to members of the Supervisory Board. In the case of remuneration being limited to a maximum of two committee memberships, the original proposal was to remove the cap and, instead, to pay remuneration based on the actual number of committee memberships. Based on feedback from stakeholders, however, we adjusted this proposal so as to remunerate a maximum of three committee memberships.

Alongside the Supervisory Board and Executive Board remuneration policies, the Global Reward Policy, including the Identified Staff Policy, was discussed by the Remuneration Committee and approved by the Supervisory Board in 2023.

The Remuneration Committee also discussed the issue of equal pay. On average, men and women working at the same CLA job level in the Netherlands receive equal pay, with no differences being found at relevant career moments such as a promotion or other moments impacting on remuneration. While there was still a difference in 2022 between men's and women's starting salaries, the gap was reduced to close to zero in 2023. In CLA+ positions, too, men and women receive equal pay. The position in this respect is being helped by the CLA+ regulations on compensation and benefits that were introduced on 1 January 2022 and that are periodically updated. The unequal distribution of men and women in higher job levels remains a point of concern, however, and the bank is aware of the need to increase diversity in the higher Hay grades, including CLA+ positions.

Selection & Nomination Committee

Introduction

The Selection & Nomination Committee is responsible for supervising and advising the Supervisory Board on (i) selection for and appointments and reappointments to the Supervisory Board and the Executive Board, (ii) succession plans of the Supervisory Board and the Executive Board, (iii) the knowledge, skills, experience, performance, size, composition and profile of these boards, and (iv) the performance of the members of these boards.

Members of the Selection & Nomination Committee in 2023

On 1 January 2023, the Selection & Nomination Committee consisted of Tom de Swaan (Chair), Arjen Dorland, Laetitia Griffith and Michiel Lap.

Meetings held in 2023 and attendance

In 2023, the Selection & Nomination Committee held five regular meetings and fourteen additional meetings. The Company Secretary (or deputy Company Secretary) attended the meetings. Six decisions were made in writing without a meeting being held.

One of the main topics that the Selection & Nomination Committee discussed and provided advice on to the Supervisory Board related to the changes in the composition of the Executive Board. To strengthen execution of the strategy, it was decided to create a position for a Chief Operations Officer on the Executive Board. The Committee provided advice to the Supervisory Board on the profile of the Chief Operations Officer, and on the subsequent recruitment, selection and appointment of Ton van Nimwegen to this position. The Committee also advised the Supervisory Board on appointing Dan Dorner as the Vice-Chair of the Executive Board, and on the change with regard to the Chief Human Resources Officer, who is no longer a member of the Executive Board. The Committee also played a role in selecting the new Chief Human Resources Officer.

Other topics that the Selection & Nomination Committee discussed and provided advice on to the Supervisory Board related to the successor of Lars Kramer as Chief Financial Officer, including the appointment of a CFO ad interim, and the envisaged reappointment of the CEO for a further term of four years after his term of office ends at the 2024 Annual General Meeting. In August 2023, Tanja Cuppen announced that she would not be available for a third term as Chief Risk Officer and member of the Executive Board and that she would resign at the Annual General Meeting in 2024. The Selection & Nomination Committee discussed and provided advice to the Supervisory Board on the recruitment, selection and nomination of her successor.

The Selection & Nomination Committee discussed and issued positive advice to the Supervisory Board on some amendments to the Supervisory Board's collective profile, including more explicit mention of sustainability, climate and environmental risks and digitalisation. This resulted in an additional vacancy on the Supervisory Board for a member with specific expertise on culture, governance, sustainability, climate and environmental risks, and large transformations. The Selection & Nomination Committee provided advice to the Supervisory Board on nominating Femke de Vries for appointment to this position. The Committee also provided positive advice to the Supervisory Board on reappointing Michiel Lap to the Supervisory Board for a further term of four years and on appointing Wouter Devriendt as a member of the Supervisory Board and Chair of the Risk & Capital Committee. The latter was appointed to succeed Anna Storåkers, who left the bank at the end of the 2023 Annual General Meeting. The Committee advised the Supervisory Board positively on the proposed establishment of a Supervisory Sustainability Committee for the Supervisory Board and on the envisaged composition of this and other Supervisory Board committees.

ABN AMRO's succession management includes the bank's talent visibility programme, which aims to increase the Selection & Nomination Committee's insight into the bank's talent population. The outcome of periodic introductory interviews that members of the Selection & Nomination Committee held with senior talents within the bank were discussed at various meetings. Other topics on the agenda included developments in the composition of the CLA+ population, the design of the bank's new executive leadership programme, the search process for an external advisor to assist the externally supported suitability self-assessment of the Supervisory Board and Executive Board that is conducted every three years, discussion of annual assessment action plans, the suitability assessments for ancillary positions, and discussions of potential conflicts of interests.

Lastly, the Selection & Nomination Committee periodically discussed cases qualifying as antecedents to decide whether the suitability of the relevant members of the Executive Board and Supervisory Board should be reassessed. This was not found to be the case in 2023.

Supervisory Sustainability Committee

Introduction

The Supervisory Sustainability Committee advises the Supervisory Board on matters within the area of sustainability. In doing so, it is responsible for assisting the Supervisory Board with and making recommendations on, for example, (i) sustainability aspects of the strategy and policies, (ii) the double materiality assessment, (iii) the climate strategy and related climate action plan, (iv) oversight, support and challenging of actions taken by the Executive Board to run the group as a sustainable business, and (v) the group's strategy on relations with stakeholders on environmental, social and governance matters.

Members of the Supervisory Sustainability Committee in 2023

The Supervisory Sustainability Committee, which was established by the Supervisory Board on 1 November 2023, consists of Femke de Vries (Chair), Laetitia Griffith, Michiel Lap and Mariken Tannemaat.

Meetings held in 2023 and attendance

The Supervisory Sustainability Committee held one regular plenary meeting in December 2023. Attendance by the Committee's members is shown in the table in the Meetings of the Supervisory Board section.

Tom de Swaan, in his capacity as Chair of the Supervisory Board, attended the meeting of the Supervisory Sustainability Committee in 2023 in order to keep abreast of the most important developments relating to the Committee's tasks. This meeting was also attended by the Chief Commercial Officer Corporate Banking, the Chief Sustainability Officer, the Chief Compliance Officer and the Company Secretary.

Discussion items in 2023

The Supervisory Sustainability Committee's discussions in the meeting of December 2023 included ABN AMRO's climate strategy and the progress reported on this plan. The Committee also looked into the governance of the Group Sustainability Committee and any amendments needed, as well as discussing a deep-dive on sustainability commitments and litigation developments relating to sustainability.

Performance evaluation

The annual suitability self-assessment of the Executive Board, the Supervisory Board and their committees regarding the 2022 performance year was carried out in the first half of 2023 with the help of an independent external expert.

The performance of the Executive Board and its members and committees was assessed, based on interviews that the external expert held with the individual Executive Board members, the results assembled from questionnaires completed by all members of the Executive Board and discussions during their meetings, which were evaluated by the Supervisory Board.

The assessment of the Supervisory Board and its individual members and committees was also based on interviews that the external expert held with the individual members of the Supervisory Board, on results assembled from questionnaires completed by all members of the Supervisory Board and on discussions within the Supervisory Board.

These assessments and evaluations were then used to identify areas of improvement. Actions from previous years included setting up the Group Sustainability Committee; improving the information exchange from the Executive Board to the Supervisory Board; making recommendations on the desired experience, knowledge and skills of Supervisory Board members, specifically regarding ESG and IT; evaluating the Supervisory Board's role in executing specific large programmes and spending physical time on teambuilding after the Covid-19 restrictions and the new set-up of the Executive Board at the 2021 year-end, all of which were addressed during 2022 and 2023.

Recommendations from the assessment finalised in the first half of 2023 included:
- Simplify and clarify internal governance;
- Intensify interaction between the Executive Board and the Extended Leadership Team;
- Further improve the quality of information provided by the Executive Board to the Supervisory Board;
- Evaluate the set-up of the lifelong learning and permanent education programmes;
- Organise extra Supervisory Board meetings to discuss strategy and ESG;
- Organise Supervisory Board offsite meetings.

These recommendations were followed up during 2023. The suitability self-assessments of the Supervisory Board and Executive Board for the 2023 performance year will be carried out in the first half of 2024.

Induction programme and lifelong learning programme

Induction programme

Following their appointment, the new member of the Supervisory Board and the Executive Board all completed an extensive induction programme in 2023 to ensure they (i) are well-prepared for the 'fit & proper' interviews by the competent authority, and (ii) have sufficient knowledge of the organisation to carry out their duties. In view of the different knowledge, backgrounds and experience of the newly appointed members of these boards, each induction programme has a tailor-made curriculum.

Lifelong learning programme

A lifelong learning programme is in place for members of the Supervisory Board and the Executive Board. This is designed to keep their expertise up-to-date and to broaden and deepen their knowledge, where necessary. The objective is for members of the Supervisory Board and Executive Board to participate in the same training sessions so as to foster knowledge-sharing. The curriculum is developed and updated continually to ensure the programme is of high quality, covers developments related to regulatory requirements and takes account of current developments in the global financial industry. Topics covered in 2023 at sessions attended by the Supervisory Board and the Executive Board, included:

- Future customers & payments domain;
- Artificial intelligence and ChatGPT;
- DFC: The impact of the report 'From recovery to balance';
- DORA (Digital Operational Resilience Act) and the new Corporate Governance Code;
- Navigating our strategy in practice.

In addition, the Supervisory Board participated in two deep-dives on location in 2023:

- Deep-dive on sustainability;
- Deep-dive on digitalisation.

Members of the Supervisory Board have a standing invitation to participate in the permanent education programme, together with senior management and members of the Executive Board. The following topics were covered by this programme in 2023:

- Winning the talent game;
- Your brain at work;
- Sound risk-taking as a catalyst for business growth;
- Climate strategy & governance: Social impact – banking is about people;
- Judgement & decision-making;
- Understanding the impact of SFR: Bringing sustainable finance regulations to the core of our business;
- Data privacy: core to our operational processes and client strategy;
- Hyper-personal with data: how ABN AMRO wins with consumers;
- Macro and financial markets; the post-COVID era;
- An effective gatekeeper.

All sessions of both programmes were offered online.

The members of the Supervisory Board and the Executive Board also joined the study trip to London in May 2023 to discuss the economic landscape and banking landscape in the United Kingdom after Brexit and more broadly in Europe. The topics considered during this trip included data in finance, which was discussed with and presented by a client working in that field, and diversity & inclusion. The client provided insight into the pace of developments and what they are currently working on. Clearing UK also gave a presentation on its business in the United Kingdom.

Each member of the Supervisory Board takes part in the lifelong learning programme and the deep-dives and meets the training requirements. The effectiveness of the lifelong learning programme is one of the matters included in the Supervisory Board's annual suitability self-assessment.

General Meeting and shareholder structure

General meeting

The Annual General Meeting is held each year by 30 June at the latest. The agenda for the Annual General Meeting contains subjects specified in ABN AMRO's Articles of Association and under Dutch law. Extraordinary General Meetings are convened if deemed necessary, for instance to resolve important decisions, such as major acquisitions and divestments or appointments of Executive Board or Supervisory Board members that cannot be deferred until the next Annual General Meeting.

Shareholders or holders of depositary receipts who alone or jointly represent at least 3% of the issued share capital of ABN AMRO are allowed to add items to the agenda of the General Meeting, provided they submit a request for this (including reasons) to ABN AMRO at least 60 days prior to the General Meeting. The Supervisory Board and the Executive Board are both entitled to convene a General Meeting. Shareholders or holders of depositary receipts issued with the cooperation of ABN AMRO may also convene a General Meeting, provided they represent at least 10% of the issued share capital. NLFI may also request the Executive Board or Supervisory Board to convene a General Meeting, as stated in the Relationship Agreement.

General Meetings in 2023

ABN AMRO held three General Meetings in 2023: the Annual General Meeting on 19 April and two Extraordinary General Meetings on 29 June and 16 November. The Annual General Meeting was held in a hybrid manner: shareholders and depositary receipt holders were able to participate in person at ABN AMRO's head office in Amsterdam or virtually through their own device. The Extraordinary General Meetings were held in person.

Annual General Meeting

The agenda of the Annual General Meeting on 19 April 2023 included:

- the adoption of the 2022 annual financial statements;
- the remuneration report;
- the reservation and dividend policy;
- the dividend proposal;
- the discharge of each member of the Executive Board and Supervisory Board;
- the report on the functioning and reappointment of the external auditor;
- the reappointment of Michiel Lap as a member of the Supervisory Board;
- the appointment of Wouter Devriendt as a member of the Supervisory Board;
- the introduction of Ferdinand Vaandrager as the proposed interim CFO and member of the Executive Board;
- the cross-border merger of ABN AMRO and Banque Neuflize OBC;
- the authorisation for the Executive Board to:
  - issue shares and/or grant rights to subscribe for shares,
  - limit or exclude pre-emptive rights, and
  - acquire shares or depositary receipts for shares in ABN AMRO's own capital, for a period of 18 months as from the date of the General Meeting, subject to the approval of the Supervisory Board and provided the total number of shares or depositary receipts held by ABN AMRO is limited to 10% of the issued share capital of ABN AMRO, and
- the cancellation of shares or depositary receipts for shares in the issued share capital of ABN AMRO held by ABN AMRO, and the related reduction of the authorised capital (excluding ordinary shares B).

Extraordinary General Meetings

The agenda of the Extraordinary General Meeting on 29 June 2023 included the appointment of Femke de Vries as a member of the Supervisory Board.

The agenda of the Extraordinary General Meeting on 16 November 2023 included the introduction of: (i) Ton van Nimwegen as the proposed member of the Executive Board, with the title of Chief Operations Officer, and (ii) Ferdinand Vaandrager as the proposed member of the Executive Board, with the title of Chief Financial Officer.

Shareholder structure

At 31 December 2023, all shares in the capital of ABN AMRO were held by two foundations: STAK AAB (Stichting Administratiekantoor Continuïteit ABN AMRO Bank) and NLFI (stichting administratiekantoor beheer financiële instellingen).

On 9 October 2023, the NLFI announced its holding to be 49.5%. On 30 November 2023, NLFI announced its intention to sell depositary receipts for shares in ABN AMRO Bank N.V. through a pre-arranged trading plan to be executed by BofA Securities Europe SA. The maximum number of depositary receipts that BofA Securities Europe SA can sell on behalf of NLFI over the duration of the trading plan would reduce NLFI's stake in ABN AMRO from 49.5% to approximately 40%. The announcement of this trading plan can be found on the website of NLFI (nlfi.nl). The execution of the trading plan was ongoing at 31 December 2023; as at that date NLFI had a stake in ABN AMRO of 48.7%. The shareholdings of NLFI and STAK AAB will be updated on our website once the trading plan has been completed.

STAK AAB

History and objectives

STAK AAB is a trust office independent of ABN AMRO that was set up by ABN AMRO with the approval of the Dutch Minister of Finance and NLFI at the time of the initial public offering of ABN AMRO in 2015. NLFI is planning to gradually reduce its stake in ABN AMRO over the coming years, with its ultimate aim being to dispose of all of its ABN AMRO shares. In the event of a sale, the shares to be sold will be transferred to STAK AAB by NLFI. STAK AAB holds these shares for the purpose of administration (ten titel van beheer), and in exchange issues depositary receipts that are traded on Euronext Amsterdam stock exchange. Only STAK AAB's depositary receipts have been issued with the cooperation of ABN AMRO.

The issuing of depositary receipts is primarily used as a protective measure (see section below on Anti-takeover measures). In addition, STAK AAB aims to promote the exchange of information between ABN AMRO and the holders of depositary receipts.

Meeting of depositary receipt holders

By virtue of its trust conditions, STAK AAB must ensure that, no later than two weeks before a General Meeting of ABN AMRO is held, a meeting of depositary receipt holders is held at which the agenda items of that General Meeting are discussed. STAK AAB promotes the acquisition of voting instructions from depositary receipt holders during those meetings. In 2023, STAK AAB held meetings of depositary receipt holders before the Annual General Meeting of ABN AMRO on 4 April 2023 and before the Extraordinary General Meetings on 9 June 2023 and 31 October 2023.

Bilateral meetings with ABN AMRO

ABN AMRO and STAK AAB held five periodic meetings in 2023. The items discussed included the current state of affairs regarding ABN AMRO and STAK AAB, stakeholder updates, the quarterly results, the investor presentation and shareholder register of ABN AMRO, the impact of the Ukraine/Russia situation (on matters including the share price, SBB, profitability and the position of Europe) and the issuance of new depositary receipts.

Further information on STAK AAB

STAK AAB reports on its activities at least once a year in its own annual report. The STAK AAB website (stakaab.org) provides more information on the activities of STAK AAB, its objectives, as well as its annual report, articles of association, trust conditions and any information relating to meetings of depositary receipt holders.

NLFI

The Dutch State holds an interest in ABN AMRO through NLFI. NLFI was set up to avoid potential conflicting responsibilities that the Dutch Minister of Finance might otherwise face and to avoid undesired political influence being exerted.

Objective of NLFI / Approval right of Dutch Minister of Finance

NLFI is responsible for managing the shares and depositary receipts in ABN AMRO and for exercising all rights associated with these shares under Dutch law, including voting rights. NLFI acts as a stand-alone shareholder that is independent of the Dutch State, including the Dutch Ministry of Finance. However, important decisions taken by NLFI require prior approval by the Dutch Minister of Finance, who can also give binding voting instructions to NLFI with respect to such decisions. NLFI is not permitted to dispose of or encumber the ordinary shares in the capital of ABN AMRO without the prior authorisation of the Dutch Minister of Finance.

Relationship Agreement

NLFI and ABN AMRO entered into a Relationship Agreement governing their relationship after the initial public offering of ABN AMRO in 2015. The full text of the Relationship Agreement is available on abnamro.com. The Relationship Agreement will terminate if and when NLFI (directly or indirectly) holds less than 10% of ABN AMRO's issued share capital. A limited number of clauses will not terminate under any circumstances. The Relationship Agreement includes the following provisions, subject to certain conditions stated in the agreement:

- Consultation right - NLFI's right to be consulted by (a) the Supervisory Board on the appointment or reappointment of (i) members of the Executive Board and (ii) the Chair of the Executive Board or the Supervisory Board, and (b) the Executive Board on a proposal for the appointment of the external auditor;
- Approval right share issuance – NLFI has right of prior approval of any issuance of (or granting of rights to acquire) shares in ABN AMRO for as long as NLFI holds, directly or indirectly, at least 33 1/3% of the shares in ABN AMRO;
- Approval right investments or divestments – NLFI has right of prior approval of: (a) any investments or divestments by ABN AMRO or any of its subsidiaries with a value of more than 5% of the equity of ABN AMRO for as long as NLFI holds, directly or indirectly, more than 50% of the shares in ABN AMRO and (b) any investment or divestments by ABN AMRO or any of its subsidiaries with a value of more than 10% of the equity of ABN AMRO for as long as NLFI holds, directly or indirectly, 50% or less but 33 1/3% or more of the shares in ABN AMRO;
- NLFI's obligation to effect sell-downs of ABN AMRO shares through STAK AAB;
- Certain orderly market arrangements; and
- Certain information rights for NLFI as long as it holds at least 33 1/3% of the shares in ABN AMRO.

Anti-takeover measures

The Netherlands has traditionally embraced the use of defence measures to ensure long-term value creation for stakeholders. In large part, these measures involve the use of a Dutch foundation (stichting) that is granted special rights intended to prevent an unsolicited takeover or other hostile activity. This also applies to ABN AMRO. ABN AMRO has implemented a structure whereby the Dutch foundation (stichting) STAK AAB is the holder of shares in ABN AMRO's issued share capital and has issued depositary receipts representing such shares with the cooperation of ABN AMRO. The purpose of having a structure under which depositary receipts are created and STAK AAB is the legal owner of the underlying shares is to create a defence measure and ensure long-term value creation for stakeholders.

STAK AAB will do everything in its power to deter any action that could affect the independence, continuity or identity of ABN AMRO. In a non-hostile situation, STAK AAB will act primarily in the interests of depositary receipt holders. In a hostile situation, STAK AAB will act primarily in the interests of ABN AMRO and its business enterprises. Under all circumstances, STAK AAB will also take into account the legitimate interests of all other stakeholders: clients, debt investors, shareholders, depositary receipt holders, employees, and the society in which ABN AMRO operates.

In a non-hostile situation, STAK AAB will grant a power of attorney to the depositary receipt holders to exercise the voting rights attached to the underlying shares. STAK AAB will not exercise voting rights on the shares, unless holders of depositary receipts have requested it to do so. This may be different under hostile circumstances as described in Section 2:118a of the Dutch Civil Code. In this case, STAK AAB may refuse or revoke powers of attorney for up to two years (whereby NLFI must pre-approve this decision by STAK AAB as long as NLFI holds at least 33 1/3% of the shares in ABN AMRO) and STAK AAB itself will exercise the voting rights. In doing so, it should, pursuant to the trust conditions and the articles of association of STAK AAB, focus primarily on ABN AMRO's interests, taking into account the legitimate interests of the stakeholders mentioned above.

Employee Council

ABN AMRO's employees are represented by works councils (ondernemingsraden) at all levels of its group in which specifically appointed delegates are centralised in the overarching Employee Council (Raad van Medewerkers). Under Dutch law, the managing board of any company running an enterprise in which a works council has been established must seek the non-binding advice of the works council before taking certain decisions with respect to the enterprise. Examples are decisions related to a major restructuring, a change of control, or the appointment or dismissal of a member of the managing board. Certain other decisions directly involving employment matters that apply either to all employees or certain groups of employees may only be taken with the works council's consent.

The Employee Council deals primarily with topics that affect all parts of the group's organisation and meets regularly with members of the Executive Board and Supervisory Board on various other occasions throughout the year, including an annual joint meeting of the Executive Board, the Supervisory Board and the Employee Council. The Employee Council and ABN AMRO have entered into an agreement under which the Employee Council has been granted certain additional rights (the Works Council Covenant). Under the Works Council Covenant, the Employee Council has the right of inquiry (enquêterecht) within the meaning of Section 2:346 of the Dutch Civil Code in the event of a hostile situation. The Works Council Covenant defines the following situations as hostile: (i) a public offer has been announced or is made in respect of shares in the capital of ABN AMRO (or in respect of depositary receipts representing such shares) or there is a justified expectation that this will take place, without agreement first having been reached between the bidder and ABN AMRO, (ii) the exercise of the voting rights by a depositary receipt holder or shareholder would effectively be in conflict with the interests of ABN AMRO and its business, or (iii) any other situation in which the independence, continuity or identity of ABN AMRO and the enterprises associated with ABN AMRO could be harmed. The Employee Council and ABN AMRO can also agree that other situations qualify as hostile. Furthermore, if NLFI requests the consent or cooperation of or a position statement from ABN AMRO in the event of a subsequent placement or a private sale of shares or depositary receipts, ABN AMRO will also request advice from the Employee Council within the meaning of Articles 25 and 26 of the Works Councils Act (Wet op de ondernemingsraden).

"We aim to be our clients' first-choice partner in sustainability, providing financing and expertise to help them transition towards more sustainable practice."

Remuneration report

Letter from the Chair of the Remuneration Committee

Dear reader,

We hereby present our remuneration report for the year 2023. In this letter, I would like to reflect briefly on some key topics and considerations for the Remuneration Committee in the past year.

Executive Board and Supervisory Board Remuneration Policies

In 2023, one of the key focus areas of the Remuneration Committee was the preparation for the amendment of the Executive Board Remuneration Policy and the Supervisory Board Remuneration Policy. After thorough preparation and stakeholder engagement, both remuneration policies will be presented for approval at the Annual General Meeting in 2024.

We are grateful for all the valuable and constructive input obtained from internal and external stakeholder engagement. There was also common understanding of the specific restrictions applying to ABN AMRO, specifically the bonus prohibition. As long as the Dutch state holds shares in ABN AMRO, the bonus prohibition is applicable and means that the fixed salary of the Executive Board can only be increased in line with the Collective Labour Agreement (CLA) for the banking sector and no variable remuneration can be paid, despite the fact that the benchmark shows that the total remuneration of the Executive Board is well below the relevant peer groups, especially for the CEO position. The current remuneration methodology for the Executive Board is predominantly being continued. The main changes in the proposed Executive Board Remuneration Policy have been made in relation to the KPI framework, specifically to reflect the changed composition of ABN AMRO's Executive Board and further strengthen the link with our strategy, including sustainability.

With regard to the Supervisory Board Remuneration Policy, the main change is that the current policy contains a self-imposed cap on remuneration for a maximum of two committee memberships. The proposed policy changes this to a maximum of three committee memberships. An moderate increase to the annual fees of the Supervisory Board has been considered, based on the benchmark against the relevant peer groups. However, after the stakeholder engagement, this increase has not been included in the new Supervisory Board Remuneration Policy.

Annual performance management process

One of the most important topics for the Remuneration Committee is the annual performance management process. Annually, KPIs are set for various groups of staff, including the Executive Board, CLA+ employees (i.e. staff with a job level exceeding the ABN AMRO Collective Labour Agreement (CLA)) and CLA Identified staff employees (i.e. staff in scope of the CLA in positions that have a material impact on ABN AMRO's risk profile). After year end, the performance of each group of staff is assessed against the preset targets and the performance scores are being determined. On the basis hereof, salary increases (if applicable) and variable remuneration (if applicable) are being determined.
In this context, there is also a so-called malus- and gatekeeper process performed, as described later in this report, to assess if there are any reasons to not award any variable remuneration or to decrease any variable remuneration (which may include a decrease of deferred variable remuneration awarded for previous years).

The frameworks for Identified Staff in scope of the ABN AMRO CLA, Identified Staff in CLA+ positions and the Executive Board were largely consistent with the previous year, with some changes. The KPIs for the Executive Board have been set in line with the framework of the Executive Board Remuneration Policy. A KPI framework has been added for CLA+ colleagues that focuses on collaboration between client units in reflection of their bank-wide responsibility. For Identified Staff (CLA and CLA+), a KPI on employee engagement has been included to reflect the desired focus on the engagement of ABN AMRO colleagues.

Risk assessment remuneration incentives

A joint meeting with the Risk & Capital Committee was held in May 2023 to discuss the risk assessment of remuneration incentives. In this assessment the main risks related to remuneration policies and practices were linked to the various areas of the strategic risk appetite. The joint meeting assessed the main risks related to remuneration such as the risk of non-compliance with remuneration legislation, not being able to attract and retain the right talent and having incentives that are not client centric and/or do not contribute to the strategy. It was concluded that the remuneration set-up of the bank was generally regulatory compliant. Proposed enhancements focused on being able to attract and retain staff with the right skills and talent by offering a competitive remuneration package, especially in the current tight labour market and having a performance management system that awards and recognises staff performance on the basis of impact and individual contribution.

Composition of the Executive Board and Supervisory Board

Carsten Bittner was appointed Chief Innovation & Technology Officer (CI&TO) and a member of the Executive Board of ABN AMRO Bank N.V. with effect from 1 January 2023. Early in 2023, ABN AMRO announced a change in the composition of its Executive Board to further strengthen strategy execution. The Chief Human Resources Officer is no longer an Executive Board position and now reports directly to the CEO. During the year, it was also decided to create the position of Chief Operations Officer (COO), with Ton van Nimwegen being appointed as COO with effect from 1 December 2023. After the departure of Lars Kramer as CFO, Ferdinand Vaandrager held the position of CFO on an interim basis and was subsequently appointed as the permanent CFO with effect from 16 November 2023. Robert Swaak has been nominated for reappointment for a further term following the Annual General Meeting of Shareholders in 2024. Tanja Cuppen informed the Supervisory Board that she was not available for a third term as Chief Risk Officer. The recruitment process for a successor is underway.

At the Annual General Meeting in 2023, Anna Storåkers stepped down from the Supervisory Board. Wouter Devriendt was appointed as a new member of the Supervisory Board with effect from the Annual General Meeting of 2023 and Femke de Vries was appointed on 29 June 2023, following an Extraordinary General Meeting. On 5 February 2024, ABN AMRO announced the departure of Wouter Devriendt with immediate effect, due to his appointment as CEO at another company.

On behalf of the Remuneration Committee, I would like to express my appreciation for the contributions of Tanja Cuppen, Lars Kramer and Wouter Devriendt. I am pleased to welcome Carsten Bittner, Ferdinand Vaandrager and Ton van Nimwegen to the Executive Board and Femke de Vries to the Supervisory Board.

Diversity, inclusion & equal pay

We aim to provide a working environment where everyone can be themselves and feel safe, regardless of their race, ethnicity, gender, religion, age, disability, sexual orientation, gender identity or gender expression. In 2023, we amended our policies on diversity and inclusion by virtue of the updated Dutch Corporate Governance Code. We aim to create a culture in which people truly feel involved, seen and valued. We have set clear objectives on diversity and inclusion for the entire organisation, at all levels.

At year-end 2023, three of the eight board positions on the Executive Board and four of the eight board positions on the Supervisory Board were held by women. The current composition of the Supervisory Board complies with the Act on Gender Balance in Management and Supervisory Boards (Wet Evenwichtiger verhouding tussen mannen en vrouwen in bestuur en raden van commissarissen).

Equal pay for equal work and work of equal value is an important principle at ABN AMRO and our progress in this area is continually monitored. We published details of the results and our progress on this topic on our website on 14 November 2023. Although the gender pay gap increased slightly in 2023, in line with the broader trend, ABN AMRO continues to achieve good results on equal pay for the CLA and CLA+ population in the Netherlands. The gender pay gap and equal pay developments in our offices abroad are also monitored annually. The general view is that we should continue to focus on this topic to ensure we continue to reduce the overall gender pay gap and maintain the current results with regard to equal pay.

We continually monitor diversity percentages. The gender diversity of the Extended Leadership Team decreased from 44% female employees at 31 December 2022 to 41% female employees at 31 December 2023. This is a disappointing development, especially in light of our diversity ambitions. Going forward, therefore, we will ensure enhanced focus on restoring and further strengthening the diversity balance in the Extended Leadership Team.

Employee Engagement

A bank-wide Employee Engagement Survey (EES) is performed annually. The Executive Board and Supervisory Board consider employee engagement and employee satisfaction to be key topics and monitor the results of this periodic survey. At 77%, the response rate in 2023 was considerably higher than in 2022 (68%). The outcomes of the 2023 EES show an upward trend for all themes and for all parts of the bank. The sense of engagement also improved significantly compared with 2022, with an overall increase in employee engagement (+4). The largest improvements were in senior management (+7) and vision & direction (+7). The most frequent replies to the question of where ABN AMRO could improve as an employer were salary, communication & information, and collaboration. Employees viewed the bank as doing well in terms of employment conditions, learning and development opportunities and hybrid working.

On behalf of the Remuneration Committee of the Supervisory Board,

Arjen Dorland
Chair of the Remuneration Committee

Remuneration principles and policies

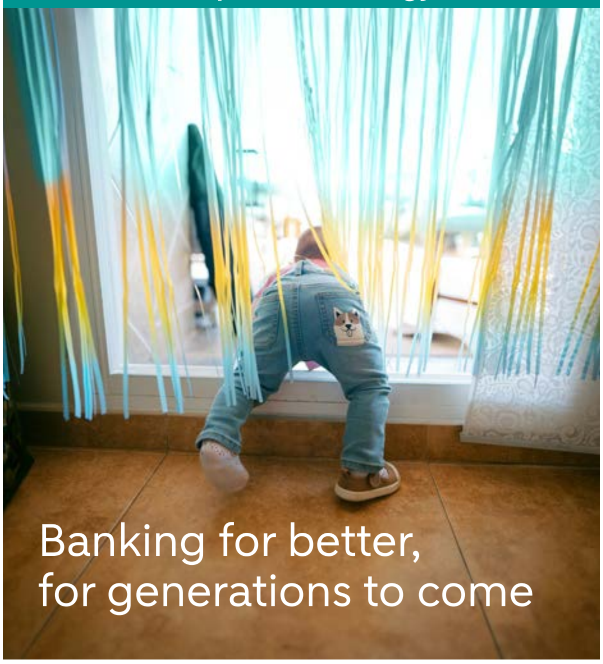
General

Our purpose – Banking for better, for generations to come – underpins the execution of our strategy and is based on three strategic pillars: customer experience, sustainability and future-proof bank. Through our purpose and strategy, we aim to create value for society, not only as a provider of financial services to our clients, but also as an employer. We therefore aim to create conditions in which all our employees can use their talents and develop or acquire the right skills to contribute to our goals. In striving to achieve a future-proof workforce, we also focus on an excellent employee experience and inspiring leadership, alongside efficient organisational structures, processes and IT systems that help our employees work more effectively.

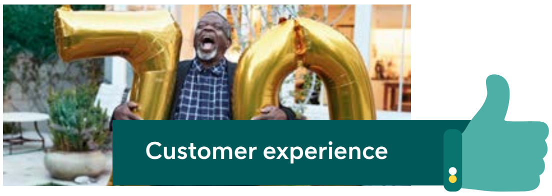
Please refer to the Strategy, value creation & performance chapter of the Integrated Annual Report for further context.

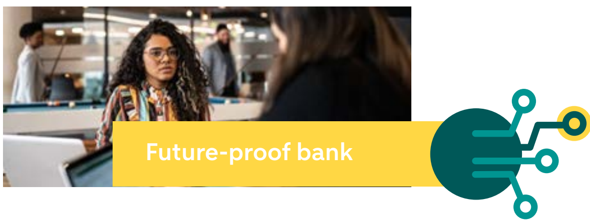
Remuneration principles

Purpose & Strategy



Our strategic pillars





Reward philosophy

Our reward framework enables ABN AMRO to attract, motivate, develop and retain the right talent in a sustainable manner to realise our business strategy.

Compliant & Responsible
- Compliant with the boundaries of all applicable remuneration legislation and guidelines
- Respectful of our societal role and impact, our client's interests and other stakeholders

Fair & Transparent
- Clear remuneration policies and processes
- Principle of equal pay for equal work or work of equal value
- Balanced total remuneration package in line with the relevant market

Align Employee with ABN AMRO interests
- Clarity in how (individual) performance and remuneration are connected
- Balanced risk taking in line with our moderate risk appetite
- Encourages personal development and values-led behaviour as integral part of performance

Key in achieving a future-proof workforce is a remuneration framework that enables ABN AMRO to attract, motivate, develop and retain the right talent to deliver on our strategy. Our remuneration policy and principles are set out in the Global Reward Policy, providing a framework for effectively managing reward and performance to support the strategy (including the risk strategy), values and long-term interests of the bank. The Global Reward Policy applies to all employees within ABN AMRO and at all group companies, subsidiaries, branches, representative offices and legal entities under its control.

The Executive Board and Supervisory Board approve the Global Reward Policy and are responsible for its maintenance and implementation. The policy is reviewed regularly, taking into consideration the bank's strategy and desired culture, as well as factors such as risk awareness, targets, corporate values and any updates due to laws and regulations.

Composition of remuneration packages

ABN AMRO aims to award a competitive remuneration package, aligned with the relevant market. Outside the Netherlands the package consists of an annual base salary (of which the ranges differ per country), annual variable remuneration and fringe benefits. Within the Netherlands the remuneration package consists in general of an annual base salary and fringe benefits, governed by ABN AMRO's CLA Employment Conditions. Variable remuneration is awarded for specific roles or in specific situations. Remuneration levels are positioned around the median of the relevant labour market, based on benchmarking, while keeping labour costs balanced.

Employment conditions supporting environmental and social awareness

Sustainability is an important aspect of our strategy and purpose. That is why our employment conditions and practices aim to promote environmental and social awareness.

Gender pay gap

The gender pay gap is the difference in average gross salaries between men and women. ABN AMRO calculates the unadjusted gender pay gap, as well as the gender pay gap corrected per job level (whereby each job level is linked to a salary scale), for its employees in the Netherlands. For ABN AMRO employees working in the Netherlands, the gender pay gap corrected per job level amounts to 0.75% in favour of men (compared to 0.65% in 2022). The unadjusted gender pay gap (i.e. uncorrected per salary scale) in 2023 amounted to 16% in favour of men (compared to 15% in 2022). The unadjusted gender pay gap is mainly caused by more men than women in positions at higher job levels. ABN AMRO's unadjusted gender pay gap was slightly higher than the unadjusted Dutch gender pay gap in 2023 of 13%. We will continue, therefore, to focus on increasing gender diversity in higher job levels so as to reduce the unadjusted gender pay gap. Our ambition is demonstrated by our D&I targets, which are set in our D&I policies for our entire workforce.

Equal pay

We are committed to the principle of equal pay for equal work or work of equal value. The New Job Model (NJM) is our generic job profile methodology, which maps out all Dutch CLA jobs and is also implemented in other countries ABN AMRO operates in. Each NJM job profile has a job grade that is determined in line with the Hay methodology, which is recognised as a gender-neutral, objective and verifiable job-grading methodology. In the Netherlands, each Hay level at CLA and CLA+ level has its own salary scale. Our remuneration policy contains guidelines for various moments of remuneration, i.e. salary setting for new hires, annual salary increases, incidental salary increases, promotion and variable remuneration.

We periodically review the development of equal pay in our remuneration policies and practices, comparing salaries of men and women (at CLA and CLA+ level), as well as salaries of western and non-western employees. This internal study shows a consistent practice of equal pay, as also confirmed by a gender pay gap corrected per Hay level of less than 1%. A further review is conducted where the study reveals differences in salaries. The results of our 2023 internal study in the Netherlands were published on our website on 14 November 2023 (Equal Pay Day).

Employment conditions

ABN AMRO's employment conditions promote and support social aspects of sustainability, such as the above-mentioned D&I policy and equal pay, but also social wellbeing and vitality inside and outside the office. Examples are the following (this list is non-exhaustive and may differ per country):

- The possibility of hybrid working and working from offices closer to home, thus contributing to reducing CO_2 emissions and helping to improve the work-life balance;
- Free public transport to encourage sustainable daily commuting;
- Bicycle scheme, a tax-friendly contribution for buying or leasing an electric or other bicycle so as to stimulate sustainable commuting;

- Banking for Better (B4B) days, giving staff the opportunity to take up to 1 week of B4B days to make a contribution to society;
- Pilot for Sustainable Homes 2023: a tax-friendly contribution aimed at making employees' homes more sustainable (pilot phase);
- Cross-sector mobility supporting transitioning to other sectors (such as the 'Bank voor de klas' programme facilitating people wanting to transfer from a bank job to a teaching job);
- Reskilling and developing staff and making optimal use of internal knowledge and experience in the organisation;
- Personal development budget, supporting staff employability now and in the future.

The Diversity & Inclusion section of this Integrated Annual Report describes our various other initiatives relating to sustainable employment conditions.

Sustainable KPI-setting

Variable remuneration awarded is based on the performance on predefined KPIs set at the beginning of the year. Within the KPIs set, sustainability and sustainability risk are directly included for CLA+ and CLA Identified Staff via the sustainability assets KPI, and for CLA staff in the calculating of the pool for variable remuneration. For the Executive Board, sustainability is taken into account via Dow Jones Sustainability Index and diversity KPIs.

Performance management and KPI-setting

Performance management is a crucial process in pursuing ABN AMRO's purpose and strategy. Our performance management process gives guidance on objectives in line with the bank's strategy, purpose and values. It strengthens our culture by stimulating accountability, development and collaboration, and it is the basis for remuneration (where applicable). ABN AMRO's performance management process is called Together & Better and it applies to all employees globally, with an adjusted version for Identified Staff. Besides being a tool for steering performance, Together & Better focuses on motivating, developing and showing appreciation to employees in order to create a working environment where employees can make a difference. Employees are encouraged to take control of their performance, development and careers in a mature employment relationship. As part of Together & Better, employees take the initiative to set objectives. It is the joint responsibility of the manager and the employee to agree on the applicable objectives.

Within Together & Better, objectives are set around the themes of Results ('What are the results of your work?'), Behaviour ('How do you perform your work?'), Development ('What talents do you want to develop?') and Compliance ('Banking Licence'). Employees are requested to align at least one objective with ABN AMRO's strategic pillars and to align objectives with the bank's core values (care, courage and collaboration).

Our performance management aims, where possible and relevant, to have a clear link between performance (including development and behaviour) and reward. The KPIs used are both financial and non-financial, as well as qualitative and quantitative.

Developments and business events in 2023

Executive Board Remuneration Policy & Supervisory Board Remuneration Policy

In 2023, the Remuneration Committee engaged internally and externally with stakeholders on the proposed updates of our Executive Board Remuneration Policy and Supervisory Board Remuneration Policy. Both policies will be submitted for approval to the Annual General Meeting in 2024, in line with the regular timelines for their approval.

The proposed Executive Board Remuneration Policy follows the current methodology for fixed and variable remuneration, which is aligned with the applicable remuneration restrictions (i.e. laws and regulations regarding remuneration). The 2020 Executive Board Remuneration Policy included a 20% maximum for variable remuneration. This maximum has been maintained, in principle, and is in line with the remuneration restrictions. If variable remuneration is awarded (and this is only possible when the bonus prohibition no longer applies), we will assess the amount of variable remuneration is considered justified, taking into account all restrictions applying at that time with regard to remuneration. The significant changes compared to the 2020 Executive Board Remuneration Policy are as follows:

- The KPI framework has been updated to reflect the composition of ABN AMRO's Executive Board, specifically the presence of commercial Executive Board positions (i.e. Chief Commercial Officers) since 24 November 2021;
- The link with our strategy and sustainability aspects in this strategy has been strengthened in the KPI framework;
- Weight bandwidths in KPI framework have been amended to allow, for example, a higher weight to be attached to sustainability-related KPIs;

- The policy contains a general update of the setting of KPIs so as to meet requirements related to the link between remuneration and sustainability, strategy and disclosures.

The Supervisory Board Remuneration Policy continues the current methodology for remuneration, which is in line with the applicable remuneration restrictions. A noticeable change in comparison to the 2020 Supervisory Board Remuneration Policy is the following:
- The original self-imposed cap limiting remuneration to a maximum of two committee memberships has been altered so that, from 2024 onwards, remuneration will be paid for up to three committee memberships. The reasons for these changes were that the self-imposed cap of remuneration for no more than two committee memberships was no longer considered to align with market practice and also the establishment of an additional Supervisory Board committee (the ESG Committee).

The proposed remuneration policies for the Executive Board and the Supervisory Board are established with due observance of the feedback received from internal and external stakeholders, including our Employee Council, various clients, the general public (via an IPSOS questionnaire), a representative number of shareholders and depositary receipt holders, NLFI, Eumedion, VEB and proxy advisor ISS/GlassLewis, following constructive engagements. This approach enabled ABN AMRO to take the views of a broad range of stakeholder groups into account in a consultative capacity. The Chair of the Remuneration Committee was thus able to obtain valuable feedback and explore ways of implementing our new remuneration policy to address areas of concern. This is in line with our continued commitment to good governance.

With regard to the Executive Board Remuneration Policy, the feedback of our shareholders affected our proposals in relation to the balance between financial and non-financial KPIs, resulting in an increased percentage of financial KPIs. Furthermore, some stakeholders came out in favour of a payment, partial or partial payment, in ABN AMRO shares, which may be considered if and when the bonus prohibition no longer applies. Like its peers, ABN AMRO is in the process of defining sustainability KPIs that adequately reflect the bank's ambition for environmental, social and governance (ESG) improvements.

With regard to the Supervisory Board Remuneration Policy, the feedback from our shareholders affected our proposals on fixed remuneration, resulting in the decision not to apply an originally proposed one-time moderate increase to the annual fixed fee paid to members of the Supervisory Board. With regard to the remuneration for a maximum of two committee memberships, our original proposal was to remove the cap and to pay remuneration for the actual number of committee memberships. Based on feedback from stakeholders, we adjusted this proposal to allow remuneration for a maximum of three committee memberships.

Collective Labour Agreements

In the Netherlands, ABN AMRO has two CLAs: the Employment Conditions CLA and the Social Plan. The Employment Conditions CLA applies from 1 July 2022 to 1 July 2024. Its main elements are a salary increase of 4% from 1 October 2022, and a one-time gross payment of EUR 2,000 for each CLA employee (pro rata for part-time employees) at 1 November 2022, and a salary increase of 2.5% from 1 July 2023. The CLA negotiations for the Employment Conditions CLA and the Social Plan started in early 2024. In 2021, the Social Plan was extended from 1 January 2022 to 1 January 2025.

CLAs are also applicable in France, Germany and Belgium. In France, the new CLA was agreed in December 2023, resulting in salary increases from 1 January 2024 for employees with at least one year of service. The salary increases vary from 0.5% to 4%, depending on the base salary (the lower the salary, the higher the salary increase), with an additional one-off agreement to freeze the charges for 6 months for employees' relatives covered under the mandatory health insurance scheme. In Germany, the current CLA is valid for two years until May 2024. In addition, the CLA for the German banking industry provided for a salary increase of 2% with effect from 1 August 2023 (not applicable to Corporate Banking and Clearing, which have discretionary salary increase arrangements). In Belgium, the annually agreed 'CLA 90' contains the conditions of the annual collective variable remuneration. The targets that were set are in line with the objectives of the Energy & Collaboration Plan and consist of targets for (i) financials, (ii) diversity, equity & inclusion and (iii) collaboration. The mandatory salary increases throughout 2023 amounted to a total of 2.79%.

Relevant regulatory developments

The rules applying to remuneration in the Dutch financial sector are mainly based on European rules that apply in all EU Member States. The Netherlands has opted for a wider scope of the remuneration rules and a variable remuneration cap of 20% (instead of the European cap of 100%). The Dutch Financial Supervision Act (Wet financieel toezicht or 'Wft') sets additional requirements for variable remuneration, including the cap on variable remuneration, rules relating to retention payments, welcome and severance packages, and publication obligations.

The Dutch Act on Further Remuneration Measures for Financial Enterprises (Wet nadere beloningsmaatregelen financiële ondernemingen) entered into force on 1 January 2023. This Act introduced the following changes: (1) a five-year statutory retention period for fixed remuneration in shares or instruments; (2) the obligation for financial enterprises to explain in their remuneration policy how they take into account the pay ratio between the remuneration of their managing directors, supervisory directors and employees and their function in society, and how such ratio was established; and (3) a limitation of the possibility to derogate from the cap on variable remuneration for non-CLA staff. The new legislation includes a transitional regime.

On 30 June 2022, the EBA published Guidelines on the remuneration benchmarking exercise and Guidelines for collecting data on high earners. Benchmarking data under the Guidelines on the remuneration benchmarking exercise will be collected in 2024 for the financial year 2023, whereas the annual collection of data regarding high earners started in financial year 2023 for financial year 2022.

Where necessary, ABN AMRO adjusts its remuneration policies to ensure compliance with applicable legislation and regulations, and requests shareholders' approval where required.

Forecast for 2024

Legislation expected in 2024

Environmental, social and governance (ESG) issues are highly important for credit institutions. Sustainability-related regulations, guidelines and other publications include requirements regarding the awarding of variable remuneration and disclosure; they impact on remuneration policies and remuneration reports. Examples include the Taxonomy Regulation, Sustainable Finance Disclosure Regulation (SFDR), Corporate Sustainability Reporting Directive (CSRD), Capital Requirements Directive V (CRD V), Capital Requirements Regulation II (CRR II), European Banking Authority (EBA) guidelines and reports, European Central Bank (ECB) guidance and reports and the European Commission's proposals and delegated acts. Some of these requirements have already entered into force, while others will apply from 2024 or later. The most notable examples include the CSRD and the European Sustainability Reporting Standards (ESRS) framework, which ABN AMRO is already implementing in order to provide more transparency on its sustainability performance and which includes specific provisions on incentive schemes and remuneration reports.

The above list of legislation and regulations is non-exhaustive. Reference is also made to the Regulatory developments section in the Introduction chapter of the Integrated Annual Report 2023. If necessary, ABN AMRO will adjust its remuneration policies to ensure compliance with applicable legislation and regulations and, where required, will request shareholder approval.

Remuneration for all staff and Identified Staff

Remuneration for all staff

In general, the remuneration packages for all staff are structured in accordance with the applicable remuneration regulations and restrictions applying to the financial sector. A remuneration package for all staff may consist of the following components (depending on local market practice):
- Fixed remuneration;
- Variable remuneration;
- Pension contribution;
- Benefits and other entitlements.

ABN AMRO takes into account relevant business dynamics (e.g. market conditions, local labour legislation and tax legislation) when deciding on the composition of remuneration packages. Globally, any and all variable remuneration is capped at 100% of the fixed remuneration. In the Netherlands, a small group of employees receive variable remuneration, which is capped at 20% of the fixed remuneration, unless the average 20% exception is applicable.

The award of performance-related variable remuneration is linked to the performance of the bank and the underlying client units and functions. As ABN AMRO's financial results in 2023 improved in comparison to 2022, the 2023 performance-related variable remuneration – including performance-related variable remuneration for Identified Staff – amounted to EUR 64 million in 2023 (2022: EUR 53 million). Total retention payments in 2023, mainly relating to the wind-down of certain non-European Corporate Banking activities, amounted to EUR 13 million in 2023 (2022: EUR 27 million). The wind-down of the non-European Corporate Banking activities was completed by the end of 2023. In addition, sign-on payments in 2023 amounted to EUR 1 million (2022: EUR 1 million). Total variable remuneration awarded to all staff globally in 2023 (consisting of various types of variable remuneration, as described above) amounted to EUR 78 million (2022: EUR 81 million). The decrease in total variable remuneration was mainly caused by the lower retention payments in 2023.

Remuneration details of Identified Staff

Variable remuneration is awarded to Identified Staff in line with the terms and conditions of ABN AMRO's Variable Compensation Plan, which implements the applicable remuneration restrictions on variable remuneration. The variable remuneration is split into an upfront award of 60% and a deferred award of 40%. Deferred variable remuneration in the current Variable Compensation Plan (current version applicable since 29 December 2020) vests in equal instalments in the four years after the first payment. Both the upfront award and the deferred award consist of a 50% cash award and a 50% non-cash award. The instrument underlying the non-cash award consists of performance certificates. The value of the performance certificates depends on the share price of ABN AMRO and therefore fluctuates in line with the market. The value of the performance certificates is paid out in cash. A one-year retention period applies to the non-cash award.

The remuneration details of Identified Staff are specified in the various tables below.

Tables - Remuneration details of Identified Staff

The following tables contain remuneration details of Identified Staff. The first table is the segregated overview of the number of Identified Staff and their aggregated remuneration (in thousands) at each client unit/function.

		2023		2022
	Number of FTEs (Identified Staff)[2]	Aggregated remuneration (in thousands)	Number of FTEs (Identified Staff)[2]	Aggregated remuneration (in thousands)
Personal & business banking	40	10,084	56	11,593
Wealth management	36	12,591	32	10,442
Corporate banking	90	39,536	108	38,154
Group Functions[1]	176	46,133	158	44,741
Total	**342**	**108,343**	**354**	**104,930**

1 Executive and Supervisory Board members are included under Group Functions.
2 The number of FTEs includes all employees that were Identified Staff during the year (including leavers).

The following two tables contain an overview of the number of employees where total annual remuneration attributed to the financial year (including, for example, severance payments) exceeds EUR 1 million.

The first table specifies the number of employees per client unit/function. The second table specifies the number of employees per organisational level.

								Remuneration in millions[3]
(in FTE)	1-1.5	1.5-2	2-2.5	2.5-3	3-3.5	3.5-4	4-4.5	>4.5
Personal & business banking								
Wealth management								
Corporate banking[1]	2	2	1					
Group Functions[2]	1							

1 The remuneration of Corporate banking staff exceeded the threshold of EUR 1 million, because of the payment of salary, retention and severance due to the winddown of the non-European Corporate Banking activities. This concerns employees with a foreign contract.
2 Executive and Supervisory Board members are included under Group Functions. In 2023, the remuneration of the CEO exceeded EUR 1 million.
3 The remuneration in this table reflects the amounts attributed to financial year 2023, in accordance with the EBA requirement. Please note, that the remuneration disclosures in the tables Remuneration of Executive Board and Supervisory Board, represent the remuneration allocated to the financial year in accordance with EU IFRS.

								Remuneration in millions[3]
(in FTE)[1]	1-1.5	1.5-2	2-2.5	2.5-3	3-3.5	3.5-4	4-4.5	>4.5
Executive Board	1							
CLA+								
Other Identified Staff[2]	2	2	1					

1 Identified staff only.
2 The remuneration of Other Identified Staff exceeded the threshold of EUR 1 million, because of the payment of salary, retention, and severance due to the winddown of the non-European Corporate Banking activities. This concerns employees with a foreign contract.
3 The remuneration in this table reflects the amounts attributed to financial year 2023, in accordance with the EBA requirement. Please note, that the remuneration disclosures in the tables Remuneration of Executive Board and Supervisory Board, represent the remuneration allocated to the financial year in accordance with EU IFRS.

The table below provides an overview of the total remuneration, specified per type of remuneration (i.e. fixed or variable). For the variable remuneration, the amounts are further specified in the relevant cash and non-cash components in line with the Variable Compensation Plan.

	Number of FTEs (identified staff)		Aggregated remuneration (in thousands)
	SB, ExBo and CLA+	Other identified staff	
Fixed remuneration over 2023	128	214	96,801
Variable remuneration over 2023[1, 2]	91	80	11,542
- of which in cash			*5,879*
- of which in non-cash instruments			*5,663*
- of which unconditional (up-front payment)			*7,012*
- of which conditional (deferred payment)			*4,530*
Retention payments over 2023		7	2,168
Sign-on payments over 2023	2		125
Severance payments over 2023[3]	7	6	4,063

1 Retention payments and sign-on payments are also included in the total variable remuneration over 2023.
2 Due to their specific nature, certain variable compensation elements are paid out in cash and are not or only partially subject to deferral.
3 The highest severance pay amounted to EUR 675 thousand.

For Identified Staff, 50% of the variable remuneration is awarded in the form of a non-cash instrument. From performance year 2020, the non-cash instrument has changed from depositary receipts to performance certificates. The table below reflects the number of all non-cash awards that were in place on 31 December 2023 for performance years 2017 to 2022 (inclusive). According to the Variable Compensation Plan, the value of a non-cash award equals the value of one share of ABN AMRO.

(In thousands of DRs and PCs)		2023		2022
Outstanding at 1 January		**746**		**854**
Granted during the year		292		385
Forfeited during the year	21		11	
Paid out during the year cash	363		444	
Paid out during the year DRs and PCs	6		38	
Less: total paid out/forfeited		-389		-493
Outstanding at 31 December		**649**		**746**

Malus assessment in 2023

ABN AMRO has several risk-mitigating measures in place that apply to variable remuneration. As part of our end-of-year process, an ex-ante and ex-post risk assessment are conducted. A malus (downward adjustment of variable remuneration that has not yet been paid out) and/or clawback (clawing back variable remuneration that has already been paid out) may be applied. To this extent, the following criteria are used:

- evidence of misconduct or serious error by the staff member (e.g. breach of a code of conduct or other internal rules, especially concerning risks);
- a significant downturn in the financial performance of the institution or client unit/function (based on specific indicators);
- a significant failure of risk management in the institution or client unit/function in which the Identified Staff member works;
- significant changes in the institution's economic or regulatory capital base.

The Executive Board and Supervisory Board decide on the application of a malus based on the advice of Risk, Compliance and Audit, with input from other ABN AMRO departments (e.g. HR and Finance).

The malus assessment for 2023 relates to the vesting of:

- The first tranche of deferred variable compensation for the 2022 performance period;
- The second tranche of deferred variable compensation for the 2021 performance period;
- The third tranche of deferred variable compensation for the 2020 performance period.

The Supervisory Board concluded, after an assessment against the malus criteria as stipulated above, that no malus will be applied for performance year 2023.

Performance indicators for Identified Staff

The Together & Better process has been slightly adjusted for Identified Staff (at CLA and CLA+ level) to meet specific legal requirements for this group. A specific KPI framework applies to Identified Staff (CLA and CLA+); this is linked to ABN AMRO's bank-wide strategic KPIs and has been approved by the Executive Board and Supervisory Board. As required by law, at least 50% of the targets are non-financial. For 2023, the group non-financial KPIs consisted of sustainability assets and relational Net Promotor Score (rNPS). The group financial KPIs were the cost/income ratio and net growth in strategic segments. The non-financial KPIs for the client units and functions were the results of the Employee Engagement Survey and rNPS, and the financial KPIs were cost level, net growth in strategic segments and segment ROE. At the individual level, objectives were set for results, behaviour and development. Identified Staff members receive a final performance score after each performance year, conveying the desired compliance and risk culture, which is taken into account at client unit/ function and individual level. From a job level perspective, as specified in the table below, there are three groups of Identified Staff, each of which has its own KPI weight bandwidths and allocation between financial and non-financial KPIs.

	Weighting Executive Board[4]	Weighting CLA+ identified staff	Weighting CLA identified staff
Organisation level KPIs	40-65%	10-30%	10-22%
Client unit and function level KPIs	0-25%	30-50%	18-30%
Individual KPI	35%	40%	60%
Total	**100%**	**100%**	**100%**
- of which financial[1, 3]	*20-30%*	*30%*	*18-19%*
- of which non-financial[2, 3]	*70-80%*	*70%*	*81-82%*

1 Financial KPIs include a selection of Cost/income ratio, net growth, Cost level and Segment return on equity (ROE).
2 Non-financial KPIs include (for Executive Board): Sustainability, Employee Engagement, House in Order, NPS, Permanent Education, behaviour and diversity. For CLA+ and CLA Identifed staff, the non-financial KPIs are Sustainability assets, rNPS, EES, result, behaviour and development.
3 The mix and weighting of KPIs are tailored to specific function of the Executive Board member of identified staff member.
4 The CEO has KPIs on an individual and organisation level only.

Executive Board

Executive Board Remuneration Policy

The Executive Board Remuneration Policy was adopted by the Annual General Meeting on 22 April 2020 and took effect on 1 January 2020. The 2020 Executive Board Remuneration Policy is aligned with the Second Shareholders' Rights Directive while also fully observing the specific regulatory legislation on remuneration. This remuneration policy is established with due observance of the feedback received from internal and external stakeholders, including our Employee Council, various clients, the general public (via an IPSOS questionnaire), a representative number of shareholders and depositary receipt holders, NLFI, Eumedion, VEB and proxy advisor ISS, following constructive engagements. This approach enabled ABN AMRO to take the views of a broad range of stakeholder groups into account in a consultative capacity. The Chair of the Remuneration Committee was thus able to obtain valuable feedback and explore ways of implementing our new remuneration policy to address areas of concern. This is in line with our continued commitment to good governance.

The policy provides for a collective indexation of salaries for the Executive Board members in line with the CLA for the Dutch banking sector (CLA Banken). In 2023, the CLA Banken provided for salary increases of 3.5% from 1 January 2023 and 1% from 1 July 2023. All members of the Executive Board decided to waive their right to the salary increase of 1% from 1 July 2023 of the CLA Banken.

Executive Board Remuneration Policy - scenario analysis

Scenario analyses are the analyses conducted by the Supervisory Board at the time the remuneration policy was formulated and before determining the remuneration of individual Executive Board members. They show the possible outcomes of the variable remuneration components and the way in which these affect the remuneration of the Executive Board members. The Supervisory Board establishes whether the scenario analyses result in appropriate levels of remuneration, and whether remuneration is generally in keeping with the bank's risk appetite.

In line with the Code Banken, the total target remuneration of the Executive Board members is below the median in the relevant benchmarking population. Considering that no variable remuneration is awarded and the remuneration restrictions that apply to ABN AMRO, the Supervisory Board was of the opinion that scenario analyses had resulted in the appropriate levels of remuneration at the time the Executive Board Remuneration Policy 2020 was adopted and that further scenario analyses were less relevant at the time. However, the Supervisory Board now notes that the remuneration of Executive Board is lagging behind the market.

The ongoing applicability of the fixed salary freeze and lack of variable remuneration due to the bonus prohibition may hamper the retention and future attraction of expert leaders (as well as other senior staff and other highly qualified employees). In recent years, there appears to be an increasing discrepancy between the current remuneration levels of the Executive Board in comparison with the relevant benchmarking populations. This is an increasing concern for the Supervisory Board.

Contractual elements

All members of the Executive Board have a services agreement (overeenkomst van opdracht) with ABN AMRO for an unlimited period of time, which constitutes the contractual relationship between ABN AMRO and the Executive Board member. The Executive Board member may terminate the agreement subject to a notice period of three months, whereas ABN AMRO must observe a notice period of six months. In the event of death or when the Executive Board member reaches the state pension age (AOW), the services agreement automatically ends by operation of law.

Fixed remuneration

As long as the Dutch State holds an interest in ABN AMRO, the Executive Board members (and a specific group of senior staff) are not entitled to any increases in their fixed salary other than the increases provided for in the CLA for the Dutch banking sector. The fixed remuneration of the Executive Board was raised by 3.5% from 1 January 2023 in line with the CLA for the Dutch banking sector. As the Executive Board members all waived their right to the salary increase of 1% at 1 July 2023, as provided for in the CLA for the Dutch banking sector, there were no other adjustments to Executive Board salaries in 2023.

From 1 January 2023 to 31 December 2023:

- Member of the Executive Board: EUR 677,091 (EUR 797,589 for the CEO)

Variable remuneration

Due to the above-mentioned bonus prohibition, the Executive Board members (and a specific group of senior staff) are not entitled to variable remuneration. As the bonus prohibition continued to apply in the 2023 performance year, the Executive Board did not receive any variable remuneration. The Executive Board members therefore received only their fixed remuneration.

Benefits

The Executive Board participates in ABN AMRO's pension schemes applicable to all employees in the Netherlands. For pensionable salary up to the applicable threshold, which for 2023 amounted to EUR 128,810, a collective defined contribution (CDC) pension scheme applies. The total pension contribution is 37%, of which 5.5% is an employee contribution. The intended pension accrual is 1.875%, based on a pension age of 68. In 2023, the pension accrual was 1.875%. For pensionable salary in excess of EUR 128,810, Executive Board members (just like employees of ABN AMRO) receive a net pension allowance that can be used to accrue a net pension in a group defined contribution (DC) plan. The net pension allowance amounted to 30% in 2023.

In addition to pension benefits, Executive Board members are eligible for benefits such as a company car and a chauffeur.

Severance

The remuneration policy for Executive Board members provides for a severance payment up to a maximum of one year's gross salary if their contract is terminated at ABN AMRO's initiative. The current Executive Board members all have the same contractual right to a severance payment equal to three months' gross fixed salary. No severance was awarded to Executive Board members in 2023. As Tanja Cuppen announced that she is not available for a third term of appointment, she is not entitled to a severance payment.

2023 Remuneration for the individual Executive Board members

(In thousands)	Base salary	Variable remunera-tion[4]	Other short-term benefits[5]	Total short term benefits	Severance payments	Total pension-related contributions[6] Post-employment pension (a)	Short-term allowances (b)	Total
2023								
R.A.J. Swaak, chair	798			798		35	201	1,034
D. Dorner, vice-chair	677		36	713		35	164	912
C. Bittner[1]	677		48	725		35	164	924
T.J.A.M. Cuppen	677		34	711		35	164	910
C. van der Hooft - Cheong	677		27	704		35	164	903
L. Kramer[2]	226		76	302		12	55	369
A. van Nimwegen[1]	56			56		3	14	73
F.G. Vaandrager[1]	451		15	466		24	110	600
A.M. Vreugdenhil[1]	677		24	701		35	164	900
Total	**4,916**		**260**	**5,176**		**249**	**1,200**	**6,625**
2022								
R.A.J. Swaak, chair	771			771		32	197	999
L. Kramer, vice-chair[2]	654		133	787		32	162	981
C.M. Bornfeld[2]	218		45	263		11	54	327
T.J.A.M. Cuppen	654		34	688		32	162	881
D. Dorner	654		32	686		32	162	879
C. van der Hooft - Cheong	654		27	682		32	162	875
G.R. Penning[2, 3]	927		62	989	164	46	227	1,426
A.M. Vreugdenhil[1]	545		18	563		26	135	724
Total	**5,077**		**351**	**5,428**	**164**	**241**	**1,260**	**7,093**

1 The following members were appointed as an Executive Board member: A.M. Vreugdenhil (1 March 2022), C. Bittner (1 January 2023), F. Vaandrager (ad interim effective 1 May 2023 and permanent effective 16 November 2023) and A. van Nimwegen (1 December 2023).
2 The following members left ABN AMRO: C.M. Bornfeld (1 May 2022), L. Kramer (stepped down as Executive Board member on 23 April 2023 and left ABN AMRO with effect from 1 May 2023) and G.R. Penning (stepped down as Executive Board member on 1 December 2022 and left ABN AMRO with effect from 1 June 2023).
3 For G.R. Penning, all remuneration components (including severance, which is awarded in 2022 and paid in 2023) for the period until the end of his employment contract on 1 June 2023 are included above, in the year 2022. Compared to 2022 the figures changed regarding Other Short-term benefits for G.R. Penning. Remaining entitlement holiday leave for G.R. Penning paid at the end of his employment contract in 2023 have been adjusted accordingly, in the year 2022 (EUR 61,630).
4 Owing to the Bonus Prohibition Act, the Executive Board members are not entitled to receive variable compensation. This prohibition has applied since the 2011 performance.
5 Other short-term benefits consists of flight tickets, a housing allowance, compensation for lease car expenses, mortgage interest rate benefit and international schooling costs for Executive Board members' children when applicable. If applicable, the amount of the payment for remaining leave entitlement at the end of the employment contract are also included at Other short-term benefits.
6 The Executive Board members participate in ABN AMRO Bank's pension plans for employees in the Netherlands. Total pension-related contributions refer to (a) the employer contribution to the pension fund (for the CDC pension scheme for pensionable income up to EUR 128,810 (2022: EUR 114,866) and (b) the arrangement in accordance with the ABN AMRO Collective Labour Agreement ('ABN AMRO CAO').

2023 Loans from ABN AMRO to Executive Board members

Executive Board members may obtain banking and insurance services from ABN AMRO and its subsidiaries on the basis of regular applicable terms. Executive Board members do not receive privileged financial services. The loans included in the overview below are mortgage loans.

(In thousands)	2023 Outstanding 31 December	2023 Redemptions	2023 Interest rate	2022 Outstanding 31 December	2022 Redemptions	2022 Interest rate
D. Dorner[1]	442	21	2.6%	463	21	2.2%
C. van der Hooft - Cheong	1,428	131	2.7%	1,559	32	1.5%
F.G. Vaandrager[1]		118	3.8%			
G.R. Penning[1, 2]				225	40	2.9%

1 The following members were appointed: F.G. Vaandrager (ad interim per 1 May 2023 and permanent per 16 November 2023).
2 G.R. Penning stepped down as Executive Board member on 1 December 2022 and left ABN AMRO as per 1 June 2023.

Development of annual remuneration of Executive Board members

The following table shows the annual development in the remuneration of Executive Board members. The table shows how changes in annual remuneration relate to the previous year, to ABN AMRO's performance and to developments in the average employee remuneration. For a like-for-like comparison, the average employee remuneration is shown excluding social security charges. The column 'Absolute change' shows the difference in the indicator over two periods in time, while the column 'Relative' shows the increase or decrease as a percentage.

Since 2021, other short-term benefits have been included in the disclosure of total Executive Board remuneration. The comparative figures are adjusted accordingly.

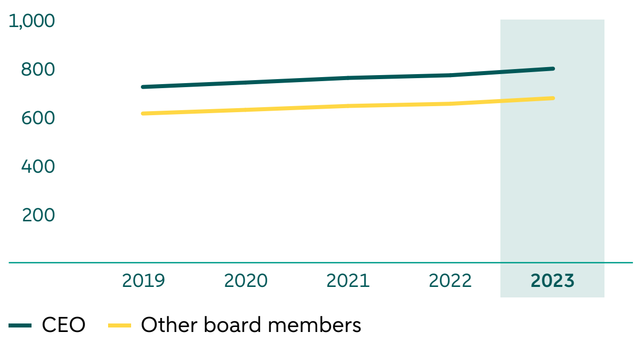
		2018 - 2019		2019 - 2020		2020 - 2021		2021 - 2022		**2022 - 2023**		**Reporting year**
(in thousands)	Function	Absolute	Relative	Absolute	Relative	Absolute	Relative	Absolute	Relative	**Absolute**	**Relative**	**2023**
ExBo												
R.A.J. Swaak, chair[1]	CEO			701	n/a	291	n/a	7	1%	35	4%	1,034
D. Dorner, vice-chair[2]	CCO					90	n/a	789	n/a	33	n.a.	912
L. Kramer, vice-chair[3]	CFO					558	n/a	422	n/a	-612	n.a.	369
C. Bittner[4]	CI&TO									924	n.a.	n.a.
T.J.A.M. Cuppen[5]	CRO	26	3%	7	1%	-15	-2%	5	1%	29	3%	910
C. van der Hooft - Cheong[6]	CCO					89	n/a	786	n/a	28	n.a.	903
A. van Nimwegen[7]	COO									73	n.a.	n.a.
F.G. Vaandrager[8]	CFO									600	n.a.	n.a.
A.M. Vreugdenhil[9]	CCO							724	n/a	176	n.a.	900
Company performance												
Profit		-304	-13%	-2,091	-102%	1,279	n/a	634	51%	829	44%	2,697
Cost/Income ratio		2.4%	4%	5.2%	8%	10.0%	15%	-7.2%	-9%	-8.5%	-12%	60.7%
Return on Equity		-1.4%	-12%	-108.0%	-108%	6.7%	n/a	2.8%	48%	3.6%	41%	12.2%
Average employee remuneration		**3**	**3%**	**-5**	**-5%**	**4**	**4%**	**4**	**4%**		**-0%**	**107**

1 R.A.J. Swaak joined the Executive Board on 22 April 2020.
2 D. Dorner joined the Executive Board on 24 November 2021.
3 L. Kramer joined the Executive Board on 1 June 2021, stepped down on 23 April 2023 and left ABN AMRO as per 1 May 2023.
4 C. Bittner joined the Executive Board on 1 January 2023.
5 T.J.A.M. Cuppen joined the Executive Board on 1 October 2017.
6 C. van der Hooft-Cheong joined the Executive Board on 24 November 2021.
7 A. van Nimwegen joined the Executive board on 1 December 2023.
8 F.G. Vaandrager joined ad interim the Executive board on 1 May 2023 and permanent on 16 November 2023.
9 A.M. Vreugdenhil joined the Executive Board on 1 March 2022.

The 5-year development of the annualised base salary of the CEO and other Executive Board positions is shown in the graph. Due to the bonus prohibition, the fixed remuneration of the Executive Board is increased only by the collective increase agreed in the CLA for the Dutch banking sector as at 1 January 2023, resulting in an almost straight line in recent years, as depicted in the graph.

5-year annualised average base salary – Executive Board

(in thousands)



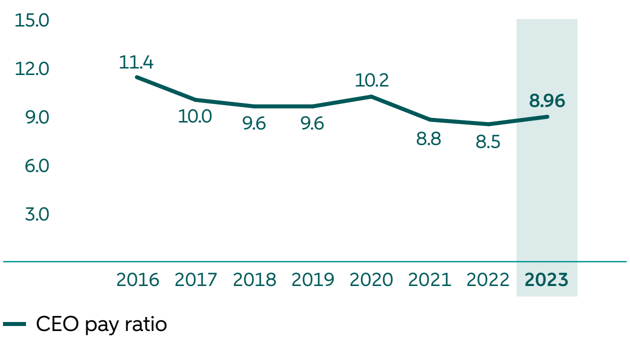
Pay ratio

The pay ratio is the comparison between the total annual remuneration of the CEO and the average salary of all ABN AMRO employees. In line with our overall remuneration philosophy, we strive for a moderate pay ratio. The salary of our CEO does not fluctuate as it has been set in line with the Executive Board Remuneration Policy and does not contain any variable elements.

The ratio of the mean annual employee remuneration and the total annual remuneration of the CEO has been calculated in line with the Corporate Governance Code 2022, whereby temporary agency workers and external contractors have been excluded. The ratio in 2023 was 8.96. The ratio represents the CEO's total remuneration, including pension costs and social security charges, divided by the mean employee remuneration including pension costs and social security charges during 2023. The average annual remuneration of the employees is determined by dividing the total wage costs in the financial year (as included in the consolidated financial statements) by the average number of FTEs during the financial year. This ratio is considered to be a fair reflection of ABN AMRO's current position, also considering the specific remuneration restrictions that are applicable.

Since 2021, in line with the Guidance from the Corporate Governance Code Monitoring Committee, social security charges have been taken into account, whereas these charges were not taken into account in previous years. The pay ratio at ABN AMRO is substantially lower than in other AEX and AMX companies. The ratios published in 2016, 2017, 2018, 2019, 2020, 2021 and 2022 were 11.4, 10, 9.6, 9.6, 10.2, 8.78 and 8.5 respectively.

CEO pay ratio



2023 Performance of the Executive Board

The annual KPI framework for the Executive Board is approved by the Supervisory Board. The performance criteria for Executive Board members are based on financial and non-financial measures at organisational, client unit/function and individual level, as set out in the Executive Board Remuneration Policy. The performance criteria and targets reflect and contribute to key elements of ABN AMRO's strategy and sustainable long-term value creation, especially Sustainability and House in Order. Annual targets are set for all KPIs.

In consultation with all relevant ABN AMRO departments, the Supervisory Board continually monitors and assesses the Executive Board members' performance on these KPIs and the targets set.

KPI-setting and performance

In 2023, all the financial KPIs were focused on sustainable long-term profitable growth, a healthy balance of capital and the need to control our costs in order to be sustainable. The scores are given within a 1-5 bandwidth, with a score of 1 being the lowest score, a score of 3 being defined as 'meets requirements' and a score of 5 being the highest score.

At an organisational level, the targets for the financial KPIs (ROE and cost/income ratio) were exceeded. The non-financial KPIs for Sustainability, Employee Engagement and House in Order focus specifically on ABN AMRO's long-term strategy. The KPI for Sustainability and its targets and measures are linked to the Dow Jones Sustainability Index (DJSI). The S&P Global ESG Dow Jones Sustainability Index (DJSI) tracks the sustainability performance of leading companies per sector. Our ambitious target was to be in the top 5% of the DJSI, whereas we achieved a top 20% position, resulting in a score of 1. Our result on the DJSI indicates to which extent ABN AMRO deviates from the industry leader, which was 20% in 2023. This places us in the top 20% but also quite far from our target of scoring within 5% of the industry leader. Since we set this target in 2018, we noticed increased attention for sustainability performance in the sector which has made it a more challenging KPI for us. This year we will evaluate our target on sustainability, taking these and other developments into consideration. The KPI for Employee Engagement and its targets and measures are linked to the results obtained in the relevant annual employee engagement survey and focused on both short- and long-term achievements. The bank-wide Employee Engagement score of 82% resulted in a score of 4, compared with a score of 1 in 2022 (78% score). The KPI for House in Order means actively conveying the desired compliance and risk culture, effective risk management and solution management. House in Order targets were exceeded, resulting in a score of 4.

At a client unit/function level, strict targets have been set to reduce costs. On average, financial targets were exceeded in 2023. Employee Engagement is measured at a client unit and function level, with an average score of 4 in 2023. With respect to the rNPS score, the results vary per client unit with an average score was 2, as clients are starting to appreciate the digital experience we offer, but do not yet see us as a personal bank. At an individual level, KPIs are set with regard to House in Order, Permanent Education, Diversity and Behaviour. Individual House in Order targets were mostly exceeded. The average individual score of all Executive Board members was 3.

The overall assessment of the Supervisory Board is that, on average, all members of the Executive Board had good overall performance ratings in 2023.

Score 1-5	Type	KPI	Score 2023[2]
Organisation			
	Financial	ROE	5
		Cost/income ratio	5
	Non-financial	Sustainability	1
		Employee engagement	4
		House in order	4
Client unit and function			
	Financial	Cost ceiling	4
		Stragetic Value Creation: Net Growth strategic segments	3
	Non-financial	NPS	2
		Employee engagement	4
Individual			
	Financial	n/a	
	Non-financial[1]		3

[1] The score is the average of the absolute invidual score of all ExBo members.
[2] The Organisation and Business Line scores are the average scores per KPI. The weight/applicability of each KPI differs per ExBo member.

Supervisory Board

Supervisory Board Remuneration Policy

The remuneration of the Supervisory Board is set in line with the Supervisory Board Remuneration Policy. Consequently, a 3.5% indexation of the annual fees was applied with effect from 1 January 2023, as well as an increase of 1% with effect from 1 July 2023, in accordance with the CLA for the banking sector. In addition, a general indexation of 1.5% was applied from 1 January 2023.

Fixed remuneration

The annual fees for 2023 were as follows:

From 1 January 2023 until 1 July 2023:
- Member of the Supervisory Board: EUR 58,493 (EUR 76,041 for the Chair)
- Member of a Committee: EUR 14,623 (EUR 17,548 for the Chair)

From 1 July 2023 until 31 December 2023:
- Member of the Supervisory Board: EUR 59,078 (EUR 76,801 for the Chair)
- Member of a Committee: EUR 14,769 (EUR 17,734 for the Chair)

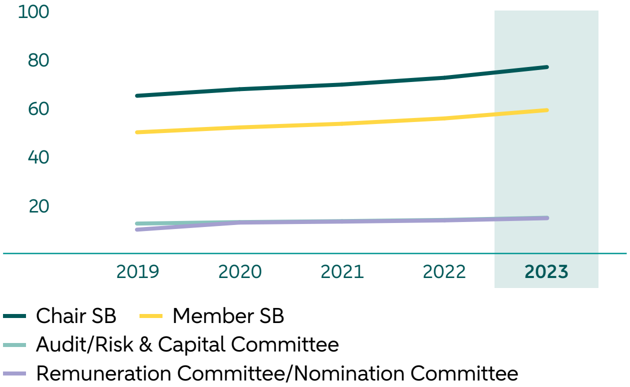
The remuneration for Supervisory Board committee membership is limited to two committee memberships, despite each member sitting on two or three committees in 2023. ABN AMRO does not grant any variable remuneration or equity to Supervisory Board members. Supervisory Board members are appointed by the General Meeting upon nomination by the Supervisory Board. The initial appointment period is four years unless a shorter period is set at the time of appointment. Supervisory Board members can be reappointed. Details of the remuneration of the individual members of the Supervisory Board are provided in Note 36 and Note 38 to the Consolidated Annual Financial Statements.

2023 Remuneration for the individual Supervisory Board members

(In thousands)	2023[3]	2022[3]
T. de Swaan, chair	109	103
A.C. Dorland, vice-chair	91	86
W.J.M. Devriendt[1]	64	
L.J. Griffith	88	83
M.P. Lap	88	83
S.A.C. Russell[1]	91	60
A.M. Storåkers[2]	28	86
M.L. Tannemaat	88	83
J.S.T. Tiemstra[2]		26
F. de Vries[1]	36	
Total	**683**	**610**

[1] The following members were appointed as a member of the Supervisory Board: W.J.M. Devriendt (19 April 2023), F. de Vries (29 June 2023) and S.A.C. Russell (20 april 2022).
[2] The following members stepped down as a member of the Supervisory Board: A.M. Storåkers (19 April 2023) and J.S.T. Tiemstra (20 april 2022).
[3] Remuneration amounts excluding VAT.

5-year annualised average base salary – Supervisory Board
(in thousands)



2023 Loans from ABN AMRO to Supervisory Board members

Supervisory Board members may obtain banking and insurance services from ABN AMRO and its subsidiaries on the basis of regular applicable terms. Supervisory Board members do not receive privileged financial services. The loans included in the overview below are mortgage loans.

	2023			2022		
(In thousands)	Outstanding 31 December	Redemptions	Interest rate	Outstanding 31 December	Redemptions	Interest rate
T. de Swaan	1,580	6	1.0%	1,586	5	1.0%
L.J. Griffith					339	1.8%
S.A.C. Russell[1]	370		2.1%	370		2.1%
M.L. Tannemaat	707	8	1.7%	715	57	1.7%
F. de Vries[1]	819		2.6%			

[1] The following members were appointed as a member of the Supervisory Board: S. Russell (20 April 2022) and F. de Vries (29 June 2023).

Stakeholder views
Annual General Meeting 2023

During the Annual General Meeting of 19 April 2023, the 2022 remuneration report was put to an advisory vote, with 99.31% of the votes cast being in favour of a positive advice. ABN AMRO was pleased to note the positive advisory vote.

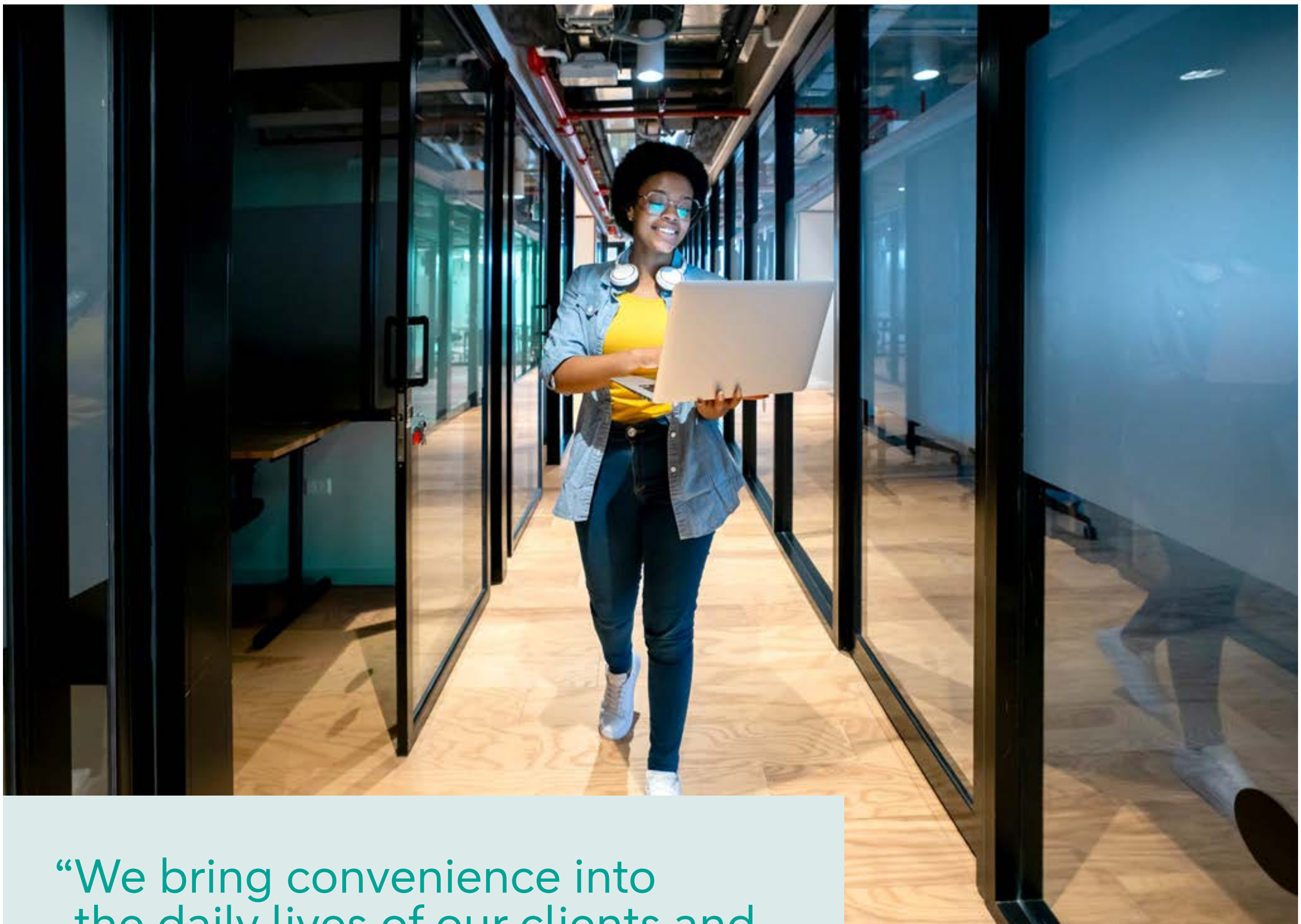
During the Annual General Meeting in 2023, a question was raised about how the interest rate of the mortgage of Tom de Swaan was established. The answer to this question was that the mortgage was taken out a long time ago, when Tom de Swaan was still an ABN AMRO employee under the terms and conditions then in force. No specific mortgage arrangements are available for members of the Supervisory Board.

Employee Council meetings in 2023

As employee participation is shaped around the organisational structure of ABN AMRO, the organisational changes in 2022 also resulted in a reassessment of the structure of the various Employee Councils. This resulted in the number of Employee Councils being reduced from four to two. In 2023, ABN AMRO now has a general Employee Council (Raad van Medewerkers), a European Staff Council (at European level) and two separate Employee Councils (the Commercial Council and the Enablers Council). Separate employee representation is organised at a subsidiary level and at offices outside the Netherlands. Elections were held in spring 2023 and 45 new Employee Council members were installed on 1 July 2023.

With regard to remuneration policies and practices, the relevant Employee Council is updated annually on ABN AMRO's remuneration policies and practices, for example with regard to developments in equal pay. In the event of changes to the remuneration policies that are subject to the right of consent, the relevant Employee Council is involved accordingly. The Employee Council was also involved in establishing the remuneration policies for the Executive Board and Supervisory Board, which will be submitted to the 2024 Annual General Meeting for approval. In 2023, the Dutch Employee Councils received a total of 68 requests for advice, 26 requests for consent and 57 information memoranda.

Normally, an Employee Council meeting is held with the Executive Board and the Supervisory Board once a year. Due to calendar issues, however, no meeting was held in 2023. Two meetings will consequently be planned in 2024. Twice a year, the Employee Council has a meeting with the Supervisory Board members nominated by the Council. This is in addition to the quarterly Employee Council meeting with the CEO, the minutes of which are shared with the Supervisory Board members nominated by the Employee Council.



"We bring convenience into the daily lives of our clients and offer expertise when it matters."

Other governance information

Codes and regulations

ABN AMRO is required to comply with a wide variety of governance codes and regulations, including the Dutch Corporate Governance Code, the Banking Code and CRD V. This section explains how ABN AMRO complies with these codes and regulations. More comprehensive overviews of ABN AMRO's compliance with such codes and regulations are published under the Governance Codes and regulations section on abnamro.com.

Dutch Corporate Governance Code

We believe that when corporate governance meets high international standards, it significantly boosts the confidence of a company's stakeholders. Since depositary receipts for shares in ABN AMRO are listed on Euronext Amsterdam, ABN AMRO adheres to the Dutch Corporate Governance Code.

General compliance and explanations

ABN AMRO complies with all principles and best practices of the Dutch Corporate Governance Code, except for the deviations and nuances described below. Under the Dutch Corporate Governance section on its website, ABN AMRO also publishes a detailed 'comply or explain' list with regard to the adherence to the Dutch Corporate Governance Code.

Best practice provision 1.3.6
(Absence of an internal audit department)
This best practice provision does not apply since there is a separate department for the internal audit function within ABN AMRO.

Best practice provision 2.1.3 (Executive Committee)
This best practice provision is not applicable to ABN AMRO because, since 24 November 2021, ABN AMRO has no longer had an Executive Committee.

Best practice provision 2.1.5
(Policy on diversity and inclusion)
ABN AMRO has a diversity & inclusion policy. Its suitability policy also includes a diversity policy for the composition of ABN AMRO's Supervisory Board and Executive Board. ABN AMRO has targets regarding gender diversity of the Executive Board, Supervisory Board and senior management. The other aspects (age, nationality, education/professional background and geographical reference) are all taken into account on a qualitative basis in ensuring diversity and inclusion in the composition of the Executive Board, Supervisory Board and senior management. The importance of diversity in all these areas is included in the collective profiles of the Executive Board and Supervisory Board and is elaborated on in the Leadership and Governance chapter of the integrated annual report. The various diversity and inclusion targets, initiatives and achievements within ABN AMRO are explained in more detail in the Strategy, value creation and performance chapter.

Best practice provision 2.1.9
(Independence of the Chair of the Supervisory Board)
ABN AMRO applies this best practice provision, which states that the Chair of the Supervisory Board should not be a former member of the management board of the company. Although Tom de Swaan was a member of the management board of the former ABN AMRO, the current ABN AMRO is the result of various legal and operational separations and combinations, a merger and a legal demerger that took place after the acquisition of the former ABN AMRO Holding N.V. (the former ABN AMRO Group) by a consortium of banks in October 2007. The consortium consisted of the Royal Bank of Scotland Group, Fortis and Banco Santander S.A (the Consortium). In October 2008, when the Fortis group experienced financial difficulties, the Dutch State acquired certain operations of the Fortis group, as well as Fortis' interest in the vehicle that had acquired the former ABN AMRO group. ABN AMRO Group N.V. (ABN AMRO Group) was newly incorporated on 18 December 2009 to hold the operations, assets and liabilities of parts of the former ABN AMRO group and the part of the Fortis group acquired by the Dutch State. On 6 February 2010, the new and current ABN AMRO demerged from the former ABN AMRO Bank N.V. into a newly incorporated entity. The former ABN AMRO Bank N.V. was subsequently renamed Royal Bank of Scotland N.V. On 1 July 2010, the new ABN AMRO Bank and Fortis Bank (Nederland) N.V. merged pursuant to a

legal merger, following which the current ABN AMRO was the surviving entity and Fortis Bank (Nederland) N.V. was the disappearing entity. ABN AMRO Group was merged into ABN AMRO on 29 June 2019. The former ABN AMRO Group and ABN AMRO are different entities than the former ABN AMRO Holding N.V. or former ABN AMRO Bank N.V.

Best practice provision 3.1.3
(Remuneration - Executive Committee)
This best practice provision is not applicable to ABN AMRO because, since 24 November 2021, ABN AMRO has no longer had an Executive Committee.

Principle 3.2. and best practice provisions 3.2.1 – 3.2.2
(Management Board remuneration)
ABN AMRO complies with this principle. The Bonus Prohibition Act (Wet aansprakelijkheidsbeperking DNB en AFM en bonusverbod staatsgesteunde ondernemingen), which became effective in 2011, does not allow such compensation for board members of financial institutions that fall within the scope of this Act during the period of state support through a shareholding by the Dutch State. The members of the Executive Board are therefore not entitled to receive variable remuneration during the period of government ownership.

Best practice provision 4.1.3 (Agenda)
ABN AMRO applies this principle, which states, among other things, that (a) each substantial change in the corporate governance structure of ABN AMRO and in the compliance with the Dutch Corporate Governance Code and (b) material changes in the Articles of Association should be presented to the General Meeting as a separate discussion item or voting item, as applicable. The only exception to this best practice provision is that the Executive Board and the Supervisory Board may decide to place certain topics on the agenda under one agenda item if these topics are justifiably related. ABN AMRO considers this to be a further substantiation of this best practice provision, which may be necessary when proposals to amend the Articles of Association or the corporate governance structure of ABN AMRO are interrelated in such a way that separate votes on each of these proposals could result in an imbalanced voting result and, in turn, an imbalance in the corporate governance structure.

Best practice provision 4.2.2
(Contacts and dialogue with shareholders)
ABN AMRO recognises the importance of bilateral communications with shareholders and potential shareholders and holders of depositary receipts. In order to facilitate such bilateral communications, the Executive Board of ABN AMRO has adopted, with the approval of its Supervisory Board, a Policy on Bilateral Contacts with Shareholders in accordance with best practice provision 4.2.2 of the Dutch Corporate Governance Code. This policy does not specifically include the stipulation, as included in the best practice provision, that the shareholder should disclose its entire share position (long and short and through derivatives) at the company's request. In practice, ABN AMRO will comply with this requirement from the best practice provision should the situation arise.

Best practice provision 4.3.1 (Voting as deemed fit)
This best practice provision is not applicable to ABN AMRO as it is aimed at the shareholder.

Best practice provision 4.3.3 (Cancelling the binding nature of a nomination or dismissal)
This provision is not applicable to ABN AMRO since it applies the rules applicable to a large company regime (structuurregime).

Best practice provision 4.3.4
(Voting right on financing preference shares)
This best practice is not applicable to ABN AMRO since ABN AMRO has not issued financing preference shares.

Best practice provisions 4.3.5 – 4.3.8
(Responsibilities of the shareholder)
These best practice provisions are not applicable to ABN AMRO as they are the responsibility of the shareholder.

Principle 4.4
(Recognising the importance of company strategy)
This best practice provision is not applicable to ABN AMRO as it is aimed at the shareholder.

Principle 4.5 (Issuing depositary receipts for shares)
ABN AMRO does not apply this principle. In contradiction to this principle and provision, the issuing of depositary receipts by STAK AAB is primarily used as a defence measure and not to prevent shareholder absenteeism from enabling a minority of shareholders to control the decision-making process at a General Meeting. Regulatory considerations have been decisive in choosing a structure with depositary receipts as a protective measure. Declarations of No Objection are

required in the event of a direct or indirect acquisition of a qualified holding in regulated entities in which ABN AMRO holds an interest. Therefore, this structure provides ABN AMRO with the greatest possible certainty of adequate protection against a hostile takeover. Although the issuing of depositary receipts has been set up primarily as a defence measure and not to prevent absenteeism, STAK AAB aims to promote the exchange of information between ABN AMRO on the one hand and holders of depositary receipts and shareholders on the other by, for example, organising a meeting of depositary receipt holders before every General Meeting. More information on the purpose and functioning of the depositary receipts and STAK AAB, including information on situations in which STAK AAB may decide to limit, refuse or revoke powers of attorney (and to not observe any voting instructions received) can be found on the STAK AAB website (stakaab.org).

Best practice provisions 4.5.1 – 4.5.5 and 4.5.7 – 4.5.8
Compliance with these best practices is a responsibility of the board of STAK AAB. With respect to best practice provisions 4.5.5 and 4.5.8, the following applies. In a non-hostile situation, STAK AAB will act primarily in the interests of depositary receipt holders. In a hostile situation, STAK AAB will act primarily in the interests of ABN AMRO and its business enterprises. Under all circumstances, STAK AAB will also take into account the legitimate interests of all other stakeholders: clients, savers and deposit holders, shareholders, depositary receipt holders, employees, and the society in which ABN AMRO operates. Furthermore, STAK AAB in principle has the obligation to grant a power of attorney to depositary receipt holders to exercise the voting rights attached to the underlying shares and will not exercise voting rights on the shares in ABN AMRO (unless depositary receipt holders have requested STAK AAB to do so). The foregoing could be different in the hostile situations described in Article 2:118a of the Dutch Civil Code. STAK AAB may then decide to (a) limit, exclude or revoke powers of attorney, and (b) not observe voting instructions received for a period of up to two years. Furthermore, under the depositary receipt terms, when exercising the voting rights in a hostile situation, STAK AAB should focus primarily on the interests of ABN AMRO and its business enterprises as set out above.

Principle 5.1 and best practice provisions 5.1.1 - 5.1.5 (One-tier governance structure)
This principle and these best practice provisions are not applicable since ABN AMRO has a two-tier board instead of a one-tier board to which these best practice provisions relate.

How ABN AMRO complies with the best practice provisions for sustainable long-term value creation, culture and diversity

Sustainable long-term value creation

Strategy to achieve sustainable short- and long-term value creation

Please refer to the Strategy, value creation & performance chapter in this report for a detailed explanation of the Executive Board's view on sustainable long-term value creation and the strategy for achieving it, as well as for a description of the contributions made to sustainable long-term value creation during 2023. Reference is also made to the appendix in this report for a detailed overview of the value-creating topics.

In line with best practice provision 1.1.3 of the Dutch Corporate Governance Code, ABN AMRO's Supervisory Board (i) supervises the manner in which the Executive Board implements the strategy for sustainable long-term value creation, and (ii) regularly discusses the strategy, its implementation and the principle risks associated with it. This role of the Supervisory Board is incorporated in the Supervisory Board Rules of Procedure as follows:

- The Supervisory Board supervises, advises and monitors the Executive Board on (i) the group's view on sustainable long-term value creation and the strategy and objectives formulated in line with this and (ii) the maintenance of a culture aimed at sustainable long-term value creation, including the values that contribute to such culture and the effectiveness of and compliance with the code of conduct.
- At least once every calendar year, the Supervisory Board discusses the strategy for sustainable long-term value creation, its implementation, the risk profile and principle risks associated with it and the measures taken to mitigate the risks.
- The Executive Board engages the Supervisory Board early in formulating the strategy for realising sustainable long-term value creation and accounts for its execution of this strategy to the Supervisory Board.
- The exercising of all powers and duties by the Executive Board and the cooperation with the Supervisory Board focus on ensuring sustainable long-term value creation by the group and on building and maintaining the culture required for that purpose, taking into account stakeholder interests and applicable legislation and regulations.
- The Executive Board and Supervisory Board will join efforts to ensure a tone at the top and behaviour that is in keeping with the adopted values and will propagate these values through leading by example.

Please refer to the Supervisory Board report for more information on the Supervisory Board's involvement in establishing the strategy and the way in which it monitors its implementation.

Diversity

Supervisory Board profile

In line with best practice provision 2.1.1 of the Dutch Corporate Governance Code, the Supervisory Board has drawn up a profile of its scope and composition, taking into account the nature and activities of ABN AMRO. The current collective profile is set out in Annex 3 of the Rules of Procedure of the Supervisory Board, which are published on ABN AMRO's website. For more information we refer to the chapter on the composition of the Supervisory Board in this report.

In line with best practice provision 2.1.5 of the Dutch Corporate Governance Code, ABN AMRO has drawn up a diversity policy for the composition of the Supervisory Board and Executive Board. This is part of ABN AMRO's suitability policy.

Please refer to the Leadership and governance structure chapter in this report for details of gender diversity within ABN AMRO's management bodies.

Diversity & Inclusion Policy

ABN AMRO is committed to diversity and inclusion, including promoting equal treatment of and equal opportunities for employees, preventing harassment, ensuring non-discrimination and ensuring compliance with national and local labour and employment laws. A summary of ABN AMRO's diversity & inclusion policy is published on ABN AMRO's website.

The objective of ABN AMRO's diversity & inclusion policy is to create a diverse and inclusive workforce and to recognise the human rights and equal opportunities of all the bank's employees. To achieve this objective, all ABN AMRO employees, regardless of their position, must adhere to the following principles:

- displaying respect for every individual;
- drawing strength from equal opportunities and a diverse and inclusive workforce, while supporting personal growth and development;
- recognising the value and benefiting from the uniqueness of every individual;
- displaying respect for the human rights of ABN AMRO's employees.

Diversity targets, initiatives and achievements

Please refer to the Strategy, value creation & performance chapter in this report for detailed information on diversity targets, initiatives and achievements.

ABN AMRO's results are also monitored externally by, for example, the SER (Talent to the Top) and Equileap.

Culture

In 2022 ABN AMRO launched an organisation-wide culture change programme focused on driving a change in culture that would enable further strengthening of execution power, sound risk-taking and entrepreneurship within the organisation, based on our core values of care, courage and collaboration. This programme was finetuned in 2023 to include further organisation-wide initiatives designed to drive culture change and deliver on ABN AMRO's purpose and strategy. These initiatives focus on embedding the desired culture in the way of working and on continuous dialogues driven by reflection on behaviour, the impact of which is measured through qualitative and quantitative insights, including the outcomes of the annual Employee Engagement Survey. In 2023, we also organised a series of Engagement Circles to facilitate dialogue between senior leadership and employees across the organisation on topics related to employee engagement. Our Ethics Committee, chaired by our CEO, and speak-up channels are also in place in order to create and maintain a culture where a voice is given to values and risks and possible issues can be signalled.

Tax Governance Code

General compliance and explanations

ABN AMRO complies with all principles and transparency requirements of the Confederation of Netherlands Industry and Employers' VNO-NCW Dutch Tax Governance Code, as further described below. Under the Governance section on its website, ABN AMRO also publishes a detailed 'comply or explain' list with regard to its adherence to the Dutch Tax Governance Code. This Code establishes a clear and transparent system in which accountability and supervision of tax policies are intrinsic elements. Like the Corporate Governance Code, the Tax Governance Code is based on the principle of 'comply or explain': companies must render account for any principles in the Code where they are not, or not yet, compliant. As stated in the Dutch Tax Governance Code, ABN AMRO has a clear tax strategy, as well as clear tax principles. ABN AMRO's tax principles, which apply to all entities in the corporate group, are published on abnamro.com. ABN AMRO has in place a tax governance structure, in which the Board plays the principal role. It does not use tax havens to avoid taxation: a presence in a tax haven is permitted only if it has real economic significance. ABN AMRO's adherence to the Dutch Tax

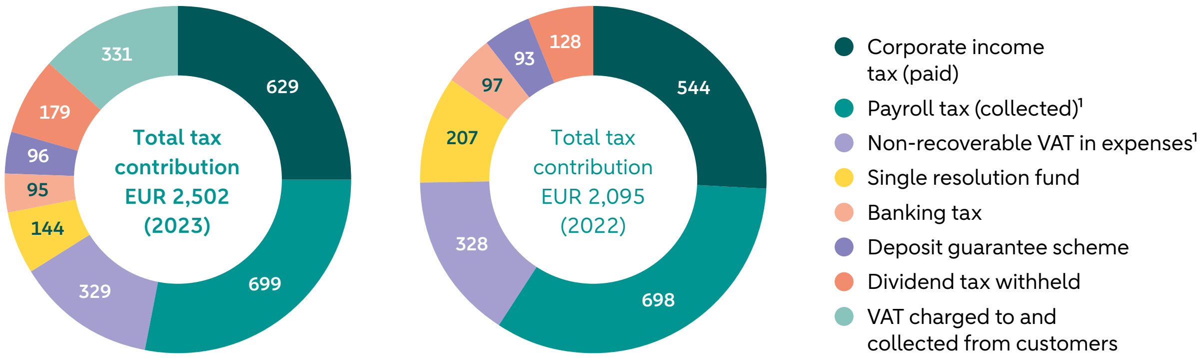
Governance Code has been peer-reviewed under the VNO-NCW's supervision. The reviewer concurred with the 'comply or explain' statement. The outcome of the review was that the bank would achieve further transparency by publishing more information on tax paid/borne and collected. This recommendation has been followed up, as more detail on VAT has been provided.

We do not view tax as simply a cost, but also as a means of contributing to society, sustainable growth and long-term prosperity. We are committed to complying with the letter, intent and spirit of tax legislation wherever we operate and to paying the right amount of tax at the right time.

ABN AMRO uses business structures with genuine commercial purpose, maintains relations with tax authorities built on trust and transparency and communicates regularly on its approach and the taxes it pays. In 2023, our tax contribution, including both taxes paid directly and those collected on behalf of tax authorities, amounted to EUR 2.3 billion (2022: EUR 2.1 billion).

Total taxes paid and collected

(in millions)



[1] For this tax the scope is: Europe.

The 2023 chart above shows the various taxes paid and collected by ABN AMRO; payroll taxes and dividend taxes relate to the Netherlands only; the remaining taxes relate to the world or Europe (VAT). For 2022, the VAT amount relates to the Netherlands only.

Managing tax risk

Our Tax Control Framework is updated, whenever necessary, to reflect changes in regulations or stakeholder interest. Tax is also integrated into our broad risk management process and included in risk assessments for new products or business activities. We monitor compliance with our tax policy and have controls in place to ensure that tax returns are filed in good time and that tax positions are promptly identified and reported. We engage with tax authorities to ensure we fully understand our tax obligations and regularly exchange information in line with Dutch and international regulations. We expect these exchanges to increase with the introduction of more automated tax filing.

During 2023, the Dutch Parliament adopted proposals to increase the country's bank tax rates; these will have an impact on ABN AMRO's total tax contribution and effective tax rate. So, too, will the recent increase in interest rates as these will lead to an increase in non-deductible interest expense. During the year, the government also announced it was lifting the withholding tax exemption on share buybacks; this measure, which is due to come into effect starting 2025, will have no impact on the bank's effective tax rate.

Client tax integrity

The issue of client tax integrity has grown in importance in recent years. Our standards in this area are in line with our core values, moderate risk appetite, wider risk profile and DNB's expectations. Given the changing international tax rules, we organise trainings to ensure staff remain aware of integrity risks. In the case of clients, we steer clear of aggressive tax planning and avoidance structures. Our intention is always to offer products that comply with the letter, intent and spirit of tax legislation and that are commercially sound rather than tax-driven. This approach is included in the bank's tax policy, tax principles and product approval process and monitored through our Tax Control Framework.

Dutch Banking Code

The Dutch Banking Code sets out principles that banks with a corporate seat in the Netherlands (i.e. with a Dutch banking licence) should observe in terms of corporate governance, risk management, audit and remuneration. The Dutch Banking Code applies to ABN AMRO as the main entity within a group that holds a Dutch banking licence. ABN AMRO is therefore committed to complying with the Dutch Banking Code and devotes a great deal of effort to ensuring that the spirit of the code is reflected in the behaviour of the employees and the culture of the bank. As such, we are pleased to confirm that ABN AMRO complies with the principles of the Dutch Banking Code. A principle-by-principle overview of the manner in which ABN AMRO Bank complied with the Dutch Banking Code in 2023 is published on abnamro.com.

All members of the Supervisory Board and Executive Board have taken the Banker's Oath, as required by Dutch law. The oath is a confirmation of ABN AMRO's existing policies, which are fully in line with the bank's cultural principles and core values. Along with the introduction of a Social Charter and the Banking Code, the Dutch banking industry has taken the initiative to have all employees take the Banker's Oath. Employees take the oath to affirm their commitment to upholding high standards of ethical behaviour. They are personally responsible for complying with these rules of conduct and may be held accountable for non-compliance.

Subsidiaries of ABN AMRO and the Dutch Banking Code

On 31 December 2023, ABN AMRO Bank had four Dutch subsidiaries with a banking licence: ABN AMRO Clearing Bank N.V., ABN AMRO Groenbank B.V., ABN AMRO Hypotheken Groep B.V. and International Card Services B.V. ABN AMRO applies the principles of the Dutch Banking Code to all of these Dutch subsidiaries on a consolidated basis by developing group-wide policies and standards that promote compliance with internal and external rules and best-practice provisions. In view, however, of the differences between the activities, organisation and risk management of the subsidiaries, the application of group-wide policy and standards may vary from one subsidiary to another. An explanation of the manner in which these subsidiaries complied with the Dutch Banking Code during 2023 is published on abnamro.com.

CRD V

Article 96 of CRD V requires financial institutions to explain on their website how they comply with the requirements of Articles 88 - 95 of CRD V. These articles set out governance, disclosure, remuneration, nomination and management body requirements for financial institutions. The obligation to publish such an overview was implemented in Dutch law by Article 134b of the Prudential Measures Decree FMSA (Besluit prudentiële regels Wft).

ABN AMRO has published an overview of how the bank complies with Article 134b of the Prudential Measures Decree FMSA and Article 96 of CRD V on abnamro.com.

Legal structure

Global structure

The complete list of subsidiaries and participating interests as at 31 December 2023 referred to in Article 414, Book 2, of the Dutch Civil Code has been filed with the Trade Register.

Personal & Business Banking

The Personal & Business Banking unit of ABN AMRO is supported by the following subsidiaries (this list is not exhaustive):

- ABN AMRO Hypotheken Groep B.V. - Responsible for the mortgage activities within ABN AMRO for residential real estate, providing mortgage products through various channels and distributed under various brands, including the Florius and Moneyou brands;
- International Card Services B.V. (ICS) - Market leader in credit card issuing in the Netherlands. For 35 years, it has provided Visa and Mastercard issuance, promotion, administration and transaction processing. ICS serves retail clients and business clients and issues both its own credit cards as well as credit cards in cooperation with partners;
- ALFAM Holding N.V. - Offers consumer credit through the labels ABN AMRO, DEFAM and Green Loans. ALFAM actively contributes to a healthy Dutch credit

market and is the largest finance company in the Netherlands in the field of consumer credit;
- New10 B.V. - Provides SMEs in the Netherlands with loans in a highly automated way via a fully digital product offering.

ABN AMRO also holds a minority interest of 49% in Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V. (ABN AMRO Verzekeringen), in which Nationale-Nederlanden N.V. holds the majority interest (51%). ABN AMRO Verzekeringen offers Non-Life insurance products under the ABN AMRO brand.

Wealth Management

ABN AMRO's Wealth Management business is conducted in France and Germany by the respective branches in these countries (Paris Branch and Frankfurt Branch). In 2023, Banque Neuflize OBC S.A. merged with ABN AMRO Paris branch. Wealth Management services will continue to be offered under the brand name Neuflize OBC, bringing together all the expertise needed to enhance clients' assets, both privately and professionally: advice, financing and wealth management, offering an integrated approach for entrepreneurs and their families. Neuflize Vie S.A. is a joint venture between ABN AMRO Bank N.V. (60%) and AXA (40%) which offers innovative and sophisticated unit-linked life insurance products to high net worth clients.

The ABN AMRO Frankfurt branch offers private banking and private wealth management-related services, covering all major regions in Germany under the Bethmann Bank label. Its Entrepreneur & Enterprise concept offers entrepreneurs and their businesses an integrated approach to their banking affairs.

Corporate Banking

ABN AMRO's Corporate Banking business is supported by the following subsidiaries (this list is not exhaustive):
- ABN AMRO Clearing Bank N.V. – Is a global leader in derivatives and equity clearing. It is one of the few players currently offering global market access and clearing services on more than 85 of the world's leading exchanges, and operates from several locations across the globe. Services are provided in Europe from the head office in Amsterdam, as well as through the AACB London Branch. Beyond Europe services are provided through the wholly owned subsidiaries ABN AMRO Clearing USA, ABN AMRO Clearing Sydney, ABN AMRO Clearing Tokyo, ABN AMRO Clearing Hong Kong, ABN AMRO Clearing Singapore and AACB Singapore Branch, as well as ABN AMRO Clearing Investments.
- ABN AMRO Asset Based Finance N.V. - Provides asset-based solutions (working capital solutions, equipment leases, equipment loans and vendor lease services) to its clients in the Netherlands, France, Germany and the United Kingdom.
- ABN AMRO Groenbank B.V. - Attracts green savings from consumers and provides financing for sustainable investments based on the Green Scheme of the Dutch government. Goal of the Green Scheme is to encourage green savings from consumers and to stimulate banks to invest in the sustainability categories defined by the government.

The joint venture ABN AMRO – ODDO BHF B.V., provides equity brokerage services and focuses on the Benelux region. Both ABN AMRO and ODDO BHF have an equal share in this strategic partnership.

Group Functions

ABN AMRO's Group Functions are supported by the following subsidiaries and participating interests (this list is not exhaustive):
- ABN AMRO Captive N.V. is a captive reinsurance company;
- Transactie Monitoring Nederland B.V. is a participating interest of ABN AMRO Bank N.V. (30%). Other major Dutch banks hold the remaining shares;
- ABN AMRO Funding USA LLC is active in the US market, issuing ABN AMRO's US dollar commercial paper funding for clients operating in the US and for clients with US dollar loans.

"To maintain trust, it is important that we uphold standards of ethics and integrity."

Sustainability statements

Introduction

ABN AMRO has a continuous focus on improving its sustainability reporting, in line with its strategy and purpose. We have been complying with the Non-Financial Reporting Directive (NFRD) since 2017, and now the Corporate Sustainability Reporting Directive (CSRD) is on the horizon and will come into effect for our 2024 Annual Report. The CSRD mandates the European Sustainability Reporting Standards (ESRS), which provide detailed disclosure requirements on the full spectrum of environmental, social and governance (ESG) topics. We have opted to start aligning our disclosures with the ESRS this year, and we expect that changes and improvements will be visible each year when the regulation comes into force and as market practice evolves.

Approach to sustainability reporting

In previous years, we have used (and are often still using) multiple sustainability reporting frameworks. These include the Integrated Reporting Framework, which provides a holistic view of how we create value for our stakeholders, the Taskforce on Climate-related Financial Disclosures (TCFD) framework, which we have applied to give insight into climate-related risks and opportunities, and the UN Guiding Principles Reporting Framework for human rights.

The ESRS provide a holistic framework incorporating many of the mentioned frameworks. In these new Sustainability Statements, we connect our previous reporting in a comprehensive overview to our sustainability approach. We consider our reporting on 2023 and beyond as a further growth path towards full CSRD compliance. Although the ESRS are the basis of these Sustainability Statements, some other elements have also been included, based on sustainability rating agencies' requirements, requests by specific societal stakeholders or commitments the bank has given.

Basis of preparation

General basis of preparation

The Sustainability Statements of ABN AMRO Bank for the year ended 31 December 2023 incorporate information of ABN AMRO Bank N.V., its controlled entities and interests in associates and joint ventures in scope of consolidation in the Annual Financial Statements (as included in Note 1 to the Annual Financial Statements).

The Sustainability Statements have been prepared based on ABN AMRO's own criteria, which make use of the ESRS and reflect our intention to start aligning our disclosures with future regulatory requirements. Our approach is described below for each relevant ESRS. We have taken ESRS as a starting point to structure our disclosures and to disclose content that is relevant in the light of the future ESRS requirements.

ESRS 1 describes the architecture of ESRS standards, explains drafting conventions and fundamental concepts, and sets out general requirements for preparing and presenting sustainability-related information. ABN AMRO made use of this standard in preparing these Sustainability Statements and to apply the principles of ESRS 1 in these Sustainability Statements. ESRS 2 describes cross-cutting topics that apply across multiple sustainability topics. Our chapters 'Basis of Preparation', 'Strategy and Business model', 'Governance of sustainability matters' and 'Risk' include these types of cross-cutting disclosures.

An important cornerstone of future ESRS disclosures is the double materiality assessment. This assessment determines the material sustainability matters (impacts, risks and opportunities) on which a company has to disclose. We performed such an assessment for the first time in 2023. The double materiality process and reporting criteria are described in the Note on value creation and materiality chapter, which also includes an overview of improvement areas for the coming year.

The outcomes of the materiality assessment are included in the Strategy and business model chapter and serve as the starting point for our topical disclosures, as included in the Environmental, Social and Business conduct sections. We have taken the disclosure requirements in these topical ESRS standards as a starting point for the disclosures and have included our current management approach on the material sub-topics, to the extent currently possible.

In line with the requirement in ESRS 1, we have included the prescribed disclosures pursuant to the EU Taxonomy regulation (Article 8 of Regulation (EU) 2020/852 and the accompanying delegated acts) as a separately identifiable section in these Sustainability Statements. For readability reasons, however, we have opted to include these tables at the end of the Sustainability Statements in order to first provide the full storyline on our material sustainability matters before all the detailed tables required by the Taxonomy Regulation. We also refer to the Strategy, value creation and performance chapter, where we include an explanation of how we see the Taxonomy regulation in the light of our strategic KPI and steering.

We recognise that these Sustainability Statements are a first step towards full compliance with ESRS, which will be mandatory as of 2024 reporting. In the case of the cross-cutting disclosures and certain sub-topics, certain disclosure elements are not yet completely in line with ESRS; this reflects the growth path we see for the coming years as we move towards fully implementing the regulation.

Disclosures in relation to specific circumstances

Time horizons

In general, we assess material impacts, risks and opportunities over the short, medium and long term. The short term refers to the reporting period of the Annual Financial Statements. Since sustainability-related matters often materialise over time, the nature of these topics warrants more forward-looking reporting, whereas financial information is restricted to the annual reporting period. For forward-looking information on ABN AMRO's material impacts, risks and opportunities in the Sustainability Statements, ABN AMRO defines:

- 1 year as short term;
- Between 1 year and 5 years as medium term; and
- More than 5 years as long term

Where our time horizons deviate from these general guiding principles, this is disclosed alongside the relevant disclosures regarding the specific material topic.

In preparing these Sustainability Statements, management has exercised its judgement in applying sustainability policies and make estimates and assumptions concerning the future. Actual results may differ from those estimates and assumptions.

Metrics and estimation uncertainty

In this report we use metrics, especially in the case of our client portfolios, that are based on certain estimates, averages or assumptions. The underlying data either comes directly from clients or is sourced from external data vendors. We use sector averages if no information is available. For certain metrics, such as our financed emissions, we combine several data sources. The Definitions sections of our report provides a full overview of the definitions used for our sustainability metrics, including specifications of the data or estimates used.

The data we use is subject to continual improvement, given also that sustainability-related regulation will result in more standardised data being available in the future. We aim to be transparent in our disclosures on any changes in underlying data or assumptions in order to explain movements and provide the appropriate context to readers of the report.

“We consider our reporting on 2023 and beyond as a further growth path towards full CSRD compliance.”

Incorporation by reference

Some ESRS disclosure requirements are closely linked to requirements that ABN AMRO is already subject to, for example the requirement in the Corporate Governance Code to describe its governance structure. These requirements are therefore not included in the Sustainability Statements, but in other relevant sections of this Integrated Annual Report:

- SBM-1 – Description of the business model: Our bank and Strategy and value creation sections in Strategy, value creation & performance
- Gov-1 – Role of the managing and supervisory bodies: Leadership & governance structure section in Leadership & governance
- Gov-3 – Integration of sustainability-related performance in incentive schemes: Remuneration report in Leadership & governance

With regard to risk management, we have defined sustainability risk as a driver of traditional risk types. The risk chapter in the Sustainability Statements describes how we define and manage sustainability risks. This chapter also contains an overview of how climate and environmental risks impact on other risk types. More details on the methodologies and management used for the traditional risk types, such as credit risk, market risk, operational risk and liquidity risk, are provided in the Risk, funding & capital section in the respective risk type sections.

The disclosures on the financial effects of sustainability matters are included in the Annual Financial Statements if required by IFRS. The main effect of sustainability matters on the Annual Financial Statements for the year 2023 is a limited effect on credit risk via overlays. This is described in our Credit risk management and Credit risk review sections.

Strategy and business model

ABN AMRO has included three main sustainability focus areas – climate, biodiversity and circularity, and social impact – in the sustainability pillar of its corporate strategy. Our approach on these topics is described in detail in these Sustainability Statements. This section is driven by the ESRS requirements to give stakeholders insight into how sustainability is embedded in our overall governance, strategy and risk management frameworks and how we manage and approach material sustainability matters as described below.

Strategy, business model and value chain

The strategy and business model of ABN AMRO are important contextual factors in determining which sustainability-related topics are material for the bank. Our business model is described in the Our bank section of this report and graphically depicted in the value creation model in the Strategy, value creation & performance section. As a financial institution, the most relevant parts of our business model for sustainability-related matters are our loans and investments because we finance large parts of the economy through our clients. In turn, these clients have their own value chains that have impacts in the real economy. In addition, our own operations can also have material impacts in some respects, for example in our role as an employer.

As part of our strategy, we focus both on improving our own operations and on helping our clients in the sustainability transitions that lie ahead of them. Our main client portfolios – including corporate loans and mortgages – were one of the starting points for the double materiality assessment we performed. For the materiality assessment, we specifically analysed the sectors and regions in which we are active as these allow us to further differentiate the specific impacts, risks and opportunities relevant to a certain sector or geography.

As sustainability is integral to our business model and strategy, we steer on progress through our Sustainability Acceleration Standard (SAS) asset volumes. A good example of this are our sustainability-linked loans (EUR 3.8 billion at 31 December 2023) that we use to incentivize clients towards more sustainable business practice.

Last year, we launched our climate strategy, where sector targets were set in line with external good practices like the NZBA. In this way, we aim to encourage responsible investment and financing, pursue informed engagement with our clients and provide financial and non-financial tools to facilitate their transitions. Additionally, and in line with our ambition to lead by example, we steer on diversity and inclusion through our targets for the percentage of women in sub-top roles at ABN AMRO.

Sustainability (acceleration) asset volume

(in millions)	Total relevant (client) assets	- of which Taxonomy aligned	Percentage	- of which Acceleration volume	Percentage	Total taxonomy and acceleration	Percentage
							31 December 2023
Sustainability (acceleration) asset volume							
ESG + impact investments[1, 2]	104,208			48,552	47%	48,552	47%
Residential mortgages	151,078	30,865	20%	14,213	9%	45,079	30%
Corporate loans to clients[3]	76,843	207	0%	19,009	25%	19,216	25%
- of which Personal & business banking loans	*8,369*	*10*	*0%*	*1,581*	*19%*	*1,590*	*19%*
- of which Corporate banking core loans[3]	*62,438*	*198*	*0%*	*16,522*	*26%*	*16,720*	*27%*
- of which Wealth management loans	*6,036*			*906*	*15%*	*906*	*15%*
Total client assets relevant for SAS	**332,129**	**31,072**	**9%**	**81,775**	**25%**	**112,847**	**34%**
Other taxonomy relevant assets[4]	76,352	79					
ESG + impact investments[1, 2]	-104,208						
Total assets relevant for taxonomy	**304,272**	**31,152**	**10%**				
							31 December 2022
ESG + impact investments[1, 2]	94,316			43,091	46%	43,091	46%
Residential mortgages	150,762			41,869	28%	41,869	28%
Corporate loans to clients[3]	77,933			14,906	19%	14,906	19%
- of which Personal & business banking loans	*8,962*			*1,357*	*15%*	*1,357*	*15%*
- of which Corporate banking core loans[3]	*62,734*			*12,697*	*20%*	*12,697*	*20%*
- of which Wealth management loans	*6,237*			*852*	*14%*	*852*	*14%*
Total client assets relevant for SAS	**323,012**			**99,865**	**31%**	**99,865**	**31%**

1 Consist of equities, corporate bonds, investment funds, ETFs and structured products.
2 The Taxonomy aligned ESG + impact investments are not included in the sustainability KPI and its targets, since we follow the EU SFDR regulation. The Taxonomy aligned ESG + impact investments can be found at the EU Taxonomy section.
3 Excluding Corporate loans non-core.
4 Contains debt securities, equity instruments and securities financing.

Overview of material topics per ESRS

In 2023, we performed a double materiality assessment based on the principles and requirements formulated in the ESRS. For an overview of how the assessment was performed, please refer to the Note on materiality and value creation in the 'Other' section. The assessment showed the topics through which ABN AMRO has or is connected to a material impact on people or the environment (impact materiality) and the topics that now, or may in the future, have a material financial effect on ABN AMRO (financial materiality). The outcomes are shown below.

ESRS topic	Impact materiality	Financial materiality	Link to sustainability pillar
Climate change	Material	Material	Climate change
Pollution[1]	Material	Material	
Water and marine resources	Not material	Not material	
Biodiversity and ecosystems	Material	Not material	Circular economy and biodiversity
Circular economy	Material	Not material	Circular economy and biodiversity
Own workforce	Material	Not material	Social impact
Workers in the value chain	Material	Not material	Social impact
Affected communities	Not material	Not material	
Consumers and end-users[2]	Material	Material	Social impact
Business conduct[3]	Not material	Material	

1 Pollution was newly added as material matter under ESRS and we aim to further explain how this relates to our strategic framework in the future.
2 Consumers and end-users also includes client data protection, which falls under our customer experience pillar.
3 Business conduct includes anti-money laundering, which falls under our future-proof bank pillar.

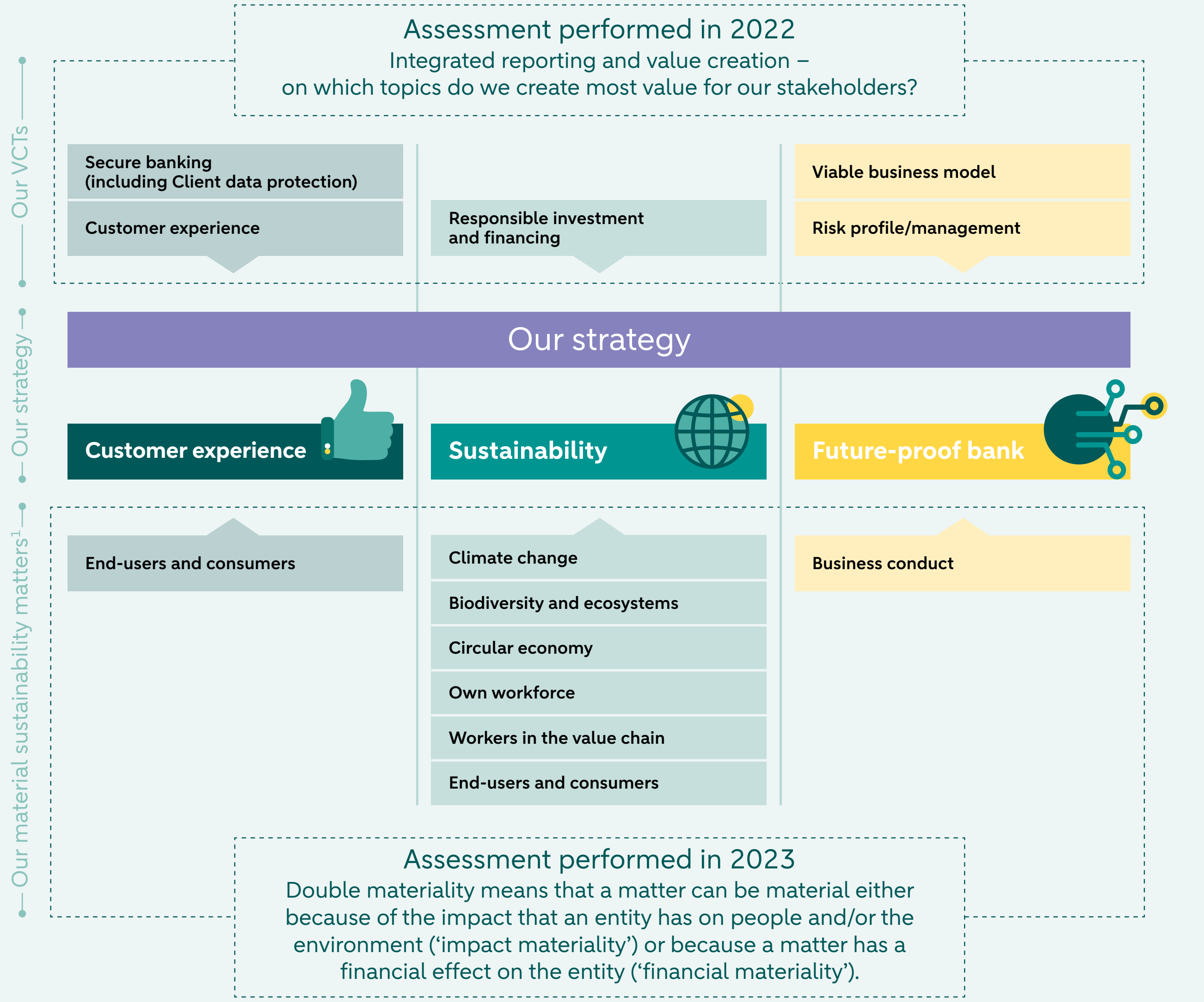
The double materiality assessment revealed that most of the material impacts, risks and opportunities are in our lending and investment portfolios. This is not a new outcome for us as our previous materiality assessments, based on the Integrated Reporting Framework, had already revealed that responsible investment and financing on a broad range of ESG topics represented a main source of value creation or depletion for our stakeholders.

In the case of the environmental topics, climate change was assessed as material. This is because of the indirect impacts we have through our financing and also the transition and physical risks for us as a bank that could potentially have an effect on credit risk and operational risk in the future. We also see climate as an opportunity to help our clients in transitioning to a net zero economy. Pollution, biodiversity and circular economy were also all assessed to be material due to the sectors and geographies we finance and the potential impacts that our clients and their value chains have on these topics. Pollution was also assessed as potentially being financially material in the future due to the forthcoming stricter environmental regulations announced by the EU for such things as water quality.

In line with our previous Human Rights Reports, the topic of workers in the value chain was identified as material due to the potential impacts we can have through our role as a lender, investment services provider, procurer of goods/services and service provider.

Some topics regarding our own operations were also identified as material, including how we treat our own workforce with regard to diversity and inclusion. Other material topics include anti-money laundering – how we contribute to ensuring the integrity and safety of the financial system through our role as a gatekeeper – and how we ensure financial inclusion, suitability of products and services and data protection for our clients.

Link to corporate strategy and value-creating topics



How does our ESRS materiality assessment relate to our existing value-creating topics?
ABN AMRO uses the Integrated Reporting Framework in the strategy, value creation and performance chapter to show how we create value for all of our stakeholders. As part of this, ABN AMRO also describes that sustainability is a part of its strategy as one of the strategic pillars. As such, sustainability is core to our corporate strategy and purpose, Banking for better, for generations to come. As one of three strategic pillars, it is key to ABN AMRO's overall direction, encapsulated in our goals of supporting our clients' transitions across climate change, enabling the circular economy, tackling the challenges nature faces and having a positive social impact. We feel we are well-equipped with our current strategic pillars to link the outcomes from the ESRS materiality assessment to our existing strategic priorities. Although Integrated Reporting includes sustainability topics, it is not limited to them as we can also create value on other topics like client centricity or digitalisation. Therefore, the range of topics covered in our strategy, value creation and performance section is broader than the range of topics covered in these Sustainability Statements.

[1] Pollution was newly added as material matter under ESRS and we aim to further explain how this relates to our strategic framework in the future.

Governance of sustainability matters

This section sets out the governance processes, controls and procedures put in place to monitor and manage sustainability matters. We define sustainability in its broadest sense, including ESG. The focus in this section is on the Executive Board and the Supervisory Board.

Composition

To govern ESG matters effectively, the Executive Board and Supervisory Board need to be equipped with the right tools to make the best possible decisions for the long, medium and short-term resilience of ABN AMRO and society. For further information on the Executive Board's and Supervisory Board's composition and diversity, please refer to the Leadership & governance chapter.

Roles and responsibilities

The Executive Board is responsible for defining ABN AMRO's overall strategy. It maintains oversight of the implementation and execution of environmental, social and governance matters within ABN AMRO, including climate-related topics and human rights. The Executive Board is responsible for ensuring that the strategy is informed by and addresses sustainability impacts, risks and opportunities.

The Supervisory Board, in turn, supervises the policies set by the Executive Board, ABN AMRO's general affairs and the connected business, and assists the Executive Board by providing advice on ESG matters, including our climate strategy.

The Executive Board also receives assistance from its committees. These committees each reflect upon sustainability matters in different ways, depending on their specific mandate and purpose. The Executive Board's rules of procedure include rules on the Executive Board's functioning and internal organisation. Each of the Executive Board committees also has its own rules of procedure. In 2023, these rules were revised to further specify the division of duties and responsibilities relating to sustainability.

The Group Sustainability Committee (GSC), chaired by the CEO maintains oversight of the implementation and execution (by the business) of environmental, social and governance matters within ABN AMRO. All relevant departments of the bank are represented in the GSC. The Executive Board has mandated this committee to assist and support the Executive Board in the performance of its duties with respect to sustainability-related matters. This includes developing a view on sustainability aspects of strategy, policies and standards. This includes many topics, such as sustainable long-term value creation by ABN AMRO and formulating a strategy and specific objectives in line with this, determining the actual and potential effects of the actions of ABN AMRO and its affiliated enterprises on people and the environment, and monitoring dialogues with stakeholders about the sustainability aspects of the strategy and their implementation. It also relates to opportunities, targets, sustainability KPIs, commitments, due diligence obligations with respect to ABN AMRO's own operations and value chains, ABN AMRO's values, conduct and culture, and diversity and inclusion. This involves preparing decision-making by the Executive Board, taking decisions on these topics within its mandate, and maintaining oversight, particularly regarding the sustainability aspects of ABN AMRO's strategy, objectives and values, and their implementation.

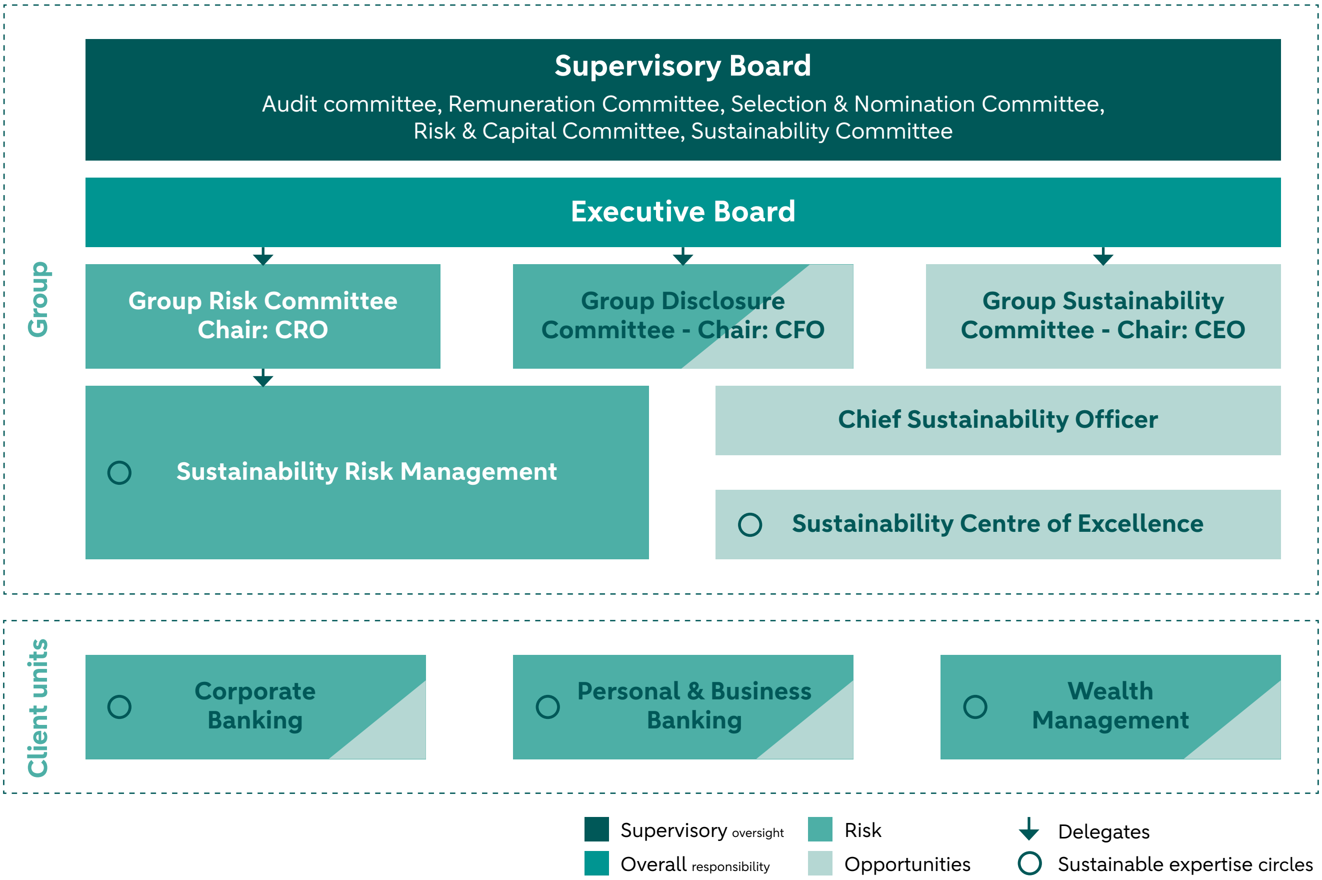
The Group Disclosure Committee (GDC) is responsible for disclosures relating to changes in ratings and disclosures required by Dutch and European legislation on ESG performance, social and employee matters, human rights performance, and anticorruption and antibribery matters. The GSC advises the GDC based on its expertise. The GDC serves as a central point for providing information on matters regarding materiality, consistency and the need for disclosure.

The Group Risk Committee (GRC) is responsible for risk management relating to ESG. The GSC uses its expertise to provide advice to the GRC. The Executive Board identifies and prioritises risks and opportunities in order to manage and disclose them as appropriate.

At the same time, training programmes on these risks and opportunities are integrated into policies and processes to provide the bank with insight into ESG risks and related data, strategy and targets.

Each of the specialised Supervisory Board committees addresses sustainability aspects within its area of expertise. In 2023, the Supervisory Board established the Supervisory Sustainability Committee to supervise sustainability aspects of our strategy and policies. These cover a broad range of topics, including the topics covered in the European Sustainability Reporting Standards (ESRS). The Supervisory Sustainability Committee and the Supervisory Board's other committees, in particular the Risk & Capital Committee and the Audit Committee, coordinate their activities and work together regularly. If required, they work on an ad hoc basis to ensure the necessary exchange of information to capture and assess all relevant risks for the performance of their tasks.

Sustainability governance structure



Our sustainability governance is continuously monitored to further embed ESG matters in our existing governance structure. ABN AMRO aims to address ESG matters more effectively where possible and to keep up with regulatory expectations and legislation. In doing so, ABN AMRO also keeps a close watch on quickly evolving market practice in this area. ABN AMRO has set up a Sustainability Centre of Excellence, led by our Chief Sustainability Officer, who reports directly to the CEO.

Involvement in ESRS materiality assessment

Efforts regarding the ESRS materiality assessment have required bank-wide involvement, including at the highest level of the organisation. Our Executive Board and Supervisory Board are also closely involved in this materiality assessment. The Executive Board approves the ESRS materiality assessment, subject to the Supervisory Board's approval. Both boards evaluate the advice provided by several of their supporting committees on the approach to and outcomes of the assessment. The GSC and the GRC advise the Executive Board. The Audit Committee and the Supervisory Sustainability Committee advise the Supervisory Board.

Sustainability risk governance

The Executive Board has delegated the management of sustainability risk, including climate-related and environmental risk, to the Group Risk Committee. Furthermore, a dedicated Sustainability Risk team within the Central Risk Management department is responsible for the sustainability risk management framework and acts as the second line of defence within Risk Management.

Further information on the governance of sustainability risk can be found in the Risk chapter in these Sustainability Statements.

Sustainability opportunity governance

ABN AMRO has three main sustainability focus areas: climate change, circular economy and biodiversity, and social impact. ABN AMRO also sees sustainability as a business opportunity and a way of supporting the broader transition into a climate neutral, nature positive and socially just economy. To support this transition, we are expanding financing for sustainability and increasingly incorporating sustainability risk – including climate and environmental risk – into our approach to lending and investment services.

The GSC steers on the direction and priorities of the bank with respect to ESG opportunities to ensure a clear direction for the bank as a whole within the risk appetite set by the GRC and the Executive Board.

In addition, the Chief Sustainability Officer focuses on the sustainability transition of ABN AMRO's business model and on designing an integrated sustainability model for the bank to create positive impact for the wider society. Using its in-depth knowledge and expertise, the Sustainability Centre of Excellence advises and challenges the Executive Board on its sustainability ambitions to ensure that ABN AMRO not only complies with laws and regulations, but also successfully pursues commercial opportunites and reduces sustainability risks. The Sustainability Centre of Excellence scrutinises trends and developments and translates them into applicable knowledge for the benefit of our clients, colleagues and other stakeholders. Based on external developments, best practices and expertise, the Sustainability Centre of Excellence contributes to the sustainability policies for the bank as a whole and for the client units/functions, and submits them for endorsement to the GRC or, if necessary, to the Executive Board. The Sustainability Centre of Excellence also provides input on the sustainability policies drawn up by Risk, which are endorsed via the GSC in the GRC and, if necessary, by the Executive Board.

Further details on our sustainability approach per topic can be found in the Topical standards section in these Sustainability Statements.

Sustainability expertise

Acquiring and maintaining knowledge on sustainability matters is of critical importance to ABN AMRO. Our commitment to sustainability has enabled us to develop expertise among our employees and board members. ABN AMRO is determined to share and leverage this knowledge on behalf of our clients and to continuously improve our sustainability-related knowledge and capabilities.

All Executive Board and Supervisory Board members must have a sufficient level of knowledge and understanding of sustainability. To ensure that the appropriate skills and expertise are available in the boards, both individually and collectively, ABN AMRO assesses each candidate's knowledge and experience of ESG matters. These assessments are conducted when appointing or reappointing members to the Executive and Supervisory Boards, and as part of the annual self-assessment performed by both the Executive Board and the Supervisory Board. For climate-related and environmental risks, this topic is part of both ABN AMRO's and the regulators' suitability assessments.

Following their appointment, all new members of the Executive Board and Supervisory Board follow an extensive induction programme, which includes knowledge sessions on sustainability-related matters, addressing, for example, material impacts, risks and opportunities. As part of the Lifelong Learning Programme, members of the Executive and Supervisory Boards also keep their knowledge on sustainability matters up-to-date by attending training sessions.

In addition, several Supervisory Board members are dedicated ESG experts. They continually develop and update their knowledge on ESG matters through in-depth, tailor-made training sessions in addition to the regular Lifelong Learning Programme. These members participate in the specialised Supervisory Board committees, embedding expertise in these committees and ensuring a balanced distribution of members with specific expertise.

The GSC and the Supervisory Sustainability Committee may receive assistance from internal or external subject experts, and preparatory sessions may be organised with a broader group of stakeholders (including external experts) before matters are discussed in these committees. Further details on sustainability-related expertise can be found in the separate Leadership & governance chapter in this report.

Oversight of sustainability matters addressed in 2023

The Executive Board and the Supervisory Board and/or their committees discussed a broad range of sustainability matters in 2023, including:
- Sustainable long-term value creation
- Sustainability reporting, including the Impact Report and Human Rights Report published as at year-end 2022
- Our climate strategy and targets
- Double materiality assessment
- Sustainability and climate-related and environmental risks
- Diversity & inclusion
- Equal pay
- Remuneration policy
- Sustainability commitments
- Legal developments in the area of sustainability
- AML/DFC

When submitting information to the Supervisory Board, the submitter must indicate whether the information has an ESG impact. If so, the document must contain a concise description of the ESG impact of the information.

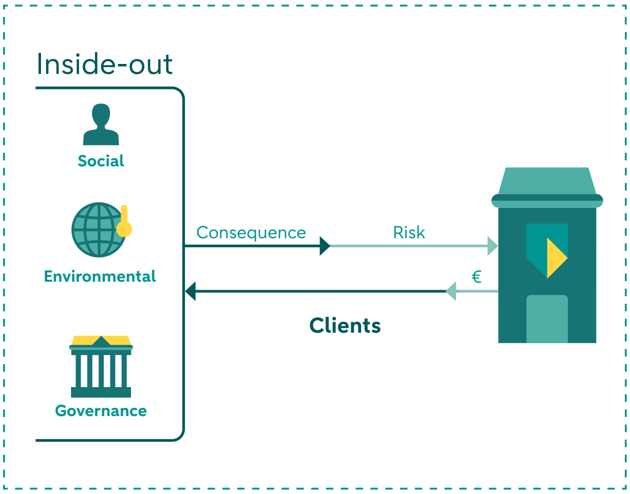
Further details on topics discussed in the specialised Supervisory Board committees can be found in the Supervisory Board report included in the Leadership & governance chapter.

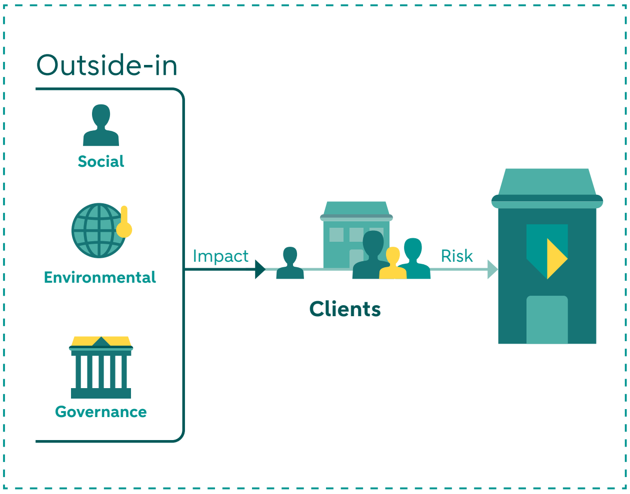
Risk

Introduction and definitions

Sustainability risk is defined in the risk taxonomy as the risk that Environmental, Social or Governance-related (ESG) factors have a financial or non-financial impact on ABN AMRO, either directly or via other risk types. Managing sustainability risk is a fundamental part of safeguarding our moderate risk profile and supporting ABN AMRO's strategic objectives. ESG factors relate to, but are not limited to, the following:

- Environmental: climate change, biodiversity loss, natural resources depletion and pollution. Climate-related and environmental risks (CER) can refer to both transition and physical risks and to so-called inside-out or outside-in risks.
- Social: substandard working conditions, forced labour and child labour, human trafficking, indigenous peoples' rights, privacy, animal welfare and public health.
- Governance: corporate governance (e.g. remuneration, diversity and balancing the interests of stakeholders), corporate behaviour (e.g. corruption and bribery) and ethical business conduct.





Inside-out risks refer to the financial and non-financial risks that may occur when clients of the bank have an impact on people or the planet through ESG factors. This can be a direct impact, for example if a client causes and has to clean up water pollution, limiting the client's ability to live up to its contractual obligations with the bank.

Outside-in risks refer to the financial and non-financial risks that may occur when ESG factors have an impact on the bank's clients or portfolio. For example, extreme weather events such as a flood can impact the value of the collateral of a client in the bank's mortgage portfolio. Outside-in risks are divided into transition and physical risks.

- Transition risks are the financial and non-financial risks that result, directly or indirectly, from the process of adjusting to a lower-carbon and more environmentally sustainable economy (e.g. changes in regulations, consumer preferences and technology).

- Physical risk refers to the financial and non-financial risk of a changing climate or environmental degradation. Physical risk can be acute, for example when it relates to extreme weather events, or chronic, relating to progressive shifts such as rising temperatures and biodiversity loss.

Sustainability risk management framework

Sustainability risk, including CER, is managed in line with the bank's enterprise risk management cycle. At the centre of this cycle lies the sustainability risk policy framework and governance.

Sustainability Risk Management Framework

Examples of tools and processes:

1 Sustainability risk management and strategy

2 Climate, environmental and social risk heatmaps

3 CER materiality assessment, portfolio scenario analysis, CASY

4 Lending criteria, risk policies, engagement

5 Risk appetite on sustainability risks

6 Sustainability risk reporting at business, risk and executive committees

7 Insights sustainability risks to decision-making

Governance

The Executive Board is accountable for the establishment of an effective sustainability risk management framework in the bank and for setting, approving and overseeing the bank's strategy, including the sustainability pillar. The Executive Board has delegated the management of sustainability risk, including CER, to the Group Risk Committee and the underlying committees. This means that the Group Risk Committee maintains oversight on sustainability risk through the Enterprise Risk Management (ERM) report, containing the status of adherence to the bank's Risk Appetite Statement. The committee is responsible for approval of the sustainability risk policy, its standards and specific sustainability risk issues, and convenes monthly. The Governance section in the Sustainability Statements describes in more detail how the Executive Board and Supervisory Board deal with governance.

The management of sustainability risk is part of our risk assessments and our second line of defence. Various committees have been increasingly involved in managing sustainability risk alongside the Executive Board and the Group Risk Committee. These committees include the:

- Business Risk Committees (BRCs) for oversight on sustainability risk within the specific client units and approval of client unit specific sustainability risk issues (e.g. scenario analysis). The BRCs convene monthly or quarterly;
- Scenario Analysis and Stress-test Committee (SSC) for oversight on climate-related and environmental risks scenario analyses and stress testing. The SSC meets quarterly;
- Central Credit Committee (CCC) for oversight on the application of the sustainability risk policy framework in credit decisions. The CCC meetings are weekly.

A dedicated Sustainability Risk team within Central Risk Management is responsible for the sustainability risk management framework and acts as the second line of defence. Central Risk Management also monitors the implementation of the sustainable finance regulations throughout the bank.

Sustainability risk policy

Our Sustainability Risk Policy Framework underpins the way the bank executes its sustainability risk management. The Sustainability Risk Policy Framework is subject to an annual review to incorporate new insights, practices, internal and external developments, and views of stakeholders, and to align with the latest regulatory guidance, such as ECB and EBA requirements and definitions.

The Sustainability risk policy describes the main principles and requirements for managing the sustainability risks impacting ABN AMRO. It defines minimum requirements and sets rules for the management of sustainability risks within ABN AMRO in line with the bank's risk appetite and enterprise risk management framework, including:
- The definition of sustainability risks;
- The governance of sustainability risk management;
- The description of how we engage with our clients if they do not comply with our standards; and
- Minimum requirements for the management of sustainability risks in relation to client onboarding and during the client life cycle, in relation to lending activities and in the context of proprietary investments.

Sustainability risk policy framework

Sustainability Risk Policy

Standards
- Sustainability Acceleration Standard
- Sustainability Risk Standard for Defence
- Sustainability Risk Standard for Project Finance
- Sustainability Risk Standard for Sector Requirements

Exclusions
- Exclusion list
- Controversial weapons list

Our standards can be divided into standards for client onboarding and review, and standards for our products and services. With regard to client onboarding and review, we have our Sustainability Risk Standard with Sector Requirements and the Sustainability Risk Standard for Defence, while for our products and services we have the Sustainability Risk Standard for Project Finance and our Sustainability Acceleration Standard.

The Sustainability Risk Standard with Sector Requirements specifies the ESG requirements for our corporate lending across client units. This standard defines the "Generic Principles" that form the foundation of the ESG Risk assessment of our clients and defines the minimum requirements for clients in sectors with a high(er) risk from a sustainability perspective. The Sustainability Risk Standard for Defence sets out how we screen our clients' links with defence activities.

Our Sustainability Acceleration Standard includes requirements for managing sustainability risk in different processes, such as classifying sustainability acceleration finance. The Sustainability Risk Standard for Project Finance elaborates on the sustainability requirements applying to project finance activities to ensure that project finance transactions are managed in accordance with the ABN AMRO's sustainability risk principles and with the Equator Principles.

Our Exclusion List specifies the activities we exclude from our financial services because of their adverse ESG impact. Our Controversial Weapons List (CWL), in turn, specifies the companies that we exclude because of their involvement in controversial weapons. The CWL is in line with the ban on investments in cluster munition, as specified in the Dutch Financial Supervision Act, supplemented with the exclusion of companies involved in other controversial weapons, including white phosphorus.

Generic Principles

Generic principles define the minimum sustainability requirements for corporate clients operating in high(er) risk sectors.

Clients comply with applicable laws and regulations and are able to demonstrate transparency regarding their responsible business conduct.	Clients know the salient human rights risks of their own activities and business relationships and take measures to address these risks.
Clients have a satisfactory ESG track record.	Clients have identified potentially affected groups and other relevant stakeholders and engage with them constructively and openly in assessing and mitigating human rights risks and addressing any grievances.
Clients take measures to promote circularity and reduce the use of virgin material and waste (e.g. through design, recycling, life time extension), if applicable.	Clients monitor their GHG emissions and take measures to reduce them in line with the Paris climate goals.
Clients are aware of how their business model depends on ecosystem services (i.e. resources, pollination) and take measures to preserve these services.	Clients are aware what the transition to a Net Zero economy means for their business model and take appropriate measures to prepare for the transition.
Clients are aware what their impact is on biodiversity, water, air and soil and take appropriate measures to prevent biodiversity loss and pollution.	Clients are aware of the physical risks of a changing climate for their business model and take appropriate measures to mitigate these risks.

Business strategy

Sustainability risk management and the bank's strategy, in particular the sustainability pillar, go hand in hand. On the one hand, insights in sustainability risks inform strategic decision making. For example, the bank's climate strategy (described in more detail in our Topical climate chapter) was partly developed in response to climate related transition risks and focuses on setting targets for portfolios that were identified as having the highest level of emission intensity and/or transition risk. Similarly, decisions to engage with one or more clients to accelerate the sustainability shift are informed by client level risk identification and measurement. And finally, decisions to reduce, maintain or grow in certain portfolios are informed by insights in sustainability risks.

On the other hand, sustainability risk management is also informed by ABN AMRO's strategic commitments on sustainability. For example, risk appetite limits are informed by committed targets on carbon reduction. In other words, key performance indicators and key risk indicators are aligned with each other. Similarly, the sustainability risk policy framework is updated regularly, for example to ensure that we do not onboard any clients that would prevent us from achieving our strategic commitments or that conflict with our commitment to standards such as the UN Guiding Principles for Business and Human Rights or OECD Guidelines for Multinational Enterprises.

Risk identification

The climate, environmental and social risk heatmaps are used to scan ABN AMRO's business environment at sector level for sensitivities and vulnerabilities to climate, environmental and social risks. These identification tools identify potential climate, environmental and social risk hotspots in our corporate lending and residential real estate portfolios. The heatmaps show priority sectors on which portfolio scenario analyses are performed to assess the magnitude of the impact on specific risk types. The climate risk heatmap was also used as input for selecting the portfolios that we cover with our climate strategy.

Our first climate risk heatmap methodology was developed in 2020, and our first environmental risk heatmap was developed in 2022. In 2023, we compiled our first social risk heatmap. For the 2023 CER heatmaps, the scope has now been expanded, using the same methodology, so that we can scan the business environment of the entire corporate loan portfolio.

CER materiality assessment

As part of the ECB Guide on CER, the bank has committed itself to performing a comprehensive assessment of the materiality of CER impact for the following traditional risk types: credit risk, market risk, operational (non-financial) risk (including reputational, legal and compliance risk), liquidity risk and business risk. This assessment includes both qualitative and quantitative analyses and is a follow-up to last year's assessment. The financial materiality assessment for CER events serves as input for the double materiality assessment of sustainability matters ABN AMRO performed in 2023, based on the principles and requirements formulated in the ESRS.

In 2023, the indicators and thresholds for financial and non-financial impact were more directly aligned with the bank's strategy 'Banking for better, for generations to come' and the corresponding key performance indicators. Financial impact is measured in terms of impact on our net profit and on our capital position. Finally, a distinction between materiality in the short term (within 1 year), medium term (within 5 years) and long term (within 30 year) horizon was included, where possible.

Compared to the 2022 assessments, the following improvement points were considered:
- Extension and substantiation of the balance sheet scope of the materiality assessment;
- Coverage of all the prescribed CER risk events (specific focus on the environmental risk events);
- Calculation of the CER impact for all the prescribed time horizons: short (ST), medium (MT) and long term (LT).

Each risk type assessed the impact of the most relevant events for their risk type in line with ABN AMRO's materiality assessment guidance principles. These included climate-related risk events such as floods and drought (physical risk) and policy and technology development (transition risk), as well as environmental risk events such as water stress and biodiversity loss (physical risk) and policy and technology development (transition risk). For each risk type, we used a tailor-made methodology across the time horizons to substantiate how these events impact these risk types.

Where the risk is deemed material, mitigating actions are considered. See the table for the conclusions of the assessment. More information on the methodologies is provided in the respective risk type sections of the Risk, funding and capital chapter.

Materiality Assessment Table

	Climate Risk						Environmental risk					
	Physical risk			Transition risk			Physical risk			Transition risk		
Risk types	ST	MT	LT	ST	MT	LT	ST	MT	LT	ST	MT	LT
Credit risk	○	○	●	○	○	●	●	●	●	●	●	●
Market risk in the trading book	○	○	○	○	○	○	○	○	○	○	○	○
Market risk in the banking book	○	○	○	○	○	○	○	○	○	○	○	○
Liquidity risk	○	○	○	○	○	○	○	○	○	○	○	○
Business risk	○	○	○	○	●	○	○	○	○	○	●	○
Operational (non-financial) risk	○	●	●	●	●	●	○	○	○	●	●	●

○ Climate and environmental risk is assessed as not material ● Climate and environmental risk is material

The climate, environmental and social heatmaps inform other risk strategic processes, as well as identification and assessment processes, including, but not limited to:
- CER materiality assessment;
- Sustainability risk policy requirements;
- CASY (Client Assessment on Sustainability);
- Scenario analysis & stress testing;
- Risk appetite credit risk and sustainability risk;
- Climate strategy.

As risk identification tools, the risk heatmaps also contribute to the risk identification process, such as the Risk Event Register (RER), which includes events such as the introduction of strict environmental or climate regulations, real estate value corrections due to physical climate risk and environmental degradation (e.g. biodiversity loss). The events in the RER were subsequently included in the scenarios for scenario analysis and stress testing, for example in the negative planning scenario. This included assumptions on a disruptive transition that would impact the entire economy, and both the baseline and the negative scenario included assumptions on the impact nitrogen regulations in the Netherlands would have on GDP. The outcomes of the risk heatmaps also contributed to the CER materiality assessment.

In addition to the Risk Event Register (RER), the bank reports quarterly on its salient issues for human rights risks. The quarterly update feeds into our enterprise risk management process, which focuses on the salient human rights issues. This results in more robust governance and more involvement from senior management. Human rights risks are managed across a range of departments within the bank.

Risk assessment and measurement

Various tools are used to assess and measure sustainability risk at different levels:

- At bank level: Sustainability risk elements are included in the internal stress testing scenarios. In addition, the bank-wide impact of CER on traditional risk types was measured in 2023 using a qualitative and quantitative CER materiality assessment, as explained below and in the risk type sections.
- At portfolio level: CER scenario analysis is used to measure the impact of sustainability risk in specific portfolios.
- At client level: Sustainability risk is measured by using the Client Assessment on Sustainability tool (CASY), for example, and through our second line validation for all clients active in sectors classified as high risk from a sustainability perspective as part of the credit decisioning process. Please refer to the Credit risk management section for more information on these processes.

ABN AMRO uses portfolio scenario analysis as one of its tools for understanding the impact of sustainability risk, particularly CER, on traditional risk types (e.g. credit risk and business risk) in specific sectors, using various climate scenarios. In 2023 the residential real estate scenario analysis was updated and extended to include policy, technology and market-driven transition risk events, as well as environmental risks driven by air quality, oxygen stress, drought-sensitive nature and warming surface water. The commercial real estate scenario analysis was updated in 2023 to include additional transition risks driven by an energy label transition and carbon pricing.

In line with the ECB's expectations regarding the management of CER and based on the lessons learned in 2022, we performed additional portfolio scenario analyses of arable farming and livestock farming. Please refer to the Environment section in this chapter for more information on the scenario analyses performed by ABN AMRO.

Risk response

To ensure that sustainability risk is managed in line with the bank's risk appetite and strategy, mitigating actions are defined at bank, portfolio and client levels.

At bank level, mitigating actions for sustainability risks are as follows:

- Exclusion of some specific sectors and subsectors from lending products, as stated in the bank's Exclusion List and Controversial Weapons List;
- Strict requirements for corporate lending under the Sustainability Risk Standard with Sector Requirements;
- Sustainability risk considerations included in the bank's credit risk and business risk policies;
- Our climate strategy for high-emission sectors, portfolio management and wider sector strategies.

When we finance a company that does not comply with the requirements of our standards, there is usually potential for direct engagement for mitigation purposes. Our overall system for and approach to this type of engagement remained unchanged over the reporting period. We divide our engagements with corporate clients into four general categories: normal intensity, focus list, high intensity and thematic.

- Normal intensity: an ongoing process that is tailored to the client's particular risks or impacts and improvement areas.
- Focus list: an ongoing process that we initiate if we identify a combination of multiple high-risk factors such as sector and country risks, risks related to the nature of our relationship with the client, and reports from media or civil society organisations that give cause for concern.
- High intensity: a formal, time-bound process that involves setting detailed objectives. This process is closely monitored by relationship managers and the Credit Risk Sustainability team, with quarterly oversight by our Engagement Committee.
- Thematic: this category applies if we identify that a sector or industry is at risk of breaching the bank's ESG-related requirements, including our requirements regarding human rights. Various teams within ABN AMRO can propose a thematic

engagement, and the decision to engage is taken by our Engagement Committee. We use thematic engagements for risk mitigation purposes, as well as to achieve our strategic objectives for accelerating the sustainability shift.

At portfolio level, thematic engagement is used as a mitigating action for risks that affect entire portfolios or large numbers of clients within a portfolio in the same way. The first line develops and executes a thematic engagement plan with clear time-bound targets, supported and challenged by the second line where needed. In 2023, thematic engagement focused on improving management practices of clients in various sectors to prevent exploitation of migrant workers, and on improving supply chain due diligence practices of clients with supply chains in the Xinjiang region in China.

Individual engagement is used as a mitigating action at client level and focuses primarily on remediating breaches of the sustainability risk policy framework.

Risk control & monitoring and risk reporting

Monitoring activities aim to make sure that deficiencies in our Sustainability Risk Policy Framework are identified in a timely manner. Part of the monitoring activities include measuring the bank's risk profile and comparing this to the bank's Strategic Risk Appetite Statement (SRAS). The SRAS contains a translation of the bank's risk strategy of maintaining a strict focus into risk appetite. The SRAS references the management of our portfolio towards a net zero 2050 trajectory in line with our sustainable finance criteria as included in our policies and our climate strategy. Our Bank Risk Appetite Statement (BRAS) is closely linked to the SRAS. The aim of the BRAS is to set the boundaries for the overall risk profile of the bank, including on sustainability risk.

The development, review and implementation of risk appetite limits and checkpoints at bank and client unit/ functions levels are important elements of our risk monitoring.

The sustainability risk appetite is set using indicators that address key environmental, social and governance related factors, as well as the inside-out and outside-in perspectives of sustainability risk. The risk indicators have both quantitative and qualitative elements. The latter reflects the data limitations of this relatively new risk category.

To ensure that an identified sustainability risk remains within the approved risk appetite, we set limits and checkpoints and monitor these at bank-wide and client unit/functions levels. This allows us to take timely mitigating actions.

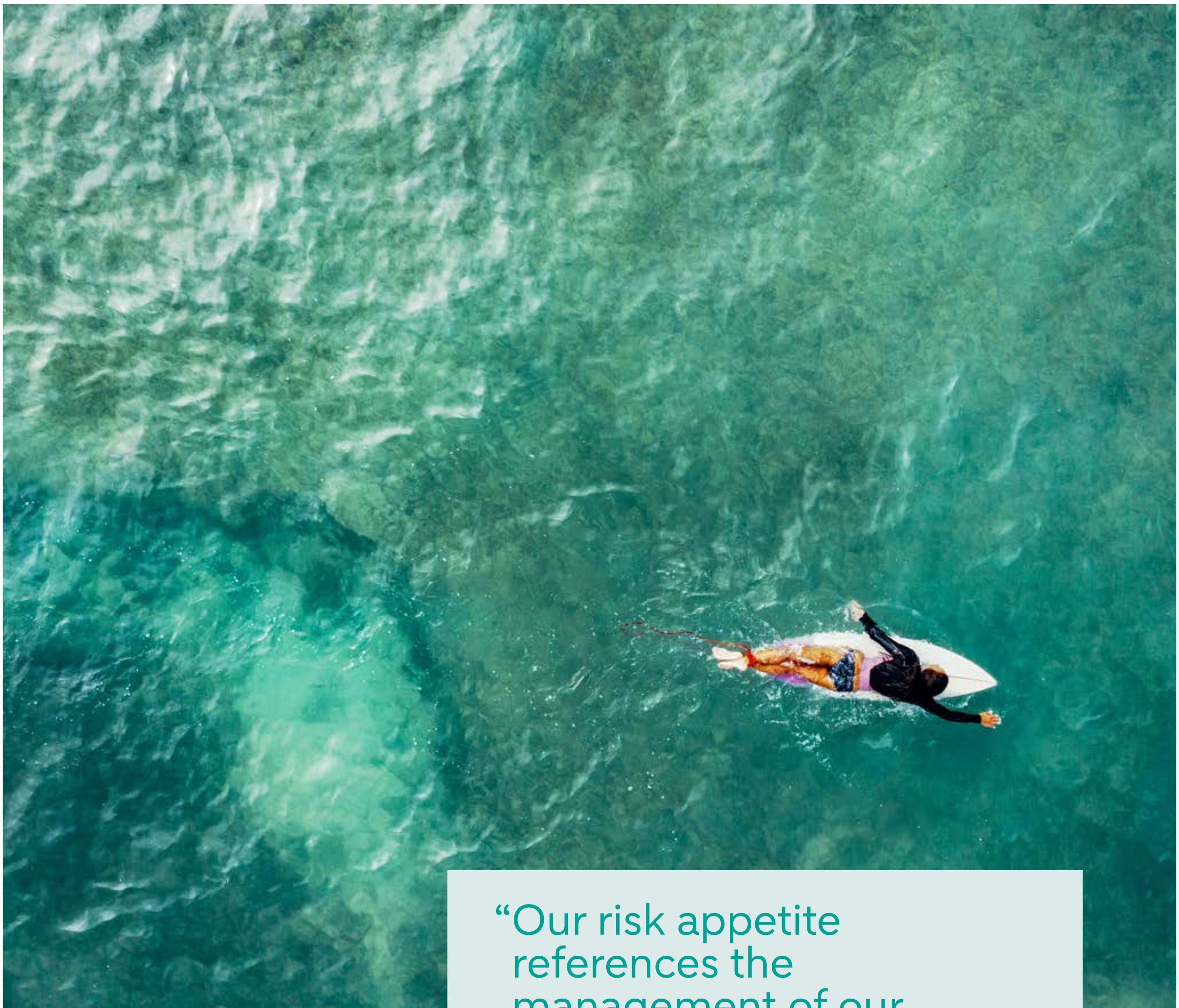
A regular and transparent reporting process is established to ensure that the Supervisory Board, ExBo and GRC, among others, are provided with risk reports at the appropriate level of aggregation (enterprise, client units, entity) in a timely, accurate, concise, understandable and meaningful manner.

As such, the bank's risk profile with regard to sustainability risk at bank level is monitored and reported to the Group Risk Committee and to the Executive Board in the enterprise risk management (ERM) report. At client unit level, sustainability risk is monitored and reported to the respective business risk committees by way of business risk reports.

Some bank-wide KRIs are cascaded down to client unit/function levels, and some client units and functions have their own specific KRIs. These KRIs are increasingly informed by insights from sustainability risk identification and measurement efforts such as scenario analysis. In the case, for example, of the residential mortgages portfolio, the bank monitors assets with an increased physical risk indicator and checks the percentage of vulnerable collateral in areas of high physical risk.

Risk Appetite

	Indicator	Checkpoint/limits	Monitoring only
Sustainability risk	Percentage of clients requiring engagement on ESG	●	
	Sustainable and Acceleration Standard volume change	●	
Climate risk	Change in carbon footprint in lending and investment portfolio	●	
	Data quality of financed emissions		●
	Climate strategy sector performance		●
Environmental risk	Relative exposure in sectors sensitive to physical environmental risks		●
	Relative exposure in sectors sensitive to transition environmental risks		●
Human rights risk	Strength of human rights risk management	●	



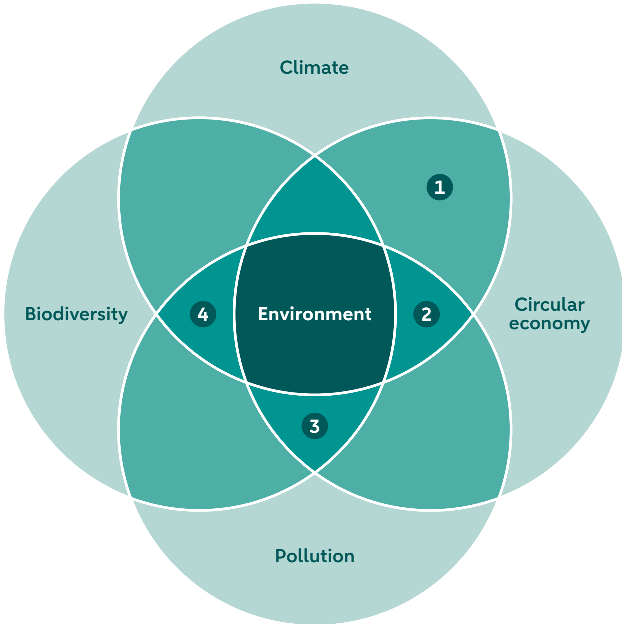
"Our risk appetite references the management of our portfolio towards a net zero 2050 trajectory."

Environment

Sustainability is one of the three strategic pillars of our bank. We support the United Nations' view that a green economy – defined as low carbon, resource-efficient and socially inclusive – is a prerequisite to sustain economic activities and growth. Environmental topics are of great significance to us, and both our lending portfolio and our assets under management give us the opportunity to play an important role in the transition that our economy, our clients and our bank need to undergo. We see the introduction of our climate strategy in 2022 as a starting point in setting targets to help our clients to transition.

However, climate change is not the only topic currently impacting the environment. Environmental topics are highly interconnected. Climate change, for instance, is intimately linked to biodiversity decline. Pollution has also been identified as a major driver of biodiversity loss and ecosystem degradation. In turn, a circular economy presents itself as a solution to tackle the twin crises of climate change and biodiversity loss. Through our double materiality analysis, we have identified four material environmental topics: climate change, pollution, biodiversity & ecosystems, and resource use & circular economy, as highlighted in the infographic. Also indicated are some of the topics we cover in the following sections, disclosed under the applicable ESRS section.

The different environment ESRS



1. Energy
2. GHG emissions
3. Physical risk
4. Climate change adaptation and mitigation

Policies related to environmental matters

ABN AMRO has a sustainability risk policy framework in place to manage environmental risks properly across the enterprise risk management cycle. Within this framework, our sustainability risk policy, standards and exclusions underpin the way the bank executes its sustainability risk management. The ESG factors considered in the sustainability risk policy framework include environmental factors relating to climate change, biodiversity loss, depletion of natural resources, land use, water stress and pollution. Our sustainability risk management is built around these causes and risk drivers.

As part of ABN AMRO's sustainability risk policy framework, the Sustainability Risk Standard with Sector Requirements specifies the ESG requirements for our corporate lending and wealth management clients. For these clients, the standard includes specific requirements regarding environmental matters, such as the availability of an environmental policy that addresses key environmental issues in the clients' operations. Please refer to the Risk section in these Sustainability Statements for further information on our sustainability risk policy framework.

Climate change

Climate change is one of the biggest challenges of our time and we acknowledge that we play an important role in mitigating climate change. Not only by doing what we are good at – providing lending and investment services –, but also by leading by example, such as by reducing the carbon emissions from our own operations.

We acknowledge that mitigating climate change will take a huge effort and will be a difficult journey. On the one hand, we have to deal with climate risks that can influence the resilience of our bank. On the other hand, we have to play our part in addressing climate change through mitigation and adaptation.

Having a good understanding of climate-related risks is essential for our bank as these risks can impact the global economy and will also impact our operations, balance sheet and our clients. In this section, we disclose the comprehensive approach the bank takes to climate-related risks.

In addition, ABN AMRO has published how it will support the transition towards a low-carbon economy in its climate strategy. Decarbonisation of our total loans and advances and client assets portfolio is a key component of this strategy, as well as how we lead by example. In the sections below we will outline our efforts and what we have achieved as part of the climate strategy, as well as highlight how we will continue working on this.

Climate risk identification, monitoring and reporting

Climate risk heatmap

The climate risk heatmap is a key risk identification tool for sustainability risk: it determines inherent sector-specific climate risks, indicating the extent to which clients active in a certain sector are exposed to climate risk due to their operating environment. Sector-specific climate risks are determined on a 64-subsector granular level. ABN AMRO uses this tool to scan its total corporate loans and residential mortgages portfolios at a sector level to identify sensitivities and vulnerabilities to climate risks.

The climate risk heatmap assesses both transition and physical risks at a sector level. The transition risk is assessed by considering the sector's greenhouse gas emission intensities, decarbonisation options and shifts in demand. Physical risk is assessed by considering the sector's relative characteristics and vulnerabilities to changing physical climate conditions. The climate risk heatmap is based on quantitative and qualitative data. The quantitative data used from the Partnership for Carbon Accounting Financials (PCAF) and Institutional Shareholder Services-oekom (ISS-oekom) cover greenhouse gas (GHG) emissions and the ENCORE data expresses the dependency on natural capital (which could be lost due to climate change) in operations and supply chains. We use questionnaires to collect qualitative data from sector experts within the bank. In these questionnaires, we include various time horizons to understand the impact on our business environment. This gives us insights into the risks per sector if quantitative data is missing. Please refer to the Risk section in these Sustainability Statements for further information on our climate risk heatmap, including its use in steering our lending portfolio.

Results

The following table highlights that transition risks have mostly been identified in the NACE sector of mining and quarrying (NACE B). The bar chart shows that 13.4% of the gross carrying amount (EUR 11.7 billion) of the corporate lending portfolio has a moderately high or high sensitivity to climate transition risk. The climate transition risks associated with this part of the portfolio are mainly driven by loans to subsectors with high greenhouse gas emissions in carbon-intensive subsectors. In addition, 6.6% of the gross carrying amount (EUR 5.7 billion) of the corporate lending portfolio has moderately high sensitivity to climate physical risk. These physical risks are mainly driven by a sensitivity to damage to fixed assets and transportation routes due to increased extreme weather events. These risk drivers mainly originate from subsectors that have fixed assets and that are highly dependent on transportation routes and supply chains.

High level climate risk heatmap for corporate loans
(in millions)

	Sector	Aggregated sensitivity to transition risk	Aggregated sensitivity to physical risk	Gross carrying amount[3] (EUR million) 31 December 2023	Gross carrying amount[3] (EUR million) 31 December 2022
A	Agriculture, forestry and fishing	M	MH	**6,928**	7,222
B	Mining and quarrying	MH	ML	**1,729**	2,536
C	Manufacturing	ML	M	**6,699**	7,667
D	Electricity, gas, steam and air conditioning supply	ML	ML	**2,107**	1,585
E	Water supply; sewerage, waste management and remediation activities	M	M	**702**	649
F	Construction	ML	ML	**3,623**	4,078
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	L	ML	**8,778**	9,151
H	Transport and storage	M	ML	**8,833**	9,491
L	Real estate activities	ML	M	**11,067**	12,755
	Corporate loans in sectors highly contributing to climate change			**50,466**	**55,135**
	Other sectors[1]			**36,318**	31,596
	Corporate loans[2]			**86,784**	**86,731**

High sensitivity (H) Moderately high (MH) Moderate (M) Moderately low (ML) Low sensitivity (L) Not specified

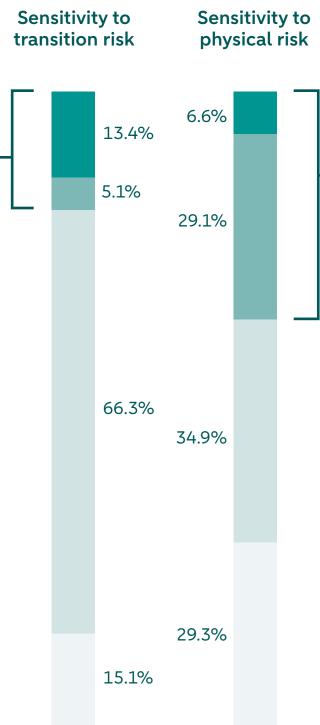
[1] Includes exposures to all other NACE sectors.
[2] Excluding loans at fair value through P&L.
[3] Gross carrying amount excludes fair value adjustments from hedge accounting.

Climate Risk Heatmap[1]

Sub-sector (incl NACE sector letter)	(EUR million)
High sensitivity to climate transition risk	
Fossil electricity production (D)	22
	22

Sub-sector (incl NACE sector letter)	(EUR million)
Moderately high sensitivity to climate transition risk	
Air transport (H)	10
Extraction of crude petroleum and natural gas (B)	377
Inland freight water transport (H)	484
Manufacture of basic metals (C)	211
Other electricity, gas, steam and air conditioning supply (D)	756
Raising of cattle (A)	3,094
Sea and coastal freight water transport (H)	5,551
Support activities for petroleum and natural gas extraction (B)	1,188
	11,670

Sub-sector (incl NACE sector letter)	(EUR million)
Moderate sensitivity to climate transition risk	
Fishing and aquaculture (A)	400
Indoor growing of crops (A)	715
Manufacture of chemicals and chemical products (C)	625
Manufacture of coke and refined petroleum products (C)	-
Manufacture of construction materials (C)	150
Mining and quarrying excluding fossil fuel extraction (B)	165
Other agriculture, forestry and fishing (A)	1,024
Raising of poultry and swine/pigs (A)	658
Water supply; sewerage, waste management and remediation activities (E)	702
	4,438



Sub-sector (incl NACE sector letter)	(EUR million)
Moderately high sensitivity to climate physical risk	
Air transport (H)	10
Indoor growing of crops (A)	715
Manufacture of basic metals (C)	211
Manufacture of chemicals and chemical products (C)	625
Manufacture of coke and refined petroleum products (C)	-
Manufacture of construction materials (C)	150
Raising of cattle (A)	3,094
Raising of poultry and swine/pigs (A)	658
Transport via pipelines (H)	257
	5,720

Sub-sector (incl NACE sector letter)	(EUR million)
Moderate sensitivity to climate physical risk	
Accommodation (I)	1,429
Arable farming (A)	1,037
Food and beverage service activities (I)	405
Fossil electricity production (D)	22
Human health and social work activities (Q)	2,788
Inland freight water transport (H)	484
Manufacture of animal protein food products (C)	498
Manufacture of other food products and beverages (C)	1,143
Manufacture of prepared feeds for farm animals (C)	325
Mining and quarrying excluding fossil fuel extraction (B)	165
Other agriculture, forestry and fishing (A)	1,024
Other construction (F)	1,297
Other manufacturing (C)	1,326
Real estate activities (L)	11,067
Support activities for transportation (H)	700
Warehousing and storage (H)	452
Water supply; sewerage, waste management and remediation activities (E)	702
Wholesale of agricultural raw materials and live animals (G)	422
	25,285

High sensitivity (H) Moderately high (MH) Moderate (M) Moderately low (ML) Low sensitivity (L) Not specified

[1] Some sub-sectors deviate from NACE. This is due to the fact that for some sub-sectors NACE classification was not useful for sector experts to provide relevant input about the sub-sector characteristics.

Sensitivity to physical climate risk

The below table assesses the sensitivity of our exposure to the climate risk events. The combined insights from the climate risk heatmap and exposure to climate risk events assessments produce an integrated view of physical climate risk in our portfolio. The combination of the two produces a more integrated view of physical risk in our portfolio. We present the exposure sensitive to physical climate risk events by sector and by geography.

Exposure sensitive to physical risk

Physical risk by industry

(in millions)	Sector sensitivity to physical risk	Exposure located in areas sensitive to impact from chronic climate change effects[3]	Exposure located in areas sensitive to impact from acute climate change effects[3]	Exposure located in areas sensitive to impact both from chronic and acute climate change effects[3]	Exposure located in areas not sensitive to climate change events[3]	Total gross carrying amount[3,4]
31 December 2023						
Agriculture, forestry and fishing	MH	3,356	421	344	2,807	6,928
Mining and quarrying	ML	6	414	34	1,275	1,729
Manufacturing	M	923	966	146	4,664	6,699
Electricity, gas, steam and air conditioning supply	ML	494	295		1,318	2,107
Water supply; sewerage, waste management and remediation activities	M	260	40	2	399	702
Construction	ML	311	440	51	2,821	3,623
Wholesale and retail trade; repair of motor vehicles and motorcycles	ML	1,176	1,419	239	5,944	8,778
Transport and storage	ML	507	1,065	288	6,972	8,833
Real estate activities	ML	1,002	1,858	174	8,034	11,067
Corporate loans in key sectors		**8,035**	**6,918**	**1,278**	**34,234**	**50,466**
Other sectors[1]		1,833	3,954	290	30,241	36,318
Corporate loans[2]		**9,868**	**10,872**	**1,568**	**64,476**	**86,784**
31 December 2022						
Agriculture, forestry and fishing	MH	3,430	458	386	2,948	7,222
Mining and quarrying	ML	18	293	33	2,192	2,536
Manufacturing	M	942	1,333	131	5,261	7,667
Electricity, gas, steam and air conditioning supply	ML	399	322	27	837	1,585
Water supply; sewerage, waste management and remediation activities	M	262	23	3	362	649
Construction	ML	373	512	52	3,140	4,078
Wholesale and retail trade; repair of motor vehicles and motorcycles	ML	1,533	1,395	199	6,025	9,151
Transport and storage	ML	485	1,090	332	7,584	9,491
Real estate activities	ML	1,150	2,144	227	9,234	12,755
Corporate loans in key sectors		**8,593**	**7,570**	**1,389**	**37,583**	**55,135**
Other sectors[1]		1,513	3,880	292	25,911	31,596
Corporate loans[2]		**10,106**	**11,450**	**1,681**	**63,494**	**86,731**

1 Includes exposures to all other NACE sectors.
2 Excluding loans at fair value through P&L.
3 In 2023, we improved the sourcing of location data for the assessment of physical risk. This resulted in a lower amount of exposure located in areas sensitive to climate change effects. To allow for year-on-year comparison, comparative figures for 31 December 2022 have been adjusted.
4 Gross carrying amount excludes fair value adjustments from hedge accounting.

Physical risk by geography

(in millions)	Exposure located in areas sensitive to impact from chronic climate change effects	Exposure located in areas sensitive to impact from acute climate change effects	Exposure located in areas sensitive to impact both from chronic and acute climate change effects	Exposure located in areas not sensitive to climate change events	Total gross carrying amount[2]
					31 December 2023
The Netherlands	9,019	8,728	1,406	35,286	54,439
Rest of Europe	847	2,072	148	20,765	23,831
USA	2	72		2,413	2,487
Asia			14	1,584	1,598
Rest of the world				4,428	4,428
Corporate loans[1]	**9,868**	**10,872**	**1,568**	**64,476**	**86,784**
					31 December 2022
The Netherlands	9,630	9,068	1,438	36,083	56,218
Rest of Europe	435	2,142	223	19,468	22,268
USA	42	241		1,283	1,565
Asia			20	2,229	2,250
Rest of the world				4,431	4,431
Corporate loans[1]	**10,106**	**11,450**	**1,681**	**63,494**	**86,731**

[1] Excluding loans at fair value through P&L.
[2] Gross carrying amount excludes fair value adjustments from hedge accounting.

Our corporate loans portfolio is classified by sensitivity to climate change events. These are categorised as 'acute' if arising from extreme events such as droughts, floods and storms, and as 'chronic' if they relate to progressive shifts such as rising temperatures and water stress. While impact from environmental degradation, such as air, water and land pollution, biodiversity loss and deforestation, also qualifies as physical risk, it is not in scope of this table.

In both tables, the assessment of whether an exposure is sensitive to the impact of climate events is based on the location of the collateral or, if the loan is not collateralised by immovable property, on the location of the counterparty. For flooding risk in the Netherlands, data was obtained from the Climate Impact Atlas of Climate Adaptation Services (CAS). However, the evaluation was done per sub-sovereign region (EU NUTS3 or similar). All counterparties in a region where more than 10% of the locations are exposed to a potential flood of more than half a metre are marked as being exposed to acute physical climate risk. This provides a conservative estimate of the exposure sensitive to flooding risk, which we will seek to improve in the future. For all other risk hazards and for regions outside the Netherlands, we used scores for individual hazards per sub-sovereign region, as provided by Moody's ESG Solutions.

The agriculture sector has a medium high sensitivity to physical risk. Furthermore a relatively large share of our exposure to this sector is in the north and east of the Netherlands, regions sensitive to water stress (i.e. the balance between renewable water supply and total water withdrawals). Most of the exposure sensitive to physical risk is located in the Netherlands, with smaller amounts elsewhere in Europe. Exposure in the rest of the world is mainly related to clients incorporated in the Marshall Islands or Bermuda.

Climate strategy

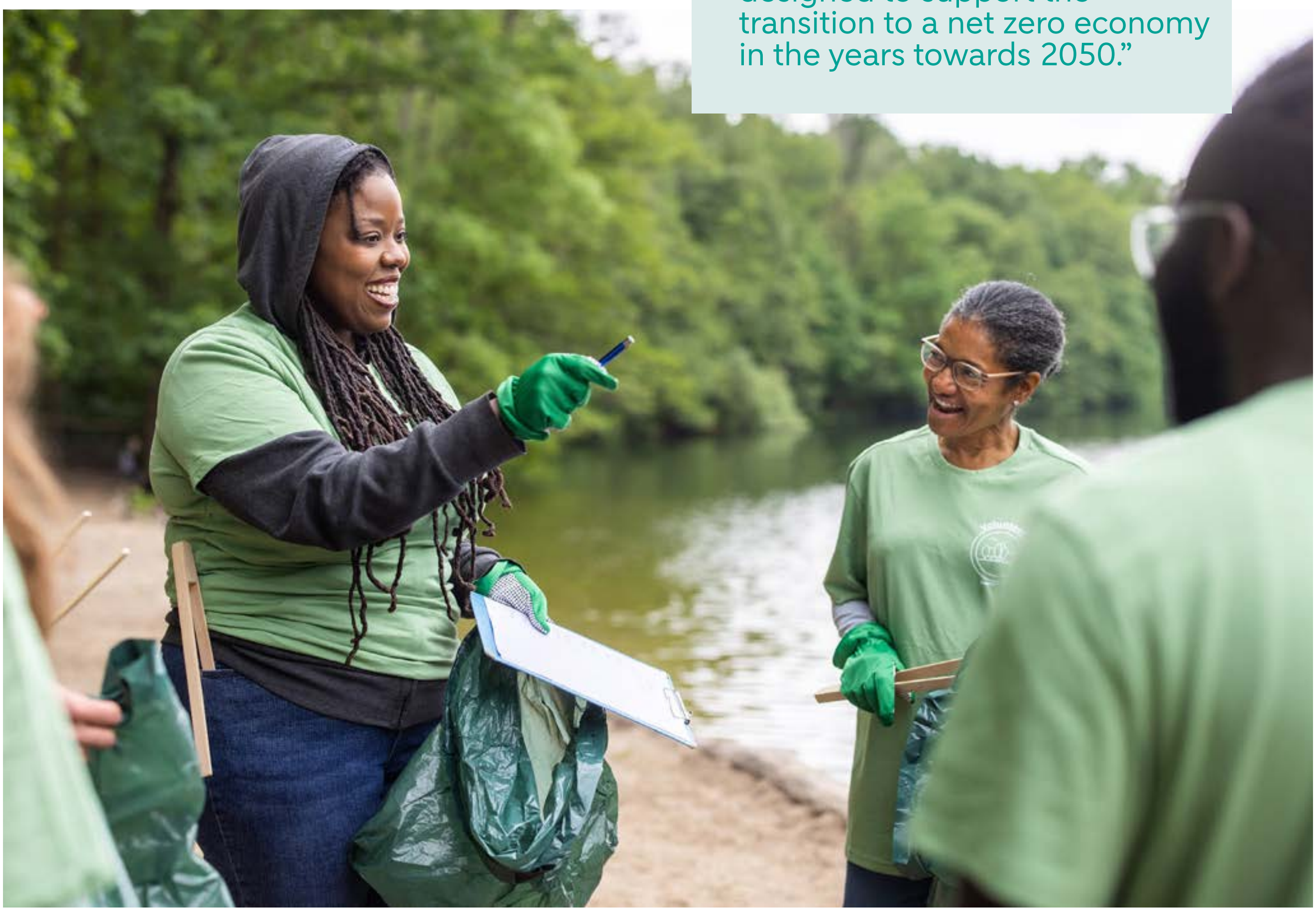
Our climate strategy, as published in December 2022, presents our principles, priorities and key levers, giving insight into how we will steer ABN AMROs climate journey going forward. We have an inclusive and expertise-based approach towards facilitating and accelerating climate action. Engaging with our clients to support their transition is fundamental to truly making a difference. Our sustainability efforts aim to help our clients decarbonise their business models, assets and footprint in order to structurally reduce carbon emissions in the real economy. Our climate strategy is designed to achieve our goal of bringing our portfolio in line with a 1.5°C maximum global warming scenario and supporting the transition to a net zero economy in the years to 2050. In 2022, targets were set for five sectors: residential mortgages, commercial real estate, oil and gas, power generation and shipping. In addition, an ambition was set for Discretionary Portfolio Management (DPM) as part of our client assets portfolio. At the end of 2023, we also set targets for inland shipping and agriculture, which will be explained later in this section. Over the next few years, we intend to communicate targets for all carbon-intensive[1] sectors in line with our Net-Zero Banking Alliance (NZBA) commitments.

As well as supporting our clients in their transition we intend to lead by example by decarbonising our own operations. We take full responsibility for our own carbon footprint and are committed to ambitious reductions in our carbon emissions in order to achieve carbon neutrality across our own operations by 2030. Our aim is to reduce all scope 1 and 2 emissions by focusing on energy reduction and the sourcing of renewable energy for our buildings, data centres and mobility, and to further reduce business travel emissions. The combination of all our ambitions and comprehensive measures will help us achieve carbon neutrality for our own operations by 2030. Our progress in decarbonising our own operations is elaborated on in the section on Our own operations.

In striving to achieve our goals we regard governments and supervisory authorities as playing a crucial role in creating a supportive environment that codifies climate ambitions, standardises data and processes and establishes common standards and frameworks. In that respect we support the Alliance of CEO climate leaders that recently urged governments to scale up investment in renewable energy and power networks and streamline permitting and regulatory processes. In the Netherlands, we actively participate in the Dutch Banking Association and Dutch Financial Sector Climate Agreement to connect to the Dutch government and create a stable investment climate that facilitates our clients in their transition.

While we have set intermediate emissions reduction targets and associated action plans, we cannot achieve these objectives alone. The transition to net zero is a long term and collaborative process, during which we expect to encounter several dependencies and dilemmas. Active support of many actors within the

“Our climate strategy is designed to support the transition to a net zero economy in the years towards 2050.”



[1] The carbon-intensive sectors as defined by NZBA are agriculture, aluminium, cement, coal, commercial and residential real estate, iron and steel, oil and gas, power generation, and transport.

public and private sectors is required to be successful in achieving our climate ambitions. Governments, for example, play a key role in creating awareness about climate change, initiating public-private partnership and setting public policies that create financial incentives to encourage investments by our clients that support their net zero journey. In turn, societies' acceptance and appetite for the required transitions is also key to ensure a clear government mandate, reflecting the need for a just transition that everyone can be a part of.

Also the external environment, particularly around current geopolitical tensions and a turbulent economic backdrop, makes steering to a net zero target challenging. For example, we have seen supply chain disruption and energy insecurity feed into inflationary pressures which might impact consumers' and corporates' ability to invest in net zero measures. Clients, and their willingness and ability to adapt their business models, are therefore key to achieving our climate ambitions. While we seek to take a partnership approach, we are dependent on our clients continuing to engage in this common undertaking.

Our approach

Climate change is a topic that impacts many roles within the bank and requires investments to scale up knowledge at different levels of the organization. To enhance and build our sustainability culture, experience and expertise across the bank, we have set up a Sustainability Academy with various learning initiatives. At first employees can work on creating a strong foundation of awareness, desire and a basic knowledge level by completing the 'Sustainability at ABN AMRO' e-learning and participating in the Climate Fresk game. Via the Academy, employees can also follow our internal Sustainability Experts, who share recommendations and their vision on topics. For employees who are significantly impacted in their work by the climate strategy we have designed continuous learning paths for role- and sector-based learning. In 2024 we will determine the learning needed for long-term, in-depth expertise.

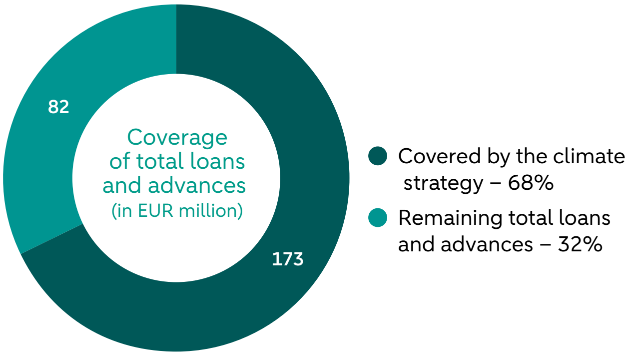
The most significant climate impact arising from our activities results from our lending and wealth management activities. This is why we have started setting emission reduction targets for several lending portfolios and emission reduction ambitions for our client assets portfolio. Our approach is based on the following three key elements:

- Industry guidelines: We have applied industry guidelines to ensure our targets are set in line with industry best practice. These include the NZBA Climate Target Setting for Banks and Partnership for Carbon Accounting Financials (PCAF) methodological guidance, in line with our commitments to NZBA and PCAF.
- Science-based: We have set targets based on the methodologies, decarbonisation scenarios and data currently available. This includes use of the International Energy Agency's (IEA) Net Zero Emissions (NZE) scenario, in line with NZBA guidance.
- Sector-based: We have taken a sector-based approach to target-setting as we believe this is the most effective way to achieve decarbonisation of our portfolio, given that each sector in the economy faces specific challenges in transitioning to net zero. In doing so, we are prioritising carbon-intensive sectors, as prescribed by the NZBA.

For each sector, we have taken those parts of the value chain that are most material from an emissions and exposure perspective. For our energy portfolio, for example, we are targeting power generation, which is the value chain segment responsible for the vast majority of scope 1 emissions in the sector. For setting targets for our assets under management, we have used the Institutional Shareholder Services (ISS) framework to support our approach to measuring the climate impact contained within our investment portfolios. Our aim is to reduce the weighted average carbon intensity (WACI) of our clients' investment portfolios in our DPM mandates.

To facilitate engagement, we are developing a data improvement plan to achieve greater accuracy in our calculations and help us steer our portfolio proactively towards our target. More granular data will mean we can provide relationship managers with the right information to support specific sustainability-related aspects on a client-by-client basis. In 2023 we developed the Transition Readiness Assessment (TRA), a tool to help assess our clients' willingness to move their economic activities towards a more sustainable model and the extent to which this is possible. This assessment will enable us to gain insights into clients' climate performances and transition plans, which will enhance and facilitate our efforts to steer the relevant portfolios towards our 2030 emission targets. During the upcoming years, we are aiming to assess all clients in scope of our climate strategy, as well as implement the TRA for new sectors, in order to cover all our portfolios.

Overview of sectors and targets



The sectors currently in scope of the climate strategy cover a total of 68% of our total loans and advances and 25% of our corporate loans. As 2023 was the first full year since the introduction of our climate strategy, we started steering on our portfolio and implementing our commercial initiatives. Overall our performance for residential mortgages, oil and gas upstream, power generation, renewables and commercial real estate is progressing towards the targets. Progress in our client assets is also on par to meet the ambition set for 2025. For residential mortgages, oil and gas upstream and power generation, we are already on or below our benchmark scenario. Our renewables target for 2025 was achieved in 2023, two years ahead of schedule. For our shipping portfolio and our own operations (especially business travel emissions), however, our current progress is off target or not sufficiently decreasing towards the benchmark. We are currently reviewing how we can accelerate progress towards these targets so as to ensure we achieve the required reduction in emissions. Please refer to the section on Our own operations for details of our own operations target.

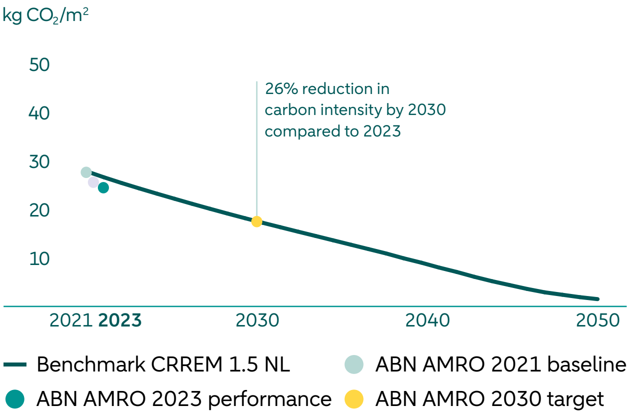
Climate strategy

	Gross carrying amount (in million EUR)[1]	% of total loans and advances	Metrics	Baseline year value (baseline year)	2023 performance figures	2030 interim target	2030 reduction required vs. 2023 performance
Residential Mortgages	150,799	~59% of total loans and advances	Physical intensity: $kgCO_2/m^2$	27.6 (2021)	24.8	18.3	-26%
Commercial Real Estate[2]	12,540	~5% of total loans and advances ~14% of corporate loans	Physical intensity: $kgCO_2/m^2$	66.7 (2021)	61.5	35.7	-42%
Power Generation	1,259	<1% of total loans and advances ~1% of corporate loans	Convergence target: $kgCO_2/MWh$	17.6 (2021)	15.6[5]	< 188 kg CO_2/MWh	-
Oil and Gas Upstream	377	<1% of total loans and advances <1% of corporate loans	Absolute committed financing (EUR (€))	EUR 1,300 million[4] (2021)	EUR 1,089 million[4]	EUR 1,000 million[4]	-8%
Shipping	3,580[3]	~1% of total loans and advances ~4% of corporate loans	Alignment delta (%) (based on AER in gCO_2/DWT nautical miles)	2.6% (2021)	7%[5]	0%	Target is to be fully aligned with IMO 4 trajectory
Inland Shipping	254	<1% of total loans and advances <1% of corporate loans	Physical intensity: gCO_2e/tkm	25.8 (2023)	25.8	18.3	-29%
Agriculture	3,920	~2% of total loans and advances ~5% of corporate loans	Absolute financed $mtCO_2e$	2.0 (2022)	1.7	1.4	-19%

1 Based on 2023 figures.
2 Including our Dutch commercial real estate portfolio and excluding buildings under construction.
3 Includes the scope of Poseidon Principle vessels for which we were able to obtain actual GHG data and excludes vessels that have been financed in the course of 2023.
4 This amount includes both the outstanding and undrawn loan amounts.
5 Performance figures and 2030 reduction required are based on 2022 figures.

Residential mortgages

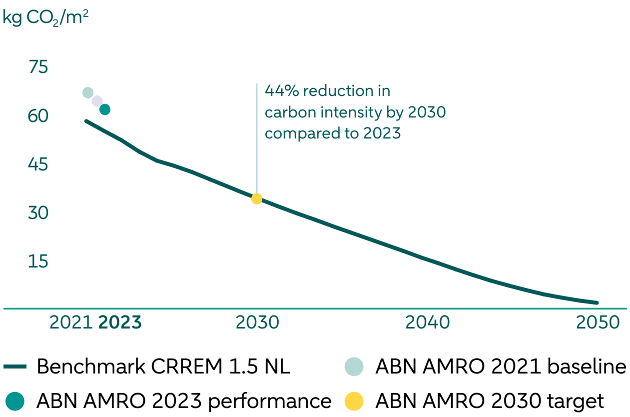
Benchmark is CRREM 1.5 NL scenario



The emission intensity in the **residential mortgages** portfolio decreased to 24.8 kg CO_2/m^2 in 2023 (2022: 25.6 kg CO_2/m^2). This decrease was mainly due to an increase in collateral with energy label A or higher, which has lower emission factors. In addition, data quality improved, resulting in more accurate calculations for GHG emissions. As our portfolio is benchmarked against the pathways laid out by the Carbon Risk Real Estate Monitor (CRREM), our ambition is to assess the impact of incorporating the updated CRREM V2 pathway in the coming year.

Commercial real estate

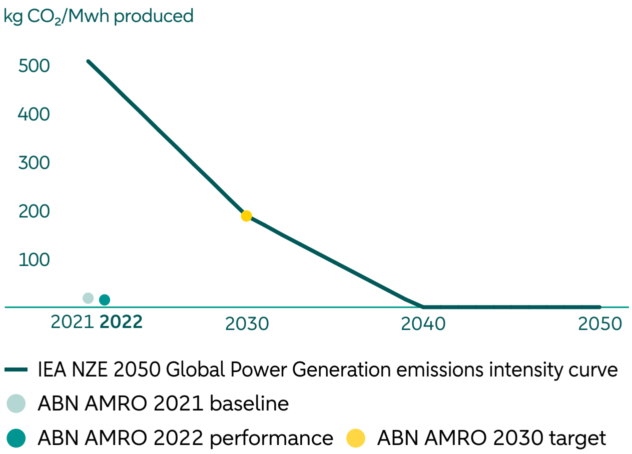
Benchmark is CRREM 1.5 NL scenario



The emission intensity in the **commercial real estate** portfolio decreased to 61.5 kg CO_2/m^2 in 2023 (2022: 64.3 kg CO_2/m^2). Similar to the residential mortgages portfolio, the percentage of collateral with energy label A or higher increased. The percentage of collateral with energy label C or higher increased even more significantly, resulting in lower emission factors. Under our credit policy, financing of buildings with energy label D or lower must be accompanied by a CapEx plan for improving the energy efficiency. Over the coming years, therefore, we expect the energy labels on buildings we are currently financing to gradually improve to C or higher. In addition, new financed buildings will generally contribute to the percentage of A energy labels or higher or have a CapEx plan for achieving at least an A label within the next 5 years. We have also agreed with valuers that new valuation reports from 2024 must be accompanied by a market valuation based on an A++++ energy label and estimating the investments needed to achieve this energy label in due course.

Power generation

Benchmark is IEA NZE 2050 scenario

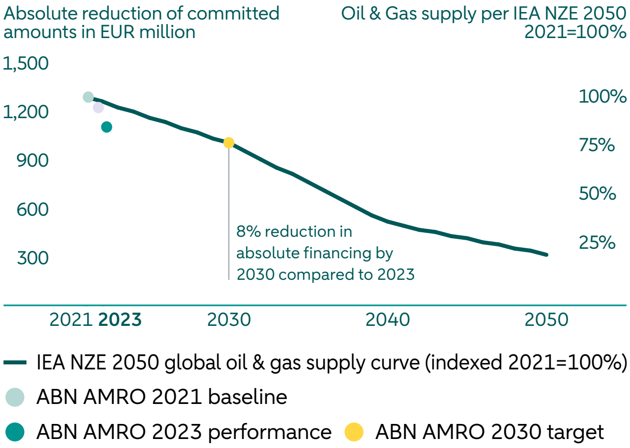


Power Generation and Shipping figures for 2023 are not yet available, as we rely on reported emissions from our customers that are not yet available. We therefore expect to report progress on these sectors with a year delay.

For **power generation**, we use data reported directly by our clients. Due to the timing difference of reporting, we report our intensity figures with a year's delay. In 2022, our power generation portfolio increased slightly to EUR 0.9 billion, which is consistent with our commitment to further support the transitioning of the economy by providing finance to the sector. This increase was achieved by further aligning our energy transactions with the set targets so as to decrease the emission intensity of our portfolio, resulting in a portfolio emission intensity of 15.6 kgCO_2/MWh. In 2023, we significantly increased our power generation portfolio to EUR 1.3 billion, while keeping the portfolio in line with the benchmark. We also delivered – two years ahead of schedule – on our 2025 goal to increase our lending commitment to renewables and other decarbonisation technologies to EUR 4 billion. Due to the GHG emissions reporting cycle for our power generation clients, emission intensities for 2023 will be reported in the Annual Report for 2024. We continue to engage with our clients on their energy transition. The rate of progress is increasing significantly, and the introduction of new reporting requirements means we see various opportunities to further enhance the dialogue and help these clients meet the challenges they face.

Oil and Gas Upstream

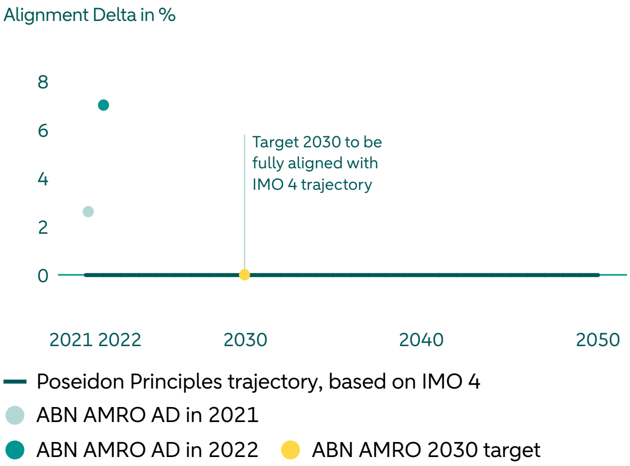
Benchmark is IEA NZE 2050 scenario



Our **oil and gas upstream** commitments decreased in 2023 to EUR 1.1 billion (2022: EUR 1.2 billion). The downward movement observed through 2023 was mainly due to decisions we took at refinancing moments. In 2024 we are likely to continue seeing a decrease in total commitments in this portfolio as facilities are being fully repaid and refinanced. This is in line with the commitment made in our climate strategy to reduce our absolute financing to the oil and gas upstream sector, while still servicing our existing clients.

Shipping

Benchmark is IMO 4 scenario

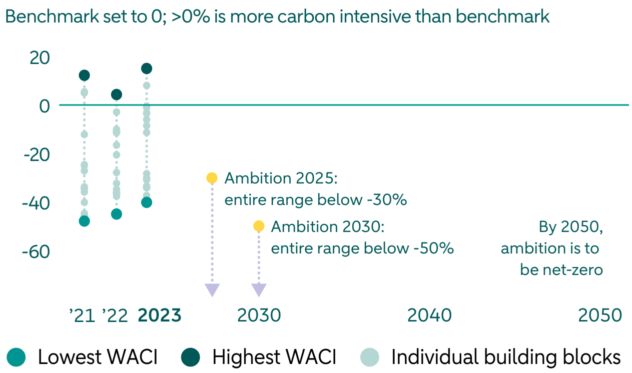


Power Generation and Shipping figures for 2023 are not yet available, as we rely on reported emissions from our customers that are not yet available. We therefore expect to report progress on these sectors with a year delay.

ABN AMRO is a signatory of the Poseidon Principles (PP), which is a global framework. Under this framework we are committed to assessing and disclosing the climate alignment of our **shipping** finance portfolio based on their framework and common global baselines. Regulatory requirements of the International Maritime Organization (IMO) for the reporting of emissions data follows a fixed annual timeline. As the PP assessments use the same verified data that is submitted to the IMO, there is an one-year delay in reporting. The climate strategy alignment delta for the shipping performance figures of 2022 is 7% versus the IMO 4 trajectory, which is an increase of approximately 4% compared to 2021. Some of the factors that contributed to the higher alignment delta include disruptions that affected the shipping sector at large. For example, the continued higher magnitude of maritime trading activity after the peak of the Covid pandemic meant that vessels were sailing faster or were more heavily loaded, thereby consuming more fuel and producing more emissions than usual. We are developing criteria and conditions under which we will assess deals from a climate perspective. The low-carbon transition is a step-process, underlined by targets and support to our clients in their transition. We are pursuing opportunities we expect to result in improving alignment scores towards our 2030 target. Some examples are the financing of methanol-fuelled medium range tanker newbuild vessels and sustainability linked loans. In addition, we are collaborating with our clients to carve out retrofit capex tranches within debt facilities that are focused on the installation of energy saving or emission reduction technologies on board vessels. As our portfolio is currently benchmarked against the IMO 4 trajectory, we closely follow the dynamics around the Revised IMO Strategy and aim to move together with the market and regulations, also underlying our bank wide NZBA commitments.

Client Assets[1]

Range of percentual deviations of equity building block WACI[2] scores against benchmark



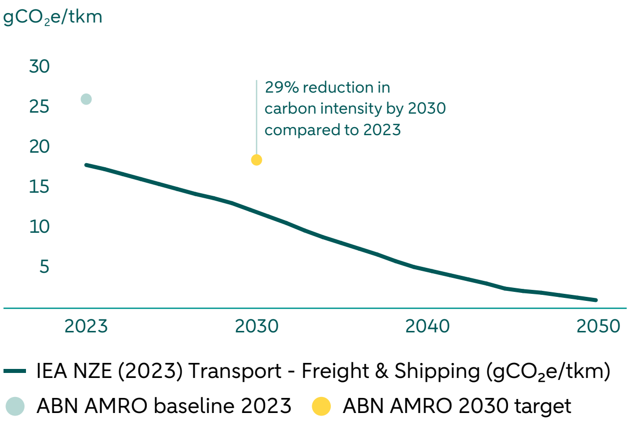
[1] For Client Assets, our ambition is to ensure that we improve our performance relative to the WACI score of the benchmark. We aim for our client assets to be less carbon-intensive than the benchmark (under the zero line). As we progress on our ambitions, the WACI performance of our individual equity building blocks will increase, resulting in a tighter range below the 0 line.
[2] WACI = Weighted Average Carbon Intensity (tCO_2e/EURmln Revenue), reflecting relative building block GHG emissions intensity.

With a total of EUR 104 billion of our **client assets** in securities, our clients' investments also make a significant contribution to emissions. We aim to help and encourage clients to take sustainability into account in these investments. The changes in WACI scores over the past year were mainly driven by three factors. Firstly, enhancements in both the volume and quality of companies' emissions reporting, combined with advancements in data providers' modelling approaches, yielded revised emission figures. Data availability and shifting landscapes remain one of the main challenges. Secondly, modifications in some of the benchmarks used to measure WACI in our model portfolios, especially within impact mandates, contributed to data differences. Lastly, WACI scores are subject to portfolio-level analysis, given that disparities in emissions can be ascribed to various factors rooted in portfolio composition.

In line with ABN AMRO's NZBA commitment, we also expanded our target coverage over the past year by setting additional targets covering segments of our agriculture and inland shipping portfolios.

Inland shipping[1]

Benchmark is IEA NZE 2050 Transport scenario



[1] In order to converge to the IEA NZE pathway before 2050 we aim to reach 29% reduction in emissions intensity by 2030.

Inland shipping

For inland shipping, we have set a target for our exposure of EUR 254 million to inland shipping cargo vessels, covering 52% of our total exposure to inland freight water transport. By 2030, we are targeting a 29% reduction in emission intensity, thus bringing our current emission intensity of 25.8 gCO_2e/tkm down to 18.3 gCO_2e/tkm by 2030. Please refer to the Glossary of other sustainability terms for a detailed methodology description for inland shipping.

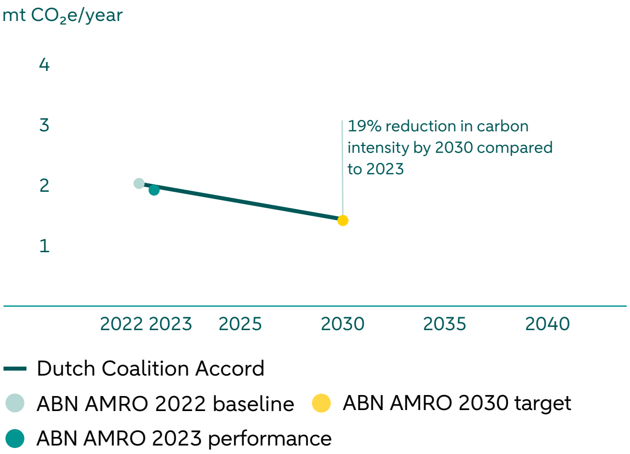
Outlook for the sector and challenges

Inland shipping is a relatively carbon-intensive sector, relying mainly on diesel fuels and with limited regulation and incentives currently in place to decarbonise the fleet. In order to achieve 2030 decarbonisation objectives at both the Dutch and European Union level, the sector must transition from fossil fuel powered vessels to zero emission solutions. These solutions, including hydrogen, methanol and battery electric, are not yet financially viable or technically ready, which is why large-scale adoption of biofuels as a transition fuel is expected. Additional emission reductions can be achieved by improving vessels' fuel efficiency through retrofitting, transitioning to larger vessels and operating more efficiently. To realise these changes, the sector is largely dependent on forthcoming regulations and financial incentives for the sector. This includes a mandatory vessel labelling system and fleet-wide target currently under consideration in the Netherlands, as well as the Renewable Energy Directive III (RED III). Additional European regulations such as the European Union Emissions Trading Scheme (EU ETS) 2 and the CSRD are, if they cover the inland shipping sector, also expected to have an impact on decarbonisation of the sector. The EU ETS 2 is expected to result in direct financial incentives leading to further decarbonisation. ABN AMRO is largely dependent on government regulation and action to incentivise the affordability of decarbonisation measures. Effective implementation of these measures will have a significant impact on the bank's ability to decarbonise its inland shipping portfolio.

Steering towards our target

Despite our dependence on external factors, ABN AMRO aims to support its clients, where possible, on their transition pathway. We want to do so by having strategic conversations with clients about viable decarbonisation options that would improve their sustainability performance, by building awareness with regard to their transition opportunities and by supporting them in their investment plans. Decarbonisation options for our clients may include slow streaming, upscaling, efficient load planning, tracking pilots and autonomous sailing. In addition, we will facilitate investments in sustainable solutions and technologies. Going forward, we will encourage our clients to retrofit their vessels with a set of sustainability measures by offering flexible financing conditions. Over the coming years, we aim to gradually increase the number of zero emission ships we finance. Through the above activities, we aim to fulfil the bank's climate commitments and our role as part of the Dutch Green Deal for Inland Shipping.

Agriculture
Benchmark is Dutch Coalition Accord



As our target is set on baseline year 2022, the processes to actively steer on these targets have only just started. Any development shown in the graph can be partly explained by our existing goal to make our portfolios more sustainable, but are not yet the result of our active steering on this target in 2023.

Agriculture
Our agriculture target includes five agricultural subsectors accounting for exposure of EUR 4.1 billion at the 2022 year-end and representing 57% of our financial exposure to the agricultural sector. These subsectors are dairy cattle farming, calf farming, pig farming, horticulture and floriculture. Our 2022 baseline for financed emissions associated with these subsectors was 2.0 mtCO_2e of emissions. We are striving to achieve a 29% reduction from this 2022 baseline, thus reducing emissions to 1.4 mtCO_2e by 2030. Please refer to the Glossary of other sustainability terms for a detailed methodology description for agriculture.

Outlook for the sector and challenges
Over the past few years, our clients have made significant efforts to decarbonise their operations and activities. With respect to greenhouses, the sector has seen widespread adoption of solar panels, LED lighting, renewable heating in greenhouses, and various other energy efficiency mechanisms. In the non-greenhouses sector, farmers have also started to employ specialised decarbonisation techniques to reduce methane emissions from enteric fermentation, improve manure management and increase net carbon sequestration in soil. At both a national and European level, subsidies are available for farmers wanting to finance such investments. ABN AMRO also recognises its responsibility to support clients in implementing these measures. However, the current agricultural policy and legislative landscape in the Netherlands is volatile and could change in the coming years, depending on political developments. In order to reduce emissions, ABN AMRO and its clients are relying on clear, robust steering from the Dutch government to facilitate decarbonisation towards the 2030 targets. Another challenge the sector faces as part of its decarbonisation is the sometimes conflicting impacts that actions may have across different sustainability-related themes. In helping our clients to decarbonise, we have to ensure that we do not jeopardise other sustainability objectives, such as animal welfare and improving biodiversity.

Steering towards our target
We have already taken several steps to improve our ability to support clients in their decarbonisation transition. This includes amending our policies to allow for more flexible credit structuring conditions, and offering transition loans, green loans and other financing solutions to enable clients to invest in sustainability measures, including granting discounts on interest margins to support sustainability investments. Towards 2030, we will continue to expand our client support in this area, for example by providing attractive financing solutions for new decarbonisation technologies. We will also continue to reassess our policies and procedures to ensure they are fit for purpose. In addition, engagement remains an important lever to achieve our target. Regular and open dialogue with governmental bodies, key industry players, and our clients regarding decarbonisation technologies, business models and financing needs will be crucial to ensure the sector decarbonises at the required pace.

GHG monitoring
In line with the bank's climate objectives and strategic risk appetite, we measure the greenhouse gas (GHG) emissions of our activities to align our portfolio with the Paris Agreement and the NZBA. This includes the emissions of our own operations (in scope 1, 2 and 3) and the indirect emissions in our lending and client assets portfolio's (in scope 3). In doing so, we focus on sectors contributing highly to climate change in particular, and are working on assessing the alignment of certain sectors with the Paris Agreement and net zero emission scenarios.

GHG Emissions

GHG emissions (in ktons CO_2e)	2023	2022
Total scope 1[1]	2	3
Total scope 2[2]	3	3
Total scope 3 - own operations[3]	38	41
Total scope 3 - emissions of the balance sheet (scope 1 and 2)[4,5]	19,183	17,820
Total scope 3 - emissions of the balance sheet (scope 3)[4,5]	14,787	
Total scope 3 - emissions of client assets[6]	6,479	4,767
Total GHG emission	**40,491**	**22,634**

1 Natural gas/biogas, solar energy (the Netherlands and rest of world) and mobility lease cars (Netherlands).
2 Electricity (excluding solar energy) and heating & cooling, location based figures provided by energy suppliers (the Netherlands and rest of world).
3 Including GHG emissions for home workplace, air travel, international business rail travel, hotel visits, mobility, public transport and IT. Scoping is based on GHG Protocol.
4 Based on PCAF methodology, using total assets as the denominator and gross carrying amount as attribution metric.
5 The scope 1 GHG emissions are overstated with 66kton and the scope 3 GHG emissions are understated with 66kton CO_2 for the Inland Shipping portfolio.
6 In 2023 ABN AMRO extended the scope, based on the PCAF methodology, with sovereign bonds which added 2.3 MtCO_2e to the reported total. The scope of the calculation includes sovereign bonds, equities and corporate bonds, both direct and indirect in funds.

Our emissions from own operations decreased mainly due to lower emissions for mobility and IT (off-premises data centers and Software-as-a-Service). Financed emissions for scope 1 and 2 in our lending portfolio increased due to the inclusion of sovereign debt emissions. In addition, we started reporting estimates of financed scope 3 emissions in sectors that contribute highly to climate change (NACE A to H and L); further details for the financed emissions are provided below. Our carbon footprint (emissions per EUR 1 million invested) for client assets decreased, as a general increase in the volume and quality of company reporting and a refinement of the approach to modelling emissions by our data provider, resulted in lower emission intensities.

GHG Financed Emissions

							31 December 2023
	Gross carrying amount[5]		GHG emissions (in ktons CO_2e)			Carbon intensity scope 1 and 2 emissions (in tons CO_2e/ EUR millions)	PCAF average data quality score[6]
(in millions)	In scope for financed emissions	Out of scope for financed emissions		-of which scope 1 and 2 emissions (in ktons CO_2e)	-of which scope 3 emissions (in ktons CO_2e)		
Cash and balances at central banks		53,656					
Financial assets held for trading		1,371					
Derivatives		4,403					
Financial investments[1]	43,141		7,337	7,335	2	170	1.7
Securities financing		21,503					
Loans and advances banks		2,327					
Residential mortgages	151,078		1,430	1,430		9	3.5
Consumer loans at amortised cost[2]	248	8,132	46	46		187	4.0
Consumer loans at fair value through P&L	4	644	3	3		788	3.8
Corporate loans at amortised cost[3]	86,784		25,033	10,249	14,785	118	4.4
Corporate loans at fair value through P&L	59		13	12		211	5.0
Other loans and advances customers[4]	455	6,043	90	90		198	1.0
Equity-accounted investments	333		17	17		50	5.0
Other assets		9,296					
Total assets	**282,101**	**107,374**	**33,969**	**19,183**	**14,787**	**68**	**3.5**

1 In 2023 ABN AMRO extended the scope, based on the PCAF methodology, with sovereign debt.
2 Motor vehicle loans are in scope for financed emissions, while the other consumer loans are out of scope for financed emissions due to unavailability of a methodology.
3 The scope 1 GHG emissions are overstated with 66kton and the scope 3 GHG emissions are understated with 66kton CO_2 for the Inland Shipping portfolio
4 Including loans and advances customers at fair value through P&L.
5 Excluding fair value adjustments from hedge accounting.
6 PCAF Average data quality score is calculated on the Gross carrying amount.

					31 December 2022
	Gross carrying amount[4]		GHG emissions (in ktons CO_2e)[5]	Carbon intensity (in tons CO_2e/ EUR millions)	PCAF average data quality score[6]
(in millions)	In scope for financed emissions	Out of scope for financed emissions			
Cash and balances at central banks		60,865			
Financial assets held for trading		907			
Derivatives		5,212			
Financial investments[1]	6,912	35,240	258	37	3.7
Securities financing		20,032			
Loans and advances banks		2,990			
Residential mortgages	150,762		1,517	10	3.6
Consumer loans at amortised cost[2]	234	9,998	49	208	4.0
Consumer loans at fair value through P&L					
Corporate loans at amortised cost	86,731		15,967	184	4.2
Corporate loans at fair value through P&L	66		14	219	5.0
Other loans and advances customers[3]		7,497			
Equity-accounted investments	474		14	30	5.0
Other assets		8,492			
Total assets	**245,180**	**151,234**	**17,820**	**73**	**3.8**

1 Includes corporate bonds and equity and excludes sovereign debt.
2 Motor vehicle loans are in scope for financed emissions, while the other consumer loans are out of scope for financed emissions due to unavailability of a methodology.
3 Including loans and advances customers at fair value through P&L.
4 Excluding fair value adjustments from hedge accounting.
5 Includes scope 1 and scope 2 GHG emissions and excludes scope 3 GHG emissions.
6 PCAF Average data quality score is calculated on the Gross carrying amount.

GHG PCAF data quality score

	31 December 2023				31 December 2022	
(in millions)	Gross carrying amount[2]	GHG emissions (in ktons CO_2e)	-of which scope 1 and 2 emissions (in ktons CO_2e)	-of which scope 3 emissions (in ktons CO_2e)	Gross carrying amount[2]	GHG emissions (in ktons CO_2e)
Data quality score 1 (highest)	41,244	8,574	8,564	10	10,260	1,371
Data quality score 2	3,219	1,248	1,246	2	4,091	1,841
Data quality score 3	89,152	897	897		84,818	974
Data quality score 4[1]	68,679	1,776	1,776	1	69,919	994
Data quality score 5 (lowest)	79,806	21,474	6,700	14,774	76,092	12,640
Total in scope	**282,101**	**33,969**	**19,183**	**14,787**	**245,180**	**17,820**
Not in scope	107,374				151,234	
Total assets	**389,474**	**33,969**	**19,183**	**14,787**	**396,414**	**17,820**

1 The scope 1 GHG emissions are overstated with 66kton and the scope 3 GHG emissions are understated with 66kton CO2 for the Inland Shipping portfolio
2 Excluding fair value adjustments from hedge accounting.

The GHG tables provide an overview of the assets in scope of GHG emission reporting and the associated data quality score. The lending portfolio GHG emissions are calculated in accordance with the principles set by the Partnership Carbon Accounting Financials (PCAF). In line with the PCAF Financed Emissions Standard published in December 2022, we extended our scope during the year by including sovereign debt. This is visible in the increase of GHG emissions for financial investments and in the amount of emissions with a data quality score of 1. As a basis for reporting we use the production emissions of the country, including land use, land-use change and forestry (LULUCF). Attribution to our investment is done by dividing our invested amount by the country's PPP-adjusted gross domestic product.

In December 2023, PCAF published a new standard on GHG Accounting and Reporting: Facilitated Emissions for the Financial Industry. This standard provides methodological guidance for the measurement and disclosure of GHG emissions associated with capital market transactions. As we follow the principles set out by the PCAF, we aim to incorporate reporting on facilitated emissions in the upcoming years.

While we are making steps to improve the quality of the data sources used for financed scope 1 and 2 emission, as evidenced by the improved data quality score, estimates of our clients' scope 3 emissions depend almost entirely on the environmentally extended input-output (EEIO) emission factors of carbon intensities by industry, as supplied by the PCAF. These emission factors have the lowest score for data quality and are currently limited to upstream scope 3 GHG emissions only. We aim to gradually improve the coverage of clients' scope 3 emissions by using more client-specific data. As scope 3 information was not available for the previous period, figures for 31 December 2022 were not restated.

Financed emissions for mortgages decreased as the energy labels for houses we finance continued to improve towards more energy-efficient labels of A or higher. More details on the financed emissions in our corporate loans portfolio are provided on the next page.

Corporate loans in sectors highly contributing to climate change

	31 December 2023				31 December 2022	
(in millions)	Gross carrying amount[4]	GHG emissions (in ktons CO_2e)	-of which scope 1 and 2 emissions (in ktons CO_2e)	-of which scope 3 emissions (in ktons CO_2e)	Gross carrying amount[4]	GHG emissions (in ktons CO_2e)
Agriculture, forestry and fishing	6,928	7,218	3,373	3,845	7,222	5,665
Mining and quarrying	1,729	1,927	1,007	921	2,536	2,076
Manufacturing	6,699	4,506	576	3,929	7,667	776
Electricity, gas, steam and air conditioning supply	2,107	1,003	580	423	1,585	851
Water supply; sewerage, waste management and remediation activities	702	355	248	107	649	354
Construction	3,623	1,183	86	1,097	4,078	109
Wholesale and retail trade; repair of motor vehicles and motorcycles	8,778	1,896	138	1,758	9,151	182
Transport and storage[1]	8,833	5,332	3,284	2,048	9,491	3,999
Real estate activities	11,067	850	193	657	12,755	217
Corporate loans in sectors highly contributing to climate change	**50,466**	**24,270**	**9,486**	**14,785**	**55,135**	**14,229**
Other sectors[2]	36,318	763	763		31,596	1,738
Corporate loans[3]	**86,784**	**25,033**	**10,249**	**14,785**	**86,731**	**15,967**

1 The scope 1 GHG emissions are overstated with 66kton and the scope 3 GHG emissions are understated with 66kton CO2 for the Inland Shipping portfolio
2 Includes exposures to all other NACE sectors.
3 Excluding loans at fair value through P&L.
4 Excluding fair value adjustments from hedge accounting.

Compared to 31 December 2022, the bank's exposure to sectors contributing to climate change decreased in 2023, with the exception of electricity, gas, steam and air conditioning supply (NACE sector D). This explains part of the reduction in the financed scope 1 and 2 emissions for corporate loans, which amounted to approximately 10.2 $mtCO_2e$ at 31 December 2023 (31 December 2022: 16.0 $mtCO_2e$). However, the decrease was largely driven by a change in the data sources used for calculating emissions of non-listed corporates outside the Netherlands.

After an update of the database by PCAF, we noted some outliers in the EEIO emission factors on a subsector level (NACE level 4). To avoid volatility in emission factors towards the future, we now use emission factors on an Exiobase sector level, which is comparable to NACE level 1. This decrease was more than offset by the addition of estimates for our clients' scope 3 emissions. Note that these are also based on EEIO emission factors by industry, as supplied by PCAF, and are currently limited to upstream scope 3 GHG emissions only.

Carbon-related assets

	31 December 2023				31 December 2022	
(in millions)	Gross carrying amount[3]	GHG emissions (in ktons CO_2e)	-of which scope 1 and 2 emissions (in ktons CO_2e)	-of which scope 3 emissions (in ktons CO_2e)	Gross carrying amount[3]	GHG emissions (in ktons CO_2e)
Mining and quarrying	1,565	1,801	960	841	2,361	2,027
Manufacturing	8	3		3	252	63
Electricity, gas, steam and air conditioning supply	158	180	133	46	262	490
Carbon-related corporate loans in sectors highly contributing to climate change	**1,730**	**1,984**	**1,094**	**890**	**2,874**	**2,580**
Other sectors[1]	85,054	23,049	9,154	13,895	83,857	13,387
Corporate loans[2]	**86,784**	**25,033**	**10,249**	**14,785**	**86,731**	**15,967**

1 Includes exposures to all other NACE sectors.
2 Excluding loans at fair value through P&L.
3 Excluding fair value adjustments from hedge accounting.

Carbon-related assets are those of our assets and/or client assets that directly relate to financing of the fossil fuel industry. Since no common definition of this is available, ABN AMRO has set its own definition in order to be transparent. This definition can be found in the Glossary of other sustainability terms section at the end of the report.

Compared to 31 December 2022, the bank's exposure to carbon-related sectors decreased significantly in 2023 in particular due to lower lending exposure for support activities for petroleum and natural gas extraction.

Sectors contributing highly to climate change – client assets

	31 December 2023		31 December 2022	
(in millions)	Amount	Percentage of total	Amount	Percentage of total
Client assets in sectors highly contributing to climate change[1]	45,548	60%	43,579	61%
Client assets in other sectors	29,417	39%	27,132	38%
Subtotal	**74,966**	**99%**	**70,710**	**100%**
No data available	414	1%	336	0%
Total	**75,379**	**100%**	**71,047**	**100%**

[1] Please refer to the Glossary of other sustainability terms for the definition of sectors that contribute highly to climate change.

Carbon-related – client assets

	31 December 2023		31 December 2022	
(in millions)	Amount	Percentage of total	Amount	Percentage of total
Carbon-related client assets[1]	5,633	7%	6,109	9%
Non-carbon-related client assets	67,193	89%	61,884	87%
Subtotal	**72,826**	**97%**	**67,993**	**96%**
No data available	2,553	3%	3,053	4%
Total	**75,379**	**100%**	**71,047**	**100%**

[1] Please refer to the Glossary of other sustainability terms for the definition of carbon-related assets.

Climate scenario analyses

As part of the ECB guide on climate-related and environmental risks, ABN AMRO performs climate scenario analyses for portfolios with exposures to climate-associated risks. The portfolios in scope in 2023 were real estate and agriculture. The main purpose of the climate scenario analyses is to test the resilience of these portfolios to climate risks, based on a set of plausible scenarios. The outcomes of the scenario analyses feed into ABN AMRO's strategic decision-making.

Real estate

In 2023, the analysis of physical climate risk in the residential and commercial real estate portfolios was updated and extended. The scenario analysis of the residential real estate portfolio was updated and extended to include policy, technology and market-driven transition risk events and environmental risks. The scenario analysis on the commercial real estate portfolio was updated to include additional transition risks driven by carbon pricing.

Scenario choice and data

Foundation problems are an important driver of physical climate risk in the Dutch real estate sector. Property-specific data on foundation risk is available from Kennis Centrum Aanpak Funderingsproblematiek (KCAF), a leading party in the Netherlands that generates granular data on this risk. This data is also included in property valuation reports for residential real estate. For commercial real estate, the physical climate risk on foundations from Climate Adaptation Services (CAS) was used. Data on the other drivers of physical climate risk (flooding, wildfires and heat stress) are obtained from Climate Adaptation Services (CAS), which provides data at a highly granular level for the Netherlands. The CAS data is partly based on the WH scenario until 2050 from the Royal Netherlands Meteorological Institute (KNMI'14 scenarios). This scenario marks the worst-case outcome for climate change in the Netherlands and closely aligns with the Network for Greening the Financial System (NGFS) current policies scenario.

Results

The tables show the risk distribution of our residential real estate (RRE) and commercial real estate (CRE) portfolio exposures for four different climate risks: foundation risk, flood risk, wildfire risk and heat stress risk. The analysis was performed by measuring the risk of the risk events occurring in the years until 2050 for buildings in the Netherlands. The probabilities of foundation problems are grouped into five buckets: no risk, low risk, medium risk, high risk and no available data.

Commercial real estate

(in percentage)[1]	No risk	Low risk	Medium risk	High risk	No available data
					31 December 2023
Foundation risk	5%	72%	12%	12%	0%
Flood risk	60%	27%	7%	6%	0%
Wildfire risk	86%	3%	10%	2%	0%
Heat stress risk	9%	13%	57%	21%	0%

[1] The percentage is calculated by dividing the gross carrying amount per risk category by the total gross carrying amount.

Most of the buildings in our CRE portfolio have a low foundation risk. This is due to the location of the buildings outside risk-prone areas. On the other hand, 12% of the buildings in our portfolio have a high foundation risk. This is due to the location of the buildings and is mainly found in Amsterdam and Utrecht. Almost all properties with foundation problems are built on peat soil and were built before 1970. These risks are referred to as chronic physical risks, which refer to longer-term shifts in climate patterns. These risks are not insurable in the Netherlands. The repair costs for an average house could be around EUR 25,000 for apartments and EUR 80,000 - EUR 100,000 for other residential buildings.

Most of the buildings in our CRE portfolio are not at risk of being flooded by the type of floods measured by the flood risk analysis. However, 13% of our portfolio has a medium or high chance of being impacted by a flood. Areas around rivers have a higher risk of flooding in the years to 2050. The risk of flooding is highest in the regions around rivers and the Wadden islands. The maximum damage that can be caused by a flood is estimated at EUR 1,293 per square meter. As the damage depends on the flood depth, an average of EUR 518 damage per square meter has been taken into account.

The table shows that 10% of the buildings in our CRE portfolio have a medium risk of being impacted by wildfires. This is mainly in the regions around the Veluwe and the dune regions along the Dutch coast. On the other hand, 86% of our portfolio has no risk of wildfires. According to Statistics Netherlands (CBS), there were twice as many wildfires caused by drought in the Netherlands in 2018 compared to the years before. As experienced around the world in 2023, more uncontrollable fires are being caused by drier soil and rising temperatures. The possible estimated damage caused by wildfire in the scenario analysis is equal to the rebuild value.

The table shows that 57% of our portfolio has a medium risk of being impacted by heat stress. Urban parts of the Netherlands are considered particularly likely to experience heat stress. Heat stress depends on the type of home and is reduced by preventing sunlight from shining directly into the home. Measures such as sunblinds, shade provided by trees, floor cooling and water supplies mitigate this. For heat stress, no damage to the property is considered in the scenario analyses.

Residential real estate

(in percentage)[1]	No risk	Low risk	Medium risk	High risk	No available data
					31 December 2023
Foundation risk	44%	0%	51%	2%	3%
Flood risk	52%	25%	11%	6%	5%
Wildfire risk	65%	7%	21%	2%	5%
Heatstress risk	14%	32%	45%	5%	5%

[1] The percentage is calculated by dividing the gross carrying amount per risk category by the total gross carrying amount.

Roughly half of the buildings in our RRE portfolio have a medium foundation risk. On the other hand, 44% of the buildings in our portfolio have no foundation risk. This is due to improved quality of foundations through the use of concrete poles in buildings built after 1980 and to negligible foundation risks for certain soil types in higher located areas in the Netherlands. Almost all properties with foundation problems are built on peat soil and were built before 1970. These risks are referred to as chronic physical risks, which refer to longer-term shifts in climate patterns and are not insurable in the Netherlands. The repair costs for an average house could be around EUR 25,000 for apartments and EUR 80,000 - EUR 100,000 for other residential buildings.

Most of the buildings in our RRE portfolio are not at risk of being flooded by the type of floods included in the flood risk analysis, while 25% of our portfolio has a low chance of a flood with a minimum depth of 50 cm. Areas around rivers and the Wadden islands have the highest risk of flooding in the years to 2050. The damage that can be caused by a flood with a minimum depth of 50 cm is estimated at EUR 1,250 per square meter in the scenario analysis. The table shows that 21% of the buildings in our RRE portfolio has a medium risk to be impacted by wildfires. This is mainly in the regions at the 'Veluwe' and the dune regions at the coast of the Netherlands. According to Statistics Netherlands (CBS), there were twice as many wildfires caused by drought in the Netherlands in 2018 compared to the years before. As experienced around the world in 2023, more uncontrollable fires are being caused by drier soil and rising temperatures. The possible estimated damage caused by wildfire in the scenario analysis is equal to the rebuild value.

The table shows that 45% of our portfolio has a medium risk towards heat stress risk. Urban parts of the Netherlands are considered particularly likely to experience heat stress. Heat stress depends on the type of home and is reduced by preventing sunlight from shining directly into the home. Measures such as sunblinds, shade provided by trees, floor cooling and water supplies mitigate this risk. For heat stress, no damage on the property is considered in the scenario analysis.

Arable farming

Scenario choice and data

In 2023, several climate scenario analyses were executed to explore the risks posed by climate and environmental events to ABN AMRO.

One of the analysis focused on drought effects on arable farming clients within the agriculture portfolio (NACE A), based on an analysis by Wageningen University & Research (WUR)[1], in which KNMI'14 scenarios were taken into account. Follow-up data-driven analyses will be conducted. In addition, ABN AMRO will engage proactively with arable farming clients on possible adaptation techniques to combat drought and other climate and environmental risks. Drought and other extreme weather events will remain a central topic on the agenda as drought risks and other extreme weather events – as stated in the KNMI'23 scenarios – are becoming more severe than foreseen in the KNMI'14 scenarios.

[1] ABN AMRO: Akkerbouw: Aanpassen aan veranderend klimaat grote opgave (Arable farming: Adapting to changing climate is a huge task), May 2023.

Pollution, biodiversity, circular economy and other environmental topics

Environmental risk identification, monitoring and reporting

Environmental risk heatmap

Like the climate risk heatmap, the environmental risk heatmap is a key risk identification tool for sustainability risk. The tool gives an indication of the extent to which an average client in a certain sector is exposed to environmental risk due to its operating environment. The scope of the exposures, the subsector granularity and the methodological changes of the environmental risk heatmap are the same as those of the climate risk heatmap. Please refer to the Climate risk heatmap section for further information.

The environmental risk heatmap focuses on environmental transition and physical risks. For transition risk, this is assessed by the impact on biodiversity. For physical risk, this is assessed by the dependency on ecosystem services. The environmental risk heatmap is based on quantitative and qualitative data. The quantitative data covers data from the ENCORE database on ecosystem services and natural capital, CBS (Dutch Bureau for Statistics) data on the correlation

between the Dutch GDP and the production volume per sector, and Impact Institute (biodiversity impact) data across the value chain on air pollution, water pollution and land use. We use a questionnaire to collect qualitative data from sector experts within the bank similar to the climate risk heatmap.

Please refer to the Risk section of the Sustainability Statements for further information on our environmental risk heatmap, including its use in steering our lending portfolio.

Results

The following table shows the highest transition risks in our environmental risk heatmap to be present in the NACE sectors of agriculture, forestry and fishing (NACE A) and transport and storage (NACE H). The bar chart shows 12.3% of the GCA (EUR 10.7 billion) of the corporate lending portfolio have a moderately high sensitivity to transition risk.

The environmental transition risks associated to this part of the portfolio are mainly driven by loans to subsectors where the impact on biodiversity is high. In addition, 8.7% of the GCA (EUR 7.5 billion) of the corporate lending portfolio have a moderately high sensitivity to physical risk. These physical risks are mainly driven by sensitivities in the supply chains due to dependency on flood control and the quantity and quality of water whose reduced function will impair these subsectors. Moreover, the dependency on water for own operations has an impact on the environmental physical risk identification, as the dependencies for own operations have a higher weight in the final scoring.

High level environmental risk heatmap for corporate loans
(in millions)

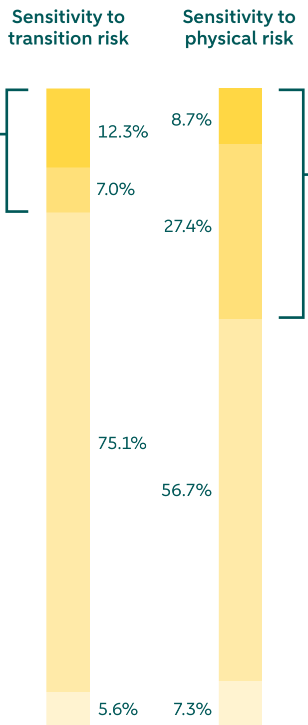
	Sector	Aggregated sensitivity to transition risk	Aggregated sensitivity to physical risk	Gross carrying amount[3] (EUR million) 31 December 2023	Gross carrying amount[3] (EUR million) 31 December 2022
A	Agriculture, forestry and fishing	MH	MH	**6,928**	7,222
B	Mining and quarrying	ML	L	**1,729**	2,536
C	Manufacturing	ML	M	**6,699**	7,667
D	Electricity, gas, steam and air conditioning supply	ML	M	**2,107**	1,585
E	Water supply; sewerage, waste management and remediation activities	L	M	**702**	649
F	Construction	ML	ML	**3,623**	4,078
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	ML	ML	**8,778**	9,151
H	Transport and storage	MH	ML	**8,833**	9,491
L	Real estate activities	ML	ML	**11,067**	12,755
	Corporate loans in sectors highly contributing to climate change			**50,466**	**55,135**
	Other sectors[1]			**36,318**	31,596
	Corporate loans[2]			**86,784**	**86,731**

High sensitivity (H) | Moderately high (MH) | Moderate (M) | Moderately low (ML) | Low sensitivity (L) | Not specified

[1] Includes exposures to all other NACE sectors.
[2] Excluding loans at fair value through P&L.
[3] Gross carrying amount excludes fair value adjustments from hedge accounting.

Environmental Risk Heatmap[1]

Sub-sector (incl NACE sector letter)	(EUR million)
Moderately high sensitivity to environmental transition risk	
Manufacture of prepared feeds for farm animals (C)	325
Other agriculture, forestry and fishing (A)	1,024
Raising of cattle (A)	3,094
Raising of poultry and swine/pigs (A)	658
Sea and coastal freight water transport (H)	5,551
	10,651
Moderate sensitivity to environmental transition risk	
Air transport (H)	10
Arable farming (A)	1,037
Freight transport by road (H)	943
Indoor growing of crops (A)	715
Inland freight water transport (H)	484
Manufacture of animal protein food products (C)	498
Manufacture of basic metals (C)	211
Manufacture of chemicals and chemical products (C)	625
Manufacture of other food products and beverages (C)	1,143
Other transportation and storage (H)	437
	6,102



Sub-sector (incl NACE sector letter)	(EUR million)
Moderately high sensitivity to environmental physical risk	
Arable farming (A)	1,037
Indoor growing of crops (A)	715
Inland freight water transport (H)	484
Manufacture of animal protein food products (C)	498
Raising of cattle (A)	3,094
Raising of poultry and swine/pigs (A)	658
Other agriculture, forestry and fishing (A)	1,024
	7,509
Moderate sensitivity to environmental physical risk	
Air transport (H)	10
Fishing and aquaculture (A)	400
Food and beverage service activities (I)	405
Fossil electricity production (D)	22
Manufacture of chemicals and chemical products (C)	625
Manufacture of construction materials (C)	150
Manufacture of other food products and beverages (C)	1,143
Mining and quarrying excluding fossil fuel extraction (B)	165
Non-fossil electricity production (D)	1,329
Other construction (F)	1,297
Other electricity, gas, steam and air conditioning supply (D)	756
Other manufacturing (C)	1,326
Real estate activities (L)	11,067
Support activities for transportation (H)	700
Telecommunications (J)	2,527
Transport via pipelines (H)	257
Water supply; sewerage, waste management and remediation activities (E)	702
Wholesale of agricultural raw materials and live animals (G)	422
Wholesale of construction materials (G)	463
	23,765

High sensitivity (H) | Moderately high (MH) | Moderate (M) | Moderately low (ML) | Low sensitivity (L)

[1] Some sub-sectors deviate from NACE. This is due to the fact that for some sub-sectors NACE classification was not useful for sector experts to provide relevant input about the sub-sector characteristics.

Environmental Scenario Analyses

Cross-sector environmental scenario analysis

In 2023, a cross-sector environmental risk scenario analysis was performed. The objective of this analysis was to assess the effects of environmental transition risk on our corporate lending clients in the Netherlands. Contrary to climate risk, there are no globally agreed environmental risk scenarios to be used in an environmental risk scenario analysis. Following the guidance of the Taskforce on Nature-related Financial Disclosure, we therefore developed our own locally relevant scenario with a time horizon to 2030. Our scenario is based largely on existing European regulations and their implementation in the Netherlands. We focused on transition risk as we deemed this to be more relevant in the relatively shorter term and expect more direct transition risk for our clients, given the European and global policy context.

In our analysis, we assumed that European water and air pollution and nature conservation regulations will be implemented and enforced strictly in the Netherlands in the coming seven years. This is plausible for three reasons: 1) these regulations have compliance deadlines in that same period; 2) the Netherlands may not be compliant in time, and 3) the European Commission has made it clear that further deferrals will not be tolerated. As a consequence, clients operating in sectors with a high impact on the environment and in locations where the condition of nature is considered substandard are expected to be affected.

Using sectoral environmental impact data from Impact Institute and the Dutch Emission Registration, and geographical data from the PBL Netherlands Environmental Assessment Agency and the National Institute for Public Health and the Environment, we simulated the costs and business continuity risks for our clients. Costs were calculated by assuming the internalisation of external environmental costs of pollution, and business continuity risks were calculated by assuming permit limitations for clients that are in high impact sectors and also in highly sensitive natural areas. The costs and business continuity risks related to water pollution for manufacturing and agriculture clients were shown to be the most significant in our portfolio. As a next step, these insights will be integrated into stress testing and other credit risk analyses in the coming years to further assess the financial impacts.

Pollution

Banks have indirect pollution impacts through their financing and investment activities. While these activities facilitate companies' growth, they mean we are also partially responsible for the related sustainability-related impacts (both positive and negative). Below, we highlight the potential impact of developments on the topic for our clients in the agriculture sector and acknowledge the need to place a greater focus on this topic in the coming years.

Environmental scenario analysis

Livestock

As part of the ECB guide on climate-related and environmental risks, ABN AMRO has performed environmental scenario analyses on portfolios with exposures to environmental-associated risks.

One of the analysis considered relevant nitrogen developments in the Netherlands and the potential impact on ABN AMRO clients in the livestock subsectors within the agriculture portfolio (NACE A). Initial results of the executed scenario indicate a moderate potential impact on the portfolio. It is noted, however, that there is a high-level of uncertainty at both a political and academic level regarding nitrogen. Last year, management overlays on ECL were taken due to the Dutch government's nitrogen emission reduction targets and these could further impact our clients active in the agricultural/livestock, construction and other emission-intensive industries. For more information about overlays, please refer to the Credit Risk Management section. We will continue to closely monitor our portfolio in relation to nitrogen developments and their potential consequences.

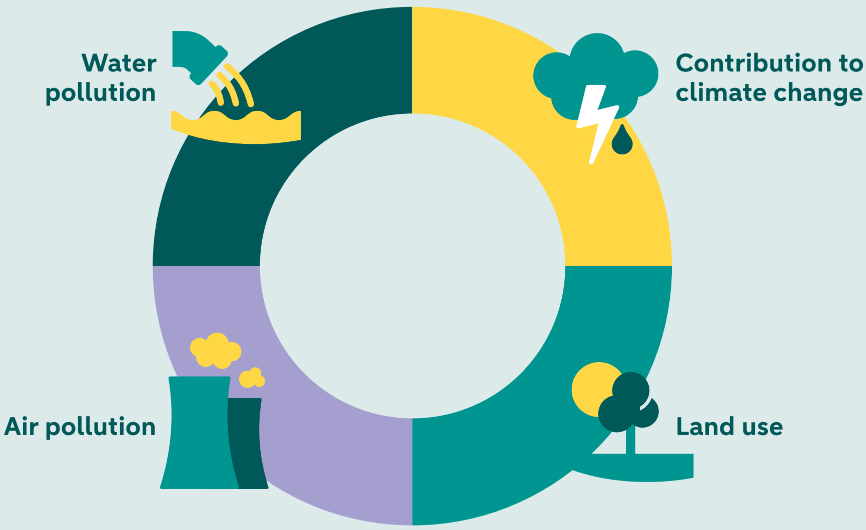
Biodiversity

We have undertaken efforts in various areas with regard to our impact on biodiversity. To address our responsibility regarding this topic sufficiently and create synergy in our actions on biodiversity, we prepared a biodiversity roadmap in 2023 consisting of several actions to perform in 2023 and 2024, and we will continue beyond this period. As part of the roadmap, we are working to determine what actions we will need to take in order to align with the Kunming-Montreal Global Biodiversity Framework (GBF).

Financing is clearly mentioned in this framework in order, for example to align financial flows to biodiversity targets, as well as to monitor, assess and disclose risks, to increase financial resources for strategies and action plans, and to identify and discontinue – or change – financial incentives that are harmful to biodiversity. Moreover, some of the GBF targets are more directly relevant to our clients, for example agriculture clients, and therefore indirectly to us as well. Our work on biodiversity can be divided into several areas:

- Supporting our clients' environmental transition. To achieve this, we have chosen to focus on two areas: agriculture, as the nature of agricultural activities means they have a relatively high biodiversity impact, and built environment, as this comprises the largest part of our portfolio. For these focus areas, we translate our internal sector vision for our position in the coming years into concrete actions and targets, with which we can support the transitions.
- Integrating biodiversity into the core of ABN AMRO's business and strategy. This involves working with several units at the bank to improve our knowledge on the topic so that we can align financial flows better with nature. For example, enhancing financing for circular business models based on the reuse of products and materials will help reduce negative impacts on nature. Besides reducing negative impacts with our clients and helping them in their transition, we are also working on our own direct operational impact. For example, our catering is already 75% plant-based and our existing and new main office locations are being developed according to nature-inclusive building principles.
- Further strengthening our risk management approach in line with regulatory expectations such as meeting the ECB CER guidelines. This is explained further in our Policy section.
- Being transparent on our impact, risks and progress, to be evidenced, for instance, by delivering on the Finance Biodiversity Pledge by 2024. Reporting on drivers of biodiversity damage as part of our Impact Report in 2022 helped us gain clarity on the main topics accounting for the potential impact of clients' activities on biodiversity.

Our negative biodiversity impact drivers



Circular economy

As a bank, ABN AMRO has a responsibility towards society and the planet. Switching to a sustainable society together with our clients is what we strive for. Our purpose of 'Banking for better, for generations to come' reflects our choice for a sustainable course of action. By making sustainability an integral part of the services we provide, we have made the circular economy one of our focus points.

Circular economy plays a significant role in reducing climate change and biodiversity loss, given that resource extraction and processing account for 50% of global CO_2 emissions and damage to local biodiversity.[1] In addition, by reusing materials and therefore reducing the negative impact of raw materials' mining activities on local communities, the circular economy contributes to social impact. The Dutch government recognises the importance of circular economy and in 2017 presented the government-wide programme Netherlands Circular in 2050. This programme outlines how the Netherlands can transform its economy into a sustainably driven, fully circular economy by 2050. An ambitious goal for the Netherlands is to reduce the use of primary abiotic materials, including minerals, metals and fossil energy carriers such as oil and coal, by 50%. Halving food waste by 2030 is another ambition.

ABN AMRO, as a member of the FinanCE working group alongside FGGM and the Ellen MacArthur Foundation, published the first publicly available Circular Economy Finance Guidelines in July 2018. These guidelines aim to promote and develop the role finance can play in the transition, beginning with a definition of the circular economy and circular economy finance. The guidelines were almost entirely integrated into the EU Categorisation system for the circular economy, which ABN AMRO applies to define our growing circular financing portfolio.

Among the sectors we are targeting, real estate is a significant one. Through lifetime extension we enable buildings to be kept in use for longer than the market average by facilitating extensive transformation, for example from offices to housing. Another important sector is industry/manufacturing. Here, we apply value recovery to support business models that generate revenue by transforming used products into new products or usable components.

Accelerating the circular economy is not only about financing, but also about enabling our clients' circular transition. For instance, our Product-as-a-Service Desk is available for entrepreneurs who want to start using product-as-a-service as a circular revenue model. ABN AMRO is not only there for circular financing, but also offers expertise, tools and a network that clients can benefit from. And through Tikkie, ABN AMRO's payment request app, we support the Dutch recycling system.

[1] Source: A new Circular Economy Action Plan, eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52020DC0098.

ABN AMRO also aims to take on a broader role in accelerating the circular economy. Our activities in this area include:

- Impact Nation: a programme that supports clients in making their business processes more sustainable, contributing to the circular economy by reducing packaging materials and food waste.
- The Dutch central bank (DNB) is leading the 'Kopgroep Circulair Financieren' initiative to connect progressive parties from the financial sector around the shared goal of making circular finance the norm by 2030. The working group proposes four concrete actions to address bottlenecks in the financing of circular businesses and projects. In 2023 a circular risk score card was developed and tested. This score card helps to assess financing of circular entrepreneurs through a 'circular lens'. ABN AMRO contributes its experience of responding to clients' needs regarding circular financing and the challenges they meet in the circular transition.
- Through the Dutch Banking Association (NVB), we aim to accelerate the circular transition. By 2030, circularity should be an integral part of the assessment of funding applications and investment decisions. ABN AMRO supports and contributes to the Circular Financing Roadmap as defined in the NVB context.
- During the National Week of the Circular Economy in the Netherlands, which ABN AMRO has sponsored for several years, we explore how the next steps can be taken in accelerating circular impact. We connect scientists, experts, professionals, policymakers and organisations, as well as sharing knowledge and setting up collaborations to accelerate the transition to a circular economy.

Our own operations

In line with our aim of leading by example, we have set a net zero target for our own operations to take responsibility for our own footprint. In this section, we address climate-related topics that refer specifically to our own operations.

Our aim is to reduce all scope 1 and 2 emissions by focusing on energy reductions and sourcing of renewable energy for our buildings, data centres and mobility, and to further reduce business travel emissions. Throughout the process, we monitor our performance to determine whether additional actions are needed to reach our goals.

In terms of our buildings, we have upgraded 95% of our office space to energy label A, and continue to push to increase energy efficiency for all our offices and align them with the Paris Climate Agreement by 2030. This means our offices will consume less than 50 kilowatt hours (kWh) per square metre per year.

Through these measures, we have brought down our energy consumption from 150 kWh per square metre per year in 2018 (baseline year) to 111 kWh per square metre per year in 2023. In 2023, we emitted almost half a kiloton less than in 2022 by increasing the use of renewable energy and our energy efficiency.

To reduce emissions related to business travel by 80% by 2030 we offer viable alternatives to travel, substituting air travel with rail travel, procuring sustainable aviation fuel, and ensuring a maximum spend on business travel per year for each department. We expect our scope 3 emissions from business travel to account for 2.6 kilotons of CO_2 after full implementation of all the initiatives planned. However, last year we emitted more than our target, mainly due to an increased number of long-haul flights and more kilometers being flown than in previous years. To ensure we meet our target, we will reduce travel budgets and closely monitor that in the upcoming year and to install further internal monitoring mechanisms, such as a dashboard, allowing departments better insight and the ability to proactively steer on their remaining travel budgets.

GHG emissions

(in ton CO_2)	31 December 2023 The Netherlands	Rest of the world[4]	Total	31 December 2022 The Netherlands	Rest of the world[4]	Total
Reported GHG emissions by region						
Scope 1 Tank-to-Wheel						
Energy (natural gas + solar PV + other)		406	406		517	517
Mobility (lease cars - internal combustion engine)	1,323		1,323	2,184		2,184
Total scope 1 emissions	**1,323**	**406**	**1,729**	**2,184**	**517**	**2,701**
Scope 2 Tank-to-Wheel						
Energy (electricity, heating and cooling)	688	1,898	2,586	651	2,283	2,934
Mobility (lease - electric vehicles)						
Total scope 2 emissions[1]	**688**	**1,898**	**2,586**	**651**	**2,283**	**2,934**
Total scope 1 and 2 emissions	**2,011**	**2,304**	**4,315**	**2,835**	**2,800**	**5,635**
Scope 3 Tank-to-Wheel - own operations						
Air travel, international business rail travel and hotel visits	4,392	1,928	6,321	1,931	1,374	3,305
Mobility (commuting in private vehicles and business travel)	2,104		2,104	5,280		5,280
Public transport	1,067		1,067	554		554
Home workplace	9,989	1,506	11,496	9,002	1,739	10,741
Off-premise datacenters + Software-as-a-Service	8,173		8,173	11,887		11,887
Total scope 3 Tank-to-Wheel	**25,725**	**3,435**	**29,160**	**28,654**	**3,113**	**31,767**
Scope 3 Well-to-Tank - own operations						
Energy (electricity, gas, heating and cooling)	531		531	670		670
Home office (the Netherlands)	2,933		2,933	2,643		2,643
Mobility (lease cars - internal combustion engine)	399		399	659		659
Mobility (lease - electric vehicles)	3,774		3,774	2,937		2,937
Private vehicles	739		739	1,732		1,732
Public transport	288		288	212		212
Total scope 3 Well-to-Tank[2, 3]	**8,663**		**8,663**	**8,853**		**8,853**
Total scope 3	**34,388**	**3,435**	**37,823**	**37,507**	**3,113**	**40,620**
Total emissions (excluding Well-to-Tank)	**27,736**	**5,739**	**33,475**	**31,489**	**5,913**	**37,402**
- of which compensated by purchase of CO_2 credits in ton	*27,736*	*5,739*	*33,475*	*31,489*	*5,913*	*37,402*

[1] Scope 2 figures are location-based, except for figures for the Netherlands, which are market-based. The location-based emission figure for heating and cooling in the Netherlands is 830 ton.
[2] CO_2 emissions based on figures for the Netherlands.
[3] Well to Tank (WTT) are the emissions in the upstream chain of the activity; for example through the extraction and production of fuels. Tank to Wheel (TTW) are the direct emissions from the activity; for example, use of fuel in a vehicle.
[4] Not all Rest of the world figures are available.

	2023 Ton CO_2	2023 % reduction compared to 2015	Target 2025 Ton CO_2	Target 2025 % reduction compared to 2015	Target 2030 Ton CO_2	Target 2030 % reduction compared to 2015
Targets per scope[1]						
Scope 1	1,681		344			
Scope 2	2,758		1,971		2	
Scope 3 (business travel)	2,847		2,728		2,604	
Total	**7,286**	**86%**	**5,042**	**90%**	**2,606**	**95%**
Targets per element[1]						
Buildings (energy consumption)	3,240		2,315		2	
Mobility (leasecars)	1,200					
Air travel, international business rail travel and hotel visits	2,847		2,728		2,604	
Total	**7,286**	**86%**	**5,042**	**90%**	**2,606**	**95%**

[1] Based on tank-to-wheel emissions.

In addition, we are reducing emissions from IT by focusing on energy efficiency, resource efficiency and renewable energy procurement of our on-premises, off-premises and software-as-a-service (SaaS) providers.

We have improved the energy efficiency of our data centres from 1.83 PUE in 2012 (baseline year) to 1.31 PUE in 2023. Our data centres run on 100% renewable energy and we are working on further energy reduction by implementing our Sustainable IT toolbox, including green coding and dynamic resource allocation.

Our procurement practice is currently focusing on reducing emissions around energy procurement, IT services and construction. Going forward, we will continue to cascade our approach down to categories with a smaller climate impact.

We will reduce the emissions resulting from our own use of fossil fuels (scope 1) and emissions resulting from all power consumed by our own operations (scope 2). To complement our efforts to reduce other significant sources of scope 3 emissions – namely our financed emissions – we will further reduce our operational scope 3 emissions from business travel. Overall, we decreased our CO_2 emissions in 2023 by almost 4 kilotons; however, if we zoom in on the specific scope where we have set targets, we see an increase due to a rise in business travel. Taking 2015 as our base year, we aim to reduce 95% of our Scope 1, Scope 2 and business travel emissions. We are currently contributing to the development of the voluntary carbon market by purchasing carbon avoidance credits. We expect that 5% of our 2015 emissions are unavoidable in 2030 and will therefore be compensated by the purchase of carbon removal credits.

Energy Consumption and Mix

	31 December 2023			31 December 2022		
	Kwh	GJ	Ton CO_2	Kwh	GJ	Ton CO_2
Energy consumption in the Netherlands						
Scope 1						
Natural gas	8,286,203	29,774	388	8,209,768	29,484	
Other scope 1 emissions			18			
On-site solar energy generation	1,297,969	4,673		1,642,075	5,911	
Total scope 1	**9,584,172**	**34,446**	**406**	**9,851,843**	**35,396**	
Scope 2						
Electricity (excluding PV)	42,140,226	151,705	1,719	37,730,547	135,830	
Heating and cooling	11,673,889	42,026	867	11,814,931	42,533	650
Total scope 2	**53,814,115**	**193,730**	**2,586**	**49,545,478**	**178,363**	**650**
Total scope 1 and 2	**63,398,287**	**228,177**	**2,992**	**59,397,321**	**213,759**	**650**

Water consumption

	31 December 2023	31 December 2022
Water usage in cubic metres	71,415	49,528

The increase in water consumption in our offices can be mostly explained by the increase in office attendance, which can be characterised as a post-Covid development.

Waste

	31 December 2023		31 December 2022	
	Ton	%	Ton	%
Containing paper	82	25%	188	36%
Other rest materials	85	25%	99	19%
Plastic, Metal and Drinks packaging (PMD)	2	1%	16	3%
Residual waste	165	49%	217	42%
Total	**333**	**100%**	**521**	**100%**

The reduction in total waste can be mainly attributed to the closure of offices, as well as a reduction in paper waste. By separating waste we were also able to reduce the amount of residual waste.

Social

Directly or indirectly, companies play a role in impacting their own workforce, other workers in the value chain, affected communities and their consumers and end users, and it is important to manage any related adverse impacts proactively. At ABN AMRO, our purpose is 'Banking for better, for generations to come.'

We take our role in society seriously and work together with our stakeholders to tackle our current challenges and to help shape the future. Within the social dimension, human rights is the cornerstone of social sustainability. We are taking active steps to fulfil our commitment to respect human rights, and we monitor the risks, impacts and opportunities arising from both our own operations and our clients and their value chains. ABN AMRO is committed to working to meet the expectation set out by the UNGPs and OECD guidelines for Multinational Enterprises on Responsible Business Conduct and adheres to the Norwegian Transparency Act.

At ABN AMRO, we serve nearly 5 million clients whose activities and value chain connections span the globe. Through the activities and value chains of our business relations, we are connected to millions more people and communities around the world. The sheer scale of our bank's connections means we can have an impact on a wide range of people, from individual and family clients to employees, value chain workers and local communities. As a bank, we have five roles – employer, lender, investment service provider, procurer of goods and services and service provider. In our identified roles, we affect the lives of many people through our individual clients and business clients, whose activities and value chains can in turn impact millions of value chain workers, communities and consumers. In each of our roles, we perform appropriate due diligence measures.

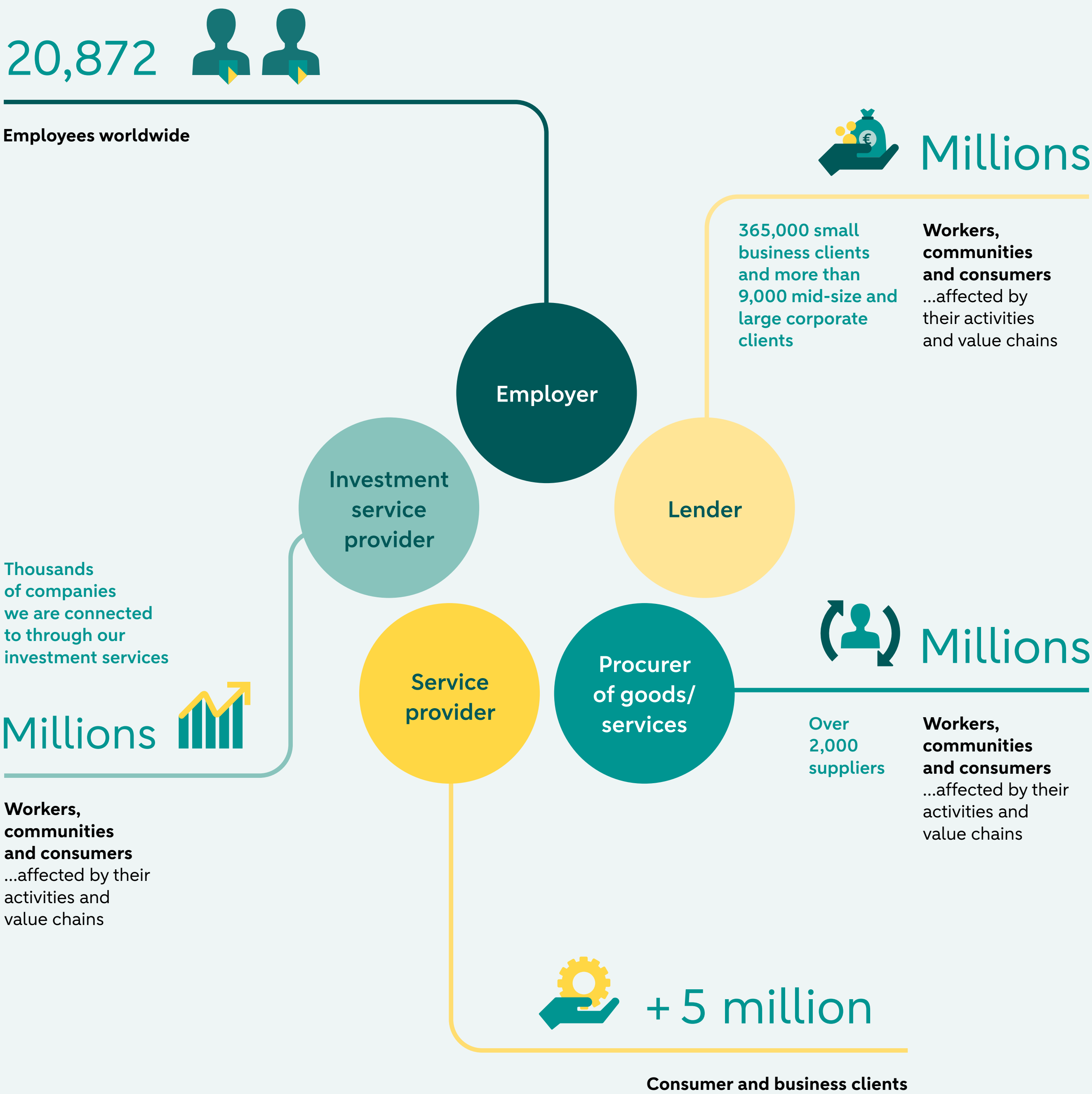
In this chapter, we will first dive into aspects of our own workforce. This will be followed by our social risk identification, monitoring and reporting process in which the social risk heatmap investigates the bank's corporate lending portfolio to identify potential social risks on a sector basis.

We will then look into addressing our impact on human rights for workers in the value chain. As a minimum, we expect businesses to undertake due diligence to avoid harming human rights and to address any adverse impacts on human rights that may be related to their activities. Finally, we aim to highlight the importance of financial inclusion for our consumers and end-users.

"The sheer scale of our bank's connections means we can have an impact on a wide range of people, from individual and family clients to employees, value chain workers and local communities."

Banking is about people

At ABN AMRO, we serve over 5 million clients whose activities and value chain connections span the globe. Through our own activities, and through the activities and value chains of our business relations, we are connected to millions more people and communities around the world.



Own workforce

To support our strategy, we need a workforce that is fit for the future and reflects our society. Our employees are therefore one of the main stakeholder groups that we distinguish when considering impacts, risk and opportunities. As part of our ESRS materiality assessment, the topic of diversity & inclusion came out as material.

The topic of development & wellbeing is also reported by employees to be important in the stakeholder engagement mechanisms we have in place, including in our contacts with trade unions, our engagement with the Employee Council and the employee surveys we conduct. Therefore, the following two topics are described in more detail in this chapter:

Diversity and Inclusion

ABN AMRO wants to ensure that everyone has the same chances to make use of opportunities available. We therefore focus extra attention on creating equal opportunities for women, people with a minority cultural or ethnic background, people with an occupational or other disability, asylum seekers who have been granted refugee status, different generations and the LGBTIQ+ community.

Development and Wellbeing

In addition to offering all kinds of development opportunities, the bank supports employees in developing new skills that they can also apply in a new role (reskilling) and in continuing to enhance existing skills (upskilling). We have also incorporated various wellbeing initiatives into our employee benefits.

As the majority of our workforce lives in the Netherlands, this will be the focus of this chapter unless stated otherwise. Most of these employees are covered by our Collective Labour Agreement (CLA), with the exception being employees appointed to a job level exceeding the CLA job levels.

Policies related to own workforce

ABN AMRO has multiple policies in place to address material impacts on its own workforce. ABN AMRO has defined HR Risk in its Risk Taxonomy. This is therefore part of ABN AMRO's Enterprise Risk Management (ERM) Framework. Overall HR Risk is defined as the risk that ABN AMRO is not able to develop, retain and attract the critical skills/talents and diverse workforce required, in line with applicable HR-related laws and regulations, to achieve our strategic objectives. HR risk includes risks relating, for example, to discrimination, employee relations, personal health and safety, remuneration and employee suitability. Together with the Code of Conduct, we also provide guidance designed to encourage employees to do the right thing, both in and outside the bank.

Most of the bank's employees in the Netherlands are covered by the ABN AMRO CLA, which applies from 1 July 2022 to 1 July 2024. The CLA enables the bank to create a safe and healthy work environment, where employees can perform their work with plenty of energy and enjoy an appropriate balance between work and relaxation. Themes such as employee development, wellbeing and hybrid ways of working continue, therefore, to play an important role in the CLA. The CLA population in the Netherlands is also covered by the ABN AMRO Social Plan, which applies from 1 January 2022 to 1 January 2025. The Social Plan sets out the arrangements applying during reorganisations, which have been agreed with the trade unions, and is only applicable if the employee becomes redundant while this Social Plan is in effect. The arrangements covered by the Social Plan include placement procedures when a reorganisation takes place and redundancy arrangements that can be applicable in situations specified in the Social Plan. The policies linked to D&I and development & wellbeing are mentioned as follows:

Linked to Diversity and Inclusion

ABN AMRO's Diversity & Inclusion policy is embedded in our HR Risk policy. The purpose of this policy is to state ABN AMRO's commitment to diversity and inclusion, including promoting equal opportunities for employees, preventing harassment and discrimination and ensuring compliance with national and local labour and employment laws.

Linked to Development and Wellbeing
The CLA contains various policies for the development of ABN AMRO employees, including tools that they can use to further their own development. Health, safety and wellbeing are addressed in ABN AMRO's HR risk policy. ABN AMRO also has a policy on inappropriate behaviour in the workplace. This outlines the guidance provided to employees confronted with inappropriate behaviour, the steps that can be taken and the responsibilities for addressing such behaviour.

Dialogue and engagement with employees
ABN AMRO has various processes in place to engage with its own workforce. These processes are generic and cover a wide range of topics considered by employees to be important. These consist of our employee councils, employee surveys and interactions with the trade unions. Regular interaction and dialogue between employees and line managers provide a way to engage with the workforce on more specific topics, such as employees' development, performance and personal circumstances.

The decision-making processes take account of the perspectives of ABN AMRO's workforce in the Netherlands through engagement with two Works Councils and the overarching Employee Council. Certain decisions directly involving employment matters that apply either to all employees or to certain groups of employees may only be taken with the Works Council's consent. Another way of engaging with employees is through the annual Employee Engagement Survey (EES) and Work Climate Survey. ABN AMRO regards employee engagement and employee satisfaction as key topics and monitors the results of the periodic engagement. Lastly, ABN AMRO believes it is important that employees are well represented in the trade unions. Our employees can choose to join a union, such as CNV Vakmensen, FNV Finance, De Unie or Our NEXT Move.

Channels for employees to raise concerns
ABN AMRO provides various channels through which employees can make their concerns and needs known. These channels, which are referred to as Speak Up channels, are:
- Inappropriate Behaviour Advisor: Employees who experience inappropriate behaviour - such as sexual or other harassment, discrimination, bullying, aggression or violence - can contact the Inappropriate Behaviour Advisor. ABN AMRO does not tolerate any behaviour of this kind.
- Integrity Advisor: If employees feel their interests are being harmed or they face difficult or unusual situations at work that they are unable to discuss with their line manager or immediate colleagues, they can contact the Integrity Advisor.
- Whistleblowing channel: It is important for employees to know that ABN AMRO provides a channel where they can disclose information about suspected irregularities that they feel unable to address within the regular reporting structure or other speak-up channels.
- Mediation Office: The Mediation Office is available to all ABN AMRO employees, managers and teams. The mediation services that it provides comprise an informal, but structured process where people work voluntarily and jointly towards achieving an optimal and sustainable solution to conflicts.
- Works Council Advisor: The Works Council is a speak-up channel consisting of around 50 colleagues who serve as council members in addition to their day-to-day work. The topics that can be discussed with the Works Council Advisor include tensions relating to a reorganisation, workload, and appreciation and experiences on the workfloor.

Our actions and approaches
ABN AMRO initiates numerous actions to prevent, mitigate and remediate negative impacts on its own workforce and to achieve positive impacts.

Linked to Diversity and Inclusion
ABN AMRO's Diversity and Inclusion (D&I) team comprises a dedicated team of six consultants with different areas of expertise (gender, culture, people with a refugee background, people with an occupational disability, LGBTIQ+). This dedicated team is responsible for the D&I strategy, policy and execution and is in close contact with internal and external stakeholders. At the Diversity Table, D&I is on the agenda every quarter. Discussions are chaired by the CEO and also attended by members of the Diversity Circles and the D&I product owner. The Diversity Table makes high-impact decisions about D&I within the bank.

Since the topics that D&I focuses on are directly rooted in society, we have chosen to work with external partners and networks, and thus actively participate in society, on almost every D&I theme. We work with a wide range of organisations on collaborations, information exchange and dialogues, and share D&I best practices and assessments with them.

Sharing knowledge and experience
To increase awareness and create mutual understanding, we actively draw attention to specific events and moments on the worldwide issue-day calendar and aim to choose the most effective ways

to get our message across. These include organising a Diversity Day to encourage employees to attend workshops, lectures and events on diversity, equality and inclusion, as well as organising and promoting events on specific D&I themes such as religious holidays and cultural traditions (Keti Koti, Ramadan etc.). We also ensure we voice our support for events such as World Refugee Day, International Women's Day and the Amsterdam Pride events.

D&I initiatives to engage focus groups

We have identified several focus groups within our workforce and have taken the following initiatives:

Women

In addition to working to achieve more female-friendly recruitment throughout the organisation, we conduct an annual investigation to see whether men and women at ABN AMRO are receiving equal remuneration. The steps we have taken include ensuring gender-sensitive job advertisements, which generate more responses from women, and arranging for job interviews to be conducted by both a man and a woman. Further details on remuneration can be found in the Remuneration chapter of the Annual Report. To monitor progress, a KPI has been introduced on Women in the Sub-Top (refer to Diversity Metrics paragraph).

People with a migration background

Our client units plan for ethnic and cultural diversity, assisted by our Cultural Task Force that consists of directors and senior managers with a minority or ethnic cultural background and who meet to develop bank-wide plans and concrete initiatives. We also have various programmes, such as cultural leadership training, to help employees with a minority ethnic or cultural background with career planning and their journey to the top of our organisation.

People with an occupational disability

As part of our B-Able programme we seek to identify suitable jobs at ABN AMRO for people with an occupational disability. This involves close cooperation with all the business lines within the bank and obtaining advice from various leading social enterprises such as Onbeperkt aan de Slag and Ctalents. In addition, ABN AMRO has joined a lobby group aimed at persuading the government to include provision for such groups in new legislation. We are also in regular dialogue with social partners such as the UWV employee insurance agency.

Neurodiversity

Our focus is on communicating the many neurodivergent traits and qualities present in our workforce so as to facilitate their recognition and overcome stigmas associated with them. Coordination and integration help us to achieve the synergy that neurodiversity offers. We also seek to stimulate and promote mutual understanding so that we can value, embrace and celebrate differences and use them to complement each other.

Identity and gender orientation

The pride employee network stands up for the interests of LGBTIQ+ colleagues and connects allies and LGBTIQ+ colleagues. Every 5 years we conduct a survey to investigate whether we are a LGBTIQ+ friendly organisation. The next survey will be in 2024.

People with a refugee background

Our Reboot programme is a special programme giving talented people with refugee status the opportunity to meet ABN AMRO managers. If a match is achieved, individuals are offered paid employment. This gives them the chance to become financially independent, which is vital if they are to build a stable future for themselves. Between 2019 and 2023, ABN AMRO helped 100 refugees to find meaningful work as part of the Reboot programme. Our target for the years to 2025 is, each year, to hire 20 people with a refugee background to perform meaningful work at the bank.

Linked to Development and Wellbeing

ABN AMRO takes various actions linked to the Development and Wellbeing of its employees. This includes giving employees the opportunity to maintain and further develop the knowledge and skills they require for their work, irrespective of their age and educational background.

The bank covers the cost of the development activities required for work. Employees are also entitled to a Personal Development Budget of EUR 1,000 each year, which is available for a maximum of three years. We also operate our Career Switch Scheme, which helps employees wanting to take their career in a new direction. In addition, we have the MyWellbeing Portal, an online portal that focuses on employees' physical, mental and socio-emotional wellbeing and that employees can use to access tools and information to support their career and development.

Targets related to own workforce

ABN AMRO's Diversity targets are currently all outcome-oriented. These targets are set for each board and for the workforce as a whole. For the diversity targets for the Executive Board and Supervisory Board, please refer to the Leadership and Governance section. For diversity targets related to the workforce, please refer to the diversity metrics in the Characteristics of own workforce paragraph below.

Characteristics of own workforce

The themes disclosed under this section are specific to the own workforce topical disclosure

Employees

Total number of employees - Global

(in FTEs)	31 December 2023	31 December 2022
Male employees	11,964	11,502
Female employees	8,865	8,536
Not reported employees	43	
Total number of employees	**20,872**	**20,038**

Total number of employees (country split)

(in FTEs)	31 December 2023	31 December 2022
The Netherlands	17,957	17,144
Australia	72	68
Belgium	369	366
Brazil	28	24
China		2
France	868	844
Germany	755	724
Greece	9	7
Hong Kong	35	41
Japan	28	24
Norway	18	15
Singapore	85	124
United Kingdom	341	330
USA	308	326
Total number of employees	**20,872**	**20,038**

Breakdown of employee contracts - Global

	31 December 2023			31 December 2022		
(headcount)	Permanent	Temporary	Total	Permanent	Temporary	Total
Male employees	11,222	1,112	12,334	10,787	1,135	11,922
Female employees	8,648	997	9,645	8,414	930	9,344
Not reported employees	19	28	47			
Total number of employees	**19,889**	**2,137**	**22,026**	**19,201**	**2,065**	**21,266**

Breakdown of workforce per employment contract- Global

	31 December 2023			31 December 2022		
(headcount)	Full-time	Part-time	Total	Full-time	Part-time	Total
Male employees	7,059	5,275	12,334	11,014	908	11,922
Female employees	5,506	4,139	9,645	6,399	2,945	9,344
Not reported employees	29	18	47			
Total number of employees	**12,594**	**9,432**	**22,026**	**17,413**	**3,853**	**21,266**

Breakdown of employees by age in the Netherlands

(in %)	31 December 2023	31 December 2022
up till 24 years	2%	1%
24 - 29 years	13%	14%
30 - 39 years	31%	29%
40 - 49 years	22%	23%
50 - 59 years	23%	24%
as from 60 years	8%	8%

Inflow & Outflow - Global

(headcount)	31 December 2023	31 December 2022
Outflow	2,113	2,301
- of which natural turnover	*1,125*	*1,477*
- of which reorganisation	*97*	*146*
- of which other	*891*	*678*
Inflow	2,243	2,749
% of open positions occupied by internal candidates	55%	61%

Investments in training

	31 December 2023	31 December 2022
Total training costs (in EUR million)	40	39
Part-time training costs as a percentage of staff costs (%)	1.58%	1.57%
Average amount spent per FTE on training and development (in EUR)	1,892	1,928

Collective bargaining coverage and social dialogue

84% of ABN AMRO's workforce is covered by the Dutch Collective Labour Agreement.

Diversity metrics

Diversity targets for Dutch workforce

ABN AMRO Bank N.V. has drawn up appropriate and ambitious targets to promote diversity. Targets have been set for four target groups or categories: gender, cultural, people with a disability and refugee status holders.
To measure progress on diversity and inclusion, the Executive Board and D&I team have set a series of ambitious, bank-wide Key Performance Indicators (KPIs) for diversity:

- At least 47% of our Extended Leadership Group should be women by 2024;
- At least 34% of our top and sub-top staff should be women by 2024;
- At least 7.1% of our top and 8.5% of our sub-top staff should be from a minority ethnic or cultural background by 2024;
- Participation of 196 colleagues with a work-related disability by 2024.
- By 2024, we will aim to hire 20 people with a refugee background each year (ABN AMRO has so far helped 100 refugees to find meaningful work as part of the Reboot programme).

The diversity targets, which apply for a period of five years, are set by the D&I department in cooperation with and approved by client units, with final approval by the Executive Board and Supervisory Board. For target-setting at subsidiaries, please see our website.[1]

Gender Diversity by job-level[1]

	31 December 2023		31 December 2022	
(in %)	Male	Female	Male	Female
7 or lower	37%	63%	36%	64%
8-9	57%	43%	56%	44%
10-11	67%	33%	67%	33%
Sub-top	69%	31%	70%	31%
Top	69%	31%	70%	30%

1 Job-levels based on Hay scale

Gender Diversity by job type

	31 December 2023	31 December 2022
Share of women in all management positions	34.9%	34.5%
Share of women in management positions in revenue-generating functions	33.5%	33.6%
Share of women in STEM-related positions	36.0%	31.9%

Adequate wages

ABN AMRO aims to award a competitive remuneration package, aligned with the relevant market. Outside the Netherlands the package consists of an annual base salary (of which the ranges differ per country), annual variable remuneration and fringe benefits. Within the Netherlands the remuneration package consists in general of an annual base salary and fringe benefits, governed by ABN AMRO's CLA Employment Conditions. Variable remuneration is awarded for specific roles or in specific situations. Remuneration levels are positioned around the median of the relevant labour market, based on benchmarking, while keeping labour costs balanced. We are committed to the principle of equal pay for equal work or work of equal value.

Health and safety

ABN AMRO is committed to providing a safe and welcoming environment by ensuring physical safety and wellbeing in the workplace. The HR department in each country must identify, evaluate and manage work-related health and safety risks. This includes ensuring an overview of absenteeism and of reports of any inappropriate behaviour, in line with local laws and regulations. Each HR department must also provide information and training programmes on health and safety to the extent required by law.

Employees in the Netherlands working from home are provided with certain equipment and benefits; any such equipment must comply with ergonomic principles. Employees and non-employees must also remedy any unsafe conditions within their control and immediately report them to the designated point of contact for the relevant subject or third-party employer.

Remuneration (pay gap and remuneration)

We periodically review the development of equal pay in our remuneration policies and practices, comparing salaries of men and women (at CLA and CLA+ level), as well as salaries of western and non-western employees. The results of our 2023 internal study in the Netherlands were published on our website on 14 November 2023 (Equal Pay Day). Further details on remuneration can be found in the Remuneration chapter of the Annual Report.

Incidents (discrimination and harassment)

A total of 7 incidents (discrimination and harassment) were reported in 2023 (handled by HR Labour Affairs).

1 Please see Diversity & Inclusion policy page for details on target-setting.

Social risk identification, monitoring and reporting

Social Risk Heatmap

As a risk identification tool, the social risk heatmap provides a structured methodology to identify human rights risks in our business environment, defined as the sectors in ABN AMRO's corporate lending portfolio. Social risk is the risk associated with an adverse human rights impact throughout the value chain of the bank and its clients. These risks may be financial risks (e.g. increased credit risk, when clients may be unable to live up to contractual obligations as a result of labour-related fines or strikes that put a financial burden on the client) and non-financial risks (e.g. risk of an adverse human rights impact with or without implications for ABN AMRO, such as reputational or legal impact). We consider human rights impact to be the main driver of social risk. Like in the other heatmaps, identification is based on the potential impact of sectors in which our clients operate. This differs from the actual impact of our clients, which may be smaller because of preventive measures taken to counter adverse human rights risks. One difference compared to the other heatmaps focusing on potential risk is that, in this case, the extent of exposure per country has been weighted in the methodology.

It should be noted that as countries protect human rights to varying degrees through their national public policy, account has been taken of the likelihood of human rights violations on a country-by-country basis.

Several indicators have been selected to determine the level of social risk in a sector. These indicators are divided into four themes: labour rights[1], land-related rights, the right to life and health and the right to privacy, freedom of opinion and expression. For each theme, several indicators were selected, based on the monetised social impact of data attributes from the Impact Institute's Global Impact Database (GID) and binary attributes of the Shift's Business Model Red Flags. We also distinguish between a sector's supply chain and own-operation impacts for labour rights and land and community rights. This is ABN AMRO's first social risk heatmap and it is used for such things as the ESRS materiality assessment. The score for labour rights was used to determine the potential impact for 'workers in the value chain', while the score for land rights informed the potential impact for 'affected communities'.

"Social risk is the risk associated with an adverse human rights impact throughout the value chain of the bank and its clients."

[1] As the labour rights indicators are highly diverse, it is difficult to add them up in a meaningful way. Therefore, labour rights were divided in two sub-topics, along the lines of the Maslow Pyramid (Basic Needs versus Psychological Needs) and the example of the ILO Labour Conventions (Core and Non-core Conventions: labour rights basic and labour rights other).

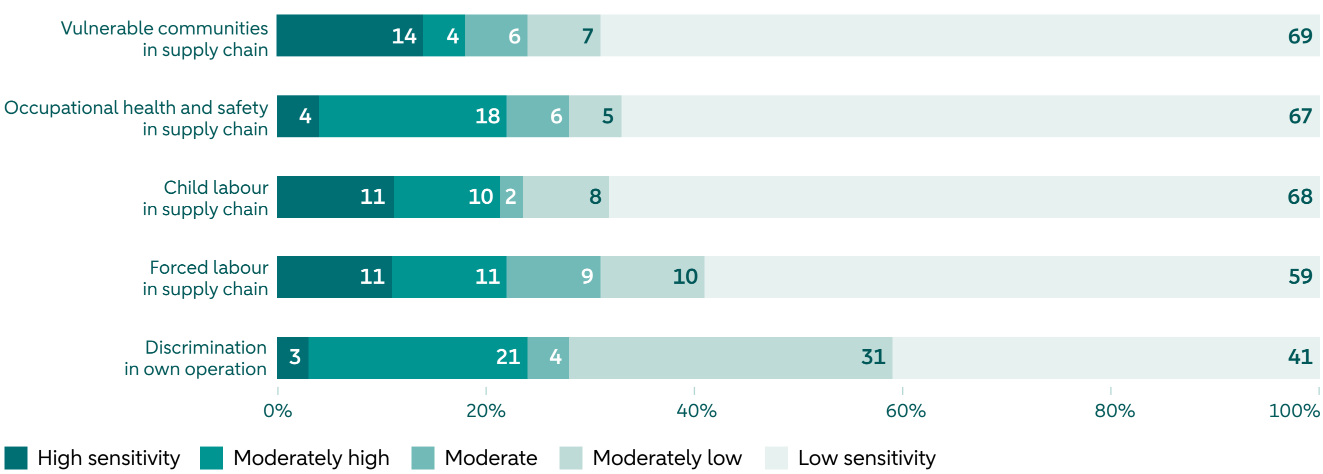
Social risk heatmap
(in millions)

Sub-sector	Labour basic	Labour other	Land & communities	Privacy	Life & health	Gross Carrying Amount[3] (EUR million)
Air transport	Moderate	Moderately high	Moderately low	Moderate	Moderately low	10
Fossil electricity production	Low sensitivity	Low sensitivity	Moderately high	Low sensitivity	Moderately low	22
Human health and social work activities	Low sensitivity	Moderately high	Low sensitivity	Moderate	Moderately low	2,788
Information service activities	Moderately low	Moderately low	Low sensitivity	Moderate	Moderately high	944
Inland freight water transport	Moderately low	Moderately low	Moderately high	Low sensitivity	Moderately low	484
Manufacture of basic metals	Moderately low	Moderate	High sensitivity	Low sensitivity	Moderately low	211
Manufacture of chemicals and chemical products	Low sensitivity	Moderately low	Moderately high	Low sensitivity	Moderately high	625
Manufacture of construction materials	Moderately low	Moderate	Moderately high	Low sensitivity	Moderately low	150
Manufacture of fabricated metal products, except machinery and equipment	Moderately low	Moderately low	Moderately high	Low sensitivity	Moderately low	706
Manufacture of other food products and beverages	Moderate	Moderately high	Moderate	Low sensitivity	Moderately low	1,143
Manufacture of prepared feeds for farm animals	Moderate	Moderately high	Moderately high	Low sensitivity	Moderately low	325
Manufacture of rubber and plastic products	Moderate	Moderate	Moderately low	Low sensitivity	Moderately high	343
Mining and Quarrying excluding fossil fuel extraction	Moderately low	Low sensitivity	Moderately high	Low sensitivity	Moderately low	165
Non-fossil electricity production	Low sensitivity	Low sensitivity	Moderately high	Low sensitivity	Moderately low	1,329
Raising of poultry and swine/pigs	Moderately high	Moderate	Moderate	Low sensitivity	Moderately low	658
Other subsectors[1]						76,882
Corporate loans[2]						**86,783**

High sensitivity · Moderately high · Moderate · Moderately low · Low sensitivity

[1] All exposures in Corporate Loans portfolio in other subsectors.
[2] Excluding loans at fair value through P&L.
[3] Gross carrying amount excludes fair value adjustments from hedge accounting.

Top 5 drivers of human rights risk in corporate loans portfolio
(in %)



The table shows that 11% of our portfolio has at least a moderately high sensitivity to one or more of the four themes of social risk. Of our portfolio, the sub-sector with the highest thematic sensitivity is manufacturing of basic metals. This high sensitivity to the theme of land and community rights is driven by the supply chain, which can be explained by its close link to mining. Mining is associated with conflicting land rights and human health effects of pollution. Overall, the themes to which our portfolio is most sensitive are other labour rights and land and community rights. For labour rights specifically, sub-sectors are more frequently sensitive to impact in the supply chain than to impact in the own operations. This is in line with the expectations for a portfolio that is geographically concentrated in Northwest Europe, but has supply chains spaning the globe. The fact that 4 of the 5 key drivers of human rights risks occur in the sub-sector's supply chain further emphasises the need for risk measurement on clients' supply chains as an important step in the risk assessment cycle. In addition, the figures highlight that sectors are more frequently sensitive to individual indicators than to general themes, and this fact informs and underlines the relevance of granular risk assessment due diligence.

Workers in the value chain

We have a responsibility to understand and address our impact on human rights. As a bank, we affect the lives of many people through our individual and business clients, whose activities and value chains can in turn impact on millions of workers, local communities and consumers in the value chain.

Respecting human rights through our business activities

As a business built around connections to people, we have an opportunity to accelerate the sustainability shift both within ABN AMRO and in our business relationships, as well as a responsibility to do business with respect for human rights and in line with international standards. Respecting human rights is key to achieving our purpose. Through our role as a procurer of goods and services via our corporate clients or as an investment services provider, we are connected to a vast range of global value chains and geographies, where business activities affect millions of workers and local community members in the value chain. It is in these latter two roles, in the terminology of the UN Guiding Principles on Business and Human Rights (UNGP), that we may contribute or be directly linked to the risk or impact rather than causing it. Contributing or being directly linked to a risk or adverse impact means we have a responsibility to take action to prevent and/or address it, including contributing to or enabling the provision of a remedy (in line with the 'cause, contribute and directly linked' concepts of the UNGP).

This year's disclosures on human rights make use of information from the stand-alone Human Rights Reports that we have published since 2016. These reports, which are published alongside the Integrated Annual Report, have been drawn up in line with the UNGP reporting framework. Our experience in human rights reporting enables us to work towards aligning with the requirements of the European Sustainability Reporting Standards (ESRS) for disclosures on value chain workers for 2023. This will be a continuous growth path in the coming years and one on which we will further develop our disclosures in line with ESRS.

In the Human Rights Reports, we report on our role as a procurer of goods and services because of the salient human rights issues identified (see below). Based on the double materiality assessment performed in 2023, the activities related to procurement have not been identified as material. However, we have chosen to include some information on salient issues regarding our role as a procurer of goods and services because we want to remain consistent with the outcomes of last year's salience assessment.

Salience assessment and identification of adverse impacts

By analysing our business operations, client portfolios and companies that we invest in on behalf of clients, we and our internal and external stakeholders seek to identify the human rights that are most salient. This means that, within the full spectrum of human rights, we focus our efforts on the most severe risks to people. While our Human Rights Reports use the concept of salience, the ESRS focus on the double materiality perspective. Our salient issues have been used as the basis for the social risk heatmap (see Social Risk Heatmap section above), which in turn has been used as a strong input for the double materiality assessment.

In 2020, we carried out a salience assessment, incorporating insights gained in the years from 2015 onwards. In 2022, we also carried out a ‘salience pulse check’ to see whether the issues identified as salient in 2020 continued to apply. Our salient issues do not tend to change significantly within short periods of time unless the context (our business environment, business model or strategic direction) changes during such periods. In between assessments, we continue to track the changing nature of salient issues by, for instance, conducting periodic reviews to account for recent developments.

Carrying out the pulse check

As a starting point for the pulse check, we used the longlist of salient issues from our 2020 salience assessment. The salient issues were found to have remained the same as in 2020, with one addition in the form of the right to privacy and freedom of expression and opinion in our role as a lender. This reflects our focus on clients in Northwest Europe, an increasing number of whom are active in the information and communication technology sector. While the strategy review we announced in 2020 focused our business on Northwest Europe, this strategic refocus did not affect the global nature of our connections as a lender and investment services provider.
One salient issue from 2020 in our role of services provider remains the difficulty in accessing basic financial services that is experienced by specific Personal & Business Banking clients, namely non-profit organisations. These clients rely on financial services, such as cash payments or humanitarian assistance, to facilitate the support they provide to help vulnerable people meet their basic needs. Many of these vulnerable people and communities may be in high-risk contexts affected by conflict or natural disasters. Non-profit organisations’ lack of access to basic financial services as a result of inappropriate derisking can have an adverse impact on the vulnerable people who depend on the support provided by these organisations.
Our 2020 list of salient issues included this issue as part of the broader category of discrimination in banking services. The pulse check found that other discrimination issues, such as client discrimination based on national origins, sex or age, were sufficiently managed, such that they are no longer salient for this report.

The process and outcomes of the salience pulse check were endorsed by the Group Sustainability Committee. The strategic refocus did not affect the global nature of our connections as a lender and investment services provider. You can find an overview of the salient issues resulting from the pulse check in 'Our Actions and Approaches' section below.

Policies related to value chain workers

Human rights at ABN AMRO are primarily governed by three comprehensive policies or statements: (i) our Human Rights Statement, (ii) our Sustainability Risk Management Framework, and (iii) our Code of Conduct. These policies, standards and procedures focus on addressing and preventing human rights risks connected to our business and help us deliver on our commitment to respect human rights.

Human Rights Statement

Our Human Rights Statement, first developed in 2012 and updated in 2020, sets out what we expect from ourselves and our business relationships when it comes to respecting human rights. It details how we identify salient human rights issues and our governance of human rights. It describes how we implement this commitment in line with international standards, including the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and in line with our overall purpose of 'Banking for better, for generations to come'. Our Human Rights Statement is part of the bank’s Sustainability Risk Management Framework.

Sustainability Risk Management Framework

Our Sustainability Risk Management Framework covers inside-out and outside-in risks for value chain workers and affected communities. Our Sustainability Standard with Sector Requirements includes minimum requirements for our clients on human rights, while our Sustainability Risk Standard for Defence includes a clear definition of the human rights issues it aims to mitigate. These issues contribute to oppression and other abuses of human rights, international or regional instability, internal armed conflict, civilian causalities, local corruption or terrorism. For more information, please refer to the Sustainability risk management framework section in the Risk chapter.

Code of Conduct/Supplier Code of Conduct

Our Code of Conduct sets out the guiding principles behind our values and the behaviour of everyone who plays a role at or within the ABN AMRO Group, including employees, managers, executives and Supervisory Board members. In our role as a procurer of goods and services, our Supplier Code of Conduct and our International Framework Agreement (IFA) are two important policies that set out what we expect of our suppliers with regard to respecting the labour rights of their workers. In the past few years, we have conducted a review of our Supplier Code of Conduct with a view to bringing it in line with the due diligence process set out in the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the UNGP, as well as with our existing commitments and policies on human rights. This update is designed to help ensure that we consistently consider sustainability and ethics (including human rights risks and impacts) when doing business with our suppliers.

Our policy approach to address derisking

As a salient issue, we identified the fact that derisking can cause certain civil society organisations to have difficulty in accessing financial services. As a result, vulnerable people who rely on support from these organisations may be unable to meet their basic needs. When deciding whether to provide new or existing clients with financial products and services, we are required by law to address Anti-Money Laundering and Counter-terrorism Financing (AML/CFT) concerns. At ABN AMRO, we use our AML/CFT policy framework to ensure that we comply with these regulations. Several individual policies (such as the Client Acceptance and Anti-Money Laundering policy and the Global Standards) help us determine a client's potential risk of financial crime. We review these policies annually. We do not currently have a dedicated policy regarding the specific issues of derisking and the resultant inability to meet basic needs. Our existing policy frameworks are designed to prevent existing clients from being inappropriately denied access to our financial services.

In September 2022, the Dutch banking regulator (DNB) published the report 'Van herstel naar balans' (From recovery to balance) in response to signs of the undesirable effects of derisking. The results prompted the establishing of round-table meetings to discuss the risk-based approach, as well as discussions between banks and sectors experiencing difficulties in accessing payment systems. The Dutch Banking Association (NVB) arranged a series of working sessions so that the sector, banks and DNB could exchange information and gain a better understanding of each other's issues and improvements. The result of this cooperation is the set of NVB industry baselines. We are incorporating the baseline for non-profit organisations and the baseline for sex workers into our existing AML/CFT policy framework. These industry baselines set out clear principles for the risk-based approach and for interpreting the open norms in the Dutch Anti-Money Laundering legislation and Wwft regulations in banks' Client Due Diligence (CDD) processes. To emphasise the policy changes on derisking, separate knowledge sessions are being organised for KYC analysts; these sessions will also be attended by experts from the respective sectors.

Dialogue and engagement

As part of our human rights commitment, we strive to hear from and engage with potentially affected people (or their legitimate representatives). However, as a financial institution, we are often separated by several degrees from affected people, both in our role as a lender and as a provider of investment services. This is of influence when we seek engagement with value chain workers or affected communities about potentially adverse human rights impacts. We therefore seek to approach these groups in multiple ways:

- We engage with credible proxies, such as civil society organisations. This engagement with credible proxies is used to inform our risk assessment of regions, sectors or clients. Occasionally, these credible proxies also bring allegations of human rights violations by our clients to our attention, or allegations about human rights violations regarding value chain workers or affected communities.
- We also engage with our corporate clients and companies in our investment universe (rather than with value chain workers or affected communities directly) If clients do not meet the standards listed in our Sustainability Risk Standards along with the sector requirements, or if we identify other human rights risks that are not specifically addressed, we will engage in dialogue with the client to bring about improvements.

Engagement in our role as a lender

Our engagement activities can range from regular inquiries with clients on the progress of their human rights commitments to high-intensity engagement, which is a time-bound formalised trajectory in which we define expected improvements in clients' human rights risk management. Please see the Sustainability Risk chapter for more information about our engagement processes and initiatives. Our understanding of how banks can build and apply leverage continues to evolve. We aim to affect positive change in our clients' ability and willingness to respect human rights, and to encourage continuous improvement. An example of our engagement:

Engagement in the solar panel industry

ABN AMRO strives to be an inclusive bank and one that works with clients to help them in their sustainability transition. This was the background to ABN AMRO's thematic engagement with clients on the topic of serious forced labour allegations in the solar panel supply chain in 2023. Our Intelligence-Led Financial Crime team identified clients linked to these allegations, based on transaction data, and distinguished clients based on whether these transactions directly involved companies named in public reporting on this issue or were transactions with intermediary parties. In the case of the directly involved clients, ABN AMRO worked to engage in one-on-one conversations with the clients, while indirectly involved clients (a much larger group) were invited to join an online webinar. In addition to being informed about the issue and impending legal risks based on upcoming legislation, clients were encouraged to work on mitigating these risks. However, and despite best efforts, the impact of our engagement activities remained difficult to identify due to the challenging market circumstances and limited alternatives.

Addressing civic space restrictions

While it is often possible to engage with affected stakeholders or credible proxies in open societies, the civic space in many countries around the world is restricted. People living in these countries consequently experience restrictions on their ability to organise, anticipate and communicate freely when seeking to claim their rights and influence the political and social structures around them.[1] Not only do civic space restrictions limit our ability to identify reliable information on the human rights context in certain countries, but they also have many other detrimental effects on human rights. In 2022 and 2023 we engaged with financial institutions and financial information service providers, as well as with representatives from civil society, and held regular online discussions in which we heard from a range of issue experts and civil society representatives on how civic space restrictions affect risk information in specific geographies. In April 2023, we published a summary of the findings and insights in a public paper, including key insights and early ideas about potential action that financial sector organisations could take to strengthen human rights risk assessments in places where the civic space is restricted.

[1] Definition from Civicus.

Engagement in our role as an investment services provider

When it comes to hearing the perspectives of potentially affected people, we engage with businesses in our investment universe regarding their own stakeholder engagement. We also have regular discussions with civil society organisations about human rights risks we are connected to through our investment services.

Engagement partners

Most of our engagement with businesses in our investment universe is carried out by our engagement partners, such as EOS at Federated Hermes (EOS), or by our ABN AMRO Investment Solutions subsidiary. We also engage through the Platform Living Wage Financials. In January 2021, we entered into a partnership with EOS to scale up our engagement with businesses in our investment universe. The engagement activities focus on ESG issues, including human rights. During the reporting period, our partnership with EOS helped us to expand the scope of our due diligence so that we now have more insights into when businesses in our investment universe are associated with severe impacts on human rights. As a client, we can request EOS to engage with investees on specific issues or areas for improvement ('engagement objectives') broadly related to sustainability and including human rights and our salient issues.

Applying our leverage in the athletic footwear and apparel sector

In 2023, ABN AMRO played a leading role in organising a group of investors to urge a major athletic footwear and apparel corporation to ensure Access to Remedy for some 4,500 workers in its supply chain. During the Covid-19 lockdowns, many factories closed, some permanently, with the result that workers were left without wages and/or compensation. This also happened in two factories linked to an important supplier for this company. More than sixty investors, including ABN AMRO and representing well over USD 4 trillion in assets under management, signed an investor letter urging the corporation to ensure that these workers received the wages and/or compensation owed to them. Investors also reached out to the company individually. ABN AMRO's involvement in this engagement is part of a wider focus on the topic of Access to Remedy, an important pillar for ensuring such people are remedied for negative impacts caused by businesses.

Engagement in our role as a procurer of goods and services

In our role as a procurer of goods and services, we are not as separated from potentially affected people as in other roles. The International Framework Agreement (IFA) that we signed with the Dutch FNV trade union federation and the UNI Global Union sets out our commitment and that of our suppliers to respecting labour rights for our employees, including their right not to face discrimination or harassment at work. The IFA Monitoring Committee, which includes representatives of ABN AMRO and the trade unions, is a forum for ABN AMRO to update union representatives about our work to adhere to the IFA, but may also be used by the trade unions to inform us about the specific perspectives of or impacts on our own employees or workers in our supply chain.

Mitigating derisking; Online portal providing guidance to non-profit organisations

In 2022, we took steps to proactively provide non-profit organisations with information on avoiding the risk of inappropriate derisking. Together with the Human Security Collective, the Netherlands Fundraising Regulator (CBF), the Dutch gender platform WO=MEN and Partin, we set up an online portal offering non-profit organisations guidance on the information their bank will require from them if they are to comply with AML/CFT regulations. This aims to ease the Know Your Client (KYC) process and avoid inappropriate derisking due to information gaps. The portal also informs non-profit organisations about how banks conduct AML/CFT risk assessments and helps them to consider measures they may need to put in place to mitigate those risks. While use of the resource is no guarantee that a non-profit organisation will be accepted as a client, the establishment and use of this information resource are viewed both by the Dutch banking regulator DNB and by the UN Special RapportEUR on the Rights to Freedom of Peaceful Assembly and of Association as good practice in seeking to prevent inappropriate derisking.

Access to remedy

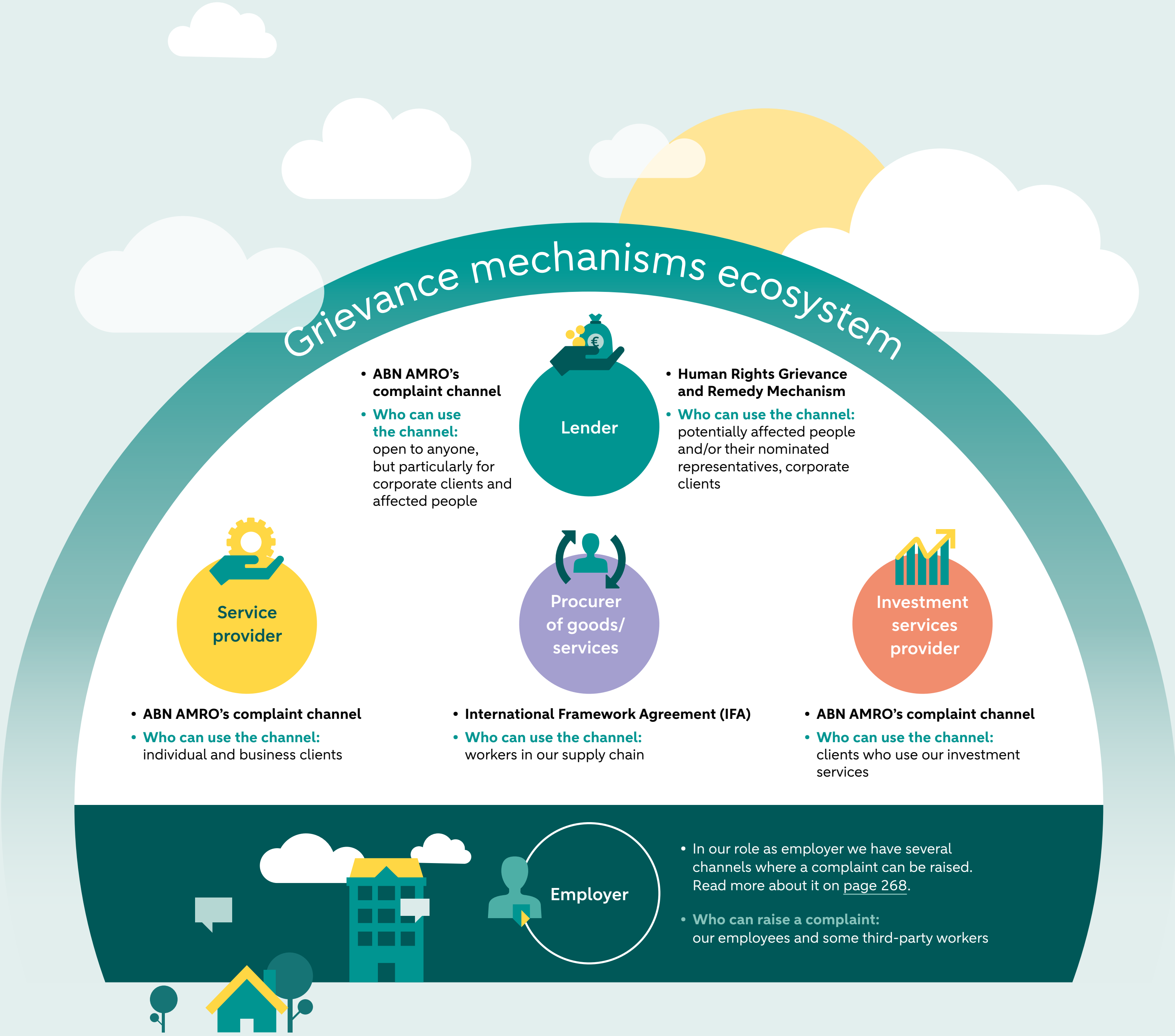
During the reporting period, we built on the systems we have in place to enable access to remedy for people negatively affected by our actions or those of our business relationships. In recent years we have been working to develop ABN AMRO's Human Rights Grievance and Remedy Mechanism so as to facilitate access to remedies for people negatively affected by our corporate clients.

Based on intensive external and internal stakeholder management, we have developed a model for how the mechanism could work to bring the relevant parties (corporate clients, affected people and/or the bank) together for dialogue facilitated and mediated by a neutral expert and with the aim of enabling the parties to reach an understanding or agreement.

In November 2023, our Group Sustainability Committee agreed on the procedure for the mechanism and decided to start preparing for the pilot phase. Once the practical measures for the pilot phase are in place, the mechanism will be submitted to our Executive Board for final approval. We aim to start the pilot phase in 2024. During this phase, which will last at least one year and may be extended to two years, the mechanism will be evaluated to assess aspects such as eligibility criteria and the mechanism's broader functioning (in accordance with the UNGP effectiveness criteria of being legitimate, accessible, predictable, equitable,

Working to enable 'Access to remedy'

ABN AMRO is committed to meet the expectations set by the UNGPS. We know that people can experience adverse human rights impacts in connection to our activities. In each of our five roles, there are mechanisms in place for potentially affected people to turn to. This ecosystem explains the different grievance mechanisms and speak up channels per role and defines who could raise a complaint through the mechanisms.



transparent, rights-compatible, a source of continuous learning, and based on dialogue and engagement). In relation to our suppliers, potentially affected people can also access other grievance mechanisms, including the International Framework Agreement. We are also considering the possibility, over time, of extending the mechanism to people negatively affected by our suppliers.

Our approach to addressing human rights matters

In line with the salience assessment and pulse check described earlier, we have listed the salient human rights issues for our role as a lender, as an investment services provider and as a procurer of goods and services. In doing so, we have followed the UNGP Reporting Framework implementation guidance. The salience assessment also focused on our role as a service provider.

Through our internal reporting, we track the degree to which we are managing these salient human rights risks. These quarterly reports feed into the bank's key risk indicators (KRI) on Human Rights. The outcomes of the quarterly KRI assessment may inform the bank's strategy in terms of respecting human rights and living up to our UNGP commitments.

Service provider

- Salient issues in our role as a service provider: inability to meet basic needs, exacerbated by lack of access to financial services (caused by derisking)
- Who could be affected: people who rely on support from non-profit organisations to meet their basic needs in cases where those organisations cannot access financial services to support affected people (such as cash payments, humanitarian assistance, etc.)
- Who could cause impacts: ABN AMRO
- In most cases, ABN AMRO could cause or contribute to adverse impacts (in line with the 'cause, contribute and directly linked' concepts in the UNGP)

Lender

- Salient issues in our role as a lender: labour rights, land-related human rights, right to life and health, and the right to privacy, freedom of opinion and expression
- Who could be affected: workers, consumers and communities connected to our corporate clients' operations and/or value chains
- Who could cause impacts: our corporate clients and/ or their business relationships
- In most cases, ABN AMRO could be directly linked to adverse impacts (in line with the 'cause, contribute and directly linked' concepts in the UNGP)

Investment services provider

- Salient issues in our role as a service provider: in our role as an investment services provider: labour rights, land-related human rights, right to life and health, and the right to privacy, freedom of opinion and expression[1]
- Who could be affected: workers, consumers and communities connected to the operations and/or value chains of businesses in our investment universe
- Who could cause impacts: businesses in our investment universe
- In most cases, ABN AMRO could be directly linked to adverse impacts (in line with the 'cause, contribute and directly linked' concepts in the UNGP)

Procurer of goods and services

- Salient issues in our role as a procurer of goods and services: labour rights
- Who could be affected: workers in our supply chain (including goods and services)
- Who could cause impacts: suppliers in our supply chain
- In most cases, ABN AMRO could be contributing to or directly linked to adverse impacts

While we acknowledge that the salient assessment has taken account of other stakeholders (such as consumers of our corporate clients who may be affected by certain adverse impacts related to our salient issues), this chapter focuses on the impacts related to value chain workers and affected communities.

In our role as a lender and investment services provider, the measures we take to prevent and address human rights impacts connected to the bank are primarily through dialogue and engagement with our business relations (as described in the above section on engagement). In addition, we have taken various action to address adverse human rights impacts for value chain workers and affected communities in the case of the salient issues identified. This action includes case-by-case reviews and an engagement approach to derisking, as explained further on:

[1] This right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers. (Universal Declaration of Human Rights).

Case-by-case reviews
Prospective clients found to constitute a high risk may be considered for derisking, meaning we would decline to provide them with financial products or services due to risks related to money laundering and terrorism financing. As with any risk-based decision, however, it is possible that the risk framework may be incorrectly applied, resulting in inappropriate derisking. This can happen, for example, in the case of current or potential clients operating in high-risk geographies, such as non-profit organisations that provide critical support in helping vulnerable people to meet their basic needs. To help prevent inappropriate derisking, our Client Acceptance Committee considers the details of decisions on a case-by-case basis. Where there are concerns that non-profit organisations may be inappropriately derisked, relationship managers from our Institutions & Charities department, as well as Personal & Business Banking, assist the Committee in identifying human rights impacts that could result from a potential derisking decision. A multidisciplinary team of human rights experts, AML/CFT experts and relationship managers is alerted if we receive signals that a non-profit organisation may be or may have been inappropriately derisked.

Engagement approach to derisking
In 2023, we organised a training session on derisking and financial exclusion for DFC (Detecting Financial Crime) staff. This session was facilitated by CBF (Stichting Centraal Bureau Fondsenwerving), experts on integrity in the non-profit sector. The CBF presentation enabled KYC analysts to make more realistic assessments of the risk level of non-profits and to gain an increased understanding of the sector. We are also arranging a similar training session to examine derisking in requests for business bank accounts by sex workers, with a role in this for representatives of workers in this sector.

Tracking performance
Whether our actions lead to better outcomes for people is not always easy to determine. When it comes to the effectiveness of action we take to prevent and address salient issues, we continue to face the inherent challenge of establishing meaningful performance metrics. Our 2022 Human Rights Report included an overview of indicators for these issues, but these do not include concrete targets related to impacts, risks and opportunities for value chain workers or affected communities.

Consumers and end-users

The focus in Consumers and end-users is on private individuals using our products and services. ABN AMRO is one of the largest retail banks in the Netherlands and serves these clients through our Personal & Business Banking client unit. Within Consumer Clients we serve almost four million financial households, including a very diverse group of customers ranging from children to older people and from students to expatriates.

In line with our strategy of being ‘a personal bank in the digital age’, we have to be aware of our clients’ financial needs, offer them understandable products and be conscious of how we handle their data and information. This chapter focuses on our efforts to ensure financial inclusion for clients, which is in line with the material ESRS sub-topic of ‘Social inclusion’. We have not yet included full disclosure for the sub-topics of ‘Information-related impacts’ and ‘Personal safety of consumers and/or end-users’, but aim to include a more comprehensive discussion of all material sub-topics in future annual reports.

As evidence of ABN AMRO's commitment to ensuring financial inclusion and equal access to financial services, three departments within Consumer Clients – Financial Care, Financial Health and Inclusive Banking – focus specifically on these aspects.

Impact on our consumers
More and more attention is being paid to financial inclusion and accessibility as we are increasingly aware that certain groups in society need more help with banking, whether because they are vulnerable or otherwise. ABN AMRO has identified several groups of such customers, including customers lacking digital skills, with low literacy or who are visually or hearing impaired. This is further supported by DNB research distinguishing 11 different groups that could have difficulty in accessing the financial system. Lack of knowledge about such clients can mean we potentially miss opportunities to offer them the products and services that suit them best.

"In line with our strategy, we have to be aware of our clients' financial needs."

According to research conducted in our own report with McKinsey, women generally have less access to financial resources than men.[1] We also serve a wide range of clients from different cultural or religious backgrounds. Failure to focus sufficiently on the different wishes and needs of these clients can lead to some groups not feeling engaged.

In addition to financial inclusion, we have a responsibility to protect customer data. Clients, employees and other individuals whose personal data we process trust ABN AMRO with their personal data. Proper treatment of personal information consequently contributes to maintaining the trust of individuals and society in the bank.

Policies related to consumers and end-users

ABN AMRO has policies in place to guide our employees in offering the right products and services to clients. These include our client centricity principles and our policy on product approval and review.

Client centricity principles

To provide more direction on how we as a bank want to deal with our customers and their interests, we use six bank-wide client centricity principles. These principles, which provide a compass for taking customers' interests into account when making decisions and choices, range from properly understanding the needs, characteristics and behavior of customers to establishing that products and services are suitable and useful, and ensuring that customers can understand them. By applying these principles in our day-to-day work, we feel a responsibility to do the right thing for our clients.

Product approval and review policy

ABN AMRO's product approval and review policy ensures that product and services we offer are in the best interests of our clients and are offered to a defined target market, as well as considering all the risks of relevance for clients, the bank and external stakeholders.

Personal data policy

Complying with the relevant privacy legislation and ensuring that all staff (employees, temporary staff, trainees, contractors and consultants) understand its impact and importance are prerequisites for handling personal data properly. Our personal data policy details the minimum rules to be observed when we process customers' personal data, as well as the principles and requirements to be met throughout the lifecycle of processing personal data, from collection to erasure.

Engaging with consumers and end-users

The following procedures are currently in place for engaging with consumers and end users, alongside our regular interactions with clients in our day-to-day business processes:

Stakeholder engagement

We maintain close contact with interest groups and other experts and engage with stakeholders in various ways, including regular meetings with certain stakeholders. In 2023, for example, we engaged with groups such as the Dutch Eye Association, NOOM and IederIn. Additionally, some of our engagement initiatives are specifically aimed at elderly clients, including organisations for senior citizens such as KBO-PCOB and ANBO, for whom we arrange an annual webinar, a quarterly relationship meeting and an annual meeting together with Executive Board members of ABN AMRO. We also engage with elderly clients via weekly calls arranged at pilot banking contact points.

Complaints procedure

Under ABN AMRO's official complaints procedure, clients can submit complaints via the website, use our online chat facility or call us via the app. They receive a response within five days. This includes the name of the expert handling the complaint, the date the client will receive a response from the expert and the number to call if they have any questions. If clients do not receive a response within eight weeks after submitting their complaint, they can contact Kifid, the Dutch Institute for Financial Complaints. Clients who do not accept the solution proposed by the bank can request a reassessment. If the Complaints Management department decides not to reassess the complaint, the client can take the matter to Kifid. Complaints are also received directly from Customer Care and, if necessary or applicable, can be passed on to the second line of financial care coaches, who will follow up the matter with the client.

Our actions and approaches

In line with our strategy, ABN AMRO is committed to ensuring financial inclusion and equal access to financial services, as evidenced by the three departments – Financial Care, Financial Health and Inclusive Banking – actively working to achieve this.

[1] Please see our own report with McKinsey Het belang van inclusiviteit in financiële dienstverlening - ABN AMRO abnamro.nl/nl/zakelijk/insights/het-belang-van-inclusiviteit-in-financiele-dienstverlening.html

Promoting financial care

The Financial Care department works on solutions on a daily basis to support clients who need extra help with their banking. The department currently consists of 100 coaches and is still growing. There are various ways in which these coaches can help customers who have little experience of digital banking or need other help. These include using virtual banking or our special telephone line or, where necessary, visiting clients at home.
Some examples of actions taken during the past year:

- Together with over 100 financial care coaches, ABN AMRO held more than 100,000 client meetings (webex, webinars, calls and face-to-face meetings) to help clients who need more assistance and guidance to handle their finances.
- The four largest banks in the Netherlands, the Dutch Banking Association (NVB) and the Dutch Payments Association met during the year to sign the Digital Society Alliance's Digital Inclusion Manifesto. In this manifesto they agreed to five essential building blocks: prioritising the right people, offering sufficient access to technology, building a strong support network, giving people the skills and awareness to participate, and advocating the importance of digital inclusion.
- Banks worked together to pilot a bank contact point in several libraries in the Netherlands.
- The digital helpline handled questions about online banking and electronic payments throughout the year. To answer such questions even better, the helpline has now formed a close partnership with banks, the NVB and the Dutch Payments Association with the aim of exchanging experience and insights so that people lacking digital skills can receive expert and safe assistance.

Promoting financial health

Our goal is to help customers achieve a financially healthy existence now and in the future, in line with our purpose of 'Banking for better, for generations to come'. Since financial vulnerability is a major social problem, we are taking steps to adapt our services to help clients who need extra assistance with regard to their financial health. Our Financial Health department focuses on:

- Budget coaching aimed at creating more insight and overview of clients' finances so as to achieve positive growth in their net disposable income and a financially healthier position.
- Debt relief advice aimed at creating a financially healthier position by providing objective product-based solutions. This service is available to all customers with consumer credit. The most important solutions offered involve converting repayment forms, consolidating debts and requesting debt discharges.
- Financial Health also aims to inform and educate customers. By organising information meetings and webinars and creating targeted online content (internal and external), we aim to increase our online footprint and thus to improve accessibility and scalability across society.

Promoting inclusive banking

Women are the biggest underserved group in finance, as shown in 'The value of inclusivity in banking' report (ABN AMRO, McKinsey 2021). As the identified barriers show, some groups of women in the Netherlands are particularly vulnerable and have less than optimal access to financial expertise, knowledge and funding.

Based on these insights, ABN AMRO set up an inclusive banking team in 2021 for interventions across the bank that were designed to reduce these barriers and improve the financial opportunities for female clients and society as a whole.

Initiatives undertaken by our Inclusive Banking team in the past year included:

- The Learning Journey: This course was developed by ABN AMRO to train our staff not only to become aware of their own gender bias but also of how to achieve changes in behaviour and attitudes so as to enhance understanding and ensure an inclusive customer service.
- Investment bootcamps for female clients/non-clients, for which 1,700 people signed up.
- Inclusive communications: to align with the needs and preferences of women who felt misrepresented in our tone of voice and visuals, we developed inclusive communication guidelines and a new image gallery and made modifications to our website. All our content creators have now been trained to use the guidelines, and inclusivity has been incorporated into our onboarding programme for new colleagues.
- Women Entrepreneurs Community: We set up an entrepreneurs community to connect female entrepreneurs in the Netherland and address specific barriers they face, such as lack of role models, personal contacts and advisor support. During the year, we organised 15 events through this community.
- Code-V: Inspired by the successful UK Investing in Women Code, ABN AMRO set up a public/private partnership with 64 parties. This partnership, Code-V, aims to accelerate female entrepreneurship in the Netherlands.
- We conducted research on multicultural clients' wishes and needs for banking products and services.

Business conduct

Good corporate governance is key to successfully delivering on our purpose and strategy. Our culture, based on our core values, is a crucial enabler for our strategy and guides the decisions we make every day, as well as the interactions we have with internal and external stakeholders, including clients, suppliers, shareholders and society at large.

ABN AMRO is subject to strict regulatory requirements, at both national and international level. These requirements are transposed into internal policies for which mechanisms are in place to monitor operational effectiveness and compliance. These mechanisms enhance risk awareness and effective risk management, fostering a culture of integrity.

Through our materiality assessment of business conduct topics, we have identified our activities relating to downstream bribery and corruption and, as such, to anti-money laundering as material. We are aware that our role as a bank requires us to remain vigilant in order to safeguard the integrity of the banking system. There are also other topics on which we will disclose information voluntarily in order to meet our commitments and to comply with existing NFRD regulations and rating agencies' requests.

We seek to ensure an open and safe working environment in which employees are encouraged to raise concerns and dilemmas. Stimulating a working environment in which this is possible positively contributes to the execution of our strategy and makes it more likely that possible violations, in terms of conduct and behaviour, are identified at an early stage. We stimulate employees to speak up if they know of risks or behaviours that may violate our principles or standards and encourage them to communicate dilemmas that may interfere with their work. We understand that monitoring, addressing and tackling bribery and corruption are essential to our role as a gatekeeper of the financial system and attach high priority to these issues. We believe it is important to be transparent about our lobbying activities, even though they are limited. Lastly, as a company that engages with many different suppliers, we understand the importance of helping suppliers to become more sustainable and align with our own goals and values.

Anti-money laundering

As a gatekeeper to the financial system, ABN AMRO takes its moral and legal responsibilities to combat financial crime very seriously.

Money laundering and the related predicate crimes like fraud, tax crimes, corruption and human trafficking have a significant impact on society and the communities in which we operate.

In line with building a bank that is fit for the future, we have designed and implemented a control framework that detects and reports unusual transactions and activities to the public authorities. This is outlined in the Client Acceptance and Anti-Money Laundering (CAAML) Policy, and supported by other policies such as our Code of Conduct, our Sanctions Policy, our Anti-Bribery and Corruption Policy and our Tax Policy. By implementing these policies, we strengthen our commitment to adhering to our legal and regulatory obligations, adopting industry best practices and fostering a positive culture to mitigate and manage financial crime risk.

We base our organisation in this respect on the principle of three lines of defence against risks, which assigns responsibility for owning, managing, challenging, monitoring and reporting of risks. Supporting and overseeing the CAAML policy are our Supervisory Board, Executive Board and the Chief AML/CFT Officer, who reports to the Chief Compliance Officer. The CAAML policy applies to ABN AMRO and its subsidiaries, both inside and outside the Netherlands, and covers all locations, roles and seniority levels. In the Netherlands, this policy can specifically be linked to the Prevention of Money Laundering and Terrorist Financing Act ('Wwft') and the Financial Supervision Act ('Wft'). It is also intended to comply with international standards including the Financial Action Task Force ('FATF') and the Basel Committee on Banking Supervision.

The controls and measures described in the CAAML policy must be adhered to in order to protect the integrity of the bank, fulfil our gatekeeper role and meet regulatory requirements. To make this happen, ABN AMRO Bank established the Detecting Financial Crime unit in 2019; this is currently part of the Central Operations Organisation. Together with the client units, subsidiaries and countries, DFC is responsible for implementing the relevant policies into effective and efficient processes and systems. We also require our staff to understand their role in preventing money laundering and combating the financing of terrorism, as well as to know what to do if they encounter a situation not in line with the policy, and the steps to take from there.

We are continuing to enhance our internal processes as systems contributing to the prevention of financial crime. This is also in line with the settlement agreed in April 2021 with the Netherlands Public Prosecution Service. We are currently validating the AML client file remediation while also continuing to increase the effectiveness of our measures and to achieve an adequate and sustainable level that meets regulatory requirements. We are in a continuous dialogue with the Dutch Central Bank, which is regularly informed of and is closely monitoring our progress.

Corporate culture

We deliver on our strategy by adhering to our Code of Conduct and our core values of care, courage and collaboration. These values guide us in our interactions with clients and colleagues, as well as in the choices and actions we take.

In discussions about complex issues, our core values play an important role in determining the right thing to do. Our Code of Conduct also sets out the guiding principles behind our behaviour.

Through our internal learning platform, we create awareness on topics included in the Code of Conduct. Our employees are required to confirm their adherence to the Code annually, while we are also intensifying our monitoring of compliance with the Code. In many situations, there are clear courses of action, including complying with laws and regulations and preventing bribery and corruption, fraud and money laundering.

In other situations, we seek to ensure an open and safe working environment in which employees are encouraged to raise concerns and dilemmas and to speak out if they know of risks or behaviours that may violate our principles or standards, while keeping the rules at the forefront.

We also take action to foster and evaluate our way of working. We monitor and steer on organisation and employee behaviour through behavioural risk management. Surveys and dashboards have been developed so that the results can be acted upon, resulting in trainings and interventions.

Culture Change Programme
In 2022 ABN AMRO launched an organisation-wide culture change programme focused on driving a change in culture that would enable further strengthening of execution power, sound risk-taking and entrepreneurship within the organisation, based on our core values of care, courage and collaboration. This programme was finetuned in 2023 to include further organisation-wide initiatives designed to drive culture change and deliver on ABN AMRO's purpose and strategy. These initiatives focus on embedding the desired culture in the way of working and on continuous dialogues driven by reflection on behaviour, the impact of which is measured through qualitative and quantitative insights, including the outcomes of the annual Employee Engagement Survey. In 2023, we also organised a series of Engagement Circles to facilitate dialogue between senior leadership and employees across the organisation on topics related to employee engagement. Our Ethics Committee, chaired by our CEO, and speak-up channels are also in place in order to create and maintain a culture where a voice is given to values and risks and possible issues can be signalled.

Protection of whistleblowers
Employees can discuss concerns with their manager or report any suspicions through various speak-up channels, such as the bank's whistleblower channel.

Various speak-up training modules have been developed for different target groups. These modules focus on explaining what these speak-up channels are, why they are important, and why they underline everyone's role in creating an open and safe working environment. Various other training modules focus on ethics and behaviour and the importance of recognising and having a constructive dialogue about ethical dilemmas. These modules are available to all employees. The whistleblowing channel is open to staff, as well as to external parties. Within the bank, a designated team is in place to receive and handle whistleblowing reports. This team is professionally trained and comprises a mix of gender, age and cultural backgrounds.

The whistleblowing team is obliged to treat information confidentially and with utmost care. The identity of the reporter and other details of the report are protected through all stages of the investigation process. A reporter wanting to remain anonymous can file a report using our online whistleblower tool.

Reporters who file a report under the whistleblowing policy are protected from any retaliation. Details of the bank's whistleblowing procedure are outlined in ABN AMRO's whistleblowing policy, an extract of which is published on abnamro.com.

Bribery and corruption

Like other banks, ABN AMRO plays an important role as a gatekeeper in helping to protect the wider financial system against crime and fraud.

To do this, we look to improve internal policies, processes and controls and ensure we comply with regulations and minimise risks for the bank and its stakeholders.

Combating bribery and corruption
Corruption undermines fair business, hampers trade and reduces investor confidence and may also affect economic growth and stability. Our responsibility is to conduct business free of bribery and corruption. To this end, we have various procedures in place to prevent, detect and address allegations or potential cases of internal and external corruption and bribery.

For example, we monitor bribery and corruption risks annually through Systematic Integrity Risk Analysis (SIRA) and have an Anti-Bribery and Corruption Policy ('ABC Policy'). This ABC Policy defines the bank's framework for managing corruption risks from a client integrity, an employee and organisation and a third-party integrity perspective. In addition, other policies, such as our Gifts Policy, Conflicts of Interest Policy, Code of Conduct and our Inducements Policy, address corruption risks with respect to gifts and hospitality, hiring, and charitable and political donations.

The bank applies pre-employment screening to investigate and establish the integrity of all staff to the extent relevant and applicable for the position in question. ABN AMRO helps its employees to detect and address bribery and corruption through ABC courses and continuous learning via Sharp! This training is compulsory for at-risk functions. These courses train employees to recognise warning signs and to report all bribery and corruption incidents, both actual and suspected. Employees are also offered guidance to assess and register gifts, both given and received, in a professional and transparent way. We encourage staff and external parties to speak up and report any internal or external violation of the bank's ABC Policy. All employees are also obliged to sign and follow the Code of Conduct, which sets out basic values in the context of local legislation and practices.

Awareness training on anti-bribery and corruption 2023

		Staff in at-risk functions	All staff
Training coverage		71.0%[1]	96.4%
Delivery method and duration		3 hour interactive online classroom training	1 hour e-learning
Frequency		Every 3 years	Every 3 years
Topics addressed	**Definition**	Yes	Yes
	Policy	Yes	Yes
	Procedures on suspicion/detection	Yes	Yes

[1] This percentage demonstrates the coverage on December 2023. Since the training is due every three years, it may not always be possible to provide training within the year, resulting in fluctuating percentages throughout the year.

We report any violation of the ABC policy by staff or third parties, and any suspicions of bribery and corruption related to our clients, both internally and to the relevant regulatory bodies. An unacceptable risk of corruption may lead to a prospective client or third party being rejected or, in the case of existing relationships, to the relationship being terminated. No internal breaches of the ABC policy were identified during the reporting period.

Internal violations of our ABC Policy are investigated by our Security & Integrity Management department, an independent body within the bank.

Political influence and lobbying activities

Banking is a highly regulated sector, at both national level in ABN AMRO's home market of the Netherlands, and at an EU level.

As politicians and public authorities set the rules and regulations for banks, it is very important that ABN AMRO maintains a constructive, ongoing dialogue with politicians and policymakers, both individually and collectively.

This dialogue is coordinated by our Public Affairs team through contact with members of the Dutch parliament, Dutch government ministers and their ministries, the European Parliament, the European Commission and others. In these exchanges, developments are discussed that are directly or indirectly relevant to ABN AMRO, as well as initiatives to which we can make a constructive contribution.

Monitoring and influencing

The Public Affairs team comprises two in-house lobbyists, one covering The Hague and the other covering Brussels. Together they are the eyes and ears of ABN AMRO in the political arena. They constantly monitor important developments in legislation, regulations and policy, and report back to the board and senior management on relevant information. Our ABN AMRO Clearing subsidiary also has its own in-house lobbyists covering the specialised area of clearing in Brussels. These in-house lobbyists enable us to anticipate political and legislative developments and make timely changes where necessary.

Although ABN AMRO works with external agencies active in the fields of public affairs and advocacy, this cooperation is limited to intelligence gathering regarding political and legislative developments. Apart from its 3.2 FTE in-house lobbyists, ABN AMRO does not employ any external lobbyists.

The Public Affairs team is also active in sector organisations such as the Dutch Banking Association (NVB), the Confederation of Netherlands Industry and Employers (VNO-NCW) and the Institute of International Finance (IIF).

In addition, representatives at a country level are active in the banking associations in the countries they operate in, and experts in ABN AMRO's client units and functions participate in various local, regional and global business associations. A great deal of information about politics and policy is exchanged in these bodies, which often maintain contact with politicians and policymakers themselves and indirectly represent the interests of ABN AMRO.

Memberships of industry and business associations

Banking associations	
Dutch Banking Association (Nederlandse Vereniging van Banken, NVB)	British Bankers' Association (UK Finance)
Belgian Financial Sector Federation (Febelfin)	American Bankers Association (ABA)
Association of German Banks (Bündesverband deutscher Banken, BdB)	Association of Banks in Singapore (ABS)
French Banking Federation (Fédération Bancaire Française, FBF)	
Industry, trade and business associations, thinktanks	
Confederation of Netherlands Industry and Employers (VNO-NCW)	European Payments Council (EPC)
Dutch Association for Business and Operational Risk (DABOR)	European Venture Philanthropy Association (EVPA)
Dutch Association of Covered Bond Issuers (DACB)	Futures Industry Association (FIA)
Dutch Association of Investors for Sustainable Development (VBDO)	Global Credit Data (GCD)
Dutch Securitisation Association (DSA)	Institute of International Finance (IIF)
Holland FinTech (Holland FinTech)	International Association of Credit Portfolio Managers (IACPM)
American Chamber of Commerce in the Netherlands (AmCham the Netherlands)	International Capital Market Association (ICMA)
European Capital Markets Institute (ECMI)	International Swaps and Derivatives Association (ISDA)
European Covered Bond Council (ECBC)	Loan Market Association (LMA)
European Money and Finance Forum (SUERF)	Roundtable on Sustainable Palm Oil (RSPO)

Another area of activity involves sharing information from and about ABN AMRO with stakeholders in politics and official bodies, enabling them – politicians, policymakers, regulators and so on – to take ABN AMRO's interests into account when developing new legislation, regulations and policy. Supported by the Public Affairs team, ABN AMRO's board members, senior managers and experts share this information formally and informally in writing and in one-on-one talks and exchanges with several stakeholders at the same time, as well as in closed and public consultations and discussions with experts.

The topics ABN AMRO generally focuses on in these exchanges include financial transactions, consumer credit, mortgages, investments, business lending, duty of care, protecting vulnerable clients, corporate social responsibility, sustainable financing, promoting the energy transition, secure banking, preventing and combating money laundering and the financing of terrorism, privacy, new entrants and competition, banking supervision, capital requirements, and consolidation in the banking sector.

Total contributions

The table below provides an overview of ABN AMRO's total contributions in the field of political influence and lobbying activities. It is ABN AMRO's stated position as an organisation not to provide contributions to individual politicians, political parties or political campaigns anywhere in the world. Employees are free to make political contributions in a private capacity, providing these contributions comply with locally applicable laws.

Total contributions

(in thousands)	31 December 2023	31 December 2022
Spending on lobbyists	690	574
Large membership expenditures in industry and business associations	5,751	5,347
Total contributions	**6,441**	**5,921**

Relationship with suppliers

Our business relationships with suppliers are based on mutual respect, collaboration and professionalism. This is something we expect of ourselves and of our suppliers, whom we encourage to conduct their business in a sustainable and responsible manner.

ABN AMRO Procurement is the central purchasing department and the key point of contact for new suppliers of products and services to the bank. It leads the entire procurement process from selection and negotiations to contracting. We make sure this process is carried out transparently and with integrity. When selecting suppliers, the department uses a request for proposal (RFP) to announce, describe and solicit bids from qualified suppliers. The requirements are drafted and placed upfront in a scoring template. Suppliers' proposals are then rated by an independent scoring committee made up of representatives of client units and functions, contract management and procurement.

ABN AMRO's purchasing processes take account of sustainability and corporate social responsibility (CSR) considerations. In selecting suppliers, we perform sustainability checks to ensure they comply with our policies. Sustainability has a 10% weight in the model's score. Our suppliers are also required to sign our code of conduct for suppliers. This outlines the behaviours we expect of them and includes details of how they should treat their employees and the environment, comply with legislation and regulations, and provide a safe workplace. Suppliers are expected to make their sustainability policies transparent and to share them with ABN AMRO.

Suppliers with revenues in excess of EUR 1 million and with a Tier 1 or Tier 2 risk rating have to register with GSES (Global Sustainability Enterprise Services) or Hellios. This collaboration with GSES/Hellios enables ABN AMRO to measure and gain insight into the sustainability criteria for suppliers and our supply chain and to assess suppliers' performance, based on these criteria. We expect our suppliers to adhere to their sustainability choices and policies and to submit a sustainability verification report. ABN AMRO values its partnership with suppliers and we take great care in knowing them and ensuring that they meet quality and financial standards. Together, we and our suppliers are committed to accelerating the sustainability shift.

EU taxonomy

Green Asset Ratio

ABN AMRO is reporting on the EU Taxonomy for the third year now. The EU Taxonomy Regulation entails a classification system establishing a list of activities that can be considered environmentally sustainable. The objective of the taxonomy disclosures is to determine what portion of the bank's portfolio is taxonomy-aligned. This means that the activities concerned are considered sustainable. The ratio of environmentally sustainable assets to the covered assets is the Green Asset Ratio (GAR).

EU Taxonomy reporting is done both on an entity level and an activity level. In the case of generic-purpose financing, eligibility and alignment is determined on an entity level. This is relevant for financial and non-financial undertakings. Under this method, reporting on the EU Taxonomy is based on the information reported by our clients in their annual reports. This data is collected and consolidated in the tables below. In the case of specific-purpose financing, eligibility and alignment are determined through the use of the Technical Screening Criteria (TSC). This applies to household clients, non-financial undertakings and local governments.

The first step before the TSC is to determine whether an activity is eligible under the EU Taxonomy – meaning an activity that is potentially environmentally sustainable. The next step is to assess whether these eligible activities qualify as taxonomy-aligned according to the TSC.

Technical Screening Criteria

The TSC are activity-specific. An activity makes a substantial contribution to one of the environmental objectives (climate change mitigation and climate change adaptation) if it complies with the specific criteria. In the case of the Do No Significant Harm criteria, the relevant activity is assessed on the basis that it does not significantly harm one of the five remaining objectives. For the minimum safeguards criteria, relevant only for business entities, the UN Guiding Principles on Business & Human Rights (UNGPs) and the Organisation for Economic Co-operation and Development (OECD) Guidelines are consulted. These regulations on business and human rights standards are meant to shape the conduct of enterprises (and reiterate some of the obligations of states). See the definitions on page 422 for a more in-depth explanation of the criteria.

Eligibility

In its Annual Report 2022, ABN AMRO reported for the first time on the eligibility of our NFRD clients based on percentages reported in their annual reports. In the case of households, eligibility was determined by exposures to the three products in scope. For the first time, this year's disclosures on eligibility have been expanded to include information on taxonomy alignment. This information is provided for two environmental objectives – climate change mitigation and adaptation – and will be extended in next year's annual report to include the four additional objectives.

This year's approach

The approach to reporting on the EU Taxonomy is significantly different this year compared to last year because mandatory templates came into effect on 1 January 2023. The EU Taxonomy disclosures consist of multiple tables, including a summary table of the Green Asset Ratio; the Covered Assets table; the Green Asset Ratio KPI on stock information, eligibility and alignment per NACE sector; eligibility and alignment on financial guarantees and assets under management; and finally exposures to nuclear and gas activities. Furthermore, with effect from 2024, the mandatory taxonomy disclosures and templates will be further extended to include various detailed templates, such as a template for client information on flow movements and additional environmental objectives. A notable change compared to last year's disclosures is the exclusion of the voluntary disclosures this year. This voluntary reporting was related to the eligibility of the bank's non-NFRD exposures. As the mandatory disclosures for this year are more elaborate and include significantly more information than last year, the voluntary disclosures have been excluded from the Annual Report 2023.

ABN AMRO is aware of the additional guidance published by the European Commission in December 2023 in the form of a Frequently Asked Questions document. The bank has done its best to implement as much of the guidance as possible in the Annual Report 2023, but has not yet been able to fully comply with these requirements. We will work on further implementation in 2024.

Off-balance items

The disclosures on off-balance sheet items have changed somewhat compared to last year. Last year, only eligibility was disclosed for assets under management. This year's off-balance sheet items have been extended to include financial guarantees, while both eligibility and alignment are now also reported. The alignment assessment for off-balance sheet items has been performed at an entity rather than product level. The financial guarantees taken into account in this respect are guarantees provided by the bank to NFRD undertakings in support of loans and advances and debt securities considered to be on-balance sheet.

For assets under management, the bank has taken into account the proportion of the bank's assets under management (equity and debt instruments) that finance taxonomy-eligible and -aligned activities. Due to the absence of an external definition of assets under management, the bank has decided to adhere to the internal definition of the term, as used in the Annual Report.

EU Taxonomy - Summary of KPIs

The Summary of GAR shows the Green Asset Ratio based on alignment information from our clients on turnover and capital expenditures. It also shows other proportions related to the scope of the GAR.

Summary of KPIs - GAR

		31 December 2023					
		Total environmentally sustainable assets	KPI[1]	KPI[2]	Coverage (over total assets)	Percentage of assets excluded from the numerator of the GAR	Percentage of assets excluded from the denominator of the GAR
Main KPI	Green asset ratio (GAR) stock	31,152	10%	10%	8%	45%	28%

[1] Based on the turnover KPI of the counterparty
[2] Based on the CapEx KPI of the counterparty, except for lending activities where the general lending turnover KPI has been used.

Summary of KPIs - Off balance

		31 December 2023		
		Total environmentally sustainable assets	KPI[1]	KPI[2]
Additional KPIs	Financial guarantees	99	2%	2%
	Assets under management	517	2%	4%

[1] Based on the turnover KPI of the counterparty
[2] Based on the CapEx KPI of the counterparty, except for lending activities where the general lending turnover KPI has been used.

Main tables - Turnover

The main EU Taxonomy table is split into 8 tables. It shows the breakdown of the different components of the GAR.

Covered assets

(in millions)	Total gross carrying amount	Climate Change Mitigation - of which taxonomy eligible	Climate Change Mitigation - of which taxonomy aligned	Climate Change Adaptation - of which taxonomy eligible	Climate Change Adaptation - of which taxonomy aligned	Total - of which taxonomy eligible	Total - of which taxonomy aligned
							31 December 2023
GAR - Covered assets in both numerator and denominator							
Credit institutions	6,706	1,429				1,429	
- of which Loans and advances	*1,650*	*226*				*226*	
- of which Debt securities including UoP	*5,052*	*1,203*				*1,203*	
- of which Equity instruments	*4*						
Other financial undertakings	3,057	311	23	21		332	23
- of which investment firms	*1*						
- of which Loans and advances	*1*						
- of which insurance undertakings	*113*	*5*		*13*		*18*	
- of which Loans and advances	*113*	*5*		*13*		*18*	
- of which other[1]	*2,942*	*306*	*23*	*8*		*314*	*23*
- of which Loans and advances	*2,823*	*293*	*23*	*8*		*301*	*23*
- of which Debt securities including UoP	*119*	*14*				*14*	
Financial undertakings	**9,763**	**1,740**	**24**	**21**		**1,762**	**24**
NFCs subject to NFRD disclosure obligations							
Loans and advances	3,287	488	173	1	1	489	174
Equity instruments	46						
Non-Financial undertakings	**3,333**	**488**	**173**	**1**	**1**	**489**	**174**
Loans collateralised by residential immovable property	152,434	152,434	30,954			152,434	30,954
Building renovation loans	556	556				556	
Motor vehicle loans	252	252				252	
Households	**153,242**	**153,242**	**30,954**			**153,242**	**30,954**
Collateral obtained by taking possession: residential and commercial immovable properties	3						
Assets covered in the numerator for GAR calculation	**166,341**	**155,470**	**31,151**	**22**	**1**	**155,493**	**31,152**
Other assets excluded from the numerator for GAR calculation (covered in the denominator)							
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	53,560						
- of which Loans and advances	*52,944*						
- of which loans collateralised by commercial immovable property	*21,356*						
- of which building renovation loans	*4*						
- Debt securities including UoP	*77*						
- Equity instruments	*540*						
Non-EU country counterparties not subject to NFRD disclosure obligations	10,714						
- of which Loans and advances	*10,702*						
- Equity instruments	*12*						

Continued ▶

							31 December 2023
			Climate Change Mitigation		Climate Change Adaptation		Total
	Total gross carrying amount	- of which taxonomy eligible		- of which taxonomy eligible		- of which taxonomy eligible	
(in millions)			- of which taxonomy aligned		- of which taxonomy aligned		- of which taxonomy aligned
Non-Financial corporations	**64,274**						
Loans and advances	43,616						
Debt securities including UoP	3,567						
Equity instruments	569						
Financial corporations not subject to the NFRD	**47,752**						
Derivatives	4,403						
On demand interbank loans	1,404						
Cash and cash-related assets	299						
Other assets	19,799						
Total GAR assets	**304,272**	**155,470**	**31,151**	**22**	**1**	**155,493**	**31,152**
Central governments and supranational issuers	28,626						
Central banks exposure	55,205						
Trading book	1,371						
Other assets not covered for GAR calculation	**85,202**						
Total assets	**389,474**	**155,470**	**31,151**	**22**	**1**	**155,493**	**31,152**
Off balance assets - Eligibility and alignment							
Financial guarantees	6,088	212	98	2	1	214	99
Assets under management	24,418	3,875	517	47		3,923	517
- *of which debt securities*	*2,043*	*714*	*74*	*9*		*723*	*74*
- *of which equity instruments*	*22,374*	*3,161*	*443*	*38*		*3,200*	*443*

[1] Including undertakings such as pension funds and clearing houses. These undertakings are classified as non-financial undertakings under the Taxonomy regulation, but are classified as financial undertakings under Financial reporting. These undertakings are classified according to Financial reporting, but Taxonomy eligibility and alignment is determined with the assessment for non-financial undertakings.

The numerator in the GAR consists of financial and non-financial corporations subject to the NFRD, households, local governments and collateral obtained by taking possession. The denominator in the GAR is based on the concept of covered assets, which comprises total on-balance sheet assets less exposures to central governments and supranational issuers, central banks and trading book. Most of the taxonomy-aligned volume is loans collateralised by immovable residential property, and a small amount is in non-financial corporations subject to the NFRD.

ABN AMRO's Green Asset Ratio is 10%, while eligibility (based on turnover) is 51%, which would suggest more possibility of alignment. The reason for our GAR being significantly lower than eligibility is mainly because of the severity of the TSC and the fact that the numerator of the scope is limited to NFRD undertakings. To show where the rest of our corporate loans portfolio and mortgage portfolio stands in the transition to climate neutrality in 2050, see the Sustainability Acceleration (Asset) Volume on page 30.

Covered assets - Total alignment

	31 December 2023				
	Total				
	Total taxonomy aligned				
(in millions)		- of which use of proceeds	- of which transitional	- of which own performance	- of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advance, debt securities and equity instruments not held for trading eligible for GAR calculation					
Other financial undertakings	23			2	21
- *of which other*	*23*			*2*	*21*
- *of which Loans and advances*	*23*			*2*	*21*
Financial undertakings	**24**			**2**	**21**
NFCs subject to NFRD disclosure obligations					
Loans and advances	174		5	135	34
Non-Financial undertakings	**174**		**5**	**135**	**34**
Loans collateralised by residential immovable property	30,954	30,954		30,954	
Households	**30,954**	**30,954**		**30,954**	
Total GAR assets	**31,152**	**30,954**	**5**	**31,091**	**55**
Off balance assets - Eligibility and alignment					
Financial guarantees	98			35	63
Assets under management	564		16	146	401
- *of which debt securities*	*83*		*1*	*26*	*56*
- *of which equity instruments*	*481*		*15*	*120*	*346*

Covered assets - Alignment climate change mitigation

	31 December 2023				
	Climate Change Mitigation				
	Total taxonomy aligned				
(in millions)		- of which use of proceeds	- of which transitional	- of which own performance	- of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advance, debt securities and equity instruments not held for trading eligible for GAR calculation					
Other financial undertakings	23			2	21
- *of which other*	*23*			*2*	*21*
- *of which Loans and advances*	*23*			*2*	*21*
Financial undertakings	**24**			**2**	**21**
NFCs subject to NFRD disclosure obligations					
Loans and advances	173		5	134	34
Non-Financial undertakings	**173**		**5**	**134**	**34**
Loans collateralised by residential immovable property	30,954	30,954		30,954	
Households	**30,954**	**30,954**		**30,954**	
Total GAR assets	**31,151**	**30,954**	**5**	**31,090**	**55**
Off balance assets - Eligibility and alignment					
Financial guarantees	98			35	63
Assets under management	517		16	99	401
- *of which debt securities*	*74*		*1*	*17*	*56*
- *of which equity instruments*	*443*		*15*	*82*	*346*

Covered assets - Alignment climate change adaptation

	31 December 2023			
	Climate Change Adaptation			
	Total taxonomy aligned			
(in millions)		- of which use of proceeds	- of which own performance	- of which enabling
GAR - Covered assets in both numerator and denominator				
Loans and advance, debt securities and equity instruments not held for trading eligible for GAR calculation				
NFCs subject to NFRD disclosure obligations				
Loans and advances	1		1	
Non-Financial undertakings	**1**		**1**	
Total GAR assets	**1**		**1**	
Off balance assets - Eligibility and alignment				
Financial guarantees	1		1	
Assets under management	47		47	
- of which debt securities	*9*		*9*	
- of which equity instruments	*38*		*38*	

EU Taxonomy - Stock tables

This table shows the proportion of environmentally sustainable assets compared to the covered assets recorded in the main EU Taxonomy. The purpose of this table is to show the proportion of total assets covered by the GAR.

GAR KPI stock - eligibility and alignment

	31 December 2023					
	Climate Change Mitigation		Climate Change Adaptation		Total	
	- of which taxonomy eligible		- of which taxonomy eligible		- of which taxonomy eligible	
(in millions)		- of which taxonomy aligned		- of which taxonomy aligned		- of which taxonomy aligned
GAR - Covered assets in both numerator and denominator						
Loans and advance, debt securities and equity instruments not held for trading eligible for GAR calculation						
Credit institutions	21%	0%	0%	0%	21%	0%
Other financial undertakings	10%	1%	1%	0%	11%	1%
- of which investment firms	*20%*	*0%*	*0%*	*0%*	*20%*	*0%*
- of which management companies	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
- of which insurance undertakings	*4%*	*0%*	*11%*	*0%*	*16%*	*0%*
- of which other	*10%*	*1%*	*0%*	*0%*	*11%*	*1%*
Financial undertakings	**18%**	**0%**	**0%**	**0%**	**18%**	**0%**
Non-Financial undertakings	**15%**	**5%**	**0%**	**0%**	**15%**	**5%**
Loans collateralised by residential immovable property	100%	20%	0%	0%	100%	20%
Building renovation loans	100%	0%	0%	0%	100%	0%
Motor vehicle loans	100%	0%	0%	0%	100%	0%
Households	**100%**	**20%**	**0%**	**0%**	**100%**	**20%**
Local governments - House financing	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Collateral obtained by taking possession: residential and commercial immovable properties	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Total GAR assets	**51%**	**10%**	**0%**	**0%**	**51%**	**10%**
Off balance assets - Eligibility and alignment						
Financial guarantees	3%	2%	0%	0%	4%	2%
Assets under management	16%	2%	0%	0%	16%	2%

GAR KPI stock - total alignment

(in millions)	31 December 2023 Total taxonomy aligned	- of which use of proceeds	- of which transitional	- of which own performance	- of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advance, debt securities and equity instruments not held for trading eligible for GAR calculation					
Credit institutions	0%	0%	0%	0%	0%
Other financial undertakings	1%	0%	0%	0%	1%
- of which investment firms	*0%*	*0%*	*0%*	*0%*	*0%*
- of which management companies	*0%*	*0%*	*0%*	*0%*	*0%*
- of which insurance undertakings	*0%*	*0%*	*0%*	*0%*	*0%*
- of which other	*1%*	*0%*	*0%*	*0%*	*1%*
Financial undertakings	**0%**	**0%**	**0%**	**0%**	**0%**
Non-Financial corporations	**5%**	**0%**	**0%**	**4%**	**1%**
Loans collateralised by residential immovable property	*20%*	*20%*	*0%*	*20%*	*0%*
Building renovation loans	*0%*	*0%*	*0%*	*0%*	*0%*
Motor vehicle loans	*0%*	*0%*	*0%*	*0%*	*0%*
Households	**20%**	**20%**	**0%**	**20%**	**0%**
Local governments - House financing	**0%**	**0%**	**0%**	**0%**	**0%**
Collateral obtained by taking possession: residential and commercial immovable properties	**0%**	**0%**	**0%**	**0%**	**0%**
Total GAR assets	**10%**	**10%**	**0%**	**10%**	**0%**
Off balance assets - Eligibility and alignment					
Financial guarantees	2%	0%	0%	1%	1%
Assets under management	2%	0%	0%	0%	2%
- of which debt securities	*4%*	*0%*	*1%*	*1%*	*3%*
- of which equity instruments	*2%*	*0%*	*0%*	*0%*	*2%*

GAR KPI stock - alignment climate change mitigation

(in millions)	31 December 2023 Climate Change Mitigation Total taxonomy aligned	- of which use of proceeds	- of which transitional	- of which own performance	- of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advance, debt securities and equity instruments not held for trading eligible for GAR calculation					
Credit institutions	0%	0%	0%	0%	0%
Other financial undertakings	1%	0%	0%	0%	1%
- *of which investment firms*	*0%*	*0%*	*0%*	*0%*	*0%*
- *of which management companies*	*0%*	*0%*	*0%*	*0%*	*0%*
- *of which insurance undertakings*	*0%*	*0%*	*0%*	*0%*	*0%*
- *of which other*	*1%*	*0%*	*0%*	*0%*	*1%*
Financial undertakings	**0%**	**0%**	**0%**	**0%**	**0%**
Non-Financial undertakings	**5%**	**0%**	**0%**	**4%**	**1%**
Loans collateralised by residential immovable property	20%	20%	0%	20%	0%
Building renovation loans	0%	0%	0%	0%	0%
Motor vehicle loans	0%	0%	0%	0%	0%
Households	**20%**	**20%**	**0%**	**20%**	**0%**
Local governments - House financing	**0%**	**0%**	**0%**	**0%**	**0%**
Collateral obtained by taking possession: residential and commercial immovable properties	**0%**	**0%**	**0%**	**0%**	**0%**
Total GAR assets	**10%**	**10%**	**0%**	**10%**	**0%**
Off balance assets - Eligibility and alignment					
Financial guarantees	2%	0%	0%	1%	1%
Assets under management	2%	0%	0%	0%	2%
- *of which debt securities*	*4%*	*0%*	*0%*	*1%*	*3%*
- *of which equity instruments*	*2%*	*0%*	*0%*	*0%*	*2%*

GAR KPI stock - alignment climate change adaptation

(in millions)	31 December 2023 Total taxonomy aligned	- of which use of proceeds	- of which own performance	- of which enabling
GAR - Covered assets in both numerator and denominator				
Loans and advance, debt securities and equity instruments not held for trading eligible for GAR calculation				
Credit institutions	0%	0%	0%	0%
Other financial undertakings	0%	0%	0%	0%
- *of which investment firms*	*0%*	*0%*	*0%*	*0%*
- *of which management companies*	*0%*	*0%*	*0%*	*0%*
- *of which insurance undertakings*	*0%*	*0%*	*0%*	*0%*
- *of which other*	*0%*	*0%*	*0%*	*0%*
Financial undertakings	**0%**	**0%**	**0%**	**0%**
Non-Financial undertakings	**0%**	**0%**	**0%**	**0%**
Off balance assets - Eligibility and alignment				
Financial guarantees	0%	0%	0%	0%
Assets under management	0%	0%	0%	0%
- *of which debt securities*	*1%*	*0%*	*1%*	*0%*
- *of which equity instruments*	*0%*	*0%*	*0%*	*0%*

In our Annual Report 2023 we are expected to report on eligibility for the four additional environmental objectives (water and marine resources, circular economy, pollution, and biodiversity and ecosystems). As, however, the eligibility information from counterparties is not yet available for this year, we will not be able to include an eligibility percentage for the additional four environmental objectives. For exposures to households as counterparties, eligible products for the newly in scope objectives of climate change adaptation and circular economy are the same as reported in the template for climate change mitigation.

Main tables - Capital expenditures
GAR KPI stock - eligibility and alignment

						31 December 2023
	Climate Change Mitigation		Climate Change Adaptation		Total	
	- of which taxonomy eligible		- of which taxonomy eligible		- of which taxonomy eligible	
(in millions)		- of which taxonomy aligned		- of which taxonomy aligned		- of which taxonomy aligned
GAR - Covered assets in both numerator and denominator						
Loans and advance, debt securities and equity instruments not held for trading eligible for GAR calculation						
Credit institutions	8%	0%	0%	0%	8%	0%
Other financial undertakings	12%	3%	0%	0%	12%	3%
- of which investment firms	*20%*	*0%*	*0%*	*0%*	*20%*	*0%*
- of which management companies	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
- of which insurance undertakings	*30%*	*0%*	*0%*	*0%*	*30%*	*0%*
- of which other	*12%*	*3%*	*0%*	*0%*	*12%*	*3%*
Financial undertakings	**10%**	**1%**	**0%**	**0%**	**10%**	**1%**
Non-Financial undertakings	**20%**	**8%**	**0%**	**0%**	**20%**	**8%**
Loans collateralised by residential immovable property	100%	20%	0%	0%	100%	20%
Building renovation loans	100%	0%	0%	0%	100%	0%
Motor vehicle loans	100%	0%	0%	0%	100%	0%
Households	**100%**	**20%**	**0%**	**0%**	**100%**	**20%**
Local governments - House financing	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Collateral obtained by taking possession: residential and commercial immovable properties	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Total GAR assets	**51%**	**10%**	**0%**	**0%**	**51%**	**10%**
Off balance assets - Eligibility and alignment						
Financial guarantees	3%	2%	0%	0%	4%	2%
Assets under management	8%	1%	8%	0%	17%	1%

GAR KPI stock - total alignment

	31 December 2023				
	Total taxonomy aligned				
(in millions)		- of which use of proceeds	- of which transitional	- of which own performance	- of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advance, debt securities and equity instruments not held for trading eligible for GAR calculation					
Credit institutions	0%	0%	0%	0%	0%
Other financial undertakings	3%	0%	0%	0%	2%
- *of which investment firms*	*0%*	*0%*	*0%*	*0%*	*0%*
- *of which management companies*	*0%*	*0%*	*0%*	*0%*	*0%*
- *of which insurance undertakings*	*0%*	*0%*	*0%*	*0%*	*0%*
- *of which other*	*3%*	*0%*	*0%*	*0%*	*3%*
Financial undertakings	**1%**	**0%**	**0%**	**0%**	**1%**
Non-Financial corporations	**8%**	**0%**	**0%**	**6%**	**2%**
Loans collateralised by residential immovable property	20%	20%	0%	20%	0%
Building renovation loans	0%	0%	0%	0%	0%
Motor vehicle loans	0%	0%	0%	0%	0%
Households	**20%**	**20%**	**0%**	**20%**	**0%**
Local governments - House financing	**0%**	**0%**	**0%**	**0%**	**0%**
Collateral obtained by taking possession: residential and commercial immovable properties	**0%**	**0%**	**0%**	**0%**	**0%**
Total GAR assets	**10%**	**10%**	**0%**	**10%**	**0%**
Off balance assets - Eligibility and alignment					
Financial guarantees	2%	0%	0%	1%	1%
Assets under management	1%	0%	0%	0%	1%
- *of which debt securities*	*9%*	*0%*	*0%*	*2%*	*6%*
- *of which equity instruments*	*3%*	*0%*	*0%*	*1%*	*2%*

GAR KPI stock - alignment climate change mitigation

(in millions)	31 December 2023 Total taxonomy aligned	- of which use of proceeds	- of which transitional	- of which own performance	- of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advance, debt securities and equity instruments not held for trading eligible for GAR calculation					
Credit institutions	0%	0%	0%	0%	0%
Other financial undertakings	3%	0%	0%	0%	2%
- of which investment firms	*0%*	*0%*	*0%*	*0%*	*0%*
- of which management companies	*0%*	*0%*	*0%*	*0%*	*0%*
- of which insurance undertakings	*0%*	*0%*	*0%*	*0%*	*0%*
- of which other	*3%*	*0%*	*0%*	*0%*	*3%*
Financial undertakings	**1%**	**0%**	**0%**	**0%**	**1%**
Non-Financial undertakings	**8%**	**0%**	**0%**	**6%**	**2%**
Loans collateralised by residential immovable property	20%	20%	0%	20%	0%
Building renovation loans	0%	0%	0%	0%	0%
Motor vehicle loans	0%	0%	0%	0%	0%
Households	**20%**	**20%**	**0%**	**20%**	**0%**
Local governments - House financing	**0%**	**0%**	**0%**	**0%**	**0%**
Collateral obtained by taking possession: residential and commercial immovable properties	**0%**	**0%**	**0%**	**0%**	**0%**
Total GAR assets	**51%**	**10%**	**0%**	**10%**	**0%**
Off balance assets - Eligibility and alignment					
Financial guarantees	2%	0%	0%	1%	1%
Assets under management	1%	0%	0%	0%	1%
- of which debt securities	*9%*	*0%*	*0%*	*2%*	*6%*
- of which equity instruments	*3%*	*0%*	*0%*	*1%*	*2%*

GAR KPI stock - alignment climate change adaptation

(in millions)	31 December 2023 Total taxonomy aligned	- of which use of proceeds	- of which own performance	- of which enabling
GAR - Covered assets in both numerator and denominator				
Loans and advance, debt securities and equity instruments not held for trading eligible for GAR calculation				
Credit institutions	0%	0%	0%	0%
Other financial undertakings	0%	0%	0%	0%
- of which investment firms	*0%*	*0%*	*0%*	*0%*
- of which management companies	*0%*	*0%*	*0%*	*0%*
- of which insurance undertakings	*0%*	*0%*	*0%*	*0%*
- of which other	*0%*	*0%*	*0%*	*0%*
Financial undertakings	**0%**	**0%**	**0%**	**0%**
Non-Financial undertakings	**0%**	**0%**	**0%**	**0%**
Off balance assets - Eligibility and alignment				
Financial guarantees	0%	0%	0%	0%
Assets under management	0%	0%	0%	0%
- of which debt securities	*0%*	*0%*	*0%*	*0%*
- of which equity instruments	*0%*	*0%*	*0%*	*0%*

Nuclear and gas

The final tables below include taxonomy reporting on activities related to nuclear energy and fossil gas. Due to the discussion surrounding the inclusion of nuclear and fossil gas as environmentally sustainable activities, these activities have to be reported separately from the other activities in the tables on the previous pages.

The scope of the nuclear and gas disclosures is limited to non-financial corporations subject to NFRD and local governments. Reporting on eligibility and alignment for activities related to nuclear energy and fossil gas is different from reporting on eligibility and alignment for the other activities. It is important to note that only six activities aiming to help accelerate the shift to climate neutrality are eligible for alignment under the EU Taxonomy. These activities are assessed in the same way as the other activities; the main difference lies in the reporting. The tables below include reporting on taxonomy eligibility and taxonomy alignment of nuclear and fossil gas-related activities. The exposures to nuclear and gas activities are compared with the total covered assets reported for the Green Asset Ratio to show which part of our Green Asset Ratio consists of financing of nuclear and gas activities. The numbers in the tables show that we do not have any exposures related to counterparties in scope of EU taxonomy reporting that are involved in nuclear and gas activities, nor do we have taxonomy-aligned exposures stemming from nuclear and gas-related activities in our portfolio.

ABN AMRO has decided to exclude template 3 taxonomy-aligned activities (numerator) from its nuclear and gas disclosures in the annual report. This is because the data we have gathered for this template is inconsistent: many of our counterparties have either not yet reported on the template or have adopted multiple interpretations on how to fill in the template. Therefore, reporting on this template would not provide any usable information. Excluding this template, however, does not prevent the need nor the ability to show which specific part of ABN AMRO's taxonomy alignment portfolio originates from nuclear and gas-related activities, which is what these disclosures intend to do. This information can be found in template 2, in which the taxonomy-aligned activities (based on available data from our counterparties) are reported, based on the denominator.

Nuclear and fossil gas-related activities

	31 December 2023
Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purpose of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Taxonomy-aligned economic activities (denominator)

							31 December 2023
	Economic activities[1]	Climate Change Mitigation		Climate Change Adaptation		Total	
(in millions)		Amount	As % of total GAR assets	Amount	As % of total GAR assets	Amount	As % of total GAR assets
Nuclear energy activities	Section 4.26 - pre-commercial stages of advanced technologies for nuclear energy production		0%		0%		0%
	Section 4.27 - construction and safe operations of new nuclear power plants, for the generation of electricity or heat		0%		0%		0%
	Section 4.28 - electricity generation from nuclear energy in existing installations		0%		0%		0%
Fossil gas activities	Section 4.29 - electricity generation from fossil gaseous fuels		0%		0%		0%
	Section 4.30 - high-efficiency co- generation of heat/ cool and power from fossil gaseous fuels		0%		0%		0%
	Section 4.31 - production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system		0%		0%		0%
Other activities	Other economic activities	173	0%	1	0%	174	0%
Total		**173**	**0%**	**1**	**0%**	**174**	**0%**

[1] Economic activity referred to annexes I and II to delegated regulation 2021/2139.

Taxonomy-eligible but not taxonomy-aligned economic activities

(in millions)	Economic activities[1]	Climate Change Mitigation Amount	Climate Change Mitigation As % of total GAR assets	Climate Change Adaptation Amount	Climate Change Adaptation As % of total GAR assets	Total Amount	Total As % of total GAR assets
							31 December 2023
Nuclear energy activities	Section 4.26 - pre-commercial stages of advanced technologies for nuclear energy production		0%		0%		0%
	Section 4.27 - construction and safe operations of new nuclear power plants, for the generation of electricity or heat		0%		0%		0%
	Section 4.28 - electricity generation from nuclear energy in existing installations		0%		0%		0%
Fossil gas activities	Section 4.29 - electricity generation from fossil gaseous fuels		0%		0%		0%
	Section 4.30 - high-efficiency co- generation of heat/cool and power from fossil gaseous fuels		0%		0%		0%
	Section 4.31 - production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system		0%		0%		0%
Other activities	Other economic activities	315	0%		0%	315	0%
Total		**315**	**0%**		**0%**	**315**	**0%**

[1] Economic activity referred to annexes I and II to delegated regulation 2021/2139.

Taxonomy non-eligible economic activities

(in millions)	Economic activities[1]	Amount	As % of total GAR assets
			31 December 2023
Nuclear energy activities	Economic activity referred to Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139		0%
	Economic activity referred to Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139		0%
	Economic activity referred to Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139		0%
Fossil gas activities	Economic activity referred to Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139		0%
	Economic activity referred to Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139		0%
	Economic activity referred to Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139		0%
Other activities	All other economic activities	2,844	1%
Total		**2,844**	**1%**

[1] Economic activity referred to annexes I and II to delegated regulation 2021/2139.

Sector information

The next tables are part of the sector information disclosures. They provide more insight into the sectors to which the bank has exposures in our loans and advances and our eligibility and alignment in these sectors. The scope of this sector information table is non-financial corporations subject to the NFRD, thereby limiting the scope compared to the previous tables.

The tables show the breakdown in sectors through the use of NACE. This refers to the economic activity per counterparty, captured at the immediate counterparty level. The non-eligible NACE line item has also been included in the tables. This refers to the products in specific NACE code sectors that the bank has exposures to, but that are not taxonomy-eligible.

GAR sector information

							31 December 2023
		Climate Change Mitigation		Climate Change Adaptation		Total of CCM and CCA	
(in millions)	Gross carrying amount non-financial corporates (subject to NFRD)	Taxonomy relevant sectors	- of which environ-mentally sustainable	Taxonomy relevant sectors	- of which environ-mentally sustainable	Taxonomy relevant sectors	- of which environ-mentally sustainable
Other mining and quarrying n.e.c.	53	1				1	
Support activities for petroleum and natural gas extraction	551	19	2			19	2
Manufacture of other food products n.e.c.	60	6	3			6	3
Manufacture of plastics in primary forms	31	4				4	
Manufacture of plastic packing goods	2	2	2			2	2
Precious metals production	21	6				6	
Manufacture of instruments and appliances for measuring, testing and navigation	14	4	4			4	4
Manufacture of electric lighting equipment	159	18	18			18	18
Manufacture of other general-purpose machinery n.e.c.	100	47				47	
Manufacture of bicycles and invalid carriages	24	4	3			4	3
Production of electricity	76	41	13			41	14
Development of building projects	151	145	71			145	71
Construction of water projects	109	31	28			31	28
Construction of other civil engineering projects n.e.c.	25	4	4	1	1	5	5
Wholesale of fruit and vegetables	37						
Wholesale of pharmaceutical goods	103						
Wholesale of wood, construction materials and sanitary equipment	4	3				3	
Freight transport by road	2	1				1	
Sea and coastal freight water transport	79	39				39	
Publishing of journals and periodicals	37	5				5	
Other information technology and computer service activities	105	13	1			13	1
Other credit granting	41	21	20			21	20
Real estate agencies	26	26				26	
Engineering activities and related technical consultancy	4	2	2			2	2
Advertising agencies	89	8				8	
Other professional, scientific and technical activities n.e.c.	83						
Renting and leasing of cars and light motor vehicles	162	37	1			37	1
Activities of collection agencies and credit bureaus	29						
All other activities	1,154						
Total	**3,333**	**488**	**173**	**1**	**1**	**489**	**174**

Additional sustainability-related disclosures

The following section includes additional disclosures on sustainability. This information is provided in accordance with ESG rating requirements and from agencies such as the Dow Jones Sustainability Index, Carbon Disclosure Project and MSCI. This section is supplemental to the core analysis provided in the Sustainability Statements.

Application of Equator Principles - by country

	31 December 2023				31 December 2022			
	Category				Category			
	A	B	C	Total	A	B	C	Total
Country								
Emerging markets/non-designated countries					1			1
High-income OECD/designated countries	1	5	2	8		3	2	5
Total	**1**	**5**	**2**	**8**	**1**	**3**	**2**	**6**

Application of Equator Principles - by region

	31 December 2023				31 December 2022			
	Category				Category			
	A	B	C	Total	A	B	C	Total
Region								
Asia					1			1
Europe	1	5	2	8		3	2	5
Total	**1**	**5**	**2**	**8**	**1**	**3**	**2**	**6**

Application of Equator Principles - by sector

	31 December 2023				31 December 2022			
	Category				Category			
	A	B	C	Total	A	B	C	Total
Sector								
Manufacturing	1			1				
Energy production		1		1		1		1
Infrastructure		1		1	1			1
Renewables						1		1
Telecom		3	2	5		1	2	3
Total	**1**	**5**	**2**	**8**	**1**	**3**	**2**	**6**

Application of Equator Principles framework to other transactions

	31 December 2023				31 December 2022			
	Category				Category			
	A	B	C	Total	A	B	C	Total
Sector								
Oil & gas								

Engagement overview of ESG high-intensity engagements and focus list clients - Lending

Number	List	Product	Sector	Region	Engagement[1]	Issue
1	High Intensity	Lending	NR - Basic Materials	Europe	Starting	Environmental pollution, health impacts, grievance mechanism
2	High Intensity	Lending	NR - Energy	Europe	Ongoing	Human rights violations
3	Focus	Lending	Construction	Europe	Ongoing	ESG risk management framework, transparency
4	Focus	Lending	Global Transportation & Logistics	Europe	Ongoing	Defence activities
5	Focus	Lending	Construction	Europe	Ongoing	ESG risk management framework, potential breach of exclusion list
6	Focus	Lending	NR - Energy	Europe	Ongoing	Security risks
7	Focus	Lending	NR - Energy	Europe	Starting	Potential involvement in activities breaching the exclusion list
8	Focus	Lending	TCF - Agriculture	Asia	Ongoing	Human rights violations, deforestation
9	Focus	Lending	Construction	Europe	Ongoing	ESG risk management framework, potential breach of exclusion list
10	Focus	Lending	Food & retail	Europe	Ongoing	Animal welfare, ESG risk management framework
11	Focus	Lending	NR - Energy	Europe	Ongoing	High-risk activities
12	Focus	Lending	Food & retail	Europe	Ongoing	Animal welfare, GHG emissions, deforestation in supply chain
13	Focus	Lending	Construction	Europe	Ongoing	ESG risk management framework, human rights violations
14	Focus	Lending	Food & retail	Europe	Ongoing	Labour conditions
15	Focus	Lending	Food & retail	Europe	Ongoing	Animal welfare, GHG emissions, deforestation in supply chain
16	Focus	Lending	NR - Energy	Europe	Ongoing	ESG Risk Management, Reputational risks
17	Focus	Lending	NR - Energy	Europe	Starting	Climate and Environmental Impact
18	Focus	Lending	NR - Energy	Europe	Starting	ESG Risk Management

[1] Starting means new client on the list, not included in 2022 overview. Ongoing means client was already included in 2022 engagement list, engagement is ongoing. Relationship exited means relationship has ended. Transfer to BAU means client has been approved to be removed from enagement list

Engagement overview of focus list clients - Clearing services

Number	List	Product	Sector	Region	Engagement	Issue
1	Focus	Clearing services	Energy	Europe	Ongoing	Environmental
2	Focus	Clearing services	Energy	USA	Ongoing	Environmental

Engagement overview - Investment services

	Environmental	Social and ethical	Governance	Strategy, risk and communication
Companies engaged (total)	520	399	500	257
Companies engaged (objectives)	300	184	128	74
Companies engaged (in progress or completed)	231	146	76	40

Large membership expenditures

(in thousands)	Type of organisation	Amount paid in 2023	Amount paid in 2022	Amount paid in 2021	Amount paid in 2020
Name of organisation					
NVB	Banking association	5,864	5,454	4,335	3,915
- of which, contributions to NVB association activities	*Banking association*	*5,315*	*4,974*	*3,854*	*3,541*
- of which, contributions to Dutch disciplinary board for bankers	*Banking association*	*549*	*480*	*481*	*374*
VNO-NCW	Business association	165	165	158	154
IIF	Industry association	138	128	126	119
ISDA	Industry association	83	80	75	75

Responsibility statement

Pursuant to section 5:25c sub 2 part c of the Dutch Financial Supervision Act, the members of the Executive Board state that to the best of their knowledge:

- the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of ABN AMRO Bank N.V. and the companies included in its consolidation;
- the Executive Board report gives a true and fair view of the state of affairs on the balance sheet date and the course of business during the 2023 financial year of ABN AMRO Bank N.V. and the affiliated companies included in its Annual Financial Statements;
- the Executive Board report describes the material risks faced by ABN AMRO Bank N.V.

Amsterdam, 12 March 2024

Executive Board

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

Annual Financial Statements 2023

Consolidated income statement

(in millions)	Note	2023	2022
Income			
Interest income calculated using the effective interest method		15,849	7,698
Other interest and similar income		334	236
Interest expense calculated using the effective interest method		9,812	2,455
Other interest and similar expense		92	57
Net interest income	4	**6,278**	**5,422**
Fee and commission income		2,281	2,271
Fee and commission expense		498	493
Net fee and commission income	5	**1,782**	**1,778**
Income from other operating activities		483	375
Expenses from other operating activities		106	125
Net income from other operating activities	6	**378**	**249**
Net trading income	7	213	282
Share of result in equity-accounted investments		41	107
Net gains/(losses) on derecognition of financial assets measured at amortised cost	8	-75	1
Operating income		**8,618**	**7,841**
Expenses			
Personnel expenses	9	2,492	2,458
General and administrative expenses	10	2,490	2,796
Depreciation, amortisation and impairment losses of tangible and intangible assets	24	251	172
Operating expenses		**5,233**	**5,425**
Impairment charges on financial instruments		-158	39
Total expenses		**5,074**	**5,464**
Profit/(loss) before taxation		**3,544**	**2,376**
Income tax expense	11	847	509
Profit/(loss)		**2,697**	**1,867**
Attributable to:			
Owners of the parent company		2,697	1,868
Earnings per share (in EUR)			
Basic earnings per ordinary share (in EUR)[1]	12	2.99	1.96

[1] Earnings per share consist of profit for the period, excluding results attributable to non-controlling interests and payments to holders of AT1 instruments, divided by the average outstanding and paid-up ordinary shares (31 December 2023: 871,515,973; 31 December 2022: 907,707,706).

Consolidated statement of comprehensive income

(in millions)		2023		2022
Profit/(loss) for the period		**2,697**		**1,867**
Other comprehensive income:				
Items that will not be reclassified to the income statement				
Remeasurement gains/(losses) on defined benefit plans		-10		16
Gains/(losses) on liability own credit risk		2		8
Items that will not be reclassified to the income statement before taxation		**-8**		**24**
Income tax relating to items that will not be reclassified to the income statement		-2		5
Items that will not be reclassified to the income statement after taxation		**-5**		**19**
Items that may be reclassified to the income statement				
Net gains/(losses) currency translation reserve	-46		48	
Less: Reclassification currency translation reserve through the income statement	-2		4	
Net gains/(losses) currency translation reserve through OCI		-44		44
Net gains/(losses) fair value reserve	-174		-287	
Less: Reclassification fair value reserve through the income statement			1	
Net gains/(losses) fair value reserve through OCI		-174		-288
Net gains/(losses) cash flow hedge reserve	790		762	
Less: Reclassification cash flow hedge reserve through the income statement	-147		-39	
Net gains/(losses) cash flow hedge reserve through OCI		938		801
Net gains/(losses) share of other comprehensive income of associates	10		-51	
Less: Reclassification share of other comprehensive income of associates through the income statement			7	
Share of other comprehensive income of associates		10		-58
Items that may be reclassified to the income statement before taxation		**730**		**498**
Income tax relating to items that may be reclassified to the income statement		198		132
Items that may be reclassified to the income statement after taxation		**532**		**367**
Total comprehensive income/(expense) for the period after taxation		**3,224**		**2,252**
Attributable to:				
Owners of the parent company		3,224		2,253

Consolidated statement of financial position

(in millions)	Note	31 December 2023	31 December 2022
Assets			
Cash and balances at central banks	13	53,656	60,865
Financial assets held for trading	14	1,371	907
Derivatives	15	4,403	5,212
Financial investments	17	41,501	39,034
Securities financing	18	21,503	20,032
Loans and advances banks	20	2,324	2,982
Residential mortgages	21	144,875	141,121
Consumer loans at amortised cost	21	8,233	9,955
Consumer loans at fair value through P&L	21	648	
Corporate loans at amortised cost	21	85,626	85,295
Corporate loans at fair value through P&L	21	59	66
Other loans and advances customers	21	6,494	7,491
Equity-accounted investments	23	333	474
Property and equipment	24	978	988
Goodwill and other intangible assets	24	99	108
Assets held for sale	25	130	13
Tax assets	11	327	565
Other assets	26	5,351	4,473
Total assets		**377,909**	**379,581**
Liabilities			
Financial liabilities held for trading	14	917	641
Derivatives	15	2,856	4,148
Securities financing	18	11,710	9,652
Due to banks	27	5,352	17,509
Current accounts	28	99,948	122,030
Demand deposits	28	100,943	100,397
Time deposits	28	51,728	30,096
Other due to customers	28	1,846	2,491
Issued debt	29	66,227	56,259
Subordinated liabilities	29	5,572	7,290
Provisions	30	742	1,044
Tax liabilities	11	159	22
Other liabilities	32	5,741	5,187
Total liabilities		**353,741**	**356,767**
Equity			
Share capital		866	898
Share premium		12,192	12,529
Other reserves (incl. retained earnings/profit for the period)		9,436	8,243
Accumulated other comprehensive income		-315	-842
AT1 capital securities		1,987	1,985
Equity attributable to owners of the parent company		**24,165**	**22,812**
Equity attributable to non-controlling interests		3	2
Total equity	33	**24,168**	**22,814**
Total liabilities and equity		**377,909**	**379,581**
Committed credit facilities	35	53,968	53,873
Guarantees and other commitments	35	6,289	7,651

Consolidated statement of changes in equity

(in millions)	Share capital	Share premium	Other reserves including retained earnings	Accumulated other comprehensive income[3]	Net profit/(loss) attributable to owners of the parent company	AT1 capital securities	Equity attributable to the owners of the parent company	Non-controlling interests	Total equity
Balance at 1 January 2022	**940**	**12,970**	**6,093**	**-1,227**	**1,231**	**1,987**	**21,994**	**5**	**21,999**
Total comprehensive income				385	1,868		2,253		2,252
Transfer			1,231		-1,231				
Dividend			-840				-840	-3	-843
Decrease of capital						-2	-2		-2
Share buy back[1]	-42	-441	-16				-500		-500
Interest on AT1 capital securities			-91				-91		-91
Other changes in equity			-2				-2		-2
Balance at 31 December 2022	**898**	**12,529**	**6,375**	**-842**	**1,868**	**1,985**	**22,812**	**2**	**22,814**
Impact adopting IFRS 17[2]			-164				-164		-164
Balance at 1 January 2023	**898**	**12,529**	**6,211**	**-842**	**1,868**	**1,985**	**22,648**	**2**	**22,650**
Total comprehensive income				527	2,697		3,224		3,224
Transfer			1,868		-1,868				
Dividend			-1,117				-1,117		-1,117
Increase of capital						2	2		2
Share buyback[1]	-32	-337	-131				-500		-500
Interest on AT1 capital securities			-91				-91		-91
Balance at 31 December 2023	**866**	**12,192**	**6,739**	**-315**	**2,697**	**1,987**	**24,165**	**3**	**24,168**

[1] For more information on the share buyback, please refer to Note 33 Equity.
[2] The impact of initial application of IFRS 17 was recognised in the opening balance at 1 January 2023.
[3] For more information on accumulated other comprehensive income, please refer to Note 33 Equity.

Consolidated statement of cash flows

(in millions)	Note	2023	2022
Profit/(loss) for the period		**2,697**	**1,867**
Adjustments on non-cash items included in profit/(loss)			
(Un)realised gains/(losses)		463	6,753
Share of result in equity-accounted investments		-41	-107
Depreciation, amortisation and impairment losses of tangible and intangible assets	24	251	172
Impairment charges on financial instruments		-158	39
Income tax expense	11	847	509
Tax movements other than taxes paid & income taxes		35	12
Other non-cash adjustments		676	848
Operating activities			
Changes in:			
- Assets held for trading		-456	248
- Derivatives - assets		44	-828
- Securities financing - assets		-2,003	-3,081
- Loans and advances banks		338	424
- Residential mortgages		-336	-4,413
- Consumer loans		1,002	507
- Corporate loans		-603	-27
- Other loans and advances customers		900	7,740
- Other assets		-914	-349
- Liabilities held for trading		276	-49
- Derivatives - liabilities		-590	-677
- Securities financing - liabilities		2,358	-376
- Due to banks		-12,419	-20,745
- Due to customers		-1,210	3,558
Net changes in all other operational assets and liabilities		418	346
Dividend received from associates and private equity investments		26	30
Income tax paid		-629	-544
Cash flow from operating activities		**-9,028**	**-8,142**

Continued>

(in millions)	Note	2023	2022
Investing activities			
Purchases of financial investments		-14,543	-11,902
Proceeds from sales and redemptions of financial investments		12,982	11,464
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures	23	-23	-13
Divestments of subsidiaries (net of cash sold), associates and joint ventures	23	68	272
Purchases of property and equipment		-209	-186
Proceeds from sales of property and equipment		111	127
Purchases of intangible assets		-81	-2
Proceeds from sales of intangible assets			1
Other changes from investing activities		-28	
Cash flow from investing activities		**-1,722**	**-239**
Financing activities			
Proceeds from the issuance of debt	29	49,985	35,231
Repayment of issued debt	29	-43,196	-30,668
Proceeds from subordinated liabilities issued	29	776	1,540
Repayment of subordinated liabilities issued	29	-2,504	-1,602
Proceeds/(repayment) from other borrowing		2	-2
Proceeds/(repayment) from capital securities			-1
Purchase of treasury shares		-500	-500
Dividends paid to the owners of the parent company	33	-1,117	-840
Dividends paid to non-controlling interests			-3
Interest paid AT1 capital securities		-91	-91
Payment of lease liabilities		-138	-115
Cash flow from financing activities		**3,218**	**2,948**
Net increase/(decrease) of cash and cash equivalents		**-7,533**	**-5,433**
Cash and cash equivalents as at 1 January		62,608	68,027
Effect of exchange rate differences on cash and cash equivalents		-22	14
Cash and cash equivalents as at 31 December		**55,054**	**62,608**
Supplementary disclosure of operating cash flow information			
Interest paid		9,812	2,455
Interest received		16,183	7,934
Dividend received excluding associates		13	8

(in millions)	31 December 2023	31 December 2022
Cash and balances at central banks	53,656	60,865
Loans and advances banks (less than 3 months)[1]	1,398	1,743
Total cash and cash equivalents[1]	**55,054**	**62,608**

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

Notes to the Consolidated Annual Financial Statements

1 Accounting policies

The notes to the Consolidated Annual Financial Statements, including the audited information in the Risk, funding & capital chapter, are an integral part of these Annual Financial Statements. This section describes ABN AMRO Bank's material accounting policies and critical accounting estimates or judgements relating to the Annual Financial Statements. If an accounting policy or a critical accounting estimate relates to a specific note, it is included in the relevant note.

Corporate information

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

At 31 December 2023, all shares in the capital of ABN AMRO Bank N.V. were held by two foundations: NLFI and STAK AAB. NLFI was holding 48.7% in ABN AMRO Bank N.V., of which 46.6% were held directly via ordinary shares and 2.1% were held indirectly via depositary receipts for shares in ABN AMRO Bank N.V.. STAK AAB was holding 53.4% of the shares in the issued capital of ABN AMRO Bank N.V.. Both foundations have issued depositary receipts for shares in ABN AMRO Bank N.V.. Only STAK AAB's depositary receipts are issued with the cooperation of ABN AMRO Bank N.V. and traded on Euronext Amsterdam.

ABN AMRO provides a broad range of financial services to retail, private and corporate banking clients. These activities are conducted primarily in the Netherlands and selectively abroad.

The Consolidated Annual Financial Statements of ABN AMRO Bank for the year ended 31 December 2023 incorporate financial information of ABN AMRO Bank N.V., as well as that of the bank's controlled entities, interests in associates and joint ventures. The Annual Financial Statements were prepared by the Executive Board and authorised for issue by the Supervisory Board and Executive Board on 12 March 2024.

Statement of compliance

The Consolidated Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). They also comply with the financial reporting requirements set out in Title 9 of Book 2 of the Dutch Civil Code, where applicable.

Basis of preparation

The Consolidated Annual Financial Statements have been prepared on a historical cost basis, except for certain items that are measured at fair value. Derivative financial instruments, financial assets and liabilities held for trading or designated as measured at fair value through profit or loss, financial instruments not held in a 'hold to collect' business model, debt instruments that do not meet the solely payments of principal and interest (SPPI) test, and equity investments in associates or joint ventures for which the venture capital exemption is applied, are measured at fair value through profit or loss. Certain interest-earning financial investments are valued at fair value through other comprehensive income (FVOCI). As these instruments do not meet the requirements regarding frequency of sales, they are not classified in a 'hold to collect' business model. The carrying values of recognised assets and liabilities included in fair value hedges and otherwise carried at amortised cost are adjusted to record changes in fair value attributable to the risks that are being hedged. Associates and joint ventures are accounted for using the equity method.

The Annual Financial Statements are presented in euros, which is the presentation currency of ABN AMRO, rounded to the nearest million (unless otherwise stated).

The financial statements are prepared on a going concern basis.

Changes in accounting policies

IFRS 17 – Insurance Contracts

As from 1 January 2023, ABN AMRO has adopted IFRS 17 Insurance Contracts. IFRS 17 replaces IFRS 4 and includes comprehensive new requirements for the recognition and measurement, presentation and disclosure of insurance contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

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

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

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

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

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

ABN AMRO choses not to restate prior periods in line with the transitional provisions of IFRS 9 as amended by IFRS 17. As a result, the comparative figures have not been adjusted and the impact is recognised in the opening balance at 1 January 2023.

Amendments to existing standards

Besides IFRS 17, the International Accounting Standards Board issued several amendments to existing standards that are endorsed by the EU. These changes became effective for the reporting period beginning on 1 January 2023. The standards amended are:

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

The impact of these amendments on the consolidated financial statements are insignificant, except for the impact of the International Tax Reform. The IAS 12 amendments relate to the introduction of a temporary exception and targeted disclosure requirement, in response to the International Tax Reform from the Organisation for Economic Co-operation and Development (OECD). The Pillar Two EU legislation aims to ensure a minimum tax of 15% is paid on profits globally. Given that this does not materially impact ABN AMRO, we will not disclose the impact on the current tax expense, if any. Furthermore, ABN AMRO applied the exemption related to the recognition and disclosure of deferred tax liabilities in accordance with Pillar Two EU legislation in 2023. For more details see note 11.

New standards, amendments and interpretations not yet effective

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

- IAS 1 Classification of liabilities as current or non-current;
- IFRS 16 Lease liability in a sale and lease back;
- IAS 7 and IFRS 7 Supplier finance arrangements; and
- IAS 21 Lack of exchangeability.

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

Critical accounting estimates and judgements

In preparing the financial statements, management needs to exercise its judgement in the process of applying ABN AMRO's accounting policies and make estimates and assumptions concerning the future. Actual results may differ from those estimates and assumptions. Accounting policies for the most significant areas that require management to make judgements and estimates affecting reported amounts and disclosures are made in the following sections:

- Impairment losses on financial assets measured at amortised costs - Risk, funding & capital management section,
- Income tax expense, tax assets and tax liabilities - Note 11,
- Impairment of instruments measured at FVOCI - Note 17,
- Fair value of financial instruments - Note 19,
- Impairment of ROU assets and goodwill - Note 24,
- Provisions - Note 30.

Assessment of risks, rewards and control

Whenever ABN AMRO is required to assess risks, rewards and control, as well as when considering the recognition and derecognition of assets or liabilities and the consolidation or deconsolidation of subsidiaries, the use of judgement may sometimes be required. Although management uses its best knowledge of current events and actions in making such assessments, the actual risks, rewards and control may ultimately differ.

Material accounting policies

Basis of consolidation

The Consolidated Annual Financial Statements of ABN AMRO Bank N.V. include the financial statements of the parent company and its controlled entities, thus incorporating the assets, liabilities, revenues and expenses of ABN AMRO Bank N.V. and its subsidiaries. Non-controlling interests (held by third parties) in the equity and results of group companies are presented separately in the Consolidated Annual Financial Statements.

Subsidiaries are included using the same reporting period and consistent accounting policies. Intercompany balances and transactions, as well as any related unrealised gains and losses, are eliminated in preparing the Consolidated Financial Statements.

Foreign currency

ABN AMRO applies IAS 21 The Effects of Changes in Foreign Exchange Rates. Transactions in foreign currencies are translated into euros at the rate prevailing on the transaction date. Foreign currency balances of monetary items are translated into euros at period-end exchange rates. Exchange gains and losses on such balances are recognised in the income statement.

The Consolidated Annual Financial Statements are stated in euros, which is the presentation and functional currency of ABN AMRO. The bank's foreign operations may have different functional currencies. The functional currency is the currency that best reflects the economic substance of the underlying event and circumstances relevant to that entity. Prior to consolidation (or equity accounting), the assets and liabilities of non-euro operations are translated into euros at the closing rate, and items in the income statement and other comprehensive income are translated at the rate prevailing on the transaction dates. Exchange differences arising on the translation of foreign operations are included in the currency translation reserve within equity. These amounts are transferred to the income statement when the bank loses control, joint control or significant influence over the foreign operation.

Financial assets and liabilities

Classification and measurement of financial assets

ABN AMRO classifies financial assets based on the business model in which they are held in accordance with IFRS 9. The business model is determined at portfolio level. Portfolios are based on how ABN AMRO manages financial assets in order to achieve a particular business objective. The business model assessment is based on the level of sales, risk management, performance evaluation and management compensation. Derecognition is used as a condition to determine whether a transaction results in a sale.

Three business models are distinguished:
- ‘Hold to collect’ business model, in which cash flows are primarily generated by collecting contractual cash flows until maturity of the financial instrument. Sales can occur, as long as they are incidental, infrequent and insignificant. The assessment of the frequency and significance of sales is determined for each underlying portfolio. Sales that result from increases in the credit risk of the counterparty or take place close to maturity do not contradict the ‘hold to collect’ business model;
- ‘Hold to collect and sell’ business model, in which the selling of financial assets is integral to achieving the business objective. In this business model, sales take place more frequently and have a greater value than in a 'hold to collect' business model;
- Other business models not meeting the criteria of the business models mentioned above, for example business models in which financial assets are managed with the objective of generating cash flows from sales (trading book), are measured at FVTPL.

After the business model has been determined, the contractual cash flows of financial assets are assessed. Debt instruments can be classified at amortised cost or FVOCI only when the contractual cash flows are solely payments of principal and interest (SPPI). Contractual cash flows that are SPPI are consistent with a basic lending arrangement in which consideration for the time value of money and credit risk are typically the most significant interest elements. Debt instruments that do not meet the SPPI requirements are mandatorily measured at FVTPL. Financial assets are assessed in their entirety, including any embedded derivatives that are not separated from the host contract.

Based on the business model determined and the SPPI assessment, the following measurement categories are identified under IFRS 9:
- Amortised cost – Financial instruments measured at amortised cost are debt instruments within a ‘hold to collect’ business model with fixed or determinable payments which meet the SPPI criteria. These instruments are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest rate method. Financial instruments measured at amortised cost are presented net of credit loss allowances in the statement of financial position;
- FVTPL – Financial instruments measured at FVTPL include instruments held for trading, derivatives, equity instruments for which the FVOCI option has not been elected and instruments whose cash flows do not meet the SPPI requirements. Changes in the fair value of these instruments are directly recognised in the income statement;
- FVOCI – Financial instruments measured at FVOCI are debt instruments which are held in a ‘hold to collect and sell’ business model and which meet the SPPI criteria. They are initially measured at fair value, with subsequent unrealised changes recognised in other comprehensive income. Equity instruments for which the fair value option is elected are also measured at FVOCI.

Reclassifications of financial assets are expected to be very infrequent and occur only when ABN AMRO changes its business model for a certain portfolio of financial assets.

Please refer to the Risk, funding & capital management section for our accounting policies on the measurement of expected credit losses on financial instruments measured at amortised cost and FVOCI.

Classification of assets and liabilities held for trading

A financial asset or financial liability is classified as 'held for trading' if it is:
- Acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit making; or
- A trading derivative (except for a derivative that is a designated and effective hedging instrument).

Classification and measurement of financial liabilities
Financial liabilities are initially recognised at their fair value minus transaction costs that are directly attributable to the acquisition or issue of the financial liability. Under IFRS 9, financial liabilities are classified as subsequently measured at amortised cost, except for the following instruments:
- Financial liabilities held for trading are measured at fair value through profit or loss;
- Financial liabilities that ABN AMRO has irrevocably designated as held at fair value through profit or loss at initial recognition, which are held to reduce an accounting mismatch, are managed on the basis of their fair value or include terms that have derivative characteristics by nature.

Under IFRS 9, the changes in fair value attributable to changes in the credit risk of financial liabilities designated at FVTPL are presented in other comprehensive income. The cumulative amount of changes in fair value attributable to credit risk of such liabilities is presented as liability own credit risk reserve in equity.

Financial liabilities are never reclassified after initial recognition.

Recognition and derecognition
Traded instruments are recognised on the trade date, which is defined as the date on which ABN AMRO commits to purchase or sell the underlying instrument. If the settlement terms are non-standard, the commitment is accounted for as a derivative between the trade and settlement dates. Loans and advances are recognised when they are acquired or funded by ABN AMRO and derecognised when settled. Issued debt is recognised when issued, and deposits are recognised when the cash is deposited with ABN AMRO. Other financial assets and liabilities, including derivatives, are recognised when ABN AMRO becomes a party to the contractual provisions of the asset or liability.

Financial assets are derecognised when ABN AMRO loses control and the ability to obtain benefits from the contractual rights that comprise that asset. This occurs when the rights are realised or expire, or when substantially all risks and rewards are transferred. Financial assets are also derecognised if the bank has neither transferred nor retained substantially all risks and rewards of ownership, but control has passed to the transferee. Financial assets continue to be recognised in the balance sheet, and a liability recognised for the proceeds of any related funding transaction, unless a fully proportional share of all or specifically identified cash flows are transferred to the lender without material delay and the lender's claim is limited to those cash flows, and substantially all the risks, rewards and control associated with the financial instruments, that have been transferred, in which case that proportion of the asset is derecognised.

When the terms and conditions of a financial asset have been renegotiated or otherwise modified to the extent that, substantially, it becomes a new financial asset, ABN AMRO derecognises the financial asset, with the difference recognised in the income statement, to the extent that an impairment loss has not already been recorded. The newly recognised financial asset is classified as stage 1 for ECL measurement purposes. ABN AMRO assesses, in both qualitative and quantitative terms, whether such modifications are substantial. Generally, a 10% change in the net present value of the cash flows between the initial and new contract results in a derecognition. With regard to substantial modifications, e.g. due to forbearance measures, the derecognition gains or losses are recognised in net gains/(losses) on derecognition of financial assets measured at amortised cost and disclosed separately, if material.

If the modification of the financial asset does not result in derecognition, the gross carrying amount of the financial asset is recalculated, based on the net present value of the new contractual cash flows, and discounted at the financial asset's original effective interest rate. The effect is recognised and disclosed as a modification gain or loss in the income statement. Credit related modification gains or losses (i.e. due to forbearance measures) are recognised in the income statement and presented under impairment charges on financial instruments. Non-credit related modification gains or losses are recognised in the income statement and presented under interest income calculated using the effective interest method.

Financial liabilities are derecognised when the liability has been settled, has expired or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms, qualitatively and quantitatively (a 10% difference in the present value of the cash flows), is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the former amortised cost and the consideration paid is recognised in the income statement.

Client clearing
As a general clearing member, ABN AMRO provides clearing and settlement services to its clients for, among other things, exchange-traded derivatives.

In its capacity as a clearing member, ABN AMRO guarantees the fulfilment of obligations towards central counterparty clearing houses (CCPs) of clients' transactions. ABN AMRO is not liable to clients for the non-performance of the CCP. In the event of a client defaulting, ABN AMRO has the legal obligation to settle all the client's positions with the relevant CCPs, possibly at a loss. Possible losses arising from this guarantee might relate not only to a client's current positions, but also to the client's future trades. ABN AMRO receives and collects (cash) margins from clients, and remits these margins to the relevant CCP in whole or in part. Given the stringent margin requirements set by the CCPs, possible future outflows of resources for new clearing transactions are considered close to zero.

ABN AMRO does not reflect the exchange-traded derivatives cleared on behalf of clients in its financial statements. Under normal circumstances, the guarantee has no fair value and is not recognised in the financial statements. Any loss recognised in the event of non-performance of a client is in line with our contingent liabilities policy.

Offsetting
The bank offsets financial assets and liabilities and the net amount reported in the statement of financial position if it is legally entitled to set off the recognised amounts and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Statement of cash flows
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, freely available balances with central banks and other banks, and net balances on current accounts with other banks with a maturity of less than three months from the date of acquisition. The statement of cash flows, based on the indirect method of calculating operating cash flows, gives details of the source of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are categorised into cash flows from operations, including banking activities, investment activities and financing activities. Movements in loans and advances and interbank deposits are included in the cash flow from operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments, as well as investments in, and sales of, subsidiaries and associates, property and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities. Cash flows arising from foreign currency transactions are translated into euros using the exchange rates at the date of the cash flows.

Government grants
Government grants are recognised in the income statement on a systematic basis over the periods that the related expenses, which the grants are intended to compensate, are recognised. In the case of an income-related grant, the grant is deducted from the related expense.

Levies and other regulatory charges
ABN AMRO recognises a liability arising from levies and similar charges when it becomes legally enforceable (i.e. when the obligating event arises).

2 Segment reporting

Accounting policy for segment reporting
ABN AMRO's segment reporting is in accordance with IFRS 8 Operating Segments and consistent with the internal reporting provided to its Executive Board, which is responsible for allocating resources and assessing performance and has been identified as the chief operating decision-maker. All transactions between segments are eliminated as intersegment revenues and expenses in Group Functions. Geographical data are presented according to the management view.

Segment assets, liabilities, income and results are measured based on our accounting policies and include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Transactions between segments are conducted on an arm's length basis. Interest income is reported as net interest income (NII) because management relies primarily on net, rather than gross, interest income and expenses as a performance measure.

Personal & Business Banking

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

Wealth Management

The Wealth Management client unit delivers outstanding expertise with tailored value propositions for wealthy clients, focusing on investment advice, financial planning and real estate financing.

Corporate Banking

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

Group Functions

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

Segment income statement for the year 2023

					2023
(in millions)	Personal & Business Banking	Wealth Management	Corporate Banking	Group Functions	Total
Income					
Net interest income	3,251	974	2,211	-158	6,278
Net fee and commission income	555	588	667	-29	1,782
Net income from other operating activities	90	26	252	9	378
Net trading income	-2		215		213
Share of result in equity-accounted investments	13	11	30	-12	41
Net gains/(losses) on derecognition of financial assets measured at amortised cost	47	1	-7	-116	-75
Operating income	**3,955**	**1,601**	**3,368**	**-306**	**8,618**
Expenses					
Personnel expenses	472	411	582	1,027	2,492
General and administrative expenses	574	203	416	1,297	2,490
Depreciation, amortisation and impairment losses of tangible and intangible assets	4	99	29	119	251
Intersegment revenues/expenses	1,448	365	615	-2,428	
Operating expenses	**2,498**	**1,079**	**1,642**	**15**	**5,233**
Impairment charges on financial instruments	-81	-8	-70	1	-158
Total expenses	**2,416**	**1,071**	**1,572**	**16**	**5,074**
Profit/(loss) before taxation	**1,538**	**530**	**1,796**	**-321**	**3,544**
Income tax expense	391	157	345	-45	847
Profit/(loss)	**1,148**	**374**	**1,451**	**-276**	**2,697**
Attributable to:					
Owners of the parent company	1,148	374	1,451	-276	2,697

Segment income statement for the year 2022

					2022
(in millions)	Personal & Business Banking	Wealth Management	Corporate Banking	Group Functions	Total
Income					
Net interest income	2,707	764	2,112	-161	5,422
Net fee and commission income	526	595	682	-25	1,778
Net income from other operating activities	78	99	117	-44	249
Net trading income	10		272		282
Share of result in equity-accounted investments	13	19	75	1	107
Net gains/ (losses) on derecognition of financial assets measured at amortised cost			-12	14	1
Operating income	**3,334**	**1,477**	**3,246**	**-216**	**7,841**
Expenses					
Personnel expenses	463	390	600	1,004	2,458
General and administrative expenses	660	208	461	1,466	2,796
Depreciation, amortisation and impairment losses of tangible and intangible assets	6	28	10	128	172
Intersegment revenues/expenses	1,529	381	679	-2,588	
Operating expenses	**2,658**	**1,007**	**1,750**	**11**	**5,425**
Impairment charges on financial instruments	73	29	-68	5	39
Total expenses	**2,731**	**1,036**	**1,682**	**15**	**5,464**
Profit/(loss) before taxation	**603**	**440**	**1,564**	**-231**	**2,376**
Income tax expense	144	93	365	-93	509
Profit/(loss)	**459**	**347**	**1,199**	**-138**	**1,867**
Attributable to:					
Owners of the parent company	459	347	1,199	-138	1,868

For the explanation and further details of large incidentals used in the section below, please refer to Our financial performance section in the Strategy, value creation & performance chapter.

Total bank

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 in residential mortgages (while average volumes increased) and consumer loans, and lower Treasury results.

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

Net income from other operating activities amounted to EUR 378 million in 2023 (2022: EUR 249 million), mainly due to positive equity stake revaluations, fair value revaluations (due to first-time adoption of IFRS 17 "Insurance contracts"), followed by large incidentals and volatiles at ALM.

Net trading income decreased by EUR 69 million to EUR 213 million, mainly due to lower CVA/DVA/FVA results (negative EUR 8 million in 2023 versus EUR 60 million in 2022).

Share of result in equity-accounted investments decreased by EUR 66 million in 2023, mainly due to the transaction gain on the divestment of the MP Solar stake in 2022.

Net losses on derecognition of financial assets amounted to EUR 75 million in 2023 (2022: EUR 1 million gain) and relate to several smaller portfolio sales.

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), in combination with an increase in internal FTEs, especially in H2 2023, related mainly to regulatory activities and strategy execution (including IT).

General and administrative expenses decreased by EUR 306 million to EUR 2,490 million in 2023 (EUR 2,796 million in 2022). Excluding large incidentals, general and administrative expenses decreased mainly due to lower regulatory levies and lower expenses from external staffing.

Depreciation and amortisation increased by EUR 80 million in 2023, mainly due to goodwill impairments in Wealth Management and Corporate Banking.

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 to 3bps in 2022. Releases were attributable to a reduction of management overlays, which was partly offset by new and existing individually provisioned files.

There was no revenue from transactions with a single external client or counterparty exceeding 10% of the bank's total revenue in 2023 or 2022.

Personal & Business Banking

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.

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.

Net income from other operating activities was EUR 90 million in 2023 (2022: EUR 78 million), excluding gains on smaller sales in both years. The increase was mainly due to fair value revaluations as a result of the first-time adoption of IFRS 17 "Insurance contracts" this year.

Net gains on derecognition of financial assets came out at EUR 47 million in 2023 (2022: EUR 0 million). The figure for 2023 includes a gain on a small portfolio disposal.

Personnel expenses amounted to EUR 472 million in 2023 (2022: EUR 463 million), mainly due to the impact of CLA salary increases.

General and administrative expenses decreased by EUR 86 million, totalling EUR 574 million, in 2023. Excluding incidentals, the decrease was mainly due to lower regulatory levies and lower expenses for external staff.

Impairment charges recorded a release of EUR 81 million in 2023 (2022: charge of EUR 73 million), reflecting mainly model-based releases.

Wealth Management

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 in 2023 (2022: EUR 595 million). As most of this client unit's market performance materialised in Q4, assets under management were lower year-on-year in the majority of the year, leading to a drop in fee and commission income.

Net income from other operating activities totalled EUR 26 million in 2023 (2022: EUR 99 million), mainly due to results from the sale of ABN AMRO Pensioeninstelling last year.

Personnel expenses increased by EUR 21 million and amounted to EUR 411 million in 2023, mainly due to the impact of the CLA salary increases and small staff-related provision additions, while 2022 showed staff-related provision releases.

General and administrative expenses decreased slightly by EUR 5 million to EUR 203 million in 2023, mainly due to provision releases related to divestments in previous years.

Depreciation and amortisation amounted to EUR 99 million in 2023 (2022: EUR 28 million), mainly due to goodwill impairments in Germany and, to a lesser extent, France.

Impairment charges recorded a release of EUR 8 million in 2023 (2022: a charge of EUR 29 million), reflecting mainly stage 1 and 2 releases.

Corporate Banking

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 in 2023, amongst others due to lower income from corporate finance fees, partly offset by one-off fee income in the CB non-core portfolio in H1.

Net income from other operating activities was EUR 252 million in 2023 (2022: EUR 117 million), mainly reflecting positive equity stake revaluations and higher results at Global Markets.

Share of result in equity-accounted investments decreased by EUR 45 million in 2023, mainly due to the gain on the divestment of the MP Solar stake in 2022.

Net trading income decreased by EUR 57 million to EUR 215 million, mainly due to lower CVA/DVA/FVA results (negative EUR 8 million in 2023 versus EUR 60 million in 2022).

Net losses on derecognition of financial assets came out at EUR 7 million in 2023 (2022: EUR 12 million), mainly due to loan disposals as part of the wind-down of the CB non-core portfolio.

Personnel expenses amounted to EUR 582 million in 2023, a decrease compared to EUR 600 million in 2022. The impact of CLA salary increases was more than mitigated by the non-core wind down.

General and administrative expenses decreased by EUR 45 million to EUR 416 million in 2023, mainly due to lower regulatory levies and expenses for external staff.

Depreciation and amortisation amounted to EUR 29 million 2023 (2022: EUR 10 million), mainly due to goodwill impairments.

Impairment charges recorded a net release of EUR 70 million in 2023 (2022: EUR 68 million release), mainly due to stage 1 and 2 releases, as the geopolitical overlays were lowered.

Group Functions

Net interest income flat at EUR 158 million negative in 2023 (2022: EUR 161 million negative).

Net fee and commission income totalled EUR 29 million negative in 2023 (2022: EUR 25 million negative).

Net income from other operating activities amounted to EUR 9 million in 2023 (2022: negative EUR 44 million) mainly due to large incidentals in 2022 (loss due to the change in the TLTRO III terms and conditions) and volatile items in both years.

Net losses on derecognition of financial assets came out at EUR 116 million in 2023 (2022: EUR 14 million gain) and relate to several smaller portfolio sales.

Personnel expenses increased by EUR 23 million to EUR 1,027 million in 2023, mainly due to an increase in internal FTEs combined with CLA salary increases.

General and administrative expenses decreased by EUR 169 million to EUR 1,297 million in 2023 (2022: EUR 1,466 million). Excluding large items, expenses decreased mainly due to lower external staffing costs.

Selected assets and liabilities per segment

					31 December 2023
(in millions)	Personal & Business Banking	Wealth Management	Corporate Banking	Group Functions	Total
Assets					
Financial assets held for trading			1,371		1,371
Derivatives			4,042	360	4,403
Securities financing			8,042	13,461	21,503
Residential mortgages	144,968	5,912		-6,005	144,875
Consumer loans	3,752	4,630	499		8,881
Corporate loans	8,132	5,985	70,960	609	85,685
Other loans and advances customers	52	8	6,285	149	6,494
Other	1,974	3,854	8,354	90,515	104,698
Total assets	**158,878**	**20,389**	**99,552**	**99,089**	**377,909**
Liabilities					
Financial liabilities held for trading			917		917
Derivatives	7	7	2,415	427	2,856
Securities financing			185	11,525	11,710
Current accounts	41,516	16,785	41,573	73	99,948
Demand deposits	74,558	22,411	3,974		100,943
Time deposits	8,239	27,049	10,719	5,722	51,728
Other due to customers	96		1,711	40	1,846
Other	34,462	-45,863	38,058	57,135	83,792
Total liabilities	**158,878**	**20,389**	**99,552**	**74,921**	**353,741**

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

Geographical segments

(in millions)	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total 2023
Income						
Net interest income	5,705	396	88	57	32	6,278
Net fee and commission income	1,226	327	137	85	7	1,782
Net income from other operating activities	319	51	6		2	378
Net trading income	225				-11	213
Share of result in equity-accounted investments	30	11				41
Net gains/ (losses) on derecognition of financial assets measured at amortised cost	-29		-47		1	-75
Operating income	**7,475**	**785**	**185**	**143**	**31**	**8,618**
Expenses						
Personnel expenses	2,010	363	77	28	14	2,492
General and administrative expenses	2,266	172	31	12	9	2,490
Depreciation and amortisation of tangible and intangible assets	132	113	2	3	1	251
Intersegment revenues/expenses	18	-11	1	5	-14	
Operating expenses	**4,426**	**637**	**111**	**48**	**11**	**5,233**
Impairment charges on financial instruments	-59	-18	-81			-158
Total expenses	**4,367**	**618**	**30**	**48**	**11**	**5,074**
Profit/(loss) before taxation	**3,108**	**167**	**155**	**94**	**20**	**3,544**
Income tax expense	818	65	-52	10	6	847
Profit/(loss)	**2,290**	**101**	**207**	**85**	**14**	**2,697**
Attributable to:						
Owners of the parent company	2,290	101	207	85	14	2,697

(in millions)	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total 2022
Income						
Net interest income	4,943	335	75	38	31	5,422
Net fee and commission income	1,223	349	108	92	7	1,778
Net income from other operating activities	177	38	10	6	19	249
Net trading income	312		-2		-28	282
Share of result in equity-accounted investments	88	19				107
Net gains/ (losses) on derecognition of financial assets measured at amortised cost	-10		-4	14	1	1
Operating income	**6,732**	**741**	**187**	**151**	**30**	**7,841**
Expenses						
Personnel expenses	1,967	333	95	45	17	2,458
General and administrative expenses	2,554	182	33	17	10	2,796
Depreciation and amortisation of tangible and intangible assets	144	31	-2	-2	1	172
Intersegment revenues/expenses	35	-30	1	8	-14	
Operating expenses	**4,700**	**516**	**127**	**69**	**14**	**5,425**
Impairment charges on financial instruments	76	12	-42	-7	-1	39
Total expenses	**4,776**	**528**	**85**	**62**	**14**	**5,464**
Profit/(loss) before taxation	**1,957**	**213**	**102**	**89**	**16**	**2,376**
Income tax expense	424	40	29	12	4	509
Profit/(loss)	**1,533**	**173**	**73**	**77**	**12**	**1,867**
Attributable to:						
Owners of the parent company	1,533	173	73	77	12	1,868

3 Overview of financial assets and liabilities by measurement base

(in millions)	Amortised cost	Fair value through profit or loss - trading	Fair value through profit or loss - other	Fair value through other comprehensive income	Total
					31 December 2023
Financial assets					
Cash and balances at central banks	53,656				53,656
Financial assets held for trading		1,371			1,371
Derivatives		4,038	365		4,403
Financial investments			838	40,663	41,501
Securities financing	21,503				21,503
Loans and advances banks	2,324				2,324
Loans and advances customers[1]	245,228		707		245,935
Other financial assets	4,217				4,217
Total financial assets	**326,927**	**5,409**	**1,910**	**40,663**	**374,909**
Financial liabilities					
Financial liabilities held for trading		917			917
Derivatives		2,422	434		2,856
Securities financing	11,710				11,710
Due to banks	5,352				5,352
Due to customers	254,466				254,466
Issued debt	66,005		222		66,227
Subordinated liabilities	5,572				5,572
Other financial liabilities	3,510				3,510
Total financial liabilities	**346,616**	**3,339**	**656**		**350,610**

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

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

4 Net interest income

Accounting policy for net interest income

Interest income and expenses on financial instruments are recognised in the income statement on an accrual basis using the effective interest rate method, except where financial instruments are measured at fair value through profit or loss. The effective interest rate method allocates interest, amortisation of any discount or premium or other differences, including transaction costs and qualifying fees and commissions, over the expected lives of the assets and liabilities. The effective interest rate is the rate that exactly discounts estimated future cash flows to the net carrying amount of the asset. As a result, this method requires ABN AMRO to estimate future cash flows, in some cases based on its experience with client behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities. Interest on loans and advances measured at fair value through profit or loss is also included in net interest income and recognised using the contractual interest rate. Interest income and expenses on trading balances are included in net trading income. Interest paid on assets with a negative interest yield is classified as interest expense. Interest received from liabilities with a negative interest yield is classified as interest income.

(in millions)		**2023**		2022
Interest income calculated using the effective interest method	15,849		7,698	
Other interest and similar income	334		236	
Interest income		**16,183**		**7,934**
Interest expense calculated using the effective interest method	9,812		2,455	
Other interest and similar expense	92		57	
Interest expense		**9,904**		**2,512**
Net interest income		**6,278**		**5,422**

Interest income

(in millions)	**2023**	2022
Interest income from:		
Financial investments at fair value through other comprehensive income	657	525
Securities financing	1,417	454
Loans and advances banks	2,350	388
Loans and advances customers	8,822	6,308
Non-trading derivatives - hedge accounting - Cash flow hedges	267	322
Non-trading derivatives - hedge accounting - Fair value hedges	2,078	-897
Other	258	598
Interest income calculated using the effective interest method	**15,849**	**7,698**
Financial assets at fair value through profit or loss	46	2
Non-trading derivatives - no hedge accounting	83	78
Other	205	156
Other interest and similar income	**334**	**236**
Total interest income	**16,183**	**7,934**

Interest expense

(in millions)	2023	2022
Interest expenses from:		
Securities financing	961	262
Due to banks	524	119
Due to customers	4,043	833
Issued debt	1,871	932
Subordinated liabilities	282	337
Non-trading derivatives - hedge accounting - Cash flow hedges	1,343	472
Non-trading derivatives - hedge accounting - Fair value hedges	1,137	-498
Other	-348	-2
Interest expense calculated using the effective interest method	**9,812**	**2,455**
Financial liabilities at fair value through profit or loss	9	13
Non-trading derivatives - no hedge accounting	58	22
Other	24	22
Other interest and similar expense	**92**	**57**
Total interest expense	**9,904**	**2,512**

5 Net fee and commission income

Accounting policy for net fee and commission income

ABN AMRO applies IFRS 15 when recognising revenue from contracts with clients, all of which is included in net fee and commission income. After identifying contracts and their performance obligations, revenue is recognised as an amount that reflects the consideration to which the bank expects to be entitled in exchange for transferring promised services to clients. The transaction price is allocated to each performance obligation. Revenue is measured at the fair value of the consideration received, taking into account discounts and rebates. The amount of revenue recognised is discounted to the present value of the consideration due, if payment extends beyond normal credit terms.

Revenue is recognised when a promised service is transferred to the client. Fees and commission income are recognised either:
- At a certain point in time: the fee is a reward for a service provided at a moment in time; or
- Over time (amortised): the fee relates to services on an ongoing basis.

ABN AMRO engages in transactions where more than one party is involved in providing services to a client. In the case of these transactions, ABN AMRO assesses whether it is a principal or an agent in the transaction by evaluating the nature of its promise to the client.

The bank is a principal if it controls the promised goods or services before they are transferred to a client. The bank acts as an agent of another party if its service entails transferring goods or services to a client on behalf of that other party and, as a result, the bank does not control the specified goods or services. Control of goods and services refers to the ability to direct the use of, and obtain substantially all the remaining benefits from, the goods and services.

If the bank is assessed to be a principal in the transaction, it recognises as revenue the gross amount of the consideration to which it expects to be entitled in exchange for the specified goods or services transferred. If, however, the bank acts as an agent, it recognises as revenue the amount of the fee or commission to which it expects to be entitled in exchange for transferring the specified goods or services provided by the other party. The fee or commission may be the net amount of consideration that the bank retains after paying the other party the consideration received in exchange for the goods or services provided by that party.

(in millions)	2023	2022
Fee and commission income	2,281	2,271
Fee and commission expense	498	493
Net fee and commission income	**1,782**	**1,778**

Fee and commission income

					2023
(in millions)	Personal & Business Banking	Wealth Management	Corporate Banking	Group Functions	Total
Fee and commission income from:					
Securities and custodian services	13	58	525	3	599
Payment services	594	34	155		783
Portfolio management and trust fees	46	518	4		567
Guarantees and commitment fees	24	6	87	1	118
Insurance and investment fees	37	40			76
Other service fees	37	14	86		137
Total fee and commission income	**750**	**670**	**857**	**4**	**2,281**
Timing fee and commission income					
Recognised at a point in time	350	342	794	3	1,489
Recognised over time	401	328	63	1	792
Total fee and commission income	**750**	**670**	**857**	**4**	**2,281**

					2022
(in millions)	Personal & Business Banking	Wealth Management	Corporate Banking	Group Functions	Total
Fee and commission income from:					
Securities and custodian services	15	58	541	2	617
Payment services	545	33	160		738
Portfolio management and trust fees	47	531	4		581
Guarantees and commitment fees	35	6	67	1	109
Insurance and investment fees	36	41			77
Other service fees	34	17	99		150
Total fee and commission income	**711**	**686**	**871**	**3**	**2,271**
Timing fee and commision income					
Recognised at a point in time	343	375	835	3	1,555
Recognised over time	369	311	36	1	716
Total fee and commission income	**711**	**686**	**871**	**3**	**2,271**

Fee and commission expense

(in millions)	2023	2022
Fee and commission expenses from:		
Securities and custodian services	139	156
Payment services	216	200
Portfolio management and trust fees	60	67
Guarantees and commitment fees	42	28
Insurance and investment fees	21	24
Other service fees	20	18
Total fee and commission expense	**498**	**493**

6 Net income from other operating activities

Accounting policy for other operating income

Other operating income includes all other banking activities such as operating lease activities as lessor and results on the disposal of assets. It also includes the change in fair value of derivatives used for risk management purposes that do not meet the requirements for hedge accounting, ineffectiveness of hedging programmes, fair value changes relating to assets and liabilities measured at fair value through profit or loss, and changes in the value of derivatives related to such instruments. Dividend income from non-trading equity investments is recognised when entitlement is established. Income from operating lease activities is presented separately from the depreciation expense of the related assets

(in millions)	2023	2022
Income from lease activities	133	152
Disposal of operating activities and equity-accounted investments	33	147
Result from financial transactions	258	7
Other	59	69
Income from other operating activities	**483**	**375**

(in millions)	2023	2022
Expenses from lease activities	106	125
Expenses from other operating activities	**106**	**125**

7 Net trading income

Accounting policy for net trading income

In accordance with IFRS 9, trading positions are held at fair value, and net trading income includes gains and losses arising from changes in the fair value of such financial assets and liabilities. The latter comprises gains and losses from trading financial assets and liabilities, interest income and expenses related to trading financial assets and liabilities, and dividends received from trading instruments. Dividend income and dividends from trading instruments are recognised at the dividend announcement date. Net trading income also includes changes in fair value arising from changes in counterparty credit spreads (CVA) and changes in own credit spreads (DVA) where these affect the value of our trading assets and liabilities. The funding valuation adjustment (FVA) incorporates the incremental cost of funding into the valuation of uncollateralised and partly collateralised derivatives.

(in millions)	2023	2022
Interest instruments trading	69	155
Equity and commodity trading	1	
Foreign exchange transaction results	143	127
Total net trading income	**213**	**282**

8 Net gains/(losses) on derecognition of financial assets measured at amortised cost

Accounting policy derecognition of financial assets

The net gains/(losses) on derecognition of financial assets measured at amortised cost includes gains and losses recognised on the sale or derecognition of these financial assets, calculated as the difference between the carrying amount (which is the amortised cost adjusted for the loss allowance) and the proceeds received.

The net losses on derecognition of financial assets measured at amortised cost comprise EUR 50 million gains and EUR 125 million losses and relate to several smaller portfolio sales.

9 Personnel expenses

Accounting policy for personnel expenses

Salaries and wages, social security charges and other salary-related costs are recognised over the period in which the employees provide the services to which the payments relate. The accounting policies for pensions and other post-employment benefits are included in Note 31 Pension and other employee benefits.

(in millions)	**2023**	2022
Salaries and wages	1,832	1,810
Social security charges	248	242
Expenses relating to Defined post employment benefit plans	4	14
Defined contribution plan expenses	337	321
Other	72	72
Total personnel expenses	**2,492**	**2,458**

10 General and administrative expenses

Accounting policy for general and administrative expenses

Costs are recognised in the period in which services have been provided and to which the payment relates.

(in millions)	**2023**	2022
Agency staff, contractors and consultancy costs	711	810
Staff-related costs	59	52
Information technology costs	969	974
Housing	98	99
Post, telephone and transport	30	28
Marketing and public relations costs	89	92
Regulatory charges	367	426
Other	168	314
Total general and administrative expenses	**2,490**	**2,796**

(in millions)	**2023**	2022
Bank tax	95	97
Deposit Guarantee Scheme	96	93
Single Resolution Fund	144	207
Other regulatory levies	32	30
Total regulatory charges	**367**	**426**

Auditor's fees for EY's services are included under agency staff, contractors and consultancy costs. The fees stated for the audit of the financial statements are based on the total fees for the audit of the financial statements regardless of whether the procedures were performed before the year-end. These are specified in the following table.

(in millions)	2023	2022
Financial statements audit fees	15	15
Audit-related fees	2	2
Total auditor's fee	**17**	**17**

Financial statement audit fees relating to the audit of activities in the Netherlands amounted to EUR 12 million in 2023 (2022: EUR 13 million). Audit-related fees for activities in the Netherlands amounted to EUR 2 million in 2023 (2022: EUR 2 million).

Audit-related fees comprise services relating to regulatory reporting, comfort letters and consent letters, assurance engagements on segregation of assets, assurance on service organisation reports and procedures agreed for supervisory purposes.

11 Income tax expense, tax assets and tax liabilities

Accounting policy for income tax expense, tax assets and tax liabilities

Income tax expense consists of current and deferred tax. Income tax is recognised in the income statement and in the statement of other comprehensive income in the period in which profits arise. Withholding taxes are included in income tax when these taxes become payable by a subsidiary, associate or joint arrangement on distributions to ABN AMRO. Income tax recoverable on tax-allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offsetting against taxable profits arising in the current or prior period. Current tax is measured using tax rates prevailing at the balance sheet date.

Deferred tax is recognised for qualifying temporary differences. Temporary differences represent the difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates prevailing at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are offset only when there is both a legal right to offset and an intention to settle on a net basis.

While most of the jurisdictions ABN AMRO operates in introduced Pillar Two legislation in 2023, these rules have not yet taken effect. ABN AMRO has reviewed the potential impact of the Pillar Two legislation in those jurisdictions. In most tax jurisdictions, ABN AMRO has an effective tax rate that is above the Pillar Two minimum tax rate of 15%. ABN AMRO also expects to be able to make use of (transitional) safe harbour rules in most jurisdictions. The only exceptions are likely to be Hong Kong and Singapore, but given the limited size of ABN AMRO’s Hong Kong and Singapore operations, the impact in 2024 is expected to be between EUR 1-6 million of additional taxes payable. Considering this limited amount, the impact on the current tax expense is not disclosed. Since the Pillar Two legislation was not yet effective in 2023, there is no further impact on the disclosures of ABN AMRO in 2023.

(in millions)	2023	2022
Recognised in income statement:		
Current tax expenses for the current period	915	530
Adjustments recognised in the period for current tax of prior periods	-90	-7
Total current tax expense	**825**	**522**
Deferred tax arising from the current period	41	2
Impact of changes in tax rates on deferred taxes	-1	1
Deferred tax arising from the write-down or reversal of a write-down of a deferred tax asset	-85	-13
Deferred tax prior period	80	-2
Previously unrecognised tax losses, tax credits and temporary differences reducing deferred tax expense	-13	-1
Total deferred tax expense	**22**	**-13**
Total income tax expense	**847**	**509**

Due to the sale of the Gustav Mahlerlaan building in 2021 ABN AMRO was able to make use of a reinvestment reserve. This results in lower current tax expense, offset by higher deferred tax expense included in a prior period.

Reconciliation of the total tax charge

The effective rate based on the consolidated income statement differs from the theoretical rate that would arise using the statutory tax rate of the Netherlands. This difference is explained in the following table.

(in millions)	2023	Effective tax rate	2022	Effective tax rate
Profit/(loss) before taxation	**3,544**		2,376	
Applicable tax rate	25.8%		25.8%	
Expected income tax expense	**914**		**613**	
International tax rate difference	-10	-0.3%	-10	-0.4%
Adjustment previous years	-10	-0.3%	-9	-0.4%
Change in tax rates	-1	-0.0%	1	0.0%
Bank tax	24	0.7%	24	1.0%
Non-taxable income	-7	-0.2%	-3	-0.1%
Non-deductible expenses	69	2.0%	-6	-0.3%
Tax exempted result (participation exemption)	-37	-1.1%	-87	-3.7%
Losses not benefited	-13	-0.4%	-1	-0.1%
Change recognition of deferred tax assets	-85	-2.4%	-13	-0.5%
Other tax effects	1	0.0%	1	0.0%
Actual income tax expense	**847**	**23.9%**	**509**	**21.4%**

Income tax expense increased by EUR 338 million to EUR 847 million in 2023, mainly as a result of increased profitability. 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 a deferred tax asset on previously derecognised historic losses, partly offset by the increase in non-deductible interest resulting from Dutch “thin capitalisation” rules for banks due to rising interest rates.

Tax assets and liabilities

The most significant temporary differences arise from the revaluation of certain financial assets and liabilities, including derivative contracts, allowances for loan impairment and investments. The following table summarises the tax position.

	31 December 2023		31 December 2022	
(in millions)	Assets	Liabilities	Assets	Liabilities
Current tax	49	159	68	22
Deferred tax	278		497	
Total tax assets and liabilities	**327**	**159**	**565**	**22**

The significant components and annual movements in deferred tax assets and deferred tax liabilities are shown in the following tables.

(in millions)	As at 31 December 2022	Income statement	OCI	Equity	Other	As at 31 December 2023	Of which: deferred tax asset	Of which: deferred tax liability
Assets and liabilities held for trading, derivatives and financial investments	315	-3	-198			115	124	9
Property and equipment (excluding leases) and intangible assets	23	2				25	27	2
Loans	12	-1				12	12	
Leases	38	-6				32	102	70
Pensions and other (post-)employment benefits	9	-1				8	8	
Provisions	20	6	3	1	-6	23	23	
Tax losses carried forward	40	50			-2	88	88	
Other	39	-69			6	-25	64	89
Deferred tax assets (+) and liabilities (-)	**497**	**-22**	**-195**	**1**	**-2**	**278**	**448**	**170**
Offsetting deferred tax assets and liabilities							170	170
Net deferred tax assets (+) and liabilities (-)							**278**	

(in millions)	As at 31 December 2021	Income statement	OCI	Equity	Other	As at 31 December 2022	Of which: deferred tax asset	Of which: deferred tax liability
Assets and liabilities held for trading, derivatives and financial investments	448	-1	-131			315	341	25
Property and equipment (excluding leases) and intangible assets	18	6				23	25	3
Loans	7	6				12	13	
Leases	37	1				38	96	58
Pensions and other (post-)employment benefits	11	-1	-1			9	9	
Provisions	24	-2	-2			20	21	
Tax losses carried forward	51	-12			1	40	40	
Other	24	17	-2			39	49	10
Deferred tax assets (+) and liabilities (-)	**620**	**13**	**-137**			**497**	**593**	**97**
Offsetting deferred tax assets and liabilities							97	97
Net deferred tax assets (+) and liabilities (-)							**497**	

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. Recognition is based on estimates of taxable income in each of the jurisdictions ABN AMRO operates in and the period over which deferred tax assets are recoverable. In the event that actual results differ from these estimates in future periods, changes to the recognition of deferred tax assets could be required and these changes could impact our financial position and net profit. No deferred income taxes have been recognised on undistributed earnings of ABN AMRO's subsidiaries, branches and interests in joint ventures.

Tax losses

Total accumulated losses available for carrying forward at 31 December 2023 amounted to EUR 778 million (31 December 2022: EUR 1,428 million), of which EUR 536 million (31 December 2022: EUR 194 million) has been recognised for future tax benefits. The recorded deferred tax asset for tax losses carried forward amounted to EUR 88 million (31 December 2022: EUR 40 million). The increase in recorded deferred tax assets is attributable to the recognition of a deferred tax asset on historic losses for which a use has been identified. This has been offset by utilisation of losses in the current year.

Unrecognised tax assets

Certain amounts of deferred tax assets have not been recognised because future taxable profits are not considered probable. Deferred tax assets amounting to EUR 14 million (31 December 2022: EUR 58 million) have not been recognised in relation to deductible temporary differences totalling EUR 55 million (31 December 2022: EUR 242 million). In addition, deferred tax assets amounting to EUR 47 million (31 December 2022: EUR 239 million) have not been recognised in relation to tax losses totalling EUR 242 million (31 December 2022: EUR 1,234 million).

In 2023 an amount of EUR 597 million (2022: EUR 1,190 million) in unrecognised tax losses were finally written off, due to liquidation of the branches holding these losses. No use for these losses could be identified.

Tax credits and unrecognised tax credits

ABN AMRO did not have any tax credits to carry forward on 31 December 2023.

Loss carry-forward by year of expiration

(in millions)	2023	2024	2025	2026	2027	2028	After 5 years	No expiration	Total
2023									
Loss carry-forward recognised							66	471	536
Loss carry-forward not recognised								242	242
Total tax losses carry-forward (gross)							**66**	**713**	**778**
2022									
Loss carry-forward recognised							60	135	194
Loss carry-forward not recognised								1,234	1,234
Total tax losses carry-forward (gross)							**60**	**1,369**	**1,428**

Of the total amount of recognised net deferred tax assets, EUR 87 million (31 December 2022: EUR 20 million) was related to entities that suffered a loss in either the current or preceding year. The recognition of these deferred tax assets is based on a projection of future taxable income.

Tax related to equity

Tax related to components of other comprehensive income and tax related to equity and movements in equity can be found in the Consolidated statement of comprehensive income and the Consolidated statement of changes in equity.

Income tax consequences of dividend

Dividends are, in principle, subject to a 15% withholding tax in the Netherlands. In 2023, ABN AMRO Bank N.V. withheld EUR 179 million of dividend withholding tax on dividends paid to its shareholders.

Country-by-country reporting

			31 December 2023					
	Principal subsidiary	Main activity	Total assets	Total operating income (in millions)	Average number of FTEs	Operating profit/ (loss) before taxation (in millions)	Income tax expense (in millions)	Income tax paid (in millions)
Netherlands	ABN AMRO Bank N.V.	Personal & Business Banking	339,483	7,475	17,480	3,108	818	557
France	ABN AMRO Bank N.V. Paris Branch	Wealth Management	4,516	366	855	113	28	22
Germany	ABN AMRO Bank N.V. Frankfurt Branch	Wealth Management	4,792	198	727	-50	4	8
Belgium	ABN AMRO Bank N.V. Belgium Branch	Wealth Management	819	96	366	18		1
United Kingdom	ABN AMRO Asset based Finance N.V. UK branch	Corporate Banking	1,436	69	332	27	9	8
Norway	ABN AMRO Bank N.V. Oslo Branch	Corporate Banking	2,131	52	16	59	24	
United States	ABN AMRO Clearing USA LLC	Corporate Banking	21,022	185	306	155	-52	16
Brazil	Banco ABN AMRO S.A.	Corporate Banking	297	15	27	15	4	2
Singapore	ABN AMRO Clearing Singapore Pte. Ltd.	Corporate Banking	1,986	57	107	32	5	7
Hong Kong	ABN AMRO Clearing Hong Kong Ltd.	Corporate Banking	784	67	39	55	3	5
Japan	ABN AMRO Clearing Tokyo Co. Ltd.	Corporate Banking	415	18	25	7	2	3
Australia	ABN AMRO Clearing Sydney Pty Ltd.	Corporate Banking	297	16	67	5	1	1
Other			-70	4	1	-1		
Total			**377,909**	**8,618**	**20,349**	**3,544**	**847**	**629**

			31 December 2022					
	Principal subsidiary	Main activity	Total assets	Total operating income (in millions)	Average number of FTEs	Operating profit/ (loss) before taxation (in millions)	Income tax expense (in millions)	Income tax paid (in millions)
Netherlands	ABN AMRO Bank N.V.	Personal & Business Banking	346,618	6,732	17,101	1,957	424	522
France	Banque Neuflize OBC S.A.	Wealth Management	4,935	320	848	80	13	7
Germany	Bethmann Bank AG	Wealth Management	3,231	201	734	24	10	-4
Belgium	ABN AMRO Bank N.V. Belgium Branch	Wealth Management	1,105	91	373	10		
United Kingdom	ABN AMRO Asset based Finance N.V. UK branch	Corporate Banking	1,829	62	326	53	8	5
Norway	ABN AMRO Bank N.V. Oslo Branch	Corporate Banking	2,043	60	16	43	9	1
United States	ABN AMRO Clearing USA LLC	Corporate Banking	16,732	187	337	102	29	-4
Brazil	Banco ABN AMRO S.A.	Corporate Banking	210	14	33	12	4	
Singapore	ABN AMRO Bank N.V. Branch Singapore	Corporate Banking	2,053	78	155	47	4	4
Hong Kong	ABN AMRO Bank N.V. Branch Hong Kong	Corporate Banking	295	52	61	34	5	5
Japan	ABN AMRO Clearing Tokyo Co. Ltd.	Corporate Banking	262	20	23	8	2	4
Australia	ABN AMRO Clearing Sydney Pty Ltd.	Corporate Banking	337	15	68	3		2
Other			-69	8	5	4		
Total			**379,581**	**7,841**	**20,080**	**2,376**	**509**	**544**

ABN AMRO received government grants for its participation in the TLTRO programmes. For more information, please refer to Note 27 - Due to banks.

12 Earnings per share

The following table shows the composition of basic earnings per share at 31 December.

			2023			2022
(in millions)	Profit/(loss) for the period[1]	Average number of shares	Earnings per share (in EUR)	Profit/(loss) for the period[1]	Average number of shares	Earnings per share (in EUR)
Basic earnings	2,605	872	2.99	1,776	908	1.96

[1] Earnings consist of profit excluding results attributable to non-controlling interests and payments to holders of AT1 instruments.

Given that ABN AMRO Bank N.V. does not have any dilutive potential ordinary shares, only the basic earnings per ordinary share is disclosed. Basic earnings per ordinary share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding. During 2023, a final dividend of EUR 0.67 per share was distributed for 2022 for a total of EUR 580 million, and an interim dividend of EUR 0.62 per share was distributed for 2023 for a total of EUR 537 million. For the year 2023, a final dividend of EUR 0.89 per share has been proposed.

During the first half of 2023, ABN AMRO Bank N.V. conducted a EUR 500 million share buyback programme. The buyback programme resulted in the purchase of 32 million ordinary shares throughout the first half year. As a result, the weighted average number of ordinary shares was 872 million.

13 Cash and balances at central banks

Accounting policy for cash and balances at central banks

Cash and balances at central banks are held at amortised cost. This item includes cash on hand and available demand deposits with central banks in countries in which the bank has a presence. Mandatory reserve deposits are disclosed in Note 20 Loans and advances banks.

(in millions)	31 December 2023	31 December 2022
Assets		
Cash on hand and other cash equivalents	299	342
Balances with central banks readily convertible in cash other than mandatory reserve deposits	53,357	60,523
Total cash and balances at central banks	**53,656**	**60,865**

14 Financial assets and liabilities held for trading

Accounting policy for financial assets and liabilities held for trading

In accordance with IFRS 9, all assets and liabilities held for trading are measured at fair value through profit or loss, with gains and losses in the changes of the fair value taken to net trading income in the income statement.

Financial assets held for trading

(in millions)	31 December 2023	31 December 2022
Trading securities		
Government bonds	341	214
Corporate debt securities	1,019	681
Equity securities	1	10
Total trading securities	**1,361**	**906**
Other trading assets	10	1
Total financial assets held for trading	**1,371**	**907**

These portfolios consist of primary dealership positions held by ABN AMRO Bank N.V. in the respective countries and positions held for the purpose of client facilitation.

Financial liabilities held for trading

(in millions)	31 December 2023	31 December 2022
Bonds	814	609
Equity securities	7	1
Total short security positions	**821**	**610**
Other liabilities held for trading	96	32
Total financial liabilities held for trading	**917**	**641**

15 Derivatives

Accounting policy for derivatives

Derivatives comprise derivatives held for trading and derivatives held for risk management purposes. Derivatives held for trading are closely related to facilitating the needs of our clients. A significant part of the derivatives in the trading portfolio is related to serving clients in their risk management to hedge, for example, currency or interest rate exposures. ABN AMRO also provides products traded on the financial markets to institutional and individual clients and governments.

Derivatives held for risk management purposes include derivatives qualifying for hedge accounting and those used for economic hedges. A hedging instrument, for hedge accounting purposes, is a designated derivative whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

Derivative assets and liabilities subject to master netting arrangements are presented net only when they satisfy the eligibility requirements for netting under IAS 32. ABN AMRO did not have any netted derivative positions in the statement of financial position in either 2023 or 2022.

As derivative transactions and the related cash collateral held at a CCP are settled on a daily basis, the carrying amount of these positions in the statement of financial position is nil.

From a risk perspective, the gross amount of trading assets must be associated with the gross amount of trading liabilities, which are presented separately in the statement of financial position.

								31 December 2023
	Derivatives held for trading			Economic hedges			Hedge accounting	Total derivatives
(in millions)	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	
Exchange traded								
Fair value assets	4							4
Fair value liabilities	1							1
Notionals	3,273	30						3,303
Over-the-counter								
Central counterparties								
Fair value assets								
Fair value liabilities								
Notionals	1,428,191			1,049			112,795	1,542,035
Other bilateral								
Fair value assets	3,527	505	2	41	271		53	4,399
Fair value liabilities	1,946	470	5	66	82		286	2,855
Notionals	255,738	36,794	286	597	24,873		85,602	403,889
Total								
Fair value assets	3,531	505	2	41	271		53	4,403
Fair value liabilities	1,946	470	5	66	82		286	2,856
Notionals	1,687,201	36,824	286	1,645	24,873		198,398	1,949,227

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

16 Hedge accounting

Accounting policy for hedge accounting

ABN AMRO enters into various derivative and non-derivative instrument transactions with external parties to hedge risks on assets, liabilities and net investments. The accounting treatment of the hedged item and the hedging instrument depends on whether the hedge relationship qualifies for hedge accounting.

Qualifying hedges may be designated as fair value hedges, cash flow hedges or hedges of net investments. A non-derivative financial asset or liability may be designated as a hedging instrument for hedge accounting purposes only if it hedges the risk of changes in foreign currency exchange rates. The hedged item can be an asset, liability, or net investment in a foreign operation that (a) exposes the entity to the risk of changes in fair value or future cash flows, and (b) is designated as being hedged.

The hedged risks are typically changes in interest rates or foreign currency rates. ABN AMRO's market risk management strategy, which includes interest rate risk and foreign currency risk in the banking book, is described in more detail in the Risk, funding & capital management chapter.

Both at the inception of the hedge and on an ongoing basis, ABN AMRO assesses whether the derivatives designated in each hedging relationship are expected to be and have been highly effective in offsetting changes in the fair value or cash flows of the hedged item. These prospective and retrospective effectiveness tests are performed by using a regression analysis. ABN AMRO applies the following criteria to assess whether the hedging relationship is effective:
- A regression co-efficient (R squared), which measures the correlation between the variables in the regression; and
- A slope of the regression line is within a range of 0.80-1.25.

Hedge ineffectiveness and gains and losses on components of a derivative that are excluded from the assessment of hedge effectiveness are recorded directly in the result from financial transactions as part of other operating income. ABN AMRO discontinues hedge accounting when the hedge relationship has ceased to be effective or is no longer expected to be effective, or when the derivative or hedged item is sold or otherwise terminated.

Application of IAS 39 as endorsed by the European Union

As permitted by IFRS 9 paragraph 7.2.21, ABN AMRO has elected to continue applying the requirements of IAS 39 as endorsed by the European Union instead of applying the hedge accounting requirements of IFRS 9. The EU-endorsed version of IAS 39 provides relief from certain hedge accounting requirements when compared to the full hedge accounting text of IAS 39. One of these reliefs is that negative credit spreads can be excluded from hedge relationships. ABN AMRO applies this to several micro fair value hedge relationships. Another relief is that the impact of changes in the estimates of the repricing dates is considered ineffective only if it leads to over-hedging. This relief is applied in the macro fair value hedge.

Fair value hedges

ABN AMRO applies fair value hedge accounting on individual hedged items (micro fair value hedging), as well as on a portfolio of hedged items (macro fair value hedging). Where a derivative financial instrument hedges the exposure to changes in the fair value of the hedged item, the hedged item is adjusted in relation to the risk being hedged. Gains or losses on remeasurement of both the hedging instrument and the hedged item are recognised in the income statement as result from financial transactions, which is part of the line item Other operating income.

Hedge effectiveness for fair value hedges is measured as the amount by which the changes in the fair value of the hedging instrument are different from the changes in the fair value of the hedged item. When a fair value hedge of interest rate risk is terminated, any value adjustment to the carrying amount of the hedged item is amortised to profit or loss over the original designated hedging period, or taken directly to income if the hedged item is derecognised.

Micro fair value hedge accounting

Hedging instruments designated in individual fair value hedge relationships principally consist of interest rate swaps, interest rate options and cross-currency interest rate swaps that are used to protect against changes in the fair value of fixed-rate assets and fixed-rate liabilities due to changes in market interest rates.

The main sources of hedge ineffectiveness in micro fair value hedges are:

- The effect of the counterparty and the bank's own credit risk on the fair value of the interest rate swap that is not reflected in the fair value of the hedged item, which is only attributable to the change in the interest rate;
- The difference in discounting between the hedged item and the hedging instrument; and
- Potential differences in maturities of the interest rate swap and the loans or notes.

Macro fair value hedge accounting

ABN AMRO manages the interest rate risk arising from fixed-rate mortgages by entering into interest rate swaps. The exposure from this portfolio frequently changes due to new loans originated, contractual repayments and prepayments made by clients in each period. More than one group (or portfolio) of mortgages can be identified as the hedged item within the fixed-rate mortgage portfolio. To ensure an effective matching of hedged items and hedging instruments, ABN AMRO applies a dynamic strategy in which hedged items are de-designated and re-designated on a monthly basis. The hedge accounting relationship is reviewed and re-designated on a monthly basis.

Hedged mortgages are fixed-rate mortgages with the following features:

- denominated in local currency (euros);
- fixed term to maturity or repricing;
- pre-payable amortising or fixed principal amounts;
- fixed interest payment dates;
- no interest rate options;
- accounted for on an amortised cost basis.

At each designation, the mortgage cash flows are allocated to monthly time buckets, based on the expected maturity dates. ABN AMRO models the maturity dates of mortgages, taking into account the modelled prepayments applied to the contractual cash flows and the maturity dates of the mortgage portfolio. If the interest rate swap notional exceeds the expected mortgage notional in any given month, taking into account the uncertainty of the expected mortgage notional by applying a haircut, mortgages that mature in adjacent buckets are designated to the interest rate swaps.

Changes in the fair value of the mortgages that are attributable to the hedged interest rate risk are recognised as fair value adjustments from hedge accounting in the income statement and adjust the carrying amount of the mortgages. The recognised fair value changes in the mortgages partially offset the changes in fair value of the interest rate swaps and therefore reduce the profit or loss volatility that would otherwise arise from changes in the fair value of the interest rate swaps alone.

At the start of the hedge relationships and at each monthly de-designation, the difference between the fair value attributable to the hedged interest rate risk and the carrying amount of the hedged mortgages is amortised over the remaining life of the hedged item.

In addition to the sources of ineffectiveness described for micro fair value hedges, the sources of ineffectiveness specifically for macro hedges are:

- The difference between the expected and actual volume of prepayments for the mortgage portfolio to the extent that the difference would lead to over-hedging; and

- The difference in payment frequency between the fixed leg of the hedging instrument and the payment frequency of the hedged item (mortgages).

Cash flow hedges
ABN AMRO applies cash flow hedge accounting to a portfolio of future cash flows on banking book assets and liabilities – the hedged items – and a portfolio of interest rate swaps – the hedging instruments. The hedge relationship is reviewed on a monthly basis and the hedging instruments and hedged items are de-designated or re-designated, if necessary, to maintain an effective hedge accounting relationship.

When a derivative financial instrument hedges the exposure to variability in the cash flows from a hedged item, the effective part of any gain or loss on remeasurement of the hedging instrument is recognised directly in other comprehensive income. Hedge effectiveness for the macro cash flow hedge is measured as the amount by which the changes in the fair value of the interest rate swaps are in excess of changes in the fair value of the expected cash flows in the hedge relationship. Any ineffective part of the cash flow hedge is immediately recognised in other operating income. When a cash flow hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the accumulated gains or losses continue to be recognised in other comprehensive income and are transferred to the income statement when the hedged transaction affects profit or loss.

The gains or losses are included in the same line item as the hedged transaction. In the exceptional case that the hedged transaction is no longer expected to occur, the accumulated gains or losses recognised in other comprehensive income are recognised in the income statement immediately.

The main sources of hedge ineffectiveness for cash flow hedges are:
- The effect of the counterparty and the bank's own credit risk on the fair value of the interest rate swap that is not reflected in the fair value of the hedged item, which is only attributable to the change in the interest rate; and
- Potential differences in maturities of the interest rate swap and the loans or notes.

The hedged items in the macro cash flow hedge are future cash flows, which are derived from the projected balance sheet. This projected balance sheet takes the contractual terms and conditions of financial assets and liabilities and combines these with estimated prepayments, volume growth rates and interest scenarios.

Within the projected balance sheet, assets and liabilities are grouped on the basis of the specific interest rate index on which they reprice (e.g. one month, three months, six months, twelve months). For each repricing index, all assets and liabilities are allocated on a gross basis to monthly buckets in which they reprice until their maturity.

The notional amounts of the interest rate swaps, which can be either pay or receive floating interest, are also grouped by interest rate index and allocated to monthly repricing buckets until their maturity. The hedge relationship is established by designating the interest rate swap cash flows per bucket to the corresponding bucket of cash flows projected for the hedged items. The hedged risk identified is the benchmark rate that applies to the buckets. If no projected cash flows are available in the corresponding bucket with the applicable benchmark rate, the interest rate swap cash flows are designated to projected cash flows in a bucket with a different benchmark. The availability of projected cash flows in the buckets is not constant over time and is therefore evaluated on a monthly basis. Changes in cash flow projections may lead to a revision of the designation. Back-testing is performed on the interest rate risk models. Historical data are used to review the assumptions applied.

Hedges of net investments in foreign operations

ABN AMRO may enter into foreign currency derivatives and currency borrowings to hedge various net investments in foreign operations. For such hedges, currency translation differences arising on translation of the currency of these instruments to euros are recognised directly in the currency translation reserve in other comprehensive income, insofar as they are effective. The accumulated gains or losses recognised in other comprehensive income are transferred to the income statement on the disposal of the foreign operation.

In previous years, ABN AMRO hedged its currency exposure to certain investments in foreign operations by hedging its net investment in these foreign operations with forward contracts. ABN AMRO currently still holds some currency translation reserve for these respective positions, but no longer applies net investment hedge accounting.

Hedges not qualifying for hedge accounting

The fair value changes of derivative transactions used to hedge against economic risk exposures that do not qualify for hedge accounting, or for which it is not cost-beneficial to apply hedge accounting, are recognised directly in profit or loss.

Effect on financial position and performance - hedging instruments

(in millions)	Notional amount	Carrying amount Assets	Carrying amount Liabilities	Line item in the statement of financial position	Changes in fair value used for calculation hedge ineffectiveness for the year
31 December 2023					
Cash flow hedges - macro					
Interest rate	53,217			Derivatives	815
Fair value hedges - macro					
Interest rate	45,782			Derivatives	-3,151
Fair value hedges - micro					
Interest rate	99,279	53	286	Derivatives	1,292
Economic hedges					
Total economic hedges	26,518	312	148	Derivatives	n/a
31 December 2022					
Cash flow hedges - macro					
Interest rate	50,106			Derivatives	777
Fair value hedges - macro					
Interest rate	47,759			Derivatives	11,020
Fair value hedges - micro					
Interest rate	93,387	23	334	Derivatives	-4,007
Economic hedges					
Total economic hedges	19,014	358	143	Derivatives	n/a

The deltas in the hedge accounting numbers are largely caused by interest rate developments in 2023. Please refer to Note 6 - Net income from other operating activities, for further details.

Effect on financial position and performance - hedged item

(in millions)	Carrying amount of the hedged item - Assets active and discontinued	Carrying amount of the hedged item - Liabilities active and discontinued	Accumulated amount of fair value hedge adjustments on the hedged item - Assets active and discontinued	Accumulated amount of fair value hedge adjustments on the hedged item - Liabilities active and discontinued	Line item in the statement of financial position	Change in value used for calculating hedge ineffectiveness for the year	Cash flow hedge reserve/ Foreign currency translation reserve - Continuing hedges	Cash flow hedge reserve/ Foreign currency translation reserve - Discontinued hedges
31 December 2023								
Cash flow hedges - macro								
Interest rate						-790	903	-1,240
Fair value hedges - macro								
Interest rate - Financial assets at AC	39,777		-6,005		Residential mortgages	3,128		
Fair value hedges - micro								
Interest rate - Financial assets at FVOCI	37,512		-1,640		Financial investments	1,464		
Interest rate - Financial assets at AC	485		96		Corporate & Other loans	-58		
Interest rate - Financial liabilities at AC		55,462		-4,021	Issued debt & Subordinated liabilities	-2,653		
Net investment hedges								
Currency								-41
31 December 2022								
Cash flow hedges - macro								
Interest rate						-763	113	-1,388
Fair value hedges - macro								
Interest rate - Financial assets at AC	38,270		-9,489		Residential mortgages	-10,873		
Fair value hedges - micro								
Interest rate - Financial assets at FVOCI	34,276		-3,119		Financial investments	-4,778		
Interest rate - Financial assets at AC	762		154		Corporate & Other loans	-357		
Interest rate - Financial liabilities at AC		48,473		-6,700	Issued debt & Subordinated liabilities	9,025		
Net investment hedges								
Currency								-42

The accumulated amount of fair value hedge adjustments remaining in the statement of financial positions for hedged items that have ceased to be adjusted for hedging gains and losses amounted to negative EUR 0.9 billion at 31 December 2023 (31 December 2022: negative EUR 0.9 billion).

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Effect on financial position and performance - hedge ineffectiveness and hedging gains or losses

(in millions)	Changes in fair value used for calculation hedge ineffectiveness for the year - hedged item	Change in value used for calculating hedge ineffectiveness for the year - hedging instrument	Hedge ineffectivenes recognised in profit or loss	Line item in profit or loss (that includes hedge ineffectiveness)	Change in the value of the hedging instrument recognised in OCI[1]	Amount reclassified from the cash flow hedge reserve to profit or loss - hedges item affected profit or loss[2]	Amount reclassified from the foreign currency translation reserve to profit or loss	Line item affected in profit or loss because of the reclassification
31 December 2023								
Cash flow hedges - macro								
Interest rate	-790	815	25	Other operating income	790	147		Net interest income
Fair value hedges - macro								
Interest rate	3,128	-3,151	-23	Other operating income				
Fair value hedges - micro								
Interest rate	-1,248	1,292	44	Other operating income				
Net investment hedges								
Currency							1	Other operating income
31 December 2022								
Cash flow hedges - macro								
Interest rate	-763	777	14	Other operating income	762	39		Net interest income
Fair value hedges - macro								
Interest rate	-10,873	11,020	147	Other operating income				
Fair value hedges - micro								
Interest rate	3,891	-4,007	-116	Other operating income				
Net investment hedges								
Currency								Other operating income

[1] The amount reconciles to 'Net gains/(losses)' in the 'Consolidated statement of comprehensive income'.
[2] The amount reconciles to 'Less: Reclassification through the income statement' in the 'Consolidated statement of comprehensive income'.

Amount, timing and uncertainty of future cash flows - hedging instruments

(in millions, nominal amounts)	Within 3 months	More than 3 months but within 1 year	More than 1 year but within 5 years	More than 5 years but within 10 years	More than 10 years	Total
31 December 2023						
Fair value hedges - micro						
Payers - Interest rate	1,014	4,023	16,964	11,907	5,805	39,712
Receivers - Interest rate	3,420	263	25,843	14,857	15,183	59,566
31 December 2022						
Fair value hedges - micro						
Payers - Interest rate	1,613	4,368	18,106	8,437	5,388	37,913
Receivers - Interest rate	2,658	4,258	17,772	13,041	17,746	55,475

The weighted average fixed rate of the interest rate swaps included in micro hedge relationships varied between 1.7% and 2.4% as at 31 December 2023 (1.4% and 2.0% as at 31 December 2022), depending on the origination date, currency, product type and original maturity.

17 Financial investments

Accounting policy for financial investments
Financial investments include financial instruments measured at fair value through other comprehensive income (FVOCI) and financial instruments measured at fair value through profit or loss (FVTPL).

Accounting policy for financial instruments measured at fair value through other comprehensive income
Unrealised gains and losses on FVOCI assets are recognised directly in other comprehensive income, net of applicable taxes. Interest earned, premiums, discounts and qualifying transaction costs of interest-earning FVOCI assets are amortised to income on an effective interest rate basis. When FVOCI debt instruments are sold, the cumulative gain or loss recognised in other comprehensive income is transferred to other operating income in the income statement. The impairment loss resulting from the ECL on FVOCI debt instruments is recognised in the impairment charges on financial instruments in the income statement. The related loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the FVOCI debt instruments. ABN AMRO's impairment assessment and measurement approach for FVOCI debt instruments is set out in Credit risk management in the Risk, funding & capital management chapter. Fair value changes in equity instruments that are irrevocably designated as FVOCI upon initial recognition are recognised in other comprehensive income and not subsequently reclassified to the income statement.

Accounting policy for financial instruments measured at fair value through profit and loss
Financial investments can be designated at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch). ABN AMRO also has financial instruments that are mandatorily measured at fair value because they do not meet the SPPI test.

(in millions)	**31 December 2023**	31 December 2022
Financial investments		
Debt securities held at fair value through other comprehensive income	40,663	38,408
Held at fair value through profit or loss	838	626
Total financial investments	**41,501**	**39,034**

Financial investments measured at fair value through other comprehensive income

(in millions)	**31 December 2023**	31 December 2022
Interest-earning securities		
Dutch government	2,642	2,465
US Treasury and US government	6,861	7,238
Other OECD government	15,761	18,158
Non-OECD government	150	142
International bonds issued by the European Union	2,962	2,415
European Stability Mechanism	2,349	1,704
Mortgage- and other asset-backed securities	5,046	3,274
Financial institutions	3,477	2,998
Non-financial institutions	1,414	15
Total investments held at fair value through other comprehensive income	**40,663**	**38,408**

Most of these instruments are part of the liquidity buffer and are held for liquidity contingency purposes.

Government bonds by country of origin

	31 December 2023			31 December 2022		
(in millions)	Accumulated unrealised gains/(losses) and fair value hedges gains/(losses)	Impairments	Fair value	Accumulated unrealised gains/(losses) and fair value hedges gains/(losses)	Impairments	Fair value
Dutch national government	-23		2,642	-148		2,465
USA national government	-265		6,861	-317		7,238
German national government	-161		4,924	-310		5,145
French national government	-77		1,781	-190		1,855
Belgian national government	-164	-1	2,861	-268	-1	2,567
Austrian national government	-11		1,774	-75		1,481
Finnish national government	-20		1,040	-61		1,116
Luxembourg national government	-22		245	-101		1,238
Canadian national government	-64		1,142	-104		1,126
Japanese national government			568	-1		2,464
Polish national government	35		330	25		320
Spanish national government	-9		268			63
United Kingdom national government	9		183	10		180
Danish national government	-10		183	-19		260
Italian national government	-42		370	-91		340
Irish national government	3		94			
Swedish national government						4
Brazilian national government			82			72
Singapore national government			68			70
European Union bonds (excl. European Financial Stability Facility)	-530		2,962	-695		2,415
Total government bonds	**-1,351**	**-1**	**28,377**	**-2,345**	**-1**	**30,418**

Critical accounting estimates and judgements

Interest-bearing debt securities classified as FVOCI investments are assessed at each reporting date to establish whether there are any expected credit losses. ABN AMRO has developed models to determine such credit losses. These are explained in more detail in the Risk, funding & capital management chapter. Impairment charges on FVOCI instruments are recorded in realised/unrealised gains/losses at fair value through OCI in the statement of comprehensive income.

Financial investments measured at fair value through profit or loss

(in millions)	31 December 2023	31 December 2022
Private equities and venture capital	559	418
Equity securities	279	207
Total investments held at fair value through profit or loss	**838**	**626**

18 Securities financing

Accounting policy for securities financing

Securities financing is measured at amortised cost. Securities financing consists of securities borrowing and lending and sale and repurchase transactions. Securities borrowing and securities lending transactions are generally entered into on a collateralised basis, with securities usually advanced or received as collateral. The transfer of the securities themselves is not reflected in the statement of financial position unless the risks and rewards of ownership are also transferred. If cash is advanced or received, securities borrowing and lending activities are recorded at the amount of cash advanced (included in loans and advances) or received (due to banks or customers). The market value of the securities borrowed or lent is monitored on a daily basis, and the collateral levels are adjusted in accordance with the underlying transactions. Fees and interest received or paid are recognised on an effective interest rate basis and recorded as interest income or interest expense.

Sale and repurchase transactions involve purchases (or sales) of investments with agreements to resell (or repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans and advances to either banks or customers and are shown as collateralised by the underlying security.

Investments sold under repurchase agreements continue to be recognised in the statement of financial position. Proceeds from the sale of the investments are reported as liabilities to either banks or customers. The difference between the sale and repurchase price is recognised over the period of the transaction and recorded as interest income or interest expense, using the effective interest rate method. If borrowed securities are sold to third parties, the proceeds from the sale and a liability for the obligation to return the collateral are recorded at fair value.

			31 December 2023			31 December 2022
(in millions)	Banks	Customers	Total	Banks	Customers	Total
Assets						
Reverse repurchase agreements	3,536	11,473	15,009	2,649	11,591	14,239
Securities borrowing transactions	3,075	3,419	6,494	2,900	2,893	5,793
Total	**6,611**	**14,892**	**21,503**	**5,548**	**14,484**	**20,032**
Liabilities						
Repurchase agreements	319	10,453	10,772	219	8,359	8,578
Securities lending transactions	185	753	938	474	600	1,074
Total	**504**	**11,206**	**11,710**	**692**	**8,960**	**9,652**

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

The total repurchase agreements increased by EUR 2.2 billion during the year, due to agreements with several large clients. Details on securities financing transactions that ABN AMRO can repledge or resell are included in Note 34 - Transferred, pledged encumbered and restricted assets.

19 Fair value of financial instruments carried at fair value

Accounting policy for fair value of financial instruments

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

For financial instruments that are actively traded and for which quoted market prices or market parameters are readily available, the fair value is determined in a highly objective manner. However, when observable market prices and parameters do not exist, management judgement is necessary to estimate fair value.

For financial instruments where no active liquid market exists, or quoted prices are unobtainable, recent market transactions are used or the fair value is estimated using a variety of valuation techniques – including reference to similar instruments for which market prices do exist, or to valuation techniques such as discounted cash flow models or option pricing models (e.g. Black Scholes).

When portfolios of financial assets and liabilities are measured on the basis of the net exposure to the credit risk of a particular counterparty, any existing arrangements that mitigate the credit risk exposure (e.g. master netting agreements with the counterparty) are taken into account.

Unobservable inputs are estimated using a combination of management judgement, historical data, market practice and benchmarking to other relevant observable market data. The difference between the transaction price and the internal valuation at inception, calculated using a model, is reserved and amortised to profit or loss at appropriate points over the life of the instrument, typically taking account of the ability to obtain reliable external data, the passage of time and the use of offsetting transactions. Where inputs to the valuation of a new transaction cannot be reliably determined, the transaction is initially recognised at its transaction price. Subsequent changes in fair value as calculated by the valuation model are reported as profit or loss or in equity.

In order to determine a reliable fair value, where appropriate, management applies valuation adjustments to the pricing information derived from the above sources. These adjustments reflect management's assessment of factors that market participants would consider in setting a price, to the extent that these factors have not already been included in the information from the above sources. The main valuation adjustments required to arrive at a fair value are as follows:
- Credit and debit valuation adjustments. In addition to credit valuation for loans measured at fair value through profit or loss, credit valuation adjustments and debit valuation adjustments are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and how counterparties consider ABN AMRO's creditworthiness respectively;
- Funding valuation adjustment. The funding valuation adjustment incorporates the incremental cost of funding into the valuation of uncollateralised and partially collateralised derivatives;
- Own credit adjustment. An own credit risk adjustment is applied to financial liabilities where it is believed that counterparties will consider ABN AMRO's creditworthiness when pricing such instruments;
- Model valuation adjustments for any known limitations. Management assesses the appropriateness of any model used on an ongoing basis. To the extent that the price provided by internal models does not represent the fair value of the instrument, for instance in highly stressed market conditions, management makes adjustments to the model valuation to calibrate to other available pricing sources.

We believe our estimates of the fair value are adequate. However, the use of different models or assumptions could result in changes to our reported results.

Valuation control framework

ABN AMRO has in place designated controls and processes to determine the fair value of financial instruments. A process has been designed to ensure there are formalised review protocols to independently review and validate fair values, separately from the business departments entering into the transactions. This includes specific controls to ensure consistent pricing policies and procedures, incorporating disciplined price verification for both market and counterparty risk trades.

The business department entering into the transaction is responsible for the initial determination and recording of the fair value of the transaction. Controls of the profit or loss are recorded on a daily basis by trading and treasury front-office staff. The independent price-verification process, a key element of the control environment, is segregated from the recording of the transaction's valuation. Valuations are first calculated by the department. Such valuations may be current bid or offer prices in an active market, or may be derived using a model and variable model inputs. These valuations are reviewed and, if necessary, amended by the independent price-verification process. This process involves a team that operates independently from the team trading the financial instruments and performs a review of valuations in light of available pricing evidence. Independent price verification is frequently performed by matching the business valuations with independent data sources. The reviews are performed at least once a month, both for trading positions and non-trading positions. The independent price-verification control includes formalised reporting and escalation to management of any valuation differences in breach of the defined thresholds. When models are used to value products, these models are subject to a model review process. This process requires different levels of model documentation, testing and review, depending on the complexity of the model and the size of our exposure to the model.

Valuation techniques

A number of methodologies are used to determine the fair value of financial instruments for which observable prices in active markets for identical instruments are not available. Values between and beyond available data points are obtained by interpolation and/or extrapolation. When valuation techniques are used, the fair value can be significantly impacted by the choice of the valuation model and the underlying assumptions made for factors such as the amount and timing of cash flows, discount rates and credit risk.

Interest rate derivatives

This category includes interest rate swaps, cross-currency swaps, options and forward rate agreements. These products are valued by estimating future cash flows and discounting these cash flows, using appropriate interest rate curves. The exception is interest option contracts, which are valued using market standard option pricing models. The inputs for the discounting cash flow models are principally observable benchmark interest rates in active markets such as interbank rates and quoted interest rates in the swap, bond and futures markets. The inputs for credit spreads – where available – are derived from prices of credit default swaps or other credit-based instruments, such as debt securities. In other cases, credit spreads are obtained from pricing services. The additional inputs for the option pricing models are price volatilities and correlations, which are obtained from broker quotations or pricing services or derived from option prices. Because of the observability of the inputs used in the valuation models, the majority of the interest rate derivative contracts are classified as level 2. If adjustments to interest rate curves, credit spreads, correlations or volatilities are based on significant unobservable inputs, the contracts are classified as level 3. Exchange traded options and futures are valued using quoted market prices and are hence classified as level 1.

Foreign exchange contracts

Foreign exchange contracts include foreign exchange forward contracts, foreign exchange options and foreign exchange swaps. The majority of the foreign exchange contracts at ABN AMRO are traded as over-the-counter derivatives. These instruments are valued using foreign currency exchange rates. There are observable markets for spot and forward contracts as well as for futures in the world's major currencies. The over-the-counter foreign exchange contracts are therefore classified as level 2.

Government debt securities

Government debt securities consist of government bonds and bills with fixed or floating rate interest payments issued by sovereign governments. As these instruments are generally traded in active markets and prices can be derived directly from those markets, they are classified as level 1. Highly liquid bonds are valued using exchange traded prices. Less liquid bonds are valued using observable market prices, which are sourced from broker quotes, interdealer prices or other reliable pricing services. For a minority of the government debt securities, active market prices are not available. In these cases ABN AMRO uses discounted cash flow valuation techniques that incorporate observable market data for similar government instruments. The main inputs are interest rate curves, liquidity spreads and credit spreads. The instruments for which this method is applied are classified as level 2. If adjustments to any of the main inputs are made based on significant unobservable inputs, the instrument is classified as level 3.

Corporate debt securities

Corporate debt securities consist primarily of corporate bonds and other debt securities issued by corporate entities. Most of these instruments are standard fixed or floating rate securities. Corporate debt securities are generally valued using observable market prices, which are sourced from broker quotes, inter-dealer prices or other reliable pricing services. These instruments are classified as level 1. If observable market prices are not available, ABN AMRO uses discounted cash flow valuation techniques, based on inputs derived from comparable instruments and credit default swap data of the issuer, to estimate credit spreads. These instruments are classified as level 2. If adjustments are made to any of the main inputs based on significant unobservable inputs, the instrument is classified as level 3.

Equity instruments

Equity instruments that are actively traded on public stock exchanges are valued using readily available quoted prices and are therefore classified as level 1. Investments in private equity funds are initially recognised at their transaction price and remeasured to the extent reliable information is available on a case-by-case basis, and are classified as level 3.

Loans and advances at fair value through profit or loss

Loans and advances at fair value through profit or loss consist primarily of contracts with corporate clients where the contractual cash flows do not meet the SPPI requirements or are held in a business model with the objective of generating cash flows from sales. The return on the contracts with embedded derivatives is based on the price of underlying commodity contracts or loans with a floating interest rate. Discounted cash flow models are used to value these contracts. The main inputs are interest rate curves, quoted commodity prices, liquidity spreads and credit spreads. The instruments are classified as level 2. If adjustments to interest rate curves, liquidity spreads and credit spreads are based on significant unobservable inputs, the instruments are classified as level 3.

Issued debt

Issued debt securities are valued using discounted cash flow models, based on current interest rate curves that incorporate observable inputs. These instruments are classified as level 2. When there are no, or only limited, publicly quoted prices available for these instruments and unobservable inputs have a significant effect on the fair value calculation, these instruments are classified as level 3.

ABN AMRO refines and modifies its valuation techniques as markets and products develop and as prices for individual products becomes more or less readily available. While ABN AMRO believes its valuation techniques are appropriate and consistent with other market participants, the use of different methodologies or assumptions could result in different estimates of the fair value at the reporting date.

Fair value hierarchy

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

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

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

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

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

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

	31 December 2023				31 December 2022			
(in millions)	Quoted market prices in active markets	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs	Total fair value	Quoted market prices in active markets	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs	Total fair value
Assets								
Government debt securities	341			341	212	3		214
Corporate debt securities	780	240		1,019	495	186		681
Equity securities	1			1	10			10
Other financial assets held for trading		10		10		1		1
Financial assets held for trading	**1,121**	**250**		**1,371**	**718**	**190**		**907**
Interest rate derivatives	4	3,606	15	3,625	51	4,067	36	4,155
Foreign exchange contracts		765	12	776		1,045	9	1,054
Other derivatives		2		2		3		3
Derivatives	**4**	**4,372**	**26**	**4,403**	**51**	**5,115**	**46**	**5,212**
Equity instruments	130	52	656	838	79	65	481	626
Financial investments at fair value through profit or loss	**130**	**52**	**656**	**838**	**79**	**65**	**481**	**626**
Government debt securities	30,396		330	30,726	31,801		320	32,121
Corporate debt securities	4,890	1		4,891	2,973	1	38	3,013
Other debt securities	5,046			5,046	3,274			3,274
Financial assets held at fair value through other comprehensive income	**40,332**	**1**	**330**	**40,663**	**38,049**	**1**	**358**	**38,408**
Loans and advances at fair value through profit or loss		31	676	707		36	30	66
Total financial assets	**41,587**	**4,706**	**1,689**	**47,982**	**38,897**	**5,407**	**915**	**45,219**
Liabilities								
Short positions in government debt securities	303			303	341			341
Corporate debt securities	376	135		511	205	62		267
Equity securities	7			7	1			1
Other financial liabilities held for trading		96		96		32		32
Financial liabilities held for trading	**686**	**231**		**917**	**548**	**93**		**641**
Interest rate derivatives	1	2,297		2,298	10	3,270		3,280
Foreign exchange contracts		553		553		865		865
Other derivatives		5		5		3		3
Derivatives	**1**	**2,855**		**2,856**	**10**	**4,138**		**4,148**
Issued debt		222		222		223		223
Total financial liabilities	**687**	**3,308**		**3,994**	**557**	**4,455**		**5,012**

Transfers between fair value hierarchies

There were no material transfers between the fair value hierarchies.

Movements in level 3 financial instruments measured at fair value

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

	Assets				Liabilities
(in millions)	Derivatives	Financial investments at fair value through profit or loss	Financial assets held at fair value through other comprehensive income	Loans and advances at fair value through profit or loss	Issued debt
Balance at 1 January 2022	**88**	**433**	**481**		
Purchases		55			
Sales		-45			
Redemptions		-3			
Gains/(losses) recorded in profit and loss[1]		13	1		
Unrealised gains/(losses)[2]	-49	31	-124		
Transfer between levels	7				
Other movements		-2		30	
Balance at 31 December 2022	**46**	**481**	**358**	**30**	
Change in accounting policy				982	
Purchases		145			
Sales		-2		-243	
Issuance				24	
Redemptions		-12	-38	-175	
Gains/(losses) recorded in profit and loss[1]		6	1	1	
Unrealised gains/(losses)[2]	1	52	10	59	
Transfer between levels	-21				
Other movements		-14		-2	
Balance at 31 December 2023	**26**	**656**	**330**	**676**	

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

Level 3 sensitivity information

Interest-earning securities - government bonds

ABN AMRO has a position in a Polish bond, denominated in euros (see Note 17 - Financial investments, and part of Other OECD governments), for which the market is relatively illiquid. This bond is valued using a discounted cash flow model. The main inputs are the interest rate curve, liquidity spread and credit spread. The valuation spread is determined using an internal model. The sensitivity analysis is performed using a range of reasonable valuation spreads.

Equity shares - preferred shares

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

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

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

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

Derivatives

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

Loans and advances – Equity release mortgages

ABN AMRO offers equity release mortgages which provide a way to liquidate home equity and are designed for senior homeowners. These loans are valued using a discounted cash flow model for which the assumed prepayment rate is the most relevant input parameter. The prepayment rate is based on mortality rates and historical prepayment rates observed for equity release mortgages. The sensitivity range is based on the observed historical bandwidth in prepayment rates.

Loans and advances - Other

ABN AMRO offers personal loans that feature a waiver on a portion of the outstanding debt upon the decease of clients. The loans are valued using a discounted cash flow model, in which expected future cashflows are discounted against actual interest rates, in combination with an adjustment for expected credit losses. The sensitivity range is based on a bandwidth in expected credit losses.

	Valuation technique	Unobservable data	Carrying value	Possible alternative assumptions		Unobservable data range		Unobservable data base
(in millions)				Applying minimum	Applying maximum	Applying minimum	Applying maximum	
31 December 2023								
Equity shares	Private equity valuation	EBITDA multiples	136	-14	14			
Equity shares	Private equity valuation	Net asset value	519	-52	52			
Interest-earning securities - government bonds	Discounted cash flow	Liquidity and credit spread	330	-11	28	4bps	139bps	101bps
Loans and advances - Equity release mortgages	Discounted cash flow	Prepayment rate	398	-9	9	1.9%	3.2%	2.5%
Loans and advances - Other	Discounted cash flow	Credit spread	250	-7	11			
Derivatives held for trading	Discounted cash flow	Probability of default	26	-3	4	0.0%	100.0%	12.7%
31 December 2022								
Equity shares	Private equity valuation	EBITDA multiples	140	-14	14			
Equity shares	Private equity valuation	Net asset value	342	-34	34			
Interest-earning securities - government bonds	Discounted cash flow	Liquidity and credit spread	320	-9	18	14bps	102bps	73bps
Interest-earning securities - other	Discounted cash flow	Liquidity and credit spread	38	-1		214bps	546bps	313bps
Derivatives held for trading	Discounted cash flow	Probability of default	46	-2	4	0.0%	100.0%	15.0%

20 Loans and advances banks

Accounting policy for loans and advances banks and customers

Loans and advances banks, and loans and advances customers, are held in a 'hold to collect' business model. Loans and advances for which the contractual cash flows are solely payments of principal and interest (SPPI) are measured at amortised cost, i.e. fair value at initial recognition, adjusted for repayment and amortisation of coupon, fees and expenses to represent the effective interest rate of the asset. Loans and advances that do not pass the SPPI test are measured at fair value through profit or loss. Please refer to Note 1 Accounting policies in the Consolidated Annual Financial Statements and to Credit risk management in the Risk, funding & capital chapter (Accounting policy for measuring allowances for credit losses).

(in millions)	31 December 2023	31 December 2022
Interest-bearing deposits	1,401	1,771
Loans and advances	729	934
Mandatory reserve deposits with central banks	181	200
Other loans and advances banks	16	85
Subtotal	**2,327**	**2,990**
Less: loan impairment allowances	3	8
Total loans and advances banks	**2,324**	**2,982**

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

21 Loans and advances customers

Accounting policy for loans and advances customers

The accounting policy for loans and advances customers is included in Note 20 Loans and advances banks. Please refer to Note 1 Accounting policies in the Consolidated Annual Financial Statements and to the Credit risk management section of the Risk, funding & capital chapter (Accounting policy for measuring allowances for credit losses).

(in millions)	31 December 2023	31 December 2022
Residential mortgages (excluding fair value adjustment)	151,078	150,762
Fair value adjustment from hedge accounting on residential mortgages	-6,005	-9,489
Residential mortgages, gross	**145,073**	**141,274**
Less: loan impairment allowances - residential mortgage loans	198	153
Residential mortgages	**144,875**	**141,121**
Consumer loans at amortised cost, gross	**8,380**	**10,232**
Less: loan impairment allowances - consumer loans	147	277
Consumer loans at amortised cost	**8,233**	**9,955**
Consumer loans at fair value through P&L[1]	**648**	
Corporate loans (excluding fair value adjustment)	78,387	78,178
Fair value adjustment from hedge accounting on corporate loans	96	154
Financial lease receivables	4,169	4,396
Factoring	4,227	4,157
Corporate loans at amortised cost, gross	**86,880**	**86,885**
Less: loan impairment allowances - corporate loans	1,254	1,590
Corporate loans at amortised cost	**85,626**	**85,295**
Corporate loans at fair value through P&L	**59**	**66**
Government and official institutions	455	629
Other loans	6,043	6,868
Other loans and advances customers, gross	**6,497**	**7,497**
Less: loan impairment allowances - other	3	5
Other loans and advances customers	**6,494**	**7,491**
Total loans and advances customers	**245,935**	**243,927**

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

For information on loan impairment allowances, please refer to the Credit risk review section in the Risk, funding & capital chapter.

22 Fair value of financial instruments not carried at fair value

Accounting policy for fair value of financial instruments not carried at fair value

The categorisation and valuation of financial instruments not carried at fair value is determined in accordance with the accounting policies set out in Note 19 - Fair value of financial instruments carried at fair value.

Valuation methodologies

The methods and assumptions described below have been applied to estimate the fair value of financial instruments not carried at fair value. These fair values were calculated for disclosure purposes only. Note that the fair value can be significantly impacted by the choice of the valuation model and underlying assumptions concerning factors such as the amount and timing of cash flows, discount rates, credit risk and liquidity risk.

Short-term financial instruments

The carrying amounts (net of impairment allowances) of financial instruments maturing within a period of less than three months or that have no contractual maturity are assumed to be a reasonable approximation of their fair value. For certain instruments, behavioural maturities are applied.

Short-term financial instruments are classified as level 2, as unobservable inputs (such as inputs to determine credit risk, prepayment risk and liquidity risk) do not have a significant influence on the determination of their fair value.

Cash and balances at central banks
Cash and balances at central banks are classified as level 1 as these instruments have a short-term nature, prices from an active market are available and no fair value adjustments are made to the carrying amounts.

Securities financing
Securities financing includes repurchase and reverse repurchase agreements and securities borrowing and lending transactions. Due to the short-term characteristics of these instruments and the value and liquidity of available collateral, their carrying amounts (net of impairment allowances) are considered an approximation of the fair value. Securities financing amounts are classified as level 2.

Loans and advances banks and customers
The fair value of loans and advances to banks and customers is estimated by a discounted cash flow model based on contractual cash flows, using actual yields and discounting by risk-free interest rates. Adjustments to reflect changes in liquidity spreads are applied and prepayment options are included in the estimated fair value. The calculations are adjusted for credit risk by incorporating the expected credit losses over the estimated lifetime of the loan, based on parameters including probability of default, loss given default and exposure at default. The loans and advances are classified as level 3 on the basis that unobservable inputs significantly influence the approximated fair values. The loans and advances for which unobservable inputs do not significantly influence the approximated fair values are classified as level 2. Behavioural maturities are used instead of contractual maturities to determine the level classification of a small part of the portfolio.

Cash collateral paid to counterparties in relation to Credit Support Annexes (CSA) is included in loans and advances to banks and customers. Due to the short-term characteristics of these instruments, their carrying amounts are considered an approximation of the fair value. The related amounts are classified as level 2.

Due to banks and customers
The fair value of instruments such as deposits and borrowings included in amounts due to banks and customers is estimated by a discounted cash flow model based on risk-free interest rates. Adjustments to reflect changes in liquidity spreads are applied. Amounts due to banks and customers are classified as level 3 on the basis that unobservable inputs significantly influence their approximated fair values. The financial instruments for which unobservable inputs do not significantly influence the approximated fair values are classified as level 2. For the majority of the portfolio, behavioural maturities are used to determine the level classification.

Cash collateral liabilities in relation to Credit Support Annexes (CSA) are included in amounts due to banks and customers. Due to the short-term characteristics of these instruments, their carrying amounts are considered an approximation of the fair value. The related amounts are classified as level 2.

Issued debt and subordinated liabilities
The fair value of issued debt securities and subordinated liabilities is based on quoted prices. If these are not available, the fair value is based on a market approach in which independent quotes from market participants are used for the debt issuance spreads above the average interbank offered rates (over a range of tenors) that the market would demand when purchasing new senior or subordinated debt from ABN AMRO. Where necessary, these quotes are interpolated, using a curve shape derived from CDS prices.

						31 December 2023
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	53,656	53,656			53,656	
Securities financing	21,503		21,503		21,503	
Loans and advances banks	2,324		2,120	208	2,328	4
Loans and advances customers	245,228		29,444	209,884	239,328	-5,900
Total	**322,709**	**53,656**	**53,066**	**210,092**	**316,814**	**-5,896**
Liabilities						
Securities financing	11,710		11,710		11,710	
Due to banks	5,352		2,294	3,126	5,419	68
Due to customers	254,466		237,483	16,739	254,222	-245
Issued debt	66,005	46,178	19,936		66,115	109
Subordinated liabilities	5,572	1,875	3,833		5,708	136
Total	**343,105**	**48,053**	**275,256**	**19,865**	**343,174**	**69**

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

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

23 Group structure

Accounting policy for business combinations

ABN AMRO accounts for business combinations using the acquisition method when control is transferred to the bank. All items of consideration, including contingent consideration, transferred by ABN AMRO are measured and recognised at fair value at the acquisition date. Transaction costs incurred by ABN AMRO in connection with the business combination, other than those associated with the issuance of debt and equity securities, do not form part of the cost of the business combination transaction but are expensed as incurred. The amount of the purchase consideration in excess of ABN AMRO's share of the fair value of the identifiable net assets acquired (including certain contingent liabilities) is recorded as goodwill.

ABN AMRO measures the identifiable assets acquired and the liabilities assumed at the fair value at the acquisition date. In a step acquisition, where a business combination occurs in stages and control of the business is obtained in stages, the identifiable assets and liabilities of the acquiree are recognised at fair value when control is obtained. A gain or loss is recognised in profit or loss as the difference between the fair value of the previously held equity interest in the acquiree and its carrying amount. Changes in interests in subsidiaries that do not result in a change of control are treated as transactions between equity holders and are reported in equity.

Accounting policy for subsidiaries

ABN AMRO's subsidiaries are those entities which it directly or indirectly controls. Control over an entity is evidenced by ABN AMRO's ability to exercise its power in order to affect the variable returns that it is exposed to through its involvement in the entity. The existence and effect of potential voting rights that are currently exercisable are taken into account when assessing whether control exists.

The assessment of control takes into account all facts and circumstances. The bank reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control (power, exposure to variability in returns, and a link between the two).

ABN AMRO sponsors entities, including certain special purpose entities which may or may not be directly owned, for the purpose of asset securitisation transactions and other specific and well-defined objectives. Particularly in the case of securitisations, these entities may acquire assets from ABN AMRO's subsidiaries. Some of these entities hold assets that are not available to meet claims of ABN AMRO's creditors or subsidiaries. These entities are consolidated in ABN AMRO's financial statements when the substance of the relationship between ABN AMRO and the entity indicates that control is held by ABN AMRO.

ABN AMRO is mainly involved in securitisations of own originated assets, such as various consumer and commercial financial assets. This process generally necessitates a sale of these assets to a special purpose entity (SPE), which in turn issues securities to investors. ABN AMRO's interests in securitised assets may be retained in the form of senior or subordinated tranches, issued guarantees, interest-only strips or other residual interests, together referred to as retained interests. In many cases, these retained interests convey control, as a result of which the SPE is consolidated and the securitised assets continue to be recognised in the consolidated statement of financial position.

The financial statements of subsidiaries and special purpose entities are included in the Consolidated Annual Financial Statements from the date on which control commences until the date on which control ceases.

Accounting policy for associates and joint ventures

Associates are those entities in which ABN AMRO has significant influence on, but no control or joint control over, the operating and financial policies. Significant influence is generally presumed when ABN AMRO holds between 20% and 50% of the voting rights. Potential voting rights that are currently exercisable are considered in assessing whether ABN AMRO has significant influence. Among other factors, representation on the board of directors, participation in the policy-making process and material transactions between the entity and the investee are considered to determine significant influence.

A joint venture is an investment in which two or more parties have contractually agreed to share control over the investment. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The activities conducted through joint ventures include cash transfers, insurance, finance and leasing.

Investments in associates and joint ventures, including strategic investments, are accounted for using the equity method. Under this method, the investment is initially recorded at cost and subsequently increased (or decreased) for post-acquisition net income (or loss), other movements affecting the equity of the investee and any adjustments required for impairment. ABN AMRO's share of the profit or loss of the investee is recognised in the share of result in equity accounted investments. If ABN AMRO's share of losses exceeds the carrying amount of the investment, the carrying amount is reduced to zero, including any other unsecured receivables, and recognition of further losses is discontinued, except if ABN AMRO has incurred obligations or made payments on behalf of the investee.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of ABN AMRO's interest in the entities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

Assets and liabilities of acquisitions and divestments

The following table provides details of the assets and liabilities resulting from the acquisition or disposal of subsidiaries and equity accounted investments at the date of acquisition or disposal.

	31 December 2023		31 December 2022	
(in millions)	Acquisitions	Divestments	Acquisitions	Divestments
Assets and liabilities of acquisitions and divestments				
Loans and advances banks				-9
Equity-accounted investments	23	-35	13	-51
Other assets				-75
Net assets acquired/Net assets divested	**23**	**-35**	**13**	**-135**
Result on divestments, gross		33		147
Net disposal result		**33**		**147**
Cash received from divestments/(used for acquisitions)/				
Total Proceeds from sale/(purchase consideration)	-23	68	-13	281
Cash and cash equivalents divested/(acquired)				-9
Cash received from divestments/(used for acquisitions)	**-23**	**68**	**-13**	**272**

Acquisitions and Divestments

Acquisitions in 2023

No significant acquisitions were made in 2023. On 13 December 2023 however, ABN AMRO did reach an agreement to acquire BUX, a neobroker active in Europe. The transaction is subject to approval by the regulator and is expected to be finalised in 2024.

Divestments in 2023

The change in divestments in 2023 was impacted by the sale of European Merchant Services B.V. and the liquidation of ABN AMRO Capital USA LLC.

Acquisitions in 2022

No significant acquisitions were made in 2022.

Divestments in 2022

The change in divestments in 2022 was impacted by the sale of ABN AMRO Levensverzekeringen, ABN AMRO Pensioeninstellingen and MP Solar.

Equity accounted investments

The following table provides an overview of the most significant investments in associates and joint ventures at equity method.

(in millions)	Principal place of business	Business line	31 December 2023 Carrying amount	31 December 2023 Equity interest	31 December 2022 Carrying amount	31 December 2022 Equity interest
Joint ventures						
Neuflize Vie S.A.[1]	France	Wealth Management	65	60%	219	60%
Other joint ventures			25		25	
Associates						
Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V.	The Netherlands	Personal & Business Banking	67	49%	54	49%
Other equity associates			176		176	
Total equity associates and joint ventures			**333**		**474**	

[1] At 31 December 2023, ABN AMRO owns 60% of the outstanding shares of Neuflize Via S.A. The carrying amount in the table represents 20% of the outstanding shares in Neuflize Vie S.A. The remaining 40% of the shares meet the criteria of non-current assets held for sale as at 31 December 2023 and are accounted for as such. ABN AMRO assesses on a quarterly basis if the held for sale criteria are met.

Neuflize Vie S.A. is a joint venture for which the power to govern the financial and operating policies of its economic activity is subject to joint control.

Other investments in equity associates and joint ventures at equity method comprise a large number of equity associates and joint ventures with individual carrying amounts of less than EUR 75 million.

The following tables provide an overview of the summarised financial information of the most significant investments in associates and joint ventures at equity method.

	31 December 2023		31 December 2022	
	Joint venture	Associate	Joint venture	Associate
(in millions)	Neuflize Vie S.A.	Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V.	Neuflize Vie S.A.	Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V.
Assets				
Cash and balances at central banks	75	18		
Financial assets held for trading				1,322
Financial investments	11,215		10,874	1,079
Loans and advances banks and customers			260	1,929
Property and equipment	398	2	380	
Accrued income and prepaid expenses	37		36	26
Other assets	76	83	41	102
Total assets	**11,801**	**103**	**11,590**	**4,457**
Liabilities				
Due to banks and customers	7		35	
Provisions	11,427		4,495	4,100
Other liabilities	42	24	6,696	100
Total liabilities	**11,477**	**24**	**11,225**	**4,201**
Equity				
Total equity	**324**	**79**	**365**	**257**
Total liabilities and equity	**11,801**	**103**	**11,590**	**4,457**
Bank's share of equity[1]	65	67	219	54
Carrying amount	**65**	**67**	**219**	**54**

[1] The bank's share of equity represents 20% of the outstanding shares in Neuflize Vie S.A. The remaining 40% of the shares meet the criteria of non-current assets held for sale as at 31 December 2023 and are accounted for as such. ABN AMRO assesses on a quarterly basis if the held for sale criteria are met.

Assets related to equity associates are mainly held by Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V. (EUR 0.1 billion at 31 December 2023, compared with EUR 4.5 billion at 31 December 2022).

The 2023 amounts presented for Nationale-Nederlanden ABN AMRO Verzekeringen Holding are based on the last approved annual accounts of Nationale-Nederlanden ABN AMRO Verzekeringen Holding (annual financial statement 2022).

The 2022 amounts presented for Nationale-Nederlanden ABN AMRO Verzekeringen Holding are based on the last approved of the underlying insurance companies of Nationale-Nederlanden ABN AMRO Verzekeringen Holding (annual financial statement 2021).

Neuflize Vie S.A. holds the majority of assets under joint ventures (EUR 11.8 billion at 31 December 2023, compared with EUR 11.6 billion at 31 December 2022).

		2023		2022
	Joint venture	Associate	Joint venture	Associate
(in millions)	Neuflize Vie S.A.	Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V.	Neuflize Vie S.A.	Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V.
Other income	120	107	92	519
Operating income	**120**	**107**	**92**	**519**
Other operating expenses	96	3	51	464
Operating expenses	**96**	**3**	**51**	**464**
Profit/(loss) before taxation	**24**	**104**	**41**	**55**
Income tax expense	5	-1	9	12
Profit/(loss) for the period	**19**	**105**	**32**	**42**
Other comprehensive income	5		-2	
Total comprehensive income	**24**	**105**	**30**	**42**

		2023		2022
(in millions)	Joint ventures	Associates	Joint ventures	Associates
Operating income	122	780	92	1,493
Operating expenses	96	674	51	892
Profit/(loss) before taxation	**25**	**106**	**41**	**601**
Income tax expense	5	-9	9	52
Profit/(loss) for the period	**20**	**115**	**32**	**549**

The joint ventures and associates had no contingent liabilities or capital commitments other than the minimum capital requirements under the Solvency Regulation as at 31 December 2023 and 2022.

Unconsolidated structured entities

Unconsolidated structured entities are entities over which ABN AMRO has no control or significant influence. ABN AMRO is involved in structured entities through securitisation of financial assets and investments in structured entities. Structured entities generally finance the purchase of assets by issuing debt and equity securities collateralised by the assets held by the structured entities. The debt and equity securities issued by the structured entities may include tranches with varying levels of subordination. The interest in unconsolidated structured entities increased by EUR 1.9 billion to EUR 7.3 billion at year-end 2023 (31 December 2022: EUR 5.3 billion). These interests consisted mainly of debt securities in corporate loans amounting to EUR 789 million (31 December 2022: EUR 681 million) and mortgage- and other asset-backed securities recognised under financial investments totalling EUR 5.0 billion (31 December 2022: EUR 3.3 billion). The maximum exposure to losses from these interests is equal to the total carrying amount.

Sponsoring of unconsolidated structured entities

An entity is considered a sponsor of an unconsolidated structured entity if it had a key role in establishing that entity in order to enable the transaction that is the purpose of the entity. No sponsoring occurred during 2023.

24 Property and equipment, leases, goodwill and other intangible assets

Accounting policy for property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment amount. At each balance sheet date, an assessment is performed to determine whether there is any indication of impairment. Subsequent costs are capitalised if these result in an enhancement to the asset. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property and equipment, and of major components that are accounted for separately. ABN AMRO generally applies the following useful lives to calculate depreciation:

- Land: not depreciated;
- Buildings: 30 years;
- Leasehold improvements: 5 years;
- Equipment: 5 years;
- Installations (durable): 10 years;
- Computer installations: 2 to 5 years.

Depreciation rates and residual values are reviewed at least periodically to take into account any change in circumstances. Capitalised leasehold improvements are depreciated in a manner that takes into account the term and renewal conditions of the related lease.

Assets for which the bank acts as a lessor in an operational lease contract are included in property and equipment. The asset is depreciated on a straight-line basis, over its useful life, to its estimated residual value.

Accounting policy for impairment of non-financial assets

At each reporting date, ABN AMRO reviews the carrying amounts of its non-financial assets (i.e. ROU assets, equipment, goodwill and other intangible assets) to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or cash-generating units. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. In general, ABN AMRO's corporate assets do not generate separate cash inflows and are used by more than one cash-generating unit. Corporate assets are allocated to cash-generating units on a reasonable and consistent basis and tested for impairment as part of the testing of the cash-generating unit to which the corporate assets are allocated.

Impairment losses are recognised in profit or loss under depreciation and amortisation expenses. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses are recognised in the income statement as a component of depreciation and amortisation expense. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

Accounting policy for leases

Lessor accounting

Where ABN AMRO acts as lessor, a distinction is made between operating and finance leases. Leases where the bank transfers all risks and rewards incidental to ownership of the asset to the lessee are classified as finance leases. Leases that do not transfer these risks and rewards are classified as operating leases. Finance leases are recognised as a receivable in loans and advances at an amount equal to the net investment in the lease, less credit loss allowances. Assets subject to operating leases are recognised at cost in property and equipment. Operating income from finance leases is recognised in a pattern reflecting a constant periodic rate of return on the net investment in the lease.

Lessee accounting

All leases, except for low-value leases and leases with a duration of less than one year, are recognised on the balance sheet as a right of use (ROU) asset and lease liability. As a lessee, ABN AMRO enters into various lease contracts, mainly for office buildings and cars that the bank leases for its own use. When accounting for contracts as a lessee, ABN AMRO separates non-lease components from lease components. Payments such as variable lease payments that do not depend on an index or a rate and non-lease components are not included in the lease liability. The ROU asset is initially measured at cost, which reflects the initial lease liability, adjusted for upfront lease payments, received incentives and initial direct costs. The initial lease liability is equal to the sum of the fixed lease payments, discounted by the incremental borrowing rate. Given that ABN AMRO cannot readily determine the interest rate implicit in the lease, it uses the incremental borrowing rate to measure lease liabilities.

The ROU asset is depreciated over the period of the lease, using the straight-line method.

Adjustments to the ROU asset and corresponding lease liability result from remeasurement and/or modification. Remeasurement occurs when there is a change in the lease term or discount rate, or when ABN AMRO changes its assessment regarding purchase, extension or termination options. A lease modification is a change in the scope of the lease, or the consideration of a part of a lease that was not in the original terms and conditions of the lease. A lease modification results in either a separate additional lease or a change in the accounting for the existing lease. In the case of a lease modification not resulting in an additional lease, the lease liability is remeasured by adjusting the carrying amount of the ROU asset and, to reflect the partial or full termination of the lease, recognising any gain or loss in the statement of profit and loss.

Expenses related to short-term leases with a term of less than 12 months and leases of low value are recognised in the income statement. ROU assets are included in property and equipment, while the lease liabilities are included in other liabilities. Depreciation of the ROU assets is included in depreciation, while amortisation of tangible and intangible assets is included in the income statement, and interest expense on lease liabilities is included in other interest and similar expense.

Sale and leaseback transactions

In a sale and leaseback transaction, the seller/lessee transfers an underlying asset to the buyer/lessor and leases that asset back from the buyer/lessor.

Seller/lessee accounting

If the bank is involved in a sale and leaseback transaction as a seller/lessee, the accounting policy described below is from the perspective of a seller/lessee. To determine how to account for a sale and leaseback transaction, the bank first considers whether the initial transfer of the underlying asset from the seller/lessee to the buyer/lessor is a sale in accordance with IFRS 15.

If a sale and leaseback transaction constitutes a sale in accordance with IFRS 15, the underlying asset is derecognised and the lessee accounting model is applied to the leaseback.The ROU asset arising from the leaseback is measured based on the proportion of the previous carrying amount of the asset that relates to the rights of use retained by the seller/lessee. Accordingly, any gain or loss that relates to the rights transferred to the buyer/lessor is recognised.

The proportion of the rights of use retained is the ratio between the present value of lease payments at market rates (excluding any future index changes) and the fair value of the consideration for the sale proceeds. The residual proportion is the proportion of the rights transferred.

The fair value of the consideration for the sale proceeds is equal to the fair value of the underlying asset in the sale-and-leaseback transaction. If this does not equal the fair value of the underlying asset, or if the payments for the lease are not at market rates, the bank makes adjustments to recognise the sale proceeds at the fair value. Any below-market terms are recognised as a prepayment of lease payments and any above-market terms are recognised as additional financing provided by the buyer/lessor to the seller/lessee.

Accounting policy for intangible assets

Goodwill

Goodwill is capitalised and stated at cost, being the excess of the consideration paid over the fair value of ABN AMRO's share of the acquired entity's net identifiable assets at the acquisition date, less any accumulated impairment losses. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. Goodwill is not amortised, but is reviewed annually for impairment, or more frequently if there are indications that impairment may have occurred. In the test, the carrying amount of goodwill is compared with the higher of the fair value less costs to sell and the value in use, being the present value of the cash flows discounted at a pre-tax discount rate that reflects the risk of the cash-generating unit to which the goodwill relates. Impairment losses are recognised in the income statement as depreciation and amortisation expense and are irreversible.

Software and other intangible assets

The accounting policy for software and other intangible assets is determined by IAS 38 Intangible assets. Software is amortised over a period of three years, unless it is classified as core application software, which is amortised over its estimated useful life, set at a maximum of seven years. For own-developed software, only the development phase is capitalised.

Other intangible assets include separately identifiable items arising from acquisitions of subsidiaries, such as client relationships, and certain purchased trademarks and similar items. In general, the estimated useful life does not exceed ten years. Amortisation rates and residual values are reviewed at least annually to take into account any change in circumstances.

(in millions)	**31 December 2023**	31 December 2022
Land and buildings held for own use	225	191
Leasehold improvements	44	39
Plant & equipment under operating lease	338	427
Equipment	78	81
Right of use assets	285	241
Other	9	10
Total property and equipment	**978**	**988**

The right of use assets consist primarily of real estate.

(in millions)	31 December 2023	31 December 2022
Goodwill		79
Purchased software	10	12
Internally developed software	81	6
Other	8	12
Total goodwill and other intangible assets	**99**	**108**

(in millions)	Land and buildings held for own use	Leasehold improve-ments	Plant & equipment under oper. lease	Equipment	Right of use assets	Other property and equipment	Total property and equipment	Good-will	Other intangible assets	Total goodwill and other intangible assets
										2023
Acquisition costs as at 1 January	**726**	**209**	**801**	**638**	**497**	**11**	**2,883**	**142**	**438**	**580**
Acquisitions/divestments of subsidiaries										
Additions	63	12	98	35	138		346		9	9
Reversal of cost due to disposals	-50	-21	-255	-47	-38		-412		-4	-4
Foreign exchange differences		-1	5	-2	-2					
Internally generated software									75	75
Other	38	9		2	-12		36	-27		-28
Acquisition costs as at 31 December	**777**	**208**	**649**	**626**	**584**	**11**	**2,853**	**115**	**517**	**632**
Accumulated depreciation/ amortisation as at 1 January	**-530**	**-165**	**-369**	**-554**	**-205**		**-1,824**		**-398**	**-398**
Depreciation/amortisation	-16	-14		-40	-85		-155		-14	-14
Depreciation of assets subject to operating lease			-108				-108			
Reversal of depreciation/amortisation due to disposals	33	20	172	46	21		292		4	4
Foreign exchange differences		1	-2	2						
Other	-34	-1		1	12		-22			
Accumulated depreciation/ amortisation as at 31 December	**-547**	**-160**	**-308**	**-546**	**-256**		**-1,817**		**-408**	**-408**
Accumulated impairments as at 1 January	**-5**	**-5**	**-5**	**-4**	**-51**	**-1**	**-70**	**-64**	**-10**	**-74**
Acquisitions/divestments of subsidiaries										
Increase of impairments charged to the income statement	-1				-1	-1	-3	-79		-79
Impairments on assets subject to operating lease			2				2			
Reversal of impairments credited to the income statement										
Reversal of impairments due to disposals		1		1	8		10			
Foreign exchange differences					1		1			
Other	1						1	28		28
Accumulated impairments as at 31 December	**-5**	**-4**	**-3**	**-2**	**-43**	**-2**	**-59**	**-115**	**-10**	**-125**
Total as at 31 December	**225**	**44**	**338**	**78**	**285**	**9**	**978**		**99**	**99**

The fair value of land and buildings held for own use is estimated at EUR 199 million at 31 December 2023 (31 December 2022: EUR 234 million). The fair value is entirely based on external valuations performed from 2017 to 2023. Some of the properties have a lower fair value than the recorded carrying value, but no impairment is recorded because these properties are considered corporate assets. The value in use for the cash generating units within ABN AMRO Group is sufficient to cover the total value of all these assets.

The building at Foppingadreef in Amsterdam is being reconstructed to make it an example with regard to sustainability and circularity. Furthermore, when the project is finished it will meet our own ambition to be Paris Proof before 2030. In the first half of 2023, ABN AMRO signed a construction contract with a total value of EUR 430 million. As at 31 December 2023, EUR 38 million had been paid towards the construction contract. The contract will be settled on a monthly basis during the course of the construction of the building. This amount will be subject to price indexation based on the BDB index. The project is scheduled to be completed by the end of 2026.

										2022
(in millions)	Land and buildings held for own use	Leasehold improve-ments	Plant & equipment under oper. lease	Equipment	Right of use assets	Other property and equipment	Total property and equipment	Good-will	Other intangible assets	Total goodwill and other intangible assets
Acquisition costs as at 1 January	815	244	931	795	547		3,333	147	884	1,031
Acquisitions/divestments of subsidiaries								-2		-2
Additions	33	8	96	38	93	11	278		3	3
Reversal of cost due to disposals	-72	-47	-214	-202	-78		-613	-3	-448	-450
Foreign exchange differences		2	-12	1	3		-7		1	1
Other	-50	3		6	-68		-109		-1	-2
Acquisition costs as at 31 December	**726**	**209**	**801**	**638**	**497**	**11**	**2,883**	**142**	**438**	**580**
Accumulated depreciation/ amortisation as at 1 January	-596	-195	-389	-707	-190		-2,078		-825	-825
Depreciation/amortisation	-24	-13		-42	-78		-156		-19	-19
Depreciation of assets subject to operating lease			-127				-127			
Reversal of depreciation/amortisation due to disposals	54	46	142	201	68		511		446	446
Foreign exchange differences		-1	6	-1			4		-1	-1
Other	36	-3		-4	-5		24			
Accumulated depreciation/ amortisation as at 31 December	**-530**	**-165**	**-369**	**-554**	**-205**		**-1,824**		**-398**	**-398**
Accumulated impairments as at 1 January	-8	-6	-8	-4	-57		-83	-68	-10	-78
Acquisitions/divestments of subsidiaries								2		2
Increase of impairments charged to the income statement	-1				-4	-1	-6			
Impairments on assets subject to oper-ating lease			2				2			
Reversal of impairments credited to the income statement					10		10			
Reversal of impairments due to dis-posals	4	1			4		10	3		3
Foreign exchange differences					-2		-3			
Other					-1					
Accumulated impairments as at 31 December	**-5**	**-5**	**-5**	**-4**	**-51**	**-1**	**-70**	**-64**	**-10**	**-74**
Total as at 31 December	**191**	**39**	**427**	**81**	**241**	**10**	**988**	**79**	**30**	**108**

Leases

ABN AMRO enters into leases both as lessor and as lessee. In its capacity as lessee, ABN AMRO leases various assets, mainly office properties, cars and equipment that serve to support the bank's operations. The leases have various terms and termination and renewal options. The majority of termination and renewal options are exercisable only by the bank and not by the respective lessor. There are no variable lease payments in lease contracts where ABN AMRO acts as the lessee. No covenants are present in the lease agreements and ABN AMRO is not allowed to use leased assets as security for financing purposes. The total cash outflow relating to leases in 2023 amounted to EUR 120 million (2022: EUR 110 million).

The following table shows the maturity of lease liabilities for leases in which the bank acts as a lessee, as well as the future undiscounted minimum lease receipts under operating and financial leases where the bank acts as a lessor. It also reconciles the total future minimum lease receipts under financial leases and the net investment in the leases.

(in millions)	Within 3 months	More than 3 months but within 1 year	More than 1 year but within 5 years	More than 5 years	Total	Unearned finance income	Net investment in the lease
							31 December 2023
Lease liabilities	24	68	137	104	333	n/a	n/a
Future minimum lease receipts under financial leases	498	1,051	2,615	403	4,567	-398	4,169
Future minimum lease receipts under operating leases	21	88	220	20	349	n/a	n/a
							31 December 2022
Lease liabilities	22	66	224	52	364	n/a	n/a
Future minimum lease receipts under financial leases	689	1,055	2,531	402	4,678	-281	4,396
Future minimum lease receipts under operating leases	36	126	272	36	469	n/a	n/a

The net investment in leased assets amounted to EUR 4,169 million (31 December 2022: EUR 4,396 million). The decrease was mainly attributable to interest rate developments, as these lead to less demand for (new) leasing contracts and more opportunities for early termination and prepayment by clients. ABN AMRO retains risk with respect to its declining portfolio. However, it has been actively de-risking the lease portfolio, mainly in the UK. Furthermore, Asset Based Finance decreased its exposure to certain lease products and client segments by selling these exposures to other market participants, requesting clients to search for alternative funding or demanding prepayments regarding lease facilities. In addition, the more negative economic outlook and the decision to stop doing undisclosed vendor business have a negative impact on new volume development.

In its capacity as lessor, ABN AMRO leases out various assets. Operating leases in which the bank acts as the lessor are included in Property and equipment – equipment. Financial leases in which the bank acts as the lessor are included in corporate loans under loans and advances customers. Income from leases in which ABN AMRO acts as the lessor is presented in the following table.

(in millions)	**2023**	2022
Income from financial leases	160	133
Income from operating leases	133	152
Total income from leases	**294**	**285**

Income related to variable lease payments on financial leases amounted to EUR 1 million in 2023. There is no income relating to variable lease payments on operating leases.

ABN AMRO also acts as an intermediate lessor in subleases where it subleases ROU assets to a third party. During 2023, the total income from subleasing ROU assets amounted to EUR 4 million.

Valuation of goodwill

					31 December 2023		31 December 2022
(in millions)	Segment	Method used for recoverable amount	Discount rate	Long-term growth rate	**Impairment charges**	**Goodwill**	Goodwill
Entity							
Bethmann	Wealth Management	Value in use	10.0%	0.0%	63		63
ABN AMRO Asset Based Finance N.V., (UK) Branch	Corporate Banking	Value in use	10.0%	0.0%	9		9
Banque Neuflize	Wealth Management	Value in use	10.0%	0.0%	6		6
Total goodwill and impairment charges					**79**		**79**

ABN AMRO performed its annual impairment test in the last quarter of 2023. ABN AMRO considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. In 2023, the value in use showed a strong decline. The outcome of the impairment tests performed is that a full impairment of all goodwill has been recognised.

The recoverable amount of the Bethmann of EUR 79 million as at 31 December 2023 has been determined based on the value in use calculation, using cash flow projections from financial budgets approved by senior management and covering a four-year period. As a result of this analysis, management has recognised a full impairment of goodwill, totalling EUR 63 million as at 31 December 2023. The recoverable amounts of the ABN AMRO Asset Based Finance N.V, UK Branch and Banque Neuflize of EUR 125 million and EUR 362 million, respectively, are determined on a value in use calculation, using cash flow projections from ROE financial forecasts approved by senior management and covering a five-year period. The pre-tax discount rate applied to all cash flow projections is 10%, based on the return of equity.

(in millions)	2023	2022
Depreciation on tangible assets		
Land and buildings held for own use	16	24
Leasehold improvements	14	13
Equipment	40	42
Right of use assets	85	78
Amortisation on intangible assets		
Purchased software	7	10
Internally developed software	3	2
Other intangible assets	4	7
Impairment losses on tangible assets		
Land and buildings held for own use (incl. held for sale)	1	1
Right of use assets	1	-5
Other	1	1
Impairment losses on intangible assets		
Goodwill	79	
Purchased software		
Total depreciation, amortisation and impairment losses	**251**	**172**

25 Non-current assets and disposal groups held for sale

Accounting policy for non-current assets and disposal groups held for sale

Non-current assets and/or businesses are classified as held for sale if their carrying amount is to be recovered principally by selling them within 12 months, rather than through ongoing use. Assets held for sale (other than financial instruments) are not depreciated and are measured at the lower of their carrying amount and fair value, less costs to sell. Assets and liabilities of a business held for sale are presented separately in the consolidated statement of financial position.

(in millions)	31 December 2023	31 December 2022
Property and equipment	1	13
Other assets	130	
Assets of businesses held for sale	**130**	**13**
Liabilities of businesses held for sale		

The 2023 held for sale position of EUR 130 million consists of EUR 130 million in participating interests and EUR 1 million in buildings held for sale.

26 Other assets

(in millions)	31 December 2023	31 December 2022
Accrued other income	492	496
Prepaid expenses	18	20
Unsettled securities transactions	2,288	1,313
Trade and other receivables	2,007	2,218
Other	546	425
Total other assets	**5,351**	**4,473**

Unsettled securities transactions are related to reversed repurchase and securities borrowing transactions that have been delivered but not settled.

At 31 December 2023, other assets included a net receivable of EUR 0.1 billion related to the bankruptcy of DSB Bank (31 December 2022: EUR 0.1 billion).

27 Due to banks

Accounting policy for due to banks and due to customers

Amounts due to banks and customers are held at amortised cost. That is, at fair value upon initial recognition, adjusted for repayment and amortisation of coupon, fees and expenses to represent the effective interest rate of the instrument.

(in millions)	31 December 2023	31 December 2022
Current accounts	1,168	1,977
Demand deposits	1	1
Time deposits	3,731	14,895
Cash collateral on securities lent	451	625
Other		10
Total due to banks	**5,352**	**17,509**

On 28 June 2023, ABN AMRO partially repaid the TLTRO III funding for the amount of EUR 11.0 billion. On 31 December 2023, an amount of EUR 3.0 billion was outstanding, which matures in June 2024.

28 Due to customers

Accounting policy for due to customers

The accounting policy for amounts due to customers is set out in Note 27 - Due to banks.

(in millions)	31 December 2023	31 December 2022
Current accounts	99,948	122,030
Demand deposits	100,943	100,397
Time deposits	51,728	30,096
Other	1,846	2,491
Total due to customers	**254,466**	**255,015**

29 Issued debt and subordinated liabilities

Accounting policy for issued debt and subordinated liabilities

Issued debt securities and subordinated liabilities are recorded at amortised cost using the effective interest rate method. Hybrid or structured financial liabilities are irrevocably designated upon initial recognition to be measured at fair value through profit or loss. The latter is applied when the instruments are held to reduce an accounting mismatch, are managed on the basis of their fair value or include terms that qualify as an embedded derivative that cannot be separated.

ABN AMRO applies IAS 32 Financial Instruments: Presentation to determine whether funding is a financial liability or equity. Issued financial instruments or their components are classified as financial liabilities where the substance of the contractual arrangement results in ABN AMRO having a present obligation to deliver either cash or another financial asset or to satisfy the obligation other than by the exchange of a fixed number of equity shares.

Issued liabilities qualify as subordinated debt if claims by the holders are subordinated to all other current and future liabilities of ABN AMRO and its subsidiaries.

The valuation of liabilities measured at fair value includes the effect of changes in the bank's own credit spreads. The change in fair value applies to those financial liabilities designated at fair value where own value credit risk would be considered by market participants. The cumulative amount of changes in fair value attributable to credit risk of issued debt is presented as liability own credit risk reserve in equity. Exchange-traded own debt measured at fair value through profit or loss is valued at market prices.

Fair value changes are calculated based on a yield curve generated from observed external pricing for funding and quoted CDS spreads

The following table shows the types of debt certificates issued by ABN AMRO and the amounts outstanding at 31 December 2023. Movements in these debt instruments involve a continual process of redemption and issuance of long-term and short-term funding.

Issued debt

(in millions)	31 December 2023	31 December 2022
Bonds and notes issued	52,264	41,313
Certificates of deposit and commercial paper	13,741	14,723
Total at amortised cost	**66,005**	**56,036**
Designated at fair value through profit or loss	222	223
Total issued debt	**66,227**	**56,259**
- of which matures within one year	*17,408*	*19,053*

	2023	2022
(in millions)	Carrying amount	Carrying amount
Balance as at 1 January	**56,259**	**59,688**
Cash flows		
Issuance	49,985	35,231
Redemption	-43,196	-30,668
Non-cash changes		
Foreign exchange differences	-96	118
Fair value changes own credit risk	-2	-8
Fair value changes hedge accounting	2,514	-8,451
Other	762	350
Balance as at 31 December	**66,227**	**56,259**

The amounts of debt issued and redeemed during the period are shown in the Consolidated statement of cash flows. Non-cash changes consist mainly of unrealised gains and losses and foreign exchange differences. Further details of the funding programmes are provided in Funding, in the Risk, funding & capital chapter.

Financial liabilities designated at fair value through profit or loss

(in millions)	31 December 2023	31 December 2022
Cumulative change in fair value of the structured notes attributable to changes in credit risk	2	4
Change during the year in fair value of the structured notes attributable to changes in credit risk	-2	-8
Difference between amount contractually required to pay at maturity and the carrying amount	10	6

The change in fair value of the structured notes attributable to changes in credit risk is determined using the credit spread implicit in the fair value of similar bonds traded in active markets and issued by ABN AMRO.

Subordinated liabilities

The following table shows the types of debt certificates issued by ABN AMRO and the amounts outstanding at 31 December. Movements in these debt instruments involve a continual process of redemption and issuance of long-term and short-term funding.

(in millions)	31 December 2023	31 December 2022
Subordinated liabilities	5,572	7,290

(in millions)	2023 Carrying amount	2022 Carrying amount
Balance as at 1 January	**7,290**	**7,549**
Cash flows		
Issuance	776	1,540
Redemption	-2,504	-1,602
Non-cash changes		
Foreign exchange differences	-143	360
Fair value changes hedge accounting	143	-533
Other	10	-23
Balance as at 31 December	**5,572**	**7,290**

30 Provisions

Accounting policy for provisions

A provision is recognised in the balance sheet when ABN AMRO has a legal or constructive obligation as a result of a past event, and it is more likely than not that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when an obligation exists. An obligation exists when ABN AMRO has approved a detailed plan and has raised a valid expectation among those affected by the plan by starting to implement the plan or by announcing its main features. Future operating costs are not provided for. Provisions for insurance risks are determined by actuarial methods, which include the use of statistics, interest rate data and settlement cost expectations.

Provisions are established for certain guarantee contracts for which ABN AMRO is liable to pay upon default of payment. Expected credit loss allowances of loan commitments and financial guarantees are recognised as provisions under IFRS 9.

(in millions)	31 December 2023	31 December 2022
Legal provisions	273	447
Credit commitments provisions	120	154
Restructuring provision	57	105
Other staff provision	134	128
Provision for pension commitments	76	75
Insurance fund liabilities	7	8
Other provisions	75	128
Total provisions	**742**	**1,044**

Legal provisions

EURIBOR-based mortgages

In 2012 two class actions were started whereby the central question was whether ABN AMRO's amendment clauses in the terms and conditions, entitling it to unilaterally adjust the margin charge for Euribor-based mortgage loans, was an unfair contractual clause. In the meantime, ABN AMRO and the foundation Stichting Euribar reached agreement on a settlement for clients with Euribor-Woninghypotheek mortgages. All clients who were eligible for the settlement received a personal offer from ABN AMRO and 81% of this group accepted the proposed settlement. Meanwhile, the other foundation, Stichting Stop de Banken, broke off the negotiations aimed at reaching agreement and proceeded with the class action.

On 11 October 2022, the Court of Appeal in The Hague ruled that the amendment clauses were valid and that ABN AMRO was entitled to exercise its power of amendment. The Court of Appeal also deemed the manner in which ABN AMRO exercised its power of amendment to be within the law. The ruling applies to clients who did not accept the personal settlement offer made to them by the bank in 2020 or 2021. Stichting Stop de Banken subsequently appealed against the ruling at the Supreme Court, but the Supreme Court rejected this appeal on 22 December 2023.

At 31 December 2023 a provision is in place for expected remaining cash outflows.

Variable interest rates for consumer loans

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

In light of the Kifid ruling, ABN AMRO reached agreement with the Dutch Consumers' Association (Consumentenbond Claimservice) on 5 September 2021 regarding a compensation scheme for affected clients. In Q3 of 2022, following an August 2022 ruling of the Kifid Appeals Committee, ABN AMRO adjusted the compensation scheme to include interest on interest. ABN AMRO has provisioned around EUR 520 million for the interest to be compensated and the costs incurred in carrying out the scheme. To date, EUR 291 million of this provision has been used, while the remaining provision as at 31 December 2023 was EUR 229 million.

It is unclear what the exact scope and application of the Kifid ruling is and whether the ruling will have a certain knock-on effect on other (credit) products with variable interest rates, beyond the range of products covered by the compensation scheme, such as credit products for micro and small enterprises. ABN AMRO cannot give a reliable estimate of the (potentially substantial) financial risk of these contingent liabilities which have not been provided for.

Other provisions

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 and to 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.

(in millions)	Legal provisions	Credit commitments	Restructuring provision	Other staff provision	Provision for pension commitments	Insurance fund liabilities	Other	Total
At 1 January 2022	398	222	178	137	79	5	181	1,201
Increase of provisions	156	151	26				107	440
Reversal of unused provisions	-37	-189	-35				-13	-274
Utilised during the year	-70	-49	-70				-149	-338
Transfer between stages		2						2
Foreign exchange differences		8	5					14
Other		9		-10	-4	3	2	-1
At 31 December 2022	**447**	**154**	**105**	**128**	**75**	**8**	**128**	**1,044**
Increase of provisions	89	86	14				22	210
Reversal of unused provisions	-41	-129	-22			-9	-32	-233
Utilised during the year	-231		-40				-51	-321
Transfer between stages		18						18
Modifications due to credit risk								
Foreign exchange differences		2	-1					1
Other	9	-10		6	1	8	9	23
At 31 December 2023	**273**	**120**	**57**	**134**	**76**	**7**	**75**	**742**

31 Pension and other employee benefits

Accounting policy for pension and other employee benefits

ABN AMRO sponsors a number of pension schemes in the Netherlands and abroad. These schemes are mainly defined contribution plans. The majority of the beneficiaries of the plans are located in the Netherlands.

Defined contribution plans

For defined contribution plans, ABN AMRO pays annual contributions determined by a fixed method and has no legal or constructive obligation to pay any further contributions. Contributions are recognised directly in the income statement in the year to which they relate. Actuarial and investment risk are for the account of the participants in the plan.

Defined benefit plans

For defined benefit plans, the net obligation of each plan is the difference between the present value of the defined benefit obligations and the fair value of the plan's assets.

The actuarial assumptions used for calculating the present value of the defined benefit obligations include discount rates based on high-quality corporate bonds, the inflation rate, future salary increases, employee contributions, mortality assumptions and rates of employee turnover. The assumptions are based on available market data and management expectations at the end of the reporting period.

Plan assets are measured at fair value at balance sheet date and are netted against the defined benefit obligations. Pension costs recognised in the income statement for defined benefit plans consist of:
- service costs;
- net interest costs determined by multiplying the net defined benefit liability (asset) by the discount rate, both as at the start of the annual reporting period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments; and
- curtailments or plan amendments.

Differences between pension costs and pension contributions payable are accounted for as provisions or prepayments.

Remeasurement

Remeasurements of the net defined benefit liability (asset) are actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments (i.e. unexpectedly high or low rates of employee turnover). They are recognised in other comprehensive income and are not recycled to profit or loss in later periods. The actual return on the pension plan's assets is determined after deduction of the costs of managing the assets and any tax payable by the pension plan itself.

Other employee benefits

Some group companies provide post-retirement benefits to their retirees, such as long-term service benefits and discounts on banking products. Entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period.

The expected costs of these benefits are accrued over the period of employment, using the same accounting methodology as that used for defined benefit pension plans. These obligations are calculated annually.

Pension and other employee benefit plans in all countries comply with applicable local regulations concerning investments and minimum funding levels.

Pension and other employee benefits

Amounts recognised in the income statement for pensions and other employee benefits

	2023			2022		
(in millions)	Defined post employment benefit	Other employee benefits	Total	Defined post employment benefit	Other employee benefits	Total
Current service cost	5	2	7	5	3	8
Interest cost	8	2	9	2		2
Interest income	-5		-5	-1		-1
Other		5	5	12	-4	8
Total defined benefit expenses in actuarial report	**7**	**9**	**15**	**18**	**-1**	**17**
Other expenses	-3		-3	-4		-4
Total defined benefit expenses	**4**	**9**	**13**	**14**	**-1**	**12**
Defined contribution plans	337		337	321		321
Total pension expenses and other post retirement employee benefits	**340**	**9**	**349**	**334**	**-1**	**333**

Pension expenses for defined contribution plans consist mainly of ABN AMRO's cash contributions to the Dutch collective defined contribution plan.

Dutch defined contribution plan

The Dutch defined contribution plan is a collective defined contribution plan, based on an average salary plan. The target retirement age is 68 years. The contribution payable by pension fund participants is 5.5% (2022: 5.5%).

In 2023 ABN AMRO's contribution to the Dutch defined contribution plan amounted to EUR 306 million (2022: EUR 288 million) and was included in the pension expenses.

Reconciliation to the statement of financial position and other comprehensive income

	2023			2022		
(in millions)	Defined post employment benefit	Other employee benefits	Total	Defined post employment benefit	Other employee benefits	Total
Present value of defined benefit obligations - funded with plan assets	191	3	194	197	3	200
Fair value of plan assets	158		158	157		157
	33	**3**	**36**	**40**	**3**	**43**
Present value of defined benefit obligations - unfunded	37	131	168	30	125	155
Net liabilities/(assets) balance sheet at 31 December	**70**	**134**	**204**	**70**	**128**	**198**
- of which assets	*6*		*6*	*5*		*5*
- of which liabilities	*76*	*134*	*210*	*75*	*128*	*202*
Experience adjustments	-6		-6	-4	-1	-4
Remeasurements arising from changes in demographic assumptions DBO	1		1	1		1
Remeasurements arising from changes in financial assumptions DBO	-8	-1	-9	36	4	40
Remeasurements arising from changes in financial assumptions plan assets	5		5	-20		-20
Remeasurements in other comprehensive income	**-8**	**-2**	**-10**	**13**	**3**	**16**

Change in defined benefit obligation (DBO)

(in millions)	2023 Defined post employment benefit	2023 Other employee benefits	2023 Total	2022 Defined post employment benefit	2022 Other employee benefits	2022 Total
Defined benefit obligation as at 1 January	**227**	**128**	**355**	266	137	404
Current service cost	5	2	7	5	3	8
Interest cost	8	2	9	2		2
Benefits paid in from employer	-14	-4	-18	-9	-4	-13
Remeasurements arising from changes in demographic assumptions	-1		-1	-1		-1
Experience adjustments	6		6	4	1	4
Remeasurements arising from changes in financial assumptions	8	1	9	-36	-4	-40
Other	-9	5	-4	-5	-5	-10
Defined benefit obligation as at 31 December	**228**	**134**	**362**	**227**	**128**	**355**

The net defined benefit liabilities/(assets) balance as at 31 December 2023 consisted of pensioners with a profit share, the indexation of benefits insured with an insurance company and several small defined benefit plans outside the Netherlands.

Change in fair value of plan assets

(in millions)	2023 Defined post employment benefit	2023 Other employee benefits	2023 Total	2022 Defined post employment benefit	2022 Other employee benefits	2022 Total
Fair value of plan assets as at 1 January	**157**		**157**	189		189
Interest income	5		5	1		1
Return on plan assets excluding interest	5		5	-20		-20
Employer's contributions	2		2			
Other	-10		-10	-12		-12
Fair value of plan assets as at 31 December	**158**		**158**	**157**		**157**

Principal actuarial assumptions

	2023	2022
Discount rate	3.5%	3.4%
Indexation rate	2.3%	2.0%
Future salary increases[1]	2.2%	2.2%

[1] Salary increases in the Netherlands are not taken into consideration, because the Dutch pension plan is a defined contribution plan.

These assumptions are weighted by defined benefit obligations. The discount rate consists of a risk-free rate and a credit spread on AA-rated corporate bonds.

32 Other liabilities

(in millions)	31 December 2023	31 December 2022
Accrued other expenses	960	939
Lease liabilities	426	413
Unsettled securities transactions	2,485	2,019
Sundry liabilities and other payables	1,870	1,816
Total other liabilities	**5,741**	**5,187**

33 Equity

Share capital and other components of equity

Ordinary shares

As at 31 December 2023, all shares in the capital of ABN AMRO Bank were held by two foundations: NLFI and STAK AAB. For more information about STAK AAB and the depositary receipts, please refer to the Leadership & governance chapter of this report.

Compound financial instruments

Components of compound financial instruments (liability and equity parts) are classified in their respective areas of the statement of financial position.

Currency translation reserve

The currency translation reserve represents cumulative gains and losses on the translation of our net investment in foreign operations, net of the effect of hedging.

Fair value reserve

Under IFRS 9, the fair value reserve includes the gains and losses, net of tax, resulting from a change in the fair value of debt instruments measured at FVOCI. When the instruments are sold or otherwise disposed of, the related cumulative gain or loss recognised in equity is recycled to the income statement.

Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of taxes, that are recycled to the income statement if the hedged transactions have an impact on profit or loss.

Liability own credit risk reserve

Under IFRS 9, the changes in fair value attributable to changes in the own credit risk of financial liabilities designated at FVTPL are presented in other comprehensive income. The cumulative amount of changes in fair value attributable to credit risk of such liabilities is presented as liability own credit risk reserve in equity.

Other reserves

Other reserves mainly comprise retained earnings and profit for the period.

Dividends

Dividends on ordinary shares classified as equity are recognised as a distribution of equity in the period in which they are approved by shareholders.

Capital securities

Undated, deeply subordinated, resettable, callable capital securities are classified as additional tier 1 (AT1) capital, under total equity. ABN AMRO Bank has the European Central Bank's permission to carry out limited repurchases from investors and to sell back in the market

(in millions)	31 December 2023	31 December 2022
Share capital	866	898
Share premium	12,192	12,529
Accumulated other comprehensive income	-315	-842
Other reserves (incl. retained earnings/profit for the period)	9,436	8,243
AT1 capital securities	1,987	1,985
Equity attributable to owners of the parent company	**24,165**	**22,812**
Equity attributable to non-controlling interests	3	2
Total equity	**24,168**	**22,814**

At December 31 2023, the authorised share capital of ABN AMRO Bank N.V. amounted to 2,400,000,000 shares. The authorised share capital consisted of 2,200,000,000 ordinary A-shares with a nominal value of EUR 1.00 each and 200,000,000 ordinary B-shares with a nominal value of EUR 1.00 each. Every share is entitled to one vote at the General Meeting. During the financial year, there were no changes in the authorised share capital. The total number of issued shares at 31 December 2023 was 865,575,379. In 2023, the final dividend for the year 2022 was paid out at EUR 0.67 per share for a total of EUR 580 million and the 2023 interim dividend was paid out at EUR 0.62 per share for a total of EUR 537 million. For the year 2023, a final dividend has been proposed of EUR 0.89 per share.

During the first half of 2023, ABN AMRO Bank N.V. purchased EUR 500 million in treasury shares under the buyback programme, at an average price of EUR 15.65 each. These treasury shares were cancelled during Q3, resulting in a reduction of the issued share capital by 31,946,537 shares, with a nominal value of EUR 1.00 each. The amount of the purchase value between EUR 1.00 (the nominal value of the purchased shares) and EUR 11.55 (the value of the purchased shares for tax purposes) has been deducted from the share premium reserve. The amount of the purchase value in excess of EUR 11.55 has been deducted from the other reserves.

The following table shows the equity of the ABN AMRO Bank N.V. and the outstanding and issued share capital.

	31 December 2023		31 December 2022	
	Class A ordinary shares	Class B ordinary shares	Class A ordinary shares	Class B ordinary shares
Number of shares				
Authorised share capital	2,200,000,000	200,000,000	2,200,000,000	200,000,000
Unissued share capital	1,334,424,621	200,000,000	1,302,478,084	200,000,000
Issued share capital	865,575,379		897,521,916	
Amount of shares (in EUR)				
Authorised share capital	2,200,000,000	200,000,000	2,200,000,000	200,000,000
Unissued share capital	1,334,424,621	200,000,000	1,302,478,084	200,000,000
Issued share capital	865,575,379		897,521,916	
Par value	1.00	1.00	1.00	1.00

Accumulated other comprehensive income is specified in the following table.

(in millions)	Remeasurements on post-retirement benefit plans	Currency translation reserve	Fair value reserve	Cash flow hedge reserve	Accumulated share of OCI of associates and joint ventures	Liability own credit risk reserve	Total
Balance at 1 January 2022	**-6**	**38**	**239**	**-1,540**	**51**	**-9**	**-1,227**
Net gains/(losses) arising during the period	16	48	-287	762	-51	8	496
Less: Net realised gains/(losses) included in income statement		4	1	-39	7		-26
Net gains/(losses) in equity	**16**	**44**	**-288**	**801**	**-58**	**8**	**522**
Related income tax	3		-75	207		2	137
Balance at 31 December 2022	**7**	**81**	**26**	**-946**	**-7**	**-3**	**-842**
Net gains/(losses) arising during the period	-10	-46	-174	790	10	2	574
Less: Net realised gains/(losses) included in income statement		-2		-147			-149
Net gains/(losses) in equity	**-10**	**-44**	**-174**	**938**	**10**	**2**	**722**
Related income tax	-3		-44	242		1	195
Balance at 31 December 2023		**37**	**-104**	**-250**	**3**	**-2**	**-315**

Accumulated other comprehensive income increased by EUR 527 million, driven mainly by the increase in the cash flow hedge reserve resulting from the current market interest rate environment. The decrease of the fair value reserve was attributable to lower valuations on financial investments.

34 Transferred, pledged, encumbered and restricted assets

Accounting policy for transferred, pledged, encumbered and restricted assets

Transferred financial assets are arrangements/transactions for which ABN AMRO has:

- Transferred the contractual rights to receive the cash flows of the financial asset to a third party, or;
- Retained the contractual rights to receive the cash flows of that financial asset, but has assumed a contractual obligation to pay the cash flows to a third party.

Depending on the circumstances, these transfers may either result in financial assets that are not derecognised in their entirety or in assets that are derecognised in their entirety. More detailed information on our recognition and derecognition policy is provided in the paragraph on material accounting policies under Note 1 - Accounting policies.

Pledged assets are assets given as security (collateral) to guarantee the payment of a debt or fulfilment of an obligation by ABN AMRO to a third party. Encumbered assets are assets that have been pledged or are subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which free withdrawal is not allowed. The key difference between encumbered and pledged assets is that latter is based on the legal terms such as title transfer while the former is based on economic principles.

The following differences apply to ABN AMRO:

- Encumbered assets exclude retained mortgage-backed securities, unless these have been pledged or are subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which free withdrawal is not allowed.

Significant restrictions on assets may arise from statutory, contractual or regulatory requirements such as:

- Requirements that restrict the ability of the parent or its subsidiaries to transfer cash or other financial assets to or from other entities within the group;
- Guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid to other entities within the group;
- Protective rights of other non-controlling interests that may restrict the ability of the bank to access and transfer assets freely to or from other entities within the group and to settle liabilities of the bank.

Our bank
Strategy, value creation & performance
Risk, funding & capital
Leadership & governance
Sustainability statements
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Other information

Transferred financial assets

This disclosure provides insight into the relationship between these transferred financial assets and associated financial liabilities in order to show the risks the bank is exposed to when the assets are transferred. If transferred financial assets continue to be recognised in the balance sheet, ABN AMRO is still exposed to changes in the fair value of these assets.

Transferred financial assets not derecognised in their entirety

The following table shows transferred financial assets that have not been derecognised in their entirety.

	31 December 2023			31 December 2022		
(in millions)	Financial investments (at fair value through OCI)	Financial assets held for trading (at fair value through profit and loss)	Total	Financial investments (at fair value through OCI)	Financial assets held for trading (at fair value through profit and loss)	Total
Securities financing						
Carrying amount Transferred assets	12,924	409	13,332	6,298	126	6,423
Carrying amount Associated liabilities[1]	2,043	409	2,451	1,968	126	2,094
Fair value of assets	12,924	409	13,332	6,298	126	6,423
Fair value of associated liabilities[1]	2,043	409	2,451	1,968	126	2,094
Net position	**10,881**		**10,881**	**4,330**		**4,330**

[1] The figures for 2022 have been adjusted by EUR 7.6 billion to exclude liabilities associated with off-balance sheet items. The change did not have a material impact on the figures for the prior period. However, these have been adjusted for comparison reasons.

Securitisations

The bank uses securitisations as a source of funding, whereby the special purpose entity (SPE) issues debt securities. In a securitisation transaction utilising true sale mechanics, the bank transfers the title of the assets to SPEs. When the cash flows are transferred to investors in the notes issued by consolidated securitisation vehicles, the assets (mainly residential mortgage loans) are considered to be transferred. The bank does not have any transferred and associated securitisations at 31 December 2023.

Securities financing

Securities financing transactions are entered into on a collateralised basis to mitigate the bank's credit risk exposure. In repurchase agreements and securities lending transactions, the securities are returned to ABN AMRO at maturity. The counterparty in the transactions holds the securities as collateral, but has no recourse to other assets of ABN AMRO.

Continuing involvement in transferred financial assets derecognised in their entirety

The bank does not have any material transferred assets that are derecognised in their entirety while ABN AMRO has continuing involvement.

Pledged and encumbered assets

Pledged and encumbered assets are no longer readily available to ABN AMRO to secure funding, satisfy collateral needs or be sold to reduce the funding requirement. The following activities conducted by ABN AMRO give rise to pledged assets:

- cash and securities provided as collateral to secure trading and other liabilities, mainly derivatives;
- mortgages and SME loans pledged to secure funding transactions such as covered bonds and securitisations;
- securities lent as part of repurchase and securities lending transactions.

The following table provides an overview of assets pledged as security and encumbered assets.

(in millions)	31 December 2023	31 December 2022
Assets pledged		
Cash and balances at central banks	1	7
Financial assets held for trading	6	17
Financial investments FVOCI	3,997	7,423
Loans and advances banks		
- Interest bearing deposits	705	1,003
Loans and advances customers[1]		
- Residential mortgages[2]	86,403	85,713
- Commercial loans	6,907	7,713
Total assets pledged as security[2]	**98,020**	**101,876**
Differences between pledged and encumbered assets		
Loans and advances banks		200
Loans and advances customers	-36,633	-32,148
Total differences between pledged and encumbered assets	**-36,633**	**-31,948**
Total encumbered assets[2]	**61,387**	**69,928**
Total assets	**377,909**	379,581
Total encumbered assets as percentage of total assets[2]	16.2%	18.4%

[1] Excluding mainly mortgage-backed securities.
[2] During 2023 the bank received new guidance from the EBA regarding the encumbered status of mortgages pledged to the covered bond programme. Comparative figures have been adjusted accordingly.

Off-balance sheet collateral held as security for assets

Mainly as part of professional securities transactions, ABN AMRO obtains securities on terms which permit it to repledge or resell the securities to others. These transactions are conducted under terms that are usual and customary in standard professional securities transactions.

ABN AMRO controls the credit risk associated with these activities by monitoring counterparty credit exposure and collateral value on a daily basis and, when necessary, requiring additional collateral to be deposited with or returned to the group.

(in millions)	31 December 2023	31 December 2022
Fair value of securities received which can be sold or repledged	81,410	78,428
- of which: fair value of securities repledged/sold to others	*51,924*	*55,614*

ABN AMRO has the obligation to return securities accepted as collateral to its counterparties.

Significant restrictions on the ability to access or use the bank's assets

Restricted financial assets consist of assets pledged as collateral against an existing or contingent liability and encumbered assets. Other restrictions impacting on the bank's ability to use assets include:

- Assets as a result of collateralising repurchase and borrowing agreements (31 December 2023: EUR 21.5 billion; 31 December 2022: EUR 20.0 billion);
- Assets held in certain jurisdictions to comply with local liquidity requirements and that are subject to restrictions in terms of their transferability within the group (31 December 2023: EUR 0.7 billion; 31 December 2022: EUR 0.8 billion);
- ABN AMRO Bank N.V. is in general not subject to any significant restrictions that would prevent the transfer of dividends and capital within the group, except for regulated subsidiaries that are required to maintain capital in order to comply with local regulations (31 December 2023: EUR 0.6 billion; 31 December 2022: EUR 0.6 billion).

35 Commitments and contingent liabilities

Accounting policy for off-balance sheet items

Commitments

Loan commitments that allow for draw-down of a loan within the timeframe generally established by regulation or convention in the marketplace are not recognised as derivative financial instruments. Acceptances comprise undertakings by ABN AMRO to pay bills of exchange drawn on clients. ABN AMRO expects most acceptances to be settled simultaneously with the reimbursement from clients. Acceptances are not recognised in the balance sheet and are disclosed as commitments.

Financial guarantee contracts

A financial guarantee contract requires the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. Initial recognition of financial guarantee contracts is at their fair value. Subsequent measurement is at the higher of the amount of the expected credit loss and the amount initially recognised, less – when appropriate – the cumulative amount of income recognised in the income statement.

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised in the balance sheet, but disclosed if the likelihood of an outflow of economic resources is not more likely than not, or if the likelihood of an outflow of economic resources is more likely than not, but cannot be reliably estimated.

Committed credit facilities

Commitments to provide credit consist of approved but undrawn loans, revolving and underwriting facilities. New loan offers have a commitment period that does not extend beyond the normal underwriting and settlement period.

Guarantees and other commitments

ABN AMRO provides financial guarantees and letters of credit to guarantee the performance of its clients to third parties. These transactions have fixed limits and generally extend for periods of up to 5 years. Expirations are not concentrated in any particular period. ABN AMRO also provides guarantees by acting as a settlement agent in securities borrowing and lending transactions.

Many of the contingent liabilities and commitments are expected to expire without being paid out in whole or in part. This means that the amounts stated do not represent expected future cash flows. Additionally, guarantees and letters of credit are supported by varying levels of collateral.

Furthermore, statements of liability within the meaning of article 403, Book 2 of the Dutch Civil Code have been issued for a number of ABN AMRO's affiliated companies (see also the chapter Other information).

The committed credit facilities, guarantees and other commitments are summarised in the following table. The amounts stated in the table for commitments assume that amounts are fully paid out. The amounts shown in the table for guarantees and letters of credit represent the maximum amount ABN AMRO is exposed to if the contract parties completely fail to perform as contracted.

(in millions)	Less than one year	Between one and three years	Between three and five years	After five years	Total
				Payments due by period	
31 December 2023					
Committed credit facilities	**27,566**	**10,359**	**10,024**	**6,019**	**53,968**
Guarantees and other commitments					
Guarantees granted	178	175	5	200	558
Irrevocable letters of credit	2,329	937	206	172	3,645
Recourse risks arising from discounted bills	1,407	288	371	20	2,086
Total guarantees and other commitments	**3,915**	**1,399**	**582**	**393**	**6,289**
Total	**31,481**	**11,758**	**10,606**	**6,411**	**60,257**
31 December 2022					
Committed credit facilities	**29,349**	**9,585**	**8,268**	**6,671**	**53,873**
Guarantees and other commitments					
Guarantees granted	177	83	96	985	1,342
Irrevocable letters of credit	3,062	699	489	179	4,429
Recourse risks arising from discounted bills	1,566	312	1		1,880
Total guarantees and other commitments	**4,806**	**1,094**	**586**	**1,164**	**7,651**
Total	**34,155**	**10,679**	**8,854**	**7,836**	**61,524**

Single Resolution Fund contribution

Irrevocable Payment Commitment

The annual Single Resolution Fund (SRF) contribution is a levy introduced by the European Union in 2016. The Single Resolution Board (SRB) allows institutions to use irrevocable payment commitments (IPCs) to pay part of their contribution. ABN AMRO uses this option and accounts for the IPCs as a contingent liability, based on the assessment that until the IPCs are called by the SRB there is no present obligation to pay. Hence, IPCs have not been taken through profit and loss, but are already deducted from own funds for regulatory purposes. The IPC for 2023 amounts to EUR 41 million, which is 22.5% of the annual contribution. The cumulative amount of IPCs entered into is EUR 207 million. The IPCs are secured by collateral to ensure full and punctual payment of the contribution when called by the SRB. As at 31 December 2023, ABN AMRO has transferred a cumulative amount of EUR 207 million in collateral. The collateral is reported as an asset under 'other loans and advances customers'.

Proceedings against regulator on regulatory levies

ABN AMRO is in discussion with the Single Resolution Board (SRB) about the calculation method applied for annual Single Resolution Fund (SRF) contributions paid in the past. At this time, the outcome of these discussions are still uncertain. The SRB calculates the SRF contribution based on the information provided annually by the credit institutions within the European Banking Union in scope of SRF. The SRB is of the opinion that ABN AMRO incorrectly reported variables to calculate the annual SRF contribution over the 2016-2022 period. ABN AMRO disagrees with the SRB's point of view and, as from 2016, has repeatedly and extensively communicated its position with regard to the adjusted amount to the SRB. The SRB and ABN AMRO have different points of view on the interpretation of the regulation with regard to the annual SRF contribution.

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

AAHG and ABN AMRO challenged the SRB's final decision by filing a petition with the Court of Justice of the European Union on 14 July 2023. On 15 November 2023, SRB filed a 'preliminary objection' with the court in which the SRB asserted the inadmissibility of the appeal of AAHG and ABN AMRO. AAHG and ABN AMRO filed a response to this initial defence of SRB on 23 January 2024. This suspends the further continuation of the proceedings until the court's assessment of this initial defense. The court has informed the parties that it will assess this initial defense soon (without scheduling an oral hearing).

The outcome of AAHG's and ABN AMRO's challenge is uncertain, because the SRF regulation is relatively new and there is little to no case law on the subject. ABN AMRO nevertheless considers it more likely than not that its challenge will be successful. Therefore, no provision has been recognised.

Equity trading in Germany

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

ABN AMRO also frequently receives information requests from German authorities in relation to criminal and other investigations of individuals from other banks and other parties relating to equity trading extending over dividend record dates in Germany. ABN AMRO cooperates and provides the requested information to the extent possible. Although a number of subsidiaries associated with these transactions have been sold by means of a management buy-out, legal risks remain for ABN AMRO, in particular relating to administrative offences and criminal and civil law. All material tax issues with respect to ABN AMRO's tax reclaims relating to cum/ex transactions have been settled with the German tax authorities.

With respect to cum/cum transactions, the German Federal Ministry of Finance released two circular rulings dated 9 July 2021 (published 15 July 2021); these contain a change in interpretation of tax legislation compared to previous circular rulings. While these circular rulings, in ABN AMRO's view, contradict case law of the German Federal Tax Court after the circulars were published, the German Federal Ministry of Finance has not withdrawn or amended the rulings, and the German local tax authorities are therefore expected to recollect dividend withholding tax credited to taxpayers where such credits related to cum/cum strategies. ABN AMRO has received dividend withholding tax refunds that relate to transactions that could be considered to be cum/cum transactions under the new circular rulings. In anticipation of a decision by the German tax authorities, ABN AMRO has, as a precaution, repaid the relevant dividend withholding tax amounts, while retaining its rights to contest any such future decision. Some counterparties of ABN AMRO have initiated civil law claims against ABN AMRO with respect to cum/cum securities lending transactions (some of which are pending before German courts), arguing that ABN AMRO failed to deliver beneficial ownership of the loaned securities to these counterparties and that this resulted in a denial of tax credit entitlement by the relevant German tax authorities. Although ABN AMRO considers it not probable that any such claims will be successful, the possibility that they will succeed cannot be ruled out.

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

Netherlands Public Prosecution Service investigation into Dutch tax matter
The Netherlands Public Prosecution Service (NPPS) is conducting an investigation regarding transactions that ultimately led to a set-off by a third party of dividend withholding tax credits against its corporate tax liabilities in the Netherlands during the period 2009-2013. The NPPS investigation relates to ongoing tax proceedings in the Dutch courts between the third party and the Dutch tax authority regarding the third party's set-off of dividend withholding tax credits against its corporate tax liabilities. The District Court ruled in favour of this third party in 2018. In 2020, the Court of Appeal overturned the ruling of the District Court and ruled in favour of the Netherlands tax authority. An appeal with the Supreme Court was filed against the ruling of the Court of Appeal.

On 19 January 2024, the Supreme Court upheld the third party's grievances against the Court of Appeal's ruling. Consequently, the ruling was set aside and the case was referred back to a different Court of Appeal. This Court of Appeal must now rule on the matter again, thereby taking into account the guiding principles as formulated by the Supreme Court.

The NPPS has informed ABN AMRO that it is a suspect in the investigation, due to its involvement in some of these transactions. The NPPS is gathering information for its investigation and ABN AMRO is cooperating with the investigation. The timing of the completion of the investigation and the outcome are uncertain. The possibility cannot be excluded that ABN AMRO will face financial consequences as a result of the investigation. However, the potential financial impact of the investigation cannot currently be reliably estimated and no provision has been made.

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

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

Cross-liability
On 6 February 2010, the former ABN AMRO Bank N.V. demerged into two entities: NatWest Markets N.V. (formerly known as RBS N.V.) and ABN AMRO Bank N.V. On the division of an entity by demerger, Dutch law establishes a cross-liability between surviving entities for the benefit of the creditors at the time of the demerger. ABN AMRO's cross-liability amounts to EUR 198 million (31 December 2022: EUR 298 million), for which NatWest Markets N.V. has posted no collateral at the end of 2023 (31 December 2022: EUR 150 million).

Other contingent liabilities
ABN AMRO is involved in a number of legal proceedings in the ordinary course of business in various jurisdictions. In presenting the Consolidated Annual Financial Statements, management estimates the outcome of legal, regulatory and arbitration matters, and takes provisions to the income statement when losses with respect to such matters are more likely than not. Provisions are not recognised for matters for which an expected cash outflow cannot be reasonably estimated or that are not more likely than not to lead to a cash outflow. Some of these matters may be regarded as a contingency. In particular, the following matters are regarded as contingent liabilities:
- ABN AMRO, certain of its subsidiaries and some of their client funds had exposure to funds that suffered losses (in some cases, significant losses) as a result of the Madoff fraud. The provision of custodial services resulted in several legal claims, including by the Bernard L. Madoff Investment Securities trustee in bankruptcy (Irving Picard) and the liquidators of certain funds, who are pursuing legal action in an attempt to recover payments made as a result of the fraud and/or to compensate their alleged losses. ABN AMRO and certain ABN AMRO subsidiaries are defendants in these proceedings. Even though these proceedings have been ongoing for several years, they are still in a preliminary stage. Hence, it is not possible to estimate the total amount of ABN AMRO's potential liability, if any.

- The Imtech Group was declared bankrupt in August 2015. ABN AMRO was one of the banks that extended financing to this group and participated in the second rights offering of October 2014. By letter of 20 January 2018, Stichting Imtechclaim and Imtech Shareholders Action Group B.V. held ING, Rabobank, Commerzbank and ABN AMRO liable for alleged misstatements in the prospectuses and for alleged actio pauliana (fraudulent preference). By letters dated 28 March 2018 and 10 June 2022, the VEB held parties, including ABN AMRO, liable for damage allegedly suffered by the Imtech investors. On 10 August 2018, ABN AMRO received formal notification from Imtech's trustees that they were seeking to nullify a large number of transactions and claim various damages. The letter aimed to interrupt limitation periods in view of the possible claims against a group of financiers of Imtech, including ABN AMRO. On 23 October 2023 the Imtech's trustees and the group of financiers reached a settlement. The settlement entails a payment of approximately EUR 25 million by the financiers of Imtech to the bankruptcy estate of Imtech, and the withdrawal of the claims of the trustees. The settlement agreement has been entered into without acknowledging any liability.

- First Data Holding (FDH) and some of its group companies have indicated that they believe that one of FDH's subsidiaries, European Merchant Services B.V (EMS), has a claim against International Card Services B.V. (ICS). In the spring of 2016, FDH claimed for the first time that EMS was entitled to 51% of the proceeds of the sale of Visa Europe in 2015. The alleged claim amounted to approximately EUR 37 million plus interest. In August 2016, ICS refuted this claim. In September 2020, FDH repeated its alleged claim. In October 2020, EMS and FDH (now Fiserv) interrupted the limitation periods relating to EMS's alleged claim. In December 2020, ICS responded by rejecting this alleged claim again. As yet, however, EMS itself has not filed any claim against ICS. As a result, it has to be awaited whether and when EMS files such claim. Therefore no provision has been recognised.

- In February 2018, ABN AMRO sold its Luxembourg subsidiary to BGL BNP Paribas (BGL). BGL is now being sued by a Luxembourg investment fund (the Fund) which alleges that the Luxembourg subsidiary, in its capacity as custodian of a sub-fund of the Fund, should have prevented an investment of USD 10 million from being made. The Fund is claiming restitution of this amount from BGL in proceedings before the District Court of Luxembourg. BGL notified ABN AMRO of this claim in January 2020 and, in June 2020, summoned it to appear in these proceedings in an intervention procedure. In July 2020, the Fund and its Hong Kong subsidiary issued an additional claim against BGL. This claim amounts to USD 23 million and also seems to be in respect of investments relating to the sub-fund of the Fund. Since August 2020, this additional claim has also been part of the intervention procedure between BGL and ABN AMRO. In addition, on 2 April 2021, BGL, as the legal successor of the Luxembourg subsidiary of ABN AMRO, was sued by a Luxembourg investment fund (SIF A) and the liquidator of SIF A. In brief, it is alleged that a sub-fund of SIF A invested in allegedly fictitious loan instruments for a period of time. ABN AMRO Bank (Luxembourg) S.A. acted as the custodian bank for SIF A for a while within this time period. SIF A alleges that it did not perform its duties properly and therefore considers that BGL, as the legal successor of the Luxembourg subsidiary, should be held liable, together with three other defendants, for EUR 4 million in damages. BGL notified ABN AMRO of this claim in May 2021. In brief, BGL is claiming that any sentence that could be pronounced against it in the proceedings against the fund and its liquidator should be borne by ABN AMRO. ABN AMRO rejects the alleged claim from BGL. Finally, on 31 May 2021, BGL, as the legal successor of the Luxembourg subsidiary of ABN AMRO, was sued by an alternative investment fund (AIF SIF). AIF SIF was originally a client of the subsidiary. AIF SIF accuses BGL, in its capacity as the former depositary bank of AIF SIF, of having caused AIF SIF's removal from the list of specialised investment funds by the Luxembourg financial regulator (CSSF). The fund claims damages from BGL in the amount of EUR 126 million. BGL notified ABN AMRO of this claim in October 2019 and July 2021. In brief, BGL is claiming that any sentence that could be pronounced against it in the proceedings against the fund should be borne by ABN AMRO. ABN AMRO rejects the alleged claim from BGL. On 30 June 2023 BGL served a writ of summons against ABN AMRO in which BGL holds ABN AMRO primarily liable for fraudulent concealment and misrepresentation and seeks compensation for its damages. ABN AMRO rejects the alleged claim by BGL. The writ has not (yet) been served before the court in order to give parties a chance to discuss a potential settlement.

36 Remuneration of Executive Board and Supervisory Board

Remuneration of the Executive Board

(In thousands)	Base salary	Variable remuneration[4]	Other short-term benefits[5]	Total short term benefits	Severance payments	Total pension-related contributions[6] Post-employment pension (a)	Total pension-related contributions[6] Short-term allowances (b)	Total
2023								
R.A.J. Swaak, chair	798			798		35	201	1,034
D. Dorner, vice-chair	677		36	713		35	164	912
C. Bittner[1]	677		48	725		35	164	924
T.J.A.M. Cuppen	677		34	711		35	164	910
C. van der Hooft - Cheong	677		27	704		35	164	903
L. Kramer[2]	226		76	302		12	55	369
A. van Nimwegen[1]	56			56		3	14	73
F.G. Vaandrager[1]	451		15	466		24	110	600
A.M. Vreugdenhil[1]	677		24	701		35	164	900
Total	**4,916**		**260**	**5,176**		**249**	**1,200**	**6,625**
2022								
R.A.J. Swaak, chair	771			771		32	197	999
L. Kramer, vice-chair[2]	654		133	787		32	162	981
C.M. Bornfeld[2]	218		45	263		11	54	327
T.J.A.M. Cuppen	654		34	688		32	162	881
D. Dorner	654		32	686		32	162	879
C. van der Hooft - Cheong	654		27	682		32	162	875
G.R. Penning[2, 3]	927		62	989	164	46	227	1,426
A.M. Vreugdenhil[1]	545		18	563		26	135	724
Total	**5,077**		**351**	**5,428**	**164**	**241**	**1,260**	**7,093**

1 The following members were appointed as an Executive Board member: A.M. Vreugdenhil (1 March 2022), C. Bittner (1 January 2023), F. Vaandrager (ad interim effective 1 May 2023 and permanent effective 16 November 2023) and A. van Nimwegen (1 December 2023) .
2 The following members left ABN AMRO: C.M. Bornfeld (1 May 2022), L. Kramer (stepped down as Executive Board member on 23 April 2023 and left ABN AMRO with effect from 1 May 2023) and G.R. Penning (stepped down as Executive Board member on 1 December 2022 and left ABN AMRO with effect from 1 June 2023).
3 For G.R. Penning, all remuneration components (including severance, which is awarded in 2022 and paid in 2023) for the period until the end of his employment contract on 1 June 2023 are included above, in the year 2022. Compared to 2022 the figures changed regarding Other Short-term benefits for G.R. Penning. Remaining entitlement holiday leave for G.R. Penning paid at the end of his employment contract in 2023 have been adjusted accordingly, in the year 2022 (EUR 61,630).
4 Owing to the Bonus Prohibition Act, the Executive Board members are not entitled to receive variable compensation. This prohibition has applied since the 2011 performance.
5 Other short-term benefits consists of flight tickets, a housing allowance, compensation for lease car expenses, mortgage interest rate benefit and international schooling costs for Executive Board members' children when applicable. If applicable, the amount of the payment for remaining leave entitlement at the end of the employment contract are also included at Other short-term benefits.
6 The Executive Board members participate in ABN AMRO Bank's pension plans for employees in the Netherlands. Total pension-related contributions refer to (a) the employer contribution to the pension fund (for the CDC pension scheme for pensionable income up to EUR 128,810 (2022: EUR 114,866) and (b) the arrangement in accordance with the ABN AMRO Collective Labour Agreement ('ABN AMRO CAO').

Loans from ABN AMRO to Executive Board members

(In thousands)	2023 Outstanding 31 December	2023 Redemptions	2023 Interest rate	2022 Outstanding 31 December	2022 Redemptions	2022 Interest rate
D. Dorner[1]	442	21	2.6%	463	21	2.2%
C. van der Hooft - Cheong	1,428	131	2.7%	1,559	32	1.5%
F.G. Vaandrager[1]		118	3.8%			
G.R. Penning[1, 2]				225	40	2.9%

1 The following members were appointed: F.G. Vaandrager (ad interim per 1 May 2023 and permanent per 16 November 2023).
2 G.R. Penning stepped down as Executive Board member on 1 December 2022 and left ABN AMRO as per 1 June 2023.

Remuneration of the Supervisory Board

(In thousands)	2023[3]	2022[3]
T. de Swaan, chair	109	103
A.C. Dorland, vice-chair	91	86
W.J.M. Devriendt[1]	64	
L.J. Griffith	88	83
M.P. Lap	88	83
S.A.C. Russell[1]	91	60
A.M. Storåkers[2]	28	86
M.L. Tannemaat	88	83
J.S.T. Tiemstra[2]		26
F. de Vries[1]	36	
Total	**683**	**610**

[1] The following members were appointed as a member of the Supervisory Board: W.J.M. Devriendt (19 April 2023), F. de Vries (29 June 2023) and S.A.C. Russell (20 april 2022).
[2] The following members stepped down as a member of the Supervisory Board: A.M. Storåkers (19 April 2023) and J.S.T. Tiemstra (20 april 2022).
[3] Remuneration amounts excluding VAT.

Loans from ABN AMRO to Supervisory Board members

	2023			2022		
(In thousands)	Outstanding 31 December	Redemptions	Interest rate	Outstanding 31 December	Redemptions	Interest rate
T. de Swaan	1,580	6	1.0%	1,586	5	1.0%
L.J. Griffith					339	1.8%
S.A.C. Russell[1]	370		2.1%	370		2.1%
M.L. Tannemaat	707	8	1.7%	715	57	1.7%
F. de Vries[1]	819		2.6%			

[1] The following members were appointed as a member of the Supervisory Board: S. Russell (20 April 2022) and F. de Vries (29 June 2023).

37 Share-based payment

Accounting policy for share-based payment

Identified staff as defined by CRD V are entitled to receive variable compensation, consisting of a cash element and a share-based element settled in cash. The cash element in the variable compensation plan is recognised in accordance with IAS 19 and the other element qualifies as a cash-settled share-based payment in accordance with IFRS 2.

Variable compensation is granted for a certain performance year, at 50% in cash and 50% in share-based compensation settled in cash. The vesting conditions include bad leaver conditions and consist of a deferral period and a retention period until the share-based compensation is settled in cash.

Up to and including the performance year 2019, 30% of the share-based compensation settled in cash (depositary receipt) vests two years after the performance year. The remaining 20% vests in three equal tranches in the third, fourth and fifth year following the performance year. At the end of the vesting period, participants receive the cash value of the five-day average of an ABN AMRO listed depositary receipt (DR).

Share-based compensation settled in cash granted for 2019 and the years before includes the option of requesting DRs rather than cash. This choice can be made during the quarter in which settlement takes place and is subject to Supervisory Board approval. This equity component in the plan is valued at nil until the request is approved. Participants receive the same amount of fair value, regardless of whether they choose cash or DRs. If participants choose DRs, the value of the DRs is transferred in its entirety from the liability to an equity account. The actual delivery to the participant is expected to take place in the same quarter as the choice is made. ABN AMRO will not issue additional shares for compensation granted for 2019 and before, but will buy shares in the market when needed. As the purchase of shares is expected to take place in the quarter during which the DRs are delivered, there is no impact on (diluted) earnings per share.

As from performance year 2020, the DRs were replaced by performance certificates (PCs) as share-based compensation settled in cash. The share-based compensation settled in cash vests for 30% in the first year. The remaining 20% vests in four equal tranches in the second, third, fourth and fifth year following the performance year. At the end of the vesting period, participants receive the cash value of the five-day average of ABN AMRO's share price. Share-based compensation settled in cash granted from performance year 2020 onwards does not include the option of requesting DRs.

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expenses. The fair value is determined using an internally developed model based on the share price and market expectations of future dividends.

The carrying amount of the liability relating to share-based compensation settled in cash at 31 December 2023 was EUR 7 million (31 December 2022: EUR 7 million). The expense recognised for the DRs and PCs awards during 2023 was EUR 4 million including retention bonus payments (2022: EUR 1 million).

The following table shows the total number of DRs and PCs awarded, forfeited and paid out.

(In thousands of DRs and PCs)		**2023**		2022
Outstanding at 1 January		**746**		**854**
Granted during the year		292		385
Forfeited during the year	21		11	
Paid out during the year cash	363		444	
Paid out during the year DRs and PCs	6		38	
Less: total paid out/forfeited		-389		-493
Outstanding at 31 December		**649**		**746**

The following table shows the total number of DRs and PCs granted, segmented by the respective vesting period after which the award is paid out.

(In thousands of DRs and PCs)	Up to one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Total
31 December 2023						
Number of granted DRs by vesting period	323	143	85	69	29	649
31 December 2022						
Number of granted DRs by vesting period	379	151	117	58	42	746

38 Related parties

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

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

Loans and advances to the Executive Board members and close family members, where applicable, consist mainly of residential mortgages granted under standard personnel conditions. For further information, please refer to Note 36 - Remuneration of Executive Board and Supervisory Board in the Consolidated Annual Financial Statements 2023.

Balances with joint ventures, associates and other

(in millions)	Joint ventures	Associates	Other	Total
31 December 2023				
Assets	29	42		71
Liabilities	4	59		63
Guarantees given		20		20
Guarantees received				
Irrevocable facilities		2		2
2023				
Income received	38	2		40
Expenses paid	8	97	352	457
31 December 2022				
Assets	14	50		63
Liabilities	24	125		149
Guarantees given		20		20
Irrevocable facilities		2		2
2022				
Income received	40	2		42
Expenses paid	8	97	332	438

The EUR 15 million increase in assets with joint ventures was mainly attributable to higher loans and receivables held by other financial corporations.

The EUR 20 million decrease in liabilities with joint ventures was mainly attributable to lower client deposits held with other financial corporations.

The EUR 66 million decrease in liabilities with associates was attributable to lower client deposits held with other financial corporations, mainly as a result of the divestment of European Merchant Services.

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

Balances with the Dutch State

(in millions)	31 December 2023	31 December 2022
Assets		
Financial assets held for trading	168	144
Derivatives		
Financial investments	2,642	2,465
Loans and advances customers	69	189
Other assets		
Liabilities		
Financial liabilities held for trading	174	299
Derivatives		17
Due to customers	466	477
	2023	2022
Income statement		
Interest income	48	51
Interest expense	20	23
Net trading income	44	66
Net fee and commission income	4	

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

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

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

The EUR 0.2 billion increase in financial investments was mainly due to an increase in Dutch government bonds held. This is part of the liquidity buffer and is held for liquidity contingency purposes.

The EUR 0.1 billion decrease in loans and advances to customers was due to higher cash collateral pledged.

The EUR 0.1 billion decrease in financial liabilities held for trading mainly related to lower amounts of Dutch government bonds as a result of the primary dealership in the Netherlands and client facilitation. Most of these contracts are hedged with short positions in government bonds.

Key management personnel compensation

	Base salary	Variable remuneration[1]	Other short-term benefits[2]	Total short term benefits	Severance payments	Total pension-related contributions[3]		Total
(In thousands)						Post-employment pension (a)	Short-term allowances (b)	
2023								
Members ExBo	4,916		260	5,176		249	1,200	6,625
2022								
Members ExBo	5,077		351	5,428	164	241	1,260	7,093

1 Owing to the Bonus Prohibition Act, the Executive Board members are not entitled to receive variable compensation. This prohibition has applied since the 2011 performance.
2 Other short-term benefits consists of flight tickets, a housing allowance, compensation for lease car expenses, mortgage interest rate benefit and international schooling costs for Executive Board members' children when applicable. If applicable, the amount of the payment for remaining leave entitlement at the end of the employment contract are also included at Other short-term benefits.
3 The Executive Board members participate in ABN AMRO Bank's pension plans for employees in the Netherlands. Total pension-related contributions refer to (a) the employer contribution to the pension fund (for the CDC pension scheme for pensionable income up to EUR 128,810 (2022: EUR 114,866) and (b) the arrangement in accordance with the ABN AMRO Collective Labour Agreement ('ABN AMRO CAO').

Key management loans and advances

	2023			2022		
(In thousands)	Outstanding 31 December	Redemptions	Average interest rate	Outstanding 31 December	Redemptions	Average interest rate
Executive Board	1,870	270	2.7%	2,247	93	1.8%
Other ExCo members						

39 Post balance sheet events

ABN AMRO EUR 500 million share buyback programme

In February 2024, ABN AMRO announced the start of a third share buyback programme under which it plans to repurchase depositary receipts and ordinary shares of ABN AMRO Bank N.V. for a maximum total value of EUR 500 million and for a number of shares not exceeding the authority granted by the General meeting of shareholders on 19 April 2023 (10% of the issued shares).
The share buyback programme commenced on 15 February 2024 and is expected to end no later than June 2024.

Authorisation of the Consolidated Annual Financial Statements

12 March 2024

Supervisory Board

T. (Tom) de Swaan, Chair
A.C. (Arjen) Dorland, Vice-Chair
L.J. (Laetitia) Griffith
M.P. (Michiel) Lap
S.A.C. (Sarah) Russell
M.L. (Mariken) Tannemaat
F. (Femke) de Vries

Executive Board

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

Company Annual Financial Statements of ABN AMRO Bank N.V.

Company income statement

(in millions)	Note	2023	2022
Income			
Interest income		27,599	11,293
Interest expense		22,947	8,152
Net interest income	2	**4,653**	**3,141**
Fee and commission income		1,418	1,315
Fee and commission expense		261	232
Net fee and commission income		**1,157**	**1,083**
Results from financial transactions	3	-19	360
Income from securities and participating interests	4	1,260	1,260
Other operating income	5	71	189
Operating income		**7,122**	**6,034**
Expenses			
Personnel expenses	6	2,087	1,939
General and administrative expenses		1,664	1,872
Depreciation, amortisation and impairment losses of tangible and intangible assets		226	153
Operating expenses		**3,978**	**3,964**
Impairment charges on financial instruments		-151	40
Total expenses		**3,827**	**4,004**
Profit/(loss) before taxation		**3,295**	**2,030**
Income tax expense		598	162
Profit/(loss)		**2,697**	**1,868**

Company statement of financial position

(in millions)	Note	31 December 2023	31 December 2022
Assets			
Cash and balances at central banks	7	52,366	56,593
Short-term government paper	8	30,497	31,312
Loans and advances banks	9	156,675	162,929
Loans and advances customers	10	98,190	97,372
Debt securities	11	22,178	15,476
Equity securities	12	68	43
Participating interests in group companies	13	3,488	4,034
Equity-accounted investments	14	237	205
Intangible assets	15	89	83
Property and equipment	15	607	511
Other assets	16	5,574	6,814
Total assets		**369,970**	**375,372**
Liabilities			
Due to banks	17	10,114	28,403
Due to customers	18	254,651	248,170
Issued debt	19	63,955	52,773
Subordinated liabilities	20	5,572	7,290
Provisions	21	578	784
Other liabilities	22	10,934	15,140
Total liabilities		**345,804**	**352,561**
Equity			
Share capital		866	898
Share premium		12,192	12,529
Revaluation reserves		191	-331
Currency translation reserves		56	-15
Other legal reserves		290	164
Other reserves		5,886	5,715
AT1 Capital securities		1,987	1,985
Profit/(loss) for the period		2,697	1,868
Total equity	23	**24,165**	**22,812**
Total liabilities and equity		**369,970**	**375,372**
Committed credit facilities	25	62,360	70,503
Guarantees and other commitments	25	27,998	42,495

Company statement of changes in equity

(in millions)	Share capital	Share premium	Revaluation reserves	Currency translation reserves	Other legal reserves	Other reserves[3]	Capital securities	Profit/ (loss) for the period	Total
Balance at 1 January 2022	**940**	**12,970**	**-609**	**-43**	**178**	**5,340**	**1,987**	**1,231**	**21,994**
Total comprehensive income			278	28	-14	93		1,868	2,253
Transfer						1,231		-1,231	
Dividend						-840			-840
Share buyback[1]	-42	-441				-16			-500
Interest on AT1 capital securities						-91			-91
Decrease of capital							-2		-2
Other changes in equity						-2			-2
Balance at 31 December 2022	**898**	**12,529**	**-331**	**-15**	**164**	**5,715**	**1,985**	**1,868**	**22,812**
Impact adopting IFRS 17[2]						-164			-164
Balance at 1 January 2023	**898**	**12,529**	**-331**	**-15**	**164**	**5,551**	**1,985**	**1,868**	**22,648**
Total comprehensive income			523	71	126	-193		2,697	3,223
Transfer						1,868		-1,868	
Dividend						-1,117			-1,117
Share buyback[1]	-32	-337				-131			-500
Interest on AT1 capital securities						-91			-91
Increase of capital							2		2
Balance at 31 December 2023	**866**	**12,192**	**191**	**56**	**290**	**5,886**	**1,987**	**2,697**	**24,165**

1 For more information on the share buyback, please refer to Note 33 Equity of the Consolidated Annual Financial Statements.
2 The impact of initial application of IFRS 17 was recognised in the opening balance at 1 January 2023.
3 Consists of actuarial gains/(losses) on post-employment benefit plans and retained earnings.

Notes to the Company Annual Financial Statements of ABN AMRO Bank N.V.

1 Accounting policies

The Company Annual Financial Statements of ABN AMRO Bank N.V. have been prepared in accordance with the requirements in Title 9 of Book 2 of the Dutch Civil Code. ABN AMRO Bank N.V. applies the option set out in Section 2:362 paragraph 8 of the Dutch Civil Code. ABN AMRO Bank N.V. prepares its Consolidated Annual Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS). Reference is made to the accounting policies section in the Consolidated Annual Financial Statements and the respective notes.

Corporate information

ABN AMRO Bank N.V. is registered at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands (Chamber of Commerce number 34334259).

Basis of preparation

The impairment requirements of IFRS 9 are applicable to financial instruments measured at amortised cost and FVOCI. These requirements also apply to intercompany transactions, which are eliminated upon consolidation. In ABN AMRO Bank's Company Annual Financial Statements, the elimination of expected credit losses on intercompany transactions with subsidiaries is recognised in the carrying amount of the loans and advances and participating interests in group companies.

Participating interests in group companies are measured at net asset value, determined on the basis of EU IFRS. The share in the results of participating interests in group companies is reported in accordance with the principles of valuation and profit determination that apply to the Consolidated Annual Financial Statements.

The financial statements are presented in euros, which is the functional and presentation currency of the company, rounded to the nearest million (unless otherwise stated).

The financial statements are prepared on a going concern basis.

2 Net interest income

Net interest income for 2023 amounted to EUR 4,653 million, an increase of EUR 1,512 million compared to EUR 3,141 million in 2022, mainly due to increased interest rates.

Net interest income is comprised of interest income from loans, investments and other lending, interest expense on borrowings by ABN AMRO and client accounts, as well as results from interest rate and foreign exchange contracts entered into for hedging purposes.

3 Results from financial transactions

(in millions)	**2023**	2022
Securities trading and derivatives transactions	53	344
Foreign exchange transaction results	8	-33
Other	-80	49
Total results from financial transactions	**-19**	**360**

Results from financial transactions decreased by EUR 379 million at 31 December 2023, mainly due to lower trading results at Markets and negative sales results in 2023.

4 Income from securities and participating interests

(in millions)	2023	2022
Shares and equity-accounted investments	85	88
Participating interests	1,175	1,171
Total income from securities and participating interests	**1,260**	**1,260**

5 Other operating income

(in millions)	2023	2022
Disposal of operating activities and equity-accounted investments	33	147
Other	38	43
Total other operating income	**71**	**189**

Total other operating income decreased by EUR 118 million to EUR 71 million in 2023, mainly due to the liquidation of the last non-core entities and the indemnity release of AA Levensverzekering N.V. in 2022.

6 Personnel expenses

(in millions)	2023	2022
Salaries and wages	1,528	1,439
Social security charges	204	169
Pension expenses relating to defined benefit plans	3	13
Defined contribution plan expenses	291	270
Other	61	48
Total personnel expenses	**2,087**	**1,939**

Total personnel expenses increased by EUR 149 million in 2023 compared to 2022, mainly due to the Neuflize change, more FTEs and the CLA. In 2023, Neuflize OBC changed from being a subsidiary to a branch of ABN AMRO.

7 Cash and balances at central banks

Cash and balances at central banks decreased by EUR 4.2 billion to EUR 52.4 billion at 31 December 2023, mainly due to changes in steering, liquidity and funding needs.

8 Short-term government paper

(in millions)	31 December 2023	31 December 2022
Short-term government paper held at fair value through other comprehensive income	30,156	31,097
Short-term government paper held for trading	341	214
Short-term government paper	**30,497**	**31,312**

Short-term government paper decreased by EUR 0.8 billion at 31 December 2023, mainly as a result of changes in steering and liquidity needs. Most of these instruments are part of the liquidity buffer and are held for liquidity contingency purposes.

Changes in short-term government paper held at fair value through other comprehensive income

(in millions)	2023	2022
Balance at 1 January	**31,097**	**35,934**
Purchases	6,882	8,882
Proceeds from sales and redemptions	-8,602	-10,037
Gains/(losses) recorded in profit and loss	1,167	-4,108
Unrealised gains/(losses)	-136	-238
Foreign exchange differences	-448	418
Other	197	247
Balance at 31 December	**30,156**	**31,097**

Foreign exchange differences were mainly attributable to the depreciation of the USD.

9 Loans and advances banks

(in millions)	31 December 2023	31 December 2022
Group companies	154,287	160,212
Third parties	2,387	2,717
Loans and advances banks	**156,675**	**162,929**

(in millions)	31 December 2023	31 December 2022
Interest-bearing deposits	154,937	160,916
Loans and advances	646	856
Mandatory reserve deposits with central banks	161	113
Securities financing	914	959
Other	16	85
Loans and advances banks	**156,675**	**162,929**

Loans and advances to banks consist mainly of transactions with group companies. Loans and advances to banks decreased by EUR 6.3 billion to EUR 156.7 billion at 31 December 2023, mainly due to a decrease in interest-bearing deposits.

None of the items included in loans and advances to banks were subordinated at 31 December 2023.

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

(in millions)	31 December 2023	31 December 2022
The Netherlands	156,013	162,482
Rest of Europe	319	217
USA	343	191
Asia		38
Loans and advances banks	**156,675**	**162,929**

10 Loans and advances customers

(in millions)	31 December 2023	31 December 2022
Group companies	13,364	27,310
Third parties	84,826	70,062
Loans and advances customers	**98,190**	**97,372**

Loans and advances to customers increased by EUR 0.8 billion to EUR 98.2 billion at 31 December 2023, mainly due to third parties, offset by a decrease in group companies.

(in millions)	31 December 2023	31 December 2022
Residential mortgages	278	520
Consumer loans	6,298	5,665
Corporate loans	80,378	79,359
Securities financing	10,084	10,048
Other loans and advances customers	1,152	1,780
Loans and advances customers	**98,190**	**97,372**

Loans and advances to customers increased by EUR 0.8 billion to EUR 98.2 billion at 31 December 2023, mainly due to the branchification of Neuflize OBC.

(in millions)	31 December 2023	31 December 2022
The Netherlands	80,535	84,709
Rest of Europe	8,523	4,713
USA	9,133	7,950
Loans and advances customers	**98,190**	**97,372**

11 Debt securities

(in millions)	31 December 2023	31 December 2022
Group companies	11,222	8,508
Third parties	10,956	6,968
Debt securities	**22,178**	**15,476**

(in millions)	31 December 2023	31 December 2022
Debt securities held at fair value through other comprehensive income	21,159	14,795
Debt securities held for trading	1,019	681
Debt securities	**22,178**	**15,476**

Debt securities increased by EUR 6.7 billion at 31 December 2023, mainly as a result of several purchases. Most of these instruments are part of the liquidity buffer and are held for liquidity contingency purposes. None of the items within debt securities were subordinated at 31 December 2023 (31 December 2022: EUR 42 million).

Changes in debt securities held at fair value through other comprehensive income

(in millions)	2023	2022
Balance at 1 January	**14,795**	**11,148**
Purchases	10,674	5,855
Proceeds from sales and redemptions	-4,679	-1,784
Gains/(losses) recorded in profit and loss	419	-647
Unrealised gains/(losses)	-39	-41
Foreign exchange differences	-9	11
Other		253
Balance at 31 December	**21,159**	**14,795**

12 Equity securities

(in millions)	31 December 2023	31 December 2022
Equity securities held for trading		9
Equity securities held at fair value through profit or loss	68	33
Equity securities	**68**	**43**

Equity securities increased by EUR 26 million, mainly due to the acquisition of investments and branchification. In 2023 Neuflize OBC changed from being a subsidiary to being a branch of ABN AMRO. Consequently, Neuflize OBC is included in the company financial statements of ABN AMRO.

13 Participating interests in group companies

(in millions)	2023	2022
Balance at 1 January	**4,034**	**6,329**
Increase/(decrease) of capital	24	258
Proceeds from sales and redemptions	-109	-64
Result from participating interests	1,175	1,171
Dividends	-699	-1,021
Unrealised gains/(losses)	1	-34
Foreign exchange differences	-46	62
Other	-892	-2,668
Balance at 31 December	**3,488**	**4,034**

Other movements mainly relate to the legal merger of Neuflize OBC and ABN AMRO Bank N.V.

Participating interests in group companies include the impact of first-time adoption of IFRS 17 Insurance contracts, recorded at EUR 124 million.

For more information reference is made to Note 1 of the Consolidated Annual Financial Statements.

14 Equity-accounted investments

			31 December 2023		31 December 2022	
(in millions)	Principle place of business	Business line	Carrying amount	Equity interest	Carrying amount	Equity interest
Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V.	The Netherlands	Personal & Business Banking	67	49%	54	49%
Other			170		152	
Total equity associates and joint ventures			**237**		**205**	

In 2023, ABN AMRO sold European Merchant Services B.V.. The decrease was offset by an increase resulting from the branchification of Neuflize OBC.

(in millions)	2023	2022
Balance at 1 January	**205**	**262**
Purchases	17	6
Proceeds from sales and redemptions	-60	-121
Gains/(losses) recorded in profit and loss	39	83
Dividends	-10	-8
Unrealised gains/(losses)	6	-24
Other	39	7
Balance at 31 December	**237**	**205**

15 Property, equipment and intangible assets

The following table shows the book value of property, equipment and intangible assets.

	2023		2022	
(in millions)	Total property and equipment	Intangible assets	Total property and equipment	Intangible assets
Acquisition costs at 1 January	**1,888**	**447**	**2,149**	**720**
Additions	232	6	161	1
Reversal of cost due to disposals	-134	-1	-390	-443
Foreign exchange differences		1	1	
Internally generated software		73		
Other	50	50	-33	169
Acquisition costs at 31 December	**2,037**	**576**	**1,888**	**447**
Accumulated depreciation/amortisation at 1 January	**-1,355**	**-318**	**-1,543**	**-685**
Depreciation/amortisation	-144	-11	-138	-15
Reversal of depreciation/amortisation due to disposals	98	1	360	443
Foreign exchange differences				
Other	-15	-43	-35	-61
Accumulated depreciation at 31 December	**-1,416**	**-371**	**-1,355**	**-318**
Impairments at 1 January	**-22**	**-46**	**-33**	**-10**
Increase of impairments charged to the income statement	-2	-70	-5	
Reversal of impairments due to disposals	10		9	
Foreign exchange differences			-1	
Other	-1		9	-36
Impairments at 31 December	**-14**	**-116**	**-22**	**-46**
Total at 31 December	**607**	**89**	**511**	**83**

The building at Foppingadreef in Amsterdam is being reconstructed to make the building an example with regard to sustainability and circularity. Furthermore, when the project is finished it will meet our own ambition to be Paris Proof before 2030. In the first half of 2023, ABN AMRO signed a construction contract with a total value of EUR 430 million. As at 31 December 2023, EUR 38 million had been paid towards the construction contract. The contract will be settled on a monthly basis during the course of the construction of the building. This amount will be subject to price indexation based on the BDB index. The project is scheduled to be completed by the end of 2026.

16 Other assets

(in millions)	31 December 2023	31 December 2022
Derivatives	4,402	5,237
Tax assets	254	710
Other	918	866
Other assets	**5,574**	**6,814**

Other assets decreased by EUR 1.2 billion, mainly as a result of a decrease of EUR 0.8 billion in derivatives.

Derivatives decreased mainly due to a EUR 0.8 billion decline in over the counter derivatives trading, distributed across interest rate over the counter contracts (EUR 0.5 billion) and foreign exchange over the counter contracts (EUR 0.2 billion). Derivatives include EUR 4.0 billion for derivatives held for trading (31 December 2022: EUR 4.8 billion).

17 Due to banks

(in millions)	31 December 2023	31 December 2022
Group companies	4,749	10,693
Third parties	5,366	17,710
Due to banks	**10,114**	**28,403**

(in millions)	31 December 2023	31 December 2022
Current accounts	2,787	6,870
Demand deposits	130	75
Time deposits	5,068	18,670
Securities financing	1,677	2,162
Other	451	625
Due to banks	**10,114**	**28,403**

Due to banks decreased by EUR 18.3 billion, mainly due to the partial repayment of the TLTRO III funding and the settlement of transactions with group companies. On 28 June 2023, ABN AMRO partially repaid the TLTRO III funding for the amount of EUR 11.0 billion. On 31 December 2023, an amount of EUR 3.0 billion remained outstanding, which matures in June 2024.

18 Due to customers

(in millions)	31 December 2023	31 December 2022
Group companies	3,336	4,673
Third parties	251,315	243,497
Due to customers	**254,651**	**248,170**

(in millions)	31 December 2023	31 December 2022
Current accounts	92,846	111,625
Demand deposits	100,621	99,214
Time deposits	47,673	23,965
Total deposits	**241,141**	**234,803**
Securities financing	9,497	7,525
Other due to customers	4,013	5,842
Due to customers	**254,651**	**248,170**

Due to customers increased by EUR 6.5 billion, mainly due to the change in 2023 for Neuflize OBC, which went from being a subsidiary to being a branch of ABN AMRO. Consequently, Neuflize OBC is now included in the company financial statements of ABN AMRO. The increase in demand and time deposits was mainly attributable to interest rate developments.

19 Issued debt

The following table shows the debt issued by ABN AMRO Bank.

(in millions)	31 December 2023	31 December 2022
Group companies		
Third parties	63,955	52,773
Issued debt	**63,955**	**52,773**

The following table shows the types of debt issued by ABN AMRO Bank.

(in millions)	31 December 2023	31 December 2022
Bonds and notes issued	52,254	41,300
Certificates of deposit and commercial paper	11,479	11,250
Total at amortised cost	**63,733**	**52,550**
Designated at fair value through profit or loss	222	223
Issued debt	**63,955**	**52,773**

Total issued debt increased by EUR 11.2 billion to EUR 64.0 billion at 31 December 2023, mainly due to the increase in long-term wholesale funding to refinance the EUR 11.0 billion of TLTRO borrowings that were repaid in June 2023.

20 Subordinated liabilities

The following table specifies the outstanding subordinated liabilities. The issued and outstanding loans qualifying as subordinated liabilities are subordinated to all other current and future liabilities.

(in millions)	**31 December 2023**	31 December 2022
Group companies		
Third parties	5,572	7,290
Subordinated liabilities	**5,572**	**7,290**

The following table shows the main types of subordinated liabilities issued by ABN AMRO Bank.

(in millions)	ISIN/CUSIP	**31 December 2023**	31 December 2022
Subordinated liabilities		5,572	7,290
- of which USD 1,500 million 4.75% per annum	*US00080QAF28 / XS1264600310*	*1,338*	*1,360*
- of which USD 1,000 million 4.8% per annum	*US0008DAL47 / XS1392917784*	*860*	*868*
- of which EUR 1,000 million 2.875% per annum	*XS1346254573*		*1,027*
- of which USD 300 million 5.6% per annum	*XS1385037558*	*245*	*249*
- of which SGD 750 million 5.5% per annum	*XS2498035455*	*522*	*520*
- of which EUR 1,000 million 5.125% per annum	*XS2558022591*	*1,049*	*979*
- of which USD 1,000 million 3.324% per annum	*US00084DAV29 / XS2415308761*	*774*	*778*
- of which EUR 750 million 5.5% per annum	*XS2637967139*	*779*	
- of which USD 113 million 7.75% per annum	*US00080QAD79 / USN0028HAP03*		*103*
- of which USD 1,500 million 4.4% per annum	*XS1586330604*		*1,392*

The subordinated liabilities decreased by EUR 1.7 billion. This was mainly due to maturity of subordinated loans, partly offset by issuance of new instruments.

Interest expenses on subordinated liabilities remained stable at EUR 0.3 billion in 2023 (2022: EUR 0.3 billion).

21 Provisions

The following table shows a breakdown of provisions at 31 December 2023 and 31 December 2022.

(in millions)	**31 December 2023**	31 December 2022
Legal provisions	163	361
Restructuring provision	32	65
Provision for pension commitments	73	59
Other staff provision	134	125
Other	176	174
Provisions	**578**	**784**

(in millions)	Legal provisions	Restructuring provision	Provision for pension commitments	Other staff provision	Deferred tax liabilities	Other	Total
At 1 January 2022	305	130	50	130		237	852
Increase of provisions	122	22				104	248
Reversal of unused provisions	-6	-31				-60	-98
Utilised during the year	-60	-59				-126	-245
Transfer between stages						2	2
Foreign exchange differences		2				1	3
Other		1	9	-6		17	22
At 31 December 2022	**361**	**65**	**59**	**125**		**174**	**784**
Increase of provisions	14	13				86	112
Reversal of unused provisions	-21	-14				-76	-111
Utilised during the year	-201	-32				-45	-277
Transfer between stages						18	18
Foreign exchange differences						3	2
Other	11		13	9		16	50
At 31 December 2023	**163**	**32**	**73**	**134**		**176**	**578**

Restructuring

Restructuring provisions cover the costs of the restructuring plans for which implementation has been formally announced. The decrease relates to the use of the provision.

Legal provisions

Legal provisions are based on best estimates available at the year-end and taking into account the opinion of legal specialists. The timing of the outflow of cash related to these provisions is by nature uncertain, given the unpredictability of the outcome and the time required to conclude litigation. Any provision recognised does not constitute an admission of wrongdoing or legal liability. In 2023, legal provisions decreased mainly due to pay outs from the provision for variable interest.

Euribor-based mortgages

In 2012 two class actions were started whereby the central question was whether ABN AMRO's amendment clauses in the terms and conditions, entitling it to unilaterally adjust the margin charge for Euribor-based mortgage loans, was an unfair contractual clause. In the meantime, ABN AMRO and the foundation Stichting Euribar reached agreement on a settlement for clients with Euribor-Woninghypotheek mortgages. All clients who were eligible for the settlement received a personal offer from ABN AMRO and 81% of this group accepted the proposed settlement. Meanwhile, the other foundation, Stichting Stop de Banken, broke off the negotiations aimed at reaching agreement and proceeded with the class action.

On 11 October 2022, the Court of Appeal in The Hague ruled that the amendment clauses were valid and that ABN AMRO was entitled to exercise its power of amendment. The Court of Appeal also deemed the manner in which ABN AMRO exercised its power of amendment to be within the law. The ruling applies to clients who did not accept the personal settlement offer made to them by the bank in 2020 or 2021. Stichting Stop de Banken subsequently appealed against the ruling at the Supreme Court, but the Supreme Court rejected this appeal on 22 December 2023.

At 31 December 2023 a provision is in place for expected remaining cash outflows.

Variable interest rates for consumer loans

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

Our bank
Strategy, value creation & performance
Risk, funding & capital
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Other information

In light of the Kifid ruling, ABN AMRO reached agreement with the Dutch Consumers' Association (Consumentenbond Claimservice) on 5 September 2021 regarding a compensation scheme for affected clients. In Q3 of 2022, following an August 2022 ruling of the Kifid Appeals Committee, ABN AMRO has adjusted the compensation scheme to include interest on interest.

It is unclear what the exact scope and application of the Kifid ruling is and whether the ruling will have a certain knock-on effect on other (credit) products with variable interest rates, beyond the range of products covered by the compensation scheme, such as credit products for micro and small enterprises. ABN AMRO cannot give a reliable estimate of the (potentially substantial) financial risk of these contingent liabilities not provided for.

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 to 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.

22 Other liabilities

(in millions)	31 December 2023	31 December 2022
Financial liabilities held for trading	910	640
Derivatives	2,849	4,143
Current tax liabilities	1	3
Other	7,175	10,354
Other liabilities	**10,934**	**15,140**

23 Equity

Issued capital and reserves

At 31 December 2023, the authorised share capital of ABN AMRO Bank N.V. amounted to 2,400,000,000 shares. The authorised share capital consisted of 2,200,000,000 ordinary A-shares with a nominal value of EUR 1.00 each and 200,000,000 ordinary B-shares with a nominal value of EUR 1.00 each. Every share is entitled to one vote during the General Meeting. The total number of issued shares at 31 December 2023 was 865,575,379 (31 December 2022: 897,521,916). For further information, please refer to Capital section in the Risk, funding & capital chapter.

Revaluation reserves

(in millions)	31 December 2023	31 December 2022
Fair value reserve[1]	-104	31
Cash flow hedge reserve	-250	-946
Accumulated share of OCI of associates and joint ventures[1]	-16	78
Unrealised gains on FVTPL items	561	505
Revaluation reserves	**191**	**-331**

1 The negative amounts on the fair value reserve and the accumulated share of OCI of associates and joint ventures are reported as negative components of the revaluation reserve and are considered to be charged against the unrestricted equity.

Legal reserves

(in millions)	31 December 2023	31 December 2022
Internally developed software	73	
Accumulated share of result in equity-accounted investments (net of dividends)	107	62
Statutory reserves	111	103
Other legal reserves	**290**	**164**

Distribution of the dividends

The final dividend for 2022 of EUR 0.67 per share was paid out on 17 May 2023 for a total of EUR 580 million. The interim dividend for 2023 of EUR 0.62 per share was paid out on 12 September 2023 for a total of EUR 537 million. For the year 2023, a final dividend of EUR 0.89 per share has been proposed.

Capital securities

Securities classified as Additional Tier 1 (AT1) capital are perpetual, junior, resettable securities that are callable and are considered part of equity. The payment of interest on the AT1 Capital securities had a EUR 91 million impact on equity.

24 Maturity of assets and liabilities

										31 December 2023
(in millions)	On demand	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	No maturity	Total
Assets										
Cash and balances at central banks	52,366									52,366
Short-term government paper		212	569	2,275	1,548	3,739	8,762	13,393		30,497
Loans and advances banks	932	145,615	2,593	314	5,715	1,022	186	297		156,675
Loans and advances customers	693	18,073	5,573	3,599	8,083	14,202	31,641	16,327		98,190
Debt securities	7	556	1,271	309	639	1,039	12,361	5,995		22,178
Equity securities									68	68
Participating interests in group companies	3,488									3,488
Equity-accounted investments	237									237
Intangible assets	89									89
Property and equipment	607									607
Other assets	840	410	183	86	85	201	440	3,328		5,574
Total assets	**59,260**	**164,865**	**10,190**	**6,582**	**16,070**	**20,203**	**53,390**	**39,341**	**68**	**369,970**
Liabilities										
Due to banks	4,257	692	752	3,201	301	78	60	773		10,114
Due to customers	197,477	33,206	8,430	6,587	3,937	576	1,540	2,898		254,651
Issued debt	22	6,259	6,587	1,218	1,014	8,858	15,347	24,650		63,955
Subordinated liabilities						1,342	3,210	1,020		5,572
Provisions	530			38	3		4	3		578
Other liabilities	5,043	1,407	533	181	181	941	934	1,713		10,934
Total liabilities	**207,329**	**41,564**	**16,302**	**11,225**	**5,436**	**11,795**	**21,095**	**31,058**		**345,804**
Total equity									**24,165**	**24,165**
Total liabilities and equity	**207,329**	**41,564**	**16,302**	**11,225**	**5,436**	**11,795**	**21,095**	**31,058**	**24,165**	**369,970**

(in millions)	On de-mand	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	No maturity	Total
										31 December 2022
Assets										
Cash and balances at central banks	56,593									56,593
Short-term government paper		389	981	2,803	3,662	4,143	9,890	9,444		31,312
Loans and advances banks	1,678	4,775	147,170	215	3,164	4,701	572	653		162,929
Loans and advances customers	17,423	17,424	5,336	3,380	8,281	13,483	27,298	4,746		97,372
Debt securities	65	99	264	270	249	1,269	11,093	2,167		15,476
Equity securities									43	43
Participating interests in group companies	4,034									4,034
Equity-accounted investments	205									205
Intangible assets	83									83
Property and equipment	511									511
Other assets	904	509	386	155	242	243	486	3,888		6,814
Total assets	**81,495**	**23,197**	**154,138**	**6,823**	**15,599**	**23,839**	**49,340**	**20,898**	**43**	**375,372**
Liabilities										
Due to banks	6,672	1,698	2,904	11,389	427	3,231	563	1,519		28,403
Due to customers	212,622	20,398	6,055	1,721	1,345	397	1,384	4,249		248,170
Issued debt		2,763	7,939	828	4,056	3,526	9,972	23,689		52,773
Subordinated liabilities		1,027	1,401	103			3,731	1,028		7,290
Provisions	753	18		3			8			784
Other liabilities	10,544	710	211	74	169	392	1,118	1,922		15,140
Total liabilities	**230,591**	**26,613**	**18,511**	**14,119**	**5,997**	**7,546**	**16,776**	**32,406**		**352,561**
Total equity									**22,812**	**22,812**
Total liabilities and equity	**230,591**	**26,613**	**18,511**	**14,119**	**5,997**	**7,546**	**16,776**	**32,406**	**22,812**	**375,372**

25 Contingent liabilities

(in millions)	31 December 2023	31 December 2022
Committed credit facilities	**62,360**	**70,503**
Guarantees and other commitments		
Guarantees granted	22,274	36,584
Irrevocable letters of credit	3,632	3,898
Recourse risks arising from discounted bills	2,092	2,013
Total guarantees and other commitments	**27,998**	**42,495**
Total	**90,358**	**112,998**

(in millions)	31 December 2023	31 December 2022
Group companies	14,817	26,217
Third parties	47,543	44,286
Committed credit facilities	**62,360**	**70,503**

(in millions)	31 December 2023	31 December 2022
Group companies	21,846	35,565
Third parties	6,152	6,930
Guarantees and other commitments	**27,998**	**42,495**

Commitments and contingent liabilities decreased by EUR 22.6 billion and related to a decrease in committed credit facilities and guarantees granted by Markets.

The decrease in the committed credit facilities came to EUR 8.1 billion and related mainly to a decrease in the volume of committed credit facilities to group companies.

The decrease of EUR 14.5 billion in guarantees granted related mainly to a decrease of EUR 13.7 billion in guarantees granted to group companies.

More information regarding the disclosed legal and compliance cases is provided in Note 35 - Commitments and contingent liabilities in the Consolidated Annual Financial Statements.

26 Assets pledged

(in millions)	**31 December 2023**	31 December 2022
Cash and balances at central banks	1	
Financial assets held for trading	5	15
Financial investments FVOCI	3,982	7,400
Loans and advances banks[1]	451	710
Loans and advances customers	813	822
- of which Corporate loans	*451*	*818*
Assets pledged as security[1]	**5,252**	**8,947**

[1] The figures of 2022 have been adjusted to align note 26 of the company financial statements with note 34 of the consolidated financial statements. The change did not have a material impact on the figures for the prior period. However, these have been adjusted for comparison reasons.

Total assets pledged decreased by EUR 3.7 billion at 31 December 2023, mainly due to a reduction in pledged investments out of the high quality liquid assets (HQLA).

More information regarding transferred, pledged, encumbered and restricted assets is provided in Note 34 in the Consolidated Annual Financial Statements.

27 Segment information

The total number of FTEs at 31 December 2023 was 17,688 (31 December 2022: 16,362). The increase was mainly related to an increase at Wealth Management. In 2023 Neuflize OBC changed from being a subsidiary to being a branch of ABN AMRO. Consequently, Neuflize OBC is included in the company financial statements of ABN AMRO.

The total number of FTEs in Personal & Business Banking was 2,842 (31 December 2022: 2,924), in Wealth Management 2,855 (31 December 2022: 2,065), in Corporate Banking 2,499 (31 December 2022: 2,337) and in Group Functions 9,492 (31 December 2022: 9,036).

More financial information on the segments is provided in Note 2 - Segment reporting in the Consolidated Annual Financial Statements.

The average number of FTEs per country is disclosed in the Consolidated Annual Financial Statements in Note 11 - Income tax expense, tax assets and tax liabilities.

28 Remuneration

For more information, please refer to Note 36 Remuneration of Executive Board and Supervisory Board in the Consolidated Annual Financial Statements.

29 Related parties

As part of its business operations, ABN AMRO frequently enters into transactions with related parties. Transactions conducted with the Dutch State are limited to normal banking transactions, taxation and other administrative relationships with the exception of items specifically disclosed in the Consolidated Annual Financial Statements. Normal banking transactions relate to loans and deposits and are entered into under the same commercial and market terms as those that apply to non-related parties. Total assets with related parties amounted to EUR 2.9 billion at 31 December 2023, compared with EUR 2.8 billion at 31 December 2022. Total liabilities amounted to EUR 0.7 billion at 31 December 2023, compared with EUR 0.9 billion at 31 December 2022. For more information, please refer to Note 36 and Note 38 in the Consolidated Annual Financial Statements.

30 Post balance sheet events

In February 2024, ABN AMRO announced the start of a third share buyback programme under which it plans to repurchase depositary receipts and ordinary shares of ABN AMRO Bank N.V. for a maximum total value of EUR 500 million and for a number of shares not exceeding the authority granted by the General meeting of shareholders on 19 April 2023 (10% of the issued shares).

The share buyback programme commenced on 15 February 2024 and is expected to end no later than June 2024.

Authorisation of the Company Annual Financial Statements

12 March 2024

Supervisory Board

T. (Tom) de Swaan, Chair
A.C. (Arjen) Dorland, Vice-Chair
L.J. (Laetitia) Griffith
M.P. (Michiel) Lap
S.A.C. (Sarah) Russell
M.L. (Mariken) Tannemaat
F. (Femke) de Vries

Executive Board

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

Other Information

How we prepared this report

Basis of preparation

- The purpose of this Integrated Annual Report is to explain how ABN AMRO creates value over time for its stakeholders. The report is written for all stakeholders, including providers of financial capital.
- Content is based on internal reporting. Where external sources are used, this is clearly indicated in the text.
- To determine content, we applied a materiality test: we included only content that has, or was likely to have, a material effect on the bank's stakeholders or its own business, strategy, and performance.
- Prior to publication, content was reviewed by ABN AMRO's Group Disclosure Committee and approved by the bank's Executive and Supervisory Boards. Ultimately, the Executive Board is responsible for the content, accuracy and integrity of this report.
- The Executive Board confirms that this report adheres to all regulatory requirements and has been prepared in accordance with the <IR> Framework.
- Production of this report is overseen by ABN AMRO's Finance department.

Scope, boundaries and general reporting guidance

- Unless stated otherwise, this report covers ABN AMRO Bank N.V. (including all its businesses and consolidated entities).
- Where applicable, the scope and boundaries for metrics and other key performance indicators (KPIs) are included in the main text of the report.
- Annual data contained in this report relates to the bank's financial year (1 January – 31 December).
- Financial information has been prepared in accordance with the IFRS, as adopted by the EU (EU IFRS). Certain sections of the Risk, funding & capital section contain audited information, and are considered part of the Consolidated Annual Financial Statements. Audited information in this section has been labelled 'audited' and may be considered part of the bank's Consolidated Annual Financial Statements.
- Unless stated otherwise, all capital metrics and risk exposures are reported under the Basel III (CRD IV/CRR) framework. All capital figures and ratios are shown on a fully loaded basis (including comparatives).
- Company Annual Financial Statements comply with Title 9, Book 2, of the Dutch Civil Code and apply the EU IFRS valuation principles, as also applied to the Consolidated Annual Financial Statements. See Note 1 on page 316 for further reporting guidance on the Company Annual Financial Statements.
- This report is presented generally in euros (EUR), ABN AMRO's functioning and presentation currency. Figures are rounded to the nearest million and relate to results for the entire ABN AMRO organisation, unless stated otherwise.
- All financial year-end averages are based on month-end figures. Management does not believe that using daily figures would make a material difference to these annual averages. Due to rounding, certain figures in this report may not tally exactly. In addition, certain percentages have been calculated using rounded figures.

Please be aware that information provided in this report does not constitute an offer, investment advice or a financial service. Its purpose is not to encourage any person to buy or sell any ABN AMRO product or service. Nor should it be used as a basis for any investment decision. Any such decision can and should be based on the contents of this report, a final prospectus and other key investor information (if, and to the extent, required).

To download this report or obtain more information, please visit abnamro.com/annualreport or contact us at investorrelations@nl.abnamro.com. Definitions used in this report may be found on pages 421-426.

Forward-looking statements

Certain sections of this report contain statements that may be construed as forward-looking. These statements are not historical facts and represent ABN AMRO's beliefs regarding future events, many of which are inherently uncertain and outside the bank's control. These statements apply only at publication date. ABN AMRO does not intend to update or revise statements after publication and assumes no responsibility to do so. Readers should also take into account disclosures made in future interim reports issued by the bank.

External assurance

External assurance for this report was provided by EY (see Independent Auditor's and Assurance Report on pages 430-441). ABN AMRO believes that external assurance strengthens the credibility of its reporting and helps improve internal information gathering, systems and processes. For this report, EY audited the Financial Statements (comprising both the Consolidated and Company Annual Financial Statements on pages 310-413). EY also provided limited assurance on the non-financial information included in the front end of this report (pages 5-51), and in the following sections of the Sustainability Statements: Introduction, Strategy and business model, Governance of sustainability matters, Risk Environment excluding our own operations, Social excluding Characteristics of own workforce, Social risk identification, monitoring and reporting and Consumers and End-users and Anti-money laundering.

Provisions in the Articles of Association concerning profit appropriation

Article 10 of ABN AMRO's Articles of Association sets out provisions relating to profit reserves and distributions. In line with the bank's reserve and dividend policy, the Executive Board submits a proposal to the General Meeting of Shareholders, specifying the proportion of the bank's profit that it wishes to allocate to the reserves. This proposal is subject to approval by the Supervisory Board. The remainder is at the disposal of the General Meeting of Shareholders, pursuant to a proposal to this end by the Executive Board and subject again to approval by the Supervisory Board.

Fiscal unity

ABN AMRO Bank N.V. constitutes a fiscal unity with several Dutch subsidiaries for corporate income tax purposes. All members of this fiscal unity are jointly and severally liable for the corporate tax liabilities of the fiscal unity.

Note on value creation and materiality

Our materiality assessment

Multiple materiality assessments are performed within ABN AMRO for several purposes: the Integrated Reporting materiality assessment, the materiality assessment under the European Sustainability Reporting Standards (ESRS), the materiality assessment under IFRS and the materiality required as part of the Enterprise Risk Management Framework (ERM) where the ECB CER (climate-related and environmental risks) materiality assessment is included. Below we explain these different materiality assessments and the methodology used. Under the header 'Alignment of materiality assessments' we elaborate on synergies between the assessments and on future expectations.

Integrated Reporting Materiality

Every two years, we conduct an extensive assessment of our operating environment, allowing us to identify the topics where we believe ABN AMRO has potential to create the most value for its stakeholders. We conducted our most recent materiality assessment at the end of 2022, using a double materiality approach (applying both impact materiality and financial materiality) and based on the Integrated Reporting Framework approach in combination with own criteria. The own criteria were already intended to take into account the double materiality principle where possible and were based on the draft ESRS available at that time. The 2022 assessment also included a stakeholder outreach, when representatives of our four main stakeholder groups were asked to assess the significance of a list of topics for stakeholders.

The 2022 assessment resulted in the following topics being identified as most material for 2023:
- Secure banking (including client data protection)
- Customer experience
- Viable business model
- Responsible investment and financing
- Risk profile/management

In 2023, management started monitoring and taking decisions based on these most material, or value-creating, topics. These topics are also linked to our strategic pillars. Please refer to Strategy, value creation and performance chapter, page 24 for our progress on the value-creating topics. For more details of last year's extensive assessment, please refer to IAR 2022, pages 340 to 342.

ESRS Materiality

The CSRD prescribes use of the ESRS by 2024 year-end reporting. The delegated act through which it was adopted (which supplements the Accounting Directive) applies from 1 January 2024, which effectively means that our 2024 Integrated Annual Report must include the mandatory disclosure requirements that follow from the ESRS. The CSRD requires entities to perform a double materiality assessment of sustainability matters (Environment, Social, Governance (ESG)).

Double materiality means that a matter can be material either because of the impact that an entity has on people and/or the environment ('impact materiality') or because a matter has a financial effect on the entity ('financial materiality'). The materiality assessment covers impacts, risks and opportunities connected with the entity through its direct and indirect business relationships in the value chain. Below we describe the key aspects (own reporting criteria) of how the materiality assessment was performed for the first time in 2023, using the principles described in ESRS.

General approach and setup

To identify and asses material impacts, risks and opportunities, we used the previously mentioned internal materiality assessment methodologies in place for ESG topics as much as possible. For this, four different workstreams (climate, environmental, social and business conduct) were established, following the topical structure of the ESRS and with representatives from various functions within the bank, such as the Sustainability Centre of Excellence, Finance, Risk, HR, Compliance and client units.

ABN AMRO considered its own operations and suppliers in the assessment, but, most importantly, it took the portfolios most directly linked to financing of the real economy – its residential mortgage and corporate loan portfolios – as the starting point for the materiality assessment. Based on the sector and geography classification of these loans, ABN AMRO reviewed these portfolios to identify areas giving heightened indications of actual or potential sustainability-related impacts, risks or opportunities.

ESRS requires affected stakeholders to have a central role in the materiality process, specifically in identifying potentially material matters. ABN AMRO has been performing stakeholder outreach as part of its Integrated Reporting materiality assessment for years, most recently in summer 2022. For the year ending 31 December 2023, the bank used the outcomes of this assessment to validate our impact materiality conclusions with the input previously received from stakeholders.

ABN AMRO used the sub-topics in Appendix A of ESRS 1 as the starting point for its assessment and added or relabelled sub-topics if the existing list did not fit terminology used within ABN AMRO or the banking sector. The topics ABN AMRO has assessed as material for its 2023 Sustainability Statements can be found in the Strategy and business model section in the Sustainability Statements.

The double materiality assessment has been discussed and approved by the Executive Board and Supervisory Board and the relevant sub-committees. A final list of material sub-topics has been compiled, based on these meetings. For more details of the governance process applying to the double materiality assessment, please refer to the Governance section in the Sustainability Statements.

Determining impact materiality

ABN AMRO applies a 4-step approach to assess whether an impact is material: 1) Understand the context of the organisation; 2) Identify actual and potential impacts; 3) Assess actual and potential impacts; and 4) Determine material topics by applying thresholds.

Where available, the identification and assessment of impacts uses certain quantitative information on impacts as a starting point. Examples of these quantitative inputs are data from the Impact Institute for potential impacts for a sector that ABN AMRO invests in and the climate, environmental and social risk heatmaps that the bank uses for identifying potential risks. Taking into account these inputs, the workstreams applied judgement on the factors of scale, scope, likelihood and irremediability, as prescribed in ESRS.

ABN AMRO used data from the Impact Institute, which shows the potential impact of several sustainability topics that ABN AMRO is connected to due to portfolio characteristics, such as sector and geography. The data is based on a broad value chain perspective, meaning that it not only quantifies ABN AMRO's own impacts but also attempts to quantify the impacts ABN AMRO is connected to in its clients' value chains. The data has significant estimation uncertainty as it is often based on statistical averages, using data combined from multiple sources and modelling to estimates impacts related to ABN AMRO's value chain. The data provides an useful indication of where ABN AMRO faces impacts and was used as a stepping stone to determine potential impacts.

For scale (i.e. how grave the impact is), ABN AMRO used the sizes of its portfolios as a starting point. We determined the gravity of the impact, based on judgement and taking into account the scores of the risk heatmaps and the monetised value of the impacts for that specific topic, if available. Scope (i.e. how widespread the impact is) is determined by taking the geographical distribution of impact as an input if impact institute data is available. If 50% of the impact or more is concentrated in one country, or if 75% is concentrated within 2 countries, scope is considered small. If 75% or more of the impact is concentrated in 3-9 countries, scope is assessed as medium. If 75% or more of the impact is spread across 10 or more countries, scope is assessed as large. These rules were supplemented with judgement to make the assessment more topic-specific. For example the number of people affected was also estimated and taken into account for the social topics, where possible.

Where available, the assessment leverages on the irremediability scores (i.e. whether and to what extent it is possible to remediate negative impacts) provided by the Impact Institute for impact indicators. In short, irremediability is deemed high if there is no way (not even theoretically) to bring the situation back to its prior state. Irremediability is deemed medium if it is possible but only at substantial cost or is deemed extremely unlikely.

Likelihood (i.e. how often an event is expected to have an effect if it materialises) is not defined by ESRS. ABN AMRO has aligned its definition of likelihood with the ERM framework, which is also applied to the CER ECB materiality assessment and uses the same definition both for impact materiality and financial materiality. High likelihood is defined as something that happens every year, while medium likelihood is defined as something that happens once every 1-10 years.

The total number of factors to be considered in the assessment depends on whether the impact is positive, negative, potential or actual. For example, likelihood is taken into account only for potential impact, while irremediability is taken into account only for negative impact. Actual impact takes precedence over potential impact. ABN AMRO applies the rule that a sustainability matter is material if all factors are scored 'high' or if all but one of the factors are scored 'high'. In the case of potential negative human rights impacts, severity takes precedence over likelihood.

Determining financial materiality

ABN AMRO already performs an assessment of CER risks as part of the ECB guide on CER (for more information, see the Risk section in the Sustainability Statements). This guide requires the bank to perform a comprehensive assessment of the materiality of CER for the traditional banking risk types. In the case of climate and environmental matters, the ECB CER assessment outcomes were used as a basis for the financial materiality assessment of the risks. We see the ECB CER and ESRS requirements as complementary since both require ABN AMRO to identify and assess certain sustainability risks, with the ECB guide giving insight into supervisory expectations specifically for banks and ESRS being more sector-agnostic. For social and business conduct topics, a separate assessment was performed, based on the same criteria and principles as the climate and environmental assessment. Judgement was used by the workstreams to identify risks and opportunities related to impacts.

In line with the approach taken for the ECB CER materiality assessment (which is part of the integrated risk management process), ABN AMRO focused its 2023 assessment of financial materiality on the indicators' likelihood and financial effect. Likelihood is defined the same as under impact materiality. For financial materiality, capital impact and net profit impact were considered in line with the ECB CER methodology. Net profit impact is medium if the effect is estimated between 2.5% and 10% of net profit, and high if the effect is estimated at more than 10% of net profit. Capital impact is estimated as medium if the effect is between 1% and 5% of total capital and as high if it is more than 5%. For opportunities, only the net profit impact was assessed.

If either financial materiality or likelihood is high, or both factors are scored as medium, the topic is deemed financially material.

Looking forward

From 2024 onwards the bank will fully apply ESRS in its sustainability statements and will move forward with the double materiality assessment in the following areas:

- The scope of application with regard to products and services included in the assessment, for example other asset classes on its balance sheet or off-balance products such as client assets or underwriting;
- Financial indicators such as the effect on balance sheet, cashflows and cost of capital;
- The involvement of stakeholders in the identification and assessment of material matters based on the internal guidelines describing the generic principles for ABN AMRO's relationships with its stakeholders;
- Enhancing its understanding of the impacts, risks and opportunities related to the various value chains of direct and indirect business;
- Moving forward in integrating the insights gained of the double materiality assessment in its overall management processes.

Enterprise risk management and CER materiality

With the publication of the ECB Guide on climate-related and environmental risks (CER) in 2020, the ECB defined 13 expectations on how institutions should take a strategic, forward-looking and comprehensive approach to considering CER, taking into account the materiality of their exposures to CER risks. To conduct a proper materiality assessment, institutions are required to develop a well-informed understanding of relevant CER risk drivers and assess how these could affect the prudential risks the institutions are exposed to.

We have applied the principles defined in the bank's enterprise risk management framework (see the Risk management section in the Risk, capital and funding chapter) to ESG. Therefore, the existing framework established to perform bank-wide materiality assessments was used to comply with the guidelines provided by the ECB on how institutions should consider CER as drivers of existing categories of risk. This process takes into account different levels of classifications, for example exposures by asset class, sector, client or geography. It includes both quantitative and qualitative components and builds on insights from other ESG internal processes such as the climate stress test, CER scenario analysis, CER heatmaps and the social risk heatmap.

The bank has performed a comprehensive assessment of the materiality of the CER impact for a selection of traditional risk types. Based on the CER materiality assessments in 2023, CER events were deemed to have a material impact on credit risk, operational (non-financial) risk and business risk, with the outcomes being used for the bank's ESRS assessment of financial materiality. The materiality of CER events is determined by assessing the financial and non-financial impact and likelihood of such events. For each CER event, a potential impact assessment is performed separately for the short, medium and long term. The impact to be assessed is the cumulative impact of the CER event over the different time horizons, where it is assumed that an impact that is material in the short term is also material in the medium and long term. Similarly, an impact that is immaterial in the short term, but material in the medium term is assumed also to be material in the long term due to the cumulative dimension. The scope of this assessment includes the full balance sheet of ABN AMRO, including all the entities and countries through which or in which it operates. As such, all material exposures are assessed in the CER materiality assessment. Please refer to the CER materiality assessment section in the Risk section of the Sustainability Statements for further information.

IFRS materiality

Information is material for financial reporting purposes as part of the annual financial statements if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements providing financial information about specific reporting entities.

Alignment of materiality assessments

All materiality assessments have an impact on the contents of ABN AMRO's 2023 Integrated Annual Report. The Integrated Reporting Framework is used in the Strategy, value creation and performance chapter to show how we create value for all our stakeholders. This is not limited to sustainability-related topics as we can also create value on other topics such as client centricity or digitalisation. The ESRS framework is the basis for our Sustainability Statements and is used to determine the material sustainability matters based on impact and financial materiality, and focusing only on sustainability-related matters. The ECB CER materiality assessment is used to determine the financial impact of CER on established risk categories. It was used as an input on the financial materiality under our ESRS assessment, specifically regarding certain climate and environmental risks.

Financial materiality, as used in the financial statements, and ESRS financial materiality are somewhat linked but are not the same, as is also established by the draft EFRAG guidance on this topic.[1] ESRS financial materiality, for example, requires account to be taken of broader value chain information and long time horizons, and indicates that matters that are not reliably measurable can also still be financially material. ABN AMRO is aiming in future for a more integrated materiality approach, considering all types of materiality and their interconnectedness.

[1] Based on EFRAG guidance FAQ 5.2.

Definitions

Strategic key performance indicators

Indicator	2023	2022	Definition
Absolute cost base	5.1	5.3	Operating expenses excluding AML settlement and restructuring costs.
Cost of risk (basis points)	(5)	3	Annualised impairment charges on loans and advances made to clients, divided by the average total loans and advances for the year (on the basis of gross carrying amount and excluding fair value adjustments resulting from hedge accounting).
Return on average equity	12%	9%	Annual profits (excluding coupons attributable to Additional Tier 1 capital securities and results from non-controlling interests) as a percentage of average equity attributable to the bank's owners (excluding Additional Tier 1 capital securities).
CET1 ratio (fully loaded)	15%	16%	Common Equity Tier 1 as a percentage of total risk-weighted assets under Basel III regulations (where the CET1 ratio refers to Basel IV, this is stated in the text).
Relational Net Promoter Score			To calculate NPS, clients are asked if they would recommend ABN AMRO to friends or colleagues on a scale of 0-10. Those scoring 9 or 10 are 'promoters'; those scoring below 7 are 'detractors'. NPS is then calculated by subtracting the percentage of detractors from the percentage of promoters.
Mortgages	(1)	0	The score is based on a weighted average between the ABN AMRO label and Florius. Scores based on quarterly online survey carried out by Ipsos for ABN AMRO and by MWM2 for Florius.
SME	-46	-38	SME is measured 4 times a year/each quarter based on online/telephone survey carried out by Ipsos. Sample size for SME during 2023 was 2086 clients. The SME scope applies to business clients with revenue below EUR 25 million.
Market share			
Mortgages	14%	17%	Market share of new residential mortgages in the Netherlands, based on monthly market scan by the Dutch Land Registry (Kadaster). Market share is calculated as new mortgages of ABN AMRO labels divided by all new passed mortgages that are registered by the Dutch Land Registry.
SME	16%	16%	This score is based on an annual online survey performed by Ipsos (sample size of 3,800 companies). The SME scope includes clients with revenue below EUR 25 million.
Sustainability (acceleration) asset volume	34%	31%	The sustainability (acceleration) asset volume consists of two parts – the sustainable volume (aligned with the EU taxonomy) and the acceleration volume. Sustainable volume refers to volume aligned with the EU Taxonomy regulation. The Taxonomy regulation went into force from Reporting period 2023. Therefore, the taxonomy aligned assets are added in our sustainable volume this year. Comparative figures do not contain Taxonomy aligned assets, since the Taxonomy regulation is not available for that period. The Taxonomy aligned client assets are reported in a seperate table, and cannot be merged with Acceleration volume as the definitions are in line with the Sustainable Finance Disclosure Regulation (SFDR) and based on the methodology of Morningstar. The assessment of whether a company is taxonomy aligned or SFDR aligned is not clearly related. Acceleration volume consists of loans that adhere to the sustainability acceleration standards. This standard contains clear definitions with regard to clients' sustainability policies, practice and governance and include both environmental and social criteria for labelling a product as sustainable or acceleration volume. Some of the major components that can be eligible for Acceleration volume are Sustainability linked loans. These are loan instruments and/or contingent facilities which incentivise the borrower's achievement of ambitious, predetermined sustainability performance objectives. Other possible eligible components are loans provided to clients whose core business has significant social and/or environmental benefits or loans that are directed to a project or expenditure that contributes to environmental and social objectives. Categories include renawable energy, sustainable real estate and clean transportation. The overall target for sustainable and acceleration volume is calculated as the sum of Taxonomy aligned volume (mortgages and corporate loans), Acceleration asset volume (mortgages, corporate loans and client assets), divided by the sum of the outstanding residential mortgages, corporate loans and relevant client asset volume.
Gender diversity (sub-top)	31%	31%	Bank-wide percentage of women in sub-top (Hay scales 12 or 13) within the bank's workforce (in the Netherlands only).
Dow Jones Sustainability Index (DJSI)	top 20%	top 15%	Published by S&P Global, the DJSI tracks the sustainability performance of leading companies. Scores are not directly comparable year-on-year because of regular recalibrations and changes to methodology.
Straight-through processing rate	65%	63%	Straight-through processing rate is the percentage of processes which are fully digital. A process consists of five steps. The steps "input", "output" and "signing" are considered digital when a client can complete the step via the app, website, chatbot or voice automation. "Throughput" and "archiving" steps are considered digital when automated. 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%.

Glossary of other sustainability terms

Definitions – name	Definition
Energy labels	
Energy labels	Energy labels are governed at European level and described in the Directive (2010/31/EU) on the energy performance on buildings. The directive was updated on 1 January 2021, which resulted in a new methodology for calculating the energy performance. The energy label figures in this report consist of a combination of energy labels under the old methodology (prior to 1 January 2021) and the new methodology. Buildings from 2016 onwards without a definite energy label are classified under the old methodology and estimated at energy label A. Buildings built after the 1st of January 2021 are classified under the new methodology and estimated at energy label A+++. Both estimates are based on the Dutch Building Decree. The category 'no label' consists of properties that are not required to have a label in the Regulation, while 'unknown' means ABN AMRO does not have the label of the property. In the event multiple real estate objects are related to one loan, the amount of the loan has been allocated to energy labels based on the floor area in square metres of the real estate objects. In line with the European Banking Authority's requirements for reporting on financial information, the energy labels are assigned to any immovable property collateral, regardless of the loan/collateral ratio (commonly referred as the loan-to value ratio).
Risk heatmaps (risk identification tools)	
Climate risk heatmap	The climate risk heatmap is a risk identification tool that rates a subsector's sensitivity to climate risk in the corporate lending and residential mortgages portfolios (i.e. total client loans excluding loans to professional counterparties and consumer loans); thus, giving an indication to what extent a generic sector is exposed to climate transition and physical risks due to the business environment it operates in. These climate transition risks are based on subsectors' GHG emission intensity, the ability to reduce the impact, and the sensitivity to shifts in consumer preferences, and the climate physical risks are based on subsectors' dependencies on natural capital assets that may deteriorate as a result of climate hazards. The climate risk heatmap is based on quantitative and qualitative data. The quantitative data used from the Partnership for Carbon Accounting Financials (PCAF) and Institutional Shareholder Services-oekom (ISS-oekom) cover greenhouse gas (GHG) emissions and the ENCORE data expresses the dependency on natural capital (which could be lost due to climate change) in operations and supply chains. We use a questionnaire to collect qualitative data from sector experts within the bank. This gives us insights into the risks per sector where quantitative data is missing.
Environmental risk heatmap	The environmental risk heatmap is a risk identification tool that rates a subsector's sensitivity to climate risk in the corporate lending and residential mortgages portfolios (i.e. total client loans excluding loans to professional counterparties and consumer loans); thus, giving an indication to what extent a generic sector is exposed to environmental transition and physical risks due to the business environment it operates in. These environmental transition risks are based on a subsector's impact on biodiversity and misalignment with the transition towards maintaining, enhancing, and restoring natural ecosystems, and the environmental physical risks are based on dependencies on nature, arising when natural systems are compromised due to the impact of climate events, geological events, or changes in ecosystem equilibria. The environmental riskheat map is based on quantitative and qualitative data. The quantitative data covers data from the ENCORE database on ecosystem services and natural capital, CBS (Dutch Bureau for Statistics) data on the correlation between the Dutch GDP and the production volume per sector, and Impact Institute (biodiversity impact) data across the value chain on air pollution, water pollution and land use. We use a questionnaire to collect qualitative data from sector experts within the bank in the same way as for the climate risk heatmap.
Social risk heatmap	The social risk heatmap provides a structured methodology to identify social risks in our business environment. It shows the potential social risk of our clients in a particular sector based on sector averages. To determine the level of potential social risk in a sector, several indicators have been selected. Shift has created a set of indicators on red flags that are found in business models, which may occur in multiple sectors. It was, among other things, created for lenders and investors to find human rights risks in their portfolio, to identify whether human rights violations are likely to be structural rather than incidental and to use this knowledge to engage with clients. Indicators are grouped in four themes along the lines of the four salient human rights issues: labour rights, land and community rights, right to life and health, and rights related to privacy. The social risk heatmap uses data from Impact Institute's Global Impact Database (GID), which provides impact data based on (historical) occurrence of human rights issues.
Physical risk	
Sensitive to impact from acute climate change effects	Physical risk is categorized as acute when it arises from extreme events, such as droughts, floods and storms.
Sensitive to impact from chronic climate change effects	Physical risk is categorized as chronic when it arises from progressive shifts, such as increasing temperatures, water stress, biodiversity loss and resource scarcity.
Subject to physical climate risk	Physical risk refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation
Climate strategy	
Residential Mortgages	Our lending scope exists of our Dutch residential mortgage exposures, except customised credits. In setting our target we have chosen an intensity target, where the GHG emissions include Scope 1 and 2 emissions and the intensity factor is the square metres that we finance. We have benchmarked our residential mortgage portfolio against the residential pathways laid out by the Carbon Risk Real Estate Monitor (CRREM) for the Netherlands, which has been used to set our 2030 target.

Definitions – name	Definition
Commercial Real Estate	We have set a target covering our loan book for our commercial real estate (CRE) clients in the Netherlands, excluding general corporate loans and buildings under construction. This approach is in line with guidance from methodologies such as PCAF. This approach is used to cover all our Dutch CRE portfolio. In setting our commercial real estate target we have chosen to set an intensity target, where the GHG emissions include Scope 1 and 2 emissions and the intensity factor is based on square metres that we finance. We have benchmarked our commercial real estate portfolio against the Carbon Risk Real Estate Monitor (CRREM NL) 1.5-degree pathways for the Netherlands, which have been tailored to a 1.5-degree carbon budget for the Dutch commercial real estate sector.
Power Generation	Included in our target is our corporate lending to the sector as represented by the drawn loan amount. Our portfolio (NACE D35.11) includes wind, solar and some gas-fired power, but excludes exposure to utilities that have no or only limited power generation activities in relation to total revenues, as well as energy from waste. Smaller clients with an exposure of less than EUR 5 million that are producing (often renewable) energy for their own use are also excluded due to data constraints. We target Scope 1 carbon emissions because this comprises most emissions in this sector. We calculate the carbon emission intensity (kg CO_2/MWh) of our power generation loan book. We benchmark our power portfolio against the International Energy Agency's (IEA) Net Zero Emissions (NZE) 2050 global power CO_2 emission intensity curve.
Oil and Gas Upstream	Included in our target is our corporate lending to the oil and gas upstream sector as represented by the fully committed loan amount, drawn and undrawn. With upstream, we cover exploration and production in our portfolio as this segment accounts for a significant part of our oil and gas upstream portfolio's total carbon emissions (NACE B06.10 and B06.20). With our absolute committed financing target, we are ensuring that all three GHG emission scopes will decline as our exposure to oil and gas upstream companies declines. We have benchmarked our oil and gas upstream portfolio against the International Energy Agency's (IEA) Net Zero Emissions oil and gas global supply curve.
Shipping	We include all loans used to finance vessels above 5,000 GT. We calculate carbon scope 1 emissions related to the fuel consumed by the vessels. We measure our financed emissions in the shipping sector using the Alignment Delta (AD), which is based on the Annual Efficiency Ratio (AER). The AD represents how the portfolio has performed in relation to the target AER carbon intensity, measuring the % above, on or below the target. The lower the AD, the closer the carbon intensity is to that of the decarbonisation trajectory, with a negative number meaning that carbon intensity was below the target level for the year. The AER is a measure of the carbon intensity of each vessel calculated by dividing the amount of CO_2 a ship emits by its cargo carrying capacity and the distance sailed. In the shipping sector we have used the IMO4 trajectory as our benchmark scenario. The IMO 4 trajectory is aligned with the International Maritime Organisation (IMO) ambition of reducing total annual GHG emissions by at least 50% by 2050 compared with 2008 levels. It is our aim to move to a 1.5-degree pathway, which is aligned with our bank-wide ambition, as well as with the Poseidon Principles commitment for signatories to adopt an emissions reduction trajectory in line with net zero commitments. We are in dialogue with our industry partners to formulate more ambitious targets. We collaborate with third-party providers like DNV to collect, review, process the data and calculate the performance of the vessels in our portfolio.
Client assets	We have included line-by-line equities in our ambitions for the Discretionary Portfolio Management (DPM) model portfolios. Currently Scope 1 and Scope 2 emissions are included in our ambitions. The benchmarks used are the same benchmarks that are now used in model portfolios to compare risk and return performance. Our aim is to reduce the weighted average carbon intensity (WACI) of our clients' investment portfolios in our DPM mandates. The model portfolios that the bank manages as a basis for our clients' investments will have specific ambitions based on the WACI. To determine this intensity, we use Institutional Shareholder Services' (ISS) emission intensity on issuer (e.g. company) level, in CO_2e/million EUR revenues. Carbon emissions per million of revenues shows the carbon efficiency of a company.
Agriculture	Our agriculture target covers five agricultural subsectors within our portfolio, representing 56% of our financial exposure to the sector. The subsectors included are dairy farming for cows, calf farming, pig farming, horticulture and floriculture. These subsectors were chosen due to their financial materiality in our portfolio, as well as the significant volume of carbon emissions associated with activities in these subsectors. With this target, we cover our exposure to the Agriculture sector by partially including NACE A01.13, A01.19, A01.25, A01.30 and A01.41, and fully including NACE A01.28, A01.42 and A01.46. Within this scope, our exposure to Dutch small-, mid- and large-scale clients is included. Due to limited data availability across the sector, we have used national averages to assess our baseline financed emissions figures. For dairy farming, we calculated the emissions on the paper of Hospers et al (2019). For the other sub-sectors, we have used the CBS emission factors. These financed emissions are calculated in terms of CO_2 equivalent (CO_2e), including methane (CH4) and nitrous oxide (N2O), in addition to CO_2 emissions. We have chosen this approach to ensure that our target represents all greenhouse gas (GHG) emissions relevant to the subsectors we finance. Both scope 1 and scope 2 GHG emissions are covered in our portfolio assessment and 2030 target. Although we aim to include upstream scope 3 GHG emissions in the future, limited data availability as well as a lack of local decarbonisation scenarios that include scope 3 GHG emissions currently restrict our ability to do so. Based on national averages, current scope and market share, our 2022 baseline financed emissions are equal to 2.0 metric tonnes of CO_2e emissions. We have chosen to set our target for 2023 in line with the agriculture-specific targets included in the 2021 Dutch Coalition Accord, as this most accurately represents our Dutch portfolio. This target is aligned with the European Union's Fit for 55 ambition. We are striving to achieve a 29% reduction from our 2022 baseline, reducing our emissions to 1.4 metric tonnes of CO_2e emissions by 2030. We will reassess our target to increase our level of ambition as soon as a national benchmark in line with a 1.5°C pathway is available.

Definitions – name	Definition
Inland Shipping	For our inland shipping decarbonisation target, we include our exposure to inland shipping cargo vessels (NACE H50.40), representing both small and larger ship owners based mainly in the Netherlands. The inland shipping portfolio in scope of the climate strategy amounts to EUR 254 million and covers 52% of our exposure to inland freight water transport. Cargo vessels, including dry cargo and tanker segments, are our main focus for now, due to the financial materiality of this asset type within our portfolio and difficulties associated with capturing other vessel types (e.g. multicats, tug and push boats) within one target metric. We aim to expand our target coverage further in a next iteration of our emission reduction targets. We measure our financed emissions in grams of CO_2e associated with each transported tonne of freight per kilometre (gCO_2e/tkm) across our portfolio, capturing the well-to-wake emissions (scope 1 and scope 3 - upstream GHG emissions) of the vessels in our portfolio. For base year 2023, the physical emission intensity associated with our portfolio equals 25.8 gCO_2e/tkm. Currently, we rely on average emission intensity per ship size, as well as average distance travelled, to calculate the financed emissions associated with our portfolio. Ship sizes are categorized as small, medium or large. As relying on averages limits the accuracy of our calculations and complicates decarbonisation steering, we are aiming to retrieve data on actual fuel usage from a third party going forward. We have used 2023 portfolio data for these calculations, as this is the most recent data available to us. For our 2030 target, we have used the International Energy Agency's (IEA) Net Zero Emissions (NZE) transport data for freight and shipping to set out the benchmark scenario to converge towards. This benchmark scenario represents the global decarbonisation required in the sector towards 2050, aligned with a 1.5°C temperature increase.
Greenhouse gas (GHG) emissions	
Greenhouse gas emissions	Scope 1: Direct GHG emissions that occur from owned or controlled sources Scope 2: Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating or cooling Scope 3: All indirect GHG emissions (not included in Scope 2) occurring in the value chain, including own operations and financed emissions The financed GHG emissions have been calculated according to the PCAF Global GHG Accounting and Reporting Standard for the Financial Industry for the corporate loan book, mortgage portfolio, financial investments, relevant consumer loans and client asset portfolio. From this year scope 3 financed emissions have also been included for the sectors highly contributing to climate change (NACE A to H and L), except for the sub-sectors that are not covered by the PCAF framework. The reported scope 3 GHG emissions are based on the PCAF database and include the categories purchased goods and services, capital goods, transportation and distribution, waste generated in operations, business travel and leased assets from the Greenhouse Gas Protocol. Scope 1, scope 2 and scope 3 related to own operations have been calculated in accordance with the guidelines from the Greenhouse Gas Protocol.
GHG emissions for corporate clients	The ISS ESG database has been used as source to collect GHG emissions for our corporate clients. For corporate clients which are not covered by the ISS ESG database the CBS and the PCAF databases have been used, which provide country and sector-specific carbon intensity information. For clients active in renewable energy production from solarpower, windpower or hydropower we have used an emission intensity of 0 for scope 1 and scope 2 GHG emissions as the nature of the activity already implies there is no emissions associated with these activities. For scope 3 GHG emissions, either client specific information has been used or in case not available, the CBS and the PCAF databases have been used.
GHG emissions for agriculture	For dairy farming, a combination of the research paper Hospers et al. (2022), RVO (via StatLine) and International Dairy Federation has been used to calculate a sector-specific emission factor. For all other agriculture sub-sectors, the CBS database have been used, which provide country and sector-specific carbon intensity information.
GHG emissions for shipping	The Poseidon Principes framework has been used as our main source to collect GHG emissions for the sea and coastal freight water transport portfolio at vessel level. The Kennisinstituut voor Mobiliteitsbeleid (KiM) and emissiefactoren.nl database have been used as a source to collect GHG emissions for the inland shipping cargo vessels. For all vessels which are not covered by the above-mentioned sources, the CBS and the PCAF databases have been used, which provide country and sector-specific carbon intensity information.
GHG emissions for commercial real estate	For the commercial real estate portfolio (residential and non-residential) the GHG emissions calculations are based on floor area, energy label and asset type and the corresponding emission factors provided by the PCAF emission factor database. An attribution factor at portfolio level for residential and non-residential commercial real estate has been applied, using the loan-to-market value based on the most recent property value.
GHG emissions for mortgages	For mortgages the calculations are based on floor area, (indicated) energy labels and asset type. CBS data for energy consumption has been used to calculate emission factors per square meters. To convert the energy data into carbon emission data, the emission factors provided by CBS have been used. An attribution factor at loan level has been applied which is the ratio of the gross carrying amount and the property value at origination.
GHG emissions for sovereign debt	For sovereign loans and bonds the calculations are made according to the production emission approach, proposed in the PCAF Global Financed Emission Standard. The formula includes the country's domestic emissions (including LULUCF) from the UNFCCC database and the GDP adjusted by PPP (Purchase Power Parity) from the World Bank Open Data.
GHG emissions for client assets	For the client assets portfolio, the calculations have been made using the ISS ESG database.

Definitions – name	Definition
Sectors that highly contribute to climate change	
Carbon-related assets	A carbon-related organisation is an organisation that directly takes part in exploration, mining, extraction, distribution or refining of fossil fuels. These organisations can be identified as the companies excluded from EU-Paris Aligned Benchmarks (under Article 12(1) (d)-(g) and Article 12.2 Commission Delegated Regulation (EU) 2020/1818). Identification of such an organisation should be done based on revenue split. However, in this Integrated Annual Report this was done only for the client asset portfolio, while for the banking book portfolio these exposures were identified based on the NACE code of the counterparty's principal activity, due to data constraint. The NACE codes used to identify such organisations were: B05.10, B05.20, B06.10, B06.20, B09.10, C19.20, C20.11, D35.11, D35.21, D35.22 and D35.23. Since NACE code D35.11 does not distinguish between renewable and non-renewable energy, but renewable energy should not be labelled as carbon-related, we have excluded all exposures to clients where the principal activity is renewable energy or the loan specifically finances a renewable energy project. As for Article 12.2, the identification of such companies was performed using the CASY assessment tool.
Sectors highly contributing to climate change	These sectors are identified by NACE codes A to H and L, which are Agriculture, Mining, Manufacturing, Energy, Water Supply, Construction, Wholesale and Retail Trade, Transport and Real Estate/Built Environment, as specified in Recital 6 of the Commission Delegates Regulation (EU) 2020/1818
Real estate physical risk	
Flood risk	Flood risk is measured by the risk of sea floods and river floods occurring impacting the properties in our portfolio in the Netherlands until 2050. The floods measured in the scenario analysis are floods with a minimum depth of 50 cm.
Foundation risk	Foundation risk is measured by the risk of pole rot and subsidence occurring in the years until 2050. This risk is caused by both drought and low groundwater levels.
Heat stress risk	Heat stress is defined as the number of nights with a temperature above 23 degrees in 2050. Zero nights where the minimum temperature is above 23 degrees indicate no heat stress risk. If the number of nights is between 1 and 14 nights, it indicates low risk. Between 15 and 21 nights, medium risk. 22 or more nights indicates high heat stress risk.
Wildfire risk	Wildfire risk is measured by looking at the chance that a wildfire occurs in 2050. This risk does not indicate the duration or the intensity of the wildfire.
Facility Management - Waste	
Other waste	The annual amount of waste recycled, excluding waste containing paper and plastic.
Residual waste	The annual amount of waste left after recyclable waste has been stripped out.
Hazardous waste	The annual amount of hazardous materials collected, including batteries and empty toners.
Social	
Absenteeism (trend total)	The annualised rolling average of the latest absenteeism percentage.
Culture	ABN AMRO currently follows the old Statistics Netherlands (CBS) definition as the exact changes to the new definition were not yet known in the preparation of this report: Western and non-Western person with a migration background. • Employees with a non-Western migration background: The employee or at least one of their parents was born in one of the countries in Africa, Latin America or Asia (excluding Indonesia and Japan) or in Turkey. • Employees with a Western migration background: At least one parent was born in a country in Europe (excluding Turkey), North America, Oceania, Indonesia or Japan. The culture data is collected on a voluntarily basis through the HR system and ones profile of Talent2Grow (SAP Successfactors) (only in NL).
Donations	Financial contributions to a civil society organisation for which we do not seek a return in any shape or form.
Equator Principles ('EPs')	A framework for credit risk management that is used to establish access and to control the social and environmental risks involved in project finance. Scope: Project finance that meets the two criteria in ABN AMRO's Policy for Project Finance and where application of the EPs is required is project finance within the scope of the EPs. The Equator Principles are also applied to certain loans related to new capital investments that do not meet the two criteria and where application of the EPs is not compulsory: these loans are outside the scope of the EPs.
Equator Principles: Categories	The Equator Principles distinguish three categories of projects: Category A – Projects with potentially significant adverse social or environmental impacts that are diverse, irreversible or unprecedented; Category B – Projects with potentially limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures; Category C – Projects with minimal or no social or environmental impacts.
External Outflow	Internal FTEs (permanent and temporary) who leave the bank or change contract type. This can comprise: - Natural turnover: employees leaving the bank of their own volition during the reporting period. This includes employees retiring or taking early retirement; - Reorganisation: employees leaving the bank under the social plan, after having been given notice; - Other: employees leaving the bank who do not fall within one of the above outflow categories (e.g. change of contract, leave of absence, outsourcing, expat contract, etc.).
FTE	Full-time equivalent. A unit of account for expressing the extent of employment or size of the workforce (1 FTE = 36 hours a week).
Job level	Sub-top: Job levels 12 and 13 (Hay). Top: Job levels 14 and 15 (Hay), Management Group and Executive Board.

Definitions – name	Definition
Paper consumption Netherlands	Centrally bought paper consumed by ABN AMRO in the Netherlands on an annual basis.
Paper with FSC eco label	Certified eco paper, indicating that it is less harmful to the environment, based on predefined environmental criteria. FSC certification provides environment-related information about wood and paper products sourced from sustainably managed forests.
Project finance	Project finance for the purposes of the Equator Principles is described in ABN AMRO's Policy for Project Finance and the Application of the Equator Principles as finance that meets two criteria: 1. New capital investment (or an increase in such an investment); 2. Repayments deriving from cash flows generated by the investment itself.
Sponsorship	Financial contributions to a civil society organisation for which we receive something in return.
Status holder (reboot)	Employees with a refugee background and if they are known as such by the D&I team. Someone's refugee background is not registered by a system, hence we only know if someone has actively informed us, or if they've come in through a refugee residence permit or "tewerkstellingsvergunning" for Ukrainian refugees.
EU Taxonomy	
Climate Change Adaptation	A climate change adaptation is an EU Taxonomy environmental objective that aims to contribute substantially to the process of adjustment to actual and expected climate change risks.
Climate Change Mitigation	A climate change mitigation is an EU Taxonomy environmental objective that aims to contribute substantially to the process of keeping the increase in the global average temperature below 2 °C and pursuing efforts to limit it to 1.5 °C above pre-industrial levels.
Covered assets	This term is defined as the total on-balance sheet assets (gross carrying amount, excluding fair value adjustments from hedge accounting) less exposures to central governments, central banks and supranational issuers and trading book.
Economic activity role	The economic activity role describes the role the activity plays in the transition and is linked to substantial contribution, the role can be 'Own Performance', 'Transitional' or 'Enabling'. The economic activity role is described in the Technical Screening Criteria.
Enabling	An EU Taxonomy enabling activity is an EU Taxonomy eligible economic activity that improves the performance of another environmental sustainable activity to contribute to an EU Taxonomy environmental objective.
EU Taxonomy	The EU Taxonomy is a classification system that defines what economic activities are sustainable as set out in Article 8 of the Taxonomy Regulation (Regulation (EU) 2020/852). The obligation to disclose according to the EU Taxonomy is limited to corporates that are required to report under the Non-Financial Reporting Directive (NFRD). For credit institutions, the regulation distinguishes between exposures to NFRD and non-NFRD companies, households, local governments, central governments, central banks and supranational issuers.
EU Taxonomy Alignment	An economic activity that meets all technical screening criteria for a sustainable activity.
EU Taxonomy eligibility	An economic activity that is included in the list of activities that can potentially be environmentally sustainable. Currently, only two of the six environmental objectives of the EU Taxonomy have been implemented in the Delegated Acts. Our eligibility percentage therefore only reflects these two objectives in our 2023 disclosure. The reporting requirements under the EU Taxonomy are limited to specific counterparties. The eligibility percentage should be limited to all exposures eligible for the EU Taxonomy to households, local governments and NFRD counterparties. Eligibility for NFRD exposures may only be based on actual eligibility percentages as reported by our NFRD counterparties.
Gas and Nuclear activities	Gas and nuclear activities are in line with EU climate and environmental objectives and aim to help accelerate the shift from solid or liquid fossil fuels, including coal, towards a climate-neutral future.
Green Asset Ratio	This ratio is calculated by dividing our EU Taxonomy-aligned exposures by our total covered assets.
Knows use of proceeds	Since there is no clear definition from the regulation on Known use of Proceeds, ABN AMRO includes in its scope, Specialised lending loans (defined as per the 147(8) CRR (Regulation (EU) 575/2013 (CRR) regulation), real estate and shipping loans.
Non-Financial Reporting Directive scope	The NFRD (Directive2014/95/EU) requires all large undertakings which are public-interest entities and that employ on average more than 500 employees during their respective financial years to report on their non-financial information.
Own performance	An EU Taxonomy own performance is an EU Taxonomy eligible economic activity that contributes to an EU Taxonomy environmental objective.
Technical Screening Criteria	The Technical Screening Criteria describe the specific requirements to determine EU Taxonomy alignment. 1. Substantial contribution - the activity significantly contributes to at least one of the six environmental objectives. The eligible activit either has a substantial positive environmental impact or substantially reduces negative impacts on the environment. 2. Do No Significant Harm - the criteria ensures that the activity does not harm one of the five other environmental objectives/has no significant negative impact. 3. Minimum Social Safeguards - this criteria requires the bank to check whether our clients have the correct due diligence procedures in place. If all criteria are complies with, the activity is taxonomy-aligned
Transitional	An EU Taxonomy transitional activity is an EU Taxonomy eligible economic activity that supports the transition to a climate-neutral economy where no economically feasible low-carbon alternatives for such transitional activity are available.

Compliance with the Integrated Reporting Framework

Guiding principles

This Integrated Annual Report has been prepared in accordance with the Integrated Reporting Framework, part of the IFRS Foundation. The <IR> Framework comprises Guiding principles and Content elements and focuses on an organisation's ability to create value.

Guiding principles	Details of compliance
A. Strategic focus and future orientation	Our strategy (pages 19-22) provides an overview of our strategy for being a personal bank in the digital age, including details of our three strategic pillars and targets. The Strategy, value creation & performance chapter of this report (pages 28-49) provides details of ABN AMRO's performance against these pillars. Financial performance outlook for 2024 and Economic outlook for 2024 (pages 43 and 50-51 respectively) outline our expectations for 2024.
B. Connectivity of information	Through its structure, this report explains clearly how ABN AMRO's strategy relates to changes in the bank's operating environment (pages 12-14). The report also provides details of performance against this strategy (pages 28-49), as well as discussing possible opportunities and risks arising from our strategy (pages 23-24).
C. Stakeholder relationships	ABN AMRO's main stakeholder groups are clearly identified, as are our methods of engagement and principal issues discussed over the past year (pages 26-27).
D. Materiality	This report focuses on our value-creating topics (i.e., those with the greatest impact or potential impact on ABN AMRO and its stakeholders). Our materiality processes are described in detail on pages 417-420.
E. Conciseness	To choose content for this report, we applied a materiality principle. We also ensure compliance with relevant reporting requirements (this may result in additional content on certain topics). This report acts as a stand-alone document , providing sufficient information for stakeholders to form an opinion or take decisions on their relationship with ABN AMRO.
F. Reliability and completeness	This report covers all our VCTs. In terms of content, we work to ensure a balance between positive and negative aspects. To achieve this, the report is subject to a robust review process and is approved by the bank's Executive Board before publication. We also request EY to provide external assurance on certain content (pages 417-420).
G. Consistency and comparability	Where possible, all data is shown in its proper context. Comparison with previous years' performance is also included. Significant variations in performance, year on year, are explained in the text.

Content elements

Content element	Our approach
H. Organisational overview and external environment	Our bank (pages 5-11) Our operating environment (pages 12-14)
I. Governance	Leadership and governance (pages 160-217)
J. Business model	Our Strategy, value creation and performance (page 27)
K. Risks and opportunities	Our strategy: what are the opportunities and risks (pages 23-24)
L. Strategy and resource allocation	Our strategy (pages 19-22) Note on availability of inputs and resources (pages 50-51)
M. Performance	Strategy, value creation and performance (pages 28-49)
N. Outlook	Financial performance outlook and Economic outlook (pages 43 and pages 50-51 respectively)
O. Basis of preparation and presentation	Basis of preparation (page 415)

Overview of regulatory developments

We operate in a highly regulated sector. Our operations are governed by laws and regulations, some of which apply specifically to the financial services industry. Below is an overview of the main regulatory developments during 2023.[1]

Regulation	Summary of developments
Anti-money laundering and countering terrorism finance legislation (AML/CFT)	In 2021, the European Commission has presented an ambitious package of legislative proposals to strengthen the EU's anti-money laundering and countering the financing of terrorism rules. The proposals are aimed at, among other things, introducing new rules in the areas of customer due diligence, beneficial ownership, national supervisors' powers and financial intelligence units in the EU member states, as well as transfers of crypto assets and the establishment of a new EU supervisory authority. The proposals are still pending in the trilogue phase. One of the main discussion points is the sharing of personal data for AML/CFT purposes in relation to "suspicious transactions". In the Netherlands, the sharing of personal data for AML/CFT purposes (for the outsourcing of transaction monitoring) is also one of the main discussion points in in relation to the bill with amendments to Dutch AML legislation (Wet plan van aanpak witwassen). Unfortunately this bill is now deemed controversial. This means that the bill will not be listed on the agenda until a new parliament has been installed.
EU banking rules (Basel III/IV)	On 27 October 2021, the European Commission proposed a review of EU banking rules – the Capital Requirements Regulation and the Capital Requirements Directive. This package finalises the implementation of Basel III agreement in the EU, which marks the final step in this reform of banking rules. The agreement was reached to make EU banks more resilient to potential economic shocks. In addition, the new rules also aim to support the green transition to a more sustainable economy and to ensure sound management of EU banks and better protecting financial stability . The legislative procedures needed to reach agreement on the changes to the EU banking rules are nearing the final stages, while the new rules (including transitional arrangements) are expected to be implemented as from 1 January 2025.
Benchmark Regulation/IBOR	In 2014, at the request of the G20, the Financial Stability Board issued its report 'Reforming Major Interest Rate Benchmarks'. This report sets out several recommendations for strengthening existing benchmarks for key interbank offered rates (IBOR) in unsecured lending markets, and for promoting the development and adoption of alternative nearly risk-free reference rates, where appropriate. These recommendations led to a fundamental review of the key interest rate benchmarks used in global financial markets. Throughout 2023, as in previous years, public authorities in various jurisdictions continued to make progress on reforming or replacing the existing benchmarks in order to ensure a smooth transition, and ABN AMRO's bank-wide project continued to deliver on the changes required. Whilst in previous years the main focus was on adapting to the new discounting regimes for centrally cleared swaps and bilateral counterparties, to the new rules relating to swaps denominated in CHF, JPY and GBP and the preparation for changes required in relation to USD-Libor-linked contracts such as loans and swaps, 2023 was the year of finalising the repapering of such agreements. ABN AMRO repapered nearly all agreements prior to the cessation date (30 June 2023). Only a small number of 'tough legacy' cases remain, which will run on Synthetic USD LIBOR until the repapering to SOFR has been completed. The publication of Synthetic USD LIBOR will be continued to September 2024, but the Bank aims to repaper all contracts before 31 December 2023.
EU taxonomy of sustainable activities	The EU Taxonomy Regulation entails a classification system establishing a list of activities considered environmentally sustainable. The system is meant to be used by companies, investors, and policymakers in their sustainability reporting in order to prevent greenwashing and help companies become more climate-friendly. The EU Taxonomy Regulation covers six environmental objectives. As of 2023, all objectives are now covered, with the recent inclusion of criteria for sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems, in addition to the previously published objectives of climate change mitigation and adaptation. These updates enhance the scope and usability of the EU Taxonomy, facilitating more comprehensive and effective sustainability reporting. Moreover, on 1 January 2023, the delegated act to include nuclear energy and gas in the EU taxonomy entered into force.
General Data Protection Regulation (GDPR)	The General Data Protection Regulation (GDPR) is not uniform throughout the EU. Some important aspects of the GDPR have been left to member states to further legislate. In the Netherlands, the bill to amend the current act implementing certain aspects of the GDPR was presented to the Dutch parliament. One of the relevant amendments for the sector envisaged in this draft is that the Financial Supervision Act will provide for a ground that brings automated decisions in the context of transaction monitoring for fraud prevention in line with GDPR requirements. Another relevant amendment is that in order to be able to rely on the exception for using biometric identification processes (for example, to protect access to services), such use must be necessary in the context of a general public interest. Despite this extra requirement, it seems that the sector may be able to rely on this exception in the context of identification and verification, which will be necessary to comply with AML legislation in the context of fully online onboarding. The adoption is this bill is delayed. The European Commission is currently evaluating the application of the GDPR and is working on a report that is to be published in 2024. Due to the introduction by the EC of the Financial data access and payments package, the interplay between these new rules and the GDPR is likely to give raise to uncertainties and the need for (privacy) regulators to issue guidance.

[1] Selected based on their impact, or potential impact, on ABN AMRO and the bank's relations with its main stakeholder groups.

Regulation	Summary of developments
EU Sustainable Finance Disclosure Regulation	The Sustainable Finance Disclosure Regulation (SFDR) came into effect in March 2021 and aims to redirect capital flows towards sustainable finance. This regulation was introduced to improve transparency in the market for sustainable investment products, prevent greenwashing and increase transparency around sustainability claims made by financial market participants. SFDR imposes comprehensive sustainability disclosure requirements by way of a broad range of environmental, social & governance (ESG) metrics at entity and product level. As a result of this regulation ABN AMRO published last year a Principle Adverse Impact (PAI) statement on her website and all clients in Discretionary Portfolio Management receive now pre-contractual and periodically sustainability information about their portfolio.
EU Corporate Sustainable Reporting Directive	On 5 January 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force. As part of the European Green Deal and the Sustainable Finance Agenda, the CSRD was introduced to strengthen the existing rules for sustainability reporting. It further builds on the Non-Financial Reporting Directive (NFRD) and introduces more detailed reporting requirements on a company's risks and opportunities arising from social and environmental issues, as well as on the impact of the company's activities on people and the environment. In addition to the more detailed disclosure requirements, the CSRD requires companies to obtain assurance on the sustainability information they report. The new legislation will apply to all large companies and all listed companies, but application will take place in four stages. The first stage applies to companies already subject to NFRD (i.e. large public-interest companies with more than 500 employees), such as ABN AMRO. This means that ABN AMRO will have to apply the CSRD for the first time in its 2024 Annual Report. For 2023, ABN AMRO will work towards a first 'skeleton' on CSRD reporting, in order to identify the gaps in reporting on the ESRS schedules (as part of CSRD reporting) that were deemed material.
Markets in Financial Instruments Directive (MiFID II)	Following publication of the Commission's Action Plan, the MiFID II Delegated Regulation was updated to integrate sustainability factors, risk and preferences into certain organisational requirements for investment firms. Furthermore, the Commission introduced amendments to the MiFID II Delegated Directive to integrate sustainability factors into the product governance obligations. Since the application date, all clients in advisory and Discretionary Portfolio Management are asked to specify their sustainability preferences and can choose a sustainability profile (Non ESG, Improver, Leader or Impact). ABN AMRO takes the sustainability preferences into account during the providing of investment services and has integrated the sustainability profiles into her internal policy for product governance.
Schrems II	In July 2020, the Court of Justice of the European Union ruled that the transfer of personal data outside the European Economic Area (EEA) may require additional technical measures to provide adequate protection of personal data (the Schrems II judgment). As a result of this judgment, ABN AMRO needs to assess and monitor its data transfers outside the EEA, for example India or the US, to verify whether additional technical measures are required. In some cases, if the required protection of personal data cannot be provided, we may be required to discontinue the data transfer and the related service, platform or application. A positive development is that on 10 July 2023, the European Commission adopted its adequacy decision for the EU-U.S. Data Privacy Framework. The adequacy decision concludes that the US ensures an adequate level of protection for personal data transferred from the EU to US companies participating in the EU-U.S. Data Privacy Framework. The adequacy decision follows the US' signature of an Executive Order on 'Enhancing Safeguards for United States Signals Intelligence Activities', which introduced new binding safeguards to address the points raised by the Schrems II judgement. The expectation is that this will facilitate the access by parties from the US to personal data in line with the GDPR.
Digital Operational Resilience Act	The Digital Operational Resilience Act (DORA) became effective 16 January 2023 and must be complied with by 17 January 2025. DORA sets requirements on digital operational resilience. DORA applies to all financial institutions in the EU. Institutions must have an ICT risk management framework that enables them to achieve a high level of digital operational resilience to withstand, respond to and recover from all types of ICT-related disruptions and threats. These requirements are the same across all EU member states. The main aim is to prevent and mitigate cyber threats.

Independent auditor's report

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

Report on the audit of the financial statements 2023 included in the integrated annual report

Our opinion

We have audited the financial statements 2023 of ABN AMRO Bank N.V. (hereinafter: ABN AMRO or the bank) based in Amsterdam, the Netherlands. The financial statements comprise the consolidated and company annual financial statements.

In our opinion:
- The accompanying consolidated annual financial statements give a true and fair view of the financial position of ABN AMRO as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company annual financial statements give a true and fair view of the financial position of ABN AMRO as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated annual financial statements comprise:
- The consolidated statement of financial position as at 31 December 2023
- The following statements for 2023: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising material accounting policy information and other explanatory information

The company annual financial statements comprise:
- The company statement of financial position as at 31 December 2023
- The company income statement for 2023
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.
Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of ABN AMRO in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

ABN AMRO provides a broad range of financial services to private and business banking clients. These activities are conducted primarily in the Netherlands, with foreign operations mainly related to private banking activities in Germany and France and clearing operations in the United States. The bank is at the head of a group of entities and we tailored our group audit approach accordingly.

Materiality

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality	EUR 160 million (2022: EUR 160 million)
Benchmark applied	0.7% of total equity (2022: 0.7% of total equity)
Explanation	Based on our professional judgment and our perception of the information needs of the users of the financial statements, a benchmark of 0.7% of total equity is an appropriate quantitative indicator of materiality as equity best reflects the financial position of ABN AMRO and is the basis for determining available regulatory capital. We determined materiality consistently with the previous financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of EUR 8 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

ABN AMRO is at the head of a group of entities ('components'). The financial information of this group is included in the consolidated annual financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

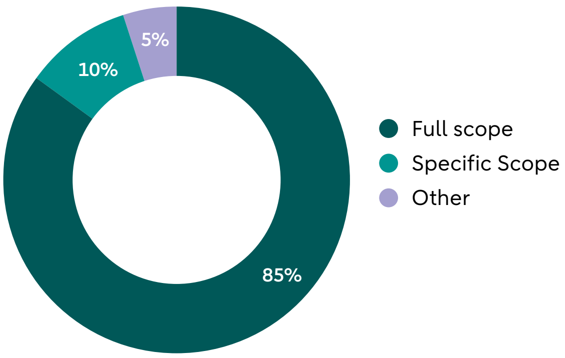
Our group audit mainly focused on significant components of ABN AMRO in the Netherlands, France, Germany and the United States. We have:
- performed audit procedures ourselves at the central group level and at the components in the Netherlands;
- used the work of other auditors from EY Global member firms when auditing the components in France, Germany and the United States;
- performed review procedures or specified audit procedures at other components.

We sent instructions to component auditors, covering the significant areas and the information required to be reported to us. Based on our risk assessment, we determined the level of involvement in component audits.

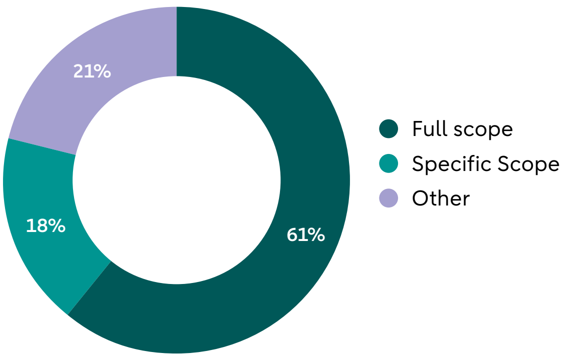
We have visited the component teams in France, Germany and the United States, reviewed key local working papers and conclusions, met with local management teams and obtained an understanding of key processes. We interacted regularly with the component teams during various stages of the audit. We reviewed key working papers of component auditors using the EY electronic audit file platform, screen sharing or copies of work papers submitted to the group audit team.

Through our procedures at full and specific scope components of the group we covered in total 95% of the group's total assets and 79% of profit before tax.

Total assets



Profit before taxes



By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed bank. We included team members with specialized knowledge in the areas of IT audit, forensics, treasury, and sustainability and have made use of our own specialists in the areas of income tax, valuation of derivatives, financial investments and real estate, goodwill impairment testing, credit risk modelling, macro-economic forecasting, regulatory reporting, compliance and legal, and actuarial calculations.

Our focus on climate-related risks and the energy transition

In sections such as 'Strategy, Value Creation & Performance', 'Risk Management', and 'Sustainability Statements' of the Integrated Annual Report, the Executive Board of ABN AMRO (hereinafter referred to as 'management') has reported how the bank is addressing climate change, energy transition, and environmental risks, thereby taking into account related regulatory and supervisory guidance and recommendations. Furthermore, ABN AMRO discloses in these sections its assessment and implementation plans in connection to climate related risks and the effects of energy transition.

As part of our audit of the financial statements, we evaluated the extent to which climate-related and environmental risks and the effects of the energy transition and ABN AMRO's implementation plans are taken into account in estimates and significant assumptions underlying the valuation of certain account balances of ABN AMRO, including those related to the estimation of expected credit losses. Furthermore, we read the specific non-financial information on climate risks, energy transition and carbon reduction and considered whether there is any material inconsistency with the financial statements.

We describe in our key audit matter relating to the estimation of impairment allowances for loans and advances to customers the audit procedures responsive to the risk related to climate and environmental risk and energy transition.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the bank and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to the section 'Risk management', in particular the risk type 'Fraud risk', as well section C of the 'Management Control Statement' as included in the integrated annual report for the executive boards' fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration in close co-operation with our forensic specialists. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of certain internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present. We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies, and we considered the presumed risk of fraud in revenue recognition:

- For the risks related to management override of controls we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in the 'Critical accounting estimates and judgements' section of the accounting policies in the Notes to the consolidated annual financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties. Additionally, as described in our key audit matter related to the 'Estimation of impairment allowances for loans and advances to customers', we specifically considered whether the judgments and assumptions in the determination of this allowance indicate a management bias that may represent a risk of material misstatement due to fraud.
- With regards to the presumed risk of fraud in revenue recognition, based on our risk assessment procedures, we evaluated that this risk is present in areas that are complex or with higher subjectivity in meeting revenue recognition criteria, more specifically related to the unrealized valuation results of direct private equity investments of ABN AMRO. We designed and performed, with support of our own valuation specialists, audit procedures relating to revenue recognition responsive to this presumed fraud risk.

Furthermore, we took into account available information and made enquiries of relevant functions (including risk management, compliance, security affairs, internal audit and legal), business line management, the executive board, and the supervisory board.

The fraud risks we identified, enquiries and afore-mentioned procedures we performed and other available information available to us did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

ABN AMRO is subject to laws and regulations that directly affect the financial statements, including financial reporting standards, corporate tax law and various banking supervisory regulations. Also, ABN AMRO is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or instructions. Examples are laws and regulations in respect of anti-money laundering ('AML'), sanctions, privacy, customer care, market transparency and minimum capital requirements. We refer to section 'Risk management', in particular the risk type 'Compliance risk', as well to section 'Business conduct', in particular Anti-money laundering', and to section C of the 'Management Control Statement' for the areas identified by the executive board with a risk of non-compliance with regulations and heightened regulatory scrutiny.

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the executive board, inspection of the systematic integrity risk analysis (SIRA), reading minutes, inspection of reports from risk management, compliance and internal audit and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. In case of potential non-compliance with laws and regulations that may have a material effect on the financial statements, we assessed whether ABN AMRO has an adequate process in place to evaluate the impact of non-compliance for its activities and financial reporting and, where relevant, whether ABN AMRO implemented remediation plans. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us. Specifically with regard to the progress on the AML remediation activities, we make reference to the key audit matter on 'Estimation of other provisions and contingent liabilities and related disclosures'.

Our audit response related to going concern
As disclosed in 'basis of preparation' of the notes to the consolidated annual financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of ABN AMRO's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. Furthermore, we assessed the impact that such events and conditions may have on the bank's operations and forecasted cash flows, with a focus on whether the bank meets the regulatory solvency and liquidity requirements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a bank to cease to continue as a going concern.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements and that we have communicated to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed. In comparison with the previous year, the nature of our key audit matters remained unchanged.

Estimation of impairment allowances for loans and advances to customers	
Risk	Loans and advances to customers are measured at amortized cost, less an allowance for impairment. Impairment allowances represent the company's best estimate of expected credit losses calculated in accordance with IFRS 9 'Financial Instruments'. At 31 December 2023, the gross loans and advances customers portfolio of ABN AMRO amounts to EUR 253 billion (2022: EUR 255 billion). The allowances for expected credit losses of EUR 1.7 billion (2022: EUR 2.1 billion) are deducted from the gross loan balance as disclosed in the sections 'Credit risk management' and 'Credit risk review' of the Risk, funding & capital chapter in the integrated annual report, as well as in in notes 21 and 30 to the financial statements. As discussed in more detail in the "Accounting policy for measuring allowances for expected credit losses (ECL)" as included in the integrated annual report, the expected credit losses are calculated based on risk staging of loans, using assumptions such as the probability of default, loss given default, macro-economic scenarios and other forward-looking information. ABN AMRO also recognizes certain management overlays and other adjustments, among others for uncertainties due to geopolitical and market sensitivity in the macro-economic environment, the potential impact of climate and environmental risks. The determination of impairment allowances is a key area of judgment for management. The determination of the individual or collective recoverability of loans and advances to customers is subject to inherent estimation uncertainty. This also involves setting assumptions and determining scenarios for macro-economic developments, geopolitical trends, climate and other environmental related factors. Given the materiality of the loans and advances to customers of ABN AMRO, the complex accounting requirements with respect to calculating allowances for expected credit losses, the subjectivity involved in the judgments made and the inherent risk of management bias, we considered this to be a key audit matter.

Estimation of impairment allowances for loans and advances to customers	
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of ABN AMRO's accounting policies related to expected credit losses according to IFRS 9. We also obtained an understanding of the impairment allowance process, evaluated the design and tested operating effectiveness of internal controls in respect of expected credit loss calculations. We performed substantive procedures to test the data used in the allowance calculations and disclosures, including the reconciliation of the data to source systems. For individually assessed loan impairment allowances, we selected individual loan files across all stages and performed detailed credit file reviews to assess whether the bank correctly applied its credit risk and staging policy. We considered the impact of the current geopolitical and economic outlook and climate and environmental risks in expected credit losses. We challenged the applied recovery scenarios and the weighting of these scenarios. With the support of our own valuation specialists, we assessed the assumptions underlying the loan impairment calculation, such as estimated future cash flows and collateral valuations. Furthermore we reperformed the impairment calculations to assess the mathematical accuracy. With the support of our own credit risk modelling specialists, we assessed the appropriateness of the models used by ABN AMRO for collectively determined impairment allowances and verified whether the models were adequately designed, implemented and periodically validated. We performed an overall assessment of the provision levels by risk stage to determine if they were reasonable considering the risk profile of the loan and advances portfolios, arrears management and credit risk management practices. We challenged the criteria used to allocate loans to risk stage 1, 2 or 3 in accordance with IFRS 9 and tested a sample of loans on appropriate stage allocation. We assessed the retrospective review procedures performed by management which compare modelled predictions to actual results, management overlays and other adjustments. To assess the estimation uncertainty inherent in the calculations, we developed our independent range of estimates for a sample of models. Regarding the application of macro-economic scenarios and forward-looking information, we assessed with the support of our own macro-economic forecasting specialists the base case and alternative economic scenarios. We considered the impact of the uncertainties in geopolitical trends, climate and other environmental related factors. This included challenging probability weights and the severity and magnitude of modelled downside scenarios, as well as assessing the sensitivity of changes in the assumptions in the calculations. We tested the appropriateness, adequacy and completeness of management overlays and other adjustments that are recorded to reflect the credit risk factors which are not captured by the current credit risk models. This included recalculation of the management overlays and other adjustments, challenging the identification of vulnerable portfolios, sectors or clients as well as the loss estimates used in measuring the (potential) impact. During our testing of the management overlays and other adjustments, we also considered the impact of the findings from regulatory inspections, climate and environmental risks, industry sector trends, known model limitations and the outcome of model monitoring procedures of ABN AMRO. Finally, we evaluated the adequacy of the related disclosures, as included in note 21 to the financial statements and in the 'Risk management' section of the integrated annual report. In particular we evaluated that disclosures adequately convey the degree of estimation uncertainty and the range of possible outcomes under the different economic scenarios.
Key observations	Based on our procedures performed we consider the estimation of and disclosures on the impairment allowances for loans and advances to customers to be reasonable and in compliance with EU-IFRS.

Estimation of other provisions and contingent liabilities and related disclosures	
Risk	In accordance with IAS 37 'Provisions, contingent liabilities and contingent assets', ABN AMRO provides for liabilities related to, among others, legal claims, restructuring, and compliance remediation matters when an outflow of resources is probable and reliably estimable. As disclosed in note 30 of the financial statements, ABN AMRO recognized at 31 December 2023 legal provisions, including the provision for compensation of variable interest, and restructuring and other provisions of EUR 742 million (2022: EUR 1,044 million). In note 35 the commitments and contingent liabilities are disclosed. This includes contingent liabilities in respect of legal proceedings related to tainted dividend arbitrage, a discussion on regulatory levies, and certain duty of care matters. Furthermore, developments with regard to legal and compliance risks are disclosed in the integrated annual report. The estimation process in relation to provisions and contingent liabilities is inherently complex. This specifically impacts the determination of whether outflows of resources are probable and can be reliably estimated and the appropriateness of assumptions and judgments used in the estimation of the provisions and disclosure of contingent liabilities. Therefore, we considered this to be a key audit matter.

Estimation of other provisions and contingent liabilities and related disclosures	
Our audit approach	We evaluated ABN AMRO's accounting policies related to provisions and contingent liabilities in accordance with IAS 37, and whether assumptions and the methods for making estimates are appropriate and have been applied consistently. We also obtained an understanding of the internal controls and the legal and regulatory framework of the company. Further, we evaluated the design and implementation of controls by ABN AMRO to identify, monitor provisions for obligations and disclose contingent liabilities, and to assess the completeness and accuracy of data used to estimate provisions. For material provisions we challenged the provisioning methodology and tested the underlying data and assumptions used. Specifically, for the provision related to the variable interest client compensation scheme we performed test of details to underlying contract data and assessed the assumptions and judgments made by the bank, including the expected number of client responses to compensation offerings. We also performed audit procedures to assess the accuracy and completeness of the AML remediation provision, taking into account internal progress reports, the ongoing action plans and regulatory correspondence. We examined the relevant internal reports, minutes of management and supervisory board meetings, as well as regulatory and legal correspondence to assess developments. We performed follow-up procedures to examine the company's assessment of the impact on the financial statements and the adequacy of risk management disclosures. We obtained legal letters from external counsel and, where appropriate, involved legal and compliance specialists. Furthermore, we evaluated whether the disclosures provided on the other provisions and contingent liabilities with regard to restructuring, legal and compliance matters are in compliance with the EU-IFRSs requirements. In particular, we assessed whether they adequately convey the degree of estimation uncertainty and the estimate of the financial effect. Finally, we evaluated the appropriateness of the compliance and legal risk disclosures.
Key observations	Based on our procedures performed we consider the provisions and the disclosures on provisions and contingent liabilities to be reasonable and in compliance with EU-IFRSs.

Reliability and continuity of IT environment	
Risk	The activities and financial reporting of ABN AMRO are highly dependent on the reliability and continuity of the IT environment. Effective general IT controls with respect to change management, logical access, infrastructure, cybersecurity and operations, support the integrity and continuity of the electronic data processing as well as the operating effectiveness of the automated controls. As described in the 'Risk management' section 'Operational (non-financial) risk' in the integrated annual report, the IT environment and the IT organization of ABN AMRO continues to be strengthened. There is a risk that the general IT control measures may not always operate as intended and, as a result, internal controls are ineffective. Therefore, we identified the reliability and continuity of the IT environment as a key audit matter.
Our audit approach	IT audit specialists are an integral part of the engagement team and assess the reliability and continuity of the IT environment to the extent necessary for the scope of our audit of the financial statements. In this context, we evaluated the design of the IT processes including cybersecurity and tested the operating effectiveness of general IT controls, as well as application controls over data processing, data feeds and interfaces where relevant for the financial reporting. Due to ineffectiveness of certain general IT controls we performed additional substantive procedures on change management and logical user access management for the related systems. We also assessed the possible impact of changes in IT applications during the year resulting from the internal transformation activities and remedial measures on the operating effectiveness of general IT controls and the automated controls. Where applicable, we tested internal controls related to cloud computing and third-party service providers.
Key observations	Our testing of the general IT controls and the substantive tests performed, provided sufficient evidence to enable us to rely on the adequate and continued electronic data processing relevant for our audit of the financial statements.

Report on other information included in the integrated annual report

The integrated annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. Management and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the supervisory board as auditor of ABN AMRO on 11 September 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

ABN AMRO has prepared the integrated annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the integrated annual report prepared in the XHTML format, including the (partially) marked-up consolidated annual financial statements as included in the reporting package by ABN AMRO, complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the integrated annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the integrated annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the bank's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
  - Examining the information related to the consolidated annual financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the bank's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the bank or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the bank's ability to continue as a going concern in the financial statements.

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

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee of the supervisory board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 12 March 2024

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

Limited assurance report of the independent auditor on the non-financial information

To: The executive board and supervisory board of ABN AMRO Bank N.V.

Our conclusion

We have performed a limited assurance engagement on the non-financial information in the accompanying Integrated Annual Report for 2023 of ABN AMRO Bank N.V. at Amsterdam.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the non-financial information does not present fairly, in all material respects:

- The policy with regard to sustainability matters
- The business operations, events and achievements in that area in 2023

in accordance with the applicable criteria as included in the section “Criteria”.

The non-financial information in scope is included in the chapters:

- Our Bank
- Our strategy
- How we create value for our stakeholders
- Performance on our strategy

and in the following sections of the chapter Sustainability Statements of the Integrated Annual Report:

- Introduction
- Strategy and business model
- Governance of sustainability matters
- Risk
- Environment excluding our own operations
- Social excluding Characteristics of own workforce, Social risk identification, monitoring and reporting and Consumers and End-users
- Anti-money laundering

Basis for our conclusion

We have performed our limited assurance engagement on the non-financial information in accordance with Dutch law, including Dutch Standard 3810N, “Assurance-opdrachten inzake duurzaamheidsverslaggeving” (Assurance engagements relating to sustainability reporting), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000, “Assurance engagements other than audits or reviews of historical financial information”. Our responsibilities in this regard are further described in the section “Our responsibilities for the assurance engagement on the non-financial information” of our report.

We are independent of ABN AMRO Bank N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

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

Criteria

The criteria applied for the preparation of the non-financial information are the International <IR> Framework of the IFRS Foundation and the criteria supplementally applied as disclosed in the sections “How we prepared this report” and “Approach to sustainability reporting” in the Integrated Annual Report.

The comparability of non-financial information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the non-financial information needs to be read and understood together with the criteria applied.

Corresponding information not assured

The non-financial information for the period ended 31 December 2022 included in the chapter "Sustainability Statements" has not been part of an assurance engagement. Consequently, the corresponding non-financial information and thereto related disclosures for the period ended 31 December 2022 in the chapter "Sustainability Statements" of the Integrated Annual Report are not assured.

Our conclusion is not modified in respect of this matter.

Limitations to the scope of our assurance engagement

The non-financial information includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the assumptions and achievability of this prospective information.

In the non-financial information, the calculations to determine GHG emissions; climate and environmental risk heatmaps and climate strategy baseline figures (hereinafter: the specific source data) are mostly based on assumptions and sources from third parties. The assumptions and sources used are disclosed in sections "Glossary of other sustainability terms" and "Strategic key performance indicators" of the Integrated Annual Report. We have assessed that these assumptions and external sources are plausible and appropriate, but we have not performed procedures on the content of these assumptions and external sources.

The references to external sources or websites in the non-financial information are not part of the non-financial information as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect of these matters.

Responsibilities of the executive board and the supervisory board for the non-financial information

The executive board is responsible for the preparation and fair presentation of the non-financial information in accordance with the criteria as included in the section "Criteria", including the identification of stakeholders and the definition of material matters.

The executive board is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of stakeholders, considering applicable law and regulations related to reporting. The choices made by the executive board regarding the scope of the non-financial information and the reporting policy are summarized in the sections "How we prepared this report" and "Approach to sustainability reporting" of the Integrated Annual Report.

Furthermore, the executive board is responsible for such internal control as it determines is necessary to enable the preparation of the non-financial information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the non-financial reporting process of ABN AMRO Bank N.V.

Our responsibilities for the assurance engagement on the non-financial information

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

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of non-financial information. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

We apply the Nadere voorschriften kwaliteitssystemen (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our assurance engagement included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics that are most relevant to achieving the company's strategy and value creation
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures in the non-financial information. This includes the evaluation of the company's materiality assessment and the reasonableness of estimates made by the executive board
- Evaluating ABN AMRO's approach to reporting in accordance with the <IR> Framework as disclosed in section "Compliance with the Integrated Reporting Framework" in the Integrated Annual Report
- Obtaining an understanding of the value creation model of ABN AMRO Bank N.V.
- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the non-financial information, without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- Obtaining an understanding of the procedures performed by the internal audit department and the external subject matter expert of ABN AMRO Bank N.V.
- Identifying areas of the non-financial information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the non-financial information responsive to this risk analysis. These procedures consisted amongst others of:
  - Making inquiries of management and relevant staff at corporate level responsible for the non-financial information strategy, policy and results
  - Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the non-financial information
  - Assessing the suitability and plausibility of assumptions and sources from third parties used for the calculation underlying the specific source data as included in chapter "Sustainability Statements" of the Integrated Annual Report and further explained in the sections "Glossary of other sustainability terms" and "Strategic key performance indicators"
  - Obtaining assurance evidence that the non-financial information reconciles with underlying records of ABN AMRO Bank N.V.
  - Reviewing, on a limited sample basis, relevant internal and external documentation
  - Considering the data and trends in the information submitted for consolidation at corporate level
- Reconciling the relevant financial information with the financial statements
- Reading the information in the Integrated Annual Report that is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the non-financial information
- Considering the overall presentation and balanced content of the non-financial information
- Considering whether the non-financial information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with criteria applied

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Amsterdam, 12 March 2024

Ernst & Young Accountants LLP
Signed by Remco Bleijs

Major subsidiaries and participating interests
as at 31 December 2023

Personal & Business banking		
ABN AMRO Assuradeuren B.V.	49%	Zwolle, The Netherlands
ABN AMRO Hypotheken Groep B.V.[1]		Amersfoort, The Netherlands
ABN AMRO Kredieten B.V.[1]		Bunnik, The Netherlands
ABN AMRO Schadeverzekering N.V.	49%	Zwolle, The Netherlands
ABN AMRO Verzekeringen B.V.	49%	Zwolle, The Netherlands
ALFAM Holding N.V.[1]		Bunnik, The Netherlands
Alpha Credit Nederland B.V.[1]		Bunnik, The Netherlands
Credivance N.V.[1]		Bunnik, The Netherlands
Currence Holding B.V.	36%	Amsterdam, The Netherlands
DEFAM B.V.[1]		Bunnik, The Netherlands
Geldmaat B.V.	33%	Weesp, The Netherlands
International Card Services B.V.1		Diemen, The Netherlands
Moneyou B.V.[1]		Amersfoort, The Netherlands
Moneyou Kredieten B.V.[1]		Bunnik, The Netherlands
Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V.	49%	Zwolle, The Netherlands
New10 B.V.[1]		Amsterdam, The Netherlands
Stater N.V.	25%	Amsterdam, The Netherlands
Wealth Management		
ABN AMRO Investment Solutions S.A.		Paris, France
Bethmann Liegenschafts K.G.	50%	Frankfurt am Main, Germany
IFCIC S.A.	16%	Paris, France
Neuflize Vie S.A.	60%	Paris, France
Corporate Banking		
ABN AMRO Acquisition Finance Holding B.V.		Amsterdam, The Netherlands
ABN AMRO Asset Based Finance N.V.[1]		Utrecht, The Netherlands
ABN AMRO Clearing Bank N.V.[1]		Amsterdam, The Netherlands
ABN AMRO Clearing Hong Kong Ltd		Hong Kong, China
ABN AMRO Clearing Investments B.V.		Amsterdam, The Netherlands
ABN AMRO Clearing London Ltd		London, United Kingdom
ABN AMRO Clearing Singapore Pte Ltd		Singapore, Singapore
ABN AMRO Clearing Sydney Nominees Pty Ltd		Sydney, Australia
ABN AMRO Clearing Sydney Pty Ltd		Sydney, Australia
ABN AMRO Clearing Tokyo Co Ltd		Tokyo, Japan
ABN AMRO Clearing USA LLC		Chicago, USA
ABN AMRO Corretora de Títulos e Valores Mobiliários Ltda		São Paulo, Brazil
ABN AMRO Effecten Compagnie B.V.[1]		Amsterdam, The Netherlands
ABN AMRO Groenbank B.V.[1]		Amsterdam, The Netherlands
ABN AMRO Holdings USA LLC		New York, USA

[1] A statement of liability within the meaning of Article 403, subsection 1, paragraph f, Book 2 of the Dutch Civil Code has been issued for these companies.

Corporate Banking		
ABN AMRO Investment Holding B.V.[1]		Amsterdam, The Netherlands
ABN AMRO Jonge Bedrijven Fonds B.V.		Amsterdam, The Netherlands
ABN AMRO Participaties NPE Fund B.V.		Amsterdam, The Netherlands
ABN AMRO Securities (USA) LLC		New York, USA
ABN AMRO Social Impact Fund B.V.		Amsterdam, The Netherlands
ABN AMRO Sustainable Impact Fund PE B.V.		Amsterdam, The Netherlands
ABN AMRO Sustainable Impact Fund VC B.V.		Amsterdam, The Netherlands
Banco ABN AMRO S.A.		São Paulo, Brazil
Franx B.V.		Amsterdam, The Netherlands
Maas Capital Investments B.V.		Amsterdam, The Netherlands
Maas Capital Offshore B.V.		Amsterdam, The Netherlands
Principal Finance Investments Holding B.V.		Amsterdam, The Netherlands
Group Functions		
ABN AMRO Arbo Services B.V.[1]		Amsterdam, The Netherlands
ABN AMRO Captive N.V.		Amsterdam, The Netherlands
ABN AMRO Funding USA LLC		New York, USA
ABN AMRO Strategic Partnership Fund B.V.		Amsterdam, The Netherlands
ABN AMRO Ventures B.V.		Amsterdam, The Netherlands
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V.	20%	Den Haag, The Netherlands
Branches/Representative Offices		
ABN AMRO Asset Based Finance N.V. (France) Branch[1]		Levallois-Perret, France
ABN AMRO Asset Based Finance N.V. (Deutschland) Branch[1]		Frankfurt am Main, Germany
ABN AMRO Asset Based Finance N.V. (United Kingdom) Branch[1]		London, United Kingdom
ABN AMRO Bank N.V. (Greece) Branch		Athens, Greece
ABN AMRO Bank N.V. (Belgium) Branch		Berchem, Belgium
ABN AMRO Bank N.V., Frankfurt Branch		Frankfurt am Main, Germany
ABN AMRO Bank N.V., Oslo Branch		Oslo, Norway
ABN AMRO Bank N.V., Paris Branch		Paris, France
ABN AMRO Bank N.V. Representative Office New York		New York, USA
ABN AMRO Bank N.V. (United Kingdom) Branch		London, United Kingdom
ABN AMRO Clearing Bank N.V., London Branch[1]		London, United Kingdom
ABN AMRO Clearing Bank N.V., Singapore Branch[1]		Singapore, Singapore
International Card Services B.V. (Deutschland) Branch[1]		Düsseldorf, Germany

[1] A statement of liability within the meaning of Article 403, subsection 1, paragraph f, Book 2 of the Dutch Civil Code has been issued for these companies.

Cautionary statements

The bank has included in this Integrated Annual Report and may from time to time make certain statements in its public filings, press releases or other public statements that may constitute “forward-looking statements” within the meaning of the safe-harbour provisions of the United States Private Securities Litigation Reform Act of 1995. This includes, without limitation, such statements that include the words “expect”, “estimate”, “project”, “anticipate”, “should”, “intend”, plan”, “aim”, “desire”, “strive”, “probability”, “risk”, “Value at Risk” (“VaR”), “target”, “goal”, “objective”, “will”, “endeavour”, “outlook”, “optimistic”, “prospects” and similar expressions or variations on such expressions. In particular, this document includes forward-looking statements relating, but not limited, to ABN AMRO’s potential exposures to various types of operational, credit and market risk, such as counterparty risk, interest rate risk, foreign exchange rate risk and commodity and equity price risk. Such statements are subject to risks and uncertainties. These forward-looking statements are not historical facts and represent only ABN AMRO’s beliefs regarding future events, many of which by their nature are inherently uncertain and beyond the bank’s control.

Other factors that could cause actual results to differ materially from those anticipated by the forward-looking statements contained in this document include, but are not limited to:
- The extent and nature of future developments and continued volatility in the credit and financial marketsand their impact on the financial industry in general and ABN AMRO in particular;
- The effect on ABN AMRO’s capital of write-downs in respect of credit and other risk exposures;
- Risks relating to ABN AMRO’s stock exchange listing;
- Risks related to ABN AMRO’s corporate transactions (e.g. merger, separation and integration process);
- General economic, social and political conditions in the Netherlands and in other countries in which ABN AMRO has significant business activities, investments or other exposures, including the impact of recessionary economic conditions on ABN AMRO’s performance, liquidity and financial position;
- Macroeconomic and geopolitical risks;
- Reductions in ABN AMRO’s credit ratings;
- Actions taken by the European Commission, governments and their agencies to support individual banks and the banking system;
- Monetary and interest rate policies of the ECB and G20 central banks;
- Inflation or deflation;
- Unanticipated turbulence in interest rates, foreign currency exchange rates, commodity prices and equity prices;
- Liquidity risks and related market risk losses;
- Potential losses associated with an increase in the level of substandard loans or non-performance by counterparties to other types of financial instruments, including systemic risk;
- Changes in Dutch and foreign laws, regulations, policies and taxes, or the interpretation and monitoring thereof;
- Changes in competition and pricing environments;
- Inability to hedge certain risks economically;
- Adequacy of loss reserves and impairment allowances;
- Technological changes;
- Changes in consumer spending, investment and saving habits;
- Effective capital and liquidity management;
- ABN AMRO’s success in managing the risks involved in the foregoing;
- Public health crises, epidemics and pandemics such as the Covid-19 pandemic, including government orders and restrictions associated therewith, and the impact thereof on economic conditions in countries in which ABN AMRO operates and the effects thereof on ABN AMRO’s business, operations, employees, clients and counterparties.

The forward-looking statements made in this Integrated Annual Report are only applicable as from the date of publication of this document. ABN AMRO does not intend to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this report, and ABN AMRO does not assume any responsibility to do so. The reader should, however, take into account any further disclosures of a forwardlooking nature that ABN AMRO may make in ABN AMRO’s interim reports.

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abnamro.com/annualreport

Information published on our websites does not constitute part of this Integrated Annual Report, unless expressly stated otherwise.

Acknowledgements
General coordination
ABN AMRO Finance department

Concepting and lay-out
DartDesign, Amsterdam

Production and lithography
Altavia Unite, Amstelveen

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