Quarterly Report

Third quarter 2021

ABN AMRO Bank N.V.

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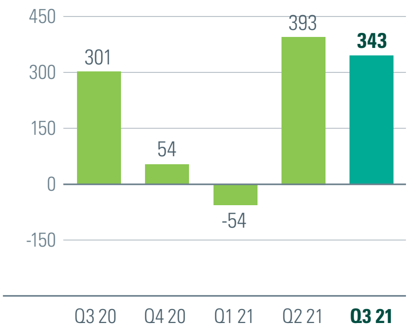
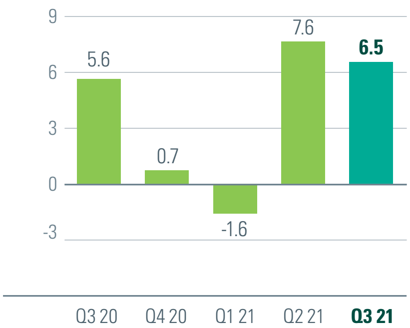
Figures at a glance

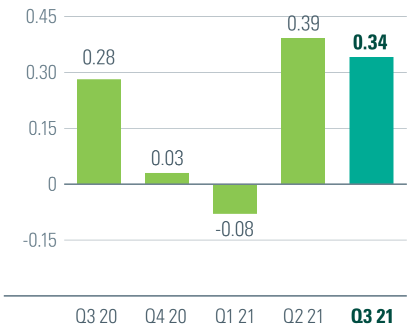
Net profit/(loss)
(in millions)



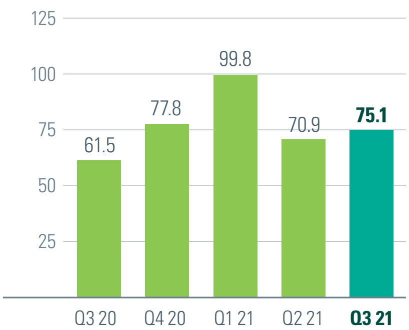
Return on equity
(in %) Target is 8%



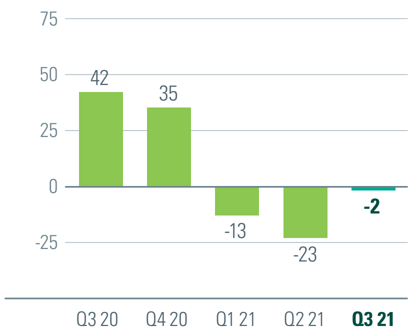
Earnings per share
(in EUR)



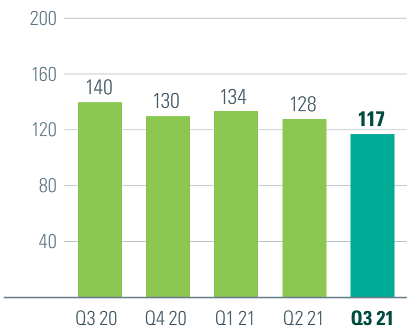
Cost/income ratio
(in %)



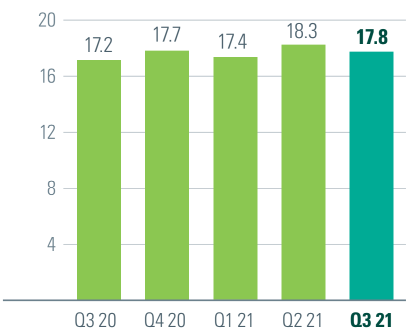
Cost of risk
(in bps) Target is 25-30bps through-the-cycle



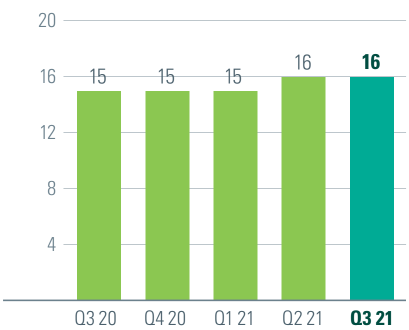
Net interest margin
(in bps)



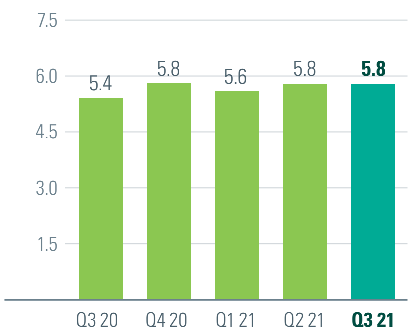
CET1 ratio (Basel III)
(end-of-period, in %)



CET1 ratio (Basel IV)
(end-of-period, in %) Target is 13%



Leverage ratio (CRR2)
(end-of-period, in %)



For more information about net profit, return on equity, earnings per share, cost/income ratio, cost of risk and net interest margin, please refer to the Financial review section.
For more information about CET1 ratio (Basel III and Basel IV) and leverage ratio, please refer to the Capital management section.

Message from the CEO

Developments in the third quarter were encouraging: Dutch society has largely reopened and government support has been withdrawn, though the rise in Covid infections remains a concern. The outlook for the global and Dutch economies continues to be strong. Demand for client lending is showing signs of recovery; both our mortgage book and corporate loan book grew. Our clients increasingly focus on the future and we are there to support them through our trusted relationships and expertise. The housing market in the Netherlands remains buoyant as house prices continue to rise. As the decline in mortgage rates comes to an end, we expect the increase in house prices to slow down.

Net profit in Q3 2021 was EUR 343 million, delivering a 6.5% return on equity (7.8% excluding CIB non-core) despite continued pressure on net interest income and a EUR 217 million provision for revolving consumer credit. While pressure from deposit margins and the CIB non-core wind-down continues, our operating performance remained solid and our fee income improved by 19% (excluding CIB non-core). To further mitigate the impact of negative rates, we will start charging clients with deposits in excess of EUR 100,000 negative interest from January 2022. Impairments showed a small net release of EUR 12 million as the credit environment remained benign. We expect the cost of risk for 2021 to be around nil. Our capital position remained very strong, with a Basel III CET 1 ratio of 17.8% (Basel IV around 16%). As the ECB had lifted its recommendation, we paid the final 2019 dividend in October. We are in a constructive dialogue with the regulator on potential share buybacks after the FY 2021 results have been announced.

We are a personal bank in the digital age, with our strategic pillars – customer experience, sustainability and future-proof bank – as our guiding principles. We continue to deliver on our agenda as we are well ahead of plan in the wind-down of the CIB non-core portfolio, improving the risk profile of the bank, we have paid out the 2019 final dividend and we have agreed a compensation scheme for revolving consumer credit. To further strengthen our strategy execution, we are simplifying our organisational structure, replacing four business lines by three units organised around client segments. Personal & Business Banking consolidates digital client capabilities and services, while Wealth Management and Corporate Banking will primarily focus on expertise. An extended Executive Board will replace the Executive Committee to increase efficiency and clarity towards third parties.

Delivering customer experience, we bring convenience into the daily lives of our clients and expertise when it matters. I am therefore very pleased that ABN AMRO was chosen as best mortgage provider by Dutch intermediaries for combining expert advice with fast and convenient service. Our digital personal assistant, Anna, supports clients in their day-to-day banking and is becoming smarter every day. She already handles half of all chat requests, making our service more efficient and personal while enabling our advisers to focus on expertise.

We are engaging with our clients to support their sustainability transition. We encourage them to make their homes more sustainable and have now extended our sustainability discount to include homes with energy label B. I am very pleased that our ESG client assets (in line with Sustainable Finance Disclosure Regulation definitions and disclosures) have grown to EUR 39 billion. We aim to improve the inclusiveness of our products and services and have established an Inclusive Banking team that will focus on removing barriers experienced by various client groups, such as female entrepreneurs.

We are building a future-proof bank, digital by design. We continue to transfer services to our mobile banking app, including cash withdrawals at ATMs. Clients who lose their bank card no longer need to visit a branch for cash. As we continue to develop our bookkeeping proposition as a fee-driven service, business clients will be able to automatically transfer payment orders from bookkeeping software from other vendors to their ABN AMRO banking application, easing clients' administrative burden.

We remain focused on the fight against money laundering and are on track with our AML remediation programmes. Financial crime is best tackled by joining forces, and we are already working with other Dutch banks in transaction monitoring and participating in the Serious Crime Task Force with the Financial Intelligence Unit.

Sustainability is core to our purpose 'Banking for better, for generations to come'. We aim to make a positive impact by doing what we do every day – offering financial services for our clients – and to lead by example. Our goal is to bring our lending and client investment portfolios in line with at least a well-below 2-degree scenario and to support our clients in the transition to a net zero economy in 2050. Standardised reporting is a key enabler in deciding on actions necessary to adhere to the Paris Agreement and our own climate goals. I have therefore joined the board of the Value Reporting Foundation and look forward to contributing to harmonisation in the International Sustainability Standards Board, as announced during COP26 in Glasgow.

As Covid continues to affect the way we live and work, I would like to thank our staff for their ceaseless dedication to our clients. I am pleased that employee engagement remains high at 82% after a challenging year. As we simplify our organisational structure, I welcome Choy van der Hooft-Cheong and Dan Dorner as Chief Commercial Officers. And we will say goodbye to my colleagues Frans van der Horst, Pieter van Mierlo and Rutger van Nouhuijs. I would like to thank them for their commitment and valuable contribution to the bank.

Robert Swaak
CEO of ABN AMRO Bank N.V.

Financial review

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

Results

Financial highlights

- Profit for the period was EUR 343 million (Q2 2021: EUR 393 million), reflecting solid operational performance supported by strong fee income and charging of negative interest rates, despite continued pressure from the negative interest rate environment.
- The CIB non-core wind-down is well ahead of plan, with loans coming down more than 85% since 30 June 2020.
- Net interest income in Q3 2021 included a provision for revolving consumer credit with floating interest rate (EUR 174 million). Excluding large incidentals, net interest income was higher than in the previous quarter, reflecting the lower threshold for charging negative interest rates and higher prepayment penalties.
- Net fee and commission income improved compared to Q2 2021, mainly as a result of increased payment activity and higher asset management fee income.
- Operating expenses were higher than in Q2 2021, mainly due to a provision for revolving consumer credit with floating interest rate and higher regulatory levies.
- Impairment charges showed a small net release of EUR 12 million for Q3 2021 as the credit environment remained benign.
- Strong capital position, with the CET1 ratio at 17.8% under Basel III and around 16% under Basel IV.

Operating results

(in millions)	Q3 2021	Q3 2020	Change	Q2 2021	Change	Nine months 2021	Nine months 2020	Change
Net interest income	1,202	1,469	-18%	1,306	-8%	3,871	4,510	-14%
Net fee and commission income	413	359	15%	399	3%	1,218	1,172	4%
Other operating income	119	379	-69%	27		224	434	-48%
Operating income	**1,734**	**2,207**	**-21%**	**1,732**		**5,313**	**6,115**	**-13%**
Personnel expenses	575	658	-13%	600	-4%	1,753	1,717	2%
Other expenses	727	699	4%	628	16%	2,619	2,139	22%
Operating expenses	**1,301**	**1,357**	**-4%**	**1,228**	**6%**	**4,372**	**3,856**	**13%**
Operating result	**432**	**850**	**-49%**	**504**	**-14%**	**940**	**2,260**	**-58%**
Impairment charges on financial instruments	-12	270		-79	85%	-168	2,083	
Profit/(loss) before taxation	**444**	**580**	**-23%**	**583**	**-24%**	**1,108**	**176**	
Income tax expense	102	279	-64%	190	-47%	426	275	55%
Profit/(loss) for the period	**343**	**301**	**14%**	**393**	**-13%**	**682**	**-99**	
Attributable to:								
Owners of the parent company	343	301	14%	390	-12%	679	-99	
Non-controlling interests				2	-92%	3		
Other indicators								
Net interest margin (NIM) (in bps)	117	140		128		126	147	
Cost/income ratio	75.1%	61.5%		70.9%		82.3%	63.0%	
Cost of risk (in bps)[1]	-2	42		-23		-13	92	
Return on average equity[2]	6.5%	5.6%		7.6%		4.2%	-1.3%	
Earnings per share (in EUR)[3]	0.34	0.28		0.39		0.65	-0.20	
Client assets (end of period, in billions)	306.0	283.4		304.9				
Risk-weighted assets (end of period, in billions)	110.6	114.1		107.2				
Number of employees (end of period, in FTEs)	19,700	18,952		19,639				
Number of non-employees (end of period, in FTEs)	6,238	5,391		5,954				

[1] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
[2] Annualised profit/(loss) for the period, excluding payments attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average equity attributable to the owners of the company excluding AT1 capital securities.
[3] Annualised profit/(loss) for the period, excluding payments attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average outstanding and paid-up ordinary shares.

Bank core[1]

(in millions)	Q3 2021	Q3 2020 (pro forma)	Change	Q2 2021	Change	Nine months 2021 excl. non-core	Nine months 2020 excl. non-core (pro forma)	Change
Net interest income	1,174	1,383	-15%	1,291	-9%	3,774	4,218	-11%
Net fee and commission income	410	345	19%	393	4%	1,199	1,099	9%
Other operating income	122	392	-69%	141	-13%	378	476	-21%
Operating income	**1,707**	**2,120**	**-20%**	**1,826**	**-7%**	**5,350**	**5,794**	**-8%**
Personnel expenses	542	526	3%	565	-4%	1,645	1,511	9%
Other expenses	701	620	13%	600	17%	2,517	1,975	27%
Operating expenses	**1,243**	**1,145**	**9%**	**1,165**	**7%**	**4,162**	**3,486**	**19%**
Operating result	**463**	**975**	**-52%**	**661**	**-30%**	**1,188**	**2,308**	**-49%**
Impairment charges on financial instruments	-58	99		-102	42%	-197	1,058	
Profit/(loss) before taxation	**522**	**876**	**-40%**	**763**	**-32%**	**1,384**	**1,250**	**11%**
Income tax expense	116	184	-37%	200	-42%	445	273	63%
Profit/(loss) for the period	**406**	**691**	**-41%**	**563**	**-28%**	**940**	**977**	**-4%**
Other indicators								
Cost/income ratio	72.8%	54.0%		63.8%		77.8%	60.2%	
Cost of risk (in bps)[2]	-8	20		-20		-12	54	
Return on average equity[3]	7.8%	13.9%		11.1%		5.9%	6.2%	
Loans and advances customers (end of period, in billions)	251.6	247.5		243.2				
-of which Client loans (end of period, in billions)[4]	*227.9*	*227.2*		*224.7*				
Risk-weighted assets (end of period, in billions)	106.1	101.0		101.5				
Number of employees (end of period, in FTEs)	19,206	18,167		19,023				
Number of non-employees (end of period, in FTEs)	6,209	5,391		5,917				

[1] Bank core results consist of results for the whole bank excluding CIB non-core results (which can be found on page 16). The allocation of CIB operations between CIB core and non-core was finalised per 1 January 2021 and is applied prospectively. Comparative figures for 2020 remain pro forma.
[2] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
[3] Annualised profit/(loss) for the period, excluding payments attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average equity attributable to the owners of the company excluding AT1 capital securities.
[4] Gross carrying amount excluding fair value adjustment from hedge accounting.

Large incidentals

Q3 2021

Provision for revolving consumer credit with floating interest rate

In Q3 2021 the provision for the compensation scheme regarding revolving consumer credit with floating interest rate was increased by EUR 217 million, bringing the total amount of the provision to EUR 250 million. The provision relates to the compensation of clients who paid too much interest on their revolving consumers credit in the past. In Q3 2021, EUR 174 million was recorded in net interest income (client compensation) and EUR 44 million in other expenses (handling costs), both within Retail Banking.

Positive revaluation claim on DSB bankruptcy estate

Q3 2021 included a positive revaluation of EUR 26 million for a claim on the DSB bankruptcy estate, which related to the sale of the underlying mortgage portfolio to NIBC and was recorded in net interest income at Group Functions.

Q2 2021 & Q3 2020

Provision for potential repayment

Q2 2021 included the EUR 79 million net negative impact of a provision for the potential repayment of German dividend withholding tax credits and accrued interest, of which EUR 30 million was recorded in net interest income and EUR 49 million in other operating income, both at Group Functions.

Revaluation equity stake Tink

Q2 2021 included a EUR 41 million revaluation gain on ABN AMRO's equity stake in Tink (via ABN AMRO Ventures), recorded in other operating income at Retail Banking.

Provision for CIB non-core wind-down

Q2 2021 included a EUR 121 million discount to book value on a loan disposal as partof the wind-down of the CIB non-core portfolio, recorded in other operating income. Q3 2020 included a EUR 144 million provision for the wind-down of the CIB non-core portfolio, of which EUR 103 million was recorded in personnel expenses and EUR 41 million in other expenses. Furthermore, income tax expenses in Q3 2020 included a EUR 120 million write-off for deferred tax assets, which was recorded in income tax expenses.

Sale and leaseback of Paris office building

In Q3 2020, ABN AMRO concluded the sale and lease-back transaction of theNeuflize OBC office building in Paris. The book gain before tax amounted to EUR 263 million (EUR 181 million net of tax) and was recognised in other operating income at Private Banking.

Provision for AML remediation programmes

Other expenses in Q3 2020 included a EUR 18 million addition to the provision for AML remediation programmes, of which EUR 13 million was recorded at Group Functions and EUR 5 million at Retail Banking.

Release tax deductibility AT1 coupon payments

In Q3 2020, following a Dutch court ruling regarding the tax deductibility of AT1 coupon payments, a release of EUR 55 million was recorded in income tax expenses to reflect the tax relief on AT1 coupon payments in 2019 and 2020.

Third-quarter 2021 results

Net interest income amounted to EUR 1,202 million (Q3 2020: EUR 1,469 million) and included a EUR 174 million provision for revolving consumer credit with floating interest rate. Excluding large incidentals, net interest income decreased by EUR 119 million, largely due to the continued pressure on deposit margins and lower average corporate loan volumes resulting mainly from the ongoing wind-down of the CIB non-core portfolio. This was partly mitigated by lowering the threshold for charging negative interest rates on client deposits.
The net interest margin was 117bps (Q3 2020: 140bps), largely impacted by the decline of net interest income. Excluding large incidentals, the net interest margin amounted to 131bps.
Compared to Q2 2021, net interest income came down by EUR 104 million. Excluding large incidentals, net interest income improved by EUR 14 million compared to the previous quarter as the threshold for charging negative interest rates was lowered and prepayment penalties continued to grow.

To further mitigate the pressure on deposit margins, ABN AMRO will start charging clients with deposits in excess of EUR 100,000 (in Q3 2021: EUR 150,000) a negative interest rate of 50bps as from 1 January 2022.

Net fee and commission income increased to EUR 413 million (Q3 2020: EUR 359 million), largely driven by growth in asset management fee income (at Private Banking) as stock market developments were positive and payment fee income grew (at Retail Banking) due to increased payment activity.
Compared to Q2 2021, net fee and commission income improved by EUR 14 million. The increase was largely attributable to the rise in payment fee income at Retail Banking and higher asset management fee income at Private Banking, partly offset by the seasonal decline in capital market fee income at CIB (Global Markets).

Other operating income was EUR 119 million (Q3 2020: EUR 379 million, including a EUR 263 million book gain from the sale of our Paris office building). Volatile items amounted to EUR 36 million (Q3 2020: EUR 50 million) and included EUR 19 million in equity participation results (Q3 2020: EUR 1 million), EUR 15 million in hedge

accounting-related results (Q3 2020: EUR 7 million) and EUR 2 million in CVA/DVA/FVA[1] results (Q3 2020: EUR 42 million).
Compared to Q2 2021, other operating income declined by EUR 47 million excluding large incidentals. The decline was mainly caused by volatile items: EUR 27 million lower equity participation results, EUR 11 million lower hedge accounting-related results and EUR 5 million lower CVA/DVA/FVA results.

Personnel expenses totalled EUR 575 million (Q3 2020: EUR 658 million, including EUR 105 million in restructuring provisions, almost fully for the CIB non-core wind-down). Excluding incidentals, personnel expenses increased by EUR 22 million, mainly driven by FTE growth following the upscaling of AML activities and higher salary and wages as part of the CLA. Compared to Q2 2021, personnel expenses decreased by EUR 25 million, primarily primarily due to a positive one-off.

Employee FTEs were up 748 from Q3 2020, amounting to 19,700. The growing workforce was primarily driven by the upscaling of AML activities and partly mitigated by progress made with the CIB non-core wind-down. Compared to Q2 2021, there was a slight increase of 61 FTE, driven by the same factors.

Other expenses amounted to EUR 727 million (Q3 2020: EUR 699 million). Excluding large incidentals, other expenses increased by EUR 50 million, mainly as a result of higher regulatory levies and additional external resources for the upscaling of AML activities. Compared to Q2 2021, other expenses increased by EUR 99 million, reflecting the provision recorded in Q3 2021 for handling costs relating to the compensation scheme for revolving consumer credit, higher regulatory levies and, to a lesser extent, additional external resources for the upscaling of AML activities.

Impairment charges showed a net release of EUR 12 million (Q3 2020: EUR 270 million addition), reflecting limited inflow in stage 3, model updates and an improved economic outlook. The release was partly offset by impairments for individual clients of CIB non-core and increases in management overlays (including in our mortgage portfolio). The cost of risk was 2bps negative (Q3 2020: 42bps).

Income tax expenses were EUR 102 million in Q3 2021 (Q3 2020: EUR 279 million, of which EUR 65 million in large incidentals), while profit before tax amounted to EUR 444 million, resulting in an effective tax rate of 23%.

Profit attributable to owners of the parent company, excluding payments attributable to AT1 capital securities, amounted to EUR 320 million in Q3 2021 (Q3 2020: EUR 263 million). This increase was mainly attributable to large tax incidentals recorded in Q3 2020.

RWA increased to EUR 110.6 billion in Q3 2021 (30 June 2021: EUR 107.2 billion), largely due to an increase in credit risk RWA resulting mainly from an update of the EAD model for corporates. An increase of credit risk RWA caused by higher business activity in CIB was fully offset by the CIB non-core wind-down.

1 Credit Valuation Adjustment/Debt Valuation Adjustment/Funding Valuation Adjustment (CVA/DVA/FVA).

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Condensed consolidated statement of financial position

(in millions)	30 September 2021	30 June 2021	31 December 2020
Cash and balances at central banks	73,249	72,447	60,190
Financial assets held for trading	2,435	2,385	1,315
Derivatives	4,510	4,779	6,381
Financial investments	43,364	42,543	47,455
Securities financing	24,188	27,809	16,725
Loans and advances banks	4,041	3,731	3,394
Loans and advances customers	253,774	246,401	252,159
Other	11,465	11,368	8,005
Total assets	**417,026**	**411,464**	**395,623**
Financial liabilities held for trading	1,279	1,726	563
Derivatives	5,003	5,155	7,391
Securities financing	19,056	19,824	11,363
Due to banks	42,910	40,584	36,719
Due to customers	248,988	246,066	238,570
Issued debt	64,495	63,619	66,949
Subordinated liabilities	6,599	6,578	8,069
Other	6,769	6,375	5,010
Total liabilities	**395,099**	**389,927**	**374,634**
Equity attributable to the owners of the parent company	21,922	21,533	20,989
Equity attributable to non-controlling interests	5	5	
Total equity	**21,927**	**21,538**	**20,989**
Total liabilities and equity	**417,026**	**411,464**	**395,623**
Committed credit facilities	53,145	54,999	55,207
Guarantees and other commitments	7,466	7,661	8,981

Main developments in total assets compared with 30 June 2021

Total assets increased by EUR 5.6 billion, totalling EUR 417.0 billion at 30 September 2021, largely driven by a rise in loans and advances to customers, partly offset by a decline in securities financing.

Securities financing assets decreased by EUR 3.6 billion, totalling EUR 24.2 billion at 30 September 2021, reflecting a seasonal pattern.

Loans and advances customers increased by EUR 7.4 billion, totalling EUR 253.8 billion. The increase was mainly attributable to an increase in loans to professional counterparties and other loans (EUR 5.4 billion), and in loans to CIB core clients (EUR 2.7 billion).

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Loans and advances customers

(in millions)	30 September 2021	30 June 2021	31 December 2020
Residential mortgages	146,696	146,516	145,672
Consumer loans	10,762	10,772	11,232
Corporate loans to clients[1]	73,311	71,271	78,587
- of which Commercial Banking	*40,027*	*39,734*	*39,838*
- of which Corporate & Institutional Banking	*26,039*	*24,363*	*31,560*
- of which Corporate & Institutional Banking - core	*23,206*	*20,508*	*20,610*
- of which Corporate & Institutional Banking - non-core	*2,834*	*3,856*	*10,950*
Total client loans[2]	**230,769**	**228,558**	**235,491**
Loans to professional counterparties and other loans[3]	23,079	17,687	16,297
Total loans and advances customers, gross[2]	**253,848**	**246,246**	**251,788**
Fair value adjustments from hedge accounting	2,490	2,805	3,838
Less: loan impairment allowances	2,564	2,649	3,467
- of which Corporate & Institutional Banking - non-core	*663*	*648*	*1,100*
Total loans and advances customers	**253,774**	**246,401**	**252,159**

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.

Client loans increased by EUR 2.2 billion to EUR 230.8 billion, mainly due to higher client loans in CIB core, reflecting growth in Financial Institutions and Corporate Lending.

Loans to professional counterparties and other loans increased by EUR 5.4 billion to EUR 23.1 billion, primarily due to an increase in clients' funding needs at Clearing (CIB).

Main developments in total liabilities and equity compared with 30 June 2021

Total liabilities increased by EUR 5.2 billion, totalling EUR 395.1 billion at 30 September 2021, mainly driven by higher amounts recorded in due to customers and due to banks.

Due to customers increased by EUR 2.9 billion to EUR 249.0 billion, mainly as a result of higher client funding following excess liquidity in the market.

Issued debt securities increased by EUR 0.9 billion to EUR 64.5 billion, mainly due to an EUR 1.5 billion covered bond and EUR 1.0 billion senior non-preferred funding. This was partly offset by maturing other unsecured long term funding. At 30 September 2021, issued debt included EUR 31.7 billion in covered bonds, EUR 20.7 billion in unsecured funding and EUR 12.1 billion in commercial paper and certificates of deposit. EUR 9.0 billion in outstanding long term funding and EUR 12.1 billion in outstanding short term funding matures within 12 months.

Total equity increased by EUR 0.4 billion to EUR 21.9 billion, mainly due to the inclusion of the profit for the period.

Equity attributable to owners of the parent company, excluding AT1 securities, increased by EUR 0.4 billion to EUR 19.9 billion, resulting in a book value of EUR 21.21 per share based on 940,000,001 outstanding shares.

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Main developments off-balance sheet

(in millions)	30 September 2021	30 June 2021	31 December 2020
Committed credit facilities			
Commercial Banking	12,730	12,590	12,711
Corporate & Institutional Banking	28,128	30,119	30,102
Other segments	12,288	12,290	12,394
Total	**53,145**	**54,999**	**55,207**
Guarantees and other commitments			
Commercial Banking	1,903	1,859	1,671
Corporate & Institutional Banking	3,997	4,233	5,585
Other segments	1,566	1,569	1,725
Total	**7,466**	**7,661**	**8,981**
Revocable credit facilities			
Commercial Banking	33	29	81
Corporate & Institutional Banking	19,409	21,223	26,524
Other segments	9,135	9,292	9,395
Total	**28,576**	**30,544**	**36,000**
Total off-balance			
Commercial Banking	14,665	14,478	14,462
Corporate & Institutional Banking	51,533	55,574	62,212
Other segments	22,989	23,150	23,514
Total	**89,188**	**93,203**	**100,188**

Committed credit facilities (undrawn) decreased by EUR 1.9 billion, totalling EUR 53.1 billion at 30 September 2021, and included a decrease related to the CIB non-core wind down which was partially offset by a slight increase in credit lines issued at Commercial Banking.

Guarantees and other commitments declined by EUR 0.2 billion to EUR 7.5 billion at 30 September 2021, due to the further wind-down of CIB non-core.

Revocable credit facilities decreased by EUR 2.0 billion to EUR 28.6 billion at 30 September 2021, partly driven by the further wind-down of CIB non-core and partly by an increase in clients' funding needs at Clearing.

Results by segment

Retail Banking

Highlights

- Net interest income decreased compared to Q2 2021, primarily due to a provision for revolving consumer credit with floating interest rate. Lowering the threshold for charging negative interest rates (from EUR 500,000 to EUR 150,000) gave some relief from the continued pressure on deposit margins. Interest income on residential mortgages continued to be impacted by lower margins (due to the competitive market and redemptions on high-yielding mortgages) and lower average volumes (due to the high level of redemptions).
- Mortgage volumes showed a slight increase by the end of Q3 2021 on the back of rising house prices (despite high levels of redemptions). Our market share[1] of new production in residential mortgages was 15% in Q3 2021 (Q3 2020: 14%, Q2 2021: 16%), reflecting strong operational capabilities and a well-balanced pricing strategy in a competitive market.
- Net fee and commission income was higher than in Q2 2021, driven by higher payment fee income and rising credit card activity as the economy recovered from the impact of Covid-19.
- Other income in Q3 2021 included favourable revaluation results for our ventures portfolio, which had been even higher in Q2 2021.
- Operating expenses grew compared to Q2 2021, mainly due to a provision for revolving consumer credit with floating interest rate and higher regulatory levies.
- ABN AMRO was chosen as best mortgage provider (ABN AMRO brand) and most innovative service intermediary (Florius brand) at the Golden Lotus awards.

[1] Dutch Land Registry (Kadaster) has updated its methodology for determining the market share as of 2021. Previously published data has been updated.

Operating results

(in millions)	Q3 2021	Q3 2020	Change	Q2 2021	Change	Nine months 2021	Nine months 2020	Change
Net interest income	397	656	-39%	565	-30%	1,570	1,990	-21%
Net fee and commission income	83	68	22%	69	20%	225	227	-1%
Other operating income	38	28	35%	58	-35%	119	44	
Operating income	**518**	**752**	**-31%**	**692**	**-25%**	**1,914**	**2,260**	**-15%**
Personnel expenses	104	103	1%	104	-1%	314	305	3%
Other expenses	449	387	16%	389	15%	1,275	1,172	9%
Operating expenses	**553**	**490**	**13%**	**493**	**12%**	**1,588**	**1,477**	**8%**
Operating result	**-35**	**262**		**199**		**325**	**783**	**-58%**
Impairment charges on financial instruments	7	13	-46%	-1		-29	97	
Profit/(loss) before taxation	**-42**	**249**		**200**		**354**	**687**	**-48%**
Income tax expense	-11	58		37		71	167	-57%
Profit/(loss) for the period	**-32**	**190**		**163**		**283**	**520**	**-46%**
Cost/income ratio	106.8%	65.1%		71.2%		83.0%	65.3%	
Cost of risk (in bps)[1]	2	4				-2	7	
Other indicators								
Loans and advances customers (end of period, in billions)	148.4	149.8		148.6				
-of which Client loans (end of period, in billions)[2]	*148.7*	*150.1*		*148.9*				
Due to customers (end of period, in billions)	88.8	91.4		89.9				
Risk-weighted assets (end of period, in billions)	28.2	27.3		28.0				
Number of employees (end of period, in FTEs)	4,458	4,481		4,479				
Total client assets (end of period, in billions)	100.8	102.6		101.7				
- of which Cash	*88.8*	*93.0*		*89.9*				
- of which Securities	*12.0*	*9.6*		*11.8*				

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

Commercial Banking

Highlights

- Operating income came down slightly from Q3 2020, primarily driven by lower net interest income due to persistent pressure on deposit margins and a modest decline in outstanding client loans.
- Operating expenses were higher than in Q3 2020, mainly due to additional resources for the upscaling of AML activities.
- Impairment charges showed a net release of EUR 47 million, reflecting model updates, an improved economic outlook and small releases for individual files.
- After a successful pilot, a new set of payment packages (basic to premium) is now available to all new SME clients, differentiating our offering and personalising our user experience.
- Client loans showed a slight increase by the end of Q3 2021, reflecting the first signs of an economic rebound.

Operating results

(in millions)	Q3 2021	Q3 2020	Change	Q2 2021	Change	Nine months 2021	Nine months 2020	Change
Net interest income	358	369	-3%	358		1,079	1,114	-3%
Net fee and commission income	64	61	5%	63	3%	188	187	
Other operating income	7	9	-22%	9	-22%	23	20	12%
Operating income	**429**	**439**	**-2%**	**429**		**1,289**	**1,321**	**-2%**
Personnel expenses	66	61	8%	66		195	182	7%
Other expenses	204	181	13%	202	1%	622	571	9%
Operating expenses	**271**	**243**	**12%**	**268**	**1%**	**817**	**754**	**8%**
Operating result	**159**	**197**	**-19%**	**161**	**-2%**	**472**	**567**	**-17%**
Impairment charges on financial instruments	-47	102		-50	4%	-81	408	
Profit/(loss) before taxation	**206**	**95**	**117%**	**211**	**-2%**	**553**	**160**	
Income tax expense	51	24	108%	55	-8%	139	40	
Profit/(loss) for the period	**155**	**71**	**120%**	**156**		**414**	**120**	
Cost/income ratio	63.1%	55.2%		62.4%		63.4%	57.0%	
Cost of risk (in bps)[1]	-56	118		-50		-35	126	
Other indicators								
Loans and advances customers (end of period, in billions)	39.5	40.1		39.2				
-of which Client loans (end of period, in billions)[2]	*40.6*	*41.3*		*40.3*				
Due to customers (end of period, in billions)	53.7	51.5		52.1				
Risk-weighted assets (end of period, in billions)	28.6	30.6		27.7				
Number of employees (end of period, in FTEs)	2,263	2,172		2,250				

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

Private Banking

Highlights

- Net fee and commission income increased compared to Q3 2020 following favourable market performance, resulting in higher asset management fee income and securities inflow.
- Other operating income, excluding the EUR 263 million book gain on the sale of the Neuflize OBC office building in Paris in Q3 2020, remained stable.
- Personnel expenses were higher than in Q3 2020, and included additional resources for the upscaling of AML activities.
- Client assets have grown since Q3 2020, mainly due to the rising value of securities following positive financial market developments. This was partly offset by cash outflows following the consecutive lowering of the threshold for charging negative rates on client deposits.
- Net new assets showed an inflow of EUR 1.4 billion this quarter, mainly in the Netherlands and Germany.
- ESG client assets[1] grew to EUR 39.3 billion, from EUR 35.6 billion at 30 June 2021.

[1] Formerly known as sustainably invested client assets, also mentioned in the CEO message. This change stems from the Sustainable Finance Disclosure Regulation definitions and disclosures (art. 8 and art. 9).

Operating results

(in millions)	Q3 2021	Q3 2020	Change	Q2 2021	Change	Nine months 2021	Nine months 2020	Change
Net interest income	161	163	-1%	159	1%	481	483	
Net fee and commission income	154	123	25%	145	6%	440	372	18%
Other operating income	7	269	-97%	9	-19%	24	290	-92%
Operating income	**322**	**556**	**-42%**	**313**	**3%**	**945**	**1,145**	**-17%**
Personnel expenses	98	92	7%	101	-3%	294	271	8%
Other expenses	139	139		136	2%	422	441	-4%
Operating expenses	**237**	**231**	**2%**	**238**		**716**	**711**	**1%**
Operating result	**85**	**324**	**-74%**	**75**	**13%**	**229**	**434**	**-47%**
Impairment charges on financial instruments	-4			5		-5	30	
Profit/(loss) before taxation	**89**	**324**	**-73%**	**70**	**27%**	**235**	**404**	**-42%**
Income tax expense	23	97	-77%	18	23%	64	131	-51%
Profit/(loss) for the period	**66**	**227**	**-71%**	**52**	**28%**	**170**	**273**	**-38%**
Cost/income ratio	73.6%	41.6%		76.0%		75.7%	62.1%	
Cost of risk (in bps)[1]	-20	3		13		-8	28	
Other indicators								
Loans and advances customers (end of period, in billions)	15.3	14.3		14.9				
-of which Client loans (end of period, in billions)[2]	*15.4*	*14.4*		*15.1*				
Due to customers (end of period, in billions)	60.2	64.4		59.7				
Risk-weighted assets (end of period, in billions)	10.3	10.5		9.7				
Number of employees (end of period, in FTEs)	2,867	2,825		2,892				
Total client assets (end of period, in billions)	205.2	180.8		203.2				
- of which Cash	*60.2*	*64.5*		*59.8*				
- of which Securities	*145.0*	*116.3*		*143.3*				
Net new assets (for the period, in billions)	1.4	1.2		-2.9		-1.2	-7.6	

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

Corporate & Institutional Banking

Highlights

- The CIB non-core wind-down continued to progress smoothly, with loans coming down by EUR 15.3 billion – more than 85% – since 30 June 2020.
- Net interest income was lower than in Q3 2020, mainly driven by progress made with the non-core wind-down, partly offset by a significant rise in activity at Clearing compared to Q3 2020.
- Net fee and commission income increased compared to Q3 2020, largely due to higher income from corporate finance, guarantees and Clearing.
- Operating expenses declined compared to the previous year as Q3 2020 included a EUR 144 million provision for the CIB non-core wind-down.
- Impairment charges in Q3 2021 showed a net addition of EUR 35 million, as individual impairments in non-core were partly offset by releases following a decline in exposure in stages 1 and 2.

Operating results

(in millions)	Q3 2021	Q3 2020	Change	Q2 2021	Change	Nine months 2021	Nine months 2020	Change
Net interest income	228	272	-16%	202	13%	674	866	-22%
Net fee and commission income	117	110	6%	127	-8%	381	412	-8%
Other operating income	39	60	-36%	-30		48	13	
Operating income	**384**	**443**	**-13%**	**300**	**28%**	**1,102**	**1,291**	**-15%**
Personnel expenses	108	199	-46%	109	-1%	329	404	-18%
Other expenses	148	184	-20%	149		499	528	-5%
Operating expenses	**256**	**383**	**-33%**	**257**		**828**	**932**	**-11%**
Operating result	**128**	**60**	**114%**	**42**		**274**	**360**	**-24%**
Impairment charges on financial instruments	35	154	-77%	-35		-51	1,548	
Profit/(loss) before taxation	**93**	**-94**		**77**	**21%**	**325**	**-1,189**	
Income tax expense	21	146	-86%	35	-41%	96	-55	
Profit/(loss) for the period	**72**	**-240**		**41**	**74%**	**229**	**-1,134**	
Cost/income ratio	66.8%	86.5%		85.9%		75.1%	72.1%	
Cost of risk (in bps)[1]	42	97		-86		-29	299	
Other indicators								
Loans and advances customers (end of period, in billions)	47.2	52.3		40.1				
-of which Client loans (end of period, in billions)[2]	*26.1*	*36.1*		*24.4*				
Due to customers (end of period, in billions)	33.7	28.5		29.9				
Risk-weighted assets (end of period, in billions)	38.9	41.4		37.8				
Number of employees (end of period, in FTEs)	2,276	2,507		2,356				

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

CIB core[1]

(in millions)	Q3 2021	Q3 2020 (pro forma)	Change	Q2 2021	Change	Nine months 2021	Nine months 2020 (pro forma)	Change
Net interest income	200	186	7%	188	6%	577	574	1%
Net fee and commission income	115	96	19%	121	-6%	361	340	6%
Other operating income	42	73	-43%	84	-50%	201	56	
Operating income	**357**	**356**		**394**	**-9%**	**1,139**	**969**	**18%**
Personnel expenses	76	66	15%	73	4%	220	197	12%
Other expenses	122	105	16%	121	1%	398	364	9%
Operating expenses	**198**	**171**	**16%**	**194**	**2%**	**618**	**561**	**10%**
Operating result	**158**	**185**	**-14%**	**199**	**-21%**	**521**	**408**	**28%**
Impairment charges on financial instruments	-12	-17	29%	-57	79%	-80	522	
Profit/(loss) before taxation	**170**	**202**	**-16%**	**257**	**-34%**	**601**	**-114**	
Income tax expense	35	51	-32%	45	-23%	114	-56	
Profit/(loss) for the period	**136**	**151**	**-10%**	**212**	**-36%**	**487**	**-58**	
Cost/income ratio	55.6%	48.0%		49.3%		54.2%	57.9%	
Cost of risk (in bps)[2]	8	-17		-78		-25	163	
Other indicators								
Loans and advances customers (end of period, in billions)	45.0	38.5		36.9				
-of which Client loans (end of period, in billions)[3]	*23.2*	*21.3*		*20.5*				
Risk-weighted assets (end of period, in billions)	34.5	28.2		32.1				
Number of employees (end of period, in FTEs)	1,782	1,722		1,740				

1 The allocation of CIB operations between CIB core and non-core was finalised per 1 January 2021 and is applied prospectively. Comparative figures for 2020 remain pro forma.
2 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
3 Gross carrying amount excluding fair value adjustment from hedge accounting.

Highlights

- Net interest income was higher than in Q3 2020, mainly due to a significant rise in activity at Clearing.
- Net fee and commission income grew compared to Q3 2020, largely due to higher income from corporate finance, guarantees and Clearing.
- Other operating income declined compared to Q3 2020, mainly due to lower CVA/DVA/FVA results.
- Operating expenses were higher than in Q3 2020, reflecting higher expenses for the execution of strategic initiatives and regulatory projects, as well as higher personnel expenses following increased commercial activities at Clearing.
- Impairment charges in Q3 2021 showed a net release of EUR 12 million, largely reflecting the improved macroeconomic outlook.
- Client loans increased by EUR 2.7 billion compared to Q2 2021, reflecting growth in Financial Institutions and Corporate Lending.

CIB non-core[1]

(in millions)	Q3 2021	Q3 2020 (pro forma)	Change	Q2 2021	Change	Nine months 2021	Nine months 2020 (pro forma)	Change
Net interest income	28	86	-67%	14	94%	97	291	-67%
Net fee and commission income	3	14	-81%	6	-56%	20	73	-73%
Other operating income	-3	-13	75%	-114	97%	-153	-42	
Operating income	**27**	**86**	**-68%**	**-94**		**-37**	**322**	
Personnel expenses	32	133	-76%	35	-9%	109	206	-47%
Other expenses	26	79	-67%	28	-6%	101	164	-38%
Operating expenses	**58**	**212**	**-73%**	**63**	**-8%**	**210**	**370**	**-43%**
Operating result	**-31**	**-125**	**75%**	**-157**	**80%**	**-247**	**-48**	
Impairment charges on financial instruments	46	171	-73%	23	105%	29	1,026	-97%
Profit/(loss) before taxation	**-77**	**-296**	**74%**	**-180**	**57%**	**-276**	**-1,074**	**74%**
Income tax expense	-14	95		-10	-44%	-18	2	
Profit/(loss) for the period	**-63**	**-391**	**84%**	**-170**	**63%**	**-258**	**-1,076**	**76%**
Cost/income ratio	213.4%	245.0%		-67.1%		-568.5%	115.0%	
Cost of risk (in bps)[2]	477	386		-131		-53	621	
Other indicators								
Loans and advances customers (end of period, in billions)	2.2	13.8		3.2				
-of which Client loans (end of period, in billions)[3]	*2.9*	*14.8*		*3.9*				
Risk-weighted assets (end of period, in billions)	4.4	13.1		5.7				
Number of employees (end of period, in FTEs)	494	785		616				

1 The allocation of CIB operations between CIB core and non-core was finalised per 1 January 2021 and is applied prospectively. Comparative figures for 2020 remain pro forma.
2 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
3 Gross carrying amount excluding fair value adjustment from hedge accounting.

Highlights

- The CIB non-core wind-down continued to progress smoothly, with loans coming down by EUR 15.3 billion – more than 85% – since 30 June 2020.
- Net interest income excluding incidentals showed a decline of EUR 8 million from Q2 2021, as average corporate loan volumes decreased due to the good progress on the wind-down.
- Other operating income was lower than in Q2 2021, which included EUR 121 million for a discount to book value on a loan which had been disposed in order to accelerate the wind-down.
- Operating expenses were lower than in Q3 2020, as Q3 2020 included a EUR 144 million provision for the CIB non-core wind-down (EUR 103 million for personnel expenses, EUR 41 million for other expenses).
- Impairment charges amounted to EUR 46 million, reflecting individual impairments in energy sectors.
- RWA declined by EUR 1.3 billion compared to Q2 2021 as a result of the accelerated wind-down.

Group Functions

Highlights

- Net interest income in Q3 2021 was positively impacted by a EUR 26 million revaluation gain for a claim on the DSB bankruptcy estate.
- Other operating income increased compared to Q2 2021, mainly due to the recognition of a provision for the potential repayment of German dividend withholding tax credits in Q2 2021.
- Personnel expenses were lower than in Q2 2021, reflecting a positive one-off, despite an increase in FTEs (reflecting the upscaling of AML activities).
- Other expenses grew compared to Q2 2021, driven by the upscaling of AML activities.
- ABN AMRO continues to make progress on its remediation programme and currently has almost 5,000 FTEs, or approximately 20% of total FTEs, who are fully committed to AML activities and centralised within Group Functions.

Operating results

(in millions)	Q3 2021	Q3 2020	Change	Q2 2021	Change	Nine months 2021	Nine months 2020	Change
Net interest income	58	9		22		68	58	16%
Net fee and commission income	-5	-4	-30%	-5	-3%	-15	-27	42%
Other operating income	28	13	124%	-19		10	66	-85%
Operating income	**81**	**17**		**-2**		**62**	**98**	**-36%**
Personnel expenses	198	204	-3%	219	-10%	622	556	12%
Other expenses	-213	-193	-10%	-247	14%	-199	-574	65%
Operating expenses	**-15**	**10**		**-28**	**46%**	**423**	**-18**	
Operating result	**96**	**7**		**26**		**-361**	**116**	
Impairment charges on financial instruments	-3	1		1		-2	1	
Profit/(loss) before taxation	**99**	**6**		**25**		**-359**	**114**	
Income tax expense	18	-47		44	-59%	56	-8	
Profit/(loss) for the period	**81**	**53**	**53%**	**-19**		**-415**	**122**	
Other indicators								
Securities financing - assets (end of period, in billions)	17.3	22.2		19.3				
Loans and advances customers (end of period, in billions)	3.3	4.7		3.6				
Securities financing - liabilities (end of period, in billions)	18.7	18.5		19.5				
Due to customers (end of period, in billions)	12.7	12.7		14.5				
Risk-weighted assets (end of period, in billions)	4.5	4.4		3.9				
Number of employees (end of period, in FTEs)	7,836	6,966		7,662				

Additional financial information

Selected financial information

Condensed consolidated income statement

(in millions)	Q3 2021	Q3 2020	Q2 2021	Nine months 2021	Nine months 2020
Income					
Interest income calculated using the effective interest method	1,656	1,836	1,655	5,006	5,862
Other interest and similar income	68	66	67	187	196
Interest expense calculated using the effective interest method	332	403	343	1,036	1,460
Other interest and similar expense	190	30	74	286	89
Net interest income	**1,202**	**1,469**	**1,306**	**3,871**	**4,510**
Fee and commission income	565	541	554	1,650	1,759
Fee and commission expense	152	182	154	432	587
Net fee and commission income	**413**	**359**	**399**	**1,218**	**1,172**
Net trading income	41	82	-35	87	124
Share of result of equity-accounted investments	9	9	11	12	17
Net gains/(losses) on derecognition of financial assets measured at amortised cost	2	-1	-119	-106	-2
Other operating income	67	289	170	231	295
Operating income	**1,734**	**2,207**	**1,732**	**5,313**	**6,115**
Expenses					
Personnel expenses	575	658	600	1,753	1,717
General and administrative expenses	678	616	576	2,471	1,914
Depreciation, amortisation and impairment losses of tangible and intangible assets	49	83	52	148	224
Operating expenses	**1,301**	**1,357**	**1,228**	**4,372**	**3,856**
Impairment charges on financial instruments	-12	270	-79	-168	2,083
Total expenses	**1,289**	**1,627**	**1,149**	**4,205**	**5,939**
Profit/(loss) before taxation	**444**	**580**	**583**	**1,108**	**176**
Income tax expense	102	279	190	426	275
Profit/(loss) for the period	**343**	**301**	**393**	**682**	**-99**
Attributable to:					
Owners of the parent company	343	301	390	679	-99
Non-controlling interests			2	3	

Condensed consolidated statement of comprehensive income

(in millions)	Q3 2021	Q3 2020	Q2 2021
Profit/(loss) for the period	**343**	**301**	**393**
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Remeasurement gains/(losses) on defined benefit plans	1	-1	
(Un)realised gains/(losses) on liability own credit risk	4	3	5
Items that will not be reclassified to the income statement before taxation	**6**	**2**	**5**
Income tax relating to items that will not be reclassified to the income statement	1		1
Items that will not be reclassified to the income statement after taxation	**4**	**2**	**4**
Items that may be reclassified to the income statement			
(Un)realised gains/(losses) currency translation	18	-47	9
(Un)realised gains/(losses) fair value through OCI	61	50	-63
(Un)realised gains/(losses) cash flow hedge	29	-18	9
Share of other comprehensive income of associates	3	7	10
Items that may be reclassified to the income statement before taxation	**111**	**-9**	**-35**
Income tax relating to items that may be reclassified to the income statement	23	6	-14
Items that may be reclassified to the income statement after taxation	**89**	**-15**	**-22**
Total comprehensive income/(expense) for the period after taxation	**436**	**288**	**375**
Attributable to:			
Owners of the parent company	435	288	372
Non-controlling interests			2

Condensed consolidated statement of changes in equity

(in millions)	Share capital	Share premium	Other reserves including retained earnings	Accumulated other comprehensive income	Net profit/(loss) attributable to owners of the parent company	AT1 capital securities	Equity attributable to the owners of the parent company	Non-controlling interests	Total equity
Balance at 1 July 2020	**940**	**12,970**	**6,941**	**-1,825**	**-400**	**2,976**	**21,602**		**21,602**
Total comprehensive income				-13	301		288		288
Increase of capital						5	5		5
Decrease of capital						-1,000	-1,000		-1,000
Paid interest on AT1 capital securities			-64				-64		-64
Other changes in equity			-6			6			
Balance at 30 September 2020	**940**	**12,970**	**6,871**	**-1,838**	**-99**	**1,987**	**20,831**		**20,831**
Balance at 1 July 2021	**940**	**12,970**	**6,777**	**-1,478**	**337**	**1,987**	**21,533**	**5**	**21,538**
Total comprehensive income				93	343		435		436
Paid interest on AT1 capital securities			-46				-46		-46
Balance at 30 September 2021	**940**	**12,970**	**6,731**	**-1,386**	**679**	**1,987**	**21,922**	**5**	**21,927**

Accumulated other comprehensive income breaks down as follows:

(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 July 2020	**-20**	**46**	**75**	**-1,917**	**20**	**-29**	**-1,825**
Net gains/(losses) arising during the period	-1	-47	50	4	7	3	16
Less: Net realised gains/(losses) included in income statement				22			22
Net gains/(losses) in equity	-1	-47	50	-18	7	3	-6
Related income tax			11	-5			7
Balance at 30 September 2020	**-21**	**-2**	**114**	**-1,930**	**27**	**-26**	**-1,838**
Balance at 1 July 2021	**-24**	**5**	**141**	**-1,632**	**48**	**-17**	**-1,478**
Net gains/(losses) arising during the period	1	18	61	43	3	4	131
Less: Net realised gains/(losses) included in income statement				14			14
Net gains/(losses) in equity	**1**	**18**	**61**	**29**	**3**	**4**	**117**
Related income tax			16	7		1	24
Balance at 30 September 2021	**-23**	**23**	**186**	**-1,610**	**52**	**-14**	**-1,386**

Risk developments

Highlights

- Small release of impairments due to limited inflow in stage 3, model updates and an improved economic outlook, offset by impairments for individual clients of CIB non-core.
- Management overlays and increased coverage ratios in CIB non-core provide against tail risk; impairments for full-year 2021 expected to be around nil.
- Credit quality indicators were broadly stable, with a modest decline in stage 2 and stage 3 ratios.

Key figures

(in millions)	30 September 2021	30 June 2021	31 December 2020
Total loans and advances, gross excluding fair value adjustments[1]	**257,604**	**249,721**	**254,781**
- of which Banks	*4,046*	*3,738*	*3,399*
- of which Residential mortgages	*146,696*	*146,516*	*145,672*
- of which Consumer loans	*10,762*	*10,772*	*11,232*
- of which Corporate loans[1]	*85,407*	*80,558*	*86,745*
- of which Other loans and advances customers[1]	*10,693*	*8,138*	*7,733*
Total Exposure at Default (EAD)	**420,760**	**413,371**	**407,354**
Credit quality indicators[1]			
Forbearance ratio	4.6%	4.8%	5.1%
Past due ratio	0.8%	0.8%	1.0%
- of which Residential mortgages	*0.6%*	*0.6%*	*0.6%*
- of which Consumer loans	*1.5%*	*2.0%*	*2.9%*
- of which Corporate loans	*1.1%*	*1.3%*	*1.6%*
Stage 2 ratio	8.8%	9.0%	10.2%
Stage 2 coverage ratio	1.7%	1.7%	1.6%
Stage 3 ratio	2.8%	3.0%	3.4%
Stage 3 coverage ratio	28.8%	28.2%	32.7%
Regulatory capital			
Total RWA	110,565	107,194	110,481
- of which Credit risk[2]	*94,655*	*91,537*	*92,462*
- of which Operational risk	*14,054*	*13,730*	*16,685*
- of which Market risk	*1,857*	*1,926*	*1,334*
Total RWA/total EAD	26.3%	25.9%	27.1%
Mortgage indicators			
Exposure at Default	163,380	163,707	163,756
- of which mortgages with Nationale Hypotheek Garantie (NHG)	*32,299*	*32,844*	*33,367*
Risk-weighted assets	18,504	18,272	16,459
RWA/EAD	11.3%	11.2%	10.1%
Average Loan-to-Market-Value	58%	60%	61%
Average Loan-to-Market-Value - excluding NHG loans	57%	58%	59%

[1] Excluding loans and advances measured at fair value through P&L.
[2] RWA for credit value adjustment (CVA) is included in credit risk. CVA per 30 September 2021: EUR 0.2 billion (30 June 2021: EUR 0.2 billion, 31 December 2020: EUR 0.2 billion).

Loans and advances

In Q3 2021, total loans and advances went up to EUR 257.6 billion (30 June 2021: EUR 249.7 billion), mainly driven by increases in corporate loans and other loans and advances. The increase in corporate loans was attributable to higher business activity in CIB core, which was partly offset by the CIB non-core wind-down. Other loans and advances increased owing to higher collateral and default fund contributions for clients of Clearing.

The CIB non-core portfolio decreased to EUR 2.8 billion at 30 September 2021 (30 June 2021: EUR 3.9 billion) and consisted mainly of clients in the Netherlands, the USA and Asia, predominantly in the oil & gas, industrial goods & services and basic resources sectors. Approximately EUR 0.9 billion of this portfolio was classified as stage 3 at 30 September 2021 (30 June 2021: EUR 1.0 billion). The stage 3 coverage ratio of the CIB non-core portfolio went up to 71.8% at 30 September 2021 (30 June 2021: 63.5%), mainly due to additions for clients in the energy sectors.

Exposure at Default

EAD increased to EUR 420.8 billion (30 June 2021: EUR 413.4 billion), in line with total loans and advances and an update of the EAD model for corporate loans.

Credit quality indicators

Credit quality indicators were broadly stable in the third quarter. The forbearance portfolio remained fairly stable and the forbearance ratio improved slightly to 4.6% (30 June 2021: 4.8%) due to increased loans and receivables. In corporate loans, forborne exposure in the USA, Asia and rest of the world declined due to the CIB non-core wind-down.

Past due exposure remained broadly stable at EUR 2.0 billion (30 June 2021: EUR 2.1 billion), resulting in an unchanged past due ratio of 0.8%. The rise in nominal past due exposures of residential mortgages was attributable to the positive impact of pay-outs of holidays allowances and tax refunds in the second quarter.

While the stage 2 exposure remained stable, the stage 2 ratio decreased to 8.8% (30 June 2021: 9.0%), due to a rise in total loans and advances . The stage 2 coverage ratio remained stable. The stage 3 ratio declined to 2.8% (30 June 2021: 3.0%) as a result of decreased exposures, mainly in the industrial goods & services sector and the food sector within Commercial Banking and, to a lesser extent, of the CIB non-core wind-down. The stage 3 coverage ratio went up slightly to 28.8% (30 June 2021: 28.2%), driven by some highly provisioned CIB non-core clients from the energy sectors and a management overlay recorded in our mortgages portfolio.

Regulatory capital

Total RWA went up to EUR 110.6 billion in Q3 2021 (30 June 2021: EUR 107.2 billion), reflecting increases in credit risk and, to a lesser extent, operational risk RWA. Credit risk RWA increased due to an update of the EAD model for corporates. An increase of credit risk RWA caused by higher business activity in CIB was fully offset by the CIB non-core wind-down. Operational risk RWA rose owing to updated scenarios for privacy regulations and a contingent liability regarding equity trading in Germany, partly offset by the removal of a regulatory add-on.

Impairments and cost of risk

	Q3 2021	Q3 2020	Q2 2021	Nine months 2021	Nine months 2020
Impairment charges on loans and other advances (in EUR million)[1]	-12	270	-79	-168	2,083
- of which residential mortgages	*10*	*-16*	*-2*	*-27*	*-7*
- of which consumer loans	*-11*	*35*		*-1*	*94*
- of which corporate loans	*-13*	*258*	*-143*	*-213*	*1,759*
Cost of risk (in bps)[2), 3)]	-2	42	-23	-13	92
- of which residential mortgages	*3*	*-4*	*-1*	*-2*	*-1*
- of which consumer loans	*-41*	*121*		*-1*	*107*
- of which corporate loans	*-6*	*108*	*-67*	*-33*	*235*

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

In Q3 2021, we recorded a release of impairments of EUR 12 million (Q3 2020: EUR 270 million addition), resulting in a cost of risk of -2bps (Q3 2020: 42bps, Q2 2021: -23bps). The release was mainly attributed to limited inflow in stage 3, the implementation of new ECL models and an improved economic outlook. Inflow of individual files was limited, as government support proved to be effective and economic recovery was better than expected. The release was partly offset by additions for individual clients of CIB non-core and increases in management overlays, including in our mortgage portfolio.

Impairment charges for CIB amounted to EUR 35 million in Q3 2021 (Q3 2020: EUR 154 million). Main contributions came from individual impairments in energy sectors within CIB non-core, partly offset by releases from decreasing exposure in stages 1 and 2. For Commercial Banking, releases of EUR 47 million were recorded (Q3 2020: EUR 102 million) in connection with the implementation of new ECL models for some of our programme lending portfolios and an improved economic outlook. Small releases were recorded for individual files in the industrial transportation sector. Inflow of individual files was limited due to effective government support and better than expected economic recovery.

Impairments for Retail Banking amounted to EUR 7 million (Q3 2020: addition of EUR 13 million). Increases were attributable to a management overlay recorded for the ECL impact of the implementation and alignment of the new Basel definition of default and a new external data source for collateral valuation. The impairments were partly offset by releases following the improved macroeconomic scenario. Releases of EUR 4 million were recorded for Private Banking (Q3 2020: EUR 0 million addition).

Impairments for full-year 2021 are expected to be around nil.

Macroeconomic scenarios

The tables below show the scenarios used for calculating the expected credit loss (ECL). In September 2021, the base scenario improved slightly compared to June 2021, showing a further recovery of the global and Eurozone economy on the back of accommodative central bank policies. The rising trend in house prices was expected to continue due to low mortgage interest rates, transaction tax adjustments and more lenient mortgage regulations. Projections for the house price index (HPI) were adjusted upward to reflect the large number of transactions closed at high prices. The scenarios of 30 September 2021 predate the recent hike in energy prices and supply chain disturbances, which proved more persistent than initially expected. These will be taken into account in our fourth-quarter macroeconomic scenarios.

ECL scenarios on 30 September 2021

(in millions)	Weight	Macroeconomic variable	2021	2022	2023	2024
Positive	15%	Real GDP Netherlands[1]	4.4%	4.1%	3.0%	2.5%
		Unemployment[2]	3.4%	3.3%	2.8%	2.7%
		House price index[3]	14.0%	7.0%	4.0%	3.5%
Baseline	60%	Real GDP Netherlands[1]	3.9%	2.8%	2.5%	2.5%
		Unemployment[2]	3.4%	3.8%	3.9%	3.6%
		House price index[3]	12.5%	5.0%	3.0%	3.0%
Negative	25%	Real GDP Netherlands[1]	3.5%	1.8%	1.8%	1.2%
		Unemployment[2]	3.5%	4.7%	4.7%	3.8%
		House price index[3]	8.0%	0.0%	-3.0%	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.

ECL scenarios on 30 June 2021

(in millions)	Weight	Macroeconomic variable	2021	2022	2023	2024
Positive	15%	Real GDP Netherlands[1]	5.0%	4.2%	2.4%	2.2%
		Unemployment[2]	3.4%	3.3%	3.2%	3.0%
		House price index[3]	10.0%	5.0%	3.0%	3.0%
Baseline	60%	Real GDP Netherlands[1]	3.7%	2.8%	2.5%	2.5%
		Unemployment[2]	3.4%	4.2%	3.9%	3.6%
		House price index[3]	7.5%	2.5%	3.0%	3.0%
Negative	25%	Real GDP Netherlands[1]	2.9%	2.5%	2.0%	1.2%
		Unemployment[2]	3.9%	5.3%	5.3%	5.2%
		House price index[3]	5.0%	-2.5%	-2.5%	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.

Coverage and stage ratios

(in millions)	30 September 2021 Gross carrying amount	Allowances for credit losses	Coverage ratio	Stage ratio	30 June 2021 Coverage ratio	Stage ratio	31 December 2020 Coverage ratio	Stage ratio
Stage 1								
Loans and advances banks	**4,046**	**5**	**0.1%**	**100.0%**	**0.2%**	**100.0%**	**0.2%**	**100.0%**
Residential mortgages	136,744	9	0.0%	93.2%	0.0%	93.5%	0.0%	93.0%
Consumer loans	9,336	26	0.3%	86.7%	0.4%	88.0%	0.4%	86.4%
Corporate loans	67,493	123	0.2%	79.0%	0.2%	76.7%	0.4%	74.4%
Other loans and advances customers	10,638		0.0%	99.5%	0.0%	99.4%	0.0%	99.3%
Total loans and advances customers[1]	**224,211**	**158**	**0.1%**	**88.4%**	**0.1%**	**88.0%**	**0.1%**	**86.4%**
Stage 2								
Loans and advances banks								
Residential mortgages	8,898	26	0.3%	6.1%	0.3%	5.7%	0.5%	6.3%
Consumer loans	1,002	38	3.8%	9.3%	4.5%	7.7%	3.8%	9.5%
Corporate loans	12,345	309	2.5%	14.5%	2.4%	16.0%	2.1%	17.7%
Other loans and advances customers	46	2	3.4%	0.4%	2.2%	0.5%	0.3%	0.5%
Total loans and advances customers[1)]	**22,291**	**374**	**1.7%**	**8.8%**	**1.7%**	**9.0%**	**1.6%**	**10.2%**
Stage 3								
Loans and advances banks								
Residential mortgages	1,054	63	6.0%	0.7%	4.8%	0.7%	5.2%	0.8%
Consumer loans	424	210	49.5%	3.9%	46.3%	4.3%	47.2%	4.1%
Corporate loans	5,569	1,757	31.6%	6.5%	31.0%	7.3%	36.3%	7.9%
Other loans and advances customers	9	3	28.2%	0.1%	20.4%	0.2%	14.6%	0.3%
Total loans and advances customers[1]	**7,056**	**2,033**	**28.8%**	**2.8%**	**28.2%**	**3.0%**	**32.7%**	**3.4%**
Loans at fair value through P&L	**290**							
Fair value adjustments from hedge accounting	**2,490**							
Total loans and advances banks	4,046	5	0.1%		0.2%		0.2%	
Total loans and advances customers	256,338	2,564	1.0%		1.1%		1.4%	
Other balance sheet items[2]	159,219	7	0.0%		0.0%		0.0%	
Total on-balance sheet	**419,603**	**2,577**	**0.6%**		**0.6%**		**0.9%**	
Committed credit facilities[3]	53,145	111	0.2%		0.2%		0.1%	
Guarantees and other commitments[3]	7,466	2	0.0%		0.0%		0.1%	
Total on- and off-balance sheet	**480,215**	**2,689**	**0.6%**		**0.6%**		**0.8%**	

1 Excluding fair value adjustments from hedge accounting on loans and advances customers and loans at fair value through P&L.
2 The allowances for credit losses excludes allowances for financial investments held at FVOCI (30 September 2021: EUR 1.2 million; 30 June 2021: EUR 1.2 million; 31 December 2020: EUR 1.4 million).
3 ABN AMRO changed its presentation of the split in off-balance sheet items to be more consistent with the face of the balance sheet in this report. Comparative figures have been changed accordingly.

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Residential mortgages

Housing market developments

Property prices continued to rise rapidly as the demand for residential properties was high, while supply was low. For every buyer, 1.5 homes were available for sale (Q3 2020: 2.0 houses), making this the tightest market ever. Interest rates remained low, but higher prices continued to push up cost levels for home buyers. Due to the limited number of properties for sale and consumers expecting interest rates to rise again, consumer confidence declined slightly compared to Q2 2021, but remained positive.

According to the Dutch Land Registry (Kadaster)[1] the number of transactions in Q3 2021 was 2.1% higher than in Q2 2021 and 13.4% lower than in Q3 2020. The housing price index published by Statistics Netherlands (CBS) for Q3 2021 was 6.4% higher than in Q2 2021 and 17.5% higher than in Q3 2020.

Residential mortgage portfolio insights

New mortgage production amounted to EUR 5.2 billion, 5% less than in Q2 2021 and 23% up on Q3 2020. Redemptions totalled EUR 4.8 billion, 3% more than in Q2 2021 and 1% more than in Q3 2020. ABN AMRO's market share in new mortgage production came to 15% in Q3 2021 (Q2 2021: 16%, Q3 2020: 14%), reflecting strong operational capabilities and a well-balanced pricing strategy in a competitive market.

Rising property prices and mortgage redemptions, including contractual redemptions, led to further improvement of our mortgage portfolio indicators. The average indexed Loan to Market Value (LtMV) decreased to 58% on 30 September 2021, from 60% on 30 June 2021 (excluding NHG mortgages: from 58% to 57%). The gross carrying amount of mortgages with an LtMV in excess of 100% decreased to EUR 1.0 billion (30 June 2021: EUR 1.1 billion, 30 September 2020: EUR 1.4 billion) and accounted for 0.7% of total mortgages (30 June 2021: 0.7%, 30 September 2020: 1.0%). Approximately 3% of the extra repayments were in this category (Q2 2021: 2%, Q3 2020: 3%).

The proportion of amortising mortgages continued to increase, reaching 40% by 30 September 2021 (30 June 2021: 39%, 30 September 2020: 36%).

Update on Covid-19 relief measures

This section provides information on the measures we have offered our clients to provide them with liquidity. The two primary relief measures offered have been deferral of interest and principal payments, and Covid-19-related credit facilities supported by public guarantee schemes. ABN AMRO continuously monitors sectors vulnerable to Covid-19 and offers tailored support to clients that have a viable business or financial case.

Payment moratoria and other Covid-19-related forbearance measures

The table below captures all loans subject to payment moratoria (whether or not they are EBA-compliant) or to an individual Covid-19-related forbearance measure.

1 Dutch Land Registry (Kadaster) has updated its registration methodology for determining the market share. Previously published data has been updated.

	Number of clients	Gross carrying amount in millions: Active measure	Expired measure	Total	- of which stage 2	- of which stage 3
30 September 2021						
Retail Banking	40,372	5	3,008	3,012	1,818	248
Commercial Banking	41,570	578	14,539	15,117	4,275	1,767
Private Banking	378	8	724	731	204	68
Corporate & Institutional Banking	47	726	673	1,398	893	123
Total	**82,367**	**1,316**	**18,943**	**20,259**	**7,190**	**2,206**
30 June 2021						
Retail Banking	40,631	5	3,167	3,171	1,862	258
Commercial Banking	42,515	725	14,959	15,684	4,547	1,885
Private Banking	493	11	750	761	221	70
Corporate & Institutional Banking	46	871	593	1,463	962	121
Total	**83,685**	**1,611**	**19,468**	**21,080**	**7,592**	**2,334**

By 30 September 2021, approximately 82,400 clients had received a Covid-19-related deferral or forbearance measure, accounting for a total exposure of EUR 20.3 billion (30 June 2021: EUR 21.1 billion). An amount of EUR 1.3 billion was subject to measures that were still active. Credit quality remained broadly stable due to the continuation of government support schemes and the improved economic outlook. Stage 2 and 3 exposure decreased slightly, bringing the total share of exposure with increased risk to 46% of the total exposure subject to Covid-19-related measures (30 June 2021: 47%).

By 30 September 2021, 62% of the originally deferred payments within Commercial Banking had been repaid (30 June 2021: 55%). The remaining deferrals amounted to EUR 0.6 billion (30 June 2021: EUR 0.7 billion). The reduction was in line with our expectations regarding contractual repayments, which are due on 31 December 2021 for current accounts and overdraft facilities, and on the contractual maturity date for term loans. The remaining deferred payments are expected to be repaid within 5 years.

Loans and advances supported by public guarantee schemes

	Number of clients	Gross carrying amount in millions by residual maturity of the guarantee: ≤ 6 months	> 6 months & ≤ 12 months	> 1 year & ≤ 2 years	> 2 years	Total	Maximum amount in millions of the guarantee that can be considered
30 September 2021							
Retail Banking	1						
Commercial Banking	1,222	8	26	23	94	150	130
Private Banking	278	26	13	1	128	168	151
Corporate & Institutional Banking	9	19	16	28	36	99	80
Total	**1,510**	**53**	**54**	**52**	**259**	**417**	**361**
30 June 2021							
Retail Banking	1						
Commercial Banking	1,181		11	28	122	160	139
Private Banking	283	69	22	1	78	170	153
Corporate & Institutional Banking	9	2	37	32	37	108	86
Total	**1,474**	**72**	**70**	**60**	**237**	**438**	**378**

While the number of clients grew modestly as new loan applications continued in the third quarter of 2021 (mainly under the Klein Krediet Corona or KKC programme), the total amount of loans and advances subject to public guarantee schemes decreased slightly due to partial repayments. The average state guarantee coverage for these loans remained stable at 86% (30 June 2021: 86%). As the Dutch authorities will continue to issue new public guarantees in favour of companies impacted by Covid-19 at least until the end of 2021, loans and advances subject to public guarantee schemes are likely to increase further in the coming period.

Other risk developments

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. Not sufficiently following the market rate may, in line with the ruling of Kifid, result in an obligation to repay part of the interest charged.

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. The compensation scheme entails a proactive recalculation of variable interest charged as from 1 January 2008 on various revolving consumer credits offered by ABN AMRO, ALFAM and ICS. ABN AMRO has provisioned around EUR 250 million for the interest to be compensated and the costs incurred in carrying out the scheme. Of this EUR 250 million, EUR 30 million has already been provisioned for the last quarter.

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

Capital management

Regulatory capital structure

(fully-loaded, in millions)	30 September 2021	30 June 2021	31 December 2020
Total equity (EU IFRS)	**21,927**	**21,538**	**20,989**
Dividend reserve	-945	-785	-639
AT1 capital securities (EU IFRS)	-1,987	-1,987	-1,987
Regulatory and other adjustments	676	869	1,185
Common Equity Tier 1	**19,672**	**19,635**	**19,548**
AT1 capital securities (EU IFRS)	1,987	1,987	1,987
Regulatory and other adjustments	-5	-5	-5
Tier 1 capital	**21,654**	**21,617**	**21,530**
Subordinated liabilities (EU IFRS)	6,599	6,578	8,069
Regulatory and other adjustments	-2,309	-2,259	-3,405
Tier 2 capital	**4,289**	**4,319**	**4,664**
Total regulatory capital	**25,943**	**25,936**	**26,195**
Other MREL eligible liabilities[1]	5,551	5,428	4,127
Total MREL eligible liabilities	**31,494**	**31,365**	**30,322**
Total risk-weighted assets	**110,565**	**107,194**	**110,481**
Exposure measure (CRR2)			
On-balance sheet exposures	417,026	411,464	395,623
On-balance sheet netting[2]	4,444	4,873	5,419
Off-balance sheet exposures[2]	34,112	35,507	35,243
Other incl. other regulatory measures	-81,109	-78,012	-62,686
Exposure measure	**374,474**	**373,833**	**373,599**
Central bank exposure	73,017	72,550	56,133
Exposure measure (incl. central bank exposure)	**447,491**	**446,383**	**429,732**
Capital ratios			
Common Equity Tier 1 ratio	17.8%	18.3%	17.7%
Common Equity Tier 1 ratio (Basel IV)[3]	16%	16%	15%
Tier 1 ratio	19.6%	20.2%	19.5%
Total capital ratio	23.5%	24.2%	23.7%
MREL[4]	28.5%	29.3%	27.4%
Leverage ratio	5.8%	5.8%	5.8%
Leverage ratio (incl. central bank exposure)	4.8%	4.8%	5.0%

1 Other MREL eligible liabilities consists of subordinated liabilities and senior non-preferred notes that are not included in regulatory capital.
2 As from 28 June 2021, the exposure measure includes CRR2. Comparative figures have been adjusted accordingly.
3 Basel IV results are based on fully-loaded figures, rounded to the nearest whole percent, which reflects our current assumptions on how Basel IV will be implemented in EU legislation. We will review the European Commission's proposal and update our assumptions on the Basel IV impact accordingly.
4 MREL is calculated as total regulatory capital plus other MREL eligible subordinated liabilities divided by total risk-weighted assets.

Developments impacting capital ratios

At 30 September 2021, the CET1 ratio under Basel III was 17.8% (30 June 2021: 18.3%). In comparison with Q2 2021, the CET1 ratio decreased mainly due to an increase in RWA reflecting an update of the EAD model for corporates. This was partly offset by accumulated capital. All capital ratios were in line with the bank's risk appetite and were comfortably above regulatory requirements. As the ECB did not extend its recommendation on dividend payments beyond September 2021, ABN AMRO decided to pay its final 2019 dividend. A final dividend payment of EUR 0.68 per share was executed on 25 October 2021 and did not affect our capital ratios.

The maximum distributable amount (MDA) trigger level is currently 9.6% (excluding AT1 shortfall). In the future, the Dutch central bank (DNB) is expected to gradually raise the countercyclical capital buffer requirement from 0% to 2% of risk-weighted exposures in the Netherlands as the economy improves. The reported CET1 ratio of 17.8% under Basel III is well above the MDA trigger level of 9.6%. The bank remains committed to maintaining a significant buffer in excess of its regulatory requirements at all times. Our strong capital position is confirmed by the results of the EU-wide stress test for European banks, published by the European Banking Authority (EBA) on 30 July 2021. The outcome of this stress test will be taken into consideration by our supervisory authorities when determining our SREP requirements for 2022.

In the upcoming quarters, additional model reviews are expected to be performed. New mortgage models have been approved and are expected to be implemented in Q4 2021. Model reviews entail moving specific portfolios from Basel III advanced to foundation or standardised approach, model updates reflecting EBA guidelines and implementation of DNB mortgage floor. DNB has stated that the risk weight floor for mortgages will be implemented with effect from 1 January 2022. The impact on Basel III RWA is currently expected to be approximately EUR 4 billion.

We have taken note of the European Commission's Basel IV proposal published on 27 October 2021 and we expect that Basel IV will be implemented in the EU by January 2025 at the earliest, with a 5-year phase-in period of the output floor. Given recent TRIM and model review developments, constrained IRB RWA and output floored RWA are no longer expected to be materially different in a Basel IV fully-loaded situation at bank level. As a result, we expect that the benefit of the phase-in period will effectively be eliminated.

We have adopted Basel IV as our primary capital metric, with a Basel IV CET1 target ratio of 13%. This entails a management buffer on top of our SREP capital requirement and Pillar 2 guidance. Reflecting our current assumptions on how Basel IV will be implemented in EU legislation, the fully-loaded Basel IV CET1 ratio was estimated comfortably above target at around 16% on 30 September 2021. On 27 October 2021 the European Commission published its proposal for implementing Basel IV in the EU. In the coming quarters, we will review the proposal and update our assumptions on the Basel IV impact. The Basel IV CET1 ratio at implementation is also subject to other uncertainties, including data limitations, management actions and other portfolio developments (including the wind-down of CIB non-core). The first effects of measures implemented to mitigate Basel IV inflation are reflected in the RWA, and we are continuing to work on further mitigations to reduce the Basel IV RWA inflation.

As the situation around TRIM, legal fines and the dividend ban has become less uncertain, we have more clarity with regard to our capital and RWA outlook. However, several other uncertainties remain, including Covid-19-related risk, the low interest rate environment, model reviews, EU implementation of Basel IV, and the NPE calendar provisioning.

At 30 September 2021, we recorded EUR 0.5 billion in capital deductions to address supervisory expectations regarding non-performing exposures (NPE) and the commercial real estate (CRE) portfolio. Depending on economic developments, capital deductions of approximately EUR 0.2 billion per annum could be expected in the upcoming years in order to address regulatory requirements regarding NPE.

We are working on mitigating actions aimed at increasing NPE velocity by intensifying management attention for clients in our Financial Restructuring & Recovery department (FR&R) and by realising potential NPE divestments subject to market conditions.

Leverage ratio

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 included the application of SA-CCR with a lower impact for clearing guarantees on derivative exposures. The leverage ratio based on SA-CCR remained fairly stable at 4.8% as at 30 September 2021 (30 June 2021: 4.8%). The temporary capital relief measure that exempts central bank reserves from the exposure measure, originally expected to terminate on 27 June 2021, has been extended until March 2022. This currently has a positive impact of 1.0 percentage point, resulting in a leverage ratio of 5.8%.

MREL

Our intermediate MREL target is set at 27.1% of Basel III RWA, of which 26.6% must be met by own funds, subordinated instruments and senior non-preferred (SNP) notes. This includes the currently applicable combined buffer requirement of 4% and will apply with effect from 1 January 2022. Based on own funds, subordinated instruments and SNP notes, MREL was 28.5% as at 30 September 2021 (30 June 2021: 29.3%). In comparison with Q2 2021, MREL decreased mainly due to the increase in RWA and a disqualified Tier 2 instrument that became ineligible for MREL. This was partly offset by the issuance of a green SNP in September 2021.

About this report

Introduction

This report presents ABN AMRO's results for the third quarter of 2021. It provides a quarterly business and financial review, as well as risk and capital disclosures.

Presentation of information

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

To download this report or to obtain more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com. In addition to this report, ABN AMRO provides an analyst and investor call, an investor presentation and a fact sheet regarding the Q3 2021 results.

Enquiries

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Investor call

A conference call for analysts and investors will be hosted by the bank on Wednesday 10 November 2021 at 11:00 am CET (10:00 am London time). To participate in the conference call, we strongly advise analysts and investors to pre-register for the call using the information provided on the ABN AMRO Investor Relations website.

More information can be found on our website, abnamro.com/ir.

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

Disclaimer & cautionary statements

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

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

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