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ABN AMRO BANK N.V.

REGISTRATION DOCUMENT

constituting part of any base prospectus of the Issuer consisting of separate documents within the meaning of Article 8(6) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**")

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1. RISK FACTORS

Set out below are risk factors which could affect the future financial performance of the Issuer and thereby potentially affect the Issuer's ability to fulfil its obligations in respect of securities issued or guaranteed by it. The Issuer has described the risks relating to its operations of which it is aware and that it considers to be material.

Additional risks not currently known to the Issuer or that the Issuer now views as immaterial may also have a material adverse effect on the Issuer's future business and operating results on financial position.

Terms used herein and otherwise not defined shall have the same meaning as given to such terms in the section headed "*4. Selected Definitions and Abbreviations*".

Throughout this section the Issuer is used as a reference to the Issuer and its consolidated subsidiaries and other group companies.

(a) Risks related to the Issuer's financial situation

1. *Lack of liquidity is a risk to the Issuer's business and its ability to access sources of liquidity.*

Liquidity risk is the risk that actual (and potential) payments or collateral posting and other obligations cannot be met on a timely basis. The Issuer discerns two types of liquidity risk. Funding liquidity risk is the risk of not being able to meet both expected and unexpected current and future cash outflows and collateral needs without affecting either daily operations or the financial position of the Issuer. Market liquidity risk is the risk that the Issuer cannot sell an asset without significantly affecting the market price due to (i) insufficient market depth (insufficient supply and demand), (ii) market disruption, (iii) changes in the applicable haircuts and market value or (iv) uncertainty about the time required to realise the liquidity value of the assets. See also the risk factor "*2. Volatility in, and the position of, financial markets, liquidity disruptions or market dislocations can adversely affect the Issuer's banking and funding activities*" below for other factors that also may affect Issuer's business and its ability to access sources of liquidity.

The Issuer relies on customer deposits to meet a considerable portion of its funding. As at 31 December 2020, approximately 27 per cent. of the Issuer's funding related to demand deposits. However, such deposits are subject to fluctuation due to certain factors, such as a loss of confidence, increasing competitive pressures or the encouraged or mandated repatriation of deposits by foreign wholesale or central bank depositors, which could result in a significant outflow of deposits within a short period of time. An inability to grow, or any material decrease in, the Issuer's deposits could, particularly if accompanied by one of the other factors described above, have a material adverse effect on the Issuer's ability to satisfy its liquidity needs.

In addition to the use of deposits, the Issuer also relies on the availability of long-term and subordinated debt and short-term debt. As at 31 December 2020, approximately 19 per cent. of the Issuer's funding related to long-term and subordinated debt and short-term debt. In periods of liquidity stress the Issuer may need to seek funds from alternative sources and/or potentially at higher costs of funding than has previously been the case which may materially adversely affect the Issuer's liquidity and financial position.

2. *Conditions in the global financial markets and economy may materially adversely affect the Issuer's financial position, business and results of operations.*

The Issuer's results of operations in the past have been, and in the future may continue to be, materially affected by many factors of a global nature, including political, economic and market conditions; changes in consumer spending; investment and saving habits; monetary and interest rate policies of the European Central Bank ("ECB") and other central banks; the availability and cost of capital; the liquidity of global markets; the level and volatility of equity prices, commodity prices and interest rates; currency values and other market indices; technological changes and events; the availability and cost of credit; inflation or deflation; the stability and solvency of states, financial institutions and other companies; investor sentiment and confidence in the financial markets; or a combination of these or other factors. These factors have in the past resulted in, or may in the future result in, a reduced demand for financial products and services, a deterioration in asset quality of the Issuer and increases in loan impairment charges. Moreover, a market

downturn or a worsening of the Dutch, European or global economies may materially and adversely affect the value of the Issuer's assets, the ability of its clients to meet financial obligations and could cause the Issuer's loan impairment charges to rise, reduce the Issuer's fee and commission income and/or interest income or cause the Issuer to incur further mark-to-market losses which could have a material adverse effect on the Issuer's business, financial position and results of operation.

Deterioration of the economic environment, including as a result of an increase in unemployment rates and/or decreases in house prices, threaten the quality of the Issuer's loan portfolio, in particular for retail clients. There is also a possibility that the Issuer may have insufficient access to, or incur higher costs associated with, funding alternatives, which could have a material adverse effect on the Issuer's business and financial position.

3. ***Volatility in, and the position of, financial markets, liquidity disruptions or market dislocations can adversely affect the Issuer's banking and funding activities.***

The securities and other financial markets can experience sustained periods of high volatility, unpredictable market movements, severe market dislocations and illiquidity or other liquidity disruptions. These market conditions can cause a reduction in the value of assets or collateral held by the Issuer, a decline in the profitability of certain assets, an increase in unrealized losses in the Issuer's various (asset) portfolios, a reduction in unrealized gains in the Issuer's various (asset) portfolios, volatility in the composition of the Issuer's balance sheet or in the demand for some of the Issuer's banking services and products and may impede the Issuer's timely or cost-efficient access to funding on the capital markets.

In addition, under volatile market conditions, funding transactions, as well as hedging and other risk management strategies may not be as effective at mitigating trading risks as they would be under more normal market conditions. Although the Issuer uses common financial derivative measures, balance sheet steering and interest rate management as part of its risk management strategy, it may not be able to manage its exposures adequately through the use of such strategies as a result of modeling, sensitivity analysis or other risk assessment method failures or as a result of appropriate derivative products not being available.

Severe market events have historically been difficult to predict, and could lead to the Issuer realizing significant losses if extreme market events were to persist for an extended period of time. Therefore market volatility, liquidity disruptions, or dislocations could have a material adverse effect on the Issuer's banking and funding activities.

4. ***The Issuer is subject to significant counterparty risk exposure and exposure to systemic risks which may have an adverse effect on the Issuer's results.***

The Issuer's businesses are subject to general credit and country risks, including credit risks of borrowers and other counterparties. Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Issuer's businesses. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include borrowers (under loans), the issuers whose securities the Issuer holds, customers, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy, financial markets or real estate values, operational failure or other reasons. Further, collateral posted may prove insufficient or inadequate. This is particularly predominant in businesses and operations of the Issuer that rely on sufficient collateral, such as in relation to its securities financing operations, asset-based financing business, clearing activities or trade and commodity finance credit portfolio.

The Issuer also has outsourcing arrangements with a number of third parties, notably in respect of IT, and certain services operations, such as cash centers, cash transportation, servicing of ATMs, and back office activities, for example in human resources operations. Accordingly, the Issuer is at risk of these third parties not delivering on their contractual obligations. There can be no guarantee that the suppliers selected by the Issuer will be able to provide the functions for which they have been contracted, either as a result of them failing to have the relevant capabilities,

products or services, or due to inadequate service levels set by, or ineffective monitoring by, the Issuer.

The Issuer invests, as a part of discretionary portfolio management, client monies in third party investment funds which it does not control or it may advise the clients to do so. If these funds do not deliver adequate performance, the Issuer could face reputational damage, and, in the case of significant underperformance or fraud, clients may seek to be compensated by the Issuer.

The Issuer may see adverse changes in the credit quality of its borrowers and counterparties, for example, as a result of their inability to refinance their indebtedness, with increasing delinquencies, defaults and insolvencies across a range of sectors (such as the personal, banking and financial institution sectors) and in a number of geographies. Also, the transition to sustainability may impact the profitability and creditworthiness of the Issuer's borrowers and counterparties, for example, as a result of a potential carbon tax or higher energy prices. This may lead to further impairment charges, higher costs and additional write-downs and losses for the Issuer.

The Issuer is one of a limited number of international lenders in the diamond and jewellery industry which has experienced reduced liquidity, with various banks leaving the industry or reducing their exposure. To the extent that clients of the Issuer have insufficient access to liquidity, their creditworthiness may negatively be affected, which may adversely affect the quality of the Issuer's credit portfolio in this industry. Furthermore, the diamond and jewellery industry perceives the Issuer as a leading bank in financing of the industry given its previous exposure (that was substantially larger in the past). Market participants and representative bodies in the industry might expect the Issuer to continue to provide liquidity to the market. If the Issuer does not provide this liquidity, this may damage the Issuer's reputation.

The financial and/or commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between the institutions. As a result, concerns about, or a default, or threatened default by one institution could affect the banking system and lead to significant market-wide liquidity problems and financial losses at many financial institutions. It may even lead to further defaults of other financial institutions, which is referred to as "systemic risk". A systemic risk event may also adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, to which the Issuer is exposed. The systemic risk of the global financial industry is still at an elevated level. High sovereign indebtedness, low capital levels at many banks and the high interconnectivity between the largest banks and certain economies are important factors that contribute to this systemic risk. A default by, or even concerns about a default by, one or more financial services institutions could lead to significant systemic liquidity problems, or losses or defaults by other financial institutions may lead to material losses for the Issuer and may have an adverse effect on the Issuer's results.

5. ***The Issuer's operations and assets are located primarily in The Netherlands. Deterioration of the Dutch economic environment could have a material adverse effect on the Issuer's results of operations and financial position.***

As of 31 December 2020, approximately 81% of the Issuer's total operating income was generated in The Netherlands and a majority of its aggregate credit exposure (as measured by 'Exposure at Default') is also located in The Netherlands (approximately 75% as of 31 December 2020). Accordingly, the Issuer is largely dependent upon the prevailing economic, political and social conditions in The Netherlands, particularly those which impact the mortgage market and small and medium business enterprises. Accordingly, deterioration of the economic environment in The Netherlands could have a negative effect on the Issuer's results of operations and financial position. Efforts by the Issuer to diversify, limit or hedge its portfolio against concentration risks may not be successful and any concentration risk could increase potential losses in its portfolio; this risk is mainly manifested through business and credit risk.

Finally, while the Issuer's operations and assets are located primarily in The Netherlands, it does have a number of branches, offices, business and operations located internationally, as well as clients who operate in other jurisdictions, which exposes the Issuer to country risks in those jurisdictions. See also the risk factor "20. *The Issuer is exposed to risks relating to its existing and future international presence.*" for other risks relating to the Issuer's presence outside of The

Netherlands which could have a negative effect on the Issuer's results of operations and financial position.

6. ***Reductions or potential reductions in the Issuer's credit ratings could have a significant impact on its borrowing ability and liquidity management through reduced funding capacity and collateral triggers, and on the access to capital and money markets as well as adversely affect the Issuer's business and financial position.***

Rating agencies assess the creditworthiness of the Issuer and its operating environment and assign a rating to the Issuer and some of the financial instruments it has issued. This information is available to investors, clients and counterparties of the Issuer. There can be no assurance that a credit rating agency will not downgrade or change the outlook on any such credit rating.

In addition, rating agencies may change their methodology from time to time, which may also result in a downgrade or a change in the outlook on any such credit rating.

Any downgrade or potential downgrade in the Issuer's ratings may increase its borrowing costs, require the Issuer to replace funding lost due to the (potential) downgrade (e.g., customer deposits), limit the Issuer's access to capital and money markets (because investing in the Issuer in such case will likely be considered less attractive) and trigger additional collateral requirements in derivatives contracts and other secured funding arrangements. In addition, a rating downgrade or potential downgrade of the Issuer could, among other things, limit the Issuer's opportunities to operate in certain business lines and adversely affect certain other business activities.

As a result, any reductions in the Issuer's credit ratings could have a material adverse effect on the Issuer's business, prospects, financial position, borrowing costs, ability to raise funding and capital and competitive position.

7. ***Changes in interest rates and foreign exchange rates may adversely affect the Issuer's financial position, business, results of operations and cash flows.***

Fluctuations in interest rates and foreign exchange rates influence the Issuer's performance. The results of the Issuer's banking operations are affected by the Issuer's management of interest rate and foreign exchange rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. If the yield on the Issuer's interest-earning assets (including corresponding hedges) does not increase at the same time or to the same extent as its cost of funds (including corresponding hedges), or if its cost of funds does not decline at the same time or to the same extent as the decrease in yield on its interest-earning assets, the Issuer's net interest income and net interest margin may be adversely impacted. Interest rate, margin and spread changes, to the extent not hedged, may lead to mismatches in funding costs and interest income. Any of these events could have a material adverse effect on the Issuer's business, financial position and current and future cash flows.

The Issuer's business and performance are affected by prevailing interest rates and the shape of the interest rate curve. The current interest rate environment with a sustained downward pressure on interest rates and low inflation may impact the interest rate margin of the bank. A prolonged period of flatter than usual interest rate curves, including negative interest rates, could have an adverse impact on the Issuer's business model. For example, in recent years the Issuer's interest income has been under pressure as a result of the sustained low interest rate environment. It cannot be predicted whether and when such pressure would disappear or decrease in the future. Managing the interest rate risk relies on passing on changes in market rates to clients. The Issuer's ability to pass on negative rates to clients may be hampered by legal, competitive and/or reputational reasons. Any inability to pass on negative rates to clients could have a material adverse impact on the Issuer's interest income.

Furthermore, the effect of a prolonged period of low inflation and/or deflation could affect client behavior and may thereby impact the Issuer's financial position and results of operations.

In addition, the Issuer publishes its consolidated annual financial statements in euros. Fluctuations in the foreign exchange rates used to translate other currencies into euros affect the Issuer's reported consolidated financial position, results of operations and cash flows from period to period. The

Issuer also attracts its capital and funding mostly in euros, but also in a variety of other currencies. To the extent the non-euro funding is not used to provide loans in the same currency, not hedged or not adequately hedged this causes exposure to foreign exchange rate risk, which could have a material adverse effect on the Issuer's financial position, results of operations and cash flows.

8. ***The Issuer is subject to changes in financial reporting standards or policies, including as a result of choices made by the Issuer, which could materially adversely affect Issuer's reported results of operations and financial condition and may have a corresponding material adverse impact on capital ratios.***

The Issuer's consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union, which is periodically revised or expanded. Accordingly, from time to time the Issuer is required to adopt new or revised accounting standards issued by recognised bodies, including the International Accounting Standards Board ("IASB"). It is possible that future accounting standards which the Issuer is required to adopt, could change the current accounting treatment that applies to its consolidated financial statements and that such changes could have a material adverse effect on Issuer's results of operations and financial condition and may have a corresponding material adverse effect on capital ratios. Further changes in financial reporting standards or policies, including as a result of choices made by the Issuer, could have a material adverse effect on the Issuer's reported results of operations and financial condition and may have a corresponding material adverse effect on capital ratios.

9. ***The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.***

The value of certain financial instruments, such as (i) financial instruments classified as 'held-for-trading' or 'designated as at fair value through income', and (ii) financial assets classified as 'available-for-sale' recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate. Generally, to establish the fair value of these instruments, the Issuer relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable market data.

In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to changes in market conditions. In such circumstances, the Issuer's internal valuation models require the Issuer to make assumptions, judgements and estimates to establish fair value. Given the nature of these instruments, these internal valuation models are complex, and the assumptions, judgements and estimates the Issuer is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, residential and commercial property price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgements and estimates may need to be updated in the face of changing facts, trends and market conditions. The resulting change in the fair values of the financial instruments has had and may have a material adverse effect on the Issuer's results of operations and financial position.

10. ***The outbreak of communicable diseases around the world may materially and adversely affect the Issuer's business, financial condition and results of operations.***

The outbreak of communicable diseases, pandemics and epidemics or health emergencies all impact the business and economic environment in which the Issuer operates. Certain of these risks are often experienced globally as well as in specific geographic regions where the Issuer does business. For example, the Corona (Covid-19) pandemic has disrupted various markets and has a profound impact on people, society and on the economies affected by the outbreak. This has also impacted the operational and financial performance of the Issuer and the annual financial statements for 2020 as incorporated by reference into this Registration Document (including in relation to expected credit losses on loans and advances, fair valuation of financial instruments and impairments of goodwill and investments). This impact may continue to evolve, causing complexity and inherent uncertainty. Given the uncertainties and ongoing developments, the exact ramifications of the Corona (Covid-19) pandemic are highly uncertain and, as of the date of this

Registration Document, it is difficult to predict the duration of the pandemic or its economic consequences. There can also be no assurances that a potential tightening of liquidity conditions in the future as a result of, for example, further deterioration of public finances of certain European countries will not lead to new funding uncertainty, resulting in increased volatility and widening credit spreads. See also the section "*The Issuer— 1.6 Recent developments – Impact of Covid-19 on ABN AMRO*" for further information in respect of the impact of the Corona (Covid-19) pandemic and the quarterly report titled "Quarterly Report First quarter 2021" incorporated by reference in this Registration Document. Any of the foregoing factors could have a material adverse effect on the Issuer's business, financial condition, results of operations and capital ratios. In addition, any disruption of markets due to the Corona (Covid-19) pandemic may impact the Issuer's ability to raise funds on financial terms acceptable to the Issuer.

11. ***The Issuer could be adversely impacted by Brexit.***

On 31 January 2020 the United Kingdom left the European Union (the "**Brexit**"). The consequences of the Brexit remain uncertain. The Brexit may lead to be volatility in financial markets and liquidity disruptions or market dislocations. The Issuer could be adversely impacted by related market developments such as increased exchange rate movements of the pound sterling versus the euro and higher financial market volatility in general due to increased uncertainty, any of which could affect the results of the Issuer's operations in the European Union or the United Kingdom. On 1 January 2021, the transitional phase in which the rules and regulations of the European Union remained applicable for the United Kingdom ceased to apply. Although the European Union and the United Kingdom agreed a post-Brexit "EU-UK Trade and Cooperation" agreement on 24 December 2020, it is not yet fully certain what arrangements will define the future relationship between the European Union and the United Kingdom, or the length of time that this may take. This could lead to increased regulatory uncertainty and might adversely impact the Issuer's financial position and results of operations.

(b) **Risks related to the Issuer's business activities and industry**

12. ***The Issuer may be subject to increases in allowances for loan losses.***

The Issuer's banking businesses establish provisions for loan losses, which are reflected in the impairment charges on financial instruments on the Issuer's income statement, in order to maintain the Issuer's allowance for loan losses at a level that is deemed to be appropriate by management based upon an assessment of prior loss experiences, the volume and type of lending being conducted by the Issuer, industry standards, past due loans, economic conditions and forecasts and other factors related to the collectability of the Issuer's loan portfolio. For 2020, the impairment charges on financial instruments amounted to EUR 2,303 million. Although management uses a best estimate approach to determine the allowances for loan losses, that determination is subject to significant judgment which, along with the underlying risk management models and methods could be inaccurate and the Issuer may have to increase its allowances for loan losses in the future as a result of increases in non-performing assets or for other reasons. Any changes in the Dutch government relief measures currently in place to mitigate the economic impact of the Corona (Covid-19) pandemic may substantially increase non-performing assets. Any increase in the allowances for loan losses, any loan losses in excess of the previously determined provisions with respect thereto or changes in the estimate of the risk of loss inherent in the portfolio of non-impaired loans could have an adverse effect on the Issuer's results of operations, profitability and financial position.

13. ***As a result of capital and/or liquidity requirements, the Issuer may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance.***

Effective management of the Issuer's capital and/or liquidity is critical to its ability to operate its businesses, to grow organically and to pursue its strategy. The Issuer is required by regulators in The Netherlands, the ECB and regulators in other jurisdictions in which it undertakes regulated activities, to maintain adequate capital resources and liquidity, as such regulator may deem appropriate. The maintenance of adequate capital and liquidity is also necessary for the Issuer's financial flexibility in the face of turbulence and uncertainty in the global economy.

In respect of the binding leverage ratio in The Netherlands the Dutch systematically important banks, including the Issuer, have been required to comply with a minimum leverage ratio of at least 4% since 2018. International discussions are ongoing with respect to a possible leverage ratio surcharge (compared to the 3% introduced in the EU Banking Reforms) for global systemically important institutions ("**G-SIIs**"). Although the Issuer does not currently qualify as a G-SII, there can be no assurance that relevant EU or Dutch policymakers or regulators will not extend the leverage ratio buffer requirement to non-G-SIIs in the future. In 2017, the Dutch government announced, among other things, that as soon as the more stringent requirements of Basel IV (as defined below) come into force, the leverage ratio requirement will be brought in line with European standards. If the Issuer were to become subject to a minimum leverage ratio of more than 4%, the Issuer may be required to raise additional regulatory capital to meet the required leverage ratio. See the section "*Risk, funding & capital report*" of the Issuer's Annual Report 2020 and the quarterly report titled "Quarterly Report First quarter 2021", which have been incorporated by reference into this Registration Document, for information on the Issuer's leverage ratio as at 31 December 2020 respectively 31 March 2021. See also risk factor "27. *The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position and results of operations*" for other factors, such as changes in laws and regulations the Issuer is subject to, which may result in additional capital and/or liquidity requirements for the Issuer.

CRD imposes a minimum own funds requirement (Pillar 1). In addition, competent supervisory authorities as a result of the common procedures and methodologies for the supervisory review and evaluation process ("**SREP**") may require additional own funds to be maintained by a bank relating to elements of risks which are not fully covered by the Pillar 1 minimum own funds requirements ("**P1R**") (Pillar 2). A bank can be subject to (i) P1R (as referred to above), (ii) a combined buffer requirement ("**CBR**") and (iii) additional own funds requirements as a result of the SREP. In July 2016, the ECB confirmed that SREP will comprise two elements: Pillar 2 requirements (which are binding and breach of which can have direct legal consequences for banks) ("**P2R**") and Pillar 2 guidance (with which banks are expected to comply but breach of which does not automatically trigger any legal action) ("**P2G**"). Furthermore, CRD imposes a minimum CBR on top of P1R and any P2R applicable to the Issuer.

Notwithstanding the above, current and future regulatory developments may have an impact on the Issuer's capital position. For example, in the future the Issuer may elect to meet its minimum requirement for own funds and eligible liabilities ("**MREL**") requirements by issuing senior non-preferred notes instead of Tier 2 capital (such as subordinated notes), which may impact the Issuer's total capital ratio.

The changes to capital adequacy and liquidity requirements in the jurisdictions in which the Issuer operates described above or any future changes may also require the Issuer to raise additional regulatory capital or hold additional liquidity buffers, for example as a result of different interpretations of or methods for calculating risk exposure amount, or because the Issuer does not comply with ratios and levels, or instruments and collateral requirements that currently qualify as capital or capital risk mitigating techniques no longer do so in the future. If the Issuer is unable to raise the requisite regulatory capital, it may be required to further reduce the amount of its risk exposure amount or business levels, restrict certain activities or engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or at prices which would otherwise be attractive to the Issuer. In addition, if the Issuer is not able to meet the applicable CBR, this could have an adverse effect on the market's trust in the long term viability of the Issuer, which could, for example, result in liquidity outflows that could ultimately have an adverse effect on the going concern viability of the Issuer.

As a result of stricter liquidity requirements or higher liquidity buffers, the Issuer may be required to optimise its funding composition which may result in higher funding costs for the Issuer, and in having to maintain buffers of liquid assets which may result in lower returns than less liquid assets. Furthermore, if the Issuer is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations.

The variety of capital and liquidity requirements of supervisory authorities in different jurisdictions may prevent the Issuer from managing its capital and liquidity positions in a centralised manner, which may impact the efficiency of its capital and liquidity management. Also, if internal processes

are not sufficiently robust, this may result in higher than strictly necessary required capital and liquidity levels and increased costs.

The above changes and any other changes that limit the Issuer's ability to manage effectively its balance sheet, liquidity position and capital resources going forward (including, for example, reductions in profits and retained earnings as a result of write-downs or otherwise, increases in risk exposure amount, delays in the disposal of certain assets or the inability to syndicate loans as a result of market conditions or otherwise) or to access funding sources, could have a material adverse impact on its financial position, regulatory capital position and liquidity provision.

14. ***Certain elements of the business model of full service banks such as the Issuer may in the mid-to longer-term become difficult to sustain.***

The Issuer is subject to a large volume of regulations that require support by a complex and expensive IT infrastructure. In addition, the Issuer is subject to high capital and liquidity requirements for generally modest-margin services. A combination of more stringent capital requirements and more onerous risk weighting, increased competition, more regulation generally, disruptive technological advances, pressure on margins, and other factors may affect the profitability of the Issuer.

If the Issuer does not manage to respond quickly and adequately to any reduced viability of parts of its business model, for example by entering new or growing existing successful business lines, then the Issuer's business might shrink and become less profitable. Full service banks may disappear with their services being taken over by businesses that are able to operate with fewer risks, a smaller infrastructure, with lower capital and with less regulation. It is possible also that certain elements of the business model of full service banks will not prove viable over time as a result of which full service banks will focus on a part of their current value chain only which may affect the profitability of the Issuer.

15. ***The Issuer operates in markets that are highly competitive. If the Issuer is unable to perform effectively, its business and results of operations will be adversely affected.***

There is substantial competition for the types of banking and other products and services that the Issuer provides in the regions in which the Issuer conducts large portions of its business, especially in The Netherlands. The competition for some of these products and services consists of traditional large banks, smaller banks, insurance companies, niche financial companies, non-financial companies that offer credit and savings products (such as car lease companies), as well as new entrants and parties that develop new business models, such as payment service providers, new mobile payment systems, mobile wallets, crowd funding and other financial technology (Fintech) initiatives. In other international markets, the Issuer faces competition from the leading domestic and international institutions active in the relevant national and international markets.

A different form of competition comes from technology firms and other new entrants, which are not subject to the same regulatory controls imposed on banks (including the costs associated therewith) and have already entered parts of the traditional banking value chain. Commoditisation of mass market segments as a result of new technology results in fiercer competition and pressure on margins. For example, the entry into force of PSD 2 increases the number of new entrants into the payments market, which affects competition and increases the variety of payment services available (including the provision of third party access to parties other than banks).

Furthermore, the Issuer also faces and may continue to face competition from competitors with respect to attracting capital or funding from its retail, private and corporate clients and/or investors. Competition may cause increases in funding costs which may not be recoverable from borrowers and could therefore result in declining margins which would materially and adversely affect the Issuer's profitability and financial performance.

Competitive pressures could result in increased pricing pressures on a number of the Issuer's products and services, higher capital or funding costs or could result in loss of market share and may harm the Issuer's ability to maintain or increase profitability.

16. ***The Issuer depends on the accuracy and completeness of information about customers and counterparties and itself. The Issuer's business operations require meticulous documentation, recordkeeping and archiving.***

In deciding whether to extend credit or enter into other transactions with customers and counterparties, the Issuer may rely on information furnished to the Issuer by or on behalf of the customers and counterparties, including financial statements and other financial information. The Issuer also may rely on the audit report covering those financial statements. The Issuer's financial position and results of operations could be materially and adversely affected by relying on such information or on financial statements that do not comply with generally accepted accounting principles or that are materially misleading. If information about clients and counterparties turns out to be materially inaccurate, incomplete or misleading, this could lead to fines or regulatory action, violation of rules and regulations, engagement in incorrect commercial transactions.

The Issuer is also responsible for performing know your customer checks to prevent tax evasion or avoidance. However, it may not be apparent to the Issuer whether a client is engaged in tax evasion, because of the complex structure of many of these transactions. Tax evasion or avoidance by the client may be attributed to the Issuer even though it has not actively assisted clients in tax evasion or avoidance if the Issuer fails to adequately satisfy its know your customer obligations. Failure to manage tax risks could lead to reputational damage or regulatory fines and penalties.

Also, the Issuer has a monitoring duty in relation to transactions outstanding, including on client positions being either in-the-money or out-of-the-money, or the amount having been borrowed by clients being lower or higher than the value of property or security or the corresponding derivative. Monitoring a large number of different products, including discontinued products that are still outstanding, is complex and it could become more difficult or even impossible if the Issuer should fail to properly document transactions or archive documentation. The risk is further exacerbated by the increased use of technology and modern media for interacting with clients. Employees may take client orders in violation of policies, including taking orders over a mobile telephone line which conversations are not recorded or it may prove impossible or very difficult to find the relevant discussion from among a large number of recordings.

The Issuer's business operations require meticulous documentation, recordkeeping and archiving. Incomplete documentation, documentation not properly executed by counterparties, inadequate recordkeeping or archiving, and/or the loss of documentation could materially adversely affect the Issuer's business operations in a number of ways. In addition, if legal acts or transactions are not properly documented or the paperwork is inadequately stored, this could lead to failure to comply with legal and regulatory requirements on administrative and other record keeping requirements, delays in accessing data required to comply with regulatory requests and requirements, inability to and for making the right commercial decisions and could have an impact on providing information or evidence in regulatory and other investigations, procedures or litigation in which the Issuer may be involved.

Management requires adequate information about the Issuer, its clients and counterparties and about the state of financial markets and market data in order to make appropriate and informed commercial and strategic decisions. If management data on the Issuer's credit portfolios is inadequate or incorrect, this could lead to the Issuer exceeding its concentration risk guidelines and incurring more risk than would be prudent or than is permitted pursuant to applicable rules and regulations. Similarly, if, as happened in certain instances regarding savings mortgages sold, changes in the products the Issuer offers are not properly processed a mismatch may occur between the amount due at maturity and the amount saved by the client. This may lead to claims for compensation against the Issuer and could have a material adverse effect on the Issuer's business, results of operations and reputation.

17. ***The Issuer is subject to operational risks that could adversely affect its business.***

The Issuer is exposed to many types of operational risk, being the risk of loss resulting from inadequate or failed internal processes, and systems, or from external events. Categories of risks identified by the Issuer as operational risks are: client, product and business practices, execution, delivery and process management, technology and infrastructure failures, malicious damage (terrorism), disasters and public safety and employee practices and workplace safety. This includes

the risk of internal and external fraud, crime, cybercrime or other types of misconduct by employees or third parties, unauthorized transactions by employees and operational errors, including clerical or record keeping errors or errors resulting from faulty computer, information technology or telecommunications systems, all of which could have a material adverse effect on the Issuer's business, reputation, results of operations, financial condition and prospects. In the area of payments, over the past several years the Issuer has been subject to cybercrime fraud in the form of phishing and malware. The Issuer believes that there is a growing threat of attacks on information technology systems from individuals and groups via the internet, including the IT systems of the Issuer that contain client and Issuer information and transactions processed through these systems.

Complex IT infrastructure

Operating the IT landscape is a core part of the Issuer's activities. The Issuer's current IT infrastructure is complex. This results in data quality issues, high maintenance cost and necessitates manual actions in day-to-day processes, but more importantly reduces the agility for responding quickly to market trends and new innovations, which could have a material adverse effect on the Issuer's business and reputation.

Disruptions of the Issuer's operating systems

The Issuer may also be subject to disruptions of the Issuer's operating systems, arising from events that are wholly or partially beyond the Issuer's control (including, for example, computer viruses, DDoS attacks, hacks, data leaks or electrical or telecommunication outages), which may give rise to losses in service to customers and to loss or liability to the Issuer, including potentially large costs to both rectify the issue and possibly reimburse losses to the client, and could have a material adverse effect on the Issuer's results of operations, financial condition and prospects. The Issuer is further exposed to the risk that external vendors may be unable to fulfill their contractual obligations to the Issuer, and to the risk that their business continuity and data security systems prove to be inadequate, which could have a material adverse effect on the Issuer's financial position and reputation.

Data quality

Also, the quality of data available to management may, at times, be insufficient or the data might not be available in a timely fashion. This may cause management to make improper decisions which in turn could influence the Issuer's results of operations or financial position adversely. Furthermore, the Issuer faces the risk that the design of the Issuer's controls and procedures prove to be inadequate or are circumvented. Technological efficiency and automation is an important factor for the control environment of the Issuer. Inadequate technology in the control environment may, for example, lead to delayed or late detection or reporting, or no detection or reporting at all, of errors, fraud, incidents, risks or the materialization thereof, which may lead to losses, fines, claims, regulatory action and reputational damage for the Issuer.

Reliance on third party service providers

The Issuer also makes use of IT applications hosted by and stores data, such as for example the Issuer's HR data, with third party service providers. ABN AMRO relies on third parties in connection with its IT and market infrastructure such as Equens, Euroclear, SWIFT and exchanges. Failure of these third party service providers could lead to interruptions in the business operations of ABN AMRO and of services offered or information provided to clients. Such failures could also prevent ABN AMRO from serving clients' needs in a timely manner. For example, for many if not most of its own and its clients' payments, the Issuer relies on SWIFT. Any disruption due to the failure by third party service providers could have a material adverse effect on the Issuer's financial position, business and reputation.

Subject to strict rules, critical client data is stored in applications of third parties and some third party providers have access to, or are given, privacy sensitive client or employee information. The Issuer is subject to regulations that control the flow of information such as privacy laws and the passing on of price sensitive information. As a result, information about the Issuer, its clients or its employees that is made intentionally, unintentionally or unlawfully public by employees,

contractors or personnel seconded to the Issuer, including employees of third party suppliers, could lead to regulatory sanctions, breaches of privacy rules, confidentiality undertakings and other legal and contractual obligations, possibly resulting in claims against the Issuer and a loss of trust in the Issuer. In addition, leaked information may be used against the interests of the Issuer, its clients or its employees, including in litigation and arbitration proceedings. Any such risks materializing could have a material adverse effect on the Issuer's financial position, business and reputation.

The Issuer's business relies heavily on such IT systems (including the IT systems used by the external vendors of the Issuer) and is therefore particularly exposed to operational risks relating to such systems. Any such risks materializing may significantly adversely affect the Issuer's financial position and reputation.

18. ***The Issuer's risk management methods may leave the Issuer exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities (tail risk).***

Although the Issuer uses various models, duration analysis, scenario analysis and sensitivity analysis as well as other risk assessment methods, there remains a risk that such risk management techniques and strategies may not be fully effective in mitigating the Issuer's risk exposure in all economic market environments or against all types of risk, including risks that the Issuer fails to identify or anticipate. Some of the Issuer's tools and metrics for managing risk are based upon the use of observed historical market behavior. The Issuer applies statistical and other tools to these observations to arrive at quantifications of risk exposures. These tools and metrics may fail to predict future risk exposures. The Issuer's losses, thus, could be significantly greater than the Issuer's measures would indicate. In addition, the Issuer's quantified modelling may not take all risks into account. The Issuer's more qualitative approaches to managing risks takes into account a broader set of risks, but is less precise than quantified modelling and could prove insufficient. Unanticipated or incorrectly quantified risk exposures could result in material losses in the Issuer's banking businesses.

19. ***The Issuer's clearing business may be subject to regulatory actions and fines or may incur losses that could materially and adversely affect the Issuer's financial condition and results of operations, prospects and financial condition as well as materially and adversely affect the Issuer's reputation.***

The Issuer's subsidiary ABN AMRO Clearing Bank N.V. ("**ABN AMRO Clearing**") is a global clearing firm and plays a leading role as a systematically relevant participant in the financial market infrastructure on various exchanges, trading venues and on the over-the-counter markets.

In accordance with applicable rules, ABN AMRO Clearing contributes to the default fund of the central counterparties ("**CCPs**") of which it is a clearing member. The default fund can be used in case of default by another clearing member of such a CCP. ABN AMRO Clearing may be requested to provide additional contributions to a CCP default fund in the event that this default fund is not sufficient to cover the default of another clearing member. Furthermore, ABN AMRO Clearing is exposed to counterparty risk in respect of each CCP to which ABN AMRO Clearing is a clearing member. A default by various other clearing members or a CCP itself could impact market circumstances and may therefore also materially and adversely affect the value of collateral held by ABN AMRO Clearing. Any default or other failure by a clearing member or a CCP could materially affect ABN AMRO Clearing's results of operations, prospects and financial condition and thereby the Issuer's results of operations, prospects and financial condition.

ABN AMRO Clearing's business operates on the basis of extensive and complex IT systems. If these systems fail to operate properly, resulting in for example trades not being settled or not being settled in a timely manner or over-the-counter transactions not being concluded in time, it could result in substantial losses for ABN AMRO Clearing as well as a potential loss of opportunity for its clients. ABN AMRO Clearing has in the past incurred and risks incurring in the future regulatory fines related to failures in the proper operation of IT systems, regardless of whether these were caused by failure of an ABN AMRO Clearing system or a third party system. As a result, the Issuer could also suffer reputational damage.

ABN AMRO Clearing offers its clients global execution services. Any breaches by clients or by ABN AMRO Clearing itself of applicable laws, rules and regulations, including market abuse prohibitions and regulatory reporting obligations may result in regulatory actions taken against or fines being imposed on ABN AMRO Clearing. ABN AMRO Clearing has in the past incurred and risks incurring in the future regulatory fines in this regard. Furthermore, if a client fails to perform its obligations under any contract entered into in the name of ABN AMRO Clearing, ABN AMRO Clearing may be held liable. ABN AMRO Clearing may fail to effectively perform pre-trade and post-trade controls, to exercise timely risk-monitoring and transaction surveillance or to employ a kill-switch device or to perform regulatory reporting obligations. This risk is particularly relevant in respect of clients who employ their own trading or order systems instead of ABN AMRO Clearing's infrastructure. Although ABN AMRO Clearing may have recourse on its clients for any of such breaches or non-performance, there remains a risk that ABN AMRO Clearing is not able to fully recover amounts paid. Client conduct may therefore have a material adverse effect on ABN AMRO Clearing's, and thereby the Issuer's, reputation, results of operations and its financial condition.

Although ABN AMRO Clearing uses internal risk management methods and models for calculating its exposure to its clients, it could incur losses if the risk management methods and models used turn to be inadequate.

ABN AMRO Clearing seeks to mitigate its exposure to clients through the maintenance of collateral, including for client positions that ABN AMRO Clearing finances. Often, collateral consists of cash or financial instruments, the value of which may fluctuate in very short periods of time. Therefore, ABN AMRO Clearing applies a haircut, the level of which is dependent on the volatility and liquidity of the underlying collateral. A change in the value of the collateral will be absorbed by the haircut but may nonetheless result in ABN AMRO Clearing holding insufficient collateral. ABN AMRO Clearing can accordingly be exposed to credit risk on its clients. Furthermore, if a client's collateral becomes insufficient, ABN AMRO Clearing may not be able to immediately take remedial action, which may result in increased damages. If ABN AMRO Clearing does take remedial action, especially in the case of large sudden price movements, it may face a claim from its client. If a client goes bankrupt or becomes insolvent, ABN AMRO Clearing may become involved in disputes and litigation with the client's bankruptcy administrator or may become involved in regulatory investigations. This could increase ABN AMRO Clearing's operational and litigation costs and may result in losses which can materially and adversely affect ABN AMRO Clearing's, and thereby the Issuer's, reputation, financial condition and results of operations.

Under CRD competent supervisory authorities may, as a result of the SREP, require additional capital to be maintained by ABN AMRO Clearing relating to elements of risks which are not or not fully covered by the Pillar 1 minimum own funds and CBR.

The analysis of whether a clearing member has become party to one or more financial instruments as a result of the client clearing transactions is complex and is further complicated by the pace of change in the market around the global clearing processes. This involves among other things the assessment of recognition of derivatives as well as the possible subsequent derecognition or offsetting of positions. Any changes to the accounting treatment of exchange traded derivatives ("**ETDs**") could have a material impact on ABN AMRO Clearing's balance sheet, profitability and financial condition and could, as a consequence, have an impact on the Issuer.

Finally, new capital requirements applicable to clearing operations could force the Issuer to hold more capital for its clearing operations, which would affect the profitability of the clearing business and which could restrict the ability of the Issuer to use this capital for other – potentially more profitable – operations. For example, mainly due to the implementation of a revised calculation method for the exposure measure for clearing services set out in Commission Delegated Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the leverage ratio ("**CDR**"), the Issuer's fully-loaded leverage ratio decreased from 3.5% as at 31 March 2015 to 3.1% as at 30 June 2015. The revised calculation method led to a considerable increase in the exposure measure, particularly the derivative exposure. The CDR specifies that when a clearing member guarantees the exchange traded derivative transactions of clients towards CCPs, it must include the guarantee in the exposure measure. Furthermore, the non-renewal of waivers granted by the Competent Authority

of the application of certain prudential requirements including capital requirements on a solo basis (solo waivers) currently in place with respect to ABN AMRO Clearing could have an adverse effect on ABN AMRO Clearing's, and thereby the Issuer's, capitalisation.

20. ***The Issuer is exposed to risks relating to its existing and future international presence.***

The Issuer is exposed to risks relating to its existing international presence as it has a number of subsidiaries, branches, (representation) offices, businesses and operations located outside The Netherlands and clients who operate internationally. For example, these international activities expose the Issuer to sanctions risk. A materialisation of these risks relating to the Issuer's international presence or the Issuer's internationally operating clients may materially and adversely affect the Issuer's reputation and may limit the Issuer's ability to pursue its international presence in regions where it currently operates or where it may wish to operate in the future and accordingly have a material and adverse effect on the Issuer's business, results of operations and prospects. See also the risk factor "5. *The Issuer's operations and assets are located primarily in The Netherlands. Deterioration of the Dutch economic environment could have a material adverse effect on the Issuer's results of operations and financial position.*" for other risks relating to the Issuer's presence in and outside The Netherlands which could have a material adverse impact on the Issuer's results of operations and financial positions.

If the Issuer is unable to upstream capital and liquidity, including from local deposits, or has to fund itself locally, this might give rise to inefficiencies and increased costs. Furthermore, local registration or license requirements can vary for different types of investors and services. As long as ABN AMRO is not locally registered or obtained a licence, restrictions might apply with respect to marketing activities. ABN AMRO risks incurring regulatory fines if it breaches any local requirements and such breach may have a material and adverse impact on the Issuer's reputation.

21. ***Due to public pressure and perceived infringements of privacy law, the Issuer may be precluded as a practical matter from implementing business models based on analysis and use of client generated data.***

Due to public pressure and perceived infringements of privacy law, the Issuer may be precluded as a practical matter from implementing business models based on analysis and use of client generated data. In recent years, financial institutions, including the Issuer, have attempted to introduce and explore the potential for introduction of new business models in which client behaviour is analyzed – often if not always on an anonymous basis – to allow commercial use of this data by the financial institution or by third parties on a free or paid basis. Clients whose data the Issuer analyses and uses may deem the Issuer to be infringing requirements and such complaints could lead to broader calls opposing the implementation of this type of new business model, which may cause harm to the Issuer's reputation. If the Issuer were to be precluded from developing and implementing new business models based on the use and analysis of client data, this could have a material and adverse effect on its business operations and competitiveness with a material and adverse effect on the Issuer's business, results of operations and financial condition.

22. ***If the Issuer is unable to successfully implement its strategy, or if its strategy does not yield the anticipated benefits, or if the Issuer is unable to successfully pursue targeted business opportunities, this could have a material and adverse effect on the Issuer's business, revenues, results of operations, financial condition and prospects.***

The Issuer aims to achieve its strategy on the basis of three pillars: supporting its clients' transition to sustainability, reinventing its customer experience and building a future-proof bank. The strategy and targets of the Issuer (such as the current wind-down of the Corporate & Institutional Banking ("CIB") non-core portfolio) are based on assumptions and expectations, including but not limited to macro-economic developments, interest rates, revenue, expenses and cost of risk, that may not prove valid. Also, the benefits and impact of the Issuer's strategy and targets could fall short of what the Issuer envisages. The Issuer may, in addition, not succeed in achieving its targets, because of insufficient management attention, incorrect decisions or choices, inefficiencies or other reasons.

The Issuer may spend substantial time, money and other resources developing new products and services or improving offerings. If these products, services or improved offerings are not successful

or not as innovative as envisaged, the Issuer may miss a potential market opportunity and not be able to offset the costs of such initiatives, which may have a materially adverse effect on the Issuer's income, revenue and/or cost base.

If the Issuer's strategy is not implemented successfully, or if the Issuer's strategy does not yield the anticipated benefits or if the Issuer is unable to successfully launch new products or services, improve offerings or pursue other business opportunities in time or at all, this could have a material and adverse effect on the Issuer's business, revenues, results of operations, financial condition and prospects.

23. ***The Issuer can be forced, upon a change of control over the Issuer or NN Group N.V., to buy shares it does not yet own in Dutch insurance business ABN AMRO Verzekeringen. If this risk were to materialise, the Issuer could be forced to pay a currently unknown purchase price that would likely be material, the Issuer would be required to consolidate ABN AMRO Verzekeringen into its financial statements, which may have material adverse consequences for the Issuer's capital and liquidity ratios, and any potential losses incurred by ABN AMRO Verzekeringen would from then on be entirely for the account of the Issuer.***

The Issuer holds a non-controlling 49% interest in ABN AMRO Verzekeringen. NN Group N.V. ("NN") holds the remaining 51% interest in this joint venture. Upon a change of control in the Issuer, NN has the right to request that the Issuer buys its shares in ABN AMRO Verzekeringen at a price to be determined pursuant to a mechanism provided for in the relevant shareholders' agreement. The current ultimate holding company of the Issuer is NL Financial Investments ("NLFI"). A change of control includes a disposal by NLFI as a result of which NLFI would no longer hold a majority interest in the Issuer.

The purchase price that the Issuer would have to pay for NN's 51% interest cannot currently be determined, but it is likely to be material. As a result of the forced acquisition of the NN interest, the Issuer would hold 100% of ABN AMRO Verzekeringen. This would require the Issuer to consolidate ABN AMRO Verzekeringen into its financial statements, which could adversely affect the Issuer's financial condition and results of operations, for example as a result of lower capital and liquidity ratios. In such event, if ABN AMRO Verzekeringen were to suffer significant losses, for example because of unexpected large claims in relation to insurance mis-selling or otherwise, the Issuer might be forced to recapitalise ABN AMRO Verzekeringen, which could have a material adverse effect on the Issuer's business, financial condition and its results of operations. Because it would then own 100%, the amounts involved would be remarkably higher as would have been the case if it still held 49%. See also the risk factor "28. *The Issuer is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties*" for other risks relating to ABN AMRO Verzekeringen that may have a material adverse effect on the Issuer. Currently, ABN AMRO Verzekeringen benefits from certain know-how and product development provided by NN. If NN decides to sell its shares to the Issuer, it might no longer provide this type of technical assistance. Finally, if NN were to leave the joint venture, certain key personnel might decide to leave ABN AMRO Verzekeringen as well, which could have a material adverse effect on the Issuer's business and results of operations.

(c) **Legal and regulatory risk**

24. ***The regulatory environment to which the Issuer is subject gives rise to significant legal and financial compliance costs, and non-compliance could result in monetary and reputational damages, all of which could have a material adverse effect on the Issuer's business, financial position and results of operations.***

The financial services industry continues to be the focus of significant regulatory scrutiny in many of the countries in which the Issuer operates. This has led to a more intensive approach to supervision and oversight, increased expectations, enhanced requirements and enforcement, and an increasing frequency and amount of data requests and visits from competent supervisory authorities. This has in general led to more regulatory investigations and enforcement actions as well as an increase in the number of fines. The Issuer will also need to continue monitoring compliance of products and services that the Issuer no longer offers, which may be more complex than for products and services that are currently offered. If the Issuer is unable to obtain, retain and commit sufficient resources for regulatory compliance, this could lead to delays and errors, and

may force it to choose between prioritising compliance matters over administrative support for business activities, or may ultimately force the Issuer to cease the offering of certain products or services.

For further information on legal and regulatory laws and regulation the Issuer is subject to, see chapter "*The Issuer — 1.3 Regulation*" and see also the risk factor "27. *The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position and results of operations*".

Any delays or errors in implementing regulatory compliance could lead to substantial monetary damages and fines, loss of significant assets, public reprimands, a material adverse effect on the Issuer's reputation, regulatory measures in the form of cease and desists orders, fines, increased regulatory compliance requirements or other potential regulatory restrictions on the Issuer's business, enforced suspension of operations and in extreme cases, withdrawal of licences or authorisations to operate particular businesses, or criminal prosecution in certain circumstances. In addition to non-compliance by the Issuer itself, the Issuer has in the past suffered and may in the future suffer negative consequences of non-compliance by its clients that have direct access to its systems. The Issuer may also suffer negative consequences of clients operating businesses or schemes in violation of applicable rules and regulations whose activities the Issuer could be held to monitor and, where applicable, to denounce or to interrupt. The Issuer may be required to make greater expenditures and devote additional resources and management time to addressing these liabilities and requirements, which could have an adverse effect on the Issuer's business, financial position and results of operations.

Regulatory changes and any other present or future changes that could limit the Issuer's ability to manage effectively its balance sheet, liquidity position and capital resources (including, for example, reductions in profits and retained earnings, increases in risk-weighted assets, delays in the disposal of certain assets or the inability to provide loans as a result of market conditions), to access funding sources or access funding sources at a higher cost could have a material effect on its business, financial condition and results of operations.

The regulatory environment to which the Issuer is subject gives rise to significant legal and financial compliance costs, which could have an adverse effect on the Issuer's business, financial position and results of operations.

25. ***Failure to comply with anti-money-laundering, anti-bribery, tax and anti-corruption laws or international sanctions could lead to fines or harm the Issuer's reputation and could disrupt the Issuer's business and result in a material adverse effect on the Issuer's business, financial position and results of operations.***

Combating money laundering, bribery and terrorist financing, tax evasion and corruption and the enforcement of compliance with economic sanctions has been a major focus of government policy relating to financial institutions in recent years (most notably for the Issuer's operations in the United States, the European Union and Asia). The Issuer may violate anti-money laundering and counter terrorism financing rules and regulations for failure to properly identify and verify the identification of clients (including whether such client is subject to sanctions), determine a client's source of funds or the reason for the banking relationship.

In recent years, ABN AMRO identified shortcomings in the way it implemented its processes to combat money laundering, such as the client acceptance, transaction monitoring and client exit processes (the so-called "**Client Life Cycle processes**"). To address these shortcomings, the Issuer has prioritised and invested substantially in remediation and enhancement programmes in each of the Issuer's business lines as well as bank-wide with respect to transaction monitoring. In October 2018, the Issuer decided to centralise the execution of the Client Life Cycle processes. To this end, ABN AMRO set up the Detecting Financial Crime (DFC) programme and made substantial additional resources available for investments in staff, systems and processes. The DFC programme is progressing according to the timetable as agreed with DNB and the programme is expected to be completed by the end of 2022. As at 31 December 2020, the total provision regarding the AML remediation programme amounted to EUR 176 million. By March 2021, approximately 4,300 FTEs were involved in ABN AMRO's Client Life Cycle processes.

In September 2019, the Dutch public prosecutor office (DPPO) informed the Issuer that the Issuer was the subject of a criminal investigation relating to requirements under the Dutch Act on the prevention of money laundering and financing of terrorism (*Wet ter voorkoming van witwassen en financieren van terrorisme*, "Wwft") subsequent to, *inter alia*, regulatory findings of DNB on deficiencies in compliance with the Wwft. The Issuer fully cooperated with the DPPO throughout the investigation. Based on the investigation, the DPPO identified serious shortcomings in the Issuer's Client Life Cycle processes in the period between 2014 and 2020 (inclusive), as a result of which, in certain instances, clients were able to abuse ABN AMRO accounts. On 19 April 2021, the Issuer announced that it accepted a settlement offer in connection with the DPPO's investigation. As part of this settlement, the Issuer paid a fine of EUR 300 million and EUR 180 million as disgorgement. This total amount of EUR 480 million impacted the Issuer's Q1 2021 results. Please see the settlement agreement and the statement of facts and conclusions of the Netherlands Public Prosecution Service for more information in the section entitled "*Documents Incorporated by Reference*".

Even though the entering into the settlement agreement has resolved the criminal investigation against the Issuer by the DPPO for the period from 2014 up to and including the date of the settlement agreement, certain residual risks still remain. For example, the Court of Appeal (*Gerechtshof*) could, following a request from an interested party, order the DPPO to initiate a criminal prosecution against the Issuer after which the settlement agreement between the Issuer and the DPPO will be automatically terminated, other regulatory authorities might start their own investigations into the matter or other parties (such as investors) may bring claims against the Issuer (for example for compensation of alleged damages) as a result of the events that occurred. The *Vereniging van Effectenbezitters* ("**VEB**") wrote to the Issuer that it holds ABN AMRO liable for alleged violation of its alleged duty to timely inform investors about the scope of the DPPO's investigation in the appropriate manner. To date, no legal proceedings have been started. Although ABN AMRO believes that there is no basis for a successful claim against it, it cannot be excluded that the VEB and/or others initiate legal proceedings against the Issuer for the alleged violation.

The extra-territorial reach of U.S. and EU regulations in respect of economic sanctions requires the Issuer to establish effective controls and procedures in order to prevent violations of United States and EU sanctions against designated countries, individuals, entities and others. The Issuer's operations and the products and services it offers bring it within the scope of these sanctions regimes. The imposition of any further sanctions could have a material adverse effect on Issuer's operations and the products and services it offers in relation to affected regions.

Failure by the Issuer to implement and maintain adequate programmes to combat money laundering, bribery and terrorist financing, tax evasion and corruption or to ensure economic sanctions compliance could lead to fines or harm the Issuer's reputation and could disrupt the Issuer's business and result in a material adverse effect on the Issuer's business, financial position, results of operations and prospects. See the chapter "*The Issuer – 1.4 Legal and arbitration proceedings – Dutch public prosecutor investigation*".

With respect to certain countries, such as Iran, North Korea, Syria and Russia and the Crimean peninsula, amongst others, the U.S. State Department, the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**"), the U.S. Commerce Department and the European Union have issued restrictive measures and trade embargoes which together form a complex set of economic restrictions. A financial institution, such as the Issuer, found to have engaged in specified activities involving targeted countries, regimes, organizations or individuals could become subject to various types of monetary penalties or sanctions, including (but not limited to) denial of U.S. bank loans, restrictions or a prohibition on its ability to open or maintain correspondent or payable-through accounts with U.S. financial institutions, and the blocking of its property within U.S. jurisdictions.

26. ***Failure by the Issuer to retain and attract qualified employees due to restrictions on employee compensation may adversely affect the Issuer's business and performance.***

Employees are one of the Issuer's most important resources and competition for qualified employees is intense. In order to attract and retain qualified employees, the Issuer seeks to compensate such employees at market levels.

Under European and Dutch law, remuneration of employees active in the financial sector is restricted, for example, by certain bonus caps for employees of a Dutch financial institution. Furthermore, Dutch law includes certain prohibitions on any variable remuneration (effectively a bonus prohibition) for certain employees of Dutch financial institutions that have received a form of state aid (such as the Issuer). As a result of this prohibition, members of the Executive Board as well as certain categories of senior management are not permitted to receive any variable remuneration or increases in the base salary other than increases reflecting collective adjustments, such as increases based on collective labour agreements.

The financial industry may encounter additional restrictions on employee compensation, or employee compensation may be made subject to special taxation, which could have an adverse effect on the Issuer's ability to hire or retain the most qualified employees in the future. Furthermore, regulations or taxations on employee compensation may become more restrictive for the Issuer and other Dutch financial institutions than for some of its competitors in other jurisdictions or markets, which could have an additional adverse effect on the Issuer's ability to hire or retain the most qualified employees in the jurisdictions or markets where it operates or intends to operate. Any such failure to hire or retain the most qualified employees may adversely affect the Issuer's business and performance.

27. ***The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position and results of operations.***

In pursuit of a broad reform and restructuring of financial services regulation, national and supra-national legislatures and supervisory authorities, predominantly in Europe and in the United States but also elsewhere, continue to introduce and implement a wide range of proposals that could result in major changes to the way the Issuer's global operations are regulated and could have adverse consequences for its business, business model, financial position, results of operations, reputation and prospects. The Issuer notes that the changes below could materially impact the profitability of the Issuer's businesses, the value of its assets or the collateral available for its loans, require changes to business practices, increase its regulatory reporting and transparency obligations, or force the Issuer to discontinue businesses or change its legal entity structure, capital and funding structure, and expose the Issuer to additional costs, taxes, liabilities, enforcement actions and reputational risk and are likely to have a material impact on the Issuer:

- Regulatory capital requirements proposed by the Basel Committee on Banking Supervision (the "**Basel Committee**"), which have been implemented in the European Union through the Capital Requirements Directive (2013/36/EU) known as "**CRD**" and Capital Requirements Regulation ((EU) No 575/2013) known as "**CRR**". Regulatory capital requirements are subject to ongoing change, and are expected to become more stringent. This is especially due to the implementation and entry into force of the amendments of certain provisions of, *inter alia*, CRD, CRR, the Bank Recovery and Resolution Directive (2014/59/EU) and the Single Resolution Mechanism Regulation ((EU) No 806/2014) included in the EU banking reform package adopted in April 2019 (the "**EU Banking Reforms**") and the final Basel III standards as published on 7 December 2017 (these standards are informally known as "Basel IV" and will be implemented in CRD and CRR). Further changes to the regulatory capital requirements may have a material adverse effect on the Issuer's financial position.
- At the end of 2015, the ECB started a targeted review of internal models ("**TRIM**") to assess whether the internal models currently used by EU banks comply with regulatory requirements, and whether they are reliable and comparable. The ECB's TRIM reviews credit and market risk models applied for calculating RWA. In addition, the European Banking Authority's ("**EBA**") review of the internal ratings-based ("**IRB**") approach provides more detailed requirements on the Issuer's application of the IRB approach for credit risk RWA. Both could result in an RWA increase and the Issuer has already included some add-ons in its RWA to reflect TRIM feedback to date. After conclusion of the on-site phase of TRIM in 2019, the ECB provided ABN AMRO with a final decision and two draft decisions in December 2020. All these TRIM decisions grant ABN AMRO permission to continue using its internal model approach and specific models for calculating own funds requirements for credit risk, subject to certain conditions. In parallel,

the supervisory follow-up on TRIM findings will continue and ABN AMRO will be expected to work intensively to address those findings. However, at the date of this Registration Document, the final impact on the Issuer is difficult to predict and could be material and may have a material adverse effect on the Issuer's financial position.

- The revised EU Directive on Markets in Financial Instruments (2014/65/EU, the "**MiFID II Directive**") and the accompanying regulation "**MiFIR**" (Regulation 600/2014) (together "**MiFID II**"), which replace, extend and improve existing European rules on markets in financial instruments, giving more extensive powers to supervisory authorities, increasing market infrastructure and reporting requirements, more robust investor protection, increasing both equity and non-equity market transparency, introducing a harmonised position-limits regime for commodity derivatives and introducing the possibility to impose higher fines in case of infringement of its requirements. These changes in regulation may have a material adverse effect on the Issuer's business and financial position.
- On 1 January 2018, the Benchmark Regulation became applicable, subject to certain transitional provisions. The Benchmark Regulation applies to 'contributors' to, 'administrators' of, and 'users' of benchmarks in the EU. The Benchmark Regulation, among other things, (a) requires EU benchmark administrators to be authorised or registered and to comply with requirements relating to the administration of benchmarks, (b) prohibits the use in the EU of benchmarks provided by EU administrators which are not authorised or registered in accordance with the Benchmark Regulation, and (c) prohibits the use in the EU of benchmarks provided by non-EU administrators which are not (i) authorised or registered and subject to supervision in a jurisdiction in respect of which an 'equivalence' decision has been adopted in accordance with the Benchmark Regulation, or (ii) where such equivalence decision is pending, 'recognised' by the competent authorities of the applicable Member State(s). The requirements and prohibitions under the Benchmark Regulation may have a material adverse effect on the Issuer's financial position.
- A new payment services directive (Directive 2015/2366/EU, "**PSD 2**") which imposes additional requirements on the Issuer with respect to payment services in the European Economic Area (the "**EEA**") and supports the emergence of new players and the development of innovative mobile and internet payments in Europe. PSD 2 entered into force on 13 January 2018. The Dutch implementing legislation entered into force on 19 February 2019, save for those elements relating to EBA regulatory technical standards (2018/329) in respect of, *inter alia*, strong customer identification, which entered into force on 14 September 2019. The additional requirements may have a material adverse effect on the Issuer's business.
- In the United States, the ongoing implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which covers a broad range of regulations and requirements for financial services firms including an evolving framework of regulations and requirements for OTC derivative transactions, markets and participants. The ongoing implementation of the Dodd-Frank Act may have a material adverse effect on the Issuer's business and financial position.
- Based on sections 1471-1474 of the United States Code and Treasury Regulations thereunder (commonly known as the Foreign Account Tax Compliance Act, or "**FATCA**"), a 30% withholding tax may be imposed on U.S. source payments to a non-U.S. (foreign) financial institution. This may have a material adverse effect on the Issuer's business and financial position.
- Various international and EU initiatives on automatic exchange of information (such as the OECD Common Reporting Standard, and the amended EU Directive on Administrative Cooperation), which have had and will continue to have considerable impact on client on-boarding and administrative processes of the Issuer.
- Restrictions applicable to the Dutch principal residence mortgage loan market for individuals, including a maximum loan amount for government-guaranteed mortgage

loans (*Nationale Hypotheekgarantie*, "**NHG**"), a reduction of the maximum permissible amount of a mortgage loan relative to the value of the property and a reduction on tax deductibility of new mortgages loans, could put downward pressure on the total outstanding volume of mortgages in The Netherlands. This could decrease the size of the Issuer's mortgage portfolio, have an effect on house prices, which may result in an increase of defaults, prepayments and repayments and may have a material adverse effect on the Issuer's business and financial position.

- A new regulation on minimum loss coverage for non-performing exposures ("**NPE**") complementing Regulation (EU) No 575/2013 relating to own funds (Regulation (EU) 2019/630, the "**NPE Regulation**"), introducing provisions requiring a deduction from own funds where NPEs are not sufficiently covered by provisions or other adjustments, effectively creating a prudential backstop for NPEs. In August 2019, the ECB has adjusted its supervisory expectations for prudential provisioning with regard to new NPE accordingly. The NPE Regulation may result in the Issuer having to recognise additional provisions which may have a material adverse effect on its financial position.
- The imposition of a minimum average risk weight for IRB banks' exposures to natural persons secured by mortgages on residential property located in the Netherlands announced by DNB ("**DNB RWA Floor**"). The intention of the DNB RWA Floor is to enhance the resilience of Dutch banks to a potential severe downturn in the housing market against the background of sustained price increases in real estate over the past few years. This may have a material adverse effect on the Issuer's financial position. The measure was intended to enter into force in the autumn of 2020 and to apply initially for 2 years and the Issuer expected that the introduction of the DNB RWA Floor would have led to an increase in RWAs of approximately EUR 7 to 8 billion as of the third quarter of 2020. However, in March 2020 DNB announced that as part of the DNB Corona Measures (as defined below) it will postpone the introduction of the DNB RWA Floor for an indefinite period of time.
- Based on the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*), Dutch withholding tax may be imposed on certain (deemed) payments of interest made to an affiliated (*gelieerde*) entity of the Issuer, if such entity (i) is considered to be resident (*gevestigd*) in a jurisdiction that is listed in the annually updated Dutch Regulation on low taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation for another person, or (iv) is not considered to be the recipient of the interest in its jurisdiction of residence because such jurisdiction treats another (lower tier) entity as the recipient of the interest (a hybrid mismatch), or (v) is not treated as resident anywhere (also a hybrid mismatch), all within the meaning of the Withholding Tax Act 2021.
- The introduction of (i) articles 15bd-15bh of the Dutch Corporate Tax Act (*Wet op de vennootschapsbelasting 1969*) (the "**CTA**"), introducing a thin capitalisation rule for banks (and insurers) that may limit the deduction of interest payments on debt instruments if, in broad terms, the leverage ratio of a bank is less than 8 per cent. and (ii) articles 12aa-12ag of the CTA, implementing Council Directive (EU) 2017/952 (so-called 'ATAD 2') and introducing anti-tax avoidance measures to neutralize the effects of hybrid mismatches with third countries, in the Netherlands as of 1 January 2020. These changes and subsequent changes to the thin capitalisation rule for banks following prevailing case law of the Dutch Supreme Court in Dutch Tax law, if and to the extent applicable, are likely to result in interest expenses being non-deductible and may therefore result in a higher tax burden for the Issuer which may consequently have a material adverse effect on the Issuer's financial position.
- In July 2020, the European Union Court of Justice ruled that certain legal grounds for the transfer of personal data outside Europe are invalid or require supplementary measures. As a result of this ruling, the Issuer needs to assess the risks and monitor more actively its

data transfers outside Europe. Furthermore, the Issuer may need to take extra measures regarding non-EU vendors, or in some cases stop the data transfer.

The mortgage lending rules and the restrictions to mortgage interest relief, applicable to the principal residence mortgage market, may have a particular impact on the Issuer's principal residence mortgage business. These measures might have a material adverse effect on the sale of the Issuer's principal residence mortgage products and therefore on the aggregate loan portfolio of the Issuer, on the interest margins that it is able to earn on new and existing principal residence mortgages, as well as on the ability of its clients to pay amounts due in time and in full. See also the risk factor "6. *The Issuer's operations and assets are located primarily in The Netherlands. Deterioration of the economic environment could have a material adverse effect on the Issuer's results of operations and financial position*" above which sets out the Issuer's dependency upon the prevailing economic, political and social conditions in The Netherlands, particularly those which impact the mortgage market.

The tax regime applicable to the Issuer is to an extent based on the Issuer's interpretations of such laws and regulations. The Issuer cannot guarantee that such interpretations will not be questioned by the relevant authorities. There has in recent years been an increased interest by governments, political parties, the media and the public in the tax affairs of companies. This increased interest may also apply to the Issuer's tax policy or the tax affairs of the Issuer's clients. In addition, changes as to what is perceived by governments or by the public to be appropriate, ethical or sustainable behaviour in relation to tax may lead to a situation where the Issuer's tax policy is in line with all applicable tax laws, rules and regulations, but nevertheless comes under public scrutiny. These two developments could lead to reputational damage and damage to the Issuer's brand.

For further information on laws and regulation the Issuer is subject to, see chapter "*The Issuer – 1.3 Regulation*". The timing and full impact of new laws and regulations, including the initiatives described above, cannot be determined yet and are beyond the Issuer's control. The introduction of these and other new rules and requirements could significantly impact the manner in which the Issuer operates, particularly in situations where regulatory legislation can interfere with or even set aside national private law. New requirements may adversely affect the Issuer's business, capital and risk management strategies and may result in the Issuer deciding to modify its legal entity structure, capital and funding structures and business mix or exit certain business activities altogether or determine not to expand in certain business areas despite their otherwise attractive potential.

European regulations such as MiFID II and US regulations such as U.S. Commodity Futures Exchange Commission and U.S. Securities and Exchange Commission rules, will increase the burden of compliance on the Issuer. The extraterritorial scope of some of the regulations brings additional layers of complexity, as the Issuer can become subject to rules and regulations of national jurisdictions whilst it is not directly part of the national markets of such jurisdictions. This may have a material adverse effect on the business, financial position and results of operations of the Issuer.

Significant regulatory fines may be imposed on the Issuer should the Issuer fail to comply with applicable regulations. The cost of regulatory fines and defence against current and future regulatory actions may be significant. There may also be adverse publicity associated with regulatory fines or action that could negatively affect customer views of the Issuer, regardless of whether the allegations are valid or whether the Issuer is ultimately found liable. Therefore, such regulatory fines or actions may have a material adverse effect on the business, financial position and results of operations of the Issuer.

28. ***The Issuer is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties.***

Due to their position in society (*maatschappelijke functie*) and specific expertise, financial institutions in The Netherlands (such as the Issuer) owe a special duty of care (*bijzondere zorgplicht*). Financial institutions must also comply with duty of care rules in Dutch law, which includes provisions on client classification, disclosure requirements and know-your-customer obligations. Pursuant to the General Banking Conditions (*Algemene Bankvoorwaarden*) used by Dutch banks, a bank must always act in accordance with its duty of care, irrespective of whether

the service or product is sold to a professional client or a non-professional client. Violation of the duty of care by the Issuer could lead to potentially significant claims, which could have a material adverse impact on the Issuer's business, financial condition and reputation.

Where in the past the duty of care was held to apply predominantly to clients, the application of this standard has on the basis of case law been extended more broadly for the benefit of third parties that suffer damages inflicted by clients of the financial institution. In these cases, courts held, for example, that in certain circumstances financial institutions may be expected to monitor activities of their clients, denouncing or even halting any suspected illegal activity. Accordingly, there can be no assurance that additional proceedings will not be brought. Such litigation may have a material adverse effect on the Issuer's business, financial condition and reputation.

Clients in the future could increasingly use "execution only" services instead of paying for advice and such shift could lead to injudicious client losses and decisions which they may seek to recover from the Issuer on the basis of duty of care principles, which could have a material adverse impact on the Issuer's business and financial condition.

A number of proceedings have been initiated against the Issuer and other Dutch banks for violation of its duty of care and a larger number of claims are threatened. Also, a number of class action groups are actively soliciting plaintiffs for mass litigation proceedings. Accordingly, there can be no assurance that additional proceedings will not be brought. Current proceedings are still pending and their outcome is uncertain, as is the timing of reaching any finality on these legal claims and proceedings. As a result, although the consequences could be substantial for the Issuer, with a potentially material adverse effect on the Issuer's reputation, results of operations, financial position and prospects, it is not possible to reliably estimate or quantify the Issuer's exposure at this time.

As required by and in consultation with the AFM, the Issuer reviewed its small and medium-sized enterprises ("**SME**") interest rate derivative portfolio. In December 2015 the AFM concluded that some aspects of the reviews banks were conducting would need to be amended. The AFM instituted a taskforce with the objective to arrive at a uniform solution for all clients and banks. On 5 July 2016 a committee of independent experts published its advice on the reassessment of SME and middle market interest rate derivatives (the "**Uniform Recovery Framework**"). ABN AMRO adhered to this framework. The Issuer consulted with the panel of independent experts to determine how this framework affected the Issuer's review process in practice. In the first quarter of 2017 the Issuer began reassessments of around 6,800 clients with some 9,000 interest rate derivatives. As a result of the intensified scoping process set forth in the Uniform Recovery Framework the reassessment was expanded, so that on 31 May 2018 the reassessment consisted of 7,179 clients with 10,638 interest rate derivatives. At the end of January 2020, the Issuer proposed a solution to all clients in scope of the Uniform Recovery Framework. At various points in the process the reassessments were checked by an independent external file reviewer (the audit firm PwC, supervised by the AFM). The total provision for SME derivatives-related issues as at 31 December 2020 amounted to EUR 10 million. This comprised the total amount of client compensation (EUR 0.6 billion) and project costs (EUR 0.3 billion), after payments already made for both elements (EUR 0.8 billion). See also "*The Issuer – 1.4 Legal and arbitration proceedings – Sale of interest rate derivatives*") for further information in respect of these proceedings.

In addition, ABN AMRO Levensverzekering N.V. ("**ABN AMRO Levensverzekering**"), a subsidiary of Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V. ("**ABN AMRO Verzekeringen**") in which the Issuer has a 49% interest, is exposed to claims from customers concerning unit-linked insurance contracts. ABN AMRO Levensverzekering entered into settlements with certain consumer and investor interest groups on standardized charges for individual, privately held unit-linked insurance products purchased in the past. ABN AMRO Levensverzekering has taken provisions for these settlements and remains a well-capitalised life insurance company. The public debate around insurance mis-selling (*woekerpolissen*) is however still ongoing and possible future claims and related costs may affect the capital position of ABN AMRO Levensverzekering and consequently may have a material adverse impact on the financial condition of the Issuer. The Issuer has received complaints and faces, and may in the future face additional, exposure and claims for its role in distributing these products. A number of proceedings with the Dutch financial institute for out of court settlement of financial disputes "**Kifid**" (*Klachteninstituut Financiële Dienstverlening*) is pending against the Issuer and the insurers. A

negative outcome of these proceedings could have a material adverse effect on the Issuer's business and reputation. See also the risk factor "24. *The Issuer can be forced, upon a change of control over the Issuer or NN Group N.V., to buy shares it does not yet own in Dutch insurance business ABN AMRO Verzekeringen. If this risk were to materialise, the Issuer could be forced to pay a currently unknown purchase price that would likely be material, the Issuer would be required to consolidate ABN AMRO Verzekeringen into its financial statements, which may have material adverse consequences for the Issuer's capital and liquidity ratios, and any potential losses incurred by ABN AMRO Verzekeringen would from then on be entirely for the account of the Issuer*" for other risks relating to ABN AMRO Verzekeringen that may have a material adverse effect on the Issuer.

The developments described above are complex and could have substantial consequences for the Issuer, including an increase in claims by customers and increased costs and resources. Also, it cannot be excluded that additional sector-wide measures will be imposed by supervisory authorities or the legislator which can have a material adverse effect on the Issuer's business, financial condition and results of operations.

29. ***The Issuer is subject to legal risk, which may have an adverse impact on the Issuer's business, financial position and results of operations.***

In the ordinary course of business the Issuer is involved in a number of legal proceedings. Furthermore, in the Netherlands, the number and size of claims that are the subject of litigation, regulatory proceedings and other adversarial (legal) proceedings against financial institutions (such as the Issuer) are increasing. The Issuer's business is subject to the risk of litigation by customers, borrowers, employees, shareholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. It is inherently difficult to predict or quantify the outcome of many of the litigations, regulatory proceedings and other adversarial proceedings involving the Issuer and its businesses. The cost to defend current and future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of the Issuer's services, regardless of whether the allegations are valid or whether the Issuer is ultimately found liable. Examples are the failure or perceived failure to comply with legal and regulatory rules, laws, regulations and other requirements, principles, guidelines (including but not limited to guidelines addressing possible ecological, social and ethical risks) or codes of conduct (including but not limited to the code of conduct on sustainability) by the Issuer, its customers, or other third parties linked to the Issuer, anti-money laundering, bribery or anti-corruption measures, anti-terrorist financing procedures, tax evasion or avoidance by clients, the quality and transparency of products sold to clients, the manner in which the Issuer protects its legitimate interest upon a client default or a margin obligation arising or the conduct of its employees. See also the risk factor "28. *The Issuer is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties*" and the risk factor "30. *The Issuer is subject to reputational risk*" which set out similar (legal and regulatory) risks that may have a material adverse impact on the Issuer. As a result, litigation may adversely affect the Issuer's business. See "*The Issuer — 1.4 Legal and arbitration proceedings*" for further information in respect of legal proceedings of the Issuer.

In presenting the consolidated annual financial statements, the Issuer's management may make estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. If the provisions made turn out not to be sufficient, the Issuer is at risk of incurring losses that have not or not sufficiently been provided for. Such losses may occur potentially years after the event that caused them. Changes in estimates may have an adverse effect on the Issuer's business, financial position and results of operations.

30. ***Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding.***

The Special Measures Financial Institutions Act, *Wet bijzondere maatregelen financiële ondernemingen*, the "**Dutch Intervention Act**"), the directive providing for the establishment of a European-wide framework for the recovery and resolution of credit institutions and investment firms (2014/59/EU as amended, "**BRRD**") and the regulation (EU) No 806/2014 of the European

Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (as amended, the "**SRM Regulation**") set out the intervention and resolution framework applicable to the Issuer.

The SRM Regulation establishes a single European resolution board (the "**Resolution Board**") having resolution powers over the institutions that are subject to the SRM Regulation, thus replacing or exceeding the powers of the national resolution authorities within the euro area. The Resolution Board will determine, after consultation with competent authorities, a MREL applicable to the Issuer. MREL is designed to be available to the resolution authorities for write down, write off or conversion to equity in order to absorb losses and recapitalise a failing institution in the event of resolution action being taken, and before more senior-ranking creditors suffer losses. The amount of MREL the Issuer is required to maintain over time will be based on the expected required capacity to resolve and, if appropriate, recapitalise the Issuer in the event of its failure. The Resolution Board may also use the powers of early intervention as set forth in the SRM Regulation, including the power to require an institution to contact potential purchasers in order to prepare for resolution of the institution. The Resolution Board has the authority to exercise the specific resolution powers pursuant to the SRM Regulation similar to those of the national authorities under the BRRD.

Recovery and resolution plans

As required by the BRRD, the Issuer is required to draw up and maintain a recovery plan. In addition, the Resolution Board is required to prepare a resolution plan for the Issuer setting out resolution actions it may take if the Issuer would fail or would be likely to fail. Although ABN AMRO Bank N.V. is the Group's designated resolution entity, the Resolution Board may at a later stage also require the Issuer to issue MREL at various levels within the Group. This may result in higher capital and funding costs for the Issuer, and as a result adversely affect the Issuer's profits.

Early intervention

If the Issuer does not comply with or, due to a rapidly deteriorating financial position, would be likely not to comply with capital or liquidity requirements in the near future, the supervisory authorities will have the power to impose early intervention measures. A rapidly deteriorating financial position could, for example, occur in the case of a deterioration of the Issuer's liquidity situation, increasing level of leverage and non-performing loans. Intervention measures include the power to require changes to the legal or operational structure of the Issuer, the power to make changes to the Issuer's business strategy, and the power to require the Issuer's Executive Board to convene a general meeting of shareholders, set the agenda and require certain decisions to be considered for adoption by the general meeting. Furthermore, if these early intervention measures are not considered sufficient, the competent authority may replace management or install a temporary administrator. In case of resolution of the Issuer, a special manager may also be appointed who will be granted management authority over the Issuer instead of its existing executive board members, in order to implement the measures decided on by the the competent authority.

Non-viability and resolution measures

If the Issuer were to reach a point of non-viability, the Competent Authority could take pre-resolution measures. These measures include the write-down and cancellation of shares, and the write-down or conversion into shares or other instruments of ownership of capital instruments (the "**Write Down and Conversion Power**").

Furthermore, BRRD and SRM provide resolution authorities with powers to implement resolution measures with respect to banks which meet the conditions for resolution, which may include (without limitation) the sale of the bank's business, the separation of assets, the Bail-in Tool, the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments and discontinuing the listing and admission to trading of financial instruments. The Bail-in Tool comprises a more general power for resolution authorities to write-down the claims of unsecured creditors of a failing bank and to convert unsecured debt claims to

equity. The Bail-in Tool covers eligible liabilities issued by the institution subject to resolution measures, but certain defined instruments are excluded from the scope, such as covered bonds.

The application of resolution measures may lead to additional measures. For example, in connection with the nationalisation of SNS Reaal N.V. pursuant to the Dutch Intervention Act, a one-off resolution levy for all banks was proposed by the Minister of Finance.

When applying the resolution tools and exercising the resolution powers, including the preparation and implementation thereof, the resolution authorities can exercise their powers irrespective of any restriction on, or requirement for consent for, transfer of the financial instruments, rights, assets or liabilities in question that might otherwise apply.

Risks relating to the EU Banking Reforms

On 23 November 2016, the European Commission announced the EU Banking Reforms (as defined above) which, amongst others, intend to implement the final total loss-absorbing capacity ("TLAC") standard and clarify its interaction with MREL. However, it is not possible to give any assurances as to the ultimate scope, nature, timing and of any resulting obligations, or the impact that they will have on the Issuer once implemented, including the amount of currently outstanding instruments qualifying as MREL going forward. If the Issuer were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other operations which would have a material adverse effect on the Issuer's business, financial position and results of operations.

The Dutch Intervention Act, BRRD, SRM and the EU Banking Reforms may increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's funding ability, financial position and results of operations. In case of a capital shortfall, the Issuer would first be required to carry out all possible capital raising measures by private means, including the conversion of junior debt into equity (which may include subordinated notes and/or senior non-preferred notes issued by the Issuer), before one is eligible for any kind of restructuring State aid.

31. ***The Issuer is subject to stress tests and other regulatory enquiries, the outcome which could materially and adversely affect the Issuer's reputation, financing costs and trigger enforcement action by supervisory authorities. Stress tests could also bring to the surface information which may result in additional regulatory requirements or measures being imposed or taken which could have a material adverse effect on the Issuer's business, results of operations, profitability or reputation.***

The banking sector, which includes the Issuer, is subject to periodic stress testing and other regulatory enquiries to examine the resilience of banks to adverse market developments. Such stress tests are initiated and coordinated by the EBA or the ECB. Stress tests and the announcements of their results by supervisory authorities can destabilise the banking or the financial services sector and lead to a loss of trust with regard to individual banks or the financial services sector as a whole. The outcome of stress tests could materially and adversely affect the Issuer's reputation, financing costs and trigger enforcement action by supervisory authorities. The outcome of stress tests could also result in the Issuer having to meet higher capital and liquidity requirements, which could have a material adverse effect on the Issuer's business, results of operations, profitability or reputation.

In addition, stress tests could divulge certain information that would not otherwise have surfaced or which until then, the Issuer had not considered to be material and worthy of taking remedial action on. This could lead to certain measures or capital and funding requirements by supervisory authorities being imposed or taken, which could have a material adverse effect on the Issuer's business, results of operations, profitability or reputation.

32. ***The Issuer is subject to reputational risk.***

Reputational risk exists in many forms in all of the Issuer's activities. Examples are the failure or perceived failure to comply with legal and regulatory rules, laws, regulations and other requirements, principles, guidelines (including but not limited to guidelines addressing possible ecological, social and ethical risks) or codes of conduct (including but not limited to the code of

conduct on sustainability) by the Issuer, its customers, or other third parties linked to the Issuer, anti-money laundering, bribery or anti-corruption measures, anti-terrorist financing procedures, tax evasion or avoidance by clients, the quality and transparency of products sold to clients, the manner in which the Issuer protects its legitimate interest upon a client default or a margin obligation arising or the conduct of its employees. The Issuer's reputation could also be harmed as a result of negative external publicity over which the Issuer has no or minimal control (such as social media). Reputational damage to the Issuer may cause loss of business and clients which could, as a consequence, adversely affect the Issuer's operating results, prospects and financial position.

33. ***The Issuer is subject to additional risk exposure as a consequence of the Legal Demerger, Legal Separation, EC Remedy and Legal Merger that could adversely affect its business.***

The execution of the Legal Demerger, Legal Separation (including in relation to the EC Remedy) and Legal Merger have created risks for the Issuer's business and stability which may materially adversely affect the Issuer's results of operations, prospects and financial position.

Following completion of a legal demerger, creditors only have recourse to the entity to which the relevant assets and liabilities have been transferred for payments in respect of issued financial instruments. Under the Dutch Civil Code, however, each of RBS N.V. and the Issuer remains liable to creditors for certain monetary obligations of the other that existed at the date of the Legal Demerger in the event that the other cannot meet such obligations. In each case, this liability relates only to obligations existing at the date of the Legal Demerger and is limited to the amount of equity acquired at the Legal Demerger. Although the Issuer and RBS N.V. have made arrangements to mitigate the risks of liability to the creditors which transferred to each other upon the Legal Demerger, there is no assurance that the mitigating arrangements taken by the Issuer are sufficient to satisfy all claims of creditors transferred to RBS N.V. Any insufficiency in such mitigating arrangements may materially adversely affect the Issuer's results of operations and financial position. See "*The Issuer – 1.1 History and recent developments*".

On 6 February 2010, the former ABN AMRO Bank N.V. demerged into two entities: RBS N.V. and ABN AMRO Bank N.V. (the "**2010 Demerger**"), giving rise to cross-liabilities similar to the cross-liabilities described above. If ABN AMRO Bank N.V. fails to perform its obligations existing at the time of the 2010 Demerger, RBS N.V. is liable for the performance. If RBS N.V. fails to perform its obligations existing at the time of the 2010 Demerger, ABN AMRO Bank N.V. is liable. RBS N.V.'s contingent liability for divisible obligations as a result of the 2010 Demerger is limited to EUR 4.0 billion, whereas ABN AMRO Bank N.V.'s contingent liability is limited to EUR 1.8 billion. ABN AMRO Bank N.V. has put in place arrangements to mitigate the risks of such contingent liability and received collateral from RBS Plc amounting to EUR 0.9 billion. Even though ABN AMRO Bank N.V. and RBS N.V. made mitigating arrangements, it cannot be excluded that ABN AMRO Bank N.V. will be confronted with significant liabilities of RBS N.V. and which it may not or not fully be able to recover from RBS N.V. or RBS Plc.

On 7 August 2008, the EC Remedy part of ABN AMRO Bank N.V. was demerged to New HBU II N.V. (the "**2008 Demerger**"), giving rise to similar cross liabilities as described above. In the event that New HBU II N.V. fails to meet its obligations, ABN AMRO Bank N.V. remains liable to its creditors in respect of obligations that existed at the New HBU II N.V. demerger date. This liability is limited to the equity retained at the Legal Demerger date.

On 1 April 2010, New HBU II N.V. was transferred to Deutsche Bank AG and renamed Deutsche Bank Nederland N.V. As a result of the cross-liabilities described above, if either RBS N.V. or ABN AMRO Bank N.V. fails to perform its obligations existing at the date of the 2008 Demerger, Deutsche Bank Nederland N.V. is liable for the performance. Deutsche Bank Nederland N.V.'s contingent liability in this regard is limited to EUR 950 million. On 27 September 2014, pursuant to a put option exercised by Deutsche Bank AG, the assets and liabilities of Deutsche Bank Nederland N.V., apart from the cross-liabilities created as a result of the 2008 Demerger, were demerged into a newly incorporated subsidiary of Deutsche Bank AG (the "**2014 Demerger**"). Deutsche Bank Nederland N.V. was subsequently acquired by ABN AMRO Bank N.V. and renamed Sumsare N.V. As a consequence, Deutsche Bank Nederland N.V.'s contingent liability under the 2008 Demerger is now held by Sumsare N.V., a wholly owned subsidiary of ABN AMRO Bank N.V. Deutsche Bank AG indemnified Sumsare N.V. for any claims (including cross-

liabilities) in connection with the 2014 Demerger. Even though Deutsche Bank AG has indemnified Sumsare N.V., it cannot be excluded that ABN AMRO Bank N.V. will be confronted with significant liabilities of Sumsare N.V. which it may not or not fully be able to recover from Deutsche Bank AG.

34. ***Termination of Dutch State Ownership of the Issuer may result in increased perception of risk by investors, depositors and customers.***

On 1 July 2015 Dutch Parliament approved the Dutch Government's decision to return ABN AMRO to the private market, and on 20 November 2015 the former ABN AMRO Group N.V. was listed and the trading in the depositary receipts for ordinary shares commenced. In subsequent years, additional depositary receipts representing ordinary shares in the former ABN AMRO Group N.V. were sold, further reducing the stake of the Dutch State. In addition, on 21 December 2017 NLFI announced that it has transferred approximately 59.7 million ordinary shares in the former ABN AMRO Group N.V. to Stichting Administratiekantoor Continuïteit ABN AMRO Group (the "STAK AAG") in exchange for an equal amount of depositary receipts for ordinary shares in ABN AMRO.

The timing and the form in which further changes in the ownership of the Issuer may take is uncertain and may result in increased perception of risk by investors, depositors and customers which could adversely affect the Issuer's results of operations, prospects and financial position.

2. INTRODUCTION

This document constitutes a registration document (as supplemented from time to time, "**Registration Document**") for the purposes of the Prospectus Regulation and has been prepared for the purpose of giving information with respect to ABN AMRO Bank N.V. (the "**Issuer**") which, according to the particular nature of the Issuer and the securities which it may apply to have admitted to trading on a regulated market situated or operating within such a Member State, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Registration Document and declares that, to the best of its knowledge, the information contained in this Registration Document is in accordance with the facts and the Registration Document makes no omission likely to affect its import.

This Registration Document has been approved by The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, "**AFM**") as the competent authority in the Issuer's home Member State pursuant to the Prospectus Regulation.

Together with any securities note for non-equity securities, as supplemented or replaced from time to time (each a "**Securities Note**") of the Issuer, in each case, this Registration Document forms part of any base prospectus of the Issuer consisting of separate documents within the meaning of Article 8(6) of the Prospectus Regulation in respect of the relevant securities (this Registration Document together with the respective Securities Note, in each case the "**Base Prospectus**").

The AFM has only approved this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer that is the subject of this Registration Document.

This Registration Document (save as described below) is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents incorporated by Reference*").

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Registration Document, and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

This Registration Document should not be considered as a recommendation by the Issuer that any recipient of this Registration Document should purchase securities of the Issuer. Each investor contemplating purchasing any securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Registration Document does not constitute an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any securities.

The delivery of this Registration Document will not in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Registration Document has been most recently amended or supplemented. Investors will need to make their own investigations and financial calculations on the basis of the financial information incorporated by reference herein in order to make an informed assessment of the future assets and liabilities, financial position, profit and losses and prospects of the Issuer and when deciding whether or not to purchase any financial instruments issued by the Issuer. The Issuer has no obligation to update this Registration Document, except when required by and in accordance with the Prospectus Regulation.

This Registration Document does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Registration Document and the offer or sale of securities may be restricted by law in certain jurisdictions. The Issuer does not represent that this Registration Document may be lawfully distributed, or that any securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any securities or distribution of this Registration Document in any jurisdiction where action for that purpose is required. Accordingly, no

securities may be offered or sold, directly or indirectly, and neither this Registration Document nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Registration Document or any securities of the Issuer may come must inform themselves about, and observe, any such restrictions on the distribution of this Registration Document and the offering and sale of such securities.

All references in this document to "**EUR**", "**euro**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, references to "**Sterling**" and "**£**" refer to pounds sterling and references to "**U.S. Dollars**", "**USD**" and "**\$**" refer to United States dollars.

3. DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued on or prior to the date hereof shall be deemed to be incorporated in, and to form part of, this Registration Document:

- (a) the articles of association of the Issuer which can be obtained from https://www.abnamro.com/nl/images/Documents/010_Over_ABN_AMRO/Corporate_Governance/ABN_AMRO_Bank_Articles_of_Association.pdf;
- (b) ABN AMRO Bank N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2019, as set out on pages 171 to 279 in relation to the financial statements 2019, including the notes to the financial statements as set out on pages 179 to 262, pages 39 to 136 (certain information in the Risk, funding & capital report), and the auditors' report thereon on pages 282 to 289, all as included in ABN AMRO Bank N.V.'s Annual Report 2019 which can be obtained from https://www.abnamro.com/nl/images/Documents/050_Investor_Relations/Financial_Disclosures/2019/ABN_AMRO_Bank_Annual_Report_2019.pdf;
- (c) the Section "*Key figures and profile*" on page 3, the Section "*ABN AMRO shares*" on page 4, the Section "*Financial review*" of the Strategy and performance report on pages 15 to 18, the Section "*Risk, funding & capital report*" on pages 39 to 136, the Section "*General Meeting and shareholder structure*" on pages 154 to 156, the Section "*Legal structure*" on page 159, the Section "*Other information*" on pages 290 to 291 and the Section "*Cautionary statements*" on page 292, all as included in ABN AMRO Bank N.V.'s Annual Report 2019;
- (d) the publicly available abbreviations and definitions of important terms relating to ABN AMRO Bank N.V.'s Annual Report 2019 which can be obtained from https://www.abnamro.com/en/images/Documents/010_About_ABN_AMRO/Annual_Report/2019/ABN_AMRO_Annual_Report_Abbreviations_and_definitions.pdf;
- (e) ABN AMRO Bank N.V.'s publicly available audited annual financial statements for the financial year ended 31 December 2020, as set out on pages 203 to 291 in relation to the consolidated financial statements 2020, including the notes to the consolidated financial statements as set out on pages 211 to 291, the company annual financial statements on pages 293 to 309, including the notes to the company annual financial statements on pages 297 to 309, pages 59 to 165 (certain information in the Risk, funding & capital report), and the auditors' report thereon on pages 312 to 320, all as included in ABN AMRO Bank N.V.'s Annual Report 2020 which can be obtained from https://assets.ctfassets.net/1u811bvgvthc/1IHIVdHZhHfAR8ODgWySms/1dc267b7fee2de7660061605fc733b6d/ABN_AMRO_Annual_Report_2020.pdf;
- (f) the Section the Section "*Key figures and profile*" on pages 6 to 7, the Section "*ABN AMRO shares*" on pages 8 to 9, the Section "*Regulatory environment*" on pages 14 to 16, the Section "*Strategy review: a personal bank in the digital age*" of the Strategy and performance report on pages 20 to 21, the Section "*Financial review*" of the Strategy and performance report on pages 25 to 30, excluding the specific sub-paragraph "*ABN AMRO results excluding CIB non-core*" (including the accompanying table) on page 26, the Section "*Risk, funding & capital report*" on pages 59 to 165, the Section "*General Meeting and shareholder structure*" on pages 183 to 186, the Section "*Legal structure*" on page 190, the Section "*Other information*" on pages 321 to 322 and the Section "*Cautionary statements*" on page 323, all as included in ABN AMRO Bank N.V.'s Annual Report 2020;
- (g) the publicly available abbreviations and definitions of important terms relating to ABN AMRO Bank N.V.'s Annual Report 2020 which can be obtained from https://assets.ctfassets.net/1u811bvgvthc/2tggwOb2cLccMIBUcWRQ0C/7cfdcd3374d34402279f1036b14ee06d/ABN_AMRO_Abbreviations_and_definitions_of_important_terms_2020.pdf;
- (h) the quarterly report titled "*Quarterly Report First quarter 2021*" dated 12 May 2021, excluding (i) the table "*Bank core*" included in the section "*Financial review*" on page 5, (ii) the tables "*CIB core*" and "*CIB non-core*" included in the section "*Corporate & Institution Banking*" on pages 15 and 16, respectively and (iii) the chapter titled: "*Enquiries*", which can be obtained from

https://assets.ctfassets.net/1u811bvgvthc/4m8Yfwwol2W8QrIuPyg9ey/d2f9edb26077be9b1061b51b87b40a4c/ABN_AMRO_Bank_Quarterly_Report_first_quarter_2021.pdf;

- (i) the press release titled "ABN AMRO accepted settlement offer in the anti-money laundering investigation in the Netherlands" dated 19 April 2021, which can be obtained from <https://www.abnamro.com/en/news/abn-amro-accepted-settlement>;
- (j) the settlement agreement between The State of the Netherlands (Netherlands Public Prosecution Service) and ABN AMRO, dated 19 April 2021, which can be obtained from https://assets.ctfassets.net/1u811bvgvthc/KHfRcg2uQIGlfU7fri1YM/a7a0837ac3c3019b822b656b112c3300/Settlement_Agreement_ABN_AMRO_Guardian.pdf; and
- (k) the statement of facts and conclusions of the Netherlands Public Prosecution Service, dated 19 April 2021, which can be obtained from https://assets.ctfassets.net/1u811bvgvthc/4eUXF7eCnLthKp95RNnMnz/645730a7cd044da33ef4ad1545470f12/Statement_of_Facts_-_ABN_AMRO_Guardian.pdf,

save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Registration Document to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

All figures in the documents incorporated by reference herein have not been audited, unless stated otherwise. These figures are internal figures of the Issuer.

The information on the websites to which a hyperlink has been included in this Registration Document (other than the hyperlinks contained in this section "*Documents Incorporated by Reference*") does not form part of this Registration Document and has not been scrutinised or approved by the AFM.

Any information contained in any of the documents specified above which is not incorporated by reference in this Registration Document is either not relevant to investors or is covered elsewhere in this Registration Document. Any statements on the Issuer's competitive position included in this Registration Document (including in a document which is incorporated by reference herein) and where no external source is identified are based on the Issuer's internal assessment of generally available information.

The Issuer will provide, without charge, to each person to whom a copy of this Registration Document has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference. Requests for such documents should be directed to the Issuer (at its registered office at: Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, by telephone: +31 20 6282282 or by e-mail: investorrelations@nl.abnamro.com). Copies of documents incorporated by reference in this Registration Document can also be obtained from <https://www.abnamro.com/ir>.

4. SELECTED DEFINITIONS AND ABBREVIATIONS

Definitions

In this Registration Document, unless the context otherwise requires:

"**AAHG**" refers to ABN AMRO Hypotheken Groep B.V.

"**ABN AMRO**" or the "**Group**" refers to ABN AMRO Bank N.V. and its consolidated subsidiaries.

"**ABN AMRO Bank**" or the "**Issuer**" refers to ABN AMRO Bank N.V. incorporated on 9 April 2009 (formerly known as "ABN AMRO II N.V.").

"**ABN AMRO Bank Standalone**" refers to ABN AMRO Bank N.V. in the period between the Legal Demerger on 6 February 2010 and the Legal Merger on 1 July 2010, which contained the businesses of ABN AMRO Holding acquired by the Dutch State.

"**ABN AMRO Clearing**" refers to ABN AMRO Clearing Bank N.V.

"**ABN AMRO Group**" refers to ABN AMRO Group N.V., a legal predecessor of ABN AMRO Bank N.V. before the Group Legal Merger took effect on 29 June 2019.

"**ABN AMRO Holding**" refers to ABN AMRO Holding N.V. and its consolidated subsidiaries which was acquired by the Consortium and renamed RBS Holdings N.V. upon the Legal Separation. "**RBS Holdings N.V.**" is part of The Royal Bank of Scotland Group plc.

"**ABN AMRO Levensverzekering**" refers to ABN AMRO Levensverzekering N.V.

"**ABN AMRO Pensions**" refers to ABN AMRO Pensioeninstelling N.V.

"**ABN AMRO Verzekeringen**" refers to Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V.

"**AIF**" refers to alternative investment fund.

"**AIFM Directive**" refers to Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers.

"**AFM**" refers to the Dutch *Stichting Autoriteit Financiële Markten*.

"**Ageas**" refers to ageas SA/NV (formerly known as "Fortis SA/NV") and ageas N.V. (formerly known as "Fortis N.V.") together.

"**Agent**" refers to any agent under this Program appointed by the Issuer from time to time.

"**Alfam**" refers to Alfam Holding N.V.

"**Bail-In Tool**" refers to the power provided to resolution authorities by the BRRD and the European regulation establishing uniform rules and a uniform procedure for the resolution of banks and certain investment firms in the framework of the Single Resolution Mechanism (Regulation 806/2014) to ensure that capital instruments and eligible liabilities absorb losses when the issuing institution meets the conditions for resolution, through the write-down or conversion of equity of such instruments.

"**Banque Neuflyze OBC**" refers to Banque Neuflyze OBC S.A.

"**Basel Committee**" refers to the Basel Committee on Banking Supervision.

"**Basel III Final Recommendations**" refers to the proposals of the Basel Committee set out in its paper released on 16 December 2010 (revised in June 2011) and press release of 13 January 2011.

"**Basel IV**" refers to the final Basel III standards published by the Basel Committee.

"**Bethmann**" refers to Bethmann Bank AG.

"**CCPs**" refers to central counterparties.

"**CFTC**" refers to the U.S. Commodity Futures Exchange Commission.

"**CIB**" refers to Corporate & Institutional Banking.

"**CLA**" refers to the collective labour agreement 2020-2021 between ABN AMRO and representatives of its employees.

"**Client Life Cycle processes**" refers to processes to combat money laundering, such as the client acceptance, transaction monitoring and client exit processes.

"**Competent Authority**" means the European Central Bank, the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or other authority having primary responsibility for the prudential oversight and supervision of the Issuer and/or the relevant Resolution Authority (if applicable), as determined by the Issuer.

"**Consortium**" refers to The Royal Bank of Scotland Group plc, Ageas and Banco Santander S.A. which jointly acquired ABN AMRO Holding on 17 October 2007 through RFS Holdings B.V. ("**RFS Holdings**").

"**Council**" refers to the Council of the European Union.

"**CRD**" refers to together, (i) the CRD Directive, (ii) the CRD Regulation and (iii) the Future Capital Instruments Regulations.

"**CRD Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended from time to time, including by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019).

"**CRD Regulation**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (as amended from time to time, including by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019).

"**CRR**" refers to Capital Requirements Regulation ((EU) No 575/2013).

"**DFC**" refers to Detecting Financial Crime

"**DNB**" refers to The Dutch Central Bank (*De Nederlandsche Bank N.V.*).

"**DOL**" refers to the U.S. Department of Labor.

"**Dodd-Frank Act**" refers to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

"**Dutch Intervention Act**" refers to the Special Measures Financial Institutions Act (*Wet bijzondere maatregelen financiële ondernemingen*).

"**Dutch State**" refers to the State of The Netherlands.

"**EBA**" refers to the European Banking Authority.

"**EC**" refers to the European Commission.

"**ECL**" refers to expected credit loss model.

"**EC Remedy**" refers to the divestment of the EC Remedy Businesses by ABN AMRO Bank Standalone in order to satisfy the conditions imposed by the European Commission for approval of the integration of FBN with ABN AMRO Bank Standalone through the Legal Merger.

"**EC Remedy Businesses**" refers to New HBU II N.V. and IFN Finance BV.

"**ECB**" refers to the European Central Bank.

"**EMIR**" refers to the European Market Infrastructure Regulation EU 648/2012.

"**Executive Board**" refers to ABN AMRO's executive board.

"**FATCA**" refers to sections 1471-1474 of the United States Internal Revenue Code of 1986 enacted by the United States as part of the HIRE Act in March 2010 (commonly referred to as Foreign Account Tax Compliance Act).

"**FBN**" refers to the legal entity Fortis Bank (Nederland) N.V., previously named "Fortis Bank Nederland (Holding) N.V.", which merged with ABN AMRO Bank Standalone pursuant to the Legal Merger.

"**FFI**" refers to a non-U.S. financial institution.

"**FFI Agreement**" refers to an agreement concluded between the FFI and the IRS, under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements.

"**Finance**" refers to Finance, an area of Group Functions.

"**Fitch**" refers to Fitch Ratings Ireland Limited.

"**Former ABN AMRO Group**" refers to the former group of ABN AMRO headed by ABN AMRO Holding N.V. as acquired on 17 October 2007 by the Consortium through RFS Holdings.

"**Former Fortis group**" refers to the former group of companies headed by Fortis SA/NV (renamed "ageas SA/NV") and Fortis N.V. (renamed "ageas N.V.").

"**FSC**" refers to Financial Stabilisation Committee.

"**GMSA**" refers to the Global Master Services Agreement dated August 31, 2005 between ABN AMRO Bank and IBM.

"**Group Audit**" refers to Group Audit, an area of Group Functions.

"**Group Legal Merger**" means the legal merger between ABN AMRO Bank N.V. and ABN AMRO Group N.V. which became effective on 29 June 2019.

"**IASB**" refers to International Accounting Standards Board.

"**IBM**" refers to International Business Machines Corporation.

"**ICAAP**" refers to internal capital adequacy assessment process.

"**ICS**" refers to International Card Services B.V.

"**IFRS**" refers to International Financial Reporting Standards.

"**IFRS-EU**" refers to International Financial Reporting Standards as adopted by the European Union.

"**IGA**" refers to an Inter-governmental Agreement between the local Government in a so called IGA jurisdiction and the U.S. to facilitate the implementation of FATCA.

"**ILAAP**" refers to Internal Liquidity Adequacy Assessment Process.

"**Interchange Fees Regulation**" refers to Regulation (EU) 2015/751 of the European Parliament and of the Council of 29 April 2015 on interchange fees for card-based payment transactions.

"**IPO**" refers to an Initial Public Offering.

"**IRS**" refers to the United States Internal Revenue Service.

"**LECL**" refers to Individual Lifetime ECL.

"**Legal Demerger**" refers to the legal demerger effectuated on 6 February 2010 in accordance with the demerger proposal filed with the Amsterdam Chamber of Commerce on 30 September 2009, thereby

demerging the majority of the Dutch State acquired businesses formerly held by RBS N.V. into ABN AMRO Bank Standalone.

"**Legal Merger**" refers to the legal merger effectuated on 1 July 2010 between ABN AMRO Bank Standalone and FBN. ABN AMRO Bank Standalone was the surviving entity and FBN was the disappearing entity.

"**Legal Separation**" refers to the transfer on 1 April 2010 of the shares of ABN AMRO Bank Standalone from ABN AMRO Holding to the former ABN AMRO Group N.V.

"**MiFID**" refers to the Markets in Financial Instruments Directive 2004/39/EC.

"**MiFID II**" refers to the Markets in Financial Instruments II Directive (2014/65/EU) and the Markets in Financial Instruments Regulation (Regulation 600/2014) (as amended).

"**MoneYou**" refers to MoneYou B.V.

"**Moody's**" refers to Moody's France SAS.

"**MMFR**" refers to Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on Money Market Funds.

"**MMFs**" refers to money market funds.

"**Neuflize Vie**" refers to Neuflize Vie S.A.

"**NLFI**" refers to *Stichting administratiekantoor beheer financiële instellingen* (trade name NL Financial Investments).

"**OTC**" refers to over-the-counter.

"**PRIIPs Regulation**" refers to Regulation (EU) No 1286/2014 (as amended).

"**Prospectus Regulation**" refers to Regulation (EU) 2017/1129.

"**PSD 2**" refers to a revised Payment Services Directive proposed by a legislative package in the field of the EU payments framework adopted by the European Commission on 24 July 2013.

"**RBS N.V.**" refers to The Royal Bank of Scotland N.V., formerly known as ABN AMRO Bank N.V. prior to the Legal Demerger.

"**REA**" refers to risk exposure amount.

"**Risk Management**" refers to Risk Management, an area of Group Functions.

"**RWA**" refers to risk weighted assets.

"**SFDR**" refers to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

"**S&P**" refers to S&P Global Ratings Europe Limited.

"**SMEs**" refers to small and medium enterprises.

"**SR**" refers to the Single Rulebook, a pillar of the EU banking union.

"**SREP**" refers to the supervisory review and evaluation process.

"**SRM**" refers to the Single Resolution Mechanism, a pillar of the EU banking union.

"**SRM Regulation**" refers to Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions

and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (as amended).

"**Supervisory Board**" refers to ABN AMRO's supervisory board.

"**UCITS**" refers to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

"**U.S. person**" refers to a "U.S. person" as defined in Regulation S.

"**Wft**" refers to the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations.

Abbreviations

AIRB	Advanced Internal Ratings-Based
ALM	Asset & Liability Management
AMA	Advanced Measurement Approach
bp	Basis point
CET1	Common Equity Tier 1
CVA	Credit Value Adjustment
EBA	European Banking Authority
EU	European Union
FTEs	Full-time equivalents (a measurement of number of staff)
GAAP	General Accepted Accounting Principles
IAS	International Accounting Standards
IMA	Internal Models Approach
IT	Information Technology
LIBOR	London Interbank Offered Rate
NHG	<i>Nationale Hypotheek Garantie</i> (Dutch State guaranteed mortgages)
RARORAC	Risk-Adjusted Return on Risk-Adjusted Capital
REA	Risk Exposure Amount
SA	Standardized Approach
SREP	Supervisory Review and Evaluation Process
UCITS	Undertakings for Collective Investment in Transferable Securities (directives)

5. PRESENTATION OF FINANCIAL INFORMATION

On 29 June 2019, ABN AMRO Bank N.V. merged with its parent company, ABN AMRO Group N.V. (the "**Group Legal Merger**"). As a result of the Group Legal Merger, ABN AMRO Group N.V. has ceased to exist and the activities of ABN AMRO Group N.V. have been integrated into and continue in ABN AMRO Bank N.V. Shareholders of ABN AMRO Group N.V. have become shareholders of ABN AMRO Bank N.V. and the equity components of ABN AMRO Bank N.V. match the pre-merger equity components of ABN AMRO Group N.V.

The financial results of ABN AMRO as at and for the year ended 31 December 2020 are reported on a consolidated basis in the annual financial statements of ABN AMRO Bank N.V. (the "**2020 Consolidated Annual Financial Statements**"). The discussion and analysis in "*7. Operating and Financial Review*" of ABN AMRO's results of operations for the year ended 31 December 2020 as compared to the year ended 31 December 2019 are based on reported results which are derived from the 2020 Consolidated Annual Financial Statements.

The financial results of ABN AMRO as at and for the year ended 31 December 2019 are reported on a consolidated basis in the annual financial statements of ABN AMRO Bank N.V. (the "**2019 Consolidated Annual Financial Statements**"). The discussion and analysis in "*7. Operating and Financial Review*" of ABN AMRO's results of operations for the year ended 31 December 2019 as compared to the year ended 31 December 2018 are based on reported results which are derived from the 2019 Consolidated Annual Financial Statements. The comparative information included in the 2019 Consolidated Annual Financial Statements reflects the results of the former ABN AMRO Group N.V. as at and for the year ended 31 December 2018, with the exception of (a) income tax, net profit/(loss) for the period and equity attributable to ABN AMRO which have been restated to reflect the application of IAS 12 (Income Tax) and the effect of the Group Legal Merger; and (b) loans and advances banks and cash and balances with central banks, which have been adjusted to reflect certain reclassifications. For more information, see "*7. Operating and Financial Review – 7.1 Summary of Financial Information Policies*".

Pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of July 19, 2002 and related regulations, effective January 1, 2005, the Issuer has adopted IFRS as endorsed by the European Union ("**IFRS-EU**"). The 2020 Consolidated Annual Financial Statements and the 2019 Consolidated Annual Financial Statements have been prepared in accordance with IFRS-EU (see "*7. Operating and Financial Review – 7.1 Summary of Financial Information Policies*"). IFRS-EU differs in certain significant respects from U.S. GAAP. No financial statements or financial information included herein have been prepared or presented in accordance with U.S. GAAP or the accounting rules and regulations adopted by the SEC ("**SEC Rules and Regulations**"). As a result, the financial information included herein may differ substantially from financial information prepared in accordance with U.S. GAAP and the SEC Rules and Regulations. It is not practicable for the Issuer to prepare its financial statements in accordance with U.S. GAAP and the SEC Rules and Regulations or to prepare any reconciliation of its consolidated annual financial statements and related footnotes. In making an investment decision, investors must rely upon their own examination of the Issuer's financial position, operation and cash flows, the terms of the offering and the financial information presented herein. Potential investors are urged to consult their own professional advisors for an understanding of the differences between IFRS-EU and U.S. GAAP, and of how those differences might affect the financial information presented herein. Please refer to "*7. Operating and Financial Review – 7.1 Summary of Financial Information Policies*" for a more detailed discussion of the financial information included and incorporated by reference in this Registration Document.

The financial information set forth in a number of tables in this Registration Document has been rounded to the nearest whole number. Accordingly, in certain instances, the sum of the numbers in a column may not conform exactly to the total figure given for that column.

6. THE ISSUER

ABN AMRO is a full-service bank that provides individuals and businesses with banking services and products, such as loans, mortgages, payments, savings, advice and asset management. ABN AMRO's focus is on the Netherlands and the rest of Northwest Europe, with over 19,000 employees worldwide. Outside the Netherlands, ABN AMRO currently has offices in 13 countries. ABN AMRO will wind down Corporate & Institutional Banking (CIB) activities outside Europe (except for Clearing). ABN AMRO aims to be a personal bank in the digital age and aims to serve clients where it has scale in the Netherlands and Northwest Europe.

1.1 History and recent developments

The formation of ABN AMRO is the result of various legal and operational separations, combinations, and restructurings arising from the acquisition of ABN AMRO Holding N.V. by the Consortium in October 2007. In October 2008, the Dutch State acquired FBN. In December 2008, the Dutch State directly acquired FBN's interest in RFS Holdings B.V. This interest comprised Dutch commercial clients (SMEs and corporates), Dutch consumer clients and Dutch and international private clients (including the international diamonds and jewellery business) of the Former ABN AMRO Group.

As a result of the Legal Demerger and Legal Separation, ABN AMRO Bank was formally separated from the Former ABN AMRO Group and transferred to ABN AMRO Group by 1 April 2010. Effective 1 July 2010, FBN and ABN AMRO Bank merged to form the new ABN AMRO Bank, at the time a wholly-owned subsidiary of the former ABN AMRO Group.

On 1 April 2010, ABN AMRO completed the sale of the EC Remedy Businesses to Deutsche Bank. This sale was a prerequisite set by the European Commission for the integration of the Dutch State acquired businesses and FBN into the new ABN AMRO Bank. The operational separation of the EC Remedy Businesses was finalized in 2012.

With effect from 1 June 2015 the former ABN AMRO Group has withdrawn its statement of joint and several liability within the meaning of Article 403, subsection 1, paragraph f, Book 2 of the Dutch Civil Code (*Burgerlijk Wetboek*).

On 1 July 2015 Dutch Parliament approved the Dutch Government's decision to return ABN AMRO to the private market and on 20 November 2015 the former ABN AMRO Group was listed and trading in the depositary receipts for ordinary shares commenced.

On 17 November 2016, Stichting Administratiekantoor Beheer Financiële Instellingen (NL Financial Investments, "**NLFI**"), on behalf of the Dutch state, agreed to sell additional depositary receipts representing shares in the former ABN AMRO Group. Following the settlement, the stake of NLFI declined from 77% to 70%.

On 28 June 2017 additional depositary receipts representing ordinary shares in the former ABN AMRO Group were sold. Following the settlement, the stake of the Dutch State further declined from 70% to 63%.

On 15 September 2017 additional depositary receipts representing ordinary shares in the former ABN AMRO Group were sold. Following the settlement, the stake of the Dutch State further declined from 63% to 56%.

On 21 December 2017 NLFI announced that it has transferred approximately 59.7 million ordinary shares in the former ABN AMRO Group to STAK AAG in exchange for an equal amount of depositary receipts for ordinary shares in ABN AMRO.

In February 2019, ABN AMRO announced its intention to simplify its group structure by executing a legal merger between ABN AMRO Bank and ABN AMRO Group (the "**Group Legal Merger**"). The Group Legal Merger was completed on 28 June 2019 and became effective on 29 June 2019. As a result of the Group Legal Merger, ABN AMRO Group has ceased to exist. The Group Legal Merger aimed to improve regulatory capital ratios (including the leverage ratio, see also the paragraph below), optimise administrative processes and lower administrative costs. The activities of ABN AMRO Group have been integrated and will be continued in ABN AMRO Bank.

The Group Legal Merger had a positive impact on several capital ratios, removed the maximum distributable amount shortfall and simplified administrative processes.

In August 2020, ABN AMRO announced the outcome of its review of the Corporate & Institutional Banking (CIB) business. Going forward CIB will focus on clients in Northwest Europe and Clearing and will exit all non-European CIB activities (except for Clearing). Trade & Commodity Finance activities will be discontinued completely. Natural Resources and Transportation & Logistics will focus on European clients only. In addition, stricter lending criteria and credit limits have been set to contribute to a moderate risk profile. As a result, CIB has been split into core and non-core activities. The non-core activities (at the time of the August 2020 announcement around 45% of CIB's client loans, representing approximately 35% of CIB's RWA and over 10% of total RWA) are expected to be wound down over the next 3 to 4 years. This will affect around 800 FTEs. As at March 2021, the CIB non-core business loan volumes have decreased by 61% compared to 30 June 2020.

1.2 Business description

ABN AMRO is organised into Retail Banking, Commercial Banking, Private Banking, Corporate & Institutional Banking and Group Functions (as described below). ABN AMRO's management structure includes an Executive Board and an Executive Committee.

1.2.1 Retail Banking

Business scope and clients

Retail Banking provides a full range of banking products and services to individuals with investable assets up to EUR 500,000. These services and products, which are offered under the ABN AMRO brand as well as under other labels, are provided to clients through ABN AMRO's branch network, online, via contact centres and through subsidiaries.

Main subsidiaries

The Retail Banking business of ABN AMRO is supported by the following main subsidiaries (this list is not exhaustive)¹:

ABN AMRO Hypotheken Groep

ABN AMRO Hypotheken Groep B.V. ("**AAHG**") offers all ABN AMRO labelled residential mortgage products, including Florius brands.

Alfam

Alfam Holding N.V. ("**Alfam**") provides consumer loans under various labels, including Alpha Credit Nederland, Credivance, Defam, GreenLoans and ABN AMRO.

International Card Services

International Card Services B.V. ("**ICS**") issues, promotes, manages and processes more than 25 different credit cards in partnership with companies, including credit card transactions and offers other financial services, such as revolving credit facilities.

ABN AMRO Verzekeringen

Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V. ("**ABN AMRO Verzekeringen**") is an associate of ABN AMRO Bank (49%). NN Group N.V. holds the remaining 51% in this joint venture. ABN AMRO Verzekeringen offers life and non-life insurance products under the ABN AMRO brand.

¹ Unless explicitly indicated otherwise, all subsidiaries are wholly-owned by ABN AMRO.

ABN AMRO Pensions

ABN AMRO Pensioeninstelling N.V. ("**ABN AMRO Pensions**") is a premium pension institution ('PPI') that offers pension schemes, without insurance, based on longevity or death.

1.2.2 Commercial Banking

Commercial Banking serves Dutch SMEs and other corporate clients with an annual turnover of up to EUR 250 million. Commercial Banking offers asset -based finance in the Netherlands, Germany, France and the UK and provides a broad range of products and services to over 350,000 clients in a variety of sectors.

Main subsidiaries

The Commercial Banking business of ABN AMRO is supported by the following main subsidiaries (this list is not exhaustive)²:

ABN AMRO Asset Based Finance N.V.

ABN AMRO Asset Based Finance N.V. provides asset-based solutions (working capital solutions, equipment leases, equipment loans and vendor lease services) to its customers in the Netherlands, France, Germany, the United Kingdom and Belgium.

New10

New10 provides SMEs in the Netherlands with standard loans through a fully digital product offering.

ABN AMRO Groenbank B.V.

ABN AMRO Groenbank B.V. provides financing for sustainable and green investments based on the 'Green Scheme', a facility through which the Dutch government encourages sustainable investments.

1.2.3 Private Banking

Business scope and clients

Private Banking provides global wealth management services and offers a various array of products and services designed to address these clients' individual requirements. Private Banking targets high net worth individuals with more than EUR 500,000 in investable assets in the Netherlands or more than EUR 1 million outside the Netherlands and ultra-high net worth individuals with more than EUR 25 million in investable assets. Private Banking is present in the Netherlands, France, Germany and Belgium.

Main subsidiaries

The Private Banking business of ABN AMRO is supported in France and Germany by the following main subsidiaries (this list is not exhaustive)³:

Banque Neuflyze OBC

Banque Neuflyze OBC S.A. offers a private banking model based on an integrated approach to private and commercial wealth, articulated around dedicated advisory and product offers.

Bethmann Bank

Bethmann Bank AG is a private bank and enjoys a strong local heritage and brand recognition in the German market. Bethmann Bank AG covers all major regions of Germany and offers all Private Banking and private wealth management related services.

² Unless explicitly indicated otherwise, all subsidiaries are wholly owned by ABN AMRO.

³ Unless explicitly indicated otherwise, all subsidiaries are wholly owned by ABN AMRO.

Neuflize Vie

Neuflize Vie S.A. is a joint venture of Banque Neuflize OBC (60%) and AXA (40%). It was created to offer life insurance products to high net-worth and ultra-high net-worth individuals and has developed customised solutions.

1.2.4 Corporate & Institutional Banking (CIB)

Corporate & Institutional Banking (CIB) has a client base totalling more than 2,000 clients. In The Netherlands, CIB serves clients with revenues in excess of EUR 250 million. In selected Northwest European countries, CIB serves clients in a variety of sectors. Globally CIB's focus has been on three selected sectors (Natural Resources, Transportation and Logistics, and Trade & Commodity Finance (TCF)) with a CIB presence in 14 countries or jurisdictions. CIB is sector-led and offers a wide range of services and products in global markets and lending. CIB also has specialised activities in Clearing. However, see also "*The Issuer – 1.1 History and recent developments*" above, where the current wind-down of CIB's non-core activities is discussed.

Main subsidiaries

The CIB business of ABN AMRO is supported by the following subsidiary (this list is not exhaustive)⁴:

ABN AMRO Clearing Bank

ABN AMRO Clearing Bank N.V. is a global leader in derivatives and equity clearing. It is one of the few players currently able to offer global market access and clearing services on more than 85 of the world's leading exchanges and operates from several locations across the globe.

Banco ABN AMRO SA

Banco ABN AMRO SA, the Brazilian subsidiary of ABN AMRO Bank, has its own local bank license.

1.2.5 Group Functions

Group Functions is organised into the following main departments: Innovation & Technology, Finance, Risk Management, HR & Transformation, Group Audit, Strategy & Sustainability, Legal, Corporate Office and Brand, Marketing & Communications. The majority of Group Functions' costs are allocated to the relevant businesses.

Innovation & Technology

Innovation & Technology supports ABN AMRO by facilitating innovation, managing ABN AMRO's programs (such as product rationalisation, and driving consistency and consolidation across customer processes), and providing services in the areas of technology, information security, data, back-office processing, facilities management and procurement. Innovation & Technology has a group-wide scope in both the Netherlands and internationally. Its key deliverable is the IT transformation, which focuses on automation (by implementing the DevOps way of working), optimising the workforce (by right-sourcing and up-skilling) and reducing complexity by adopting cloud services.

Finance

Finance aims to help keeping ABN AMRO on track to achieve the goals defined in its long-term strategy. It is the primary supplier of management and reporting information to ABN AMRO's internal and external stakeholders. Finance aims to have an important role in the financial planning process and to play an independent role in delivering management information and ensuring financially sound business cases and decisions. Finance aims to provide a strong financial control environment and to ensure compliance with relevant accounting standards and requirements set by the regulatory authorities. It consists of the following main departments: Financial Accounting, Controlling, Investor Relations, ALM, Treasury and Tax.

⁴ Unless explicitly indicated otherwise, all subsidiaries are wholly owned by ABN AMRO.

Risk Management

Risk management aims to secure a sound risk/ reward ratio by maintaining a bank-wide, moderate risk profile as part of ABN AMRO's long-term strategy. This risk profile is managed on the basis of an integrated risk management framework. All identified risk events are assessed and mapped according to risk types, sub-risk types and overarching risks in order to provide a single, integrated view of the risk profile of ABN AMRO and its various businesses. Risk Management aims to take careful account of this integrated risk profile and aims to balance actions so as to ensure that the moderate risk profile is maintained. The main risk types are credit risk, market risk in the banking book, market risk in the trading book, liquidity risk, business risk and operational (non-financial) risks. Underlying these main risk types are various sub-risk types. Risk appetite statements are set both for the main and the sub-risk types. These six main risk types aim to cover all possible events that directly impact the franchise value of ABN AMRO which includes its financial value but also its 'goodwill', i.e. the value of ABN AMRO's reputation.

Included in the Risk Management function is Compliance. The Compliance function is a bank-wide integrated function that maintains oversight of the countries in which ABN AMRO operates. Compliance aims to protect ABN AMRO, its clients and its employees against compliance risks and behavioural risks which can be defined as the risk of failure to comply with legislation and regulations, self-regulatory organisation standards, values and principles, and codes of conduct, or generally accepted market standards applicable to ABN AMRO's services and activities, the risk that actions, decisions and behaviour by ABN AMRO or its employees will lead to detrimental or poor outcomes for clients, employees, society or ABN AMRO itself, and the risk that ABN AMRO fails to maintain high standards of ethical behaviour and integrity.

Group Audit, Strategy & Sustainability, Brand, Marketing & Communications, Legal, Corporate Office and HR & Transformation

Group Audit aims to provide independent oversight and control, on behalf of ABN AMRO's senior and executive management, of the core processes, policies and procedures that are designed to ensure ABN AMRO complies with both the letter and spirit of general and industry-specific legislation and regulations. Group Audit is part of the third line of defence and in this way, it aims to help protect ABN AMRO's reputation. Strategy & Sustainability provides advice on strategy and the implementation of various strategic initiatives and activities, including acquisitions and divestments, and strategic programmes for ABN AMRO and its stakeholders. Additionally, it formulates ABN AMRO's overall sustainability strategies and ensures that sustainable banking is embedded in ABN AMRO's business practices. Legal aims to be the exclusive and independent legal services provider for ABN AMRO and part of the second line of defence. It supports the business units (as 'risk owners') in performing their duties and responsibilities within the framework of the first line of defence. The Corporate Office supports the Supervisory Board, Executive Board, Executive Committee and employee council and advises them on executing their activities and responsibilities. In addition, it plays a central role in overseeing ABN AMRO's group governance. Brand, Marketing & Communications aims to position ABN AMRO as a sustainable organisation with a clear purpose and to improve ABN AMRO's reputation through a dialogue with its stakeholders. It also aims to prevent reputational damage and to manage and improve ABN AMRO's reputation, brand name and brand value in the Netherlands and abroad in a consistent manner. HR & Transformation are also part of Group Functions.

Group Functions is supported by the following main subsidiaries (this list is not exhaustive)⁵:

ABN AMRO Funding USA LLC

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.

ABN AMRO Captive N.V.

ABN AMRO Captive N.V. is a captive reinsurance company.

Transactie Monitoring Nederland B.V.

⁵ Unless explicitly indicated otherwise, all subsidiaries are wholly owned by ABN AMRO.

Transactie Monitoring Nederland B.V. is a participating interest of ABN AMRO Bank (30%). Other major Dutch banks hold the remaining shares.

1.3 Regulation

Regulation and supervision in the European Union

The European Union is working on a broad range of measures aimed at bringing more stability and transparency to the European financial sector. Major developments include Basel III and IV, CRD and CRR, the creation of a banking union, the European Market Infrastructure Regulation (EMIR), the revised Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation (together, MiFID II), the Bank Recovery and Resolution Directive (BRRD), a renewed Deposit Guarantee Scheme Directive (DGS), the Packaged Retail Investment Products (PRIIPs) Regulation, the Mortgage Credit Directive, the Payment Services Directive (PSD 2), the General Data Protection Regulation (GDPR) and the EU Banking Reforms.

New proposals are continuously being introduced at global, European and national levels. Regulations are becoming more stringent and supervision stricter. Implementing the new laws and regulations may be costly and could have an impact on ABN AMRO's business. ABN AMRO continues to allocate a significant amount of resources to prepare for these changes.

Solvency Supervision

ABN AMRO is subject to an evolving regulatory landscape with respect to the supervision of its solvency and capital adequacy.

Capital adequacy framework (Basel)

In 2004, the Basel Committee endorsed the publication of the "International Convergence of Capital Measurement and Capital Standards: a Revised Framework", commonly referred to as Basel II. The Capital Requirements Directive, representing the translation of Basel II to EU legislation, was approved by the European Parliament in 2005. This acceptance by the European Parliament cleared the way for the implementation of the Capital Requirements Directive in Europe, with a published compliance date of 1 January 2007. The process of implementing Basel II into Dutch legislation (through the Wft) and regulation was completed in December 2006, when DNB published its supervisory rules.

Basel II provides for three approaches of increasing sophistication for the calculation of credit risk capital: the Standardized Approach; the Internal Ratings Based Foundation Approach; and the Advanced Internal Ratings Based Approach. Basel II also introduced capital requirements for operational risk for the first time.

Basel II is structured around three "pillars":

- Pillar 1 sets out minimum regulatory capital requirements, namely the minimum amount of capital banks must hold against credit, operational and market risks.
- Pillar 2 sets out the key principles for supervisory review of an institution's risk management framework and, ultimately, its capital adequacy. It also sets out specific oversight responsibilities for the board and senior management, thus reinforcing principles of internal control and other corporate governance practices. Pillar 2 requires each institution to conduct an internal capital adequacy assessment process ("ICAAP").
- Pillar 3 aims to bolster market discipline through enhanced disclosure by banks.

ABN AMRO transitional agreement and current compliance with the Basel II capital adequacy framework

Basel II Pillar 1

The Pillar 1 capital requirement is the absolute minimum amount of capital required of a bank to cover the three major risk types that a bank faces: credit risk, operational risk and market risk as determined in the Basel II, Pillar 1 framework.

For credit risk the advanced internal rating-based (AIRB) approach is used to calculate approximately 90% of the RWA (REA). For the portfolios not reported under AIRB ABN AMRO applies the standardised approach to calculate RWA (REA).

ABN AMRO has implemented the Internal Models Approach ("**IMA**") for calculating market risk capital for the trading book and submitted the application for IMA to the regulator for approval. ABN AMRO obtained formal approval from the regulator for the use of the IMA approach for calculating regulatory capital in February 2016.

Since the start of 2017, ABN AMRO has used its internal Advanced Measurement Approach ("**AMA**") model for calculating regulatory capital. This AMA model is also used to calculate economic capital for operational risks. The bank applies a 99.95% confidence level to calculate the operational risk economic capital, whereas a 99.9% confidence level is applied to calculate regulatory operational risk capital. The bank does not use insurance or other risk transfer mechanisms for calculating the operational risk capital.

Basel II Pillar 2

ABN AMRO's capital requirement under Pillar 2 is based on internal models for economic capital and the view of the regulator, as expressed in the ICAAP and Supervisory Review and Evaluation Process (SREP). The economic capital models were integrated in 2011 to ensure suitability for the merged bank. Economic capital requirements are monitored monthly and reported in quarterly capital adequacy assessments reports and in the yearly ICAAP statement. ABN AMRO also delivers an Internal Liquidity Adequacy Assessment Process ("**ILAAP**") report to the regulator on an annual basis.

In addition to regulatory capital, ABN AMRO also calculates economic capital (EC) and uses it as the key metric for internal risk measurement and management. Economic capital is the amount of capital ABN AMRO needs to hold to achieve a sufficient level of protection against large unexpected losses that could result from extreme market conditions. Economic capital is used for risk aggregation to determine the required capital, for capital allocation, part of ex-post performance measurement (RARORAC) in combination with risk adjusted return on equity and risk appetite setting, e.g. industry concentration risk limits. Economic capital figures are also used at the transactional level in loan pricing tools in combination with regulatory capital. These tools serve as a decision-making mechanism for assessing the attractiveness of a new transaction, in terms of risk-adjusted return on capital. Economic capital is based on internal assessments and requirements. For the calculation of economic capital, ABN AMRO has internal models. With these models economic capital is calculated on a 99.95% confidence level and a one-year time horizon.

Stress testing is an important management instrument used by ABN AMRO. The main objective of stress testing is to ensure that ABN AMRO operates within its moderate risk appetite, to increase risk awareness throughout ABN AMRO and to safeguard business continuity by means of proactive management and the review of potential future scenarios. ABN AMRO applies stress testing on a regular basis to assess the effect of potential plausible but unlikely events and developments on ABN AMRO. These events may be systemic (e.g. multi-year macro-economic stress) or ABN AMRO-specific. Bank-wide stress testing, as applied by ABN AMRO, takes into account all material risks ABN AMRO is exposed to. The following types of stress tests are executed:

- Sensitivity analysis to identify the sensitivity between specific risk drivers and ABN AMRO's financials;
- Scenario analysis to gain insight into potential scenarios that are considered relevant;
- Reverse stress testing to gain insight into events that would break ABN AMRO's minimum capital and liquidity ratios, results of which are used in contingency planning.

ABN AMRO's Scenario & Stress Test Committee (which is a sub-committee of the Group Risk Committee) and the Executive Committee are extensively involved in bank-wide stress testing. They discuss and decide on scenario development, impact determination and management actions. As part of the overall risk management framework, ABN AMRO performs internal stress tests to assess the capital and liquidity adequacy based on internally developed stress testing scenarios and identified risk factors. In the stress scenario, it has been assumed that the economy is hit by several shocks simultaneously. The scenario

variables include, amongst others, GDP, unemployment rate, property prices, interest rates, inflation and equity prices.

Based on the latest stress test results no additional capital actions were required. The stress test results have been incorporated into capital planning by taking into account the minimum capital levels under stress. Besides bank-wide stress testing, ABN AMRO performs stress testing by focusing on specific portfolios or business lines. Furthermore, ABN AMRO participates in *ad hoc* stress test exercises as requested by regulatory bodies, such as DNB and EBA.

In March 2020, EBA announced that it would take certain measures to alleviate the immediate operational burden on banks to mitigate the impact of the coronavirus pandemic, including the postponement of stress test exercises to 2021. Furthermore, EBA provided further guidance on, amongst others, (a) measures to mitigate the increase in aggregated amounts of additional valuation adjustments (AVAs) under the prudent valuation framework (for institutions applying the core approach) and (b) a postponement of the FRTB-SA (Fundamental Review of the Trading Book – Standardised Approach) reporting requirement. EBA also recognised the need for a pragmatic approach for the 2020 SREP, focusing on the most material risks and vulnerabilities driven by the coronavirus crisis (together, the "**EBA Corona Measures**").

Basel II Pillar 3

ABN AMRO reports on its Pillar 3 disclosures in a separate report.

New Basel regulation

ABN AMRO has implemented CRD III (the European Union implementation of Basel 2.5). The impact on capital has been limited as ABN AMRO currently applies the standardized approach to the large majority of market risk.

CRD (the European Union implementation of Basel III) has led to an increase in RWA (REA), mainly due to an increase in the capital requirement for the treatment of mark-to-market counterparty risk losses through the Credit Value Adjustment (CVA) capital charge.

CRD

The Capital Requirements Directive ("**CRD**") came into force on 1 January 2007 and was introduced as a supervisory framework in the European Union, designed to ensure the financial soundness of credit institutions. The Directive reflects the Basel II rules on capital measurement and capital standards.

In response to the global crisis which started in 2008, the Basel Committee on Banking Supervision implemented a number of changes to the Basel II framework. These changes are implemented in the EU through modifications to the CRD.

CRD II

The first modifying directive, CRD II, was adopted in 2009, and the changes became effective in The Netherlands in December 2010. CRD II included changes regarding the classification of hybrid capital instruments, the introduction of a retention requirement for own securitizations, new requirements for liquidity risk management, and technical changes of the credit risk requirement.

CRD III

The second modifying directive, CRD III, was adopted by the European Union on 14 December 2010. CRD III includes changes to remuneration rules, increased capital requirements for the trading book, increased capital requirements for re-securitization (securitizations that have underlying securitization positions), enhanced disclosure of securitization exposures and other technical amendments.

Basel III/CRR/CRD

Certain reform proposals under consideration, including the proposals of the Basel Committee as set out in the Basel III Final Recommendations, which have been implemented in the European Union through CRD and CRR, result in the Issuer becoming subject to stricter capital requirements and affects the scope, coverage, or calculation of capital, all of which require the Issuer to reduce business levels or restrict certain

activities or to raise capital. Regulatory reform proposals could also result in the imposition of additional restrictions on the Issuer's activities if it were to no longer meet certain capital requirements at the level of the financial holding company.

CRD replaced its predecessor capital requirements directives (CRD I, II and III). The proposals became effective as of 1 January 2014. CRD has been amended by Directive (EU) 2019/878 (CRD V), which came into force on 27 June 2019.

The Basel Committee proposed a number of reforms to the regulatory capital and the liquidity framework for internationally active banks, the principal elements of which are set out in the Basel III Final Recommendations. Most notably these reforms are intended to increase the quality and quantity of capital, to build up additional capital buffers in good times that can be drawn upon in periods of stress, to impose (temporary) systemic risk buffers, to strengthen the risk coverage of the capital framework in relation to derivative positions and to introduce a new liquidity framework and a leverage ratio. The Basel Committee has subsequently introduced several amendments and refinements to Basel III, particularly in respect of its liquidity requirements, capital requirements and other areas. The Basel Committee has indicated that it continues to consider potential revisions to the Basel III regime. The Basel Committee has published proposals to further strengthen the risk-weighted capital framework, including in relation to credit risk, market risk and operational risk.

Basel IV

On 7 December 2017, the Basel Committee published its final Basel III standards. These standards are informally known as Basel IV and will be implemented in CRD and CRR. Basel IV introduced the capital floors based on standardized approaches and revisions to the standardized approaches for credit risk, operational risk, market risk and the revision of the credit valuation adjustment framework for treatment of counterparty credit risk. According to Basel IV, the capital floors and other standards will become applicable as of 2022 and a transitional regime may apply. The timelines for the implementation of Basel IV in the EU are uncertain at the date of this Registration Document. The implementation date of Basel IV in the EU is postponed for one year to January 2023 and will be subject to a phase-in period until 2028 due to the coronavirus (Covid-19) outbreak.

Basel IV requires banks using internal models for RWA (REA) calculation to floor their RWAs at 72.5% of the revised standardized RWAs. Basel IV is expected to have a significant impact on RWA (REA), where mortgages and corporates are the most affected portfolios.

In the first quarter of 2016 the Basel Committee published a consultative paper proposing changes to the IRB approaches. The Basel Committee proposed, amongst other things, to remove the option to use the IRB approaches for certain exposure classes, to introduce the probability of default ("**PD**") and the loss given default ("**LGD**") floors for exposure classes that are still permitted under IRB approach, a greater use of supervisory Credit Conversion Factors (CCF) and constraints on EAD estimation processes. In its final standards, the Basel Committee has (i) removed the option to use the advanced IRB (A-IRB) approach for certain asset classes, (ii) adopted "input" floors (for metrics such as PD and LGD) to ensure a minimum level of conservatism in model parameters for asset classes where the IRB approaches remain available and (iii) provided greater specification of parameter estimation practices to reduce RWA (REA) variability. Furthermore, in January 2017 the EBA published its guidelines on the application of the definition of default under the CRR which guidelines apply to the IRB approach and the standardized approach for credit risk (the "**EBA Definition of Default Guidelines**"). The EBA Definition of Default Guidelines have become effective as of 1 January 2021 and will have an impact on total default exposure, RWAs, impairments and all related credit quality indicators.

In April 2016, the Basel Committee issued a consultative document on the revision to the Basel III leverage ratio framework. Among the areas subject to proposed revision in this consultative document were the change in the calculation of the derivative exposures and the credit conversion factors for off-balance sheet items. In April 2017 the Basel Committee published its final guidance on the definitions of two measures of asset quality – "non-performing exposures" and "forbearance". The Basel Committee's definitions of both terms are built on commonalities in the existing definitions and harmonise the quantitative and qualitative criteria used for asset categorization. In its final standards (as described above), the Basel Committee indicated that leverage ratio buffer requirement on 1 January 2022 shall be based on the FSB's 2020 list of G-SIBs (based on year end-2019 data).

The changes to capital adequacy and liquidity requirements in the jurisdictions in which it operates described above or any future changes may also require the Issuer to raise additional regulatory capital or hold additional liquidity buffers. Furthermore, the variety of capital and liquidity requirements of regulators in different jurisdictions may prevent the Issuer from managing its capital and liquidity positions in a centralized manner, which may impact the efficiency of its capital and liquidity management. If the Issuer is unable to raise the requisite regulatory capital, it may be required to further reduce the amount of its risk exposure amount or business levels, restrict certain activities or engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or at prices which would otherwise be attractive to the Issuer. If the Issuer is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations.

Banking Union

The EU banking union consists of three pillars governed by the rules of the Single Rulebook ("**SR**"): the Single Supervisory Mechanism ("**SSM**"), the Single Resolution Mechanism ("**SRM**") and the European Deposit Insurance Guarantee Scheme ("**EDIGS**").

- *Single Supervisory Mechanism*

Under the SSM, the ECB has become the primary supervisor for the prudential supervision of credit institutions in participating Member States that qualify as "significant credit institutions" as of 4 November 2014. In the European Union, around 117 credit institutions are identified as significant banks, and ABN AMRO is one of them. The ECB will be responsible for market access, among other things, and will supervise capital requirements and governance.

In advance of the SSM, the ECB carried out a comprehensive assessment which comprised a supervisory risk assessment, an asset quality review and a stress test. The supervisory risk assessment was to review (quantitatively and qualitatively) key risks, including liquidity, leverage and funding. The asset quality review was to enhance the transparency of bank exposures by reviewing the quality of banks' assets, including the adequacy of asset and collateral valuation and related provisions. Finally the stress test was to examine the resilience of banks' balance sheets to stress scenarios.

- *Single Resolution Mechanism*

On 19 August 2014, the SRM Regulation, which introduced the SRM, entered into force. The SRM provides for a single resolution framework, a single resolution board ("**Resolution Board**") and a single resolution fund ("**Resolution Fund**").

The primary geographic scope of the SRM is the euro area and SRM applies to the Issuer as a primary recovery and resolution code complementing the Dutch implementation measures relating to the BRRD. The Resolution Board has resolution powers over the institutions that are subject to the SRM, thus replacing or exceeding the powers of the national authorities. The Resolution Board shall draw up and adopt a resolution plan for the entities subject to its powers, including the Issuer. It shall also determine, after consultation with competent authorities, a minimum requirement for own funds and eligible liabilities subject to write-down and conversion powers which the Issuer will be required to meet at all times. The Resolution Board may also use the powers of early intervention as set forth in the SRM, including the power to require an institution to contact potential purchasers in order to prepare for resolution of institution. The Resolution Board has the authority to exercise the specific resolution powers pursuant to the SRM similar to those of the national authorities under the BRRD. The resolution tools available to the Resolution Board include the sale of business tool, the bridge institution tool, the asset separation tool and the Bail-in Tool as further specified in the SRM. The use of one or more of these tools is included in the resolution plan adopted by the Resolution Board.

Pursuant to the SRM, the Bail-in Tool may be applied to recapitalize an institution to restore its ability to comply with the licensing conditions and to sustain market confidence in the institution or to convert claims or debts to equity or reduce their principal amount. The Bail-in Tool covers bonds and notes issued by the institution subject to resolution measures, but certain defined instruments are excluded from the scope, such as covered bonds.

The Issuer will only be eligible for contribution to loss absorption by the Resolution Fund after a resolution action is taken if shareholders or the holders of relevant capital instruments and other eligible liabilities

have made a contribution (by means of a write-down, conversion or otherwise) to loss absorption and recapitalization equal to an amount not less than 8% of the total liabilities (including own funds and measured at the time of the resolution action). On 27 June 2019, Regulation (EU) 2019/877 amending the SRM Regulation entered into force. See for further information on the Resolution Fund "7. *Operating and Financial Review – 7.2 Key factors affecting results of operations*".

- **Single Rule Book**

The key pillars of the SR are the rules on stronger prudential requirements of CRD, the deposit guarantee scheme and a framework for bank recovery and resolution.

- **CRD / CRR**

CRD and CRR transpose the Basel III Final Recommendations into the EU legal framework. CRD and CRR apply from 1 January 2014 and have set, *inter alia*, stronger prudential requirements for banks. The new rules will make EU banks more solid and will strengthen their capacity to adequately manage the risks linked to their activities and absorb losses they may incur in doing business. Furthermore, these new rules will strengthen the requirements regarding banks' corporate governance arrangements and processes, for example regarding diversity within management and rules on bonuses. The Issuer expects the European Banking Authority (EBA) to continue to introduce technical standards, guidelines and recommendations, further defining EU banks' obligations. In addition, on 23 November 2016, the European Commission published the EU Banking Reforms which are wide-ranging and cover multiple areas, including the Pillar 2 framework, a binding 3% leverage ratio, the introduction of a binding detailed NSFR, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of "non-preferred" senior debt, the MREL framework, the integration of the TLAC standard into EU legislation (see below under "FSB Standard for Total Loss-Absorbing Capacity") and the transposition of the fundamental review of the trading book (FRTB) conclusions into EU legislation. See also the risk factor "27. *The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position and results of operations*" for the risks relating to, amongst others, changes in law and regulation which may have a material adverse impact on the Issuer.

- **EU Deposit Guarantee Scheme Directive and euro-wide deposit insurance scheme (EDIS)**

On 15 April 2014, the European Parliament adopted the new EU Deposit Guarantee Scheme Directive (the "**DGS Directive**") which was published in the Official Journal of the EU on 12 June 2014. The DGS Directive was required to be transposed into national law by 3 July 2015. In The Netherlands a decree implementing the DGS Directive was adopted by the Dutch Minister of Finance on 26 November 2015. The DGS continues to guarantee repayment of certain client deposits up to EUR 100,000 held at European banks in the event of bankruptcy or resolution. The funding of the DGS has been amended from an ex-post funded system to a partially ex-ante funded system. This means that participating financial institutions will have to contribute to the scheme on a periodic basis rather than facing charges only when an actual insolvency event occurs requiring them to compensate the clients of the affected financial institutions. The new ex-ante funding system was required to be transposed into national law by 3 July 2015, however the requirement for the relevant deposit guarantee schemes to have available means at the target level of 0.8% of the amount of covered deposits held with its members, including the Issuer, must be achieved by 3 July 2024. Contributions are based on the covered deposits of the bank and risk based contributions. The Netherlands may also impose minimum contributions. The ex-ante funding system has increased the Issuer's expenses in connection with the DGS. In addition, if the available financial means of the relevant DGS is insufficient to repay depositors when deposits become unavailable, an additional contribution may be required, which will in principle not exceed 0.5% of the covered deposits held with the Issuer per calendar year. Additional requirements of the DGS Directive include a broadening of the scope of clients for whom the deposit guarantee will be available (in addition to consumer deposits, deposits of businesses will be included, whereas currently only companies who published abridged annual accounts fall within its

scope), information requirements to customers and the shortening of the period for making payments under the DGS Directive from 20 working days (until 31 December 2018) to 7 working days (from 1 January 2024). Based on national legislation (*Besluit Bijzondere Prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft*) the information requirements (i.e., pre contractual information and the provision of information at least once a year on deposits that are covered by the DGS) apply as of 1 January 2015.

On 24 November 2015, the European Commission has proposed EDIS for bank deposits and has set further measures to reduce remaining risks in the banking sector in parallel. The scheme would develop over time and in three stages. It would consist of a re-insurance of national Deposit Guarantee Schemes (DGS), moving after three years to a co-insurance scheme, in which the contribution of EDIS will progressively increase over time. As a final stage, a full European Deposit Insurance Scheme is envisaged in 2024.

- *Banks Recovery and Resolution Directive*

On 12 June 2014, the BRRD was published in the Official Journal of the European Union. EU Member States were required to adopt and publish the laws, regulations and administrative provisions necessary to implement the BRRD by 31 December 2014 and to apply their implementing measures from 1 January 2015, with the Bail-in Tool for other eligible liabilities to apply from 1 January 2016, at the latest. The measures as set out in the BRRD (including the Bail-in Tool (as defined below)) have been implemented in national law with effect from 26 November 2015. It was amended on 7 June 2019 with effect from 27 June 2019 by a further directive as part of the EU Banking Reforms (as defined above) in order to implement, amongst other things, the Financial Stability Board's total loss absorbing capacity (TLAC) standard by adapting the existing regime relating to MREL.

The BRRD sets out a common European recovery and resolution framework which is composed of three pillars: preparation (by requiring banks to draw up recovery plans and resolution authorities to draw up resolution plans), early intervention powers and resolution powers. The stated aim of BRRD is, similar to the Dutch Intervention Act, to provide relevant authorities with common tools and powers to address banking crises preemptively in order to safeguard financial stability and minimize taxpayers' exposure to losses. It also provides for a national, prefunded resolution fund that each Member State will have to establish and build up. All banks will have to pay into these funds, and contributions will be higher for banks that take more risks.

On 23 November 2016, the European Commission published the EU Banking Reforms which make certain amendments to, amongst others, the BRRD. See also the risk factor 27. "*The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations*" for the risks relating to, amongst others, changes in law and regulation which may have a material adverse impact on the Issuer.

On 27 December 2017, the directive (EU) 2017/2399 on the ranking of unsecured debt instruments in insolvency hierarchy (Bank Creditor Hierarchy) which proposes to amend the BRRD was published. The directive changes the insolvency hierarchy and introduces a new statutory category of unsecured "non-preferred" senior debt for banks. This category will rank just below the ordinary senior debt and other senior liabilities for the purposes of resolution, but will still rank as part of the senior unsecured debt category (only as a "non-preferred" senior debt). The directive does not affect the existing stock of bank debt and would only apply to debt when designated as such by the issuing bank. A bill implementing the requirement for senior non-preferred debt in The Netherlands came into force in December 2018.

On 7 June 2019, the BRRD was amended with effect from 27 June 2019 by a further directive ("**BRRD2**") as part of the EU Banking Reforms in order to implement, amongst other things, the Financial Stability Board's total loss absorbing capacity (TLAC) standard by adapting the existing regime relating to MREL. BRRD2 should have been transposed

into national law no later than 28 December 2020 with national regulators having until 1 January 2024 at the latest to impose full MREL requirements on firms.

Recovery and resolution plans

As required by the BRRD, the Issuer is required to draw up and maintain a recovery plan. This plan must provide for a wide range of measures that could be taken by the Issuer for restoring its financial position in case it significantly deteriorated. The Issuer must submit the plan to the Competent Authority for review and update the plan annually or after changes in the legal or organisational structure, business or financial situation that could have a material effect on the recovery plan. Keeping the recovery plan-up-to-date will continue to require monetary and management resources.

The resolution authorities responsible for a resolution in relation to the Issuer draws up the Issuer's resolution plan providing for resolution actions it may take if the Issuer would fail or would be likely to fail. In drawing up the Issuer's resolution plan, the resolution authorities will identify any material impediments to the Issuer's resolvability. Where necessary, the resolution authorities may require the Issuer to remove such impediments. This may lead to mandatory legal restructuring of the Issuer, which could lead to high transaction costs, or could make the Issuer's business operations or its funding mix to become less optimally composed or more expensive. The resolution authority may also determine, after consultation with competent authorities, a minimum requirement for own funds and eligible liabilities (MREL) calculated as a percentage of total liabilities and own funds and taking into account the resolvability, risk profile, systemic importance and other characteristics of the bank, subject to write-down and conversion powers which the Issuer will be required to meet at all times. This may result in higher capital and funding costs for the Issuer, and as a result adversely affect the Issuer's profits and its ability to pay dividends. See also the risk factor "30. *Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*" for the risks relating to the resolution regimes which may have a material adverse impact on the Issuer.

Early intervention

If the Issuer does not comply with or, due to a rapidly deteriorating financial position, would be likely not to comply with capital or liquidity requirements in the near future, the resolution authorities will have the power to impose early intervention measures. A rapidly deteriorating financial position could, for example, occur in the case of a deterioration of the Issuer's liquidity situation, increasing level of leverage and non-performing loans. Intervention measures include the power to require changes to the legal or operational structure of the Issuer, the power to make changes to the Issuer's business strategy, and the power to require the Issuer's Executive Board to convene a general meeting of shareholders, set the agenda and require certain decisions to be considered for adoption by the general meeting. Furthermore, if these early intervention measures are not considered sufficient, the Competent Authority may replace management or install a temporary administrator. A special manager may also be appointed who will be granted management authority over the Issuer instead of its existing executive board members, in order to implement the measures decided on by the Competent Authority.

Resolution measures

If the Issuer were to reach a point of non-viability, the resolution authorities could take pre-resolution measures. These measures include the write-down and cancelation of shares, and the write-down or conversion into shares or other instruments of ownership of capital instruments.

Furthermore, BRRD and SRM provide resolution authorities with powers to implement resolution measures with respect to banks which meet the conditions for resolution, which may include (without limitation) the sale of the bank's business, the separation of assets, the Bail-in Tool, the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments and discontinuing the listing and admission to trading of financial instruments. The Bail-in Tool comprises a more general power for resolution authorities to write-down the claims of unsecured creditors of a failing bank and to convert unsecured debt claims to equity.

Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by the relevant resolution authority, as applicable, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank for this purpose.

When applying the resolution tools and exercising the resolution powers, including the preparation and implementation thereof, the resolution authorities are not subject to (i) requirements to obtain approval or consent from any person either public or private, including but not limited to the holders of shares or debt instruments, or from any other creditors, and (ii) procedural requirements to notify any person including any requirement to publish any notice or prospectus or to file or register any document with any other authority, that would otherwise apply by virtue of applicable law, contract, or otherwise. In particular, the resolution authorities can exercise their powers irrespective of any restriction on, or requirement for consent for, transfer of the financial instruments, rights, assets or liabilities in question that might otherwise apply. As detailed above, under the heading – *Single Resolution Mechanism*, the Resolution Board has taken on many of the powers and responsibilities assigned to resolution authorities in the BRRD.

MiFID II

In April 2004, the Markets in Financial Instruments Directive 2004/39/EC ("**MiFID**") came into force. MiFID regulates the provision of investment services and investment activities and replaced the Investment Services Directive 1993/22/EEC, which established the single European passport for investment firms. MiFID provides a harmonized regime for investment services and investment activities and aims to increase competition and reinforce investor protection. It streamlines supervision on the basis of home country control and enhances the transparency of markets. Furthermore, MiFID harmonized conduct of business rules, including best execution, conflict of interest, customer order handling rules and rules on inducements. MiFID abolished the concentration rule, creating a more competitive regime between order execution venues. It furthermore imposes market transparency rules on investment firms, regulated markets and multilateral trading systems for both pre- and post-trading for, *inter alia*, equities.

On 15 April 2014 the European Parliament adopted updated rules for investment firms and markets in financial instruments, after an agreement in principle was reached with the Council on 14 January 2014. The new rules, which were published in the Official Journal of the European Union on 12 June 2014, consist of a Directive ("**MiFID II Directive**") and a Regulation with direct force in the EU ("**MiFIR**") (together: "**MiFID II**"). The rules of the MiFID II Directive were initially required to be transposed into EU Member State law by 3 July 2016 and the EU Member States were initially required to apply most of these rules as from 3 January 2017. However, the European legislature has extended the application and transposition dates for most of these MiFID II Directive rules with one year. Most rules of the MiFID II Directive apply from 3 January 2018. The update covers topics such as market infrastructure, more robust investor protection and strengthened supervisory powers. MiFID II increases equity market transparency and, for the first time, establishes a principle of transparency for non-equity instruments such as bonds and derivatives. Investment firms operating an internal matching system which executes client orders in financial instruments on a multilateral basis may in future be required to seek authorisation as a Multilateral Trading Facility or Organised Trading Facility, a new category of multilateral trading venue through which transactions in non-equity instruments may be executed. To meet the G20 commitments, MiFID II provides for strengthened supervisory powers and a harmonised position limits regime for commodity derivatives to improve transparency, support orderly pricing and prevent market abuse. The new framework was designed to improve conditions for competition in the trading and clearing of financial instruments. MiFID II introduced trading controls for algorithmic trading activities. Stronger investor protection has been achieved by introducing better organisational requirements, such as client asset protection or product governance. MiFID II strengthens the existing regime to ensure effective and harmonised administrative sanctions. A harmonised regime for granting access to EU markets for firms from third countries is based on an equivalence assessment of third country jurisdictions by the European Commission. As MiFID II significantly extended not only the scope but also the detail of existing (MiFID) regulations, the Issuer has reviewed existing activities and, where it deemed necessary, adjusted the manner in which it operates. ABN AMRO has also provided more information to its clients, such as about the costs and charges involved in providing investment services.

EMIR

Regulation (EU) 648/2012 of 4 July 2012, the European Market Infrastructure Regulation ("**EMIR**"), on over-the-counter ("**OTC**") derivatives, central counterparties and trade repositories entered into force on 16 August 2012. Regulatory technical standards supplementing EMIR entered into force on 15 March and 15 September 2013. Further regulatory technical standards supplementing EMIR are to be expected. EMIR introduces new requirements to improve transparency and reduce the risks associated with the derivatives market. EMIR also establishes common organisational, conduct of business and prudential standards for central counterparties ("**CCPs**") and trade repositories. The main obligations relevant for ABN AMRO

under EMIR are (i) central clearing for certain classes of OTC derivatives, (ii) the application of risk mitigation techniques for non-centrally cleared OTC derivatives and (iii) reporting of both exchange traded and OTC derivatives transactions. EMIR will apply directly to any entity (financial as well as non-financial) established in the EU that has entered into a derivative contract, and applies indirectly to non-EU counterparties trading with EU parties.

For non-centrally cleared OTC derivatives, ABN AMRO will need to comply with certain operational risk management requirements, including timely confirmation, portfolio reconciliation, record keeping and (in future) the increased exchange of collateral. The implementation of EMIR increases ABN AMRO's reporting requirements on outstanding and new derivative contracts. As from 12 February 2014, ABN AMRO is obliged to report both exchange traded and OTC derivative transactions to an authorised or recognised trade repository or (where no trade repository is available to record the details of a derivative contract) to ESMA.

A number of developments are ongoing with respect to EMIR as a result of the European Commission's extensive assessment of this regulation. These developments include:

- As of 1 November 2017, a number of amendments to EMIR have become applicable relating to the regulatory technical standards ("RTS") on the minimum details of the data to be reported to trade repositories and the implementing technical standards with regard to the format and frequency of trade reports to trade repositories. These amendments are included in the Commission Delegated Regulation (EU) 2017/104 and Commission Implementing Regulation (EU) 2017/105.
- On the basis of Commission Delegated Regulation (EU) 2015/2205, Commission Delegated Regulation (EU) 2016/592 and Commission Delegated Regulation (EU) 2016/1178, an obligation to centrally clear certain OTC EUR, GBP, JPY, USD, NOK, PLN and SEK interest rate swaps and certain credit default swaps is coming into force in a phased manner with different starting dates for each of 4 categories of counterparties.
- On 29 September 2017, ESMA published its final draft technical standards specifying the trading obligation for derivatives under MiFIR. MiFIR's trading obligation will move over-the-counter (OTC) trading in liquid derivatives onto organised venues thus increasing market transparency and integrity alike. MiFIR, which implements parts of the MiFID II framework, outlines the process for determining which derivatives should be traded on-venue. These technical standards came into force on 3 January 2018.
- Commission Delegated Regulation (EU) 2016/2251 supplementing EMIR with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty came into force on 4 January 2017. Its date of application differs per category of counterparty and specific obligation, originally ranging from 1 March 2017 to 20 September 2020. On 17 February 2021 this Regulation was amended to address a number of long-standing issues including relief from certain margin requirements for equity options and physically settled FX swaps and forwards as well as relief for intragroup transactions with non-EU counterparties and introducing two final phases of margin phase-in for smaller entities.
- As a consequence of an extensive assessment of EMIR and evaluation thereof, the European Commission proposed two sets of amendments: one set that related to obligations on counterparties to OTC derivatives contracts and a second set that related to regulation of non-EU CCPs. The first set of amendments was aimed at introducing simpler and more proportionate rules on OTC derivatives in order to reduce costs and burdens for market participants, without compromising financial stability. The majority of these amendments entered into force on 17 June 2019.

Packaged Retail and Insurance-based Investment Products

Packaged Retail and Insurance-based Investment Products ("PRIIPs") are investment products offered to retail clients in 'packaged' form, which are exposed to investment risks irrespective of whether the products in question are securities, insurance or banking-based. Investors do not invest directly in the underlying investment products; instead, the provider of the investment product combines, includes or groups together

different assets in the packaged product. Such packaged products can be complex for investors to understand. Those selling these products can also face conflicts of interest since they are often remunerated by the product manufacturers rather than directly by the retail investors. A complex patchwork of regulation has developed to address these risks, and inconsistencies and gaps in the patchwork have raised concerns as to the overall effectiveness of the regulatory regime, both in relation to its capacity to protect investors and its ability to ensure the markets work efficiently. These concerns have been further heightened by the impact of the financial crisis.

A regulation on key information documents for packaged retail and insurance-based investment products (Regulation 1286/2014, the "**PRIIPs Regulation**") requires a key information document ("**KID**") to be provided when offering PRIIPs to certain clients. This document must include information on the features, risks and costs. The PRIIPs Regulation covers, among other products, insurance-based investment products, structured investment products and collective investment schemes. The PRIIPs Regulation entered into force on 29 December 2014 and applies directly in all Member States from 1 January 2018.

Mortgage Credit Directive

The European Parliament has adopted new mortgage lending rules: the Mortgage Credit Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property adopted on 4 February 2014 (the "**Mortgage Credit Directive**"). The Mortgage Credit Directive aims to afford high level consumer protection throughout the EEA. The directive applies to secured credit and home loans. The main provisions of the directive include consumer information requirements. In the pre-contractual phase, certain standardized information must be included in any advertising for credit agreements detailing information on the interest rate or indicating figures relating to costs. In addition, banks are required to ensure that consumers are provided with personalised information needed to compare mortgage products available in the market. The directive would oblige banks to conduct a documented creditworthiness assessment before granting the loan. The directive also imposes requirements on early repayment. Consumers must have the right to discharge fully or partially their obligations under a credit agreement prior to its expiry. In such cases, the consumer shall be entitled to a reduction in the total cost of the credit, such reduction consisting of the interest and the costs for the remaining duration of the contract. The changes referred to above may adversely impact the Issuer's business model. The rules pursuant to the Mortgage Credit Directive entered into force on 14 July 2016.

PSD 2 and Multilateral Interchange Fees Regulation

On 24 July 2013, the European Commission adopted a new legislative package in the field of the EU payments framework. The package included a proposal for a revised Payment Services Directive ("**PSD 2**") and a Regulation on Interchange Fees for Card-Based Payment Transactions ("**Interchange Fees Regulation**").

The PSD 2 has been finalised and was published as a consolidating new Directive (2015/2366) in the Official Journal of the European Union on 23 December 2015. The PSD 2 has replaced the previous Payment Services Directive (2007/64/EC) as from 13 January 2018. The main objectives of PSD 2 are to (i) contribute to a more integrated and efficient European payments market, (ii) improve the level playing field (including new players), (iii) make payments safer and more secure, (iv) improve consumer protection, and (v) encourage lower prices for payments.

The Interchange Fees Regulation (2015/751) was published in the Official Journal of the European Union on 19 May 2015, and applies from 8 June 2015, with the exception of certain provisions that apply from 9 December 2015 and other provisions that apply from 9 June 2016. The main objective of the Interchange Fees Regulation is to create a level playing field by removing barriers between national payment markets and allowing new entrants to enter the market, driving down the fees that retailers pay their banks and ultimately allowing consumers to benefit from lower retail prices.

Key elements of the PSD 2 that could impact ABN AMRO are: (i) access to payment accounts by other parties than the bank where the customer holds an account (Third Party Access), and (ii) security requirements. Third Party Access as described in the PSD 2 may force the Issuer to make substantial investments and expose it to more or intensified competition and can be a threat as parties other than banks focus on the customer-engagement components of the value chain and leave the commoditized transactional components to banks which could lead to disintermediation. Security is and will remain a core element in the service offering of banks whereby it is important that the security requirements in the PSD 2 strike the

right balance between ease of use and risk. A key element of the Interchange Fees Regulation that could impact ABN AMRO are transparency requirements on interchange fees to merchants (detailed invoice), which will increase the cost base of banks.

Data Protection Regulation

In 2012 the European Commission presented its proposal to reform the general EU legal framework on the protection of personal data. The main policy objectives in this reform are to: (i) modernise the EU legal system for the protection of personal data, in particular to meet the challenges resulting from globalisation and the use of new technologies, (ii) strengthen individuals' rights and at the same time reduce administrative formalities to ensure a free flow of personal data within the EU and beyond, (iii) improve the clarity and coherence of the EU rules for personal data protection and achieve consistent and effective implementation of the privacy rules and application of the fundamental right to the protection of personal data in all areas of the EU's activities. The European Commission intends to achieve this by substituting the current EU Data Protection Directive of 1995 for a new EU general data protection regulation that will apply directly and uniformly throughout the European Union. This reform will have a major impact on the private sector and provides for significant fines, with fines that could amount to 4% of the worldwide turnover of a company or EUR 20 million, whichever one is higher. The Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**GDPR**") was adopted on 27 April 2016 and applied from 25 May 2018. The GDPR, despite being a regulation and not a directive, allows member states to further enact local legislation on a number of aspects. This means that local implementation legislation may be enacted throughout Europe. In The Netherlands, the rules pursuant to the GDPR entered into force on 25 May 2018. In addition, on 10 January 2017 the European Commission published a draft regulation concerning the respect for private life and the protection of personal data in electronic communications and repealing Directive 2002/58/EC (the "**E-Privacy Regulation**"). The E-Privacy Regulation affects in principle only the telecommunications sector, however all other sectors are affected by it to the extent they make use of electronic communication means such as e-mail or telephone, or cookies or other similar techniques for commercial purposes. The fines for infringing the E-Privacy Regulation are the same as those of the GDPR. The text is not yet final and the impact on the industry still needs to be determined. The European Commission, the European Parliament and Council will first need to enter into the tripartite negotiations on the final text. The E-Privacy Regulation was intended to come in effect on 25 May 2018 (the date as from which the GDPR applies), but is not expected to come into effect before 2023.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has a very broad scope and could, if introduced, apply to certain dealings in the notes issued by the Issuer (including secondary market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both inside and outside of the participating Member States. Generally, it would apply to certain dealings in notes issued by the Issuer where at least one party is a financial institution established in a participating Member State, and at least one party is established in a participating Member State. A financial institution may be or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of notes issued by the Issuer are advised to seek their own professional advice in relation to the FTT.

European Commission (EC) initiative on Covid-19

In April 2020, the European Commission adopted a banking package aimed at facilitating bank lending to support the economy. The package is intended to encourage banks and supervisory bodies to apply the EU's accounting and prudential rules more flexibly, and proposes certain targeted amendments to CRR. These targeted amendments include, among other things, (i) postponing the date of application of the leverage ratio buffer requirement for G-SIIs with one year to 1 January 2023, (ii) offsetting the impact of certain central bank exposures from the calculation of the leverage ratio and (iii) mitigating the impact of IFRS 9 provisions on CET1 capital through certain transitional arrangements (the "**EC Corona Measures**"). The European Parliament has adopted the targeted amendments of the CRR on 19 June 2020. See also the EBA Corona Measures, the ECB Corona Measures and the DNB Corona Measures as described elsewhere in this section for further prudential regulatory initiatives to address the negative impact of the coronavirus.

Other

Other developments include a proposal adopted by the European Commission for a regulation on reporting and transparency of securities financing transactions. This securities financing transaction regulation came into force on 12 January 2016 (Regulation (EU) 2015/2365).

Supervision of insurance activities

As from 1 January 2016, the insurance companies in ABN AMRO must comply with a new solvency framework and prudential regime commonly referred to as "**Solvency II**". Solvency II consists of a European Directive (2009/138/EC) as implemented in Dutch law as per 1 January 2016, a European Regulation ((EU) 2015/35) and a number of technical standards and guidelines issued by EIOPA. Solvency II completely overhauls the solvency framework and prudential regime currently applicable to insurers and requires them to make adaptations in many areas to comply with this new regime.

Solvency II consists of three pillars. The first pillar is made up of quantitative requirements, most importantly introducing a risk-based solvency capital requirement calculated on the basis of a market value consistent balance sheet and taking into account the actual risks run by the insurer and their interconnectedness. Only own funds that meet strict requirements are eligible to meet the solvency capital requirement. The second pillar complements the first with qualitative requirements regarding the governance of insurers. Rules in this pillar most importantly relate to the internal organisation of insurers including rules on key functions, risk management and the internal control of insurers. In the area of risk management the requirement of an own risk and solvency assessment (ORSA) is introduced requiring insurers to undertake a self-assessment of their risks, corresponding solvency requirements, and adequacy of own funds. The third pillar introduces a greater level of transparency than currently, requiring extensive reporting to supervisory authorities and a solvency and financial condition report to be made public.

Insurers are also subject to conduct of business rules that are very similar to those applicable to banks. Insurers are furthermore subject to the PRIIPs Regulation, EMIR and the IDD (as implemented in Dutch law). If insurers offer mortgage credit, they are also subject to the rules on mortgage lending. Anyone acquiring a qualifying holding in an insurer must comply with rules on structural supervision as is the case with respect to banks.

As is the case with respect to banks, Dutch insurers are subject to certain rules on recovery and resolution. On 1 January 2019, a new recovery and resolution regime came into force for Dutch insurers pursuant to the Act on recovery and resolution of insurance undertakings (*Wet herstel en afwikkeling van verzekeraars*, the "**Insurance Recovery and Resolution Act**"). The Insurance Recovery and Resolution Act sets out, *inter alia*, the resolution instruments that are available to DNB when the insurer meets the conditions for resolution, which may include (without limitation) the sale of the insurer's business, the separation of assets, bail-in and temporarily transferring (part) of an insurance undertaking to a semi-public entity.

Insurance brokerage

On 23 February 2016 the IDD (formerly known as the Insurance Mediation Directive II) came into force and replaced Directive 2002/92/EC ("**Insurance Mediation Directive**"). The Insurance Mediation Directive regulates brokers and other intermediaries selling insurance products. In contrast to the Insurance Mediation Directive, the scope of the IDD is extended to all sellers of insurance products, focussing especially on market integration, fair competition between distributors of insurance products and

policyholder protection. The Netherlands implemented the IDD into national legislation prior to the implementation deadline of 23 February 2018.

Key features of the IDD are, among other things, mandatory disclosure requirements obliging insurance intermediaries to disclose to their customers the nature of remuneration they receive, including any contingent commissions, and in case the remuneration is directly payable by the customer the amount of the remuneration, or if the full amount of remuneration cannot be calculated, the basis of its calculation. Insurers carrying out direct sales will be required to comply with information and disclosure requirements and certain conduct of business rules, including a general obligation to act honestly, fairly and professionally in accordance with customers' best interests.

UCITS Directive/AIFM Directive/MMFR

Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("**UCITS Directive**") establishes a framework for the regulation and supervision of UCITS investment funds, allowing the cross-border offer of investment funds for retail investors regulated at EU level. Directive 2009/65/EC is the fourth version of UCITS legislation, replacing UCITS Directive 85/611/EEC.

Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers ("**AIFM Directive**"), together with the supplementing Regulation 231/2013 of 19 December 2012, establishes a framework for the regulation and supervision of the alternative investment fund ("**AIF**") industry, particularly hedge funds and private equity funds, but essentially covering all non-UCITS investment funds. The AIFM Directive actually lays down the rules for the authorisation, ongoing operation and transparency of the managers of alternative investment funds (AIFMs) which manage and/or market alternative investment funds (AIFs) in the European Union. The AIFM Directive came into force on 21 July 2011 and was implemented in the Wft on 22 July 2013.

Regulation (EU) 2019/1156 on facilitating cross-border distribution of collective investment undertakings and Directive 2019/1160 amending the UCITS Directive and the AIFM Directive with regard to cross-border distribution of collective investment undertakings (the "**CBDF Rules**") introduce new rules relating to the cross-border marketing and distribution of (amongst others) AIFs and UCITS within the EU. While most of these rules will only apply from 2 August 2021, managers and distributors going to the market before that date with AIFs or UCITS products are likely going to face the new CBDF Rules during their fundraising and should be preparing for compliance.

When directly or indirectly offering units or shares of AIFs or UCITS to, or placing such units or shares with investors, banks and investment firms must ascertain whether the units or shares are being marketed in accordance with the Wft and relevant European law.

On 20 July 2017, Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on Money Market Funds ("**MMFR**") came into force. The MMFR introduces new rules aimed at making money market funds ("**MMFs**") more resilient to crises and at the same time securing their financing role for the economy, which rules apply from 21 July 2018. MMFs are either UCITS or AIFs that invest in short-term financial instruments and have specific objectives. The MMFR aims to make MMFs safer and provide for more transparency, investor information and investor protection by requiring MMFs to diversify their asset portfolios, invest in higher-quality assets, follow strict liquidity and concentration requirements and have sound stress testing processes in place.

4th and 5th EU AML Directive

On 26 June 2015, Directive EU 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC ("**AMLD4**"), entered into force, enhancing the existing EU measures to combat money laundering and the financing of terrorism. The provisions of the directive were to be transposed into the laws of the EU Member States (*Wet ter voorkoming van witwassen en financieren van terrorisme* or *WWFT*) and were to be applied by 26 June 2017. However, the Dutch implementation of these provisions only entered into force on 25 July 2018. Important changes in the EU requirements regarding anti-money

laundering and the countering of the financing of terrorism (EU AML/CFT requirements) relate to additional requirements for identification and verification of the ultimate beneficial owner and extension of the definition of politically exposed persons (PEPs) to domestic PEPs. The changes have had considerable impact on client on-boarding processes and have required re-papering of client files to meet the obligations on a group wide level.

On 30 May 2018, Directive (EU) 2018/843 amending AMLD4 was published in the Official Journal ("**AMLD5**"). AMLD5 has amended AMLD4 by bringing crypto services providers within its scope, introducing a central data retrieval system to which banks should be connected for the purpose of sharing account information with financial intelligence units, and including more detailed requirements on national registers of beneficial ownership information of legal entities and express trusts and similar legal arrangements. The implementation of AMLD5 into Dutch law predominantly took place during 2020, while a legislative proposal in relation to the (registration of) beneficial ownership information of trusts and other types of legal arrangements (i.e. article 31 of 4AMLD, as amended) will be discussed in Dutch parliament in the course of 2021.

Sustainable finance

General

The development of sustainable finance regulations received considerable attention over 2020. New regulations were published, existing regulations were amended and various supervisors and regulators included sustainable finance in their workplans.

EU Taxonomy Regulation

Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**EU Taxonomy Regulation**"), adopted by the European Parliament in June 2020, establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable. The EU Taxonomy Regulation is an essential step of the European Commission action plan on financing sustainable growth in the efforts to channel investments into sustainable activities.

ECB guide on climate-related and environmental risks

In November 2020, the ECB published a guide on climate-related and environmental risks for banks. The guide explains how the ECB expects banks to prudently manage climate-related and environmental risks when formulating and implementing in their business strategy, governance and risk management frameworks and how they disclose such risks transparently. The ECB will use the expectations set out in the guide in its supervisory dialogue with significant banks such as ABN AMRO.

Sustainable Finance Disclosure Regulation

Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the Sustainable Finance Disclosure Regulation, "**SFDR**") introduces various disclosure related requirements for ABN AMRO at an entity, service and product level. The majority of the new disclosure obligations has taken effect on 10 March 2021. The SFDR aims to create transparency on the integration of sustainability risks and how adverse sustainability impacts should be taken into account in investment processes, as well as on the provision of sustainability-related information on financial products. The disclosure requirements focus mainly on contractual and website disclosures, and on disclosures in periodic reports and marketing communications.

Developments regarding the Non-Financial Reporting Directive

In 2014, Directive 2014/95/EU on the disclosure of non-financial and diversity information (the Non-Financial Reporting Directive, "**NFRD**") was adopted. The NFRD lays down the rules on disclosure of non-financial and diversity information by large companies such as ABN AMRO. A supplement to the NFRD on the reporting of climate-related information was published in 2019 as part of the European Commission action plan on financing sustainable growth. Recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) also set out requirements on this topic. To be able to report on these matters in its Annual Report, ABN AMRO is robustly embedding climate into its strategy, business model,

governance, policies, risk management and key performance indicators. In addition, the European Commission published a questionnaire on the NFRD in February 2020, and the resulting input will be used in the future revision of the NFRD.

Regulation and supervision in The Netherlands

General

The Dutch regulatory system applicable to ABN AMRO is a comprehensive system based on the provisions of the Wft which came into effect on 1 January 2007. The Wft sets out rules regarding prudential supervision (by DNB) and supervision of conduct (by the AFM). Prudential supervision focuses on the solidity of financial undertakings and contributes to the stability of the financial sector. Supervision of conduct focuses on orderly and transparent financial market processes, clear relations between market participants and due care in the treatment of clients (including supervision of the securities and investment businesses).

Prudential Supervision

The ECB is formally the competent authority responsible for the supervision of the Issuer's compliance with the prudential requirements including (i) the own funds requirements, securitisation, large exposure limits, liquidity coverage ratio and net stable funding requirements, the leverage ratio and the supervisory reporting and public disclosure of information on those matters and (ii) the requirement to have in place robust governance arrangements, including the fit and proper requirements for the persons responsible for the management of the Issuer, remuneration policies and practices and effective internal capital adequacy assessment processes (ICAAP), and for the carrying out of supervisory reviews and stress tests to determine whether a sound management and coverage of risks are ensured by the Issuer's arrangements, strategies, processes and mechanisms as well as for the carrying out of supervisory tasks in relation to recovery plans and early intervention. The ECB is also the competent authority to assess notifications of the acquisition of qualifying holdings in banks and to grant a declaration of no objection for such holdings.

In March 2020, the ECB announced that it would take certain measures to provide capital and operational relief to its directly supervised banks to combat the economic impact of the coronavirus pandemic, including the decision (i) to allow such banks to operate temporarily below the level of capital defined by the P2G, the capital conservation buffer and the liquidity coverage ratio and (ii) to consider adjusting supervisory timetables and processes and extending deadlines of certain non-critical supervisory measures and data requests to alleviate the operational pressure on banks. On 17 September 2020, the ECB announced that it has allowed temporary relief in bank's leverage ratio after declaring exceptional circumstances due to pandemic. Banks may benefit from this measure until 27 June 2021. In addition, the ECB recommended banks to consider not distributing any dividends or to exercise extreme prudence when deciding on or paying out dividends until at least 30 September 2021. Also, the ECB reiterated its expectation that banks will continue to adopt extreme moderation with regard to variable remuneration until 30 September 2021 (together, the "**ECB Corona Measures**").

Supervision by DNB

DNB is required to assist the ECB with the preparation and implementation of any acts relating to the supervisory tasks of the ECB and must follow instructions given by the ECB in that respect. In addition, DNB has remained the competent authority in respect of prudential requirements not having a basis in EU law such as the requirements in respect of customer due diligence and the liquidity requirements other than the liquidity coverage ratio and net stable funding requirements provided for by the CRR. DNB has also remained the competent authority under other supervisory laws and regulations relevant to ABN AMRO's business, such as anti-money laundering legislation.

As part of the Supervisory Review and Evaluation Process ("**SREP**") ECB and DNB may perform an analysis of the Issuer's business model and strategy, and form a view on its viability and sustainability. If necessary, they may take measures to address any problems and concerns. Such measures may include the requirement to make changes to the business plan and strategy, or require the Issuer to reduce risks that are inherent in certain products by requiring changes to the offering of these products or improvements of the governance and control arrangements around product development and maintenance. They may also include measures to reduce risks inherent to the Issuer's systems by requiring improvements of its systems

or require the Issuer to raise additional regulatory capital. Such measures may adversely impact the Issuer's business and may force the Issuer to make substantial investments to meet the above requirements.

In March 2020, DNB announced that it would take certain measures to mitigate the economic impact of the coronavirus pandemic on the Dutch economy, including (i) the temporary reduction of Issuer's systemic risk buffer (which, as at the date of this Registration Document, has been abolished due to the implementation of CRD V) from 3% to 1.5% of the total risk exposure amount as calculated in accordance with article 92 CRR ("**TREA**") and the Issuer O-SII Buffer from 2% to 1.5% of TREA and (ii) the postponement of the introduction of the DNB RWA Floor for an indefinite period of time. In addition, DNB announced that, in line with the ECB Corona Measures, less significant institutions under its supervision will be allowed (i) to operate temporarily below the level of capital defined by the P2G, the capital conservation buffer and the liquidity coverage ratio and (ii) to partially meet their P2R with capital instruments that do not qualify as CET1 capital (together, the "**DNB Corona Measures**"). Also, the DNB supports the recommendation from the ECB to the banks, including ABN AMRO, to consider not distributing any dividends or to exercise extreme prudence when deciding on or paying out dividends until at least 30 September 2021.

Dutch Intervention Act

In anticipation of the EC proposal for a crisis management framework, the Dutch Intervention Act entered into force in June 2012 (with retrospective effect to January 2012). The Dutch Intervention Act provides a framework ensuring timely and orderly resolution of financial institutions in the event of serious problems, without the necessity to enter into bankruptcy proceedings. It grants substantial powers to DNB and the Dutch Minister of Finance, enabling them to deal with ailing Dutch banks prior to insolvency.

The national framework for intervention with respect to banks by DNB has been replaced by the law implementing the resolution framework set out in the BRRD (as defined below). However, part of the powers granted to the Dutch Minister of Finance under the Dutch Intervention Act remain. The Dutch Minister of Finance may take measures or expropriate assets and liabilities of, claims against or securities issued by or with the consent of a financial firm (*financiële onderneming*) or its parent, in each case if it has its corporate seat in The Netherlands, if in the Minister of Finance's opinion the stability of the financial system is in serious and immediate danger as a result of the situation in which the firm finds itself.

Financial Markets Amendment Act 2019

A consultation document for the Financial Markets Amendment Act 2019 was published on 19 January 2018. The 2019 Amendment Act entered into force on 1 January 2020. Two of the important changes relate to (i) the ability of the *Bureau Financieel Toezicht* to share information with the AFM for the purpose of exercising the AFM's supervisory tasks under the Act on the supervision of audit firms (*Wet toezicht accountantsorganisaties*) and (ii) the removal of the requirement that the Ministry of Finance needs to approve regulations (*verordeningen*) from the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*) before they can enter into force.

Financial Markets Amendment Act 2021

A consultation document for the Financial Markets Amendment Act 2021 was published on 24 December 2019. The 2021 Amendment Act is expected to enter into force mid 2021. One of the changes relates to the Financial Stabilisation Committee ("**FSC**"), which has been instituted by the ministerial decision of the Ministry of Finance, having a legal basis in the Bank Act 1998 (*Bankenwet 1998*). This is intended to further improve the effectiveness and enhance the credibility of the FSC as a key part of the macroprudential framework. The embedding of the FSC in primary legislation would also be in line with the international standard and recommendations, as in most of the countries the FSC has a legal basis in primary regulation.

Mortgage Lending Rules

In The Netherlands, additional restrictions apply to the principal residence mortgage loan market for individuals. These restrictions have been introduced against the background of a stagnant Dutch economy and in an environment of decreasing house prices and a significant reduction in the volume of houses sold. The maximum loan amount for NHG is currently capped at EUR 325,000. This cap is related to the average value of houses. In addition, the Dutch government has further restricted the maximum permissible amount of a mortgage loan to 100% (or up to 106%, if the amount above 100% is used for sustainability matters)

of the value of the property as from 1 January 2018. The lowering of this loan-to-value rate is expected to put further downward pressure on the total outstanding volume of mortgages in The Netherlands which could decrease the size of the Issuer's mortgage portfolio.

In The Netherlands, subject to a number of conditions, mortgage loan interest payments used to be fully deductible from the income of the borrower for income tax purposes. However, new legislation on tax deductibility of new mortgages loans took effect on 1 January 2013. To be eligible for tax deductibility, new mortgage loans must be redeemed fully (100%) during the term of the loan based on an annuity or linear scheme. Existing mortgage loans are not impacted. However, for all mortgage loans, new and existing, tax deductibility is gradually reduced by 3.0 percentage points per year (46% in 2020) to 37.05% in 2023. Changes to the deductibility of interest payments may, amongst other things, have an effect on house prices, which may result in an increase of defaults, prepayments and repayments of mortgage loans.

Ban on referral fees and bonuses

On 1 January 2013, the Dutch government introduced a ban on referral fees relating to specific complex financial products, such as mortgages, life insurance and pension insurance. The goals are to increase transparency for consumers and ensure that the interests of consumers and their advisors are aligned. Financial advisors are required to provide transparency related to costs, terms of service and relations with relevant third parties and referral fees are prohibited for these products.

A similar ban on referral fees came into effect as of 1 January 2014 in relation to certain investment services, including, but not limited to, (i) individual portfolio management, (ii) investment advice and (iii) execution-only services, all in relation to financial instruments. The prohibition affects for instance inducement fees which used to be paid by investment funds to distributors. Under the new rules, only the client itself is allowed to pay commissions to the investment services provider. ABN AMRO has in response introduced new investment products in The Netherlands, which include advisory fees for investment advisory services and fees for execution only services. As of 1 January 2014, all clients who use these services must pay these fees. As of 1 January 2014, the majority of the funds held in discretionary portfolio management do not involve inducements or distribution fees. For the remaining minority of clients (primarily where clients wish to continue their investments in particular funds), ABN AMRO passes on amounts received to the individual clients.

The Dutch government introduced rules in 2012 restricting the payment of bonuses by financial institutions that receive State support. The rules target both companies that will receive state support in the future as well as companies that have received state support in the past. The rules include a ban on performance-related variable remuneration (i.e. bonuses) as well as restrictions on other parts of the remuneration paid to managing directors and/or to persons determining the day-to-day policy of the financial institution. The rules also apply to institutions that do not receive state aid directly but are part of a state-aided group.

Conduct of business supervision

The Wft provides a comprehensive framework for the conduct of securities trading in or from The Netherlands. The body responsible for carrying out conduct of business supervision in The Netherlands is the AFM.

Conduct-of-business supervision focuses on ensuring orderly and transparent financial market processes, proper relationships between market participants and the exercise of due care by financial undertakings in dealing with clients.

Dutch bank levy

As of 1 October 2012, the Dutch government introduced a bank levy (*bankenbelasting*) for all entities that are authorised to conduct banking activities in The Netherlands. The tax is based on the amount of the total liabilities on the balance sheet of the relevant bank as at the end of such bank's preceding financial year, with exemptions for equity, for deposits that are covered by the Deposit Guarantee Scheme and for certain liabilities relating to the insurance business. For 2021 the levy on short-term funding liabilities is increased from 0.044% to 0.066% and the levy on long-term funding liabilities is increased from 0.022% to 0.033%.

Due to the introduction of the bank levy, ABN AMRO incurred a EUR 100 million surcharge in 2019 and a EUR 95 million surcharge in 2020, increasing expenses and the cost/income ratio. This measure will lead to costs in subsequent years.

Regulation in the rest of the world

ABN AMRO's operations elsewhere in the world are subject to regulation and control by local supervisory authorities, and its offices, branches and subsidiaries in such jurisdictions are subject to certain reserve, reporting and control and other requirements imposed by the relevant central banks and regulatory authorities.

Dodd-Frank Act

The Dodd-Frank Act covers a broad spectrum of issues ranging from systemic supervision and enhanced prudential standards, to changes in the regulation of investment advisers and OTC derivatives markets, to measures aimed at improving consumer protection. Most of the impact on ABN AMRO's businesses results from the rules on OTC derivatives that are primarily used in the Markets business. For example, various provisions, such as mandatory clearing of swaps, trade execution through swap execution facilities, and reporting of OTC derivatives, apply to the Issuer when transacting with U.S. persons. Other provisions apply only if ABN AMRO is required to register as a swap entity with the applicable U.S. regulator.

The U.S. Commodity Futures Exchange Commission ("**CFTC**") and the SEC continue to issue regulations to implement the OTC derivatives provisions of the Dodd-Frank Act. The CFTC has issued all of its implementing rules; the SEC has adopted some of its implementing rules, while others have not yet been finalised. The final phase of the CFTC's rulemaking involves rules relating to capital of registered swap entities and margin for uncleared swaps, which are currently being phased in. Based on its current activity in U.S.-regulated derivatives markets, ABN AMRO has not registered as a swap dealer with the CFTC. While the SEC adopted final rules and forms for the registration of security-based swap dealers and major security-based swap participants in 2015, those rules are only now being phased in, with registration obligations for security-based swap dealers taking effect in August 2021 for entities whose dealing activities exceed certain thresholds. ABN AMRO is monitoring legal developments and OTC derivatives volumes to determine whether it needs to register with either the CFTC or the SEC.

FATCA

FATCA was enacted by U.S. authorities in March 2010. The objective of FATCA is to increase the ability to detect U.S. persons evading tax by holding accounts with non-U.S. (foreign) financial institutions ("**FFI**"). Based on sections 1471-1474 of the Code and Treasury Regulations thereunder, FATCA imposes a 30% withholding tax on U.S. source payments to an FFI, unless the FFI either concludes an agreement with the United States Internal Revenue Service (the "**IRS**"), under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements (an "**FFI Agreement**") or is based in certain so-called IGA jurisdictions, where the local government has concluded an inter-governmental agreement with the U.S. to facilitate the implementation of FATCA (an "**IGA**"). On 18 December 2013, the U.S. and The Netherlands entered into an IGA. All jurisdictions in which the Issuer operates have substantially concluded an IGA with the U.S.

ABN AMRO intends to become fully FATCA compliant, and expects FATCA to continue having an impact on client on-boarding processes, client administration and reporting systems. In addition, clients may receive requests to provide additional or updated information and documentation.

Information exchange and reporting

There are various international and EU initiatives on automatic exchange of information for tax purposes (such as the OECD Common Reporting Standard and the amended EU Directive on Administrative Cooperation). These initiatives call on jurisdictions to obtain information from financial institutions such as ABN AMRO. The information so obtained will be automatically exchanged with other jurisdictions. These initiatives have had and will continue to have considerable impact on client on-boarding and administrative processes of ABN AMRO. Increasingly, countries in which ABN AMRO operates request ABN AMRO to report information in greater detail than had been required, including information related to deposits held, and dividends and interests received, by clients. The manner and detail of reporting requirements differs from country to country. Accordingly, an increasing number of requests are made to ABN AMRO and entering into relationships with new clients is becoming more complex. Therefore, ABN AMRO may be required to make significant investments in money and time in order to be able to continue to operate in all countries where it operates.

Sanctions

Sanctions are political instruments in the foreign and security policy of countries and international organisations (such as the United Nations and EU). Sanctions regimes imposed by governments, including those imposed by the European Union, US, including the Office of Foreign Assets Control, or other countries or international bodies prohibit ABN AMRO and its clients from engaging in trade or financial transactions with certain countries, businesses, organizations and individuals. These legislative, regulatory and other measures include anti-terrorism measures, international sanctions, blockades, embargoes, blacklists and boycotts imposed by, amongst others, the EU, the United States and the United Kingdom, but also by individual countries. Violation of sanction regimes may have material implications such as criminal penalties, administrative fines and the prohibition to do business in the country that proclaimed the sanctions.

See also, *inter alia*, the following risk factors which describe the different regulatory risks the Issuer is subject to: "25. *The regulatory environment to which the Issuer is subject gives rise to significant legal and financial compliance costs and management time, and non-compliance could result in monetary and reputational damages, all of which could have an adverse effect on the Issuer's business, financial position and results of operations*", "27. *The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position and results of operations*", "10. *As a result of capital and/or liquidity requirements, the Issuer may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance*", "30. *Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*" and "31. *The Issuer is subject to stress tests and other regulatory enquiries, the outcome which could materially and adversely affect the Issuer's reputation, financing costs and trigger enforcement action by supervisory authorities. Stress tests could also bring to the surface information which may result in additional regulatory requirements or measures being imposed or taken which could have a material adverse effect on the Issuer's business, results of operations, profitability or reputation.*".

1.4 Legal and arbitration proceedings

ABN AMRO is involved in a number of governmental, legal and arbitration proceedings in the ordinary course of its business in a number of jurisdictions, including those set out in this section. However, on the basis of information currently available, and having taken legal counsel with advisors, ABN AMRO is of the opinion that, save as set out below, there are no legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ABN AMRO or the Issuer is aware) during the 12 months preceding the date of this Registration Document which may have, or have had in the recent past, significant effects on the financial position or profitability of ABN AMRO, the Issuer and/or its subsidiaries.

Settlement with Ageas

In 2009, Ageas SA/NV (formerly known as "**Fortis SA/NV**") and ageas N.V. (formerly known as "**Fortis N.V.**") (together, "**Ageas**") initiated legal proceedings against ABN AMRO Capital Finance Ltd, ABN AMRO Bank and the Dutch State claiming EUR 363 million compensation for which Ageas was liable on the cash settlement date. Furthermore, on 7 December 2010 and in accordance with the transaction documentation, the EUR 2 billion of 8.75% Mandatory Convertible Securities ("**MCS**") converted into ordinary Ageas shares and the final (semi-annual) coupon was paid. Ageas claimed it was entitled to receive EUR 2 billion of ABN AMRO ordinary shares by way of compensation. On 28 June 2012, however, the former ABN AMRO Group N.V., ABN AMRO Bank and Ageas agreed to settle all disputes, including the proceedings initiated by Ageas regarding the two aforementioned claims, between the former ABN AMRO Group N.V., ABN AMRO Bank, the Dutch State and Ageas in relation to the equity transactions which resulted in the takeover of the Dutch activities of the Former Fortis group by the Dutch State on 3 October 2008. Previously, the EUR 2.0 billion liability resulting from the MCS was retained in the balance sheet, of which EUR 1.75 billion continued to qualify as Tier 1 capital. Under IFRS this obligation was required to be classified as a liability instead of equity since the number of shares to be issued by ABN AMRO, if any, for the conversion of the liability was unclear as the contract did not stipulate a fixed amount of shares to be delivered. After the settlement, core Tier 1 capital increased by EUR 1.6 billion, being the sum of the EUR 2.0 billion liability and the one-off settlement amount of EUR 400 million as paid by ABN AMRO to Ageas. As a result, Tier 1 and total capital decreased by EUR 150 million.

Some years ago, certain hedge funds initiated legal proceedings in Belgium and claimed the re-issue of certain Ageas Mandatory Convertible Securities and payment of a 8.75% coupon from 7 December 2010 until 7 December 2030 (EUR 0.2 billion per annum) or, alternatively, cash compensation in the amount of EUR 1.75 billion from four issuers, including ABN AMRO, in relation to the conversion of Ageas MCS. On 23 March 2012, the Commercial Court in Brussels (Belgium) rejected all the hedge funds' claims. This judgement was in line with the earlier judgement in the summary proceedings in November 2010. On 1 February 2019, the Court of Appeal in Brussels rejected all the hedge funds' claims and found in favour of Ageas and ABN AMRO. The hedge funds subsequently filed cassation proceedings. Pleadings closed in Q4 2019. The Supreme Court ruled in 2020 in favour of Ageas and ABN AMRO and dismissed all claims of the hedge funds. Also, costs were awarded in favour of Ageas and ABN AMRO and these have been paid. As such this matter is now closed.

Madoff fraud

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.

Sale of interest rate derivatives

The sale of derivatives to SME clients has led to complaints and to court cases against financial institutions that sold the derivatives, including ABN AMRO. Multiple lawsuits on the subject are pending or have resulted in settlements or court decisions and Kifid rulings. Clients of ABN AMRO have claimed, among other things that the risks relating to the products sold to them were not, or not sufficiently, disclosed, that the products sold to them were not suited for their circumstances, and/or that ABN AMRO owed them a duty of care which ABN AMRO had breached and/or that ABN AMRO was restricted in exercising their contractual right to increase margin on loans covered by an interest rate swap.

In addition, in these matters, regulatory and other authorities have taken and may in the future take further measures against or impose fines on the parties involved, including ABN AMRO, which may be material. As required by and in consultation with the AFM, ABN AMRO reviewed its SMEs interest rate derivative portfolio. The objective of this review, which was completed in the first half of 2015, was to determine whether ABN AMRO acted in accordance with the laws and regulations applicable at the time. The outcome of the review was that ABN AMRO in several instances is unable to determine conclusively that it has fully complied with its duty of care obligations in connection with the sale of interest rate derivatives to SME clients. In these cases it could not be fully established that clients were sufficiently informed about the risk of their particular combination of floating rate interest loan and interest rate derivative, specifically in the scenario of declining interest rates.

For example, the review revealed cases of mismatch between the loan and the interest rate derivative. This could be caused by an early prepayment of the loan or mismatches in other features of the loan and the interest rate derivative. A mismatch could lead to the relevant SME client being overhedged. As a result, these SME clients are faced with a risk exposure which is in most cases equal to the difference between the floating interest rate to be received and the fixed interest rate to be paid in the interest rate derivative, to the extent of the overhedge. To resolve the overhedge situation, the interest rate derivative has to be (partially) unwound. However, as a result of the declining floating interest rates, the interest rate derivative has a negative mark-to-market value. Pursuant to the terms of the interest rate derivatives contract, the mark-to-market value has to be settled by the parties when unwinding interest rate derivatives. This settlement results in a payment obligation by the SME client, which is similar to the penalty paid upon early repayment of an equivalent fixed interest rate loan. ABN AMRO proactively engaged with all of its SMEs interest rate derivative portfolio clients to discuss the outcome of the review and, if necessary, offer such clients an alternative product or another solution. ABN AMRO agreed in a number of SME client files to (i) (partially) unwind the interest rate swap and/or (ii) partly compensate the SME clients.

There are currently still some proceedings pending. Their outcome, as well as the outcome of any threatened proceedings, is uncertain, as is the timing of reaching any finality on these legal claims and proceedings.

In December 2015 the AFM concluded that some aspects of the reviews banks were conducting would need to be amended. The AFM instituted a taskforce with the objective to come to a uniform solution for all clients and banks. On 1 March 2016, the AFM published a press release and a letter addressed to the Dutch Minister of Finance advising him to appoint a committee of independent experts. On 5 July 2016 this committee of independent experts published the first draft Uniform Recovery Framework. On 19 December 2016 the final Uniform Recovery Framework was published. ABN AMRO adhered to and participated in the Uniform Recovery Framework. As a result, ABN AMRO increased the provision charged to the results in the second quarter of 2016 by around EUR 360 million (this increase was exclusive of implementation costs). The provision was increased mainly to cover an additional consideration and an expanded scope of the reassessment. Originally, all SME and middle market clients with a current interest rate derivative at 1 April 2014 were in scope of the reassessment. The new recovery framework includes clients who had one or more interest rate derivatives between 1 April 2011 and 1 April 2014. At the end of January 2020, the Issuer proposed a solution to all clients in scope of the Uniform Recovery Framework. At various points in the process, the reassessments were checked by an independent external file reviewer (the audit firm PwC, supervised by the AFM). The total provision for SME derivatives-related issues as at 31 December 2020 amounted to EUR 10 million. This comprised the total amount of client compensation (EUR 0.6 billion) and project costs (EUR 0.3 billion), after payments already made for both elements (EUR 0.8 billion). See also the risk factor "28. *The Issuer is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties*" in which the risk relating to this matter has been specified.

Adjustment of margin charge on mortgage loans with floating interest rates

ABN AMRO has sold mortgage loans with floating, often EURIBOR-based, interest rates (close to 1% of the total mortgage portfolio). An important element of the pricing model of these mortgage loans is the ability for ABN AMRO to charge costs - allocated and unallocated - on to its clients by adjusting the margin charge on top of the prevailing floating interest rate. In many of these products, ABN AMRO has structured its ability to do so in provisions in its terms and conditions that allow it to unilaterally adjust pricing or contract terms. As the external funding costs (spread on top of EURIBOR) of ABN AMRO has gone up and ABN AMRO has adjusted the margin charge upward in many cases, ABN AMRO is faced by clients contesting the ability of ABN AMRO to do so. The complaints are based on a number of specific and general legal principles. In 2012, a class action was brought by two foundations (*stichtingen*), Stichting Stop de Banken and Stichting Euribar, in relation to mortgage agreements with a floating interest rate based on EURIBOR, alleging that ABN AMRO was contractually not allowed to unilaterally increase the level of the applicable margin and violated its duty of care. On the same subject, ABN AMRO was found to have violated its duty of care with respect to an individual out of court settlement proceeding by the appeals commission of Kifid. In the meantime, multiple individual proceedings and an additional class action have been initiated against ABN AMRO.

ABN AMRO lost the class action cases at the lower court in November 2015. The Amsterdam court's judgement took a principled view of unconditional pricing amendment provisions.

ABN AMRO filed an appeal against this judgement. On 19 December 2017, the Amsterdam Court of Appeal ruled that ABN AMRO was not allowed to increase the surcharges on Euribor mortgages. The court ruled that the amendment clauses used by the bank in its general conditions to increase the margin charged were unfair, based on the European Directive on unfair conditions in consumer contracts. Consequently, these clauses were quashed. The court ruled that the clauses were unfair because they were not transparent as: (i) the mortgage credit agreement was not clear about the fact that the interest rate contained a variable margin and/or how high the surcharge was, (ii) clients were not informed about the different cost components of the margin and could not foresee the economic consequences up-front, and (iii) therefore, clients had not explicitly chosen for a variable margin and its economic consequences when entering into the mortgage credit agreement. ABN AMRO decided to appeal (*cassatie*) to the Supreme Court (*Hoge Raad*) and filed the final necessary documents in view thereof in late August 2018. On 22 November 2019 the Supreme Court quashed the ruling of the Amsterdam Court of Appeal in the Euribor collective cases. The case will be referred to another Court of Appeal (The Hague) in order to deal with the case further. This Court will need to take into account all relevant aspects for a judgement if the clauses are unfair.

On 13 February 2020, ABN AMRO and Stichting Euribar reached an agreement on a settlement for clients with Euribor-based mortgages. The key points of the settlement are compensation for the past and agreement on the bandwidth of the future margin charges. By mid-April 2021, approximately 95% of the respective clients had received a personal offer from ABN AMRO. So far, 80% of this group has accepted

the proposed settlement. A total of 3% of the clients will not receive an offer, for instance because of earlier repayments or a fixed surcharge. The remaining 2% of the eligible clients are expected to receive a settlement offer in Q2 2021.

Stichting Stop de Banken was not willing to participate in the settlement agreement and proceeded with the class action. ABN AMRO filed its defence documents with the Court of Appeal in The Hague on 9 March 2021. The oral hearing or a judgement is scheduled for 9 November 2021.

ABN AMRO has recognised a provision for this matter.

Variable interest rate complaints for consumer loans

The alternative dispute resolution body Kifid has given rulings on contractual terms that give credit providers the unconditional right to change the variable interest rate of loans provided to consumers (revolving credit and mortgage loans). In short, Kifid ruled that if the contractual term does not specify the grounds for changing the interest rate, the customer may expect the only relevant circumstances that can play a role in changing the interest rate to be market developments. As a result, the difference between the contractual rate and the average market rate is set at the moment the contract is entered into. From then on, the contractual rate should follow movements of the average market rate. In order to establish whether the credit provider followed market developments, Kifid compares the course of the contractual interest rate with certain average interest rates published by Statistics Netherlands and the Dutch Central Bank. In the event of deviations, it could lead to a possible repayment of the difference by the credit provider.

ABN AMRO has received similar complaints from customers. In a 15 July 2020 ruling, the Kifid Disputes Committee ruled that ABN AMRO had to recalculate the variable interest charged to a specific customer on a revolving credit. This ruling was upheld in a 3 March 2021 ruling by the Kifid Appeals Committee. ABN AMRO does not agree with the current rulings of Kifid on this matter and therefore considers taking several complaints cases to the civil courts. ABN AMRO has engaged in exploratory talks with the Dutch consumers' association (*Consumentenbond Claimservice*) on this matter. ABN AMRO has made a provision because it considers it more likely than not that there will be outflow on the basis of individual similar Kifid rulings until new civil case law becomes available. For civil case law, ABN AMRO considers it not more likely than not that there will be outflow, reason why no provision has been accounted for.

ABN AMRO cannot give a reliable estimate of the (potentially substantial) total financial risk of the contingent liabilities not provided for, because it is unclear what the exact scope of the verdict is and whether the verdict will have a certain knock-on effect on other products.

Imtech

ABN AMRO has extended credit to the Imtech N.V. group of businesses and it holds shares in Imtech N.V. further to an underwriting commitment in an Imtech N.V. rights offering. The Imtech N.V. group has been in financial difficulties ever since certain fraudulent events, perpetrated by certain managers and staff, were discovered a few years ago. In April 2015, Stichting Imtechclaim has threatened to initiate a collective action lawsuit against Imtech N.V., KPMG Accountants N.V. and the underwriters of the Imtech N.V. rights offerings. By letter of 20 January 2018, Stichting Imtechclaim and Imtech Shareholders Action Group B.V. have held ING, Rabobank, Commerzbank and ABN AMRO liable for (alleged) misstatements in the prospectuses and for (alleged) *actio pauliana*. In the course of 2015 the Vereniging van Effectenbezitters ("**VEB**") announced that it had concluded an agreement with the liquidators of Imtech and is preparing actions against various parties involved in the Imtech matter, including against banks. The VEB wrote to ABN AMRO and the other underwriters by letter dated 28 March 2018 and holds ING, Rabobank, Commerzbank and ABN AMRO liable for (alleged) misstatements in the prospectuses. On 10 August 2018, ABN AMRO received a formal notification from Imtech's trustees in which they assert to have claims against Imtech's lenders, bondholders and underwriting banks based on (alleged) *actio pauliana* and (alleged) unlawful acts. The letter aims to interrupt limitation periods in view of the trustee's alleged claims. The trustees indicated in their letter that they are still investigating the case. In recent communications the trustees have indicated to plan to commence proceedings against lenders, bondholders and underwriting banks. It appears likely that litigation will be started by the trustees in view of this letter and subsequent communications, although the exact timing of this litigation, the amount of the claim and the parties to be summoned are unclear.

Novacap

Deutsche Bank AG, as legal successor of Hollandsche Bank-Unie N.V. and New HBU II N.V. (together "HBU"), is involved in proceedings in connection with NovacapFloraris Termijnfonds ("Novacap"), a EUR 85 million investment fund for flower bulb-contracts. Around 2003, HBU provided loans to a group of clients to invest in Novacap. Novacap was supposed to invest these moneys in tulip bulbs, but turned out to be a fraudulent scheme. In connection with the sale by ABN AMRO of HBU to Deutsche Bank AG in 2009, ABN AMRO has agreed to indemnify and hold harmless Deutsche Bank AG for and against any losses in respect of Novacap litigation.

Since 2008, Deutsche Bank AG received claims for liability from several parties, most notably from the Stichting Belangenhartiging Bloembollen Ondernemers ("SBBO"). SBBO claims an amount in excess of EUR 208 million. SBBO and a number of other parties involved have repeatedly written to Deutsche Bank AG to stop the relevant statutory limitation periods from lapsing. To date, no legal proceedings were started by the majority of these parties, including SBBO. However, it cannot be excluded that further claims and legal proceedings will be initiated.

Eurostar Diamond Traders

On 18 October 2018, Eurostar Diamond Traders N.V. ("EDT") filed a civil law complaint against ABN AMRO in the Antwerp Court, claiming a provisional amount of EUR 673 million. The amount claimed included an unsubstantiated claim for damages of EUR 600 million on the ground that ABN AMRO and Standard Chartered Bank ("SCB") allegedly deliberately caused EDT's demise. Damages of USD 73 million were also claimed for the alleged sale of unsuitable derivatives. EDT and Eurostar Diamond Traders International N.V., EDT's parent company, were both declared bankrupt in a final decision in 2020. In August 2020, the EDT-appointed trustees indicated that they did not want to continue pursuing this claim. On 11 December 2020, ABN AMRO, SCB and the EDT trustees reached an amicable settlement. This settlement will become final when approved by the supervisory judge and the Bankruptcy Court of Antwerp. The approval from the supervisory judge was obtained. The approval from the Bankruptcy Court of Antwerp is now scheduled for 27 May 2021.

Claims relating to the history of ABN AMRO

A group of former Fortis SA/NV and Fortis N.V. shareholders, including the VEB is litigating against, among other persons, Ageas, certain banks and a number of former Fortis SA/NV and Fortis N.V. directors. The VEB alleges damages in excess of EUR 17 billion. The VEB announced on 14 March 2016 that it has reached a settlement with Ageas. Following renegotiation upon instruction of the Court of Appeal in Amsterdam, Ageas has made EUR 1.3 billion available for this settlement. The settlement has been approved and declared binding (*verbindend verklaard*) by the Court of Appeal in Amsterdam on 13 July 2018. The claimants in certain other actions have been successful in establishing misleading disclosure by, among other persons, Ageas. ABN AMRO is not a party to any of these proceedings. Although ABN AMRO believes that there is no basis for successful claims against it in connection with these matters, it cannot be excluded that it is joined in current proceedings, or that proceedings in connection with the matters described above are brought against it.

Cum/ex transactions 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. 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 have 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 roles. Certain criminal investigation proceedings relate to the activities of these entities and individuals involved at the time. This also resulted in search warrants being issued against ABN AMRO. ABN AMRO cooperates with these investigations. Currently, ABN AMRO has no knowledge of the results of any such investigation.

Furthermore, ABN AMRO frequently receives information requests from German authorities in relation to other (criminal) investigations. 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 criminal and civil law. All material tax issues with respect to ABN AMRO's reclaims for cum/ex transactions have been settled with the German tax authorities. With respect to cum/cum securities lending transactions with German counterparties as borrowers, ABN AMRO is exposed to civil law compensation claims from these counterparties for crediting entitlements that have been denied by the relevant German tax authorities. Based on the analyses performed, ABN AMRO considers it rather unlikely that such claims will be successful. However, it cannot be ruled out.

It cannot be excluded that ABN AMRO or subsidiaries will be faced with financial consequences as a result of their involvement in dividend stripping transactions, including penalties and other measures under criminal law and civil law claims. It is currently unclear, however, how the German prosecution authorities' investigations will impact ABN AMRO and its subsidiaries and to what extent penalties 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) liability or other civil cases. Therefore, the financial impact cannot be reliably estimated at this time and no provision has been made.

Ciccolella

ABN AMRO had granted credit facilities to Ciccolella Holding International B.V. and its subsidiaries, which were active in the flower trade business. As Ciccolella Holding International B.V. made losses and had liquidity issues, ABN AMRO terminated the facilities. Ciccolella Holding International B.V. and its subsidiaries were declared bankrupt in February 2013. The listed parent company of Ciccolella Holding International B.V. and one of its subsidiaries have brought proceedings against ABN AMRO and certain other parties on the basis of tort law principles. ABN AMRO would have contributed to the liquidity crisis as a result of not granting sufficient credit under the credit facilities. The amounts claimed are substantial. ABN AMRO was summoned before an Italian District Court. In May 2016 the Italian Supreme Court judged that the Italian Courts have no jurisdiction in this matter. The Issuer views the possibility of ABN AMRO being summoned before a Dutch court as remote.

Indemnity to the Dutch State

The former ABN AMRO Group N.V. and the Issuer have jointly and severally indemnified the Dutch State under an indemnity agreement for certain claims and liabilities. These include the Dutch State's obligation to provide funding or capital for the benefit of former ABN AMRO group business operations and assets and liabilities that were not allocated to any Consortium member for any amount in excess of EUR 42.5 million. In July 2015, ABN AMRO was informed by NLF I about a claim it had received from RBS relating to these assets and liabilities in RFS Holdings B.V. This gives NLF I the right to file a claim with the Issuer even though the Issuer has been informed by NLF I on 29 October 2015 that it will not file this claim with the Issuer based on the then available information. This situation might change in the future. The former ABN AMRO Group N.V. and ABN AMRO Bank have also provided indemnifications for certain other matters, such as not properly performing certain agreed services and obligations as well as for claims made against or liabilities suffered by the Dutch State as a result of the implementation by the former ABN AMRO Group N.V. and ABN AMRO Bank of certain opinions, suggestions or requirements which the Dutch State has made or imposed before 1 April 2010. It is not clear whether the former ABN AMRO Group N.V. or ABN AMRO Bank will have to pay any amounts under these indemnity agreements. It cannot be excluded that the Dutch State makes additional claims under these indemnification obligations. Significant claims could materially and adversely affect the Issuer's results of operations, prospects and financial condition. The indemnity does not contain a monetary limitation.

Dutch public prosecutor investigation

In recent years, ABN AMRO identified shortcomings in the way it implemented its Client Life Cycle processes. To address these shortcomings, the Issuer has prioritised and invested substantially in remediation and enhancement programmes in each of the Issuer's business lines as well as bank-wide with respect to transaction monitoring. In October 2018, the Issuer decided to centralise the execution of the Client Life Cycle processes. To this end, ABN AMRO set up the Detecting Financial Crime (DFC) programme and made substantial additional resources available for investments in staff, systems and processes. The DFC programme is progressing according to the timetable as agreed with DNB and the programme is expected to be completed by the end of 2022. As at 31 December 2020, the total provision

regarding the AML remediation programme amounted to EUR 176 million. By March 2021, approximately 4,300 FTEs were involved in ABN AMRO's Client Life Cycle processes.

In September 2019, the Dutch public prosecutor office (DPPO) informed the Issuer that the Issuer was the subject of a criminal investigation relating to requirements under the Dutch Act on the prevention of money laundering and financing of terrorism (*Wet ter voorkoming van witwassen en financieren van terrorisme*, "Wwft") subsequent to, *inter alia*, regulatory findings of DNB on deficiencies in compliance with the Wwft. The Issuer fully cooperated with the DPPO throughout the investigation. Based on the investigation, the DPPO identified serious shortcomings in the Issuer's Client Life Cycle processes in the period between 2014 and 2020 (inclusive), as a result of which, in certain instances, clients were able to abuse ABN AMRO accounts. On 19 April 2021, the Issuer announced that it accepted a settlement offer in connection with the DPPO's investigation. As part of this settlement, the Issuer paid a fine of EUR 300 million and EUR 180 million as disgorgement. This total amount of EUR 480 million impacted the Issuer's Q1 2021 results. See also the risk factor "25. Failure to comply with anti-money-laundering, anti-bribery, tax and anti-corruption laws or international sanctions could lead to fines or harm the Issuer's reputation and could disrupt the Issuer's business and result in a material adverse effect on the Issuer's business, financial position and results of operations."

1.5 Material Agreements

The following agreement has been entered into by ABN AMRO other than in the ordinary course of business and is material to ABN AMRO's business operations as of the date of this Registration Document.

IBM Global Master Services Agreement

On August 31, 2005, ABN AMRO Bank entered into a Global Master Services Agreement ("GMSA") with International Business Machines Corporation ("IBM") whereby ABN AMRO Bank outsourced the operational part of its core information and communication technology ("IT") to IBM. In 2010, this global outsource agreement was renewed, integrating the joint IT services requirements of both ABN AMRO and FBNH. As of 1 January 2015, ABN AMRO Bank and IBM renewed the GMSA for another 10 years, resulting in a restructuring of the services and a rationalisation of the cost base. The GMSA provides for a phased reduction of the annual charges. IBM has agreed to this, subject to ABN AMRO Bank staying within agreed volume boundaries. Changes requested by ABN AMRO Bank may have an impact on the reduction of the charges. The parties may, on request of ABN AMRO Bank, enter into negotiations on a possible extension of the GMSA upon expiry. ABN AMRO Bank also has the right to unilaterally extend the GMSA for a period of one year.

The services that IBM delivers are of vital importance to the products ABN AMRO Bank delivers to its clients, both in The Netherlands and internationally. The IT landscape includes all IT related hardware, software, processes and professionals necessary for ABN AMRO Bank to deliver its services to its clients. IBM's services can be divided into four areas: (1) data centre services, (2) end user services, (3) service management integration, and (4) related project services.

1.6 Recent developments

On 20 October 2020, ABN AMRO announced that the Supervisory Board will nominate Ms Mariken Tannemaat for appointment to the Supervisory Board for a four-year term. On 15 December 2020, ABN AMRO held an extraordinary general meeting which approved the appointment of Ms Mariken Tannemaat as member of the Supervisory Board of ABN AMRO for a period of four years. As a result, the Supervisory Board consists of Mr Tom de Swaan (Chairman), Mr Arjen Dorland, Mr Michiel Lap, Ms Laetitia Griffith, Mr Jurgen Stegmann, Ms Anna Storåkers, Mr Tjalling Tiemstra and Ms Mariken Tannemaat.

On 10 February 2021, ABN AMRO announced that the Supervisory Board intends to appoint Lars Kramer as a member of the Executive Board and Chief Financial Officer of ABN AMRO. On 21 April 2021, at the Annual General Meeting, Lars Kramer was introduced as a member of the Executive Board (Chief Financial Officer), subject to the approval of the ECB. Upon receipt of the ECB's approval of the appointment of Lars Kramer, a formal appointment decision will be made by the Supervisory Board.

Impact of Covid-19 on ABN AMRO

ABN AMRO continues to monitor the ongoing Corona (Covid-19) pandemic carefully as it evolves to understand the impact on its people and business. Based on the current position, the extent of the risk posed

by the coronavirus in the future remains highly uncertain and may have a materially adverse impact on the Issuer's financial position. See the section "*Risk, funding & capital report - Update on Covid-19*" of the Issuer's Annual Report 2020 and the quarterly report titled "Quarterly Report First quarter 2021", which have been incorporated by reference into this Registration Document, for more information of the impact of the Corona (Covid-19) pandemic on the Issuer. See also risk factor "10. *The outbreak of communicable diseases around the world may materially and adversely affect the Issuer's business, financial condition and results of operations.*" for other risks in respect of the impact of the Corona (Covid-19) pandemic.

1.7 Shareholder and Control

1.7.1 Shareholder

On the date of this Registration Document, all shares in the capital of ABN AMRO Bank are held by two foundations: NLFI and Stichting Administratiekantoor Continuïteit ABN AMRO Bank ("**STAK AAB**"). Both foundations have issued depository receipts for shares in ABN AMRO Bank. Only STAK AAB's depository receipts are issued with the cooperation of ABN AMRO Bank and traded on Euronext Amsterdam.

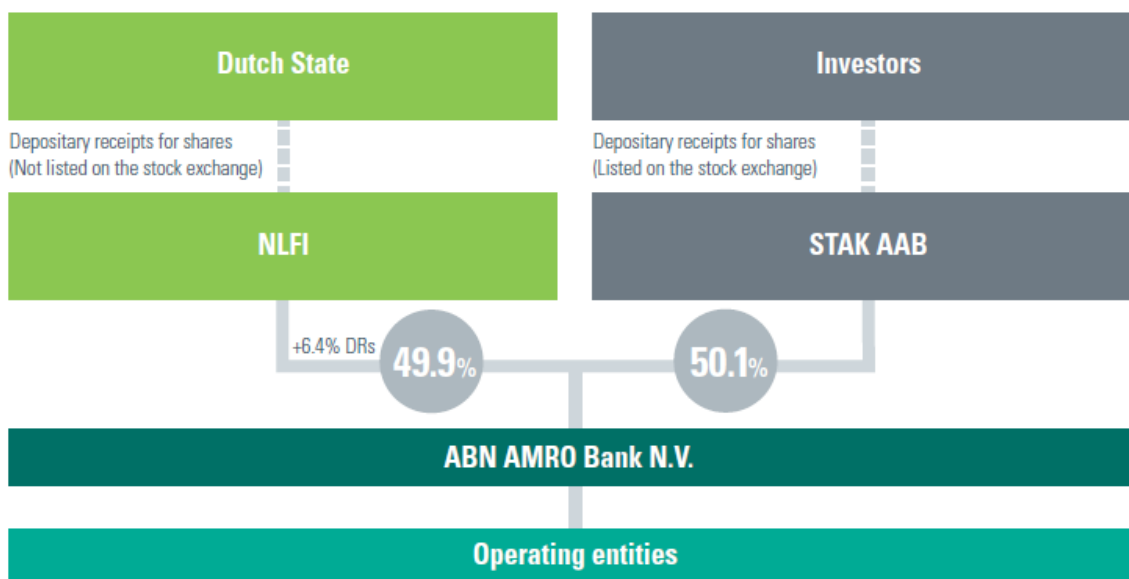
On the date of this Registration Document, STAK AAB holds 50.1% of the shares in the issued capital of ABN AMRO Bank. The Dutch State holds an interest in ABN AMRO Bank through NLFI. On the date of this Registration Document, NLFI holds a stake of 56.3% in ABN AMRO Bank, of which 49.9% is directly held via ordinary shares and 6.4% is indirectly held via depository receipts issued by STAK AAB. As such NLFI holds a total voting interest of 56.3% in ABN AMRO Bank. NLFI has waived, in its capacity of holder of depository receipts issued by STAK AAB only, for as long as NLFI holds the depository receipts, any meeting and voting rights attached to the depository receipts other than the right to vote on the underlying shares of the depository receipts held by NLFI in the shareholders meeting of ABN AMRO Bank in accordance with the general terms of administration (*administratievoorwaarden*) of STAK AAB.

Material or principal decisions of NLFI require the prior approval of the Dutch Minister of Finance, who can also give binding voting instructions with respect to such decisions. NLFI is not permitted to dispose of or encumber the shares, except pursuant to an authorization from and on behalf of the Dutch Minister of Finance.

NLFI entered into a relationship agreement with the former ABN AMRO Group with respect to their mutual relationship after the IPO (the "**Relationship Agreement**"). Upon the IPO, the Relationship Agreement replaced an earlier memorandum of understanding between NLFI and the former ABN AMRO Group. In view of the Group Legal Merger, the Relationship Agreement was amended by NLFI and ABN AMRO Bank (as legal successor of ABN AMRO Group) with effect from 29 June 2019. The Relationship Agreement will terminate if and when NLFI (directly or indirectly) holds less than 10% of ABN AMRO Bank's (as legal successor of ABN AMRO Group after the Group Legal Merger) issued share capital, except for a limited number of clauses, which will not terminate under any circumstances.

STAK AAB is independent from ABN AMRO and is a holder of shares in ABN AMRO Bank's issued share capital. STAK AAB has acquired such shares for the purpose of administration (*ten titel van beheer*) in exchange for depository receipts. This structure can serve as a defence measure. The STAK AAB also aims to promote the exchange of information between ABN AMRO Bank on the one hand and holders of depository receipts and shareholders on the other hand, for example, by organising a meeting of depository receipt holders prior to ABN AMRO Bank's General Meeting. STAK AAB will also report on its activities periodically, at least once a year. This report was published by STAK AAB for the first time in 2016. In addition, further sell-downs of NLFI's shareholding in ABN AMRO Bank will take place through STAK AAB (and in the form of depository receipts).

Shareholder structure



1.7.2 Control

Until 29 September 2011, the Dutch State had direct control over ABN AMRO. On 29 September 2011, all shares in the capital of ABN AMRO Group (as legal predecessor of ABN AMRO Bank N.V. prior to the Group Legal Merger) held by the Dutch State were transferred to NLFI, as described above. The Dutch State is not involved in the day-to-day management of ABN AMRO.

The depository receipts for the shares in the capital of ABN AMRO Group (as legal predecessor of ABN AMRO Bank N.V. prior to the Group Legal Merger) have been issued without its cooperation. As a matter of Dutch law, the Dutch State, as the holder of the depository receipts, will not have certain statutory rights applicable had the depository receipts been issued with the cooperation of ABN AMRO Group (as legal predecessor of ABN AMRO Bank N.V. prior to the Group Legal Merger), including the general right to attend and speak at shareholders' meetings. This is in keeping with the intended commercial, non-political management of the shares. The general terms of administration (*administratievoorwaarden*) provide for the exchangeability of the depository receipts into ordinary shares in anticipation of the exit of the Dutch States as a shareholder of ABN AMRO Group (or ABN AMRO Bank as its legal successor after the Group Legal Merger).

In August 2013, the Dutch Minister of Finance sent a letter to Parliament, stating, amongst others that an IPO was the most realistic exit strategy for ABN AMRO and that the final decision would depend on four prerequisites: (a) stability of the financial sector, (b) readiness of the market, (c) readiness of ABN AMRO and (d) the intention to recover as much as possible of the total investments of the Dutch State. On 1 July 2015 Dutch Parliament approved the Dutch Government's decision to return ABN AMRO to the private market. On 20 November 2015 the former ABN AMRO Group was listed and trading in the depository receipts for ordinary shares commenced.

On 17 November 2016, NLFI, on behalf of the Dutch state, agreed to sell additional depository receipts representing shares in the former ABN AMRO Group. Following the settlement, the stake of NLFI declined from 77% to 70%.

On 28 June 2017, NLFI, on behalf of the Dutch state, agreed to sell additional depository receipts representing shares in the former ABN AMRO Group. Following the settlement, the stake of NLFI declined from 70% to 63%.

On 15 September 2017, additional depository receipts representing ordinary shares in the former ABN AMRO Group were sold. Following the settlement, the stake of the Dutch State further declined from 63% to 56%.

On 21 December 2017, NLFI announced that it has transferred approximately 59.7 million ordinary shares in the former ABN AMRO Group to STAK AAG in exchange for an equal amount of depository receipts

for ordinary shares in ABN AMRO. As a result of the transfer, NLFI continues to hold a stake of 56.3% in the former ABN AMRO Group, of which 49.9% is directly held via ordinary shares and 6.4% indirectly via depository receipts issued by STAK AAG. The remaining 43.7% is held by institutional and retail investors in the form of depository receipts.

On 29 June 2019, the Group Legal Merger between ABN AMRO Bank and ABN AMRO Group became effective. As a result, all shares in ABN AMRO Group became shares in ABN AMRO Bank and each depository receipt subsequently represents one share in ABN AMRO Bank.

The Minister of Finance remains responsible for selling the shares held by NLFI. NLFI's objects therefore exclude disposing of and encumbering the shares, except pursuant to authorization from the Minister of Finance. One of NLFI's objects is to advise the Minister of Finance on the Dutch State's sale of the shares.

In addition, pursuant to the articles of association of NLFI, the Minister of Finance establishes the conditions for administration and custody of the shares. Any principal and material decisions of NLFI require the prior approval of the Minister of Finance. The Minister of Finance is able to provide binding voting instructions with respect to material and principal decisions.

1.8 Management and Governance

ABN AMRO Bank is a public company with limited liability incorporated on 9 April 2009 under the laws of The Netherlands. The company has a two-tier board governance consisting of a Supervisory Board and an Executive Board.

1.8.1 Supervisory Board of ABN AMRO Bank

Responsibilities of the Supervisory Board

ABN AMRO's supervisory board (the "**Supervisory Board**") supervises ABN AMRO's executive board (the "**Executive Board**"), as well as ABN AMRO's general course of affairs and its business. In addition, it is charged with assisting and advising management. In performing their duties, the members of the Supervisory Board are guided by the interests and continuity of ABN AMRO and its enterprise and take into account the relevant interests of ABN AMRO's stakeholders. Specific powers are vested with the Supervisory Board, including the approval of certain resolutions of the Executive Board.

In accordance with the best practice provisions of the Dutch Corporate Governance Code, Supervisory Board members at ABN AMRO are appointed for a maximum of three four-year terms. The current tenures of the members of the Supervisory Board will terminate in accordance with the retirement and reappointment schedule prepared by the Board.

Composition of the Supervisory Board

The following persons are appointed as members of the Supervisory Board (an overview indication of their principal activities outside of ABN AMRO is included)⁶:

<u>Name</u>	<u>Appointment date</u>	<u>Positions held</u>	<u>Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO</u>
Tom de Swaan <i>Chairman</i>	12 July 2018	<i>Last executive position:</i> Chief Financial Officer ABN AMRO Bank N.V.	<i>Supervisory positions:</i> Member of the Supervisory Board of the Holland Festival Foundation (Netherlands) Board member of Stichting Liszt Concours (The Netherlands) <i>Other positions:</i>

⁶ Except for their principal functions in ABN AMRO or its subsidiaries, directors' other functions within ABN AMRO or its subsidiaries have not been included.

			<p>Chairman of the Board of the National Opera & Ballet Fund Foundation (Netherlands)</p> <p>Member of the Board of the Foundation Premium Erasmianum</p> <p>Member of the International Advisory Board of Akbank;</p> <p>Chairman of the Management Board of the Foundation Funds Netherlands Cancer Institute;</p> <p>Member of the Advisory Board of the Stichting tot Instandhouding van de Diergaarde van het Koninklijk Zoölogisch Genootschap Natura Artis Magistra</p>
Arjen Dorland	18 May 2016	<p><i>Last executive position:</i> Executive Vice President of Technical and Competitive IT, Royal Dutch Shell</p>	<p><i>Supervisory positions:</i></p> <p>Chairman of the combined Supervisory Council of Stichting Naturalis Biodiversity Center and Stichting Japanmuseum Sieboldhuis;</p> <p>Vice-Chairman of the Supervisory Board of Essent N.V.</p> <p>Chairman of the Supervisory Council of Haaglanden Medisch Centrum</p> <p>Member of the Supervisory Board of Bovemij N.V.</p>
Jurgen Stegmann	12 August 2016	<p><i>Last executive position:</i> Director Stegmanagement B.V.</p>	<p><i>Supervisory positions:</i></p> <p>Member Supervisory Board of Janssen de Jong Groep B.V.</p> <p>Member of the Supervisory Board of MN Services N.V.</p> <p>Chairman of the Supervisory Board of Stichting tot Beheer Museum Boymans van Beuningen</p>
Tjalling Tiemstra	18 May 2016	<p><i>Current position:</i> Director Drs J.S.T. Tiemstra Management Services B.V.</p>	<p><i>Supervisory positions:</i></p> <p>Member of the Supervisory Board of Royal Haskoning DHV B.V.</p> <p><i>Other positions:</i></p> <p>Board member of Stichting Continuïteit KBW N.V. (Continuity Foundation Koninklijke Boskalis Westminster)</p> <p>Board member of Stichting Preferente Aandelen (Preference Shares) Wolters Kluwer</p>

			<p>Board member of Stichting Administratie Kantoor van Aandelen N.V. Twentsche Kabel Holding (Administration Office for Shares)</p> <p>Member Monitoringcommissie Code Pensioenfondsen (Monitoring Committee Dutch Pension Funds Code)</p> <p>Deputy expert member of the Ondernemingskamer Gerechtshof Amsterdam (Court of Enterprise at the Amsterdam Court of Appeal)</p> <p>Chairman of the Governance, Risk & Compliance Committee of Nederlandse Beroepsorganisatie van Accountants (NBA) (Dutch Institute of Chartered Accountants)</p> <p>Chairman of the Advisory Board of the European Leadership Platform</p> <p>Member of the Advisory Board of Van der Heijden Instituut</p>
Anna Storåkers	24 April 2019	<p><i>Last executive position:</i></p> <p>Head of Personal Banking Sweden, Nordea Bank AB</p>	<p><i>Supervisory positions:</i></p> <p>Non-executive director of NDX Holding AB</p> <p>Non-executive director of Nordax Bank AB</p> <p>Non-executive director (and chairman) of Kreditz AB</p> <p>Non-executive director of MM Holding AB</p>
Michiel Lap	24 April 2019	<p><i>Last executive position:</i></p> <p>Partner and Head of Northwest Europe, Goldman Sachs</p>	<p><i>Supervisory positions:</i></p> <p>Vice-Chairman and member of the Supervisory Board of Arcadis N.V.</p> <p>Non-executive member of the Board of Rijn Capital B.V.</p> <p>Member of Supervisory Board Stichting Het Nederlands Kanker Instituut-Antoni van Leeuwenhoek Ziekenhuis</p>
Laetitia Griffith	17 December 2019	<p><i>Last executive position:</i></p> <p>Member of Parliament, House of Representatives of the Netherlands</p>	<p><i>Supervisory positions:</i></p> <p>Member of the Supervisory Board of Benno Leeser Holding B.V.</p> <p>Chairman of the Supervisory Board of The Dutch Film Fund</p> <p>Chairman of the Supervisory Board of Holding Nationale Goede Doelen Loterijen N.V.</p>

			Member of the Supervisory Board of Tennet Holding B.V. Member of the Supervisory Board of Tennet TSO GmbH
Mariken Tannemaat	15 December 2020	<i>Last executive position:</i> Chief Innovation Officer at Robeco N.V.	<i>Supervisory positions:</i> Member of the Supervisory Board of CM.com N.V. Member of the Supervisory Board of Wehkamp B.V. Member of the Supervisory Board of VLC & Partners B.V.

On 15 December 2020, ABN AMRO held an extraordinary general meeting which approved the appointment of Ms Mariken Tannemaat as member of the Supervisory Board of ABN AMRO for a period of four years (see also "1.6 Recent Developments" above for a specified description).

Activities of the Supervisory Board

The Supervisory Board of ABN AMRO has four committees:

Audit Committee

The Audit Committee is tasked with the direct supervision of all matters relating to financial reporting and controlling. In doing so, it is responsible for supervising (and advising the complete Supervisory Board on), among other things, (i) the assessment of the principles of valuation and determination of results for the financial statements, (ii) internal control and financial reporting functions, (iii) internal and external audit, (iv) risk assessment of issues that could impact the financial reporting, (v) regulatory compliance in relation to financial reporting, (vi) mediation between internal or external auditors and/or management where needed, and (vii) reporting to the Supervisory Board. The Audit Committee consists of Mr Tjalling Tiemstra (Chairman), Mr Jurgen Stegmann, Mr Michiel Lap and Ms Anna Storåkers.

Risk & Capital Committee

The Risk & Capital Committee is responsible for supervising (and advising the complete Supervisory Board on), among other things, (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 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. The Risk & Capital Committee consists of Mr Jurgen Stegmann (Chairman), Ms Anna Storåkers, Ms Mariken Tannemaat and Mr Tjalling Tiemstra.

Remuneration Committee

The Remuneration Committee is responsible for supervising (and advising the complete Supervisory Board on), amongst other things, (i) remuneration policies and their execution for members of the Executive Board, the Supervisory Board and selected members of senior management and (ii) reporting on the execution of ABN AMRO's remuneration policies in a remuneration report. The committee is composed of Mr Arjen Dorland (Chair), Mr Tom de Swaan, Ms Laetitia Griffith and Ms Mariken Tannemaat.

Selection & Nomination Committee

The Selection & Nomination Committee is responsible for supervising (and advising the complete Supervisory Board on), amongst other things, (i) the selection, appointments and reappointments regarding 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 both boards and (iv) the performance of the members of both boards. The committee is composed of Mr Tom de Swaan (Chair), Mr Arjen Dorland, Mr Michiel Lap and Ms Laetitia Griffith.

1.8.2 Executive Board of ABN AMRO Bank

Responsibilities of the Executive Board

The members of the Executive Board collectively manage ABN AMRO and are responsible for its strategy, structure and performance. In carrying out their duties, the members of the Executive Board are guided by the interests and continuity of ABN AMRO and its businesses taking into due consideration the interests of all of ABN AMRO's stakeholders, such as its clients and employees, its shareholders and society at large. The Executive Board is accountable for the performance of its duties to the Supervisory Board and the general meeting of shareholders. The Executive Board has installed a number of committees that are responsible for decision-making on certain subjects and advising the Executive Board on certain matters.

Executive Board members are appointed for a period of three years and may be reappointed for a term of three years at a time.

Composition of the Executive Board

The following persons are appointed as members of the Executive Board, together with an indication of their principal activities outside of ABN AMRO⁷:

Name	Date of Appointment	Principal activities performed outside ABN AMRO which are significant with respect to ABN AMRO
Robert Swaak, <i>CEO and Chairman</i>	22 April 2020	<i>Supervisory positions:</i> Member of the Supervisory Council of the National Opera & Ballet foundation (<i>Stichting Nationale Opera & Ballet</i>) Member of the Supervisory Council of Stichting Paleis Het Loo <i>Other positions:</i> Member of the Management Board of the Nederlandse Vereniging van Banken (NVB) Member of the Board of the American-European Community Association (Netherlands) (<i>Stichting Amerika-Europese Gemeenschap (Nederland)</i>)
Annemieke Roest, <i>acting Chief Financial Officer</i>	1 March 2021	<i>Supervisory positions:</i> No <i>Other positions:</i> No
Christian Bornfeld, <i>Chief Innovation & Technology Officer and Vice-Chairman</i>	1 March 2021	<i>Supervisory positions:</i> No <i>Other positions:</i> No
Tanja Cuppen, <i>Chief Risk Officer</i>	1 October 2017 and reappointed on 21 April 2021	<i>Supervisory positions:</i> Member of the Supervisory Board of Coöperatie Menzis U.A.,

On 9 January 2020 ABN AMRO announced that Mr Robert Swaak would be appointed by the Supervisory Board as CEO of ABN AMRO for a four year term during the Annual General Meeting on 22 April 2020.

⁷ Except for their principal functions in ABN AMRO Bank or its subsidiaries, directors' other functions within ABN AMRO Bank or its subsidiaries have not been included.

On 10 March 2021, ABN AMRO announced that Tanja Cuppen would be reappointed by the Supervisory Board as CRO of ABN AMRO for a three year term as per the date of the Annual General Meeting on 21 April 2021 and that Christian Bornfeld would be reappointed by the Supervisory Board as Chief Innovation & Technology Officer of ABN AMRO for a four year term as per the same date. The reappointments of Tanja Cuppen and Christian Bornfeld took effect on 21 April 2021. In addition, Christian Bornfeld has been appointed as Vice-Chairman of the Executive Board.

Conflict of interest and address information

There are no actual or potential conflicts of interest between the duties to ABN AMRO Bank of the members of the Executive Board and the Supervisory Board set out above and their private interests and/or duties. These members may obtain financial services of ABN AMRO Bank. Internal rules are in place for the situation in which a conflict of interest should arise.

The business address of the members of the Executive Board and the Supervisory Board is Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

7. OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of ABN AMRO's results of operations and financial condition relates to the 2020 Consolidated Annual Financial Statements and the 2019 Consolidated Annual Financial Statements. For further information, please see "Summary of Financial Information Policies".

The discussion and analysis set forth below should be read, subject to the cautionary statements noted in "Risk Factors", in conjunction with the 2020 Consolidated Annual Financial Statements, 2019 Consolidated Annual Financial Statements and the related notes incorporated by reference in this Registration Document and other financial information included elsewhere in this Registration Document. Some of the information in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" and "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained below or elsewhere in this Registration Document.

The 2020 Consolidated Annual Financial Statements and the 2019 Consolidated Annual Financial Statements are presented in euros, which is the functional and presentation currency of ABN AMRO, rounded to the nearest million (unless otherwise noted). Certain figures in this section may not add up exactly due to rounding. In addition, certain percentages in this section have been calculated using rounded figures.

7.1 Summary of Financial Information Policies

Consolidated Annual Financial Statements and Impact of the Group Legal Merger

The 2020 Consolidated Annual Financial Statements and the 2019 Consolidated Annual Financial Statements are prepared on a historical cost basis, except for 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 of a private equity nature, all of which are measured at fair value. The carrying values of recognised assets and liabilities that are hedged items 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 2020 Consolidated Annual Financial Statements and the 2019 Consolidated Annual Financial Statements are prepared on the going concern assumption.

On 29 June 2019, ABN AMRO Bank N.V. merged with its parent company, ABN AMRO Group N.V. (the "**Group Legal Merger**"). As a result of the Group Legal Merger, ABN AMRO Group N.V. ceased to exist. The activities of ABN AMRO Group N.V. have been integrated into and continued in ABN AMRO Bank N.V. Shareholders of ABN AMRO Group N.V. became shareholders of ABN AMRO Bank N.V. Shares in ABN AMRO Bank N.V. are represented by depositary receipts, through which ABN AMRO's listing on Euronext Amsterdam has been retained. Before completion of the merger, ABN AMRO Bank N.V. made a payment of EUR 9,069 million from its retained earnings to ABN AMRO Group N.V., and ABN AMRO Group N.V. contributed the same amount to ABN AMRO Bank N.V.'s share premium. Consequently, ABN AMRO Bank N.V.'s retained earnings decreased by EUR 9,069 million and its share premium increased by the same amount. As the number of shares outstanding at ABN AMRO Group N.V. was 140 million higher, ABN AMRO Bank N.V. issued 140 million additional shares of EUR 1 each. These shares were funded from the share premium. As a result of these transactions, the equity components of ABN AMRO Bank N.V. match the pre-merger equity components of ABN AMRO Group N.V. Holders of debt instruments continue to hold instruments issued by ABN AMRO Bank N.V.

Changes in accounting policies in 2020

The accounting policies applied in the 2020 Consolidated Annual Financial Statements are the same as those applied in the 2019 Consolidated Annual Financial Statements, except for the following EU-endorsed standards that were adopted:

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

In response to the IBOR reform, the IASB has issued two sets of amendments to IFRS Standards. The amendments provide practical relief for companies from certain requirements when changes are made to contractual cash flows or hedging relationships because of IBOR reforms, and provide additional disclosure requirements.

With effect from 1 January 2020, ABN AMRO applies the first set of amendments made to IFRS 9, IAS 39 and IFRS 7 that address the pre-replacement phase or phase 1 issues introduced by the IBOR reform. The phase 1 amendments allow a company to apply temporary reliefs to all hedging relationships that are directly affected by the IBOR reform. Applying the relief prevents the disruption of hedging relationships as a result of uncertainty caused by the IBOR reform. The adoption of the amendments has not resulted in any impact on profit & loss or on the statement of financial position.

In August 2020, the IASB issued the second set of amendments to address the issues caused by the replacement phase of the IBOR reform. Amendments have been made to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The phase 2 amendments took effect on 1 January 2021, with early adoption permitted. ABN AMRO elected not to early adopt the phase 2 amendments in 2020. While ABN AMRO operates in global financial markets, the majority of its financial instruments are linked to the euro area key interest rate benchmarks EONIA and EURIBOR. EONIA will be replaced by €STR and will be discontinued on 3 January 2022. Since October 2019, EONIA has been calculated as €STR plus a fixed spread of 8.5 basis points. EURIBOR has been calculated using a hybrid methodology since 2019 and will not be reformed in the short-term. The IBOR reform in the euro area has not affected the basis of contractual cash flows or hedging relationships in 2020. Other key financial benchmarks are also being reformed, most notably the London InterBank Offered Rates (LIBOR) in the five LIBOR currencies: USD, GBP, EUR, JPY and CHF. LIBOR is expected to be phased out by the end of 2021, with the exception of USD LIBOR which is expected to be phased out by mid 2023. Following the transition roadmap set out by the ABN AMRO bank-wide IBOR reform project, changes to contractual cash flows are scheduled to be made in the course of 2021. Early adoption of the phase 2 amendments is therefore not necessary.

COVID-19-Related Rent Concessions (IFRS 16)

The IASB issued the COVID-19-Related Rent Concessions amendment to IFRS 16 Leases. The amendment provides relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. In October 2020, the EU endorsed the amendment to IFRS 16. The amendment applies to annual reporting periods beginning on or after 1 June 2020, earlier application is permitted. As a lessee, ABN AMRO has not obtained any lease concessions attributable to COVID-19. The amendments therefore do not have an impact on ABN AMRO's consolidated financial statements.

Business Combinations (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to IFRS 3 Business Combinations. These amendments, which resolve difficulties in determining whether an entity has acquired a business or a group of assets, are effective for business combinations with an acquisition date on or after 1 January 2020. In October 2020, the EU endorsed the amendment to IFRS 3 to improve the definition of a business. From 1 January 2020, ABN AMRO applies the amended definition of a business for newly acquired business combinations. These amendments do not have an impact on ABN AMRO's consolidated financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments, which became

effective on 1 January 2020, revise the definition of material and align the definition across other IFRS publications such as IFRS Standards and IFRIC Interpretations. These amendments do not have an impact on ABN AMRO's consolidated financial statements.

References to the Conceptual Framework in IFRS

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting. The Conceptual Framework provides guidance for developing consistent accounting policies and assistance in understanding the standards. The changes in the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. The revised Conceptual Framework came into effect on 1 January 2020. These amendments do not have an impact on ABN AMRO's consolidated financial statements.

Changes in accounting policies in 2019

During 2019, ABN AMRO adopted the following amendments to IFRS:

IFRS 16 Leases

As at 1 January 2019, ABN AMRO adopted IFRS 16 Leases. ABN AMRO has applied IFRS 16 retrospectively, with the cumulative effect of initial application recognised in retained earnings as at 1 January 2019. Comparative figures have not been restated, as permitted by the transitional provisions of the standard.

Lessor accounting

Where ABN AMRO acts as lessor, a distinction is made between operating and finance leases. Leases where the bank transfers substantially 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 under IFRS 16

For lessee accounting, IFRS 16 removes the distinction between 'operating' and 'finance' leases. All leases 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 which the bank leases for its own use. Under IAS 17, ABN AMRO did not enter into any finance leases as a lessee. When accounting for the contracts as a lessee, ABN AMRO separates non-lease components from lease components. Upon initial recognition, the lease liability is measured by discounting all future lease payments at the incremental borrowing rate. This rate reflects the rate of interest ABN AMRO would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a value similar to that of the ROU asset in a similar economic environment. Upon transition, the remaining lease term is used in applying the incremental borrowing rate. 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. Other payments, such as variable lease payments and non-lease components, are not included in the initial lease liability.

The ROU asset is depreciated over the period of the lease using the straight-line method. The lease liability is increased to reflect the amount of interest on the lease liability and decreased for the lease payments made.

Adjustments to the lease liability may result as a consequence of any 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. Remeasurement results in an adjustment of the ROU asset. When the ROU asset has been depreciated to zero, it is recorded in the income statement.

A lease modification is a change in the scope of the lease, or the consideration of part of a lease that was not part of the original terms and conditions of the lease. A lease modification results in either an additional separate lease (based on the modified lease terms) or a change in the accounting for the existing lease. For 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 profit and loss.

Expenses related to short-term leases with a lease term of less than 12 months and leases of low-value are recognised in the income statement, as permitted by IFRS 16. ROU assets are presented as part of property and equipment, while the lease liabilities are presented as part of other liabilities. Depreciation of the ROU assets is presented in the depreciation and amortisation of tangible and intangible assets line item of the income statement, and the interest on lease liabilities is included in interest expense.

Impact of transition to IFRS 16

As permitted by IFRS 16, ABN AMRO used the following practical expedients upon transition, on a lease-by-lease basis, that are available under the chosen implementation approach:

- calculation of the ROU assets at the date of initial application at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments;
- application of the recognition exemption for leases ending within 12 months at initial application;
- reliance on the previous assessment of whether leases are onerous in accordance with IAS 37 as an alternative to performing an impairment review; and
- use of hindsight in determining the lease term if contractual options to extend or terminate the lease exist.

The transition to IFRS 16 resulted in an increase in assets and liabilities of EUR 0.3 billion on 1 January 2019. There was no impact on equity as ABN AMRO chose to apply the practical expedient that allows it to measure the ROU asset at an amount equal to the lease liability.

The table below explains the difference between the operating lease commitments on 31 December 2018 applying IAS 17 and the lease liabilities recognised as a result of the initial application of IFRS 16 on 1 January 2019.

(in millions)	1 January 2019
Future minimum lease payments under non-cancellable contracts as per 31 December 2018 (IAS 17).....	413
Discounting effect using the average incremental borrowing rate of 1.4%	-15
Recognition exemption for short-term and low value leases	-39
Adjustments resulting from a different treatment of extension and termination options	-5
Other changes	-51
Lease liabilities as per 1 January 2019 (IFRS 16)	-304

Other changes relate to new lease contracts which were non-cancellable lease commitments under IAS 17 as at 31 December 2018, but which had not yet commenced on 1 January 2019 and were therefore not included in the IFRS 16 opening balance.

IFRIC23 - Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax positions involve uncertainty. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019. IFRIC 23 applies to taxes that fall within the scope of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12. The interpretation addresses specifically whether an entity considers uncertain tax positions separately. The interpretation has no impact on the tax position reported by ABN AMRO as prescribed treatments were already effectively applied.

Amendments to IFRS 9 Financial Instruments

The IASB issued amendments to IFRS 9, Prepayment Features with Negative Compensation, which became effective on 1 January 2019. These amendments allow instruments with symmetric prepayment

options to be measured at amortised cost or at fair value through other comprehensive income. Since ABN AMRO does not have financial instruments with these features, these amendments have no impact on the financial statements.

Amendments to IAS 19 Plan Amendment, Curtailment or Settlement

The IASB issued amendments to IAS 19 to clarify the effect of a defined benefit plan amendment, curtailment or settlement. The amendment became effective on 1 January 2019. Since ABN AMRO's pension plans are almost exclusively defined contribution plans, and defined benefit plans are also no longer offered as part of the Collective Labor Agreement, the amendments do not have a material impact on the financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures

In October 2017, the IASB issued amendments to IAS 28 that became effective on 1 January 2019. The amendments state that IFRS 9 should be applied to long-term interests in an associate or joint venture to which the equity method is not applied. The implementation of these amendments has no impact on ABN AMRO.

Annual Improvements 2015-2017 Cycle

In December 2017, the IASB issued the Annual Improvements to IFRS Standards 2015-2017 Cycle. This cycle of annual improvements comprises amendments relating to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs. The amendments to IAS 12 relate to dividends on equity instruments. Any income tax impact must be recognised in profit or loss. As a result, the dividend on AT1 instruments is no longer tax-deductible. The comparative information for the year ended 31 December 2018 has been adjusted accordingly. Total equity was not impacted. The other amendments in the annual improvements cycle do not have a significant impact on the financial statements.

The amendments to IFRS 11 Joint Arrangements and IAS 23 Borrowing Costs do not have a significant impact on the financial statements.

Correction on prior periods

Classification of amount due to central banks

During the first half of 2019, ABN AMRO concluded that some amounts relating to central banks should not be reported in loans and advances banks. An amount of EUR 1.3 billion has been reclassified from loans and advances banks to cash and balances at central banks in the comparative figures of 31 December 2018 (EUR 1.5 billion at 1 January 2018).

Changes in accounting policies in 2018

During 2018, ABN AMRO adopted the following amendments to IFRS:

- IFRS 9 (Financial Instruments): ABN AMRO adopted IFRS 9 (Financial Instruments) as at 1 January 2018. IFRS 9 was issued by the IASB in July 2014 and endorsed by the European Union in November 2016. ABN AMRO has applied the principles of IFRS 9 retrospectively from 1 January 2018 onwards. Prior years have not been restated in line with the transitional provisions of the standard. IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement and includes requirements for the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. The classification and measurement of financial liabilities (with the exception of the financial liabilities designated at fair value through profit or loss ("FVTPL")) has largely remained unchanged. The changes in fair value attributable to changes in the own credit risk of such liabilities are now presented in other comprehensive income. This resulted in a transfer of the applicable carrying amounts from retained earnings to accumulated other comprehensive income as at 1 January 2018. The cumulative amount of changes in fair value attributable to the credit risk of such liabilities is presented as liability own credit risk reserve in equity. IFRS 9 replaced the incurred loss model with the expected credit loss model ("ECL"), which is designed to be forward-looking. The IFRS 9 impairment requirements are applicable to financial assets measured at amortised cost and fair value through other

comprehensive income. Additionally, the scope of the IFRS 9 impairment requirements is broader than under IAS 39 as loan commitments and financial guarantee contracts are also included.

- **IFRS 15 Revenue from Contracts with Customers:** The IFRS 15 standard became effective for annual periods beginning on or after 1 January 2018. It establishes a comprehensive five-step framework for determining the nature, amount, timing and uncertainty of revenue from contracts with customers. After identifying contracts and their performance obligations, revenue is recognised as an amount that reflects the consideration to which ABN AMRO expects to be entitled to receive in exchange for transferring promised goods or services to customers. The transaction price is allocated to each performance obligation. Revenue is recognised when a promised good or service is transferred to the customer, either at a point in time or over time. ABN AMRO elected to apply the modified retrospective approach during the transition to the new standard and uses practical expedients where applicable. The standard enhanced the disclosure requirements for fee and commission income, and had no further impact on ABN AMRO.
- **IFRS 2 (Share-based Payment):** In June 2016 the IASB issued amendments to IFRS 2 (Share-based Payments) to clarify the classification and measurement of share-based payment transactions. This comprised three amendments that clarify how to account for certain types of share-based payment transactions. The amendments did not have any impact on ABN AMRO.
- **Annual Improvements to IFRS Standards 2014-2016 Cycle:** Two amendments became effective on 1 January 2018. Neither amendment, IFRS 1 relating to First-Time adoption and IAS 28 relating to Investments in Associates and Joint Ventures had an impact on ABN AMRO.

New standards, amendments and interpretations not yet endorsed

The following new or revised standards and amendments have been issued by the IASB, but have not yet been endorsed by the European Union and are therefore not open for early adoption. Note that only the amendments to IFRS that are relevant for ABN AMRO are discussed below.

IFRS 17 - Insurance Contracts

IFRS 17 sets out requirements for the accounting, measurement and recognition of insurance contracts. IFRS 17 is expected to be effective for reporting periods beginning on or after 1 January 2023. ABN AMRO offers only limited insurance products. ABN AMRO has two equity accounted investments that have insurance products: Neuflyze Vie and Captive NV. IFRS 17 may have a significant impact on these equity accounted investments, but ABN AMRO does not anticipate that the impact will be material to ABN AMRO's consolidated financial statements.

Amendments to IAS 1 – Presentation of Financial Statements

The amendment to IAS 1 determining whether a liability should be classified as current or non-current has not yet been endorsed. The amendment is effective for annual reporting periods beginning on or after 1 January 2023 and is to be applied retrospectively. ABN AMRO does not expect that the amendments will have an impact on ABN AMRO's consolidated financial statements.

Segmentation

ABN AMRO is currently organised into Retail Banking, Commercial Banking, Private Banking, Corporate & Institutional Banking and Group Functions. This segmentation was implemented by ABN AMRO during the course of 2017.

The segment reporting is in accordance with IFRS 8 (Operating Segments). The segments are reported in a manner consistent with the internal reporting provided to the 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 inter-segment revenues and expenses in Group Functions.

During the first half of 2018, ABN AMRO transferred the portfolio of small business clients with a turnover of up to EUR 1 million from the Retail Banking segment to the Commercial Banking segment. As a consequence, the segment reporting has also changed. Historical figures for 2018 have been adjusted for

comparison purposes. The transfer has no effect on the historical overall group results or financial position of the bank.

As announced in 2020, Corporate & Institutional Banking activities now consist of core activities, in markets where it has scale and can be sufficiently profitable, and non-core activities, to further reduce risk in cyclical and historical global sectors. The non-core activities are expected to be wound down in the next 3 of 4 years. See "*Operating and Financial review – 7.2 Wind-down of CIB portfolio*" below.

The financial results in the Section 7.4 "*Results of operations for the years ended 31 December 2020 and 2019*" and Section 7.5 "*Results of operations for the years ended 31 December 2019 and 2018*" are presented in accordance with this structure.

7.2 Key Factors Affecting Results of Operations

Drivers of Profitability

The profitability of ABN AMRO Bank is mainly affected by the following key income and expense drivers as well as loan impairments, as specified below.

Key drivers of operating income

The Bank's operating income mainly results from interest-based business and fee and commission-based business.

Interest-based business

Interest-based revenue is the largest contributor to ABN AMRO's operating income generating 74% of total operating income in 2020, (75% in 2019 and 73% in 2018). The Bank earns interest (interest income) on assets such as residential mortgages, consumer loans, commercial loans and other assets. The Bank pays interest (interest expense) on its liabilities to depositors and other creditors. Net interest income is the difference between interest income and interest expenses. In 2020, Retail Banking generated 45% of ABN AMRO's net interest income (45% in 2019 and 47% in 2018), Commercial Banking 25% (24% in 2019 and 24% in 2018), Private Banking 11% (10% in 2019 and 11% in 2018), and Corporate & Institutional Banking 19% (19% in 2019 and 18% in 2018).

The Bank's net interest income is driven by the combination of the proceeds of lending and the cost of funding (through deposits and wholesale funding). The asset side of the balance sheet is generally less sensitive to changes in interest rates compared to the liability side of the balance sheet. This is due to the fact that a significant proportion of the assets have a longer term fixed interest and maturity whereas liabilities typically have a shorter term or no maturity and variable interest rates, and thus re-price quickly in reaction to a change in market interest rates. Interest rate increases are therefore expected to initially have a negative effect on net interest income in the short-term but may have a neutral or a positive effect in the medium term. The net interest income can be analysed by two components: the net interest income generated through business activities and the ALM mismatch result.

Net interest income from business activities is comprised of the business margin less capital⁸ and indirect liquidity⁹ costs. Business margin should cover the required return on allocated equity and all remaining operational and risk costs borne by the business. The business margin is defined as the margin ABN AMRO makes on granting loans to or taking in deposits from clients as well as interest related fees, for example commitment fees charged on current accounts less the related cost of funding. In line with the Bank's policy that interest rate risk and liquidity risk related to the interest-based business is managed centrally by ALM within Group Functions, ALM charges (in case of an asset) or compensates (in case of a liability) the cost of funds to the business through the funds transfer pricing ("**FTP**") methodology, whereby liquidity risks taken by the Business department are transferred to the ALM department in order to facilitate a holistic assessment of ABN AMRO's risk position. The FTP takes into account both an interest base rate (e.g. EURIBOR/LIBOR), based on the interest maturity of the transaction (the "**FTP rate**") and a liquidity

⁸ Capital costs are costs incurred by ALM for maintaining capital buffers on top of equity. These costs are not part of the FTP and are charged lump sum by ALM to the business.

⁹ Indirect liquidity costs are costs incurred by ALM for maintaining a liquidity buffer. These costs are not part of the FTP and are charged lump sum by ALM to the business.

spread, based on the contractual or behavioural maturity of the transaction. Business segments either pay the FTP rate, for loans and advances, or receive the FTP rate, for deposits, to ALM. The mismatch in maturities between assets and liabilities is managed centrally by ALM and the resultant interest mismatch position is defined as the interest results recorded in ALM. Generally, the steering of the interest mismatch position is done via hedging transactions, with the aim to reduce the sensitivity of the net interest income to future interest rates moves. From time-to-time, ABN AMRO could anticipate future interest rate moves and may try to enhance its interest income by taking certain positions in the swap market, for example.

Fee and commission-based business

The secondary contributor to ABN AMRO's operating income is its fee and commission-based business generating 20% of total operating income in 2020 and 19% of total ABN AMRO's operating income in both 2019 and 2018. Fee and commission income can arise as compensation for services provided by ABN AMRO to its clients. This income can arise from transaction services, asset management services, payment services or other services. The profitability of fee and commission-based businesses depends on fees and commissions charged to the client for providing these services and the related fee and commission expenses incurred by ABN AMRO. In 2020, Commercial Banking generated 16% of ABN AMRO's net fee and commission income (16% in 2019 and 15% in 2018), Corporate & Institutional Banking 34% (31% in 2019 and 31% in 2018), Private Banking 32% (31% in 2019 and 30% in 2018), Retail Banking 19% (22% in 2018 and 21% in 2018) and Group Functions 0% (0% in 2019 and 2% in 2018).

Within ABN AMRO the main fee contributors are:

1. *Transaction fees on securities*

Transaction fees on securities are fees charged to clients for executing buying or selling securities by order of clients. The majority of these transaction fees on securities arises from ABN AMRO's Clearing activities and Private Banking.

2. *Payment services fees*

Payment services fees are generated from providing payment products and services to clients. These concern products and services facilitating efficient payment transactions, such as debit and credit cards, acceptance of cash and non-cash payments (e.g. cheque), granting of bank guarantees, and the offering of bank accounts. This type of fees arises mainly from Retail Banking and Corporate & Institutional Banking.

3. *Asset Management fees*

Asset Management fees arise mainly from discretionary portfolio management, where the client hands over all assets to be managed by ABN AMRO, and investment advisory, where ABN AMRO advises the client on how to manage his or her assets. The main contributor to asset management fees come from Private Banking:

- Discretionary portfolio management fees are generated from an all-in fee. An all-in fee means that no additional charges are levied on top of the fee paid for the investment services. The fee is a fixed percentage over the asset value. The percentage is based on the total asset value of the client and the risk profile of the client.
- Investment advisory fees arise from either an all-in fee or an advice fee. The main difference between all-in fee and advice fee is that transaction costs are included in the all-in fee and are charged separately as a transaction fee in the latter.

4. *Guarantees and commitment fees*

A guarantee given by ABN AMRO is mainly paid for by a one-off percentage of the guaranteed limit. A commitment fee is the pricing of the unutilised portion of a credit facility. These types of fees arise predominantly in Corporate & Institutional Banking.

Fees and commissions are impacted by economic developments in general (i.e., fewer payments and less guarantees fees as a result of lower economic activity) and the performance of securities markets in particular (lower number and volume of transactions resulting in less transaction and asset management

fees). Transaction fees (and therefore fees and commission income) will tend to increase as a result of market volatility, even if markets go down.

Key drivers of operating expenses

Personnel expenses

Banking is a human capital-intensive business, as it is, for an important part, a relationship driven business with increasing compliance and risk management requirements. Therefore, Personnel expenses contribute significantly to ABN AMRO's expenses and amounted to 43% of the Bank's operating expenses in 2020 (43% in 2019 and 46% in 2018). This means that ABN AMRO is dependent on conditions and trends in local labour markets, primarily the Dutch market. Personnel expenses comprise of all expenses related to personnel on the payroll of ABN AMRO and consists of fixed salary, employer social security charges, employee benefits (e.g. pension premiums, jubilee benefits) and variable remuneration. Expenses related to personnel not on ABN AMRO's payroll, such as external consultants and temporary staff, are included in general and administrative expenses.

The majority of the Bank's personnel expenses consist of salaries and wages in addition to pension expenses.

General and administrative expenses

Financial services companies typically have relatively large fixed operating costs related to automated product and transaction systems, which bear little to no direct relationship with the business volume. This means that an increase in the business volume may not be fully translated into expense growth, and *vice versa*. Expense savings mainly comes from the periodic improvement of the efficiency of administrative processes and systems.

The majority of General and administrative expenses relate to information technology followed by agency staff, contractors and consultancy costs. General and administrative expenses amounted to 57% of the ABN AMRO's operating expenses in 2020 (57% in 2019 and 54% in 2018).

Regulatory charges

Regulatory charges have increased significantly in the period under review and are expected to increase further. Regulatory charges are all expenses directly charged by regulatory or supervisory institutions to ABN AMRO (see also "*Other key drivers of impairment charges financial instruments*" below). Regulatory charges for the period 2018-2020 mainly comprise:

Bank tax

Following the 2008 financial crisis, several countries introduced additional charges to the financial services industry. These charges are commonly known as bank taxes. Bank taxes are paid to local tax authorities. The amount of Dutch bank tax to be paid is based upon the preceding December adjusted IFRS consolidated balance sheet total of ABN AMRO. In addition to the Dutch Bank tax, ABN AMRO is liable to bank taxes in several other jurisdictions.

Deposit Guarantee Scheme

Banks gathering guaranteed deposits under a Dutch banking license are required by law to fund the Dutch Deposit Guarantee Scheme. The contributions are based on the level of deposits guaranteed and the risk profile of ABN AMRO, as determined by the regulator. The contribution of ABN AMRO to the Dutch Deposit Guarantee Scheme have to be paid quarterly. ABN AMRO is also subject to several deposit guarantee schemes outside the Netherlands. For countries other than the Netherlands, the contributions and terms and conditions can differ from the Dutch Deposit Guarantee Scheme.

National Resolution Fund

ABN AMRO has made contributions to the National Resolution Funds in 2018 and 2019 and has made contributions to the Single Resolution Fund since 1 January 2016. For further information, please see "*Risk Factors, Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse*"

for their claims, and may lead to lower credit ratings and possibly higher cost of funding." and "Issuer – 1.3 Regulation".

The terms and conditions for the contributions to the Funds as mentioned above can vary in different countries or regions.

European Central Bank

The European Central Bank assumed supervisory oversight of ABN AMRO in a joint supervisory team with the Dutch Central Bank in 2014. Since 2015 onwards, ABN AMRO has been required to pay a yearly contribution for this supervision. In addition to the abovementioned regulatory charges, ABN AMRO has seen an increase of costs related to implementation and compliance with new regulations.

Major changes in laws and regulations and in their interpretation could materially and adversely affect the Bank's business, business model, financial condition, results of operations and prospects.

	Year ended 31 December	
	2020	2019
	<i>(in millions of euros)</i>	
Bank tax	95	100
Deposit Guarantee Scheme	128	124
Single Resolution Fund	145	127
Other regulatory levies	29	30
Total regulatory charges	397	381

Impairment charges on financial instruments

The ABN AMRO's results of operations are also affected by the level of impairment charges on financial instruments. These impairment charges result from changes in the quality of assets. The quality of assets is impacted by the economic developments in general and the housing market in particular, as the mortgage portfolio counts for more than 59% of ABN AMRO's loan book (as defined by total loans and advances customers) for the year ended 31 December 2020. Impairment charges on financial instruments are closely related to the interest-based business, as it is based on credit risk and compensation for credit risk is charged to the client as part of the business margin on interest-earning assets.

Acquisitions and divestments

No significant acquisitions were performed in 2020.

No significant divestments were performed in 2020.

Acquisition of Société Générale Private Banking N.V. Belgium (2019)

On 28 February 2019, ABN AMRO completed the acquisition of Societe Generale Private Banking N.V., the private banking subsidiary of Societe Generale in Belgium. By acquiring 100% of the shares, ABN AMRO strengthened its market position in Belgium and its position as a leading private bank in the eurozone. The purchase includes a total of EUR 1.3 billion in assets and EUR 1.2 billion in liabilities, which is considered to be the fair value at acquisition date as these assets and liabilities are all short term. In addition, ABN AMRO paid a purchase premium of EUR 47 million, which included EUR 19 million for the obtained client relationships. ABN AMRO recognised an amount of EUR 28 million as goodwill based on synergies expected from integrating the private banking activities of Societe Generale in Belgium with those of ABN AMRO. This goodwill was included in the annual impairment test. No impairment was recognised. The purchased private banking activities did not contribute significantly to ABN AMRO's income statement for 2019. In September 2019, the acquired business merged with the ABN AMRO Belgium branch. Acquisitions include several small investments in equity associates and joint ventures.

Sale of 75% of shares Stater (2019)

On 28 March 2019, ABN AMRO announced that it had reached agreement to sell 75% of its shares in Stater N.V. to Infosys. This transaction was completed on 23 May 2019. ABN AMRO retained a strategic interest of 25% in Stater N.V. The book gain amounted to EUR 130 million, the portion of gain attributable to measuring the investment retained in Stater N.V. at its fair value at the date when control was lost amounted to EUR 34 million.

Sale of ABN AMRO (Channel Islands) Limited (2019)

On 15 July 2019, ABN AMRO announced the closing and finalisation of the sale of ABN AMRO (Channel Islands) Limited to Bank of N.T. Butterfield & Son Limited. With a loss of EUR 33 million, this sale had an impact on the income statement.

Sale of Duin & Kruitberg (2019)

On 23 December 2019, ABN AMRO announced the closing of the sale of the Duin & Kruidberg country estate, which was finalised the same day. The sale did not significantly impact the income statement.

Economic developments

The Bank's business and performance, including its results of operations, are affected by Dutch, European and global economic and market conditions and future economic prospects, particularly in the Netherlands in which ABN AMRO's operating income is predominantly generated (81% for the year ended 31 December 2020 and 83% for the year ended 31 December 2019).

The Bank's operations are also affected by the developments in the Dutch housing and mortgage market with 38% of total assets of ABN AMRO for the year ended 31 December 2020 and 40% of total assets of ABN AMRO for the year ended 31 December 2019 consisting of residential mortgages.

In 2020, global industrial output decreased by 4% relative to the previous year and international trade decreased by 5%. The historic economic downturn reflects the unique nature of the COVID-19 crisis, as the global economy was confronted with a shock in both demand and supply. Consumers were cautious and stayed at home to minimise the risk of infection. Protective measures inhibited demand, with sectors involving high levels of personal contact, such as the hospitality sector, being forced to close their doors. This demand shock was compounded by a supply shock that saw entire production chains disrupted during the first wave of infections, with factories shutting down and deliveries of essential components stagnating.

COVID-19 also impacted the Netherlands as GDP declined by 3.8% in 2020 as compared to GDP growth of 1.7% in 2019, the biggest contraction since World War II. Consumption, investments and net exports were all negatively affected. However, the Netherlands suffered less than other countries where ABN AMRO operates, such as Belgium, France, Germany and the United Kingdom. This was because its lockdown measures during the first wave were less strict, heavily affected sectors such as tourism account for a relatively limited share of the Dutch economy and the country has a well-developed digital infrastructure. Many employees were able to work from home and online shopping was already popular and gained further popularity during COVID-19. The government's announcement that it was willing to quickly extend large-scale support bolstered confidence among businesses and households. The financial support provided by the government was large, but much lower than in many other countries as the economic downturn was more limited. Public finances remained relatively stable.

A number of measures were put into place to assist the Bank's clients. Clients facing short-term financial difficulties owing to COVID-19 and who have exhausted their credit facilities can apply for government-supported loans based on the terms and conditions set by the local or central government. The final date for application varies depending on the type of government-supported loan. For most of these loans, clients could apply until 1 January 2021. For some others, this will be possible until 1 April 2021. The guarantee covers a significant share of the financial asset exposure. In return for the credit guarantee, the client pays a fee to ABN AMRO, which subsequently transfers the fee to the government (the credit guarantor). The facilities provided in the Netherlands include the SME Credit Guarantee Scheme ("**BMKB-C**") scheme, the Corporate Finance Guarantee Scheme ("**GO-C**") and the small credit facility (*Klein Krediet Corona*, or "**KKC**") for the self-employed. Similar facilities are offered in other countries in which ABN AMRO operates, most notably in France. The demand for publicly guaranteed loans was relatively low, primarily due to the extensive range of other support measures made available by both the government and the bank.

COVID-19 initially disrupted the financial markets but government and central bank action assisted in restoring stability. Governments put programmes in place to protect jobs and issued credit guarantees to businesses. Although this caused a sharp deterioration in public finances, interest rates barely rose. European government leaders allayed fears of a repeat of the euro crisis by reaching agreement on a European stability fund. In the meantime, central banks expanded their monetary policy by providing extra liquidity to banks, lowering their official interest rates, increasing bond-buying budgets and relaxing banks'

capital requirements. There was scope for these measures because falling demand kept inflation on a downward trend. Eurozone inflation in 2020 was 0.3%, well below the ECB's target level. In the Netherlands, inflation fell from 2.7% in 2019 to 1.1% in 2020. The various measures ensured that lending could continue as before, while also pushing swap rates even lower, particularly at the long end of the interest rate spectrum. This further flattening of the yield curve underlines the fact that, for banks, the 'lower for longer' discussion is not yet over.

As at 1 January 2021, the Bank began charging its clients with deposits in excess of EUR 500,000 negative rates in an effort to mitigate the impact of negative interest rates. See also the quarterly report titled "*Quarterly Report First quarter 2021*" dated 12 May 2021, which has been incorporated by reference herein.

Wind-down of CIB Portfolio

The wind-down of the CIB non-core portfolio, as announced in August 2020, was a first step to bring focused scale in CIB. In line with ABN AMRO's vision and strategic principles, the Bank concluded that, in order to be successful, its CIB activities needed more focus and scale and CIB would need to reduce risk to adhere to a moderate risk profile and align to the bank's overall strategy and financial and non-financial ambitions. As a result, ABN AMRO's focus will be on clients in Northwest Europe and Clearing, and will exit all non-European corporate banking activities, except for Clearing.

Stricter lending criteria and credit limits have been set to contribute to a moderate risk profile. The non-core activities consist of all non-European corporate banking activities. Trade & Commodity Finance activities are being discontinued completely, and Natural Resources and Transportation & Logistics will focus on European clients only. ABN AMRO expects to complete the wind-down of these non-core activities in the next 3 to 4 years. This is expected to affect around 800 FTEs (full-time equivalents). As a result of the winding down of the CIB non-core business, the CIB non-core business loan volumes have decreased 61% since 30 June 2020.

2020 included a total of EUR 160 million for one-off costs relating to the wind-down of the CIB non-core portfolio, of which EUR 103 million was recorded in personnel expenses and EUR 57 million in other expenses. Furthermore, a EUR 120 million write-off for deferred tax assets was recorded in income tax expense.

The wind-down of the CIB non-core portfolio is expected to be completed in 2024. For more information regarding the Bank's wind-down of its CIB non-core portfolio, please see "*Issuer – 1.6 Recent Developments*".

7.3 Explanation of key income statement items

Operating income

Operating income includes net interest income, net fee and commission income and other operating income.

Net interest income

Interest income and expenses are recognised in the income statement on an accrual basis for all financial instruments using the effective interest rate method except for those financial instruments measured at FVTPL. 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 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 of customer behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities. Interest income and expenses on loans and advances measured at FVTPL is also included in net interest income and is recognised on an accrual basis by using the applicable contractual interest rates. Due to the significant number of products, there are no individual products that are material to the bank's results or financial position. Interest income and expenses of 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.

Net fee and commission income

ABN AMRO applies IFRS 15 when recognising revenue from contracts with customers, 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 to receive in exchange for transferring promised goods or services to customers. The transaction price is allocated to each performance obligation. Revenue is recognised when a promised good or service is transferred to the customer, either at a point in time (the fee is a reward for a service provided at one moment in time) or over time (the fee relates to services on an ongoing basis). 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 consideration due, if payment extends beyond normal credit terms.

Other operating income

Other operating income comprises net trading income, results from financial transactions, share of result in equity-accounted investments and other income. Withholding taxes are included in income tax if these taxes are payable by a subsidiary, associate or joint arrangement on distributions to ABN AMRO.

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 financial assets and liabilities which are trading financial assets and liabilities, interest income and expenses related to trading financial assets and liabilities, dividends received from trading instruments and related funding costs. Dividend income from trading instruments is recognised when entitlement is established. Net trading income also includes changes in fair value arising from changes in counterparty credit spreads and changes in own credit spreads where these impact the value of ABN AMRO's trading liabilities. The funding value adjustment incorporates the incremental cost of funding into the valuation of uncollateralised and partly collateralised derivatives.

Share of result in equity-accounted investments

Share of result in equity accounted investments comprises ABN AMRO's share of the profit or loss of equity-accounted investments.

Other income

Other income includes all other banking activities such as leasing activities 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 of IFRS 9 for hedge accounting, ineffectiveness of hedging programs, fair value changes relating to assets and liabilities designated at FVTPL, and changes in the value of derivatives related to such instruments. Dividend income from non-trading equity investments is recognised when entitlement is established.

Operating expenses

Operating expenses include personnel expenses, general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

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.

Other expenses

Other expenses comprises general and administrative expenses and depreciation and amortisation of tangible and intangible assets. General and administrative expenses includes, among other items, agency staff, contractors, consultancy, staff-related, IT, housing, post, telephone, transportation and marketing costs. Regulatory charges, including Dutch bank tax is also included in general and administrative expenses. Depreciation and amortisation of tangible and intangible assets includes depreciation on tangible assets, amortisation of intangible assets and impairment losses on tangible and intangible assets.

Operating result

Result from operating activities, defined as the net result of operating income and operating expenses.

Impairment charges on financial instruments

Since 1 January 2018, ABN AMRO has recognised loss allowances based on the ECL model of IFRS 9, which is designed to be forward-looking. The IFRS 9 impairment requirements are applicable to financial assets measured at amortised cost or FVOCI, loan commitments and financial guarantee contracts.

The amount of ECL allowances 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. For more information regarding the calculation method, please see "*Risk, funding & capital – Risk & capital management – Credit risk management*" in the Annual Report 2020; and
- Collective 12-month ECL (stage 1) and LECL for (stage 2 and 3) financial instruments that have similar credit risk characteristics (e.g. residential mortgages, consumer loans, SME loans) are clustered in portfolios and collectively assessed for impairment losses. A collective impairment calculation approach based on individual parameters is also applied for 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.

Impairment losses on property and equipment, goodwill and other intangible assets, are not included under impairment charges but recognised in the income statement as depreciation and amortisation expenses. For more information regarding impairment charges, please see "*Risk, funding & capital – Risk & capital management – Credit risk management*" in the Annual Report 2020.

Operating profit/(loss) before taxation

The profit or loss before tax is defined as the operating result less impairment charges on financial instruments.

Income tax expense

ABN AMRO is subject to income taxes in numerous jurisdictions. Income tax expense consists of current and deferred tax. Income tax is recognised in the income statement in the period in which profits arise.

Profit/(loss) for the period

Profit or loss for the period is defined as the profit or loss before tax less income tax expenses or credit.

7.4 Results of operations for the years ended 31 December 2020 and 2019

The below discussion of ABN AMRO's results of operations for the year ended 31 December 2020 as compared to the year ended 31 December 2019 is based on the 2020 Consolidated Annual Financial Statements ABN AMRO Bank N.V. For further information, please see "*Summary of Financial Information Policies*".

Selected consolidated income statement

The table below summarises ABN AMRO's results of operations for the years ended 31 December 2020 and 31 December 2019.

	Year ended 31 December	
	2020	2019
	<i>(in millions of euros)</i>	
Net interest income	5,863	6,468
Net fee and commission income.....	1,558	1,632

	Year ended 31 December	
	2020	2019
	<i>(in millions of euros)</i>	
Other operating income	494	504
Operating income	7,916	8,605
Personnel expenses.....	2,280	2,247
Other expenses	2,976	3,021
Operating expenses	5,256	5,268
Operating result	2,660	3,337
Impairment charges on financial instruments	2,303	657
Operating profit/(loss) before taxation	356	2,680
Income tax expense	401	634
Net profit/(loss) for the period	-45	2,046
<i>Attributable to</i>		
Owners of the parent company	-45	2,046

	Year ended 31 December	
	2020	2019
Net interest margin (NIM) (in bps).....	143	164
Cost/income ratio	66.4%	61.2%
Cost of risk (in bps) ⁽¹⁾	78	24
Return on average equity ⁽²⁾	-0.8%	10.0%
Dividend per share (in EUR) ⁽³⁾	-	1.28
Earnings per share (in EUR) ⁽⁴⁾	-	2.06

	As at 31 December	
	2020	2019
Client assets (in billions)	289.3	296.5
FTEs.....	19,234	17,977

- ⁽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 coupons attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average equity attributable to the owners of ABN AMRO excluding AT1 capital securities.
- ⁽³⁾ Interim/final dividend per share over the relevant period as declared/proposed by ABN AMRO, subject to approval at the annual general meeting (AGM). ABN AMRO has followed the ECB's recommendations on dividend payments and did not yet submit the proposal for final dividend 2019 to the AGM.
- ⁽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.

Net profit/(loss) for the period

Net loss was EUR 45 million in 2020 (2019: net profit EUR 2,046 million). The decrease was mainly attributable to significant impairments (EUR 2,303 million as compared to EUR 657 million in 2019), mainly reflecting the economic impact of COVID-19 and related oil price developments, and three exceptional client files.

Return on equity for 2020 decreased to 0.8% negative (2019: 10.0%). This 0.2 percentage point decrease was mainly attributable to record high impairments, and to a lesser extent, lower net interest income.

Return on Assets was 0.04% negative in 2020 (2019: 0.49%). This 0.53 percentage point decrease was due to higher assets and lower returns in 2020.

Operating income

Operating income decreased by EUR 689 million to EUR 7,916 million in 2020 (2019: EUR 8,605 million). The decrease was mainly attributable to Net interest income.

Net interest income

Net interest income decreased by EUR 605 million to EUR 5,863 million in 2020 (2019: EUR 6,468 million). Excluding incidentals and divestments, net interest income declined mainly as a result of continued pressure on deposit margins in a low interest rate environment and lower average corporate loan volumes due to the ongoing wind-down of the CIB non-core portfolio.

Net fee and commission income

Net fee and commission income decreased by EUR 74 million to EUR 1,558 million in 2020 (2019: EUR 1,632 million). Excluding divestments (mainly Stater N.V.), the decrease in net fee and commission income was largely attributable to lower credit card usage at ICS (Retail Banking) due to COVID-19, and the wind-down of the CIB non-core portfolio, which was partly offset by higher income at Clearing (CIB) as market volatility was higher in 2020.

Other operating income

Other operating income decreased by EUR 10 million, totalling EUR 494 million in 2020 (2019: EUR 504 million). 2020 included a EUR 263 million book gain for the sale of ABN AMRO's Paris office and a EUR 96 million decline in income from volatile items, while 2019 included a EUR 130 million book gain for the sale of Stater N.V.

Personnel expenses

Personnel expenses increased by EUR 33 million to EUR 2,280 million in 2020 (2019: EUR 2,247 million). Excluding incidentals and divestments (mainly Stater N.V.), it remained broadly flat. This included lower pension costs (as agreed in the new Collective Labour Agreement ("CLA") 2020-2021 between ABN AMRO and representatives of its employees) and higher costs due to the upscaling of AML activities and wage inflation.

Other expenses

Other expenses decreased by EUR 45 million to EUR 2,976 million in 2020 (2019: EUR 3,021 million). This was largely due to higher regulatory levies. Costs for the upscaling of AML activities were largely offset by cost-saving programmes.

Operating expenses

Operating expenses decreased by EUR 12 million to EUR 5,256 million in 2020 (2019: EUR 5,268 million). The decrease was mainly attributable to Other expenses.

Operating result

Operating result decreased by EUR 677 million to EUR 2,660 million in 2020 (2019: EUR 3,337 million), mainly as a result of Net interest income.

Impairment charges on financial instruments

Impairment charges on financial instruments increased by EUR 1,646 million to EUR 2,303 million in 2020 (2019: EUR 657 million), mainly reflecting the economic impact of Covid-19, oil price developments, and three exceptional client files. The full-year impairment charges were lower than guidance provided during 2020, largely because the CIB non-core portfolio performed better, and was reduced faster than expected. We still expect the effect of COVID-19 to persist into 2021. The cost of risk amounted to 78 basis points in 2020 (2019: 24 basis points).

Income tax expense

Income tax expense decreased by EUR 233 million to EUR 401 million in 2020 (2019: EUR 634 million). The decrease is attributable to the result for 2020 being lower than the result for 2019. However, the effective tax rate increased significantly due to an unfavourable geographical mix of pre-tax income and pre-tax losses, as well as the fact that no full tax benefit was recognised on the provision for the CIB non-core wind-down, since deferred tax assets could not be recognised on losses incurred in specific tax jurisdictions. Furthermore, 2020 included a EUR 120 million write-off of deferred tax assets relating to the wind-down of the CIB non-core portfolio.

Consolidated Balance Sheet Movements

	As at 31 December	
	2020	2019
	<i>(in millions of euros)</i>	
Assets:		
Cash and balances at central banks ⁽¹⁾	60,190	27,558
Financial assets held for trading.....	1,315	1,137
Derivatives.....	6,381	5,730
Financial investments.....	47,455	45,277
Securities financing.....	16,725	14,905
Loans and advances banks.....	3,394	5,011
Loans and advances customers ⁽¹⁾	252,159	267,604
Other.....	8,005	7,831
Total assets	395,623	375,054
Liabilities:		
Financial liabilities held for trading.....	563	675
Derivatives.....	7,391	6,505
Securities financing.....	11,363	8,234
Due to banks.....	36,719	12,785
Due to customers.....	238,570	234,991
Issued debt.....	66,949	75,275
Subordinated liabilities.....	8,069	10,041
Other.....	5,010	5,076
Total liabilities	374,634	353,582
Equity:		
Equity attributable to owners of the parent company.....	20,989	21,471
Total equity	20,989	21,471
Total liabilities and equity	395,623	375,054
Committed credit facilities.....	55,207	54,673
Guarantees and other commitments.....	8,981	17,479

⁽¹⁾ During 2020, ABN AMRO changed its presentation of instant payment facilities from corporate loans at amortised cost to cash and balances at central banks. Comparative figures have been adjusted accordingly (EUR 0.5 billion).

Total assets

Total assets increased by EUR 20.6 billion to EUR 395.6 billion as at 31 December 2020 (31 December 2019: EUR 375.1 billion). The increase was mainly driven by higher cash and balances at central banks (TLTRO III participation), partly offset by lower loans and advances customers (CIB non-core wind-down).

Cash and balances at central banks

Cash and balances at central banks increased by EUR 32.6 billion to EUR 60.2 billion as at 31 December 2020 (31 December 2019: EUR 27.6 billion). The increase was largely a result of participation in the TLTRO III facility and, to a lesser extent, because loans and advances customers decreased while the amounts due to customers increased.

Financial assets held for trading

Financial assets held for trading increased by EUR 0.2 billion to EUR 1.3 billion as at 31 December 2020 (31 December 2019: EUR 1.1 billion). The increase was mainly related to changes in Dutch, German, Belgian and French government bond positions. These portfolios are mainly a result of the primary dealership in these countries and for the purpose of client facilitation.

Derivatives - assets

Derivatives increased by EUR 0.7 billion to EUR 6.4 billion as at 31 December 2020 (31 December 2019: EUR 5.7 billion).

Financial investments

Financial investments increased by EUR 2.2 billion to EUR 47.5 billion as at 31 December 2020 (31 December 2019: EUR 45.3 billion). The increase was mainly due to an increase in German government bonds held.

Securities financing - assets

Securities financing increased by EUR 1.8 billion to EUR 16.7 billion as at 31 December 2020 (31 December 2019: EUR 14.9 billion). The total reverse repurchase agreements increased at the year-end by EUR 0.6 billion due to agreements with several large clients.

Loans and advances banks

Loans and advances banks decreased by EUR 1.6 billion to EUR 3.4 billion as at 31 December 2020 (31 December 2019: EUR 5.0 billion). The decrease was mainly attributable to the wind-down of the CIB non-core portfolio.

Loans and advances customers

Loans and advances customers decreased by EUR 15.4 billion to EUR 252.2 billion as at 31 December 2020 (31 December 2019: EUR 267.6 billion). The decrease was largely attributable to a decline in client loans, while loans to professional counterparties remained broadly stable.

Other assets

Other assets increased by EUR 0.2 billion to EUR 8.0 billion as at 31 December 2020 (31 December 2019: EUR 7.8 billion).

Loans and advances customers

	As at 31 December	
	2020	2019
	<i>(in millions of euros)</i>	
Residential mortgages	145,672	148,225
Consumer loans	11,232	12,294
Corporate loans to clients ⁽¹⁾⁽⁴⁾	78,587	89,756
<i>Of which: Commercial Banking⁽⁴⁾</i>	<i>39,838</i>	<i>41,500</i>
<i>Of which: Corporate & Institutional Banking</i>	<i>31,560</i>	<i>41,136</i>
Total client loans⁽²⁾	235,491	250,276
Loans to professional counterparties ⁽³⁾⁽⁴⁾	16,297	16,412
Total loans and advances⁽²⁾⁽⁴⁾	251,788	266,687
Fair value adjustments from hedge accounting	3,838	3,342
Less: loan impairment allowance	3,467	2,426
Total loans and advances customers⁽⁴⁾	252,159	267,604

⁽¹⁾ Corporate loans excluding loans to professional counterparties.

⁽²⁾ Gross carrying amount excluding fair value adjustments from hedge accounting.

⁽³⁾ Loans to professional counterparties and other loans includes loans and advances to governments, official institutions and financial markets parties.

⁽⁴⁾ During 2020, ABN AMRO changed its presentation of instant payment facilities from corporate loans at amortised cost to cash and balances at central banks. Comparative figures have been adjusted accordingly (EUR 0.5 billion).

Total liabilities

Total liabilities increased by EUR 21.1 billion to EUR 374.6 billion as at 31 December 2020 (31 December 2019: EUR 353.6 billion). The increase was mainly due to an increase in the amount due to banks (TLTRO III participation), which was partly offset by lower issued debt securities.

Financial liabilities held for trading

Financial liabilities held for trading decreased by EUR 0.1 billion to EUR 0.6 billion as at 31 December 2020 (31 December 2019: EUR 0.7 billion). The decrease was mainly due to the result of lower short positions in bonds, primarily Dutch, German, Belgian and French sovereign debt.

Derivatives - liabilities

Derivatives increased by EUR 0.9 billion to EUR 7.4 billion as at 31 December 2020 (31 December 2019: EUR 6.5 billion).

Securities financing - liabilities

Securities financing increased by EUR 3.1 billion to EUR 11.4 billion as at 31 December 2020 (31 December 2019: EUR 8.2 billion). The increase was mainly due to an increase in total repurchase agreements at the year-end by EUR 3.1 billion due to agreements with several large clients.

Due to banks

Due to banks increased by EUR 23.9 billion to EUR 36.7 billion as at 31 December 2020 (31 December 2019: EUR 12.8 billion). The increase was mainly a result of participation in the TLTRO III facility.

Due to customers

Due to customers increased by EUR 3.6 billion to EUR 238.6 billion as at 31 December 2020 (31 December 2019: EUR 235.0 billion). The increase was largely caused by higher professional deposits (largely Clearing), partly offset by lower client deposits (partly due to outflow resulting from lowering the threshold for negative interest rates).

Due to customers

	As at 31 December	
	2020	2019
	<i>(in millions of euros)</i>	
Retail Banking.....	89,038	90,359
Commercial Banking.....	52,537	46,269
Private Banking.....	61,513	69,153
Corporate & Institutional Banking.....	28,680	26,481
Group Functions.....	6,802	2,729
Total due to customers.....	238,570	234,991

Issued debt

Issued debt securities decreased by EUR 8.3 billion to EUR 66.9 billion as at 31 December 2020 (31 December 2019: EUR 75.3 billion), reflecting lower long-term and short-term funding, and lower amounts of newly issued debt (due to TLTRO III participation), partly offset by EUR 2.5 billion in new senior non-preferred funding. At 31 December 2020, issued debt included EUR 30.3 billion for covered bonds, EUR 28.8 billion for unsecured funding and EUR 2.5 billion for senior non-preferred funding. EUR 19.3 billion in outstanding issued debt securities matures within 12 months.

Subordinated liabilities

Subordinated liabilities decreased by EUR 2.0 billion to EUR 8.1 billion as at 31 December 2020 (31 December 2019: EUR 10.0 billion). The decrease was mainly due to the maturing of a subordinated loan.

Other liabilities

Other liabilities decreased by EUR 0.1 billion to EUR 5.0 billion as at 31 December 2020 (31 December 2019: EUR 5.1 billion). Other liabilities shows no material change compared to last year.

Total equity

Total equity decreased by EUR 0.5 billion to EUR 21.0 billion as at 31 December 2020 (31 December 2019: EUR 21.5 billion). The decrease was mainly due to a decrease in accumulated other comprehensive income (OCI).

Results of Operations by Segment for the Years Ended 31 December 2020 and 2019

The sections below summarises ABN AMRO's results of operations by segment for the years ended 31 December 2020 and 31 December 2019.

Retail Banking

Retail Banking provides a full range of transparent banking products and high-quality services to individuals with investable assets up to EUR 500,000. Retail Banking offers its products and services under the ABN AMRO brand, and specific products and services under other labels. Retail Banking clients have access to a seamless omni-channel distribution network providing a top-class digital and remote offering, and supported by a balanced network of 112 branches and ABN AMRO's Contact Centre.

The table below summarises the Retail Banking segment's results for the years ended 31 December 2020 and 31 December 2019.

Retail Banking: Selected Financial Information

	Year ended 31 December	
	2020	2019
	<i>(in millions of euros)</i>	
Net interest income	2,638	2,903
Net fee and commission income.....	303	365
Other operating income	68	57
Operating income	3,009	3,324
Personnel expenses.....	408	411
Other expenses	1,606	1,667
Operating expenses	2,015	2,078
Operating result	994	1,246
Impairment charges on financial instruments	77	81
Operating profit/(loss) before taxation	917	1,165
Income tax expense	229	299
Net profit/(loss) for the period	687	866

	Year ended 31 December	
	2020	2019
Cost/income ratio	67.0%	62.5%
Cost of risk (in bps) ⁽¹⁾	4	5

	As at 31 December	
	2020	2019
Loans and advances customers (in billions)	148.5	152.4
<i>Of which Client loans (in billions)⁽²⁾</i>	148.8	152.8
Due to customers (in billions)	89.0	90.4
Risk-weighted assets (risk exposure amount; in billions)	26.7	28.4
FTEs.....	4,525	4,340
Total client assets (in billions).....	99.7	101.3
<i>Of which Cash (in billions)</i>	89.0	90.4
<i>Of which Securities (in billions)</i>	10.6	11.0

⁽¹⁾ Annualised 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 the fair value adjustments from hedge accounting.

⁽²⁾ Gross carrying amount excluding fair value adjustment from hedge accounting.

Net profit/(loss) for the period

Retail Banking's net profit decreased by 21% to EUR 687 million in 2020 (2019: EUR 866 million). This was mainly driven by lower Net interest income.

Net interest income

Net interest income decreased by 9% to EUR 2,638 million in 2020 (2019: EUR 2,903 million). The decrease is largely attributable to continued deposit margin pressure. Furthermore, interest income on

consumer loans declined as a result of lower appetite in the current economic situation. Income on residential mortgages declined, reflecting slightly lower margins as compared to 2019 (in a competitive market) and average volumes (mainly due to higher mortgage redemptions).

Net fee and commission income

Net fee and commission income decreased by EUR 62 million to EUR 303 million in 2020 (2019: EUR 365 million). This decrease was mainly attributable to lower credit card usage (at ICS) as a result of COVID-19.

Other operating income

Other operating income increased by EUR 11 million to EUR 68 million in 2020 (2019: EUR 57 million), mainly as a result of positive revaluations.

Personnel expenses

Personnel expenses decreased by EUR 3 million to EUR 408 million in 2020 (2019: EUR 411 million). This was mainly due to lower pension costs (new CLA) that were offset by the upscaling of AML activities, and to a lesser extent, minor restructuring provisions.

Other expenses

Other expenses decreased by EUR 61 million to EUR 1,606 million in 2020 (2019: EUR 1,667 million). The decrease was mainly attributable to lower provisioning for the AML remediation programme. Regulatory levies amounted to EUR 192 million (2019: EUR 183 million).

Operating expenses

Operating expenses decreased by EUR 63 million to EUR 2,015 million in 2020 (2019: EUR 2,078 million). This decrease was mainly driven by Other expenses.

Operating result

The operating result decreased by EUR 252 million to EUR 994 million in 2020 (2019: EUR 1,246 million). The decrease was largely attributable to lower Net interest income in 2020.

Impairment charges

Impairment charges declined by EUR 4 million to a EUR 77 million charge in 2020 (2019: EUR 81 million charge), reflecting a limited impact of COVID-19.

Income tax expense

Income tax expense decreased by EUR 70 million to EUR 229 million in 2020 (2019: EUR 299 million).

Loans and advances customers

Loans and advances customers decreased by EUR 3.9 billion to EUR 148.5 billion in 2020 (2019: EUR 152.4 billion), largely driven by higher mortgage redemptions.

Due to customers

Due to customers decreased by EUR 1.4 billion to EUR 89.0 billion at 31 December 2020 (31 December 2019: EUR 90.4 billion).

Total client assets

Total client assets decreased by EUR 1.6 billion to EUR 99.7 billion (2019: EUR 101.3 billion), mainly due to the sale of the Moneyou savings portfolio.

Commercial Banking

Commercial Banking is an established business partner of the Dutch SME and corporate sector, offering asset-based finance in the Netherlands, Germany, France and the UK. Commercial Banking serves over 350,000 clients with annual turnover of up to EUR 250 million in a variety of sectors. Commercial Banking offers a broad range of products and services, based on in-depth client and sector knowledge combined with innovative value propositions and offerings, and a digital approach to convenience banking products.

The table below summarises the Commercial Banking segment's results for the years ended 31 December 2020 and 31 December 2019.

Commercial Banking: Selected Financial Information

	Year ended 31 December	
	2020	2019
	<i>(in millions of euros)</i>	
Net interest income	1,471	1,523
Net fee and commission income.....	256	256
Other operating income	26	27
Operating income	1,753	1,807
Personnel expenses.....	243	281
Other expenses	796	737
Operating expenses	1,039	1,018
Operating result	714	789
Impairment charges on financial instruments	542	182
Operating profit/(loss) before taxation	173	606
Income tax expense	49	154
Net profit/(loss) for the period.....	124	453

	Year ended 31 December	
	2020	2019
Cost/income ratio (in %)	59.3%	56.3%
Cost of risk (in bps) ⁽¹⁾	128	42

	As at 31 December	
	2020	2019
Loans and advances customers (in billions)	39.2	41.8
<i>Of which Client loans (in billions)⁽²⁾.....</i>	<i>40.4</i>	<i>42.6</i>
Due to customers (in billions)	52.5	46.3
Risk weighted assets (risk exposure amount; in billions)	29.2	29.2
FTEs.....	2,197	2,470

⁽¹⁾ Annualised 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 the fair value adjustments from hedge accounting.

⁽²⁾ Gross carrying amount excluding fair value adjustment from hedge accounting.

Net profit/(loss) for the period

Commercial Banking's net profit decreased by 73% to EUR 124 million in 2020 (2019: EUR 453 million). The decrease was mainly driven by Impairment charges on financial instruments.

Net interest income

Net interest income decreased by 3% to EUR 1,471 million in 2020 (2019: EUR 1,523 million). The decline was mainly driven by ongoing deposit margin pressure and, to a lesser extent, lower average corporate loan volumes (largely reflecting lower demand) and slightly lower margins.

Net fee and commission income

Net fee and commission income remained stable at EUR 256 million in 2020 (2019: EUR 256 million), despite the impact of Covid-19, which particularly affected payment services ('pay per use'), factoring (volumes) and trade. This decline was fully offset by increased fixed pricing.

Other operating income

Other operating income remained decreased by EUR 1 million to EUR 26 million in 2020 (2019: EUR 27 million).

Personnel expenses

Personnel expenses decreased by EUR 38 million to EUR 243 million in 2020 (2019: EUR 281 million). The decrease was mainly due to the transfer of FTEs (full-time equivalents) to Group Functions in order to centralise AML activities, and lower pension costs (new CLA).

Other expenses

Other expenses increased by EUR 59 million to EUR 796 million in 2020 (2019: EUR 737 million), mainly due to the upscaling of AML activities (via intersegment charges), which was partly offset by provisions recorded in 2019 for the AML remediation programme (EUR 52 million). Regulatory levies amounted to EUR 56 million (2019: EUR 55 million).

Operating result

The operating result decreased by EUR 75 million to EUR 714 million in 2020 (2019: EUR 789 million), mainly due to Net interest income.

Impairment charges

Impairments increased by EUR 360 million to a charge of EUR 542 million in 2020, compared with a charge of EUR 182 million in 2019, and largely included individual stage 3 impairments (mainly attributable to the sectors food, shipping, and industrial goods & services), and to a lesser extent management overlays in stage 1 and 2 to cover expected credit losses that were not captured by the models.

Income tax expense

Income tax expense decreased by EUR 105 million to EUR 49 million in 2020 (2019: EUR 154 million).

Total client loans

Total client loans decreased by EUR 2.2 billion to EUR 40.4 billion in 2020 (31 December 2019: EUR 42.6 billion).

Loans and advances customers

Loans and advances customers decreased by EUR 2.6 billion to EUR 39.2 billion in 2020 (31 December 2019: EUR 41.8 billion), reflecting lower demand in the current environment.

Due to customers

Due to customers increased by EUR 6.2 billion to EUR 52.5 billion in 2020 (31 December 2019: EUR 46.3 billion).

Private Banking

Private Banking is a leading eurozone private bank in terms of client assets, with dedicated professionals who have in-depth knowledge of their clients. ABN AMRO's international expertise, local knowledge and over 350 years of experience in private banking form the basis of ABN AMRO's long-standing client relationships. ABN AMRO brings personal service, digital convenience and a proactive mentality to a full range of banking and wealth management products and services for high net worth clients in the Netherlands with more than EUR 500,000 in investable assets, or more than EUR 1 million outside the

Netherlands, and for ultra-high net worth clients with more than EUR 25 million in investable assets. Private Banking is present in the Netherlands, France, Germany and Belgium.

The table below summarises the Private Banking segment's results for the years ended 31 December 2020 and 31 December 2019.

Private Banking: Selected Financial Information

	Year ended 31 December	
	2020	2019
	<i>(in millions of euros)</i>	
Net interest income	637	667
Net fee and commission income.....	502	509
Other operating income.....	286	50
Operating income	1,425	1,226
Personnel expenses.....	371	394
Other expenses.....	574	536
Operating expenses	945	930
Operating result	480	296
Impairment charges on financial instruments	26	21
Operating profit/(loss) before taxation	454	275
Income tax expense	151	79
Net profit/(loss) for the period	303	196

	Year ended 31 December	
	2020	2019
Cost/income ratio (in %)	66.3%	75.9%
Cost of risk (in bps) ⁽¹⁾	19	14
Gross margin on client assets (in bps)	79	63

	As at 31 December	
	2020	2019
Loans and advances customers (in billions)	14.6	14.1
<i>Of which Client loans (in billions)</i> ⁽²⁾	14.7	14.2
Due to customers (in billions)	61.5	69.2
Risk weighted assets (risk exposure amount, in billions)	10.3	10.1
FTEs	2,848	2,751

⁽¹⁾ Annualised 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 the fair value adjustments from hedge accounting.

⁽²⁾ Gross carrying amount excluding fair value adjustment from hedge accounting.

Net profit/(loss) for the period

Private Banking's net profit for 2020 increased by EUR 107 million and amounted to EUR 303 million (2019: EUR 196 million). The increase was mainly driven by Other operating income.

Net interest income

Net interest income fell by 5% to EUR 637 million in 2020 (2019: EUR 667 million). Excluding the divestment of the Channel Islands (in 2019), net interest income largely declined due to ongoing pressure on deposit margins and lower deposit volumes (as an effect of charging negative interest rates to an increased client base).

Net fee and commission income

Net fee and commission income decreased by EUR 7 million to EUR 502 million in 2020 (2019: EUR 509 million), impacted by stock market developments, with a steep decline in Q2 followed by steep recovery in Q4.

Other operating income

Other operating income increased by EUR 236 million to EUR 286 million in 2020 (2019: EUR 50 million), largely because 2020 included a EUR 263 million book gain on the sale of the Neuflyze OBC office building in Paris.

Personnel expenses

Personnel expenses decreased by EUR 23 million to EUR 371 million in 2020 (2019: EUR 394 million) reflecting lower pension costs (new CLA) and the divestment of the Channel Islands (2019).

Other expenses

Other expenses increased by EUR 38 million to EUR 574 million in 2020, compared with EUR 536 million in 2019. The increase was mainly attributable to the upscaling of AML activities and a goodwill impairment, which was partly offset by divestments in 2019 (Channel Islands). Regulatory levies amounted to EUR 27 million (2019: EUR 25 million).

Operating result

The operating result increased by 62% to EUR 480 million in 2020 (2019: EUR 296 million).

Impairment charges

Impairment charges increased by EUR 5 million to EUR 26 million in 2020, compared with a charge of EUR 21 million in 2019, reflecting a limited impact of COVID-19.

Income tax expense

Income tax expense increased by EUR 72 million to EUR 151 million in 2020 (2019: EUR 79 million).

Loans and advances customers

Loans and advances customers increased by EUR 0.5 billion to EUR 14.6 billion in 2020 (31 December 2019: EUR 14.1 billion).

Due to customers

Due to customers decreased by EUR 7.7 billion to EUR 61.5 billion in 2020 (31 December 2019: EUR 69.2 billion). The decrease was mainly in the Netherlands, impacted by lowering the threshold for charging negative interest rates to EUR 500 thousand per client.

Private Banking: Client assets

	As at 31 December	
	2020	2019
	<i>(in billions of euros)</i>	
Opening balance as at 1 January	195.2	181.7
Net new assets.....	-8.6	-2.4
Market performance.....	-3.0	9.9
Divestments/acquisitions.....	6.0	6.0
Closing balance at 31 December	189.6	195.2
Breakdown by type:		
Cash.....	61.7	69.2
Securities.....	127.9	126.0
- <i>Of which Custody</i>	28.1	29.9
Breakdown by geography:		
The Netherlands (in %).....	58%	60%
The rest of Europe (in %).....	42%	40%

Client assets

Client assets decreased by EUR 5.6 billion to EUR 189.6 billion at 31 December 2020 (31 December 2019: EUR 195.2 billion), largely due to negative net new assets, partly offset by an improvement in market performance.

Net new assets

Net new assets decreased by EUR 6.2 billion to EUR 8.6 billion negative at 31 December 2020 (31 December 2019: EUR 2.4 billion negative), mainly as a result of cash outflow. This outflow was primarily due to the lowering of the threshold at which ABN AMRO charges negative interest rates to clients, and to a lesser extent, an outflow of custody assets.

Corporate & Institutional Banking

CIB has a client base totalling more than 2,000 clients. CIB has a strong market position in the Netherlands, serving clients with revenues in excess of EUR 250 million. CIB has been leveraging on the strong domestic franchise in selected Northwest European countries, where it serves clients in a variety of sectors. Globally the focus has been on three selected sectors (Natural Resources, Transportation and Logistics, and Trade & Commodity Finance ("TCF")), with a CIB presence in 14 countries or jurisdictions. CIB is sector-led and offers a wide range of services and products in global markets and lending. ABN AMRO has specialised activities in Clearing.

The table below summarises the Corporate & Institutional Banking segment's results for the years ended 31 December 2020 and 31 December 2019.

Corporate & Institutional Banking: Selected Financial Information

	Year ended 31 December	
	2020	2019
	<i>(in millions of euros)</i>	
Net interest income	1,123	1,229
Net fee and commission income.....	529	505
Other operating income	32	132
Operating income	1,683	1,866
Personnel expenses.....	484	428
Other expenses	727	669
Operating expenses	1,211	1,097
Operating result	472	768
Impairment charges on financial instruments	1,659	376
Operating profit/(loss) before taxation	-1,187	392
Income tax expense	5	101
Net profit/(loss) for the period.....	-1,192	291

	Year ended 31 December	
	2020	2019
Cost/income ratio (in %)	71.9%	58.8%
Cost of risk (in bps) ⁽¹⁾	250	62

	As at 31 December	
	2020	2019
Loans and advances customers (in billions)	45.3	55.1
<i>Of which Client loans (in billions)⁽²⁾</i>	<i>31.6</i>	<i>41.2</i>
Due to customers (in billions)	28.7	26.5
Risk weighted assets (risk exposure amount; in billions)	39.5	37.9
FTEs.....	4,480	2,517

⁽¹⁾ Annualised 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 the fair value adjustments from hedge accounting.

⁽²⁾ Gross carrying amount excluding fair value adjustment from hedge accounting.

Net profit/(loss) for the period

Corporate & Institutional Banking's net loss was EUR 1,192 million in 2020, reflecting a decrease of EUR 1,483 million (2019: net profit EUR 291 million). This was mainly due to Impairment charges on financial instruments.

Net interest income

Net interest income decreased by EUR 106 million to EUR 1,123 million in 2020 (2019: EUR 1,229 million). The decline was mainly driven by lower average corporate loan volumes (mostly due to the CIB non-core wind-down) and, to a lesser extent, ongoing deposit margin pressure.

Net fee and commission income

Net fee and commission income increased by EUR 24 million to EUR 529 million in 2020 (2019: EUR 505 million). The increase was mainly due to higher market volatility (at Clearing), which was partly offset by the wind-down of the CIB non-core portfolio.

Other operating income

Other operating income decreased by EUR 100 million to EUR 32 million in 2020 (2019: EUR 132 million). The decrease was largely attributable to negative fair market value adjustments on financial investments held at fair value through profit or loss in 2020 (as an effect of COVID-19), while 2019 included positive fair market value adjustments.

Personnel expenses

Personnel expenses increased by EUR 56 million to EUR 484 million in 2020 (2019: EUR 428 million), largely due to a provision for the CIB non-core wind-down (EUR 103 million), which was partly offset by the release for discretionary variable remuneration in 2020 (EUR 22 million), and to a lesser extent, lower pension costs (new CLA).

Other expenses

Other expenses increased by EUR 58 million to EUR 727 million in 2020 (2019: EUR 669 million), mainly due to EUR 57 million recorded for provisioning related to the CIB non-core wind-down. Regulatory levies amounted to EUR 89 million (2019: EUR 83 million).

Operating result

Operating result decreased by EUR 296 million to EUR 472 million in 2020 (2019: EUR 768 million).

Impairment charges

Impairment charges increased by EUR 1,283 million to EUR 1,659 million in 2020 (2019: EUR 376 million). The impairment charges largely included three exceptional client files and individual stage 3 impairments, mainly in the energy-services sector.

Income tax expense

Income tax expense decreased by EUR 96 million to EUR 5 million in 2020 (2019: EUR 101 million).

Loans and advances customers

Loans and advances customers declined by EUR 9.8 billion to EUR 45.3 billion in 2020 (2019: EUR 55.1 billion), mainly reflecting the wind-down of the CIB non-core portfolio.

Total client loans

Total client loans decreased by EUR 9.6 billion to EUR 31.6 billion in 2020 (31 December 2019: EUR 41.2 billion).

Due to customers

Due to customers increased by EUR 2.2 billion to EUR 28.7 billion in 2020 (31 December 2019: EUR 26.5 billion), largely caused by higher client deposits as COVID-19 led to limited investment opportunities for clients.

Group Functions

Group Functions consists of the following main departments: Innovation & Technology, Finance, Risk Management, HR & Transformation, Group Audit, Strategy & Sustainability, Legal, Corporate Office and Brand, Marketing & Communications. The majority of Group Functions' costs are allocated to the business lines.

The table below summarises the Group Functions results for the years ended 31 December 2020 and 31 December 2019.

Group Functions: Selected financial information

	Year ended 31 December	
	2020	2019
	<i>(in millions of euros)</i>	
Net interest income	-6	147
Net fee and commission income.....	-31	-2
Other operating income	82	238
Operating income	45	383
Personnel expenses.....	774	734
Other expenses	-727	-589
Operating expenses	47	145
Operating result	-1	238
Impairment charges on financial instruments	-1	-3
Operating profit/(loss) before taxation	-1	241
Income tax expense	-33	1
Net profit/(loss) for the period	33	240

	As at 31 December	
	2020	2019
Securities financing – assets (in billions)	11.4	10.3
Loans and advances customers (in billions) ⁽¹⁾	4.7	4.2
Securities financing – liabilities (in billions).....	11.0	7.7
Due to customers (in billions)	6.8	2.7
Risk weighted assets (risk exposure amount; in billions)	4.7	4.1
FTEs.....	7,184	5,899

⁽¹⁾ During 2020, ABN AMRO changed its presentation of instant payment facilities from corporate loans at amortised cost to cash and balances at central banks. Comparative figures have been adjusted accordingly (EUR 0.5 billion).

Net profit/(loss) for the period

Net loss was EUR 1 million in 2020 (2019: net profit EUR 241 million), reflecting a decrease of EUR 242 million, mainly due to Other operating income.

Net interest income

Net interest income decreased by EUR 153 million to EUR 6 million negative in 2020 (2019: EUR 147 million). The decline was largely due to a EUR 80 million one-off charge as a result of adjusted accounting estimates for amortisation of penalty interest on mortgages and, to a lesser extent, fewer positive one-off adjustments in 2020 than in 2019 (mainly DSB claim).

Net fee and commission income

Net fee and commission income declined by EUR 29 million to EUR 31 million negative in 2020 (2019: EUR 2 million negative), largely due to lower income as an effect of the sale of Stater N.V. in Q2 2019.

Other operating income

Other operating income decreased by EUR 156 million to EUR 82 million in 2020 (2019: EUR 238 million). The decrease was largely attributable to the EUR 130 million book gain for the sale of Stater N.V. in 2019.

Personnel expenses

Personnel expenses increased by EUR 40 million to EUR 774 million in 2020 (2019: EUR 734 million), mainly due to the upscaling of AML activities (largely transfer from Commercial Banking) and, to a lesser extent, wage inflation, partly offset by lower pension costs (new CLA) and the sale of Stater N.V.

Other expenses

Other expenses decreased by EUR 138 million to EUR 727 million negative in 2020 (2019: EUR 589 million negative), largely due to more costs being allocated to commercial business lines.

Operating result

Operating result decreased by EUR 239 million to EUR 1 million negative in 2020 (2019: EUR 238 million).

Impairment charges

Impairment charges increased by EUR 2 million to EUR 1 million negative in 2020, compared with EUR 3 million negative in 2019.

Income tax expense

Income tax expense decreased by EUR 34 million to EUR 33 million negative in 2020 (2019: EUR 1 million)

7.5 Results of operations for the years ended 31 December 2019 and 2018

The below discussion of ABN AMRO's results of operations for the year ended 31 December 2019 as compared to the year ended 31 December 2018 is based on the 2019 Consolidated Annual Financial Statements. For further information, please see "Summary of Financial Information Policies".

Selected consolidated income statement

The table below summarises ABN AMRO's results of operations for the years ended 31 December 2019 and 31 December 2018.

	Year ended 31 December	
	2019	2018
	<i>(in millions of euros)</i>	
Net interest income	6,468	6,593
Net fee and commission income.....	1,632	1,699
Other operating income.....	504	800
Operating income	8,605	9,093
Personnel expenses.....	2,247	2,441
Other expenses	3,021	2,910
Operating expenses	5,268	5,351
Operating result	3,337	3,742
Impairment charges on financial instruments	657	655
Operating profit/(loss) before taxation	2,680	3,086
Income tax expense ⁽¹⁾	634	736
Net profit/(loss) for the period⁽¹⁾	2,046	2,350
<i>Attributable to</i>		
owners of ABN AMRO (including holders of AT1 capital securities) ⁽¹⁾	2,046	2,351
	Year ended 31 December	
	2019	2018
Net interest margin (NIM) (in bps).....	164	165

	Year ended 31 December	
	2019	2018
Cost/income ratio	61.2%	58.8%
Cost of risk (in bps) ⁽²⁾	24	24
Return on average Equity ⁽³⁾	10.0%	11.4%
Earnings per share (in EUR) ⁽⁴⁾	2.06	2.35
Dividend per share (in EUR) ⁽⁵⁾	1.28	1.45
	As at 31 December	
	2019	2018
Client assets ⁽⁶⁾ (in billions)	296.5	285.2
FTEs	17,977	18,830

⁽¹⁾ Comparative figures for 2018 have been restated. See "*Summary of Financial Information Policies*."

⁽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 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 ABN AMRO excluding AT1 capital securities.

⁽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.

⁽⁵⁾ Interim/final dividend per share over the relevant period as declared/proposed by ABN AMRO, subject to approval at the annual general meeting (AGM). ABN AMRO has followed the ECB's recommendations on dividend payments and did not yet submit the proposal for final dividend 2019 to the AGM.

⁽⁶⁾ Client assets consist of assets including investment funds and assets of private individuals and institutions, which are professionally managed with the aim of maximising the investment result. Clients Assets also include cash and securities of clients held on accounts with ABN AMRO.

Net profit/(loss) for the period

Net profit decreased to EUR 2,046 million in 2019 (2018: EUR 2,350 million). The decrease of EUR 304 million compared with full-year 2018 was mainly attributable to a decline in income from equity participations and hedge accounting-related results and a EUR 174 million rise in provisions customer due diligence ("**CDD**") programs in 2019 (2018: EUR 85 million).

Return on equity (ROE) for 2019 decreased to 10.0% (2018: 11.4%). This 1.4 percentage point decrease was mainly attributable to the decline in operating income.

Operating income

Operating income decreased by EUR 488 million to EUR 8,605 million in 2019 (2018: EUR 9,093 million). The decrease was mainly caused by a lower net interest income and other operating income.

Net interest income

Net interest income decreased by EUR 125 million to EUR 6,468 million in 2019 (2018: EUR 6,593 million) as deposit margin pressure caused by the low interest rate environment was partially offset by positive incidentals during 2019. On the asset side, interest income on residential mortgages declined, reflecting slightly lower volumes. ABN AMRO's market share in new production of mortgages grew to 18% in 2019 (2018: 17%). Interest income on consumer loans decreased, mainly due to lower margins throughout 2019, while interest income on corporate loans increased due to improved margins.

Net fee and commission income

Net fee and commission income decreased by EUR 67 million to EUR 1,632 million in 2019 (2018: EUR 1,699 million largely due to divestments, mainly the sale of Stater N.V.).

Other operating income

Other operating income decreased by EUR 296 million to EUR 504 million in 2019 (2018: EUR 800 million). Excluding divestments and incidentals recorded in both years, other operating income decreased due to significantly lower equity participations (EUR 52 million versus EUR 274 million in 2018) and lower hedge accounting-related income (EUR 4 million negative versus EUR 111 million in 2018).

Personnel expenses

Personnel expenses decreased by EUR 194 million to EUR 2,247 million in 2019 (2018: EUR 2,441 million). Adjusted for lower restructuring provisions in 2019 (EUR 3 million) of versus EUR 129 million in 2018), the one-off payment of EUR 30 million to the pension fund in 2019 and a one-off payment of EUR 16 million in 2018, the decline was mainly attributable to continued progress in cost-saving programs and divestments, which was partially offset by the growing cost of Detecting Financial Crime ("**DFC**") activities.

Other expenses

Other expenses increased by EUR 111 million to EUR 3,021 million in 2019 (2018: EUR 2,910 million). This increase was largely driven by the provisions booked for remediation programs (EUR 174 million versus EUR 85 million in 2018) and additional costs related to DFC activities.

Operating expenses

Operating expenses decreased by EUR 83 million to EUR 5,268 million in 2019 (2018: EUR 5,351 million). This was mainly driven by lower personnel expenses.

Operating result

Operating result decreased by EUR 405 million to EUR 3,337 million in 2019 (2018: EUR 3,742 million). The decrease is caused mainly by a decline of other operating income.

Impairment charges on financial instruments

Impairment charges increased by EUR 2 million to a EUR 657 million charge in 2019 (2018: EUR 655 million). Impairment charges in CIB throughout 2019 were mainly recorded in the energy-offshore and logistics sectors.

Income tax expenses

Income tax expenses amounted to EUR 634 million in 2019 (2018: EUR 736 million). The decrease of EUR 102 million was mainly due to lower profit before tax.

Consolidated Balance Sheet Movements

	As at 31 December	
	2019	2018
	<i>(in millions of euros)</i>	
Assets:		
Cash and balances at central banks ⁽¹⁾	27,061	35,716
Financial assets held for trading.....	1,137	495
Derivatives.....	5,730	6,191
Financial investments.....	45,277	42,184
Securities financing	14,905	12,375
Loans and advances banks ⁽¹⁾	5,011	6,780
Loans and advances customers.....	268,102	270,886
Other.....	7,831	6,668
Total assets	375,054	381,295
Liabilities:		
Financial liabilities held for trading.....	675	253
Derivatives.....	6,505	7,159
Securities financing.....	8,234	7,407
Due to banks.....	12,785	13,437
Due to customers.....	234,991	236,123
Issued debt.....	75,275	80,784
Subordinated liabilities.....	10,041	9,805
Other.....	5,076	4,968
Total liabilities	353,582	359,935
Equity:		
Equity attributable to owners of ABN AMRO ⁽²⁾	21,471	21,357

	As at 31 December	
	2019	2018
	<i>(in millions of euros)</i>	
Assets:		
Equity attributable to non-controlling interests	-	2
Total equity	21,471	21,360
Total liabilities and equity	375,054	381,295
Committed credit facilities	54,673	61,166
Guarantees and other commitments.....	17,479	15,241

⁽¹⁾ ABN AMRO has reclassified EUR 1.3 billion from loans and advances banks to cash and balances at central banks in the comparative figures for 2018. See "—Summary of Financial Information Policies."

⁽²⁾ Comparative figures for 2018 have been restated. See "—Summary of Financial Information Policies."

Total assets

Total assets decreased by EUR 6.2 billion to EUR 375.1 billion at 31 December 2019 (31 December 2018: EUR 381.3 billion). The decline was largely by lower cash and balances at central banks and a decline in loans and advances customers.

Cash and balances at central banks

Cash and balances at central banks decreased by EUR 8.7 billion to EUR 27.1 billion at 31 December 2019 (31 December 2018: EUR 35.7 billion) mainly reflecting lower outstanding balances at several European central banks.

Financial assets held for trading

Financial assets held for trading increased by EUR 0.6 billion to EUR 1.1 billion at 31 December 2019 (31 December 2018: EUR 0.5 billion). The increase was mainly driven by the increase of corporate debt securities by EUR 0.4 billion, as a result of movements in various bonds, of which Dutch positions in credit institutions and financial institutions represent the main part.

Derivatives - assets

Derivatives decreased by EUR 0.5 billion to EUR 5.7 billion at 31 December 2019 (31 December 2018: EUR 6.2 billion) as a result of mid- to long-term interest and FX rate movement impacting the valuation of derivatives; this was mirrored in derivatives liabilities.

Financial investments

Financial investments increased by EUR 3.1 billion to EUR 45.3 billion at 31 December 2019 (31 December 2018: EUR 42.2 billion). The increase was mainly driven by a shift from cash and balance at central banks.

Securities financing - assets

Securities financing increased by EUR 2.5 billion to EUR 14.9 billion at 31 December 2019 (31 December 2018: EUR 12.4 billion). The increase was mainly due to agreements with several large clients.

Loans and advances banks

Loans and advances banks decreased by EUR 1.8 billion to EUR 5.0 billion at 31 December 2019 (31 December 2018: EUR 6.8 billion). The decrease was mainly driven by a decrease in interest-bearing deposits and a decrease in loans and advances.

Loans and advances customers

Loans and advances customers decreased by EUR 2.8 billion to EUR 268.1 billion at 31 December 2019 (31 December 2018: EUR 270.9 billion). The decrease was mainly caused by a decrease in the corporate loans and loans to professional counterparties and other loans, mainly in clearing.

Other assets

Other assets increased by EUR 1.1 billion to EUR 7.8 billion at 31 December 2019 (31 December 2018: EUR 6.7 billion). The increase was mainly driven by increase of EUR 0.4 billion of unsettled securities transactions related the clearing business, combined with higher amounts receivables (EUR 0.3 billion) from factoring and funds transferred to notary offices due to mortgage production. Other assets was also impacted by the recognition of leases on the balance sheet due to IFRS 16 regulation.

Loans and advances customers

	As at 31 December	
	2019	2018
	<i>(in millions of euros)</i>	
Residential mortgages	148,225	148,791
Consumer loans	12,294	12,263
Corporate loans to clients ⁽¹⁾	90,254	91,265
Of which: Commercial Banking	41,997	41,753
Of which: Corporate & Institutional Banking	41,136	42,521
Total client loans ⁽²⁾	250,773	252,319
Loans to professional counterparties ⁽³⁾	16,412	17,642
Total loans and advances ⁽²⁾	267,185	269,961
Fair value adjustments from hedge accounting	3,342	3,185
Less: loan impairment allowance	2,426	2,260
Total loans and advances – customers	268,102	270,886

⁽¹⁾ Corporate loans excluding loans to professional counterparties.

⁽²⁾ Gross carrying amount 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.

Total liabilities

Total liabilities decreased by EUR 6.4 billion to EUR 353.6 billion at 31 December 2019 (31 December 2018: EUR 359.9 billion). The decrease was recorded mainly due to customers and issued debt.

Financial liabilities held for trading

Financial liabilities held for trading increased by EUR 0.4 billion to EUR 0.7 billion at 31 December 2019 (31 December 2018: EUR 0.3 billion). The increase was mainly due to higher short positions in bonds, primarily in Dutch and German sovereign debt.

Derivatives - liabilities

Derivatives decreased by EUR 0.7 billion to EUR 6.5 billion at 31 December 2019 (31 December 2018: EUR 7.2 billion). The decrease was mainly due to mid- to long-term interest and FX rate movements impacting the valuation of derivatives.

Securities financing - liabilities

Securities financing increased by EUR 0.8 billion to EUR 8.2 billion at 31 December 2019 (31 December 2018: EUR 7.4 billion). The increase was mainly due to agreements with several large clients.

Due to banks

Due to banks decreased by EUR 0.7 billion to EUR 12.8 billion at 31 December 2019 (31 December 2018: EUR 13.4 billion). The decrease was mainly a result of more active balance sheet management.

Due to customers

Due to customers decreased by EUR 1.1 billion to EUR 235.0 billion at 31 December 2019 (31 December 2018: EUR 236.1 billion). The decreases in Retail Banking (mainly the sale of the Moneyou Belgium portfolio) and CIB were partly offset by increases in Commercial Banking and Private Banking.

Due to customers

	As at 31 December	
	2019	2018
	<i>(in millions of euros)</i>	
Retail Banking.....	90,359	93,482
Commercial Banking.....	46,269	44,958
Private Banking.....	69,153	66,156
Corporate & Institutional Banking.....	26,481	28,018
Group Functions.....	2,729	3,509
Total Due to customers.....	234,991	236,123

Issued debt

Issued debt securities decreased by EUR 5.5 billion to EUR 75.3 billion at 31 December 2019 (31 December 2018: EUR 80.8 billion). The decrease was mainly due to lower long-term funding.

Subordinated liabilities

Subordinated liabilities increased by EUR 0.2 billion to EUR 10.0 billion at 31 December 2019 (31 December 2018: EUR 9.8 billion). The increase was mainly due to foreign exchange differences and unrealised gains and losses.

Other liabilities

Other liabilities increased by EUR 0.1 billion to EUR 5.1 billion at 31 December 2019 (31 December 2018: EUR 5.0 billion). The increase was mainly due to an increase in lease liabilities.

Total equity

Total equity increased by EUR 0.1 billion to EUR 21.5 billion at 31 December 2019 (31 December 2018: EUR 21.4 billion) as the inclusion of profit for the period was partly offset by dividend payments and a decrease in accumulated other comprehensive income (OCI).

Results of Operations by Segment for the Years Ended 31 December 2019 and 2018

The sections below summarises ABN AMRO's results of operations by segment for the years ended 31 December 2019 and 31 December 2018.

Retail Banking

Retail Banking provides banking products and services to individuals. In addition, a wide variety of banking and insurance products and services are provided through ABN AMRO's branch network, online, via contact centres and through subsidiaries. ABN AMRO HypothekenGroep, Alfam, ICS and Moneyou are part of Retail Banking.

The table below summarises the Retail Banking segment's results for the years ended 31 December 2019 and 31 December 2018.

Retail Banking: Selected Financial Information

	Year ended 31 December	
	2019	2018
	<i>(in millions of euros)</i>	
Net interest income.....	2,903	3,122
Net fee and commission income.....	365	365
Other operating income.....	57	31
Operating income.....	3,324	3,517
Personnel expenses.....	411	442
Other expenses.....	1,667	1,586
Operating expenses.....	2,078	2,028
Operating result.....	1,246	1,489
Impairment charges on financial instruments.....	81	-12
Operating profit/(loss) before taxation.....	1,165	1,501

	Year ended 31 December	
	2019	2018
	<i>(in millions of euros)</i>	
Income tax expense	299	375
Net profit/(loss) for the period	866	1,126

	Year ended 31 December	
	2019	2018
Cost/income ratio	62.5%	57.7%
Cost of risk (in bps) ⁽¹⁾	5	-1

⁽¹⁾ Cost of risk is equal to 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.

	As at 31 December	
	2019	2018
Loans and advances customers (in billions)	152.4	154.5
<i>Of which Client loans (in billions)⁽¹⁾</i>	152.8	154.8
Due to customers (in billions)	90.4	93.5
Risk-weighted assets (risk exposure amount; in billions)	28.4	27.6
FTEs	4,340	4,445
Total client assets (in billions)	101.3	103.5
<i>Of which Cash (in billions)</i>	90.4	93.5
<i>Of which Securities (in billions)</i>	11.0	10.1

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

Net profit/(loss) for the period

Retail Banking's net profit decreased by 23% to EUR 866 million in 2019 (2018: EUR 1,126 million). This was driven by lower operating income, slightly higher operating expenses and higher impairments compared with 2018.

Net interest income

Net interest income decreased by 7% to EUR 2,903 million in 2019 (2018: EUR 3,122 million). The decrease was mainly attributable to the impact of a model update for non-maturing deposits and a decrease of EUR 135 million in the amount of net interest income reallocated from Group Functions in 2019 compared to 2018. Interest income on mortgages decreased modestly due to the competitive environment, while consumer loan volumes declined year-on-year. Deposit income continued to be impacted by ongoing margin pressure caused by the lower interest rate environment. ABN AMRO's market share in new production of mortgages grew to 18% in 2019 (2018: 17%).

Net fee and commission income

Net fee and commission income remained stable at EUR 365 million in 2019 (2018: EUR 365 million).

Other operating income

Other operating income increased by EUR 26 million to EUR 57 million in 2019 (2018: EUR 31 million), partly due to the sale of Moneyou Belgium portfolio.

Personnel expenses

Personnel expenses decreased by EUR 31 million to EUR 411 million in 2019 (2018: EUR 442 million). This was mainly due to a decline in FTE levels resulting from transfers to Group Functions (to further optimise and centralise support functions) and also reflected a further reduction in the number of branches.

Other expenses

Other expenses increased by EUR 81 million to EUR 1,667 million in 2019 (2018: EUR 1,586 million), mainly due to the provisions recorded for CDD remediation programs. During 2019, the total amount of CDD provisions in Retail Banking was EUR 122 million (2018: EUR 30 million), including EUR 114

million for retail clients in the second quarter of 2019 and an additional EUR 8 million for ICS in the fourth quarter of 2019. The increase was also due to higher regulatory levies in 2019 (EUR 183 million, compared with EUR 169 million in 2018).

Operating expenses

Operating expenses increased by EUR 50 million to EUR 2,078 million in 2019 (2018: EUR 2,028 million). The increase in operating expenses was driven by other expenses.

Operating result

The operating result declined by EUR 243 million to EUR 1,246 million in 2019 (2018: EUR 1,489 million). The decrease in operating result was largely driven by a lower net interest income in 2019.

Impairment charges

Impairment charges increased to a EUR 81 million charge in 2019 (2018: EUR 12 million release). Impairment charges in 2019 were impacted by model and methodology changes.

Income tax expense

Income tax expense decreased by EUR 76 million to EUR 299 million in 2019 (2018: EUR 375 million). The decrease in income tax expense was largely driven by a lower profit before tax.

Loans and advances customers

Loans and advances customers decreased by EUR 2.1 billion to EUR 152.4 billion at 31 December 2019 (31 December 2018: EUR 154.5 billion). The decrease was driven by lower residential mortgage volumes in 2019.

Due to customers

Due to customers decreased by EUR 3.1 billion to EUR 90.4 billion at 31 December 2019 (31 December 2018: EUR 93.5 billion), mainly due to the sale of the Moneyou Belgium portfolio.

Total client assets

Total client assets decreased by EUR 2.2 billion to EUR 101.3 billion (2018: EUR 103.5 billion), mainly due to the sale of the Moneyou Belgium portfolio.

Commercial Banking

Commercial Banking serves business clients with an annual turnover of up to EUR 250 million, clients active in Commercial Real Estate (excluding publicly listed companies, which are served by Corporate & Institutional Banking) and small businesses. ABN AMRO's Asset Based Finance activities are included in Commercial Banking.

The table below summarises the Commercial Banking segment's results for the years ended 31 December 2019 and 31 December 2018.

Commercial Banking: Selected Financial Information

	Year ended 31 December	
	2019	2018
	<i>(in millions of euros)</i>	
Net interest income	1,523	1,602
Net fee and commission income.....	256	258
Other operating income.....	27	39
Operating income	1,807	1,899
Personnel expenses.....	281	335
Other expenses	737	711
Operating expenses	1,018	1,046
Operating result.....	789	853

	Year ended 31 December	
	2019	2018
Impairment charges on financial instruments	182	253
Operating profit/(loss) before taxation	606	600
Income tax expense	154	153
Net profit/(loss) for the period	453	448

	Year ended 31 December	
	2019	2018
Cost/income ratio (in %)	56.3%	55.1%
Cost of risk (in bps) ⁽¹⁾	42	60

⁽¹⁾ Cost of risk is equal to 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.

	As at 31 December	
	2019	2018
Loans and advances customers (in billions)	41.8	41.6
<i>Of which Client loans (in billions)</i> ⁽¹⁾	42.6	42.3
Due to customers (in billions)	46.3	45.0
Risk weighted assets (risk exposure amount; in billions)	29.2	27.3
FTEs	2,470	2,734

⁽¹⁾ Gross carrying amount excluding fair value adjustment from hedge accounting

Net profit/(loss) for the period

Commercial Banking's net profit increased by 1% to EUR 453 million in 2019 (2018: EUR 448 million). The increase was driven by lower operating expenses and impairment charges.

Net interest income

Net interest income decreased by 5% to EUR 1,523 million in 2019 (2018: EUR 1,602 million). The decrease was mainly attributable to the model update for non-maturing deposits, a decrease of EUR 50 million in the amount of net interest income reallocated from Group Functions in 2019 compared to 2018 and continued deposit margin pressure. Client lending continued to grow slightly in 2019.

Net fee and commission income

Net fee and commission income decreased by EUR 2 million to EUR 256 million in 2019 (2018: EUR 258 million).

Other operating income

Other operating income decreased by EUR 12 million to EUR 27 million in 2019 (2018: EUR 39 million) as the figure in 2018 benefited from more favourable revaluation results.

Personnel expenses

Personnel expenses decreased by EUR 54 million to EUR 281 million in 2019 (2018: EUR 335 million). The decrease was a result of FTE transfers to Group Functions to further optimise and centralise support functions.

Other expenses

Other expenses increased by EUR 26 million to EUR 737 million in 2019 (2018: EUR 711 million), largely due to higher cost allocations from Group Functions resulting from FTE transfers to further optimise and centralise support functions. The increase was also attributable to higher regulatory levies in 2019 (EUR 55 million, compared with EUR 48 million in 2018). The provisions recorded for CDD remediation programs were mostly unchanged (EUR 52 million versus EUR 55 million in 2018).

Operating result

The operating result went down by EUR 64 million to EUR 789 million in 2019 (2018: EUR 853 million). The decrease in operating result was largely driven by a lower net interest income in 2019.

Impairment charges

Impairments amounted to a charge of EUR 182 million in 2019, compared with a net charge of EUR 253 million in 2018. In 2018, high impairments were recorded mainly for industrial goods and services, healthcare and the shipping industry.

Income tax expense

Income tax expense increased by EUR 1 million to EUR 154 million in 2019 (2018: EUR 153 million). The increase in income tax expense was largely driven by a higher profit before tax.

Total client loans

Total client loans increased by EUR 0.3 billion to EUR 42.6 billion at 31 December 2019 (31 December 2018: EUR 42.3 billion). Growth in client loans was predominantly driven by the continued strength of the Dutch economy.

Loans and advances customers

Loans and advances customers increased by EUR 0.2 billion to EUR 41.8 billion at 31 December 2019 (31 December 2018: EUR 41.6 billion). The increase was driven by the continued strength of the Dutch economy.

Due to customers

Due to customers increased by EUR 1.3 billion to EUR 46.3 billion at 31 December 2019 (31 December 2018: EUR 45.0 billion).

Private Banking

Private Banking provides total solutions to meet its clients' global wealth management needs and offers a rich array of products and services designed to address these clients' individual requirements. Private Banking operates under the brand name of ABN AMRO MeesPierson in the Netherlands and internationally under the name of ABN AMRO Private Banking or various local brand names such as Banque Neuflyze OBC in France and Bethmann Bank in Germany.

The table below summarises the Private Banking segment's results for the years ended 31 December 2019 and 31 December 2018.

Private Banking: Selected Financial Information

	Year ended 31 December	
	2019	2018
	<i>(in millions of euros)</i>	
Net interest income	667	719
Net fee and commission income.....	509	509
Other operating income	50	111
Operating income	1,226	1,340
Personnel expenses.....	394	390
Other expenses	536	538
Operating expenses	930	929
Operating result	296	412
Impairment charges on financial instruments	21	3
Operating profit/(loss) before taxation	275	408
Income tax expense	79	95
Net profit/(loss) for the period	196	313

	Year ended 31 December	
	2019	2018
Cost/income ratio (in %)	75.9%	69.3%
Cost of risk (in bps) ⁽¹⁾	14	3
Gross margin on client assets (in bps)	63	68

⁽¹⁾ Cost of risk is equal to 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.

	As at 31 December	
	2019	2018
Loans and advances customers (in billions)	14.1	12.5
<i>Of which Client loans (in billions)⁽¹⁾</i>	14.2	12.6
Due to customers (in billions)	69.2	66.2
Risk weighted assets (risk exposure amount, in billions)	10.1	9.8
FTEs	2,751	2,795

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

Net profit/(loss) for the period

Private Banking's profit for 2019 decreased by EUR 117 million and amounted to EUR 196 million (2018: EUR 313 million). Excluding positive incidentals in 2018 (EUR 60 million), the decrease was mainly attributable to lower net interest income and higher impairments.

Net interest income

Net interest income fell by 7% to EUR 667 million in 2019 (2018: EUR 719 million). This decrease was largely driven by the model update for non-maturing deposits, a decrease of approximately EUR 40 million in the amount of net interest income reallocated from Group Functions in 2019 compared to 2018 and continued deposit margin pressure. Furthermore, a slight increase in client lending was offset by lower margins.

Net fee and commission income

Net fee and commission income remained stable at EUR 509 million in 2019 (2018: EUR 509 million). The decrease in fees due to divestments were offset by additional fees from acquisitions.

Other operating income

Other operating income decreased by EUR 61 million to EUR 50 million in 2019 (2018: EUR 111 million). This was mainly the result of positive incidentals in 2018 of EUR 60 million relating to sale proceeds and provision releases from divestments (Private Banking Luxembourg and asset management activities in France).

Personnel expenses

Personnel expenses increased by EUR 4 million to EUR 394 million in 2019 (2018: EUR 390 million). Personnel expenses increased as a result of the restructuring provision for the Private Banking Belgium integration.

Other expenses

Other expenses decreased by EUR 2 million and amounted to EUR 536 million in 2019, compared with EUR 538 million in 2018, mainly due to a decrease in general and administrative expenses which was offset by goodwill impairments in Private Banking Channel Islands and higher cost allocations from Group Functions.

Operating result

The operating result decreased by 28% to EUR 296 million in 2019 (2018: EUR 412 million), while the cost/income ratio declined to 75.9% (2018: 69.3%).

Impairment charges

Impairment charges totalled EUR 21 million in 2019, compared with a charge of EUR 3 million in 2018. This was driven by impairment releases in 2018.

Income tax expense

Income tax expense decreased by EUR 16 million to EUR 79 million in 2019 (2018: EUR 95 million).

Loans and advances customers

Loans and advances customers increased by EUR 1.6 billion to EUR 14.1 billion at 31 December 2019 (31 December 2018: EUR 12.5 billion).

Due to customers

Due to customers increased by EUR 3.0 billion to EUR 69.2 billion at 31 December 2019 (31 December 2018: EUR 66.2 billion).

Private Banking: Client assets

	As at 31 December	
	2019	2018
	<i>(in billions of euros)</i>	
Opening balance as at 1 January	181.7	200.6
Net new assets (excluding sales/acquisitions)	-2.4	1.8
Market performance	9.9	-11.8
Divestments/acquisitions.....	6.0	-9.0
Closing balance at 31 December.....	195.2	181.7
Breakdown by assets type:		
Cash	69.2	66.3
Securities.....	126.0	115.4
- Of which custody.....	29.9	30.9
Breakdown by geography:		
The Netherlands (in %)	60%	58%
The rest of Europe (in %).....	40%	42%

Client assets

Client assets increased by EUR 13.5 billion and amounted to EUR 195.2 billion at 31 December 2019 (31 December 2018: EUR 181.7 billion). The increase was mainly driven by an improvement in market performance.

Net new assets

Net new assets totalled EUR 2.4 billion negative at 31 December 2019 (31 December 2018: EUR 1.8 billion), mainly driven by a significant outflow of custody assets in the fourth quarter of 2019.

Corporate & Institutional Banking

Corporate & Institutional Banking serves business clients with an annual turnover exceeding EUR 250 million. In Northwest Europe, clients with turnover exceeding EUR 100 million are served in eight selected sectors. Corporate & Institutional Banking covers loan products (Structured Finance and Trade & Commodity Finance), flow products (Global Markets) and specialised products (Clearing and Private Equity). Corporate & Institutional Banking's business activities are organised according to sector, geography and product.

The table below summarises the Corporate & Institutional Banking segment's results for the years ended 31 December 2019 and 31 December 2018.

Corporate & Institutional Banking: Selected Financial Information

	Year ended 31 December	
	2019	2018
	<i>(in millions of euros)</i>	
Net interest income	1,229	1,166
Net fee and commission income.....	505	527
Other operating income	132	423
Operating income	1,866	2,116
Personnel expenses.....	428	480
Other expenses	669	708
Operating expenses	1,097	1,189
Operating result	768	927
Impairment charges on financial instruments	376	427
Operating profit/(loss) before taxation	392	501
Income tax expense	101	75
Net profit/(loss) for the period	291	426

	Year ended 31 December	
	2019	2018
Cost/income ratio (in %)	58.8%	56.2%
Cost of risk (in bps) ⁽¹⁾	62	70

⁽¹⁾ Cost of risk is equal to 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.

	As at 31 December	
	2019	2018
Loans and advances customers – customers (in billions)	55.1	56.8
<i>Of which Client loans (in billions)⁽¹⁾</i>	41.2	42.6
Due to customers (in billions)	26.5	28.0
Risk weighted assets (risk exposure amount; in billions)	37.9	35.0
FTEs.....	2,517	2,528

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

Net profit/(loss) for the period

Corporate & Institutional Banking's net profit decreased by EUR 135 million to EUR 291 million in 2019 (2018: EUR 426 million). The decrease was driven by a decline in operating income.

Net interest income

Net interest income increased by EUR 63 million to EUR 1,229 million in 2019 (2018: EUR 1,166 million) owing to margin growth on client lending, a model update for non-maturing deposits and an increase of EUR 55 million in the amount of net interest income allocated from Group Functions in 2019 compared to 2018. Due to strategy refocus, client lending decreased mainly in Global Transportation & Logistics and Natural Resources sectors. Global Markets and Clearing also presented higher results when compared with 2018.

Net fee and commission income

Net fee and commission income decreased by EUR 22 million to EUR 505 million in 2019 (2018: EUR 527 million). The decrease was mainly in CIB clients.

Other operating income

Other operating income decreased by EUR 291 million to EUR 132 million in 2019 (2018: EUR 423 million). The decrease was mainly attributable to less favourable equity participations results in 2019 (EUR 52 million versus EUR 274 million in 2018) and adverse CVA/DVA/FVA results in 2019 (EUR 17 million negative versus EUR 2 million negative in 2018).

Personnel expenses

Personnel expenses decreased by EUR 52 million to EUR 428 million in 2019 (2018: EUR 480 million). The decrease was driven by the restructuring provision in 2018 (related to the strategy refocus).

Other expenses

Other expenses decreased by EUR 39 million to EUR 669 million in 2019 (2018: EUR 708 million), mainly due to lower provisions for project costs relating to SME derivatives-related issues (EUR 23 million versus EUR 41 million in 2018) and lower regulatory levies (EUR 83 million versus EUR 86 million in 2018).

Operating result

Operating result decreased by EUR 159 million to EUR 768 million in 2019 (2018: EUR 927 million). The decrease was mainly driven by other operating income.

Impairment charges

Impairment charges decreased by EUR 51 million to EUR 376 million in 2019 (2018: EUR 427 million). The energy-offshore and logistics sectors were impacted most in 2019 (2018: energy-offshore, diamonds and logistics sectors).

Income tax expense

Income tax expense increased by EUR 26 million to EUR 101 million in 2019 (2018: EUR 75 million) as there are no material deviations in 2019.

Total client loans

Total client loans decreased by EUR 1.4 billion to EUR 41.2 billion at 31 December 2019 (31 December 2018: EUR 42.6 billion). Excluding the USD FX appreciation impact of EUR 0.6 billion, client loans decreased by EUR 2 billion. The decrease was mainly recorded in Global Transportation & Logistics and Natural Resources sectors, as a result of the CIB refocus announced in 2018.

Due to customers

Due to customers decreased by EUR 1.5 billion to EUR 26.5 billion at 31 December 2019 (31 December 2018: EUR 28.0 billion). The decrease was mainly reflected in Clearing.

Group Functions

Group Functions supports the business segments and consists of Innovation & Technology, Risk Management & Compliance, Finance, HR & Transformation, Group Audit, Strategy & Sustainability, Legal and the Corporate Office. The majority of Group Functions' costs are allocated to the respective business segments. The results of Group Functions include those of ALM and Treasury and the securities financing activities.

The table below summarises the Group Functions results for the years ended 31 December 2019 and 31 December 2018.

Group Functions: Selected financial information

	Year ended 31 December	
	2019	2018
	<i>(in millions of euros)</i>	
Net interest income	147	- 16
Net fee and commission income.....	2	40
Other operating income	238	196
Operating income	383	220
Personnel expenses.....	734	794
Other expenses	-589	- 635
Operating expenses	145	160
Operating result	238	60

	Year ended 31 December	
	2019	2018
	<i>(in millions of euros)</i>	
Impairment charges on financial instruments	-3	- 16
Operating profit/(loss) before taxation	241	76
Income tax expense ⁽¹⁾	1	38
Net profit/(loss) for the period⁽¹⁾	240	39

	As at 31 December	
	2019	2018
Securities financing – assets (in billions)	10.3	7.1
Loans and advances customers (in billions)	4.7	5.5
Securities financing – liabilities (in billions)	7.7	6.9
Due to customers (in billions)	2.7	3.5
Risk weighted assets (risk exposure amount; in billions)	4.1	5.6
FTEs	5,899	6,328

⁽¹⁾ Comparative figures for 2018 have been restated. See "—Summary of Financial Information Policies."

Net profit/(loss) for the period

Net profit rose by EUR 201 million to EUR 240 million in 2019 (2018: EUR 39 million) owing to a rise in operating income while costs declined.

Net interest income

Net interest income increased by EUR 163 million to EUR 147 million in 2019 (2018: EUR 16 million negative). The increase was mainly attributable to the full-year impact of a model update for non-maturing deposits and a decrease of EUR 170 million in the amount of net interest income reallocated to the business segments in 2019 compared to 2018, alongside the book profit recorded for the sale of Stater N.V.

Net fee and commission income

Net fee and commission income decreased by EUR 42 million to EUR 2 million negative in 2019 (2018: EUR 40 million), due to the divestment of Stater N.V.

Other operating income

Other operating income increased by EUR 42 million to EUR 238 million in 2019 (2018: EUR 196 million). This was mainly due to the book gain recorded for the sale of Stater N.V. (EUR 130 million in the second quarter of 2019), which was partly offset by less favourable hedge accounting-related income, including the partial sale of the public sector loan portfolio (totalling EUR 57 million versus EUR 79 million in 2018) and a lower revaluation of equensWorldline (EUR 39 million versus EUR 69 million in 2018).

Personnel expenses

Personnel expenses decreased by EUR 60 million to EUR 734 million in 2019 (2018: EUR 794 million), mainly as a result of lower restructuring provisions due to a EUR 3 million release in 2019 (2018: EUR 58 million). The increase in personnel expenses due to FTE transfers from the business segments was offset by the decrease in FTEs from the sale of Stater N.V.

Operating result

Operating result increased by EUR 178 million to EUR 238 million in 2019 (2018: EUR 60 million). The increase was largely driven by net interest income.

Impairment charges

Impairment charges totalled EUR 3 million negative in 2019, compared with EUR 16 million negative in 2018.

Income tax expense

Income tax expense decreased by EUR 37 million to EUR 1 million in 2019 (2018: EUR 38 million). The decrease in income tax expense was largely driven by more tax-exempt income (sale of Stater N.V.) in 2019.

7.6 Other references

Liquidity and Funding

Please see "*Risk, funding & capital management – Funding & liquidity risk management*" and "*Risk, funding & capital review – Liquidity risk & Funding*" in the Annual Report 2020, which has been incorporated by reference herein.

Please also see "*Risk, funding & capital management – Funding & liquidity risk management*" and "*Risk, funding & capital review – Liquidity risk & Funding*" in the Annual Report 2019, which has been incorporated by reference herein.

Risk Management and Review

Please see "*Risk, funding & capital management*" and "*Risk, funding & capital review*" in the Annual Report 2020, which has been incorporated by reference herein.

Please also see "*Risk, funding & capital management*" and "*Risk, funding & capital review*" in the Annual Report 2019, which has been incorporated by reference herein.

Capital Management

Please see "*Risk, funding & capital management – Capital management*" and "*Risk, funding & capital review – Capital*" in the Annual Report 2020, which has been incorporated by reference herein.

Please see "*Risk, funding & capital management – Capital management*" and "*Risk, funding & capital review – Capital*" in the Annual Report 2019, which has been incorporated by reference herein.

Critical Accounting Policies

Please see "*Notes to the Consolidated Annual Financial Statements – 1 Accounting policies*" in the Annual Report 2020, which has been incorporated by reference herein.

Please also see "*Notes to the Consolidated Annual Financial Statements – 1 Accounting policies*" in the Annual Report 2019, which has been incorporated by reference herein.

Related Party Transactions

Please see "*Notes to the Consolidated Annual Financial Statements – 37 Related parties*" in the Annual Report 2020, which has been incorporated by reference herein.

Please also see "*Notes to the Consolidated Annual Financial Statements – 37 Related parties*" in the Annual Report 2019, which has been incorporated by reference herein.

8. SELECTED STATISTICAL INFORMATION

The reported results for the years ended as at 31 December 2020 included in this section were extracted from the 2020 Consolidated Annual Financial Statements. The reported results for the years ended 31 December 2019 and 2018 this section were extracted from the 2019 Consolidated Annual Financial Statements. For more information see "Summary of Financial Information Policies."

Certain information in this section derived from ABN AMRO's Annual Report 2020 has been audited and is part of the 2020 Consolidated Annual Financial Statements.

Set out below are certain statistical disclosures, including ABN AMRO's financial assets and liabilities held for trading, details of its loan portfolio and a maturity analysis of its assets and liabilities. This Registration Document has been prepared in accordance with the rules and regulations of Euronext Amsterdam and the AFM, which has disclosure requirements that are different from those of the United States. In particular, the information below is not presented in the form or with the content that would be required in an offering registered pursuant to the Securities Act.

Figures below are presented as at and for the years ended 31 December 2020, 2019 and 2018. Certain figures in this section may not add up exactly due to rounding. In addition, certain percentages in this section have been calculated using rounded figures.

8.1 Financial Assets and Liabilities Held for Trading

Please see "Notes to the Consolidated Annual Financial Statements – 13 Financial assets and liabilities held for trading" in the Annual Report 2020, which has been incorporated by reference herein.

8.2 Loan Portfolio

Outstanding loans to banks and customers

Please see "Notes to the Consolidated Annual Financial Statements – 19 Loans and advances banks and 20 Loans and advances customers" in the Annual Report 2020, which has been incorporated by reference herein.

Outstanding loans by industry sector

Please see "Risk, funding & capital review – Credit risk – Industry concentration – Industry concentration by EAD" in the Annual Report 2020, which has been incorporated by reference herein.

8.3 Credit quality of retail loans and other financial assets

Please see "Risk, funding & capital review – Credit risk – Credit quality by exposure class" in the Annual Report 2020, which has been incorporated by reference herein.

8.4 Past due credit exposure

Please see "Risk, funding & capital review – Credit risk – Past due exposures" in the Annual Report 2020, which has been incorporated by reference herein.

8.5 Loan impairment exposure

Total impairment charges (releases) on loans and advances increased to EUR 2,161 million for the year ended 31 December 2020 compared with EUR 730 million for the year ended 31 December 2019.

The tables below set out loan impairments charges and allowances for the year ended 31 December 2020:

	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
<i>(in million of euros)</i>							
Balance at 1 January 2020.....	5	140	298	1,982	6	2,431	16
Transfer to stage 1.....	-	-7	-4	-12	-	-23	1
Transfer to stage 2.....	-	4	5	110	-	119	6
Transfer to stage 3.....	-	27	91	518	-	636	179

	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
<i>(in million of euros)</i>							
Remeasurements ⁽¹⁾	-2	-49	42	1,922	-3	1,910	5
Changes in models	-	6	-	-	-	6	-
Changes in risk parameters.....	2	28	3	132	-	165	11
Originated or purchased	-	4	4	31	-	40	20
Matured or sold loans.....	-1	-13	-11	-668	-	-692	-9
Impairment charges (releases) on loans and advances	-1	1	130	2,033	-3	2,161	214
Write-offs.....	-	-16	-143	-1,035	-	-1,194	-
Unwind discount/unearned interest accrued.....	-	2	-1	31	-	31	-
Foreign exchange and other movements	1	-10	11	42	-	43	-182
Balance as at 31 December 2020	6	116	294	3,053	3	3,472	48
Impairment charges (releases) on loans and advances	-1	1	130	2,033	-3	2,161	214
Credit-related modifications ⁽²⁾	-	-	-	36	-	36	-
Recoveries and other charges (releases)	-	-19	-38	-33	-	-90	-17
Total impairment charges for the period⁽³⁾	-1	-18	92	2,035	-3	2,106	197

- (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 underlying exposure on which the modification loss is calculated is EUR 16.9 billion, almost full related to the payment holidays.
- (3) The impairment charges for the period excludes charges (releases) for financial investments held at FVOCI 31 December 2020: EUR 0 million (31 December 2019: EUR 0 million).

Total impairment charges (releases) on loans and advances increased to EUR 730 million for the year ended 31 December 2019 compared with EUR 717 million for the year ended 31 December 2018.

The tables below sets out loan impairments charges and allowances for the year ended 31 December 2019:

	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
<i>(in million of euros)</i>							
Balance at 1 January 2019	9	108	318	1,825	9	2,269	12
Transfer to stage 1.....	-	-7	-10	-21	-	-38	-
Transfer to stage 2.....	-	2	4	14	-	19	1
Transfer to stage 3.....	-	48	47	298	-	393	3
Impairment charges for the period.....	3	44	144	765	-	956	9
Reversal of impairment allowances no longer required.....	-2	-14	-103	-487	-2	-608	-10
Modifications							
Remeasurements ⁽¹⁾	-	31	41	278	-2	348	-1
Changes in models	-	-13	4	20	-1	9	-2
Changes in risk parameters.....	-	2	8	13	-	23	2
Originated or purchased	1	4	12	36	-	53	5
Matured or sold loans.....	-5	-12	-13	-49	-	-78	-6
Impairment charges (releases) on loans and advances	-3	54	93	589	-3	730	3
Write-offs.....	-	-22	-122	-464	-	-608	-
Unwind discount/unearned interest accrued.....	-	2	1	28	-	31	-
Foreign exchange and other movements	-	-3	8	5	-	10	1
Balance as at 31 December 2019	5	140	298	1,982	6	2,431	16
Impairment charges (releases) on loans and advances	-3	54	93	589	-3	730	3
Recoveries and other charges (releases)	-	-23	-43	-21	-	-87	11
Total impairment charges for the period⁽²⁾	-3	31	50	568	-3	643	14

- (1) Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.
- (2) The impairment charges for the period excludes charges (releases) for financial investments held at FVOCI (31 December 2019: EUR 0 million).

Total impairment charges (releases) on loans and advances increased to EUR 717 million for the year ended 31 December 2018.

The tables below sets out loan impairments charges and allowances for the year ended 31 December 2018:

	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
<i>(in million of euros)</i>							
Balance at 1 January 2018	9	182	362	2,055	2	2,610	25
Transfer to stage 1.....	-	-15	-31	-59	-	-104	-
Transfer to stage 2.....	-	2	17	59	1	79	-
Transfer to stage 3.....	-	9	24	211	-	244	-
Remeasurements ⁽¹⁾	4	23	18	469	6	521	-14
Originated or purchased.....	1	8	5	30	-	45	7
Matured or sold loans.....	-5	-20	-6	-36	-	-67	-4
Impairment charges (releases) on loans and advances	-	7	27	676	7	717	-12
Write-offs.....	-	-36	-103	-929	-	-1,068	-
Unwind discount/unearned interest accrued.....	-	-25	2	7	-	-16	-
Foreign exchange and other movements.....	-	-19	30	16	-1	26	-1
Balance as at 31 December 2018	9	108	318	1,825	9	2,269	12
Impairment charges (releases) on loans and advances.....	-	7	27	676	7	717	-12
Recoveries and other charges (releases).....	-	-18	-31	-16	-	-65	16
Total impairment charges for the period ⁽²⁾	-	-11	-4	660	7	652	4

⁽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 (2018: EUR 0 million).

8.6 Due to Banks and Customers

Please see "Notes to the Consolidated Annual Financial Statements – 26 Due to banks and 27 Due to customers" in the Annual Report 2020, which has been incorporated by reference herein.

8.7 Maturity Analysis of Assets and Liabilities

The following tables show the financial assets and liabilities for 2020, 2019 and 2018 arranged by the earliest possible contractual maturity. This picture is not consistent with how ABN AMRO views and manages liquidity, as it does not take expected client behaviour and other factors into account. Most notably, this table does not reflect prepayment of mortgages and other loans and the fact that the behavioural maturities of client deposits are not in line with the contractual maturities. Financial investments relate to the liquidity buffer and can be liquidated quickly despite the longer contractual maturity.

As at 31 December 2020											
	On demand	Trading derivatives	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
<i>(in millions of euros)</i>											
Assets											
Cash and balances at central banks.....	60,190	-	-	-	-	-	-	-	-	-	60,190
Financial assets held for trading.....	5	-	8	37	254	308	73	264	367	-	1,315
Derivatives.....	7	5,040	94	8	69	12	8	82	1,060	-	6,381
Financial investments.....	1,936	-	1,361	2,933	3,308	1,997	5,054	15,561	14,451	855	47,455
Securities financing.....	1,212	-	12,173	2,985	354	-	-	-	-	-	16,725
Loans and advances banks.....	1,462	-	72	74	379	5	237	7	1,158	-	3,394
Loans and advances customers.....	20,400	-	7,260	5,394	3,291	6,568	13,197	33,679	162,369	-	252,159
Other assets.....	4,375	-	2,321	409	450	23	73	273	80	-	8,005
Total assets	89,588	5,040	23,290	11,840	8,105	8,913	18,641	49,865	179,486	855	395,623
Liabilities											
Financial liabilities held for trading.....	-	-	4	24	1	1	26	153	355	-	563
Derivatives.....	23	6,159	36	29	48	67	86	245	698	-	7,391
Securities financing.....	829	-	9,164	1,370	-	-	-	-	-	-	11,363
Due to banks.....	1,364	-	1,876	338	225	67	317	32,101	432	-	36,719
Due to customers.....	212,421	-	15,887	1,142	468	611	808	1,124	6,109	-	238,570
Issued debt.....	-	-	7,124	3,862	4,145	4,147	7,246	13,317	27,108	-	66,949
- of which senior secured.....	-	-	32	168	2,295	115	2,858	4,666	24,309	-	34,443
- of which senior unsecured.....	-	-	2,778	333	255	4,020	4,388	8,651	2,798	-	23,223

As at 31 December 2020

	On demand	Trading derivatives	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
<i>(in millions of euros)</i>											
- of which other.....	-	-	4,314	3,361	1,595	12	-	-	-	-	9,283
Subordinated liabilities.....	-	-	-	-	1,561	-	1,570	3,796	1,143	-	8,069
Other liabilities.....	2,654	-	1,135	418	92	14	569	21	107	-	5,010
Total liabilities.....	217,290	6,159	35,226	7,182	6,541	4,908	10,622	50,756	35,951	-	374,634
Total equity.....	-	-	-	-	-	-	-	-	-	20,989	20,989
Total liabilities and equity.....	217,290	6,159	35,226	7,182	6,541	4,908	10,622	50,756	35,951	20,989	395,623
<i>Off-balance sheet liabilities</i>											
Committed credit facilities.....	55,207	-	-	-	-	-	-	-	-	-	55,207
Guarantees.....	1,890	-	-	-	-	-	-	-	-	-	1,890
Irrevocable facilities.....	5,535	-	-	-	-	-	-	-	-	-	5,535
Recourse risks arising from discounted bills.....	1,556	-	-	-	-	-	-	-	-	-	1,556
Total off-balance sheet liabilities.....	64,188	-	-	-	-	-	-	-	-	-	64,188

As at 31 December 2019

	On demand ⁽¹⁾	Trading derivatives ⁽¹⁾	Up to one month ⁽¹⁾	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
<i>(in millions of euros)</i>											
<i>Assets</i>											
Cash and balances at central banks ⁽²⁾	27,558	-	-	-	-	-	-	-	-	-	27,558
Financial assets held for trading.....	6	-	11	55	340	82	85	312	246	-	1,137
Derivatives.....	10	4,498	36	7	26	69	90	45	949	-	5,730
Financial investments.....	1,791	-	1,187	1,538	1,806	2,767	4,806	15,462	15,086	833	45,277
Securities financing.....	848	-	11,034	2,952	17	54	-	-	-	-	14,905
Loans and advances banks.....	1,103	-	1,416	555	386	219	341	35	956	-	5,011
Loans and advances customers ⁽²⁾	21,258	-	10,857	6,868	2,908	7,474	12,903	38,062	167,275	-	267,604
Other assets.....	4,056	-	1,892	511	145	34	752	334	107	-	7,831
Total assets.....	56,631	4,498	26,432	12,486	5,628	10,699	18,977	54,250	184,620	833	375,054
<i>Liabilities</i>											
Financial liabilities held for trading.....	4	-	28	11	9	23	75	211	313	-	675
Derivatives.....	25	5,347	63	8	21	81	127	218	616	-	6,505
Securities financing.....	179	-	6,795	1,260	-	-	-	-	-	-	8,234
Due to banks.....	1,562	-	1,123	254	608	4,364	4,092	398	385	-	12,785
Due to customers.....	212,967	-	6,144	5,194	888	1,107	957	1,636	6,098	-	234,991
Issued debt.....	-	-	4,536	6,958	8,643	3,011	10,427	15,929	25,771	-	75,275
- of which senior secured.....	-	-	174	-	2,067	248	2,746	7,070	21,709	-	34,014
- of which senior unsecured.....	-	-	137	538	3,471	1,848	7,681	8,858	4,062	-	26,595
- of which other.....	-	-	4,225	6,421	3,106	915	-	-	-	-	14,666
Subordinated liabilities.....	-	-	3	-	1,522	103	1,647	4,186	2,580	-	10,041
Other liabilities.....	2,998	-	999	469	85	22	277	43	183	-	5,076
Total liabilities.....	217,734	5,347	19,690	14,154	11,778	8,710	17,602	22,620	35,947	-	353,582
Total equity.....	-	-	-	-	-	-	-	-	-	21,471	21,471
Total liabilities and equity.....	217,734	5,347	19,690	14,154	11,778	8,710	17,602	22,620	35,947	21,471	375,054
<i>Off-balance sheet liabilities</i>											
Committed credit facilities.....	54,673	-	-	-	-	-	-	-	-	-	54,673
Guarantees.....	2,407	-	-	-	-	-	-	-	-	-	2,407
Irrevocable facilities.....	6,733	-	-	-	-	-	-	-	-	-	6,733
Recourse risks arising from discounted bills.....	8,339	-	-	-	-	-	-	-	-	-	8,339
Total off-balance sheet liabilities.....	72,152	-	-	-	-	-	-	-	-	-	72,152

(1) In 2019, up to one month has been divided into on demand, trading derivatives and up to one month.

(2) During 2020, ABN AMRO changed its presentation of instant payment facilities from corporate loans at amortised cost to cash and balances at central banks. Comparative figures have been adjusted accordingly.

As at 31 December 2018

	On demand ⁽²⁾	Trading derivatives ⁽²⁾	Up to one month ⁽²⁾	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
<i>(in millions of euros)</i>											
<i>Assets</i>											
Cash and balances at central banks ⁽¹⁾	35,716	-	-	-	-	-	-	-	-	-	35,716
Financial assets held for trading.....	495	-	-	-	-	-	-	-	-	-	495
Derivatives.....	-	379	-	206	236	241	773	1,390	2,966	-	6,191

As at 31 December 2018

	On demand ⁽²⁾	Trading derivatives ⁽²⁾	Up to one month ⁽²⁾	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
<i>(in millions of euros)</i>											
Financial investments.....	129	-	357	1,560	845	1,815	4,182	14,306	17,992	998	42,184
Securities financing.....	6,661	-	2,516	2,985	143	70	-	-	-	-	12,375
Loans and advances banks.....	1,028	-	2,429	560	360	266	308	703	1,126	-	6,780
Loans and advances customers.....	6,613	-	12,409	3,189	3,017	7,060	29,420	37,426	171,751	-	270,886
	1,239	-	1,135	440	154	261	311	401	966	1,761	6,668
Other assets.....	-	-	-	-	-	-	-	-	-	-	-
Total assets.....	51,881	379	18,845	8,940	4,755	9,715	34,994	54,225	194,802	2,758	381,295
Liabilities											
Financial liabilities held for trading..	253	-	-	-	-	-	-	-	-	-	253
Derivatives.....	-	294	85	459	231	290	664	1,535	3,600	-	7,159
Securities financing.....	5,468	-	731	1,202	4	2	-	-	-	-	7,407
Due to banks.....	1,959	-	768	879	387	344	4,240	4,508	353	-	13,437
Due to customers.....	218,333	-	-	7,557	1,054	1,113	544	2,197	5,325	-	236,123
Issued debt.....	-	-	7,292	11,466	3,747	4,676	8,571	21,352	23,680	-	80,784
- of which senior secured.....	-	-	115	-	10	1,761	2,699	7,803	20,242	-	32,629
- of which senior unsecured.....	-	-	4,854	2,282	317	1,536	5,872	13,549	3,438	-	31,848
- of which securitisations.....	-	-	-	-	-	500	-	-	-	-	500
- of which other.....	-	-	2,324	9,184	3,420	880	-	-	-	-	15,807
Subordinated liabilities.....	-	-	-	-	7	-	1,644	5,773	2,380	-	9,805
	867	-	1,429	296	23	20	66	7	240	2,020	4,968
Other liabilities.....	-	-	-	-	-	-	-	-	-	-	-
Total liabilities.....	226,879	294	10,305	21,859	5,453	6,446	15,730	35,371	35,578	2,020	359,935
Total equity.....	-	-	-	-	-	-	-	-	-	21,360	21,360
Total liabilities and equity.....	226,879	294	10,305	21,859	5,453	6,446	15,730	35,371	35,578	23,380	381,295
Off-balance sheet liabilities											
Committed credit facilities.....	61,166	-	-	-	-	-	-	-	-	-	61,166
Guarantees.....	2,473	-	-	-	-	-	-	-	-	-	2,473
Irrevocable facilities.....	5,946	-	-	-	-	-	-	-	-	-	5,946
Recourse risks arising from discounted bills.....	6,822	-	-	-	-	-	-	-	-	-	6,822
Total off-balance sheet liabilities...	76,408	-	-	-	-	-	-	-	-	-	76,408

(1) The figures for 2018 with regard to loans and advances banks have been restated. See "Notes to the Consolidated Annual Financial Statements – 1 Accounting policies" in the Annual Report 2019

(2) In 2019, up to one month has been divided into on demand, trading derivatives and up to one month. The comparative figures for 2018 have been restated accordingly.

The next set of tables provide a maturity analysis of the earliest contractual undiscounted cash flows for financial assets and liabilities. Financial assets and liabilities held for trading are recorded within on demand at fair value. ABN AMRO believes this best represents the short-term nature and the cash flows of these activities. The contractual maturity of the instruments may however extend over significantly longer periods.

Maturity based on contractual undiscounted cash flows for the year ending 31 December 2020:

As at 31 December 2020

	On demand	Trading derivatives	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
<i>(in millions of euros)</i>											
Assets											
Cash and balances at central banks.....	60,190	-	-	-	-	-	-	-	-	-	60,190
Financial assets held for trading.....	5	-	8	39	77	314	262	276	378	-	1,358
Derivatives.....	7	5,040	163	264	688	1,147	2,140	4,758	5,671	-	19,879
Financial investments.....	1,936	-	1,385	3,023	5,255	2,339	3,889	16,341	15,129	855	50,151
Securities financing.....	1,212	-	12,177	2,987	1	2	354	-	-	-	16,734
Loans and advances banks.....	1,462	-	71	71	228	-10	357	-44	1,107	-	3,241
Loans and advances customers.....	20,639	-	7,521	6,398	15,586	10,855	11,232	49,537	177,823	-	299,592
Other assets.....	4,375	-	2,322	410	75	27	453	276	81	-	8,020
Total undiscounted assets.....	89,827	5,040	23,647	13,191	21,910	14,674	18,688	71,144	200,190	855	459,165
<i>Gross settled derivatives not held for trading:</i>											
Contractual amounts receivable.....	-	-	3	5	11	8	13	20	6	-	66
Contractual amounts payable.....	-	-	54	11	36	55	80	59	14	-	308
Total undiscounted gross settled derivatives not held for trading....	-	-	-51	-6	-25	-47	-67	-38	-8	-	-242
<i>Net settled derivatives not held for trading:</i>											
Derivatives.....	-	-	212	22	221	85	376	726	2,208	-	3,850
Liabilities											
Financial liabilities held for trading.....	-	-	4	25	28	5	7	164	365	-	598
Derivatives.....	23	6,159	100	276	668	1,077	1,848	3,525	3,865	-	17,541
Securities financing.....	829	-	9,165	1,370	-	-	-	-	-	-	11,364

As at 31 December 2020

	On demand	Trading derivatives	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
<i>(in millions of euros)</i>											
Due to banks.....	1,364	-	1,874	331	300	34	165	32,076	430	-	36,573
Due to customers.....	212,421	-	15,888	1,144	812	617	479	1,146	6,130	-	238,637
Issued debt.....	-	-	7,142	4,022	7,601	4,734	5,140	14,991	28,708	-	72,339
Subordinated liabilities.....	-	-	15	62	1,708	235	1,905	4,078	1,328	-	9,332
Other liabilities.....	2,654	-	1,136	419	571	15	93	23	109	-	5,019
Total liabilities.....	217,290	6,159	35,324	7,647	11,687	6,718	9,638	56,004	40,936	-	391,403
<i>Gross settled derivatives not held for trading:</i>											
Contractual amounts receivable.....	-	-	186	8	4	5	5	6	-	-	214
Contractual amounts payable.....	-	-	1	2	2	5	3	3	-	-	15
Total undiscounted gross settled derivatives not held for trading....	-	-	-185	-6	-1	-1	-2	-4	-	-	-199
Net settled derivatives not held for trading.....	-	-	69	131	164	336	645	1,591	2,544	-	5,480
Net liquidity gap.....	-127,463	-1,119	-11,677	5,544	10,223	7,956	9,050	15,140	159,253	855	67,762
<i>Off balance sheet liabilities:</i>											
Committed credit facilities.....	55,207	-	-	-	-	-	-	-	-	-	55,207
Guarantees.....	1,890	-	-	-	-	-	-	-	-	-	1,890
Irrevocable facilities.....	5,535	-	-	-	-	-	-	-	-	-	5,535
Recourse risks arising from discounted bills.....	1,556	-	-	-	-	-	-	-	-	-	1,556
Total off-balance sheet liabilities.....	64,188	-	-	-	-	-	-	-	-	-	64,188

Maturity based on contractual undiscounted cash flows for the year ending 31 December 2019:

As at 31 December 2019

	On demand	Trading derivatives	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
<i>(in millions of euros)</i>											
Assets											
Cash and balances at central banks ⁽¹⁾	27,558	-	-	-	-	-	-	-	-	-	27,558
Financial assets held for trading.....	5	291	15	60	334	87	103	334	290	-	1,530
Derivatives.....	11	4,207	108	298	751	1,370	2,319	5,028	5,810	-	19,903
Financial investments.....	1,791	-	1,214	1,642	2,502	3,198	5,506	16,397	15,897	833	48,530
Securities financing.....	848	-	11,045	2,959	17	54	-	-	-	-	14,924
Loans and advances banks.....	1,103	-	1,417	557	390	225	349	53	974	-	5,068
Loans and advances customers ⁽¹⁾	21,258	-	11,179	8,092	5,881	12,941	22,612	57,152	186,100	-	325,216
Other assets.....	4,056	-	1,893	514	150	43	759	339	110	-	7,864
Total undiscounted assets.....	56,631	4,498	26,870	14,122	9,587	17,917	31,649	79,303	209,181	833	450,591
<i>Gross settled derivatives not held for trading:</i>											
Contractual amounts receivable.....	-	-	23	10	11	11	12	8	7	-	81
Contractual amounts payable.....	-	-	47	11	24	63	41	50	16	-	252
Total undiscounted gross settled derivatives not held for trading....	-	-	-24	-1	-13	-52	-30	-42	-10	-	-171
Net settled derivatives not held for trading.....	-	-	119	28	298	124	520	853	2,179	-	4,119
Liabilities											
Financial liabilities held for trading.....	4	-	29	12	12	28	84	224	326	-	719
Derivatives.....	25	5,347	122	234	578	1,063	1,728	3,113	3,411	-	15,622
Securities financing.....	179	-	6,800	1,262	-	-	-	-	-	-	8,242
Due to banks.....	1,562	-	1,127	269	644	4,406	4,106	412	398	-	12,923
Due to customers.....	212,967	-	6,147	5,201	901	1,128	992	1,703	6,163	-	235,202
Issued debt.....	-	-	4,599	7,190	9,142	4,003	11,595	17,923	27,581	-	82,033
Subordinated liabilities.....	-	-	22	78	1,703	415	2,127	4,719	3,006	-	12,070
Other liabilities.....	2,998	-	1,000	471	88	27	281	51	191	-	5,108
Total liabilities.....	217,734	5,347	19,846	14,718	13,069	11,070	20,912	28,146	41,075	-	371,918
<i>Gross settled derivatives not held for trading:</i>											
Contractual amounts receivable.....	-	-	334	54	19	30	36	36	4	-	512
Contractual amounts payable.....	-	-	29	37	66	163	187	196	1	-	679
Total undiscounted gross settled derivatives not held for trading....	-	-	-305	-16	46	133	152	160	-3	-	166
Net settled derivatives not held for trading.....	-	-	37	129	159	304	639	1,645	2,663	-	5,576
Net liquidity gap.....	-161,104	-849	7,024	-596	-3,482	6,847	10,737	51,158	168,105	833	78,674
<i>Off balance sheet liabilities:</i>											
Committed credit facilities.....	54,673	-	-	-	-	-	-	-	-	-	54,673
Guarantees.....	2,407	-	-	-	-	-	-	-	-	-	2,407
Irrevocable facilities.....	6,733	-	-	-	-	-	-	-	-	-	6,733
Recourse risks arising from discounted bills.....	8,339	-	-	-	-	-	-	-	-	-	8,339
Total off-balance sheet liabilities.....	72,152	-	-	-	-	-	-	-	-	-	72,152

(1) During 2020, ABN AMRO changed its presentation of instant payment facilities from corporate loans at amortised cost to cash and balances at central banks. Comparative figures have been adjusted accordingly.

Maturity based on contractual undiscounted cash flows for the year ending 31 December 2018:

As at 31 December 2018										
On demand (3)	Trading derivatives (3)	Up to one month ⁽³⁾	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
<i>(in millions of euros)</i>										
Assets										
Cash and balances at central banks ⁽¹⁾	35,716	-	-	-	-	-	-	-	-	35,716
Financial assets held for trading.....	495	-	-	-	-	-	-	-	-	495
Derivatives.....	-	379	63	456	833	1,311	2,494	4,285	5,602	15,423
Financial investments.....	129	-	384	1,667	1,103	2,282	4,963	15,446	19,014	45,986
Securities financing.....	6,661	-	2,521	2,992	144	71	-	-	-	12,388
Loans and receivables banks ⁽¹⁾	1,028	-	2,433	568	376	292	348	767	1,183	6,995
Loans and receivables customers.....	6,613	-	12,769	4,555	6,379	13,264	39,740	57,758	191,832	332,909
Other assets.....	1,239	-	1,136	442	157	266	319	414	979	6,711
Total undiscounted assets.....	51,880	379	19,305	10,680	8,991	17,486	47,864	78,670	218,610	2,758 456,623
<i>Gross settled derivatives not held for trading:</i>										
Contractual amounts receivable.....	-	-	1	2	2	4	8	12	6	35
Contractual amounts payable.....	-	-	6	20	26	52	101	88	20	313
Total undiscounted gross settled derivatives not held for trading.....	-	-	-5	-18	-24	-48	-93	-76	-14	- -278
Net settled derivatives not held for trading.....	-	-	79	51	391	513	1,066	2,058	3,086	7,244
Liabilities										
Financial liabilities held for trading.....	253	-	-	-	-	-	-	-	-	253
Derivatives.....	-	294	171	792	1,006	1,683	2,993	5,563	7,298	19,800
Securities financing.....	5,468	-	732	1,204	4	2	-	-	-	7,410
Due to banks.....	1,959	-	773	898	431	423	4,323	4,550	366	13,724
Due to customers ⁽²⁾	218,346	-	7,566	1,067	1,134	580	2,260	5,385	-	236,338
Issued debt.....	-	-	7,363	11,712	4,271	5,579	9,997	23,341	25,435	87,698
Subordinated liabilities.....	-	-	20	79	205	375	2,242	6,335	2,786	12,041
Other liabilities.....	867	-	1,429	296	23	20	66	7	240	2,020 4,968
Total liabilities.....	226,893	294	10,487	22,547	7,006	9,217	20,202	42,056	41,510	2,020 382,232
<i>Gross settled derivatives not held for trading:</i>										
Contractual amounts receivable.....	-	-	8	18	26	42	65	58	9	226
Contractual amounts payable.....	-	-	18	38	50	101	168	211	4	590
Total undiscounted gross settled derivatives not held for trading.....	-	-	10	20	24	59	103	153	-5	- 364
Net settled derivatives not held for trading.....	-	-	33	139	233	360	748	2,014	4,600	8,127
Net liquidity gap.....	-175,012	85	8,818	-11,867	1,985	8,269	27,662	36,614	177,100	738 74,392
<i>Off balance sheet liabilities:</i>										
Committed credit facilities.....	61,166	-	-	-	-	-	-	-	-	61,166
Guarantees.....	2,473	-	-	-	-	-	-	-	-	2,473
Irrevocable facilities.....	5,946	-	-	-	-	-	-	-	-	5,946
Recourse risks arising from discounted bills.....	6,822	-	-	-	-	-	-	-	-	6,822
Total off-balance sheet liabilities.....	76,408	-	-	-	-	-	-	-	-	76,408

(1) The figures for 2018 with regard to loans and advances banks have been restated. See "Notes to the Consolidated Annual Financial Statements – 1 Accounting policies" in the Annual Report 2019.

(2) ABN AMRO reclassified EUR 82.4 billion of due to customers from the up to one month maturity category to the on demand category after reassessing the contractual maturity characteristics of this portfolio.

(3) In 2019, up to one month has been divided into on demand, trading derivatives and up to one month. The comparative figures for 2018 have been restated accordingly.

9. GENERAL INFORMATION

Corporate information

ABN AMRO Bank N.V. was incorporated on 9 April 2009. ABN AMRO Bank N.V. is a public limited liability company incorporated under the laws of The Netherlands and has its statutory seat in Amsterdam, The Netherlands and its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands. ABN AMRO Bank N.V. is registered with the Trade Register of the Chamber of Commerce under number 34334259. ABN AMRO Bank N.V. is a bank organised under Dutch law. The telephone number of the Issuer is +31(0)900 0024 and its website is <https://www.abnamro.com/en/index.html>.

The Issuer accepts responsibility for the information contained in this Registration Document and declares that, to the best of its knowledge, the information contained in this Registration Document is in accordance with the facts and the Registration Document makes no omission likely to affect its import.

Shareholder and change of control

On 29 June 2019 the Group Legal Merger between ABN AMRO Bank and ABN AMRO Group became effective. As a result, all shares in ABN AMRO Group have become shares in ABN AMRO Bank and each depository receipt subsequently represents one share in ABN AMRO Bank.

On the date of this Registration Document, NLFI holds a stake of 56.3% in ABN AMRO Bank N.V., of which 49.9% is directly held via ordinary shares and 6.4% is indirectly held via depository receipts issued by STAK AAB. As such NLFI holds a total voting interest of 56.3% in ABN AMRO Bank N.V. NLFI has waived, in its capacity of holder of depository receipts issued by STAK AAB only, for as long as NLFI holds the depository receipts, any meeting and voting rights attached to the depository receipts other than the right to vote on the underlying shares of the depository receipts held by NLFI in the shareholders meeting of ABN AMRO Bank N.V. in accordance with the general terms of administration (administratievoorwaarden) of STAK AAB. Only STAK AAB's depository receipts are issued with the cooperation of ABN AMRO Bank N.V. and traded on Euronext Amsterdam. See "*The Issuer—1.7.2 Control*".

Documents available

As long as this Registration Document is valid as described in Article 12 of the Prospectus Regulation, copies of the following documents will, when published, be available, free of charge, (i) from the registered office of the Issuer and (ii) on the website of the Issuer at <https://www.abnamro.com/ir>:

- (i) an English translation of the most recent Articles of Association of the Issuer (as the same may be updated from time to time) and the deed of incorporation (*akte van oprichting*);
- (ii) copies of the documents listed under "*Documents Incorporated by Reference*";
- (iii) the most recently available audited financial statements of the Issuer and the most recently available unaudited interim financial statements of the Issuer;
- (iv) a copy of this Registration Document and any supplements thereto; and
- (v) any securities note relating to securities to be issued by the Issuer under a Base Prospectus (being a prospectus consisting of separate documents within the meaning of article 10 of the Prospectus Regulation) that includes this Registration Document and any supplement thereto.

For the avoidance of doubt, unless specifically incorporated by reference into this Registration Document, information contained on any website does not form part of this Registration Document and has not been scrutinised or approved by the AFM.

Information sourced from a third party

All information presented in this Registration Document sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading.

Issuer ratings

Credit rating agencies periodically review the creditworthiness and publish ratings which assess the level of risk attached to debt instruments. Credit ratings on ABN AMRO Bank N.V. (or their legal predecessors) are presented in the table below.

<u>Corporate rating</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fitch</u>
Long term credit rating	A	A1	A
Outlook long term credit rating	Stable	Stable	Negative
Short term credit rating	A-1	P-1	F1

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Significant or material change

Up to the date of this Registration Document, there has been no (i) material adverse change in the Issuer's prospects since 31 December 2020 or (ii) significant change in the financial performance or position of the Issuer and its subsidiaries since 31 March 2021.

Independent Auditor

The consolidated annual financial statements of the Issuer for the financial years ended 31 December 2019 and 31 December 2020, incorporated by reference in this Registration Document, have been audited by Ernst & Young Accountants LLP, independent auditors, as stated in their reports appearing herein. The individual auditors of EY are members of the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*). EY has given, and has not withdrawn, its consent to the inclusion of its reports in this Registration Document in the form and context in which it is included.

Legal and arbitration proceedings

ABN AMRO is involved in a number of governmental, legal and arbitration proceedings in the ordinary course of its business in a number of jurisdictions, including those set out in "*The Issuer—1. ABN AMRO Bank N.V.—1.4 Legal and arbitration proceedings*". However, on the basis of information currently available, and having taken legal counsel with advisors, ABN AMRO is of the opinion that, save as set out above, there are no legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ABN AMRO or the Issuer is aware) during the 12 months preceding the date of this Registration Document which may have, or have had in the recent past, significant effects on the financial position or profitability of ABN AMRO, the Issuer and/or its subsidiaries.

The Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Issuer is BFXS5XCH7N0Y05NIXW11.

Competent authority

This Registration Document has been approved by AFM as the competent authority in the Issuer's home Member State pursuant to the Prospectus Regulation. The AFM has only approved this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer that is the subject of this Registration Document.

Validity

This Registration Document is valid for one year from the date hereof. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Registration Document in the event of significant new factors, material mistakes or material inaccuracies after the end of its 12-month validity period.

INDEX OF DEFINED TERMS

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