ABN·AMRO

Pillar 3 Report

ABN AMRO Bank N.V.

First quarter 2022

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Notes to the reader

This Pillar 3 Report provides the consolidated disclosures of ABN AMRO Bank N.V. required by Capital Requirements Regulation (EU) No 575/2013 on prudential requirements for credit institutions (Part Eight) and the final draft Implementing Technical Standards (ITS) on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013. The Pillar 3 report for the first quarter of 2022 includes an update on the quarterly required disclosures, which provide comprehensive information about risk, funding and capital management. The templates included in this Pillar 3 Report have been prepared in accordance with the abovementioned regulations.

Presentation of information

This report is presented in euros (EUR), which is ABN AMRO's functional and presentation currency, rounded to the nearest million (unless otherwise stated). Certain figures in this report may not tally exactly due to rounding. Furthermore, certain percentages in this document have been calculated using rounded figures. The capital figures in the Pillar 3 Report are based on CRR fully-loaded figures, as the phase-in period came to an end on 1 January 2022. The figures presented in this document are not required to be, nor have they been, audited or reviewed by our external auditor. Based on the Final draft ITS, this report uses the terms 'Risk-weighted assets (RWA)' and 'Risk-weighted exposure amount (RWEA)' interchangeably. Similarly, this report may use the terms 'banking book' and 'non-trading book' interchangeably.

Waiver policy (omitting templates and tables)

In accordance with Article 432 of the CRR, ABN AMRO may omit one or more of the required disclosures where the information provided by those disclosures is not regarded as material or is not applicable to its operations. Information in disclosures shall be regarded as material where its omission or misstatement could change or influence the assessment or decision of a user of that information relying on it for the purpose of making economic decisions.

ABN AMRO shall, in accordance with Article 432 of the CRR, explain the reasons for omitting any information required in the templates and tables included in the final draft ITS.

The following template has been identified as not applicable to ABN AMRO and is therefore not included in this report:

- EU CCR7 – RWEA flow statements of CCR exposures under the IMM: ABN AMRO does not use the Internal Model Method (IMM) methodology for measuring the EAD for counterparty credit risk exposures. Instead, we apply the Standardised Approach for Counterparty Credit Risk (SA-CCR) to calculate the EAD for derivatives and the Financial Collateral Comprehensive Method (FCCM) method for securities financing transactions (CRR 220/222). Therefore, this template is not applicable.

Comparative figures for first-time reporting of new or adjusted templates

Comparative figures for first-time reporting of new templates or templates adjusted by the final draft ITS are not required to be disclosed. ABN AMRO will disclose comparative figures for comparability and analytical purposes, if available. As a result, narratives of new or adjusted templates might not provide detailed explanations.

Key metrics and overview of RWEA

EU OV1 - Overview of risk-weighted exposure amounts

		31 March 2022		31 December 2021	
(in millions)		RWEA	Total own funds requirements	RWEA	Total own funds requirements
1	**Credit risk (excluding CCR)**	**98,294**	**7,864**	**93,202**	**7,456**
2	*- of which the Standardised Approach*	*5,953*	*476*	*6,579*	*526*
3	*- of which the foundation IRB (F-IRB) approach*[1]	*1,637*	*131*	*1,561*	*125*
4	*- of which slotting approach*				
EU 4a	*- of which equities under the simple risk-weighted approach*	*1,920*	*154*	*1,925*	*154*
5	*- of which the advanced IRB (A-IRB) approach*	*88,785*	*7,103*	*83,137*	*6,651*
6	**Counterparty Credit Risk (CCR)**	**7,660**	**613**	**6,658**	**533**
7	*- of which the Standardised Approach*	*3,777*	*302*	*3,637*	*291*
8	*- of which internal model method (IMM)*				
EU 8a	*- of which exposures to a CCP*	*628*	*50*	*577*	*46*
EU 8b	*- of which credit valuation adjustment (CVA)*	*475*	*38*	*202*	*16*
9	*- of which other CCR*	*2,780*	*222*	*2,242*	*179*
15	**Settlement risk**				
16	**Securitisation exposures in the non-trading book (after the cap)**	**213**	**17**	**116**	**9**
17	*- of which SEC-IRBA approach*				
18	*- of which SEC-ERBA (including IAA)*	*5*		*5*	
19	*- of which SEC-SA approach*	*208*	*17*	*111*	*9*
EU 19a	*- of which 1250%/deduction*				
20	**Position, foreign exchange and commodities risks (Market risk)**	**2,022**	**162**	**1,668**	**133**
21	*- of which Standardised Approach*	*4*		*6*	*1*
22	*- of which IMA*	*2,018*	*161*	*1,662*	*133*
EU 22a	**Large exposures**				
23	**Operational risk**	**16,153**	**1,292**	**16,049**	**1,284**
EU 23a	*- of which basic indicator approach*	*533*	*43*	*604*	*48*
EU 23b	*- of which Standardised Approach*				
EU 23c	*- of which advanced measurement approach*	*15,619*	*1,250*	*15,444*	*1,236*
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**1,568**	**125**	**1,559**	**125**
29	**Total**	**124,342**	**9,947**	**117,693**	**9,415**

[1] Following the implementation of the new ITS regulation effective from Q2 2021 reporting, the amount reported under F-IRB relates to Other non-credit obligation assets.

Total RWEA rose to EUR 124.3 billion in Q1 2022 (31 December 2021: EUR 117.7 billion), reflecting increases in credit risk, market risk and operational risk RWEA. Credit risk RWEA was up predominantly as a result of an add-on for planned model reviews and redevelopments. Market risk RWEA increased due to higher Stressed Value-at-Risk and Incremental Risk Charge resulting from position changes. Operational risk RWEA went up due to an update of scenarios.

EU KM1 - Key metrics template

	(in millions)	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2021
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	19,500	19,206	19,672	19,635	19,519
2	Tier 1 capital	21,482	21,188	21,654	21,617	21,501
3	Total capital	26,589	26,386	26,034	26,055	26,142
	Risk-weighted exposure amounts (RWEA)					
4	Total RWEA	124,342	117,693	110,565	107,194	112,035
	Capital ratios (as % of RWEA)					
5	Common Equity Tier 1 ratio (%)	15.7%	16.3%	17.8%	18.3%	17.4%
6	Tier 1 ratio (%)	17.3%	18.0%	19.6%	20.2%	19.2%
7	Total capital ratio (%)	21.4%	22.4%	23.5%	24.3%	23.3%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as % of RWEA)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.0%	2.0%	2.0%	2.0%	2.0%
EU 7b	- of which to be made up of CET1 capital (percentage points)	1.1%	1.1%	1.1%	1.1%	1.1%
EU 7c	- of which to be made up of Tier 1 capital (percentage points)	1.5%	1.5%	1.5%	1.5%	1.5%
EU 7d	Total SREP own funds requirements (%)	10.0%	10.0%	10.0%	10.0%	10.0%
	Combined buffer requirement (as % of RWEA)					
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	0.02%	0.02%	0.02%	0.02%	0.02%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Intitution buffer	1.5%	1.5%	1.5%	1.5%	1.5%
11	Combined buffer requirement (%)	4.02%	4.02%	4.02%	4.02%	4.02%
EU 11a	Overall capital requirements (%)	14.02%	14.02%	14.02%	14.02%	14.02%
12	CET1 available after meeting the total SREP own funds requirements (%)	9.78%	10.50%	12.08%	12.67%	11.69%
	Leverage ratio[1]					
13	Total exposure measure	377,423	360,779	374,474	373,833	450,838
14	Leverage ratio (%)	5.7%	5.9%	5.8%	5.8%	4.8%
	Additional own funds requirements to address risks of excessive leverage (as % of total exposure amount)[2]					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.0%	
EU 14b	- of which to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%	0.0%	
EU 14c	Total SREP leverage ratio requirements (%)	3.3%	3.3%	3.3%	3.2%	
	Leverage ratio buffer and overall leverage ratio requirement (as % of total exposure measure)[2]					
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	
EU 14e	Overall leverage ratio requirements (%)	3.3%	3.3%	3.3%	3.2%	
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	107,168	106,092	105,038	102,844	98,140
EU 16a	Cash outflows - Total weighted value	95,530	92,569	91,576	90,688	90,162
EU 16b	Cash inflows - Total weighted value	29,614	29,211	28,782	28,546	28,355
16	Total net cash outflows (adjusted value)	65,917	63,360	62,795	62,144	61,807
17	Liquidity coverage ratio (%)	163%	168%	167%	166%	159%
	Net Stable Funding Ratio[2]					
18	Total available stable funding	286,337	289,148	283,845	283,052	
19	Total required stable funding	210,025	209,367	203,360	200,865	
20	NSFR ratio (%)	136%	138%	140%	141%	

1 The calculation of the leverage ratio total exposure measure changed from the CEM approach to the SA-CCR approach per Q2 2021.
2 Comparative figures for 31 March 2021 are not available due to first-time reporting under the ITS regulation effective from Q2 2021 reporting.

On 31 March 2022, the CET1 ratio under Basel III was 15.7% (31 December 2021: 16.3%). In comparison with Q4 2021, the CET1 ratio decreased mainly due to an increase in RWEA, offset by an increase in CET1 capital. The increase in RWEA reflects a rise in credit risk RWEA, mainly as a result of a EUR 5.0 billion add-on for planned model reviews and redevelopments and, to a lesser extent, business developments, partially offset by improvements in asset quality. CET1 capital increased slightly, mainly due to the Q1 2022 profit.

Liquidity requirements

EU LIQ1 - Quantitative information of LCR

		Total unweighted value (average)				Total weighted value (average)			
		31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2022	31 December 2021	30 September 2021	30 June 2021
		Data points used in the calculation of averages				Data points used in the calculation of averages			
(in millions)		12	12	12	12	12	12	12	12
	High-quality liquid assets (HQLA)								
1	**Total high-quality liquid assets**					**107,168**	**106,092**	**105,038**	**102,844**
	Cash - outflows								
2	Retail deposits and deposits from small business customers, of which:	139,511	140,328	140,649	141,404	10,654	10,756	10,857	11,013
3	*Stable deposits*	*85,657*	*84,543*	*83,090*	*81,574*	*4,283*	*4,227*	*4,155*	*4,079*
4	*Less stable deposits*	*47,197*	*48,991*	*50,647*	*52,754*	*5,993*	*6,189*	*6,397*	*6,655*
5	Unsecured wholesale funding	121,146	115,657	112,778	111,092	58,083	56,028	55,279	53,999
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*46,756*	*43,353*	*40,648*	*39,620*	*11,649*	*10,799*	*10,123*	*9,865*
7	*Non-operational deposits (all counterparties)*	*70,911*	*68,885*	*68,542*	*68,074*	*42,955*	*41,809*	*41,569*	*40,735*
8	*Unsecured debt*	*3,479*	*3,419*	*3,587*	*3,399*	*3,479*	*3,419*	*3,587*	*3,399*
9	*Secured wholesale funding*					*3,726*	*3,573*	*3,690*	*4,070*
10	Additional requirements	55,975	56,894	57,320	58,052	14,116	14,057	13,973	14,216
11	*Outflows related to derivative exposures and other collateral requirements*	*9,235*	*8,907*	*8,616*	*8,566*	*7,571*	*7,227*	*7,109*	*7,197*
12	*Outflows related to loss of funding on debt products*	*133*	*335*	*280*	*300*	*133*	*335*	*280*	*300*
13	*Credit and liquidity facilities*	*46,607*	*47,652*	*48,424*	*49,186*	*6,412*	*6,495*	*6,584*	*6,719*
14	Other contractual funding obligations	9,894	8,938	7,783	6,561	6,545	5,776	5,105	4,384
15	Other contingent funding obligations	40,130	40,373	42,562	46,789	2,406	2,380	2,671	3,006
16	**Total cash outflows**					**95,530**	**92,569**	**91,576**	**90,688**
	Cash - inflows								
17	Secured lending (e.g. reverse repos)	28,482	29,007	29,560	29,814	10,258	9,960	9,742	9,558
18	Inflows from fully performing exposures	16,034	16,219	16,401	16,695	15,180	15,379	15,520	15,626
19	Other cash inflows	15,450	13,674	12,069	11,546	4,176	3,871	3,520	3,362
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	**Total cash inflows**	**59,966**	**58,901**	**58,030**	**58,055**	**29,614**	**29,211**	**28,782**	**28,546**
EU-20a	*Fully exempt inflows*								
EU-20b	*Inflows subject to 90% cap*								
EU-20c	*Inflows subject to 75% cap*	*52,392*	*50,984*	*49,986*	*50,035*	*29,614*	*29,211*	*28,782*	*28,546*
	Total adjusted value								
EU-21	**Liquidity buffer**					**107,168**	**106,092**	**105,038**	**102,844**
22	**Total net cash outflows**					**65,917**	**63,360**	**62,795**	**62,144**
23	**Liquidity coverage ratio**					**163%**	**168%**	**167%**	**166%**

EU LIQB - Qualitative information on LCR, which complements template EU LIQ1

The LCR was mainly driven by outflows related to issued debt and non-operational deposits. In addition, temporary participation in central bank operations has upward pressure on cash. The consolidated LCR amounted to 163% at the end of March 2022, based on a 12-month rolling average. This is a decrease of 5% compared to year-end 2021 (31 December 2021: 168%). The decrease in the LCR resulted mainly from an increase in outflows due to maturing unsecured wholesale funding and a change in composition of the balance sheet leading to more outflows (e.g. shifting from operational to non-operational deposits).

The LCR templates focus on the consolidated LCR. The bank also monitors, reports and steers the LCR for subsidiaries (taking into account local regulations), other regulatory scopes (including, for example, the sub-liquidity group scope) and significant non-euro currencies (US dollar).

Concentration of funding sources

ABN AMRO's main source of funding consists of client deposits in Personal & Business Banking, Wealth Management and Corporate Banking. The remainder of our funding is raised largely through various long-term wholesale funding instruments (including our participation in TLTRO). In the short-term, funding is raised via commercial paper and certificates of deposits.

Composition of liquidity buffer

The liquidity buffer at 31 March 2022 was EUR 107.2 billion, based on a 12-month rolling average, and was composed mainly of cash at central banks and government bonds. Compared to year-end 2021, the liquidity buffer increased by EUR 1.1 billion (31 December 2021: EUR 106.1 billion).

Derivative exposures and potential collateral calls

To manage liquidity risk, the bank has an adequate pool of collateral at its disposal, which is managed proactively. This enables the bank to secure payment traffic at the central bank, meet margin calls for financial markets transactions (e.g. derivatives, securities financing and clearing) and manage the liquidity buffer within the approved risk appetite. When developing and executing liquidity risk stress tests, the bank takes into account that liquidity risk factors relate to both assets and liabilities, as well as to off-balance-sheet commitments. This includes off-balance sheet items related to, for example, credit lines, margin calls for derivatives exposure, assets and liabilities with embedded options, liquidity support for unconsolidated special-purpose vehicles beyond contractual obligations and contingent liabilities.

Currency mismatch in the LCR

The bank's liquidity management focuses on significant currencies. The current significant currencies are the euro and the US dollar, as the aggregate liabilities denominated in these currencies amount to 5% or more of the bank's total liabilities. The liquidity buffer reflects the composition of the balance sheet as it comprises cash and securities primarily in euros and secondarily in US dollars.

Credit risk

EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach

		31 March 2022	31 December 2021
(in millions)		RWEA	RWEA
1	**RWEA as at the end of the previous reporting period**	**86,739**	**79,076**
2	Asset size (+/-)	750	665
3	Asset quality (+/-)	-137	-3,934
4	Model updates (+/-)	5,069	3,533
5	Methodology and policy (+/-)	-85	7,412
6	Acquisitions and disposals (+/-)		-91
7	Foreign exchange movements (+/-)	218	80
8	Other (+/-)		
9	**RWEA as at the end of the reporting period**	**92,554**	**86,739**

In Q1 2022, credit risk RWEA under the IRB approach increased to EUR 92.6 billion (31 December 2021: EUR 86.7 billion). Higher IRB credit risk RWEA was mostly attributable to a EUR 5.0 billion add-on for planned model reviews and redevelopments and, to a lesser extent, business developments (asset size) and to strengthening the US dollar against the euro.

Market risk

EU MR2-B - RWEA flow statements of market risk exposures under the IMA

								31 March 2022		31 December 2021
	(in millions)	VaR	SVaR	IRC[1]	Compre-hensive risk measure	Other	Total RWEA	Total own funds requirements	Total RWEA	Total own funds requirements
1	**RWEA at the previous quarter-end**	**150**	**839**	**673**			**1,662**	**133**	**1,854**	**148**
1a	*Regulatory adjustment*	*-114*	*-630*	*-194*			*-937*	*-75*	*-817*	*-65*
1b	*RWEA at the previous quarter-end (end of the day)*	*36*	*209*	*479*			*725*	*58*	*1,037*	*83*
2	Movement in risk levels	37	89	307			433	35	-233	-19
3	Model updates/changes								-80	-6
4	Methodology and policy									
5	Acquisitions and disposals									
6	Foreign exchange movements									
7	Other									
8a	*RWEA at the end of the disclosure period (end of the day)*	*73*	*298*	*786*			*1,157*	*93*	*725*	*58*
8b	*Regulatory adjustment*	*118*	*742*				*860*	*69*	*937*	*75*
8	**RWEA at the end of the disclosure period**	**191**	**1,040**	**786**			**2,018**	**161**	**1,662**	**133**

RWEA increased to EUR 2.0 billion as at 31 March 2022 (31 December 2021: EUR 1.7 billion). The increase was mainly attributable to Stressed Value-at-Risk (SVaR) and Incremental Risk Charge (IRC).

Stressed Value-at-Risk RWEA rose from EUR 839 million to EUR 1,040 million as a result of position changes. Note that the capital multipliers for VaR and SVaR were 3.25 and 3.5 respectively. This results in the 12-week average multiplied by capital multipliers always exceeding the latest observations, as reflected in the regulatory adjustments.

Incremental Risk Charge RWEA increased from EUR 673 million to EUR 786 million as a result of position changes. Note that on 31 March 2022 the 12-week average, which provides a regulatory floor, no longer exceeded the latest observation, as reflected in the regulatory adjustment reducing from EUR 194 million to nil.

Disclaimer & cautionary statements

ABN AMRO has included in this document, and from time to time may make certain statements in its public statements, that may constitute "forward-looking statements". This includes, without limitation, such statements that include the words "expect", "estimate", "project", "anticipate", "should", "intend", "plan", "probability", "risk", "Value-at-Risk ("VaR")", "target", "goal", "objective", "will", "endeavour", "outlook", "optimistic", "prospects" and similar expressions or variations of such expressions. In particular, the document may include forward-looking statements relating but not limited to ABN AMRO's potential exposures to various types of operational, credit and market risk. Such statements are subject to uncertainties. Forward-looking statements are not historical facts and represent only ABN AMRO's current views and assumptions regarding future events, many of which are by nature inherently uncertain and beyond our control. Factors that could cause actual results to deviate materially from those anticipated by forward-looking statements include, but are not limited to, macroeconomic, demographic and political conditions and risks, actions taken and policies applied by governments and their agencies, financial regulators and private organisations (including credit rating agencies), market conditions and turbulence in financial and other markets, and the success of ABN AMRO in managing the risks involved in the foregoing. Any forward-looking statements made by ABN AMRO are current views as at the date they are made. Subject to statutory obligations, ABN AMRO does not intend to publicly update or revise forward-looking statements to reflect events or circumstances after the date the statements were made, and ABN AMRO assumes no obligation to do so.

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