

ABN AMRO Bank N.V.

Abbreviations and definitions of important terms 2020

Abbreviations

This document contains a list of important and commonly used abbreviations presented in the Corporate reporting 2020 of ABN AMRO Bank N.V. (this list is not exhaustive).

Term	Definition
AFM	Autoriteit Financiële Markten (Netherlands Authority for the Financial Markets)
ALM	Asset & Liability Management
AMA	Advanced Measurement Approach
AML	Anti-Money Laundering
AT1	Additional Tier 1
A-IRB	Advanced Internal Ratings-Based
bps	Basis points
BRRD	Bank Recovery and Resolution Directive
CASY	Client Assessment on Sustainability
CBS	Centraal Bureau voor de Statistiek (Statistics Netherlands)
CCP	Central Clearing Counterparty
CCR	Counterparty Credit Risk
CP/CD	Commercial paper/ Certificates of Deposit
CDC	Collective Defined Contribution
CDD	Customer Due Diligence
CDR	Commission Delegated Regulation
CDS	Credit Default Swap
CEM	Current exposure method
CET1	Common Equity Tier 1
CIB	Corporate & Institutional Banking
CLA	Collective Labour Agreement
CO₂	Carbon dioxide
CoR	Cost of Risk
CRD	(the EU's) Capital Requirements Directive
CRE	Commercial real estate
CRR	Capital Requirements Regulation
CSA	Credit Support Annexes
CTF	Counter-Terrorism Financing
CVA	Credit Valuation Adjustment
DDoS	Distributed Denial of Service

Term	Definition
DAC6	Directive on Administrative Cooperation
DFC	Detecting Financial Crime
DJSI	Dow Jones Sustainability Index
DNB	De Nederlandsche Bank N.V. (Dutch central bank)
DoD	Definition of Default
DR	Depository receipt
DVA	Debit Valuation Adjustment
EAD	Exposure At Default
EBA	European Banking Authority
EC	Economic Capital
ECB	European Central Bank
ECL	Expected credit loss
EDTF	Enhanced Disclosure Task Force
EEA	European Economic Area
EES	Employee Engagement Survey
ESG	Environmental, social and governmental
EU	European Union
FTE	Full-Time Equivalent (a measurement of number of staff)
FVA	Funding Valuation Adjustment
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX	Foreign exchange
GDP	Gross domestic product
GHG	Greenhouse gas
HR	Human Resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rates
ICAAP	Internal Capital Adequacy Assessment Process
ICS	International Card Services B.V.

Term	Definition
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IRB	Internal Ratings-Based (approach)
IRC	Incremental risk charge
IT	Information technology
KPI	Key Performance Indicator
KRI	Key risk indicator
KYC	Know Your Client
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
lhs	Left hand side
LPD	Lifetime Probability of Default
LtD ratio	Loan-to-Deposit (ratio)
LtMV	Loan-to-Market-Value
M&A	Mergers and acquisitions
MDA	Maximum Distributable Amount
MEV	Macroeconomic variable
MREL	Minimum Requirements for own funds and Eligible Liabilities
NAV	Net Asset Value
NCTO	New Client Take On
NCV	Net Collateral Value
NFRD	Non-Financial Reporting Directive
NHG	Nationale Hypotheek Garantie (Dutch State-guaranteed mortgages)
NII	Net Interest Income
NIM	Net Interest Margin
NLFI	NL Financial Investments (foundation)
NMD	Non-maturing deposits
NOW-1	Noodmaatregel Overbrugging voor Werkgelegenheid 1 (NL Paycheck protection programme)
NPE	Non-Performing Exposures
NPS	Net Promoter Score
NSFR	Net Stable Funding Ratio
NVB	Nederlandse Vereniging van Banken (Dutch Banking Association)
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development

Term	Definition
OTC	Over-The-Counter
PCAF	Platform Carbon Accounting Financials
PD	Probability of Default
PSD II	Payment Services Directive
PV01	Present Value of 1 basis point
RAROE	Risk-Adjusted Return On Equity
RARORAC	Risk-Adjusted Return On Risk-Adjusted Capital
rhs	Right hand side
RMBS	Residential Mortgages-Backed Securities
ROE	Return on Equity
ROU	Right of use
RWA	Risk-Weighted Assets
SA	Standardised Approach
SA-CCR	Standardised approach for measuring counterparty credit risk
SDG	Sustainable Development Goal
SIRA	Systematic Integrity Risk Analysis
SMEs	Small and Medium-sized Enterprises
SPE	Special Purpose Entity
SPPI	Solely payments of principal and interest
SRD	Shareholders Rights Directive
SREP	Supervisory Review and Evaluation Process
SSL	Sustainability-linked loans
STAK AAB	Stichting Administratiekantoor Continuïteit ABN AMRO Bank
SVaR	Stressed Value-at-Risk
T2	Tier 2
TCFD	Taskforce on Climate-related Financial Disclosures
TLTRO	Targeted Long-Term Refinancing Operations
TRIM	Targeted Review of Internal Models
UCR	Uniform Counterparty Rating
UTP	Unlikely-to-pay
VaR	Value-at-Risk
VCT	Value-creating topic

Definitions of important terms

This document contains a list of important and commonly used definitions presented in the Corporate reporting 2020 of ABN AMRO Bank N.V. (this list is not exhaustive).

Term	Definition
ABN AMRO Bank N.V.	Also referred to as ABN AMRO Bank, ABN AMRO, the Bank or the parent company. Together with its consolidated entities in the Netherlands and abroad referred to as the group.
Additional Tier 1 capital (AT1)	Capital that consists of items that meet the following main criteria: they should be perpetual, subordinated, have neither a maturity date nor an incentive to redeem, have full dividend/coupon discretion and be loss absorbing at discretion of the Bank, as defined in Capital Requirements Regulation (CRR).
Advanced Internal Ratings-Based (A-IRB)	The highest and most detailed level of credit risk calculation for determining capital adequacy levels under Basel II, based on the use of internal models to assess risk.
Advanced Measurement Approach (AMA)	The highest and most detailed level of operational risk calculation for determining capital adequacy levels under Basel II, based on the use of internal models to assess risk.
Ageas	Ageas SA/NV (formerly known as Fortis SA/NV) and Ageas N.V. (formerly known as Fortis N.V.) together.
Bail-in	An arrangement as defined in Article 3A:44 of the Dutch Financial Supervision Act, through which creditors of a failing financial institution are required to cancel some of its debts as part of a plan to save the financial institution from collapse.
Basel III/IV	The finalised Basel III standards of 7 December 2017 (Basel IV) imply a major change in the way banks have to determine their risk-weighted assets (RWAs) when calculating their minimum regulatory capital. For additional information, please refer to the Regulatory environment in Annual Report 2018.
Basis point (bp)	One hundredth of 1 percentage point.
Capital adequacy	Measure of a company's financial strength, often expressed in equity as a percentage of total assets or, in the case of banks, in the CET1 ratio.
Certificate of deposit	An unsecured short-term funding instrument with maturities up to one year.
Client assets	Assets, including investment funds and assets of private individuals and institutions, which are professionally managed with the aim of maximising the investment result. Client assets also include cash and securities of clients held on accounts with ABN AMRO.

Term	Definition
Commercial paper (CP)	An unsecured short-term funding instrument with maturities up to one year.
Consortium	Refers to The Royal Bank of Scotland Group plc ('RBS Group'), Ageas and Banco Santander S.A. ('Santander'), which jointly acquired ABN AMRO Holding on 17 October 2007 through RFS Holdings B.V. ('RFS Holdings'). On 3 October 2008, the State of the Netherlands became the successor of Ageas.
Cost of risk	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.
Coverage ratio	Coverage ratio shows the extent to which the stage exposures are covered by the allowances for credit losses.
Covered bonds	Covered bonds are secured long-term funding instruments. This type of bond differs from a standard bond because of the possibility of recourse to a pool of assets. In a default event, the bondholder has recourse to the issuer and the respective pool of assets.
Credit risk	Risk of a financial loss that occurs if a client or counterparty fails to meet the terms of a contract or otherwise fails to perform as agreed.
Credit valuation adjustments	Market value adjustments for counterparty credit risk.
Depositary receipt	Negotiable certificate which represents ownership of the securities of a non-domiciled issuer while being able to be admitted to trading on a regulated market and traded independently of the securities of the non-domiciled issuer.
Devops	DevOps is a market standard practice for IT development. It brings development and IT operations (maintenance) together in one team, increasing efficiency by reducing handovers.
Duration of equity	Duration of equity indicates the sensitivity of the market value of equity to a 1% parallel change in the yield curve. The targeted interest risk profile results in a limit of the duration of equity between 0 and 7 years.
Economic capital (EC)	An estimate of the amount of capital that the bank should possess in order to be able to sustain larger-than-expected losses with a given level of certainty.

Term	Definition
Employee engagement	A business management concept that describes the level of enthusiasm and dedication a worker feels toward his/her job.
Encumbered assets	Assets that have been pledged or are subject to an arrangement, either explicitly or implicitly, in any way to secure, collateralise or credit enhance a transaction.
Exposure at Default (EAD)	EAD models estimate the expected exposure at the time of a counterparty's default.
Exposure measure	As defined under the revised version of the Basel III, a bank's total Exposure Measure is the sum of the following exposures: (a) on-balance sheet exposures, (b) derivative exposures, (c) securities financing transaction exposures, and (d) other off-balance sheet exposures.
Forbearance	Forbearance is applicable when: (a) The counterparty is facing (or is about to face) financial difficulty, and (b) The terms and conditions of the contract have been modified, or the contract has been refinanced by the Bank, due to these financial difficulties, and (c) The contract has been modified or refinanced on such terms that the Bank would not have agreed to if the counterparty had been financially healthy (concession). Only the combination of all these three criteria constitutes forbearance.
Fortis Bank Nederland	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.
Full-time equivalent (FTE)	The ratio of the total number of paid hours during a period to the number of working hours in that period.
Fundamental value creator	These are topics that are not strategic differentiating, but are key to our licence to operate.
Impaired exposures	Exposures for which not all contractual cash flows are expected and/or exposures more than 90 days past due for which impairments are determined on a portfolio basis.
Impaired ratio	The impaired ratio shows which fraction of the gross carrying amount of a financial asset category consists of impaired exposures.
Interest-Only Mortgages	Type of mortgage in which the mortgagor is required to pay only interest with the principal repaid in a lump sum at a specified date.
International Financial Reporting Standards (IFRS)	IFRS, formerly known as International Accounting Standards, are drawn up and recommended by the International Accounting Standards Board. The European Union has required IFRS to be used by all exchange-listed companies in the EU since the start of the financial year 2005.

Term	Definition
Leverage ratio	Ratio dividing the Bank's tier 1 capital by its total exposure value and is expressed as a percentage.
Liquidity coverage ratio (LCR)	The LCR is intended to promote resilience to potential liquidity disruptions over a thirty-day horizon. The LCR requires banks to hold sufficient highly-liquid assets equal to or greater than the net cash outflow during a thirty-day period.
Market risk (banking book)	Market risk in the banking book, mainly interest rate risk, is the risk of a yield curve development that is unfavourable for the bank. Other market risks are limited in the banking book, either through hedging (foreign rate exchange risk) or in general (other market risk types).
Market risk (trading book)	Market risk in the trading book is the risk of loss resulting from unfavourable market price movements which can arise from trading or holding positions in financial instruments in the trading book.
Maximum Distributable Amount	Article 141 CRD IV provides that institutions which fail to meet their combined buffer requirement must calculate, according to a pre-defined regulatory formula, the maximum amount they are allowed to pay in the form of dividends (on CET1 instruments), discretionary coupons (on Additional Tier 1 instruments) or through the creation of new obligations to pay bonuses and pensions rights.
Medium-term notes	Medium-term notes are unsecured funding instruments with maturities up to ten years and issued in several currencies.
Minimum Requirement of own funds and Eligible Liabilities (MREL)	The MREL consists of own funds and part of a bank's liabilities. If a bank fails and goes into resolution, the MREL acts as a buffer to absorb losses and to provide new capital to the bank.
Net Promoter Score (NPS)	This metric shows the extent to which customers would recommend ABN AMRO's products or services to others. The customer is regarded as a 'promoter' (score of 9 or 10), as 'passively satisfied' (score of 7 or 8) or as a 'detractor' (score of 0 to 6). The NPS is calculated by subtracting the percentage of 'detractors' from the percentage of 'promoters'. The score is expressed as an absolute number between -100 and +100.
Net Stable Funding Ratio (NSFR)	The objective of the NSFR is to promote resilience over a longer time horizon by creating additional incentives to fund activities with more stable sources of funding on an ongoing basis.
NII-at-Risk	The NII-at-Risk metric indicates the change in net interest income during the coming 12 months, comparing the NII calculated using a constant yield curve with the NII calculated using a yield curve that is gradually shifted to a total of 200 basis points. The net interest income is negatively impacted when rates rise.

Term	Definition
NLFI	Stichting administratiekantoor beheer financiële instellingen (NL Financial Investments). On 29 September 2011 the Dutch State transferred its shares in ABN AMRO Group N.V. and in ABN AMRO Preferred Investments B.V. to NLFI. NLFI is a foundation and was set up to avoid potential conflicting responsibilities that the Minister of Finance might otherwise face, as a shareholder and as a regulator, and to avoid political influence being exerted.
NOW-1	Paycheck protection programme of the Dutch government as a Covid-19 support measure for the private sector.
Operational risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.
Past due ratio	The past due ratio shows which fraction of the gross carrying amount of a financial asset category is past due but not impaired.
Payment holiday	Deferral of principal and interest payments provided by ABN AMRO to clients.
Permanent modification	Terms and conditions of a contract such as interest, principal, repayment terms, tenor or financial covenants are changed permanently.
Preference share	A share that receives a fixed rate of dividend ahead of ordinary shares.
Qualifying revolving exposures	Qualifying revolving exposures are revolving, unsecured and uncommitted exposures to private individuals that meet additional criteria specified in the CRD. These outstanding balances are permitted to fluctuate, based on decisions to borrow and repay, up to a limit set by the bank.
Refinancing	A contract is considered to be refinanced when the objective of the new contract is to enable the repayment or partial repayment of an existing contract where the counterparty is unable to meet the existing obligations.
Risk-weighted assets (RWA)	Total assets and off-balance sheet items calculated to reflect the risks relating to the various balance sheet items.
Royal Bank of Scotland (RBS)	The Royal Bank of Scotland N.V., formerly known as ABN AMRO Bank N.V. prior to the Legal Demerger.
Savings mortgages	Mortgages with a separate savings account, whereby the savings balance is used to repay the principal at maturity.
Senior non-preferred	Unconditional, senior and unsecured obligations and rank pari passu amongst themselves and senior to subordinated notes, but junior to senior preferred notes and any claims benefiting from legal or statutory preferences.
Senior preferred	Debt securities that give the note holders the first crack at recovering their funds, in the event that the company declares bankruptcy and liquidates its assets.

Term	Definition
STAK AAB	An independent holder of shares in ABN AMRO Bank's issued share capital, for the purpose of administration (ten titel van beheer) in exchange for depositary receipts.
Standardised Approach (Basel II)	This approach measures credit risk in a standardised manner, supported by external credit assessments.
Strategic differentiators	These are topics, vital to our strategy, where we believe we can create most value for our stakeholders and that differentiate us from our competitors.
Supervisory Review and Evaluation Process	Process in which the supervisor regularly assesses and measures the risks for a bank. Specifically, the SREP shows where a bank stands in terms of capital requirements and the way it deals with risks. At the end of the process, key objectives are set to address the identified issues, which the banks must "correct" within a specific time.
Sustainable client assets	Sustainable client assets are assets that ABN AMRO invests for its clients in investment funds, products and securities that explicitly base their investment approach and decisions on sustainable criteria. These investments explicitly factor in the social and environmental effects of investments.
Temporary modification	Terms and conditions of a contract such as interest, principal, repayment terms, tenor or financial covenants are changed temporarily.
Tier 1 ratio	Tier 1 capital, the sum of the bank's CET1 capital and AT1 capital, expressed as a percentage of total risk-weighted assets.
Trust Monitor AFM/NVB	A survey conducted by market research institute GfK on what people in the Netherlands think about banks in general and their own bank and how they experience various aspects of services provided by banks.
Uniform Counterparty Rating (UCR)	The UCR is an obligor rating and refers to the probability of default by an obligor, i.e. the likelihood that a counterparty will fail to pay interest and/or principal and/or other financial obligations to the bank.
Value-at-Risk banking book	Value-at-Risk banking book (VaR banking book) is used as a statistical measure for assessing interest risk exposure. It estimates potential losses and is defined as the predicted maximum loss that might be caused by changes in risk factors under normal circumstances, over a specified period of time, and at a specified level of statistical confidence. A VaR for changes in the interest rate for the banking book is calculated at a 99% confidence level and a two-month holding period.
Value-creating topics	Those topics that create most value according to our stakeholders.

