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Q4 2020 Analyst Call Transcript

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Participants: Robert Swaak, CEO; Clifford Abrahams, CFO; Tanja Cuppen, CRO

Conference call replay:
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Robert Swaak: Thank you very much. Good morning welcome to ABN AMRO is Q4 results. I am joined by Clifford Abrahams, our CFO, for his last time, Tanja Cuppen, our CRO.

As you have read this morning, we have nominated Lars Kramer as new CFO. I am pleased with his nomination look forward to work with him. He brings in extensive experience in the banking sector, I expect he will contribute greatly to the successful execution of our strategy.

Now before we start, I would like to mention that we will finish at around 11:25 as this will enable you to attend other results presentation scheduled today. I will share our Q4 highlights.

During 2020, we have made good progress on the priorities set for this year we have set clear goals for the future. We have a full agenda for the coming year I will outline the strategic deliveries we want to achieve this coming year. Clifford will go through our fourth quarter results and run you through capital developments. Tanja will then update you on impairments developments in our loan portfolio.

So, turning now to our fourth quarter results on slide 2. Starting with the financial results of the bank, we have benefited from the resilience of the Dutch economy. There are extensive government support measures in place, which have been extended into the summer. Impairments moderated in Q4, thanks to a continuation of these measures, but also from the good progress we are making in winding down our non-core portfolio. I am pleased that our efforts to increase fees are paying off as fees increased across all business lines.

We have achieved a milestone with the delivery of our cost saving program of EUR 1.1 billion. Over the full year, our return on equity for the bank excluding non-core was 5% despite exceptional losses during the first half of the year.

The profitability in CIB non-core was disappointing, resulting in a loss for the bank overall.

Given the dividend ban, we will not declare interim dividend for the first half of 2021. Given the results, we will not declare a dividend over 2020. We are keeping the final dividend over 2019 reserved are well placed to pay this out once the dividend ban is lifted.

We expect that the roll-out of the vaccination program will facilitate a significant lifting of restrictions in Q2, rapidly leading to a strong economic rebound in the second half of the year.

Now turning to strategy. I am pleased with our progress in winding down our non-core portfolio we are evaluating opportunities to accelerate further. We outlined new financial targets, including a framework for capital return during our November updates.

We have a full agenda for the coming year in terms of strategic execution which I will outline later.

So, let me spend some time looking back on my first year on slide 3.

When I started as CEO in April, I set out the clear priorities you see here and I am pleased with our progress on these. At the onset of COVID-19, we took quick decisive action. We proactively offered payment holidays to support a large number of our clients. As the payment holidays ended, most of our clients are able to repay.

We are making good progress on our anti-money laundering remediation programs. We now have around 3,800 FTEs working on AML.

We strengthened our risk framework in response to the large exceptional losses during the first half of the year together with the wind down of non-core activities, these measures will greatly improve our risk profile going forward.

We are well underway to be the personal bank in a digital age for our clients our strategy lays out how we will move forward from here.

Last, but not least, I am satisfied with the progress we are making on enhancing the bank is culture.

So, turning to slide 4, I want to give you a look-through to the core bank. On the top left, we show the financial performance of ABN AMRO, excluding non-core, alongside non-core the total group.

Notwithstanding the difficult environment we are faced with, the core bank still managed to show a decent ROE of 5.4%. In 2020, the cost of risk for the core bank was running at twice the through-the-cycle rate, partly due to a disappointing start of the year.

The profitability of non-core has been very poor. However, I am pleased with the progress we are making with the wind down. So far, the wind down has been capital accretive. We have released more capital than losses made since announcing the wind down at Q2 despite related one-off write-downs.

For this coming year, I expect a lower cost of risk also for non-core. Alongside client redemptions, we have undertaken small number of loan sales, we carefully evaluate opportunities for further such disposals. There is good liquidity in the market. However, we will only transact if we safeguard value, so we will be selective on disposals.

Moving to slide 5, I would like to highlight some of our key commercial developments. I am proud of the speed extent to which we helped our clients following the start of the pandemic. During the first half of 2020, we offered payment holidays to clients across business lines. during the second half of 2020, we managed to show commercial momentum, mainly in areas less affected by the lockdown measures. In particular, I am pleased with the progress we are making to increase our fee income, which will make the bank less sensitive to low rates over time.

Across business lines, we are adding new services bundling these in premium service packages. We are also increasing our income on advice. In addition, we took action on low interest rates by winding down the savings business of MoneyYou we lowered the threshold for charging negative rates to EUR 500k on 1 January.

We entered into a strategic partnership with ODDO where we combined our equity broker services in the Benelux. Now this partnership enhances our overall capability while controlling costs it enables us to capitalise on a healthy transaction pipeline as clients seek fresh capital coming out of the lockdown.

So, staying in The Netherlands just for a moment, I would like to move to slide 6 to discuss economic developments. Given the pandemic, the Dutch economy was strong, unemployment low government debt was low declining. Since the onset of COVID-19, the Dutch government has spent around EUR 60 billion in total to support the economy, predominantly on income support.

With the announcement of more severe lockdown measures, the government has also announced extension of support programs through this summer. As a consequence, bankruptcies remain low a significant proportion of the Dutch are still confident about their future. This is reflected in strong house prices transaction volumes. In the coming year, we expect unemployment to rise as support measures end, but we do expect GDP to rebound strongly in the second half.

What does this mean for the bank? We expect impairments in 2021 to be below 2020, but in excess of the through-the-cycle level. Mortgages should hold up, with house prices still increasing, with transaction volumes coming down somewhat. We expect to see some growth in SME lending.

So, moving to slide 7, I briefly want to remind you of the outcome of our strategic update. In November, I presented our strategic update targets. We have a strong foundation, with leading market positions across all customer segments, retail, private corporate banking, a unique proposition.

Our main market is the Netherlands, an attractive market a resilient economy, as I mentioned before. The strong digital capabilities of the bank became very evident in the beginning of the COVID pandemic when the bank moved to an off-premise organisation within days.

We have long-term trusted relationships with our clients are well known for expertise but let me briefly remind you of our vision we presented in November.

To our clients, we want to be a personal bank in the digital age. We choose to serve those clients where we can achieve focus scale in the Netherlands Northwest Europe. We will continue to lead in sustainability thirdly, we built a future proof bank with a simplified centralised operating model, embedded in a culture of accountability execution, safeguarding our license to operate, the fourth part of our vision.

We set out clear financial targets which are challenging, yet achievable, given the current low-rate environment. Let me be very, very clear: we are committed to deliver attractive distributions for shareholders.

So, we have set ourselves an ambitious program. On the next slide, I will highlight our strategic agenda for the coming year.

Starting with customer experience, we are looking to drive the use of digital channels up further, especially for SMEs. This year, we want to have fully digital client onboarding operational. Mortgage is our largest product. this year, we plan to launch Moneyou as a price-competitive label, targeting the intermediary market.

Moving to sustainability, we aim to be the first choice of our clients in sustainability, addressing a clear need attracting target clients. We will focus on three specific areas to support our clients' transition, climate change, circular economy social impact. I expect to show progress in all these areas by year-end.

We are building a future-proof bank which is digital by design. We need to further simplify centralise the organisation, which will free up time for front office staff by removing admin and processing tasks.

We aim to make a big jump in the number of end-to-end digitalised high-volume processes from 10% now to 40% by year-end. This year, we also hope to close the sale partial leaseback agreement for our Gustav Mahler headquarters. the pace of branch closures will remain at around 20 per year, which will take us well below 100 branches by year-end 2021, reflecting the strength of our digital channels the preferences of our clients.

So, we have a full strategic agenda set out for 2021. Now, I would like to discuss the cost implications on slide 9.

We successfully delivered our EUR 1.1 billion cost reduction, resulting in a EUR 5.1 billion cost base over 2020 excluding restructuring provisions. These cost reductions have offset the increasing regulatory costs over the years as well as general costs inflation.

We have set we will deliver on our new cost target of no higher than EUR 4.7 billion by 2024, given our good track record of cost control. Underlying this new target are EUR 700 million of new cost savings we expect to achieve the first EUR 100 million during 2021. we have made it clear that we need to invest before these savings come through, requiring around EUR 100 million in 2021.

There are a few other factors impacting this coming year, such as high regulatory levies AML costs increasing further. Together, this leads to a cost base of EUR 5.3 billion in 2021 will decline thereafter.

Now with that, I would like to hand over to Clifford. as you know, this is Clifford is final results presentation for ABN AMRO. I will say a few words later on. Over to you, Clifford.

Clifford Abrahams: Thank you, Robert. As you mentioned, this will be my last set of results before I head back to work in the UK. I have hugely appreciated working for you, Robert, this past year, I will greatly miss many other great colleagues.

Clearly, times are challenging. I am convinced that ABN AMRO has the balance sheet strength, the franchise, the strategy to succeed as the economy recovers strongly later this year.

Now turning to Q4, where our net result was modestly profitable as impairments have moderated further. As you know, our NII is impacted by low rates. We started charging negative rates have lowered the threshold further on 1 January we have wound down the savings business of Moneyou, as Robert indicated.

We are also working hard to increase our fee income results are starting to show through with fees up across all business lines this quarter. Clearing again had a good quarter due to the high market volatility.

We delivered EUR 1.1 billion of cost savings are now working on a further EUR 700 million of cost savings by 2024.

Impairments moderated in the second half of the year, reflecting the resilience of the Dutch economy the extensive government support measures as well as progress on CIB non-core wind-down.

Turning to slide 11, I will comment on CIB non-core. Robert outlined the good progress we have made on the wind-down of the non-core business. You can see we have achieved good reductions in loans risk across the various sectors.

The negative rates other income are partly due to haircuts on asset sales. we are evaluating opportunities to accelerate further the wind-down, which might further impact other income in 2021. Offsetting these haircuts is a capital release from asset sales as well as lower future impairments.

We maintain our objective for the wind down to be capital creative. Over the last two quarters, the wind-down has in fact been capital accretive. let me explain how.

We have reduced Basel III RWAs by EUR 2.5 billion despite significant TRIM add-ons taken in Q3. So, Basel IV inflation for non-core reduced from around 33% in Q2 to around 10% in Q4. So, that means the decline in RWAs under Basel IV is in fact around EUR 6 billion, leading to a capital release just short of EUR 800 million euros in relation to our 13% capital target. This capital release more than offsets the EUR 500 million of losses over the same period, which is during H2.

Now moving to loan developments in ABN AMRO core on slide 12. Our market share in mortgages improved during Q4 to 17%. Those seasonally higher prepayments led to a small decline in total mortgage volume. COVID-19 government support measures are impacting lending volumes market wide, CB CIB core are feeling the impact as many clients have limited their funding needs. This is also reflected in the lower uptake of loans under government support schemes. I expect client lending to stabilise then show a modest increase in 2021 as the economy recovers support measures are phased out.

Now turning to interest income on slide 13. To counter the impact of negative rates, we are charging negative rates on deposits, bringing deposit volumes down pushing hard to raise fee income. Nevertheless, NII declined during Q4, in part due to the wind-down of non-core activities a one-off charge relating to mortgages. Let me explain this one-off charge.

Given low rates, clients are refinancing mortgages using interest averaging to spread out their prepayment penalty. However, clients do not pay a penalty if they move house. So, clients are relocating more often than reflected in our assumptions the charge in Q4 corrects for this behaviour. This correction relates to the period since 2018, so, we expect the substantial charge to be a one-off. Offsetting this charge is a EUR 23 million revaluation of our DSB claim. So, that means, overall, underlying NII is around EUR 1.4 billion in the quarter I expect this to continue into Q1, as it will start to benefit from our lowering the threshold for charging negative rates to EUR 500,000. We have seen very little deposit outflows since 1 January as we see our competitors applying similar pricing.

In the quarters after Q1, I expect NII to trend down due to ongoing low rates and CIB non-core wind-down before the effect of recovery coming in through the summer. We have not booked any potential benefits from TLTRO participation have not yet decided on our participation in future schemes.

So, given current loan volume development, it remains very challenging for us to meet the requirements for the low rate. We expect pressure on NII to ease as economic conditions improve support measures are phased out later in 2021.

Now moving to fee income on slide 14. As Robert mentioned, our fee initiatives are paying off I am pleased to see fees up across all business lines during Q4. Private Banking benefited from improved markets Clearing continued to benefit from high trading volumes, showing a good operational result over the year.

COVID-19 is impacting severely fees in the credit card business, down EUR 10 million versus the quarterly run rate. Together with the non-core wind-down, we expect total fees to remain a bit below EUR 400 million in coming quarters.

I already mentioned haircuts taken on the sale of non-core loans and other income was further impacted by a negative revaluation for private equity during Q4. For 2021, other income may remain lower from further asset sales in CIB non-core, I expect private equity to remain weak. On the other hand, there is the potential for gains on real estate disposals, including our very substantial head office building.

Now turning to costs on slide 15. I am pleased with our cost control, which we have demonstrated over the years. As mentioned by Robert, we delivered on our program of EUR 1.1 billion of savings as planned progress is now well underway to reach our target of a further EUR 700 million cost savings by 2024. I expect the first EUR 100 million such savings in 2021.

Looking at the fourth quarter, personnel expenses as well as other expenses increased from Q3 due to AML costs, reflecting both employee non-employee FTE increases. We expect AML costs to peak at around EUR 425 million in 2021 as we ramp up our FTEs to peak levels of around 4,200 FTEs. I expect next year (2022), the first of the large remediation programs to complete we will start ramping down from there.

I will now hand over to Tanja.

Tanja Cuppen: Thank you, Clifford. Fourth quarter impairments amounted to EUR 220 million, bringing the total for the year to EUR 2.3 billion. This is below the lower end of our guidance of EUR 2.5 billion. This is mainly explained by better performance of the CIB portfolio, both core as well as non-core a faster reduction of the non-core portfolio, as Robert already mentioned.

Looking at non-core, the rising oil price improved the outlook for the sector, we saw good liquidity in the lending business, allowing clients to refinance and CIB to sell performing assets around par. This also allowed us to successfully restructure a number of files sell some non-performing loans within provisioning levels.

Turning to Commercial Banking, the actual inflow in stage three and new defaults is well below what you would expect, given economic circumstances. This is in line with what we see in the Netherlands. Bankruptcy rates in Q4 2020 were well below the levels of 2019. This is the effect of the large-scale government support.

As underlying developments are negative for economic growth, we took a management overlay of EUR 92 million to capture the effects of the current circumstances.

Our outlook for 2021 has become somewhat more positive, but uncertainty remains from COVID-19 CIB non-core, for which we have taken around EUR 200 million of management overlays in total.

Our retail book continues to perform well, we are positive on the strength of our mortgage book. The cost of risk for 2021 is expected to be lower than 2020, both for the core bank as well as for CIB non-core.

Now, moving to slide 17. Our total loan book amounts to EUR 252 billion, with 65% in retail, predominantly in mortgages in the Netherlands. Our corporate loan book accounts for 30% is well diversified.

The core bank shows predominantly exposures to Dutch clients is well spread across different sectors industries. Exposure to the sectors affected by the lockdown is modest. This includes non-food retail, travel leisure, with high coverage ratios. Also, many clients are receiving some form of government support.

Within real estate, we have limited exposure to impacted sectors, such as retail hotels, providing some resilience to the current circumstances.

Turning to non-core, the largest sector remaining is oil gas, spread over reserve base lending and TCF. Stage-3 exposure is substantial, but well covered. A positive development has been the increase in oil price recently. We remain cautious around non-core portfolio as some tail-end risk may materialise.

With that, I would like to h over back to Clifford.

Clifford Abrahams: Thank you, Tanja. Despite this difficult environment, we laid out our capital framework during our November investor update. Our primary capital metric is now Basel IV against which we determine rules for capital distribution once uncertainty is reduced restrictions are lifted.

We have a very strong capital position are fully prepared for Basel IV. We estimate Basel IV CET1 ratio at over 15% now. We have rounded our estimates, pending further clarification of the rules, which we expect over the summer.

As a consequence, we are well placed to pay the full-year 2019 dividend in due course, which remains reserved excluded from capital ratios.

Turning to Basel III, the TRIM process is finalising, has resulted so far in EUR 21 billion of RWA add-ons, this has significantly closed the gap between Basel III Basel IV RWAs. I expect further closure by year-end 2021 as we plan to move some portfolios to Basel III foundation standardised approach in anticipation of Basel IV. It is currently uncertain if when the Dutch central bank will impose a floor on mortgages. But rest assured, we are well capitalised under the new metrics.

Lastly, the phasing in of the MREL target has been brought forward. consequently, we are now targeting around EUR 4-6 billion of senior non-preferred issuance this year.

With that, I would like to hand back to Robert.

Robert Swaak: Thank you, Clifford. So, turning then to slide 19.

On this slide, I will relate the targets we set for 2024 with our current performance on these targets give some guidance into 2021.

Starting with our return on equity, over 2020, our return was 5.4% excluding CIB non-core. I consider this is a fair reflection of where we stand relative to our target as non-core will be wound down by 2024.

I expect ROE to remain low in 2021 with non-core diluting overall returns again this year improve after that as non-core winds down further. Costs reduce and income stabilises.

A number of initiatives will come through in 2021, which should improve our market share for mortgages SMEs.

I have outlined cost developments for the coming year and we have a clear trajectory set out to bring costs below EUR 4.7 billion by 2024. Coming year, we expect cost of risk to remain elevated, but below 2020. This goes for both core as well as non-core.

Our capital position is very strong. Basel IV is about 15%, we expect this to remain strong.

Due to the ECB dividend ban, we will not pay any interim dividend this year. Once uncertainties are reduced and the dividend ban is lifted, we are well placed to resume dividends at 50% pay-out as well as pay the full-year 2019 for dividends.

So, to wrap up, our fourth quarter results showed moderating impairments. We made good progress winding down the non-core portfolio. Our efforts to increase fees are starting to pay off we are delivering on cost savings.

Looking ahead, we expect an economic rebound in the second half of the year once restrictions are released. We have a full agenda for the coming year in terms of strategic execution on customer experience, sustainability and making the bank future proof.

Which brings me to the end of our fourth quarter presentation. Before I open the line for questions, though, I would like to say a few words as this is indeed the last analyst call Clifford I will be hosting together.

So, Clifford, I know I speak on behalf of everyone at ABN AMRO when I say that you will be missed. You have been instrumental over these last few years for the bank, both as a CFO as a much-appreciated colleague.

Let me also say it has been a pleasure working together. So, on behalf of all of us, thank you for all that you have done. We wish you a fantastic continuation of your career as you embark on a new chapter, this time in the UK.

So now, I would like to ask the operator to open the call for questions.

QUESTIONS ANSWERS

Benoit Pétrarque (Kepler Cheuvreux): Good morning. Clifford, thank you for your time at ABN. A couple of questions on my side. I wanted to come back on the comments you made around haircuts on the loans on non-core. Could you come back to beat on the run-off strategy? You have progressed quite well obviously. What do you see as the remaining part of the book, the kind of EUR 11 billion remaining, how much will be sales versus run-off, natural runoff? How many haircuts have you seen so far on the transactions which have been executed? Then also, linked to that, the EUR 11.3 billion risk-weighted assets on non-core, is, I think, a risk weight above 100% now. So, do you expect that to be released? Will that be released in 2021 or will that come later?

The second one is on the NII. You have seen, again, a volume effect of, I think, EUR 17 million negative. We have had that for a couple of quarters now I was wondering if you try to quantify how much is COVID-related

or lockdown-related if you expect actually the volume effect to really pick up around the end of the year as you expect a recovery in H2?

And then, just a final, you have Basel IV above 15%. So, does that mean that we could expect ABN to start a share buyback? I know about the dividend interim you plan to pay but what about share buybacks? You are above the 15% threshold. I know we have a restriction from the ECB, but I assume it will be lifted in Q4. Or do you see the potential for share buyback? Thank you.

Robert Swaak: Let me take the comment on the share buybacks and Clifford, could you reflect on the wind-down process? So, on share buybacks, indeed, we are over 50% Basel IV we set a threshold. We will take that decision at the end of 2021 as we have certainly around circumstances at that time. But it is indeed fair to say that we are well positioned at this point. We need to take that decision, though, at the time knowing full well circumstances. Clifford, on the runoffs?

Clifford Abrahams: I think you cleverly got about four questions in there, Benoit. I think I have kept track. We are pleased with the wind-down of non-core. When we announced that in Q2, and indeed Q3, things were very uncertain. They are still uncertain, but we are seeing good liquidity markets recovery in commodity prices. Our clients are able to refinance elsewhere. So, as you see, loan volumes are down 45% during H2 last year. We have seen most of that progress in TCF, which tends to be shorter dated. It is pleasing to see how much progress we have made in natural resources. You see a little over a billion in each quarter. We are now looking at a reduction of a further 15%, down to 40%, so a 60% total reduction by year-end 2021. So, that is lower than we were thinking in Q2 last year, that reflects our ability to wind down ahead of contractual maturities.

In terms of haircuts, we want to be clear this is about safeguarding value. When markets were a bit more difficult maybe in the middle of last year, we were very cautious about selling loans. We have done a small amount actually in Q4. So, it is coming through in other income, but we wanted to flag it as a tool. So, we are looking to wind down at pace. So, we are not looking to hang on to these assets. And where we can sell assets and release provisions, release capital, we will take advantage of that. the effect of that may well be more negatives in other income, but the benefit is capital is coming out and we will not get future impairments. So, really, loan disposals can be seen as sort of an acceleration of future impairments. So, we have got the capital to deal with it. So good progress. if markets continue, I expect to make further progress.

You highlighted capital release. Again, we are pleased with the capital release at H2. Capital will be released somewhat lagging to the overall portfolio. As you know, there are other elements of capital which are a bit more sticky, operational risk, as well as market risk. So, we expect capital release to broadly follow the portfolio, but it is somewhat lagging. So, it may well be a year or two, but we feel on track.

The other comment or question you raised was around volumes. I refer to slide 13 in the pack. I think you highlighted the EUR 17 million negative in terms of our transition. That is very largely volumes rather than margins. if you look at the slide before that, slide 12, you can see we have seen volumes coming down in consumer lending, which is actually quite high margin. that reflects the fact that everyone is at home, not spending money on travel, restaurants and alike. So, I would see that as recovering when the lockdown is lifted.

In the same way, I mentioned CIB core and CB core, you can see those on page 12 ticking down, not dramatically, but ticking down, given low client funding need, government support. Again, I expect that to stabilise and pick up through this year. So, that would substantially reduce that minus EUR 17 million in coming quarters.

I think Robert addressed at your points on capital. The consideration would be alongside the decision to pay out the full-year 2019 dividend, which is a little over EUR 600 million still in the balance sheet.

Benoit Pétrarque: Thank you very much and good luck!

Clifford Abrahams: Thank you.

Benjamin Goy (Deutsche Bank): Two questions, please. First on net interest income. It fell, on a clean basis, 3% in the third quarter Q-on-Q, and now 4% Q-on-Q in the fourth quarter. So, you just highlighted on the probably improving loan volume outlook in 2021 but I am wondering whether after the first quarter with the deposit repricing benefit, should the lower for longer broadly stay each quarter and NII remain under pressure?

Secondly, fee income. There were some good initiatives in the fourth quarter. But you reiterated your guidance of below the EUR 400 million. Is there an over-earning on the activity-based fees? Or is there still some uncertainty around success of repricing initiatives? I was wondering why you are not turning a bit more cautious on that line. Thank you.

Robert Swaak: I will take the one on fees and Clifford will take the one on NII. Indeed, it was good to see in the fourth quarter that, across the business lines, we were picking up on fees. But clearly, much will also depend on how COVID-19 further evolves because it is so much directly attributable to, on the one hand customer behaviour, as Clifford alluded to, but on the other hand, the recovery of economic activity. Given the status of vaccinations at this point here in the Netherlands, certainly one of our biggest home markets and therefore, the potential for the economy to actually kick in towards the latter part of 2021, it should really position us well. But that is why you will see a somewhat subdued, if I can call it that, guidance on fees, although I would emphasise, with all the measures that we have taken thus far, early indications are indeed that fees are picking up and therefore we are making the right kind of transition.

Clifford, maybe you can expand a bit on NII.

Clifford Abrahams: Just one figure I would throw out is on credit cards. The effect of the lockdown is about EUR 10 million in fees per quarter, so roughly EUR 40 million for the full year. So, there is leverage around fees. So, we will look for the lockdown to be lifted in due course, but fees are vulnerable for overall activity. Hence, our guidance. We are far short of EUR 400 million per quarter as it stands in Q4.

On NII, looking at the figures, we break out the bridge in quite some detail because we know you are interested in it. The deposit volumes in margins are minus 28. We estimate the effect of low rates to be around minus 20 per quarter. It moves around because of the shape of the yield curve and so on. But that is, broadly speaking, the quarterly run rate, while rates stay where they are.

The effect of passing on negative rates to that broader segment down to EUR 500,000 is of that order of magnitude. You can work out the figure. It is roughly EUR 30 billion, 50 basis points. So, that is roughly EUR 30 million, EUR 35 million a quarter. But that only kicks in once, as it were. We have identified on that slide the number of deposits between EUR 100,000 and EUR 500,000. That is another EUR 34 billion, but we are clearly not in a position to comment on our approach to negative pricing there. We do not currently price negatively on those deposits.

In terms of the CIB non-core wind-down, in Q3, we talked about a headwind of EUR 10 million a quarter. That is roughly the run rate because we made good progress in Q4. It was a little bit more than that. I talked about asset volumes in response to Benoit is question. So, that should give you a feel of it. Then our mix around NII in the short-term next quarter, which is why we are sticking to around EUR 1.4 billion. Then through the year, you will see these other effects. The wind-down will continue. We discussed low rates, but volumes in particular, we think, should benefit from lockdown measures easing and the phasing out of government support measures overall economic recovery, where we expect a strong rebound.

Benjamin Goy: Thank you very much and all the best Clifford!

Clifford Abrahams: Thank you.

Farquhar Murray (Autonomous): Just one question from me. On the AML settlement, I presume there is nothing to say incrementally there but with that now likely to be a full-year 2021 event, could I just ask how you might approach that with respect to the dividend policy? Specifically, would you look through a settlement charge in full-year 2021 when thinking about the 50% pay-out ratio?

Additionally, do you expect the ECB to permit that and also allow you to pay out from excess capital even if profit is maybe challenged or around zero after the year?

Robert Swaak: On the AML, I do not really want to get ahead of ourselves. So, I will just continue the answer that I have given before. Really no comment as to where we stand, nor on timing. We will continue to cooperate as we have and will continue to do so. In terms of any follow-up questions in how we would assess potential outcomes under whatever circumstances, I think we would have to take the considerations and the facts at that time as they are, including any potential conversations with regulators. So, I do not want to get ahead of that.

Farquhar Murray: Okay. Thanks a lot.

Robert Swaak: Cheers.

Jon Peace (Credit Suisse): Thank you and also thanks to Clifford and good luck in future endeavours.

My two questions would be, firstly, when you talk about potential real estate gains, you mentioned a very substantial head office building. How might we size those gains for next year?

The second question is on the cost of risk. I realise this is an impossible question. But the 2021 consensus for provisions is about 60% higher than the H2 run rate in 2020. How do you think about that? Do you think that is a conservative estimate from analysts or too conservative? Or just what is your view there? Thank you.

Robert Swaak: On the real estate gains, clearly, I am not going ahead of the transaction. There is a book value of … Clifford?

Clifford Abrahams: It is EUR 250 million book value. It is 75,000 square meters.

Robert Swaak: So, we will leave it at that. And Tanja, in terms of the cost of risk?

Tanja Cuppen: Indeed, this is a difficult question to answer but I can say a few things here. In our presentation we make a distinction between the full bank and the core bank. The core bank will play a more important role in the overall numbers going forward. So, in 2021, but even more so in 2022. So, I think that is one data point. I have talked about the mortgage portfolio. We are positive about the strength of this portfolio and that will definitely play a role as well. Our outlook for house prices is still an increase of 5% in 2021 and afterwards it will be more moderate at, say, 1%, but still increasing. That will be positive for our mortgage portfolio. Then I mentioned that as well on commercial banking, we are cautious. We do expect that we will see companies to face headwinds in 2021. So, what we have seen in 2020 here, you will see again in 2021 and maybe even a bit more there. So, these are the data points that I give you. Hopefully, you can work out a best estimate for 2021.

Stefan Nedialkov (Citigroup): I had a couple of questions. On the NII, you mentioned that there has been no decision on the benefit from the existing TLTRO-III, nor on the potential take-up later on. However, you are also saying that you are expecting moderate growth into the second half of 2021. So, would that not make sense to take up the additional TLTRO, thinking that you might actually meet that one benchmark? Also, any thoughts on the existing TLTRO-III, whether you are inching close to the 0% Eurozone loan growth? So, some colour on TLTRO-III and some colour on TLTRO-3.2, I guess.

The second question is on the unemployment rate. When I look at your unemployment rate assumptions for the Netherlands, they are quite meaningful. I do not know if the Citi economists are too bullish or you guys are too bearish but are you not worried given those unemployment rate assumptions on asset quality in 2021, 2022, 2023, especially when it comes to consumer lending within the sector, as well as SME lending? Thank you.

Robert Swaak: Clifford, could I ask you to take the TLTRO?

Clifford Abrahams: No, we are pretty cautious about the current TLTRO-III. We borrowed EUR 32 billion. The benchmark threshold is March to March 2021. and we are some way below the hurdle. That is in common with the Dutch market as a whole. I think if you look at Dutch lending versus other countries in Europe, the Netherlands is one of the few countries where lending has gone down for the reasons we talked about.

I think you make a good point about stabilisation and growth. With those other schemes, referencing lending out into the future, they may well be beneficial. but we just have not taken the decision yet. So, we see that as an opportunity. But we are cautious about booking the income associated with the current TLTRO.

Tanja Cuppen: On the impact of the economic outlook, we feel that we include that in our projections for the economic outlook, especially unemployment going up in 2021 and 2022. That will have an effect on our portfolio although I am positive about the strength of our mortgage portfolio. Unemployment will play a role there but regardless of this increase we expect that house prices will be resilient. So, that is one aspect. Consumer credit also there will have an impact. But it is a relatively small portfolio, and we have also strong lending and underwriting standards for this portfolio.

On SME, which I mentioned as part of commercial banking, we expect some uptake there, especially in certain sectors that are more vulnerable to the current circumstances. I have mentioned leisure and non-food retail as examples there. That has been included in our guidance that we have given.

Stefan Nedialkov: Thank you so much.

Tarik El Mejjad (Bank of America Merrill Lynch): Good morning and thanks, Clifford, for all the help in the last few years and good luck!

Just a couple of questions, please, and first of all, on the dividend. Can you clarify how it will work for the interim that you pay really in the summer and that will be skipped? So, you will be paying the 2021 dividend potentially at the final interim, depending on profitability or how this would work?

Then for the potential 2019 dividend which should be paid in Q4 this year. What are the discussions with ECB? How does it work? Because if we think about your profitability this year and if we forecast higher costs of risk than in consensus and maybe some gains from real estate, you will still be around the breakeven. So, if you are not allowed to pay dividend and COVID restrictions will be lifted, the logic is still the same: banks with poor profitability should save capital, even if it is high level of capital. So how do you think about that?

Lastly, I will try my luck again on cost of risk. The through-the-cycle guidance is 25 bps to 30 basis points and consensus is at 33 bps. How should we think about the cost of risk? Are we double the through-the-cycle or is that too pessimistic?

Robert Swaak: I will ask Clifford to give a bit more colour on dividends. Certainly, in terms of also how we are dealing with it next year. Then Tanja, maybe comments on cost of risk.

Clifford Abrahams: In thinking about the dividend, clearly, the expiry of the dividend recommendation is an important benchmark. We said after that, not necessarily in Q4, during Q4, but that is the time to consider it. The board will think about current profitability. But we highlighted in page 4 that the underlying business, non-core, is really quite profitable even in a tough year like 2020 with some exceptional losses. The loss is very

large here in CIB non-core. You can do your own projections for 2021 but we expect ROE to remain low because you have this dilution effect of non-core, which is clearly not something that is going to be there permanently. Farquhar talked about potential AML settlements and so on. So, I am not speculating on that but that would be of a one-off nature, as would that gain the other question talked about in respect of Gustav Mahler. So, the board will take a forward-looking view around profitability. You would be heading into another winter at that point. So, the board would need to put all that together to take a view on three elements: the 2021, including that interim that you talked about, which would be accrued until after that September date expired; the full-year 2019 dividend, which has already been reserved for not subject to a formal ECB approval process; and then, clearly, any buyback, which is you know is subject to formal ECB approval. Robert commented earlier on the prospect of buybacks.

Tanja Cuppen: Let me take the question on cost of risk. Indeed, the guidance on the long term through-the-cycle cost of risk stays the same. The core bank will be much closer to that number, but we also need to include the uncertainty for the non-core bank in our projection for 2021. So, that makes it more difficult to come up with a more exact guidance that I have given. And, as I mentioned, I am very positive about the strength of our balance sheet of the core bank where I think you need to take into consideration that, for commercial banking, 2021 will still be a year of headwinds for our clients, therefore, increased levels of cost of risk.

Tarik El Mejjad: Thank you. Clifford, I am just trying really to understand here what you are saying on the dividends. So, if you put together all the board consideration, that means that will happen in 2022, right? There is no payment in Q4. I am just trying to understand all of the sequencing of the dividends compared to the events of Q4. So, this is more like a 2022 distribution if it happens, right?

Clifford Abrahams: You mean, during the calendar year 2022? Is that your question?

Tarik El Mejjad: Yes.

Clifford Abrahams: The dividend recommendation looks like it is expiring at the end of Q3. I have seen what other banks have said. It would be up to the bank to consider its timing at that point. But there will be those three components that I referred to, and the bank would need to decide whether it would be appropriate during Q4, ahead of the winter and ahead of full year financial statements, which I think – take your own view on that. Maybe Robert, we could comment further but I think we have probably said enough.

Robert Swaak: I do not think it is very helpful to speculate on timing. There is a set of circumstances we will have to take into considerations when and if they do apply. that is what we will then do towards the end of 2021. Then we will come to decisions.

Tarik El Mejjad: Thank you very much.

Kiri Vijayarajah (HSBC): Good morning. I have a couple of questions on the fee side. Firstly, on the increase in the fee packages across the various businesses you are putting through at the moment, I was wondering, how does that sit with efforts to switch clients onto digital channels? Is that a help or a hindrance in terms of charging more for less but a full-service proposition? So, how do those sorts of dynamics play out?

Then, on the fee run rate in the Clearing business, it feels like you have had a couple of good quarters there now. But looking out to 2021, what is the risk that we could see a bit of a fall back as we progress through the rest of this year, having come off a couple of good quarters as seen in the Clearing business? Thank you.

Robert Swaak: Maybe I will take the first one. Clifford, maybe you can take the second part. The digital capability of the bank has actually allowed us to move fairly fast around putting together packages as related to our targeted segments. On the basis of enabling these packages that we put together on the basis of our digital infrastructure is that allows us to charge fees. So, we have seen actually the first good indications of that in this quarter, and I certainly am positive about that trend continuing. So, it is the digital capability of the

bank that is allowing us to do this fairly fast. It is also the customer relating to the choices we have made in that segment that is then leading to an increase in fees. Now, I am optimistic about that process continuing, but it indeed is saying something about the digital infrastructure and the data of the bank.

Clifford, do you want to comment on the fees for Clearing?

Clifford Abrahams: We are pleased with Clearing. So, fees in Clearing were up over 20% year-on-year. So that is material to the bank as a whole. That is EUR 50 million plus. Clearly, there is quite a bit of volatility in 2020. We had an exceptional loss, as you know, earlier in 2020 and the market responded generally, recognising the risks of that business. So, to some extent that was helpful to the fee profile that Clearing delivered last year. So, who knows what 2021 will bring, but I think we live in uncertain times, which is benefiting the Clearing? I mentioned earlier another business, actually had a hit of that order of magnitude, which is our ICS, our credit card business. I do expect there to be a little bit of reverse correlation there. So, as things normalise, that credit card business should recover. In fact, I think there is going to be a lot more traveling next year as everybody gets released from lockdown. So, that business should do very well in 2021.

Kiri Vijayarajah: Great. Thanks very much and best of luck at Virgin Money, Clifford!

Clifford Abrahams: Thank you.

Omar Fall (Barclays): Hi, thank you for taking my questions and best wishes, Clifford, for the future!

Firstly, what is the residual maturity now on the non-core loans? I know you mentioned that the majority of uncommitted exposure is expiring in three months, how much is that?

Tanja mentions some tail risk remaining on the non-core. What do you mean by that precisely? It seems like impairments on the book are principally driven by the oil price, which is obviously uncertain, but I am just wondering what other variables precisely you would say concern you in terms of cost of risk there? Especially because that book is pretty well seasoned and seemingly well reserved now.

Finally, I just wanted to touch on expenses. I guess there was some disappointment in November on the forecasts increase towards EUR 5.3 billion this year. It has only been a couple of months, but could you update us on whether there is any potential for that to be worse or better than that? Especially as I wonder if you have further explored like some of the permanency of the COVID-related savings, savings on real estate, for instance? Thank you.

Robert Swaak: Can I ask Clifford to take on the maturity question and Tanja respond to the non-core? I will take the expenses.

Clifford Abrahams: I think in terms of maturity, I would refer you to the presentation that we gave in Q2 last year – it was actually page 22 – which shows the maturity extending well through to 2024, but it is pretty de minimis then. So, maturity, I would say is, at this stage, it is between two and three years stated maturity. And we have been in a position to wind down within that time.

Shall I comment on costs, Robert?

Robert Swaak: Go on!

Clifford Abrahams: On costs, we are sticking to the EUR 5.3 billion. Robert ran through the transition. Clearly, we are looking at opportunities to save money. We are pleased with how we came in 2020 but we do need to put the investment in to deliver, in particular on the EUR 700 million of cost savings as well as the growth initiatives we have in place. So, I would expect cost to l in line with the target EUR 5.3 billion.

Robert Swaak: To add to that, that is on the back of the discipline that we have shown in prior years of executing against plan. Maybe Tanja?

Tanja Cuppen: On the tail risk. As Clifford mentioned, the remaining maturity is between two and three years for some parts of the portfolio. There are some parts in the portfolio that are less liquid and where clients will find it more difficult to refinance. That is why I pointed out to this risk, You need to think especially around clients in Asia and in Latin America. It is a smaller part of our portfolio, but still there is remaining risk in these pieces.

Omar Fall: Thank you!

Giulia Miotto (Morgan Stanley): I have a follow-up question on provisions. So, we hear that 2021 is uncertain and you are not guiding more precisely. But I was wondering, looking forward, can we expect to be back at the cycle cost of risk by 2022 already in your estimates? Or when do you see ABN being back to 'through the cycle'? Thank you.

Tanja Cuppen: It is even more difficult to guide for 2022 than for 2021. It depends also very much on how well the vaccination strategy will pan out and the economy will turn to normal. But I can say, once the economy turns to normal and we have worked on winding down CIB non-core successfully, we do expect that we will land within the range that we have guided. But the exact data – and that is quite difficult, you can imagine – depends very much on the success of the vaccination strategy and the economy picking up again in the course of 2021.

Giulia Miotto: Thanks.

Thomas Dewasmes (Goldman Sachs): Thank you for the presentation and good luck, Clifford, for your next venture. I have two questions, one on NII and the second on the tax rate. The first one is just on the ability of banks and the industry to start passing on more negative interest rates. Would you say that the customer acceptance and desirability and that of others to pass this on further from here is improving or not?

On the tax rate specifically, because of the non-core wind-down and potential losses that you might incur there, could you give us an update on what should be your tax rate from 2021 going forward if you are not able to offset losses or recognition of DTAs please? Thanks very much.

Robert Swaak: I will take the first one. I will ask Clifford to comment on tax. I think, generally, you can say that the charging of negative rates based on outflows that we are seeing, and the fact that it is carried out consistently across the market, has led to an expected reaction on the customer base. Clearly, it is something that we continue to watch very closely, any potential development on negative rates. Based on the outflows, as we see them, this is something that is becoming part of the market in which we operate.

Clifford Abrahams: On taxes, you know the drivers. So, Q4 tax rate is high. You have got non-deductibility of bank tax. That has a big impact in Q4, as well as the losses in foreign subsidiaries where there is no deferred tax asset to be recognised. Rather than give a tax rate, I think you should model it by looking at core and non-core. So, clearly, the tax losses in non-core will be substantially unrecovered because non-core is outside Europe and in particular, our Dutch tax base, whereas our taxes in Europe the Netherlands where we are making money will follow usual tax rates with a few pluses and minuses. So, If you model that out, that will give you the blended tax rate. But I think it is hard for me to forecast effective tax rate given the uncertainty in both core and non-core at this point of the cycle.

Thomas Dewasmes: Alright. Thank you both.

Anke Reingen (Royal Bank of Canada): Thank you Clifford and all the best! I just have two follow-up questions. First, on the NII. When you say trending down from the Q1 level, I just wanted to confirm that this is

basically pre any assumption of a material benefit from volume growth, no benefit from additional deposit charging and also no TLTRO benefit?

Secondly, on the capital return, I realise there is a lot of uncertainty, but do I understand correctly that taking a 2020 dividend plus 2019 and potentially buyback, it is not unlikely that you could be having a pay-out ratio above 100% versus 2020 earnings? I was just wondering, on a running basis, is there like an upper limit in terms of under 50% plus the buyback? Thank you very much.

Robert Swaak: I will take the first one. Clifford, if you could comment on the second part of that question? The answer to your first question is yes. I was looking at the question again, but the answer is yes.

Clifford Abrahams: I will try without getting into too much speculation. In general, it is hard to have a regulatory dialogue on dividends far off into the future. So, before we announced the capital framework in November, you can expect that we were engaged in with regulatory dialogue. At that point, we said 50% pay-out plus buybacks would be considered above 15%. So even at that point, we would be contemplating pay-out ratios in total cash above 50% by definition. In principle, that would apply going forward not just to us, but other banks. We have obviously looked through the legals, but in terms of the approach, there is no formal ECB approval on dividends. Clearly, given the recommendation, the ECB has a very strong view about dividends in certain circumstances. At some point, that will expire. the ECB has indicated that. There is no pay-out ratio cap of buybacks plus interims plus previously accrued dividends. There is no arbitrary cap. I think any board of a bank and the regulator will take a sort of forward-looking view of economic conditions, profitability, and the capital position of the bank. We are very strong, which is why we have got the confidence to say we are well placed. In particular, around Basel IV, you have seen our numbers, we are already above the 15%, which is well above our target of 13%.

Anke Reingen: Thank you very much.

Robin van den Broek (Mediobanca): My first question is again on NII. Sorry to maybe being a bit repetitive here, but I just want to get some reasoning behind the potential math going forward. Consensus for 2022 is EUR 5.5 billion, which is not too far-off EUR 1.4 billion run rate per quarter. You have already said on NII trending down up to Q1 2021. But assuming the EUR 10 million and EUR 20 million of headwinds related to the replicating portfolio and the CIB non-core in line, you are looking at EUR 30 million of headwinds. If I look at your loan book, more than half of it is mortgages, which will be difficult to grow, I guess. So, in order to offset those pressure points, you probably need to get to close to 4% or 5% of the core book. Otherwise, I guess, the 2021 consensus expectation becomes quickly at risk. Any comments around the math there would be helpful.

Secondly, in 2020, we have seen an enormous inflow in your deposit base savings coming in. What are your thoughts on the DGS system, which was expected to be fully funded in 2024, I think was the timing? Have there already been talks about maybe extending that, or are we looking for higher contributions to that system in the intermediate time?

Thirdly, just a quick one, you probably cannot say much about it. But maybe you could discuss any potential M&A files, just whether they are M&A files on the table or not? Thank you.

Robert Swaak: Let me take the last one. Clifford, if you could take the first two. So, on M&A, I would just reiterate what we said before, that we are continuing to look at M&A opportunities. But I will not comment on any individual files at this point. We will continue to look at opportunities as they present themselves. We have also previously guided toward a focus on private banking.

Clifford Abrahams: On NII, Robert answered to that question that our outlook excludes those three factors. I think in listening to your summary, you are more cautious on mortgages than we are. So, you have seen our mortgage market share tick up in Q4. We are launching a new label before the summer. We are feeling good about that. We have a target of a 20% market share actually in mortgages. We talked about how resilient that is. That is our biggest portfolio.

We really are in extraordinary times. Given the strength of Dutch economy and the government support measures, it may be in contrast to everyone's that volumes have come down in our core corporate banking businesses in the Netherlands. I think that reflects the good shape that the sector is in, which means we do expect to rebound. When exactly it is, I think it is going to be hard to say. I would highlight some of the other factors, whether it is TLTRO or deposits on which we are not currently charging negative rates, to do your to do math.

I think on DGS, I do not have any special insight. 2024 seems like a long way out. I recognise what was discussed. Maybe the time we felt there'd be a limit to that, to paying for that part of time, but I am not aware of any decisions to continue or stop it, in fact. So, your guess is as good as mine at this point.

Robin van den Broek: Thank you very much and good luck in your future job!

Clifford Abrahams: Thank you.

Stefan Nedialkov: Thank you for taking my follow-up question. It is on capital. When it comes to comparing Basel IV to Basel III, you guys disclose a couple of numbers. So, if I look at the presentation, you say that, at the end of this year, Basel IV and Basel III are less than 10% away from each other. So, that would imply around EUR 12 billion of RWA difference. Then in another slide, or it could be actually the same slide, you talk about the reserve for 2019 dividend being 51 bps on Basel IV and 58 bps on Basel III. So, if I run those numbers, I get to a difference of around EUR 15 billion in RWAs. Could you confirm what number is the right one, we should be using? EUR 12 billion or EUR 15 billion for Basel IV? How is that gap closing in 2021? You point out to the DNB mortgage floor of EUR 5 billion. I am assuming the TRIM that you are guiding to for EUR 2 billion in 4Q ended up being EUR 1 billion. So, there is a bit more from that coming, plus additional TRIM. What else explains the gap of EUR 12 billion to EUR 15 billion besides the DNB mortgage floor and the leftover TRIM from this quarter, plus the standardised models, of course? Thank you.

Clifford Abrahams: So, some impressive calculating going on there, very good. We have given a Basel IV to one decimal point. It is rounded to avoid this sort of sleuthing. So, I think the numbers have got a bit shifted in the PowerPoint, but the RWA inflation is less than 15% now. We think it will be less than 10%. I think just in terms of range, we are probably towards the top of your range rather than the bottom of your range in terms of RWA inflation. But the core point is, we are now running the bank on Basel IV. That is our primary metric. We are already over 15% under Basel IV. I think TRIM is relevant because it was as a flow-through to Basel IV, constrained IRB. Basel III is the current reporting metric. So, we do need to report on that and give you a guide on that. But we have really made the transition in terms of how we run the bank and how we think about the capital constraints. So, we are feeling good about it.

In terms of 2021, I think there are two things which we have set out in that bullet point 4 on that page. We think TRIM is very largely done. We have taken the add-ons, the EUR 21 billion. It is possible they are tweaked as we get the final letters and we flow that through our systems, but that is very largely done. Further convergence will be the couple of things we talked about, the DNB mortgage floor, which is possible, but there have been no indications that will come in. That is about EUR 5 billion. And then we have plans to put specific portfolios on to foundation or standardised, which is really Basel IV-ready. So, we are taking the view that we are ready for Basel IV, we are ready to absorb the Basel III RWA inflation because it means we get the whole business, and get our systems set up for Basel IV, which is the new regime. It is coming in fairly soon, so let is get on with it. That will drive the dividend decisions.

Stefan Nedialkov: Thank you, Clifford. Very useful. Thank you!

Benoit Pétrarque: A very short follow-up on private banking. Could you clarify how much net inflows you have this this quarter? I think there is a net outflow, but mainly coming from cash. I am actually interested to understand if clients are putting more money into securities actually, especially because of the charging of the negative interest rate. Is there any behaviour change there to be expected?

Clifford Abrahams: That is correct. So, we have seen some outflows. I am looking at that number which is cash, and we announced the lowering of the threshold on negative rates. We announced that months ahead to give clients the opportunity to move or to switch into securities if they so wished.

Most of the driver in Q4 was around market performance. So, we saw a double-digit market performance improvement, EUR 10 million. We get an internal market feed from the retail business of EUR 0.5 billion. So, I think the underlying NII is okay. We hope for more. Wwhen sentiment broadly improves, given our increasing strategic focus in private banking, I would hope that will be consistently NNA-positive in the securities area. But in Q4, that is negative with cash.

Benoit Pétrarque: Thank you.

Daphne Tsang (Redburn): I have one question on NII, just really trying to get a better understanding on the moving parts there in your slide 13. So, if I start with the EUR 28 million can you clarify that that includes the EUR 20 million from deposit margin, which is unchanged from your guidance, and EUR 8 million is pretty much from the fact that you have lower deposit pool, which you could charge negative rates from compared to Q3? And then the EUR 16 million, I suppose because you are running the non-core book faster than originally planned and you now are aiming for 60% reduction by the end of the year, should we expect that EUR 16 million to be the run rate for 2021?

Then, the EUR 17 million on volume. You commented that is pretty much driven by volume rather than margin. Can you add comments about the product pricing behaviour through the quarter and whether you see the pricing pressure will increase from second half as you expect the economy to recover volume to improve? Thank you.

Clifford Abrahams: I think the EUR 28 million is roughly EUR 20 million. Right? So, we give a view of EUR 20 million per quarter. That EUR 20 million is, call it, a smooth estimate based on the effects of low rates. So, the EUR 28 million is primarily low rates. That EUR 8 million, your split is asperously precise. So, I would expect going forward that to be of the order of EUR 20 million, at least in the next few quarters.

The CIB rundown, you can see on page 11, that EUR 16 million is really Q-on-Q, right? So, EUR 86 million, down to EUR 70 million. But you can also see loans and advances really came down strongly in Q4. You can figure this out yourself. We expect the wind-down of non-core to slow at least based on our current plans in 2021. So, we have done 45% in H2. And then we expect a further 15% in the course of 2021, which adds up to 60%. So, we expect a sort of slowing down. as we saw the rapid run-off of TCF.

Now, we will look to opportunities to accelerate that if we can while safeguarding value. But this would give you a feel for some of the dynamics. If it comes down at that rate, we will be down in two quarters looking at page 11 and that is not going to happen. So, I expect that EUR 16 million to slow.

In terms of I think the asset volumes and margins, it is primarily volume, is what we said earlier. The current market is rather strange. We are seeing competition for good credits, as we are. We are keen to attract good credits. We are keen to support all our clients that need help either way on appropriate terms, but we are also quite cautious about our risk appetite, particularly in real estate, for example. So, that is not really a price-driven market for us. We are just cautious right now. So, I do not expect fundamental changes in margin through 2021. I think the volume and the risk impacts will be the main drivers of that segment in 2021.

Daphne Tsang: Thank you.

Robert Swaak: As there are no further questions, that concludes the analysts call. I really want to thank everyone for their questions and look forward to speaking to all of you soon. So, for now, goodbye!

End of call