ABN·AMRO

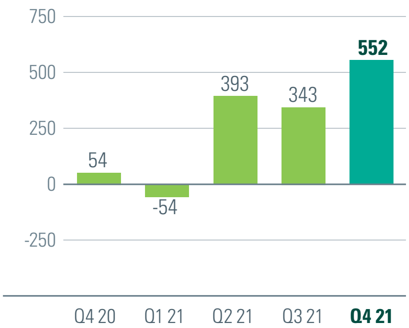
Quarterly Report

Fourth quarter 2021

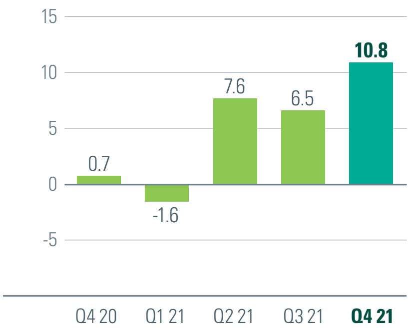
ABN AMRO Bank N.V.

Figures at a glance

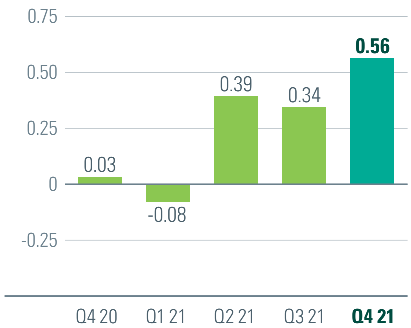
Net profit/(loss)
(in millions)



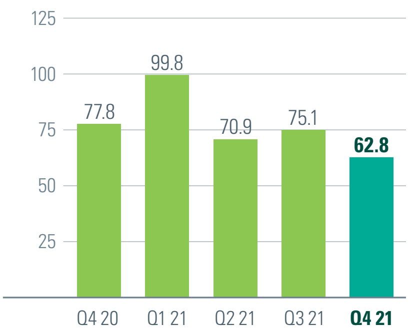
Return on equity
(in %) Target is 8%



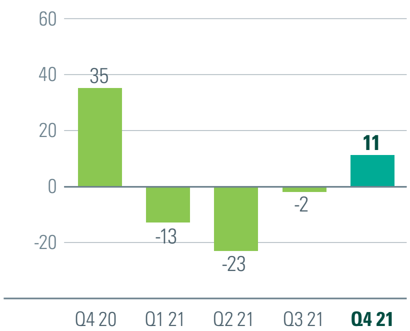
Earnings per share
(in EUR)



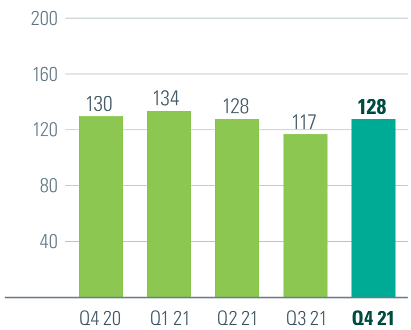
Cost/income ratio
(in %)



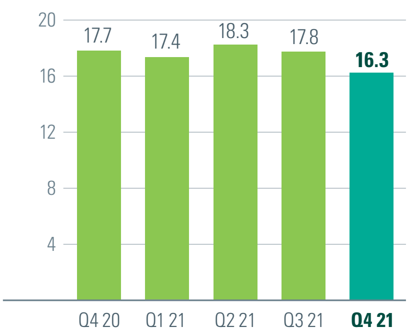
Cost of risk
(in bps) Target is 20bps through-the-cycle



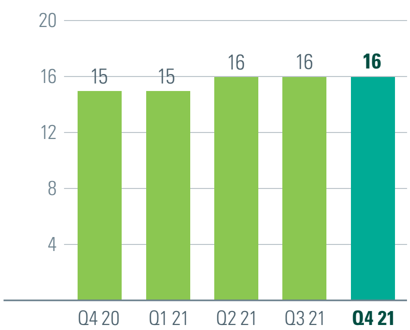
Net interest margin
(in bps)



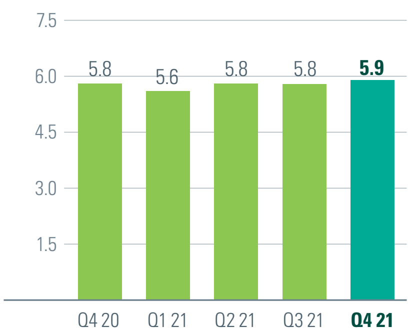
CET1 ratio (Basel III)
(end-of-period, in %)



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



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



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

Message from the CEO

Another year dominated by Covid has made it abundantly clear that we need to collaborate to tackle global challenges. We are not as close to the end of the pandemic as I would have hoped, but the world is now better prepared and has demonstrated resilience. The acceleration of digitalisation will shape our future. At the same time, major challenges such as climate change and social inequality have intensified.

As we began to emerge from the pandemic, the economy has proven flexible. For the Netherlands 2021 was a year of economic recovery as the vaccination rate increased and government support continued when necessary. Demand for corporate lending was sustained in Q4 and client loans grew by EUR 4.3 billion. Meanwhile, house prices in the Netherlands continue to rise, mainly due to low mortgage interest rates. With a new government in place, measures are set to be taken to increase housing supply and help meet demand.

Net profit in Q4 was EUR 552 million, reflecting strong fee income growth, the proceeds of the sale and leaseback of our head office and seasonally higher levies, while pressure on deposit margins persisted. The resulting return on equity (ROE) for Q4 was 10.8%. Net interest income was EUR 1,339 million as we qualified for the additional TLTRO discount, offsetting an additional provision for revolving consumer credit. We met our cost guidance of EUR 5.3 billion for 2021, excluding the AML settlement, reflecting our focus on cost discipline. We remain fully committed to our cost target of below EUR 4.7 billion in 2024. Impairments in Q4 were EUR 121 million, related to a management overlay for collateralised loans, while impairments for the full year showed a release of EUR 46 million. As the wind-down of the CIB non-core portfolio has been largely completed, well ahead of schedule, we have recalibrated the through-the-cycle cost of risk from 25-30 basis points to around 20 basis points.

The financial results for 2021 were marked by the low interest rate environment and low impairments. The resulting ROE for 2021 was 5.8% (7.3% excluding CIB non-core). Our capital position remains very strong, with a fully-loaded Basel III CET1 ratio of 16.3% and a Basel IV CET1 ratio of around 16%. In line with our capital framework, we propose a final cash dividend equivalent to EUR 0.61 per share. In addition, we have announced an inaugural share buyback of EUR 500 million as we are committed to returning excess capital to our shareholders. With this programme we add share buybacks as an instrument to manage our capital position. The Basel IV threshold for share buybacks remains unchanged for now as our capital buffer is sufficient to consider future share buybacks. We aim for a gradual reduction over time, in constructive dialogue with our regulator.

We continued to execute on our agenda in 2021. The wind-down of the CIB non-core portfolio has been largely completed, improving the bank's risk profile. To further strengthen the execution of our strategy we launched new initiatives for our clients, simplified our organisational structure and strengthened the foundation of our digital and data capabilities to support our new client service model. In April, we accepted a settlement from the Netherlands Public Prosecution Service and we are making good progress with our remediation programmes. We remain focused on the fight against money laundering, providing us with our licence to grow as it is the bank's responsibility to ensure compliance with all regulations to protect our clients. We have resumed dividend payments and announced a share buyback programme. The bank operates from a position of strength, with a distinct profile, clear strategic focus and a very strong capital position.

We embedded our core values of care, courage and collaboration, enhancing the bank's culture and further anchoring our purpose 'Banking for better, for generations to come'. In line with our purpose, we aim to contribute to a society where everyone can participate, and this past year we devoted more attention to vulnerable groups. In an increasingly digital world, we have launched several initiatives to help young people keep their spending in check, including podcasts and budget coaches.

We value our long and trusted relationships with our clients. As a personal bank in the digital age, we engage with our clients on a 'digital-first' basis to provide the highest level of convenience and better anticipate their needs, enhancing the customer experience. Clients expect easy delivery in apps, fully digital services and seamless self-service through a single channel. We provide expertise when it matters, whether through tailored solutions, our sector specialists, or personal interaction using video banking. This results in more client contact – especially more high-value interactions with clients in our focus segments – while increasing efficiency. From Q3 2022, we will offer our full range of services remotely, including cardless cash withdrawals and the possibility to digitally open a joint account. As clients continue to shift to digital, we will further rightsize our branch network in line with client behaviour. We are committed to digital inclusion and want all our clients to benefit from the digital age. We have therefore doubled the number of financial coaches to ensure clients who need support maintain access to banking services.

Sustainability is core to our purpose and we aim to lead by example by making our own office buildings more energy-efficient. Having completed the sale and leaseback of our head office, we are redeveloping one of our locations in Amsterdam into a Paris-proof campus designed to facilitate hybrid working. ABN AMRO firmly supports the goal of limiting global warming to 1.5 degrees Celsius and our biggest impact is through our lending and investment services. As the focus on ESG intensifies, including regulation, we have raised our targeted volume of sustainable client loans and investments from 30% to 36% in 2024. The transition to a more sustainable revenue model can be challenging. To support our clients, we have introduced a standardised version of sustainability-linked loans for smaller companies – the transition loan. In this pilot, ESG goals related to the sustainability transition are linked to the interest rate, enabling clients to receive a discount.

I am pleased that we were at the top of the Ministry of Economic Affairs and Climate Policy's Transparency Benchmark, putting us among the most transparent organisations in sustainability reporting in the Netherlands. Our latest rating in S&P Global's Corporate Sustainability Assessment was 76 points. As a result, the bank is no longer listed in the DJSI World Index, but we are still included in the DJSI Europe Index.

We are building a future-proof bank by rigorously simplifying and centralising our operating model, delivering a better customer experience. Products and services such as payments and savings are already highly digitalised, and we are further digitalising our onboarding and KYC processes. The increase in our mortgage market share from 14% to 16% in 2021 in a highly competitive market reflects the strong operational capabilities that result from strategic investments in our infrastructure. We continue to streamline our product portfolio around the needs of clients and are aiming for a 60% reduction by 2024, supporting further rationalisation, harmonisation and digitalisation of our product offering.

I want to sincerely thank Christian Bornfeld for his vision and leadership and the work he has done for ABN AMRO. He has been a driving force for the bank and we will miss his knowledge, skills and companionship. I would also like to thank our staff for their continued commitment to our clients and their resilience in the current challenging circumstances. This is what drives our achievements and gives me confidence in our journey to become a personal bank in the digital age. I am proud of how all of us at ABN AMRO are working together throughout the Covid pandemic, with our clients and with each other.

Robert Swaak
CEO of ABN AMRO Bank N.V.

Strategic KPIs

We are focused on executing our strategy to become a personal bank in the digital age, the outcome of our comprehensive strategy review announced in November 2020. Our strategic pillars – customer experience, sustainability and future-proof bank – remain our guiding principles in acting on our purpose 'Banking for better, for generations to come'. Delivering on our strategy means delivering on our bank-wide strategic KPIs. We will announce our updated strategic KPIs when we publish our Q2 results in August 2022. The updated KPIs will reflect our simplified organisational structure, i.e. we have replaced four business lines by three units organised around client segments (Personal & Business Banking, Wealth Management and Corporate).

Customer experience

We focus on attractive segments in the Netherlands and Northwest Europe where we can grow profitably and will further develop our leading positions in mortgages and SMEs with new propositions. Our goals are to achieve positive NPS scores and to increase our market share to above 20% in both segments.

We aim to safeguard income by growing market share in focus segments (mortgages, SMEs, wealthy and affluent clients, entrepeneurs, and corporate banking in Northwest Europe) by 2 to 5 percentage points by 2024. Mortgage volumes were very high in 2021, driven by low interest rates and strong increases in house prices. ABN AMRO's market share in new mortgage production grew to 16%, reflecting strong operational capabilities and a well-balanced pricing strategy in an increasingly competitive market. In 2021, we repositioned the Moneyou mortgage label to intermediary channels broadening our offering and supporting growth.

Our relational NPS for SMEs has decreased, influenced by the general sentiment around the AML settlement, closing of branches, fee increases and operational changes related to KYC and Covid-19, and the transformation of our client service model. The relational NPS in the second half of the year was stable compared with the first half. Operational improvements take some time before they affect NPS scores.

Sustainability

Our clients increasingly need expertise to support them in the sustainability shift. We aim to increase the asset volume of sustainable client loans (including mortgages and corporate loans) and ESG & Impact investments as part of the bank's outstanding mortgage loan book, corporate loan book and relevant client asset volume from around one-fifth to one-third in 2024. We are making good progress, with a score of 27% at the end 2021. Our ESG client assets (in line with Sustainable Finance Disclosure Regulation definitions and disclosures) have grown to EUR 89 billion. And already 25% of our mortgages have an energy efficiency label A or higher.

To live up to our purpose and achieve our strategic goals, we need to have the right talent on board and continually invest in diversity and inclusion. A key factor is fostering an inclusive climate for both our people and our clients -- an environment in which the diversity of our society is reflected. The percentage of women at the subtop increased from 28% to 30% in 2021. We aim to improve the inclusiveness of our products and services and have established an Inclusive Banking team that will focus on removing barriers experienced by various client groups, such as female entrepreneurs.

Future-proof bank

We are building a future-proof bank that is digital by design. We are targeting costs lower than EUR 4.7 billion in 2024, reflecting further cost savings of EUR 700 million compared to 2020. We met our cost guidance of EUR 5.3 billion for 2021, excluding the AML settlement, reflecting our focus on cost discipline. In 2021 we invested in strengthening our foundation, expanding digital and data capabilities to support our new client service model. As the wind-down of the CIB non-core portfolio has been largely completed, we have recalibrated the through-the-cycle cost of risk from 25-30 basis points to around 20 basis points.

We target an ROE of around 8% by 2024 when the cost of risk is expected to have normalised, cost-saving programmes will have been completed and growth initiatives will be delivering results. We have set out our capital framework and have resumed payment of dividends at a payout ratio of 50% of net profit, after deduction of AT1 coupon payments and minority interests. Basel IV is our primary capital metric, with a CET1 target of 13%. Progress on our financial targets is addressed in the relevant sections of this report.

Strategic pillars	Metric	2024 targets	2021 results	2020 results
Customer experience				
	Relational NPS[1]			
	Mortgages	> 0	-1	-1[2]
	SMEs (incl. self-employed)	> 0	-33	-21
	Market share growth in focus segments[3]			
	New production mortgages	20%	16%	14%[4]
	SMEs[5]	20%	18%	18%
Sustainability				
	Supporting clients' transition to sustainability			
	Percentage sustainability (acceleration) asset volume[6]	36%	27%	20%
	Diversity & Inclusion			
	Percentage of women at subtop	34%	30%	28%
Future-proof bank				
	Digitalisation			
	Straight-through-processing rate of high volume processes	90%	n/a	n/a
	Financial targets			
	Absolute cost base (in EUR billions)[7]	<4.7	5.3	5.1
	Through-the-cycle cost of risk (in bps)	20	-7	78
	Return on equity (ambition with normalised interest rates)	8% (10%)	6%	-0.8%
	CET1 ratio (Basel IV)[8]	13%	16%	15%

1 Relational Net Promoter Score is calculated as the percentage of promoters minus the percentage of detractors.
2 The Relational Net Promoter Score is based on the score for ABN AMRO and Florius. The comparative figure for 2020 was adjusted.
3 KPIs for focus segments are limited to mortgages and SMEs in 2021. KPIs for other focus segments are under investigation to be aligned with the organisational changes and will be published in Q2.
4 Dutch Land Registry (Kadaster) has updated its registration methodology for determining market share. Previously published data has been updated.
5 Market share SMEs is based on previous year-end results.
6 For definition of sustainability (acceleration) asset volume, see Operational sustainability KPIs table.
7 Excluding AML settlement and restructuring costs.
8 CET1 ratio (Basel IV) is rounded to the nearest whole percent. For more information about CET1 ratio Basel IV, please refer to the Capital management section.

Operational sustainability KPIs

We want to be the partner of choice in sustainability for our clients and lead by example. Our key strategic target for the volume of sustainable client loans and investment is based on the following operational targets.

				Targets		Results
	2024	2023	2022	2021	2021	2020
Percentage sustainability (acceleration) asset volume[1,2]						
- ESG + impact investments[3]	42%	40%	38%	26%	38%	22%
- Mortgages	34%	31%	28%	22%	25%	23%
- CIB (core) loans	27%	21%	16%	12%	13%	9%
- CB loans	27%	21%	16%	11%	15%	13%
Total	**36%**	**32%**	**29%**	**21%**	**27%**	**20%**
External rating						
S&P Global ESG Dow Jones Sustainability Index	top 5%	top 5%	top 5%	top 5%	top 15%	top 10%

1 The definition of sustainability (acceleration) asset volume is based on ABN AMRO's Sustainability Acceleration Standards. These standards contain clear definitions with regard to clients' sustainability policies, practice and governance. The overall target for sustainability (acceleration) asset volume is calculated as the sum of sustainability (acceleration) asset volume (mortgages and corporate loans) and sustainability (acceleration) client asset volume, divided by the sum of the outstanding mortgage loan book, corporate loan book and relevant client asset volume.
2 The intensified focus on ESG, including regulation, resulted in an increase of our sustainability targets towards 2024.
3 We have aligned our definition of sustainable client assets with the definitions set in the EU SFDR regulation and therefore have changed the terminology used to ESG and Impact investments. 2020 figures have not been retrospectively adjusted for this change.

Financial review

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

Results

Financial highlights

- Profit for Q4 2021 was EUR 552 million (Q4 2020: EUR 54 million), reflecting the gain on the sale and leaseback of our head office (EUR 327 million), strong fee and commission income, and seasonally higher regulatory levies, while pressure on deposit margins persisted.
- The CIB non-core wind-down has been largely completed, with loans down by around 90% since 30 June 2020.
- Net interest income declined modestly to EUR 1,339 million (Q4 2020: EUR 1,353 million) and continued to be impacted by the pressure on deposit margins. The additional TLTRO discount of EUR 93 million achieved in Q4 2021 was largely offset by the increase in provision for revolving consumer credit (EUR 91 million).
- Net fee and commission income totalled EUR 446 million, an increase of EUR 59 million on Q4 2020, driven by higher asset management fee income and increased market volatility.
- Operating expenses were EUR 1,433 million (Q4 2020: EUR 1,401 million), mainly as a result of seasonally higher regulatory levies and an increase in FTEs related to AML activities. Cost guidance of EUR 5.3 billion was achieved for 2021, excluding the AML settlement (EUR 480 million).
- Impairment charges amounted to EUR 121 million (Q4 2020: EUR 220 million), and largely included a management overlay in Commercial Banking.
- Very strong capital position, with the CET1 ratio at 16.3% under Basel III and around 16% under Basel IV.
- Final 2021 dividend of 0.61 per share has been proposed and the start of our EUR 500 million share buyback programme announced, as we are committed to returning excess capital to our shareholders.

Introduction
Financial review
Risk developments
Capital management
Other

Operating results

(in millions)	Q4 2021	Q4 2020	Change	Q3 2021	Change	2021	2020	Change
Net interest income	1,339	1,353	-1%	1,202	11%	5,210	5,863	-11%
Net fee and commission income	446	387	15%	413	8%	1,664	1,558	7%
Other operating income	499	60		119		724	494	46%
Operating income	**2,284**	**1,800**	**27%**	**1,734**	**32%**	**7,597**	**7,916**	**-4%**
Personnel expenses	571	563	1%	575	-1%	2,324	2,280	2%
Other expenses	863	838	3%	727	19%	3,482	2,976	17%
Operating expenses	**1,433**	**1,401**	**2%**	**1,301**	**10%**	**5,806**	**5,256**	**10%**
Operating result	**851**	**400**	**113%**	**432**	**97%**	**1,791**	**2,660**	**-33%**
Impairment charges on financial instruments	121	220	-45%	-12		-46	2,303	
Profit/(loss) before taxation	**729**	**180**		**444**	**64%**	**1,838**	**356**	
Income tax expense	177	126	40%	102	75%	604	401	50%
Profit/(loss) for the period	**552**	**54**		**343**	**61%**	**1,234**	**-45**	
Attributable to:								
Owners of the parent company	552	54		343	61%	1,231	-45	
Non-controlling interests					15%	3		
Other indicators								
Net interest margin (NIM) (in bps)	128	130		117		127	143	
Cost/income ratio	62.8%	77.8%		75.1%		76.4%	66.4%	
Cost of risk (in bps)[1]	11	35		-2		-7	78	
Return on average equity[2]	10.8%	0.7%		6.5%		5.8%	-0.8%	
Dividend per share (in EUR)[3]	0.61					0.61		
Earnings per share (in EUR)[4]	0.56	0.03		0.34		1.21	-0.17	
Client assets (end of period, in billions)	313.6	289.3		306.0				
Risk-weighted assets (end of period, in billions)	117.7	110.5		110.6				
Number of employees (end of period, in FTEs)	19,957	19,234		19,700				
Number of non-employees (end of period, in FTEs)	6,524	5,621		6,238				

1 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
2 Annualised profit/(loss) for the period, excluding payments attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average equity attributable to the owners of the company excluding AT1 capital securities.
3 Interim/final dividend per share over the relevant period as declared/proposed by the company, subject to approval at the annual general meeting (AGM).
4 Annualised profit/(loss) for the period, excluding payments attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average outstanding and paid-up ordinary shares.

Bank core[1]

(in millions)	Q4 2021	Q4 2020 (pro forma)	Change	Q3 2021	Change	2021 excl. non-core	2020 excl. non-core (pro forma)	Change
Net interest income	1,317	1,284	3%	1,174	12%	5,091	5,502	-7%
Net fee and commission income	441	380	16%	410	8%	1,640	1,478	11%
Other operating income	488	83		122		866	559	55%
Operating income	**2,246**	**1,746**	**29%**	**1,707**	**32%**	**7,596**	**7,539**	**1%**
Personnel expenses	542	542		542		2,187	2,053	7%
Other expenses	823	780	5%	701	17%	3,340	2,756	21%
Operating expenses	**1,365**	**1,323**	**3%**	**1,243**	**10%**	**5,527**	**4,808**	**15%**
Operating result	**881**	**423**	**108%**	**463**	**90%**	**2,069**	**2,731**	**-24%**
Impairment charges on financial instruments	110	139	-20%	-58		-86	1,196	
Profit/(loss) before taxation	**771**	**284**		**522**	**48%**	**2,155**	**1,535**	**40%**
Income tax expense	190	121	57%	116	64%	635	394	61%
Profit/(loss) for the period	**581**	**163**		**406**	**43%**	**1,521**	**1,140**	**33%**
Other indicators								
Cost/income ratio	60.8%	75.8%		72.8%		72.8%	63.8%	
Cost of risk (in bps)[2]	14	24		-8		-5	46	
Return on average equity[3]	11.4%	3.0%		7.8%		7.3%	5.4%	
Loans and advances customers (end of period, in billions)	256.7	242.5		251.6				
-of which Client loans (end of period, in billions)[4]	*233.1*	*224.5*		*227.9*				
Risk-weighted assets (end of period, in billions)	114.7	99.1		106.1				
Number of employees (end of period, in FTEs)	19,488	18,491		19,206				
Number of non-employees (end of period, in FTEs)	6,495	5,621		6,209				

1 Bank core results consist of results for the whole bank excluding CIB non-core results (which can be found on page 21). The allocation of CIB operations between CIB core and non-core was finalised per 1 January 2021 and is applied prospectively. Comparative figures for 2020 remain pro forma.
2 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
3 Annualised profit/(loss) for the period, excluding payments attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average equity attributable to the owners of the company excluding AT1 capital securities.
4 Gross carrying amount excluding fair value adjustment from hedge accounting.

Large incidentals

Q4 2021
Sale and leaseback of our head office in Amsterdam

In Q4 2021, ABN AMRO completed the sale and leaseback of its head office at the Gustav Mahlerlaan in Amsterdam for a total consideration of EUR 765 million. The transaction resulted in a gain of EUR 327 million (EUR 245 million net of tax) in other operating income at Group Functions.

Additional TLTRO discount

Q4 2021 included EUR 93 million for the additional TLTRO discount recorded in net interest income at Group Functions. Now that we have met the benchmark, it can be reasonably expected that an additional discount of 50bps on the borrowing rate will be guaranteed for the period June 2021 to June 2022. In accordance with the day count convention, the total expected discount of EUR 177 million is split between EUR 93 million for 2021 and EUR 85 million for 2022. This benefit is being entirely passed on to our clients.

Provision for revolving consumer credit with floating interest rates

The provision for the compensation scheme regarding revolving consumer credit with floating interest rates was reassessed in Q4 2021. ABN AMRO has decided to (where possible) proactively recalculate variable interest charged as from 1 January 2001. As a result, an additional provision amounting to EUR 88 million was recorded in Retail Banking, consisting of EUR 91 million for an NII provision, EUR 6 million for handling costs and a EUR 9 million release on credit impairments. In Q3 2021, a provision of EUR 174 million was recorded in net interest income and EUR 44 million was recorded in other expenses at Retail Banking.

Q4 2020 & Q3 2021
Positive revaluation claim on DSB bankruptcy estate

Q3 2021 included a positive revaluation of EUR 26 million for a claim on the DSB bankruptcy estate, which related to the sale of the underlying mortgage portfolio. Q4 2020 included a positive revaluation of EUR 23 million for a DSB claim. Both items were recorded in net interest income at Group Functions.

Adjusted accounting estimates for amortisation of penalty interest on mortgages
In Q4 2020, ABN AMRO adjusted its accounting estimates for amortisation of penalty interest on mortgages to reflect client behaviour over the past years. This one-off charge of EUR 80 million was recorded in net interest income at Group Functions.

Release for discretionary variable remuneration
Personnel expenses in Q4 2020 included a EUR 22 million release for discretionary variable remuneration at CIB.

Provision for outstanding holiday entitlement
Q4 2020 included a provision of EUR 17 million in personnel expenses at Group Functions for outstanding holiday entitlements as employees took fewer holidays due to Covid-19.

Restructuring provisions
Q4 2020 included EUR 11 million net in restructuring provisions recorded in personnel expenses, of which EUR 9 million at Private Banking.

Provision for AML programme
Other expenses in Q4 2020 included a EUR 26 million addition to the provision for AML remediation programmes, largely recorded at Group Functions (for Commercial Banking).

CIB non-core wind-down
Other expenses in Q4 2020 included a EUR 16 million one-off for the wind-down of the CIB non-core portfolio, relating to the right of use for the international offices.

Fourth-quarter 2021 results

Net interest income amounted to EUR 1,339 million in Q4 2021 (Q4 2020: EUR 1,353 million), including EUR 93 million for the additional TLTRO discount, and was mostly offset by an additional provision of EUR 91 million for revolving consumer credit with floating interest rates. Excluding large incidentals, net interest income was EUR 73 million lower than in Q4 2020, mainly due to continued pressure on deposit margins in a low interest rate environment and lower average corporate loan volumes following from the wind-down of the CIB non-core portfolio. This was partly mitigated by a rise in mortgage prepayment penalties and by lowering the threshold for charging negative interest rates on client deposits. In further efforts to mitigate the deposit margin pressure, ABN AMRO will start charging clients a negative interest rate of 50bps for deposits in excess of EUR 100,000 (in Q4 2021: EUR 150,000) as from January 2022.
The net interest margin decreased by 2bps to 128bps in Q4 2021 (Q4 2020: 130bps), reflecting slightly lower net interest income and slightly higher average total assets. Compared to Q3 2021, net interest income, excluding large incidentals declined by EUR 13 million, reflecting lower deposit and asset margins and the non-core wind-down, which was partly compensated by clients paying higher mortgage prepayment penalties.

Net fee and commission income increased to EUR 446 million in Q4 2021 (Q4 2020: EUR 387 million), mainly driven by higher asset management fee income at Private Banking fuelled by positive stock market developments and net client asset inflows (securities). In addition, higher market volatility at Clearing and higher payment service income (rising payment activities) at Retail Banking contributed to strong net fee and commission income.
Compared to Q3 2021, net fee and commission income improved by EUR 33 million, mainly at Clearing, Global Markets and Private Banking.

Other operating income was EUR 499 million in Q4 2021 (Q4 2020: EUR 60 million). Q4 2021 included a gain of EUR 327 million for the sale and leaseback of our head office in Amsterdam. Volatile items amounted EUR 57 million in Q4 2021 (Q4 2020: EUR 20 million) and consisted of significantly higher equity participation results (EUR 44 million in Q4 2021 versus EUR 22 million negative in Q4 2020), partly offset by lower CVA/DVA/FVA[1] results (EUR 9 million in Q4 2021 versus EUR 35 million in Q4 2020) and hedge accounting-related results (EUR 4 million in Q4 2021 versus EUR 7 million in Q4 2020). Excluding large incidentals and volatile items, other operating income rose by EUR 75 million, partly reflecting higher trading volumes at CIB core.
In comparison with Q3 2021, other operating income grew by EUR 380 million (Q3 2020: EUR 119 million), largely reflecting the gain on the sale and leaseback of our head office (EUR 327 million) and a favourable result for volatile items in Q4 2021 (EUR 57 million versus EUR 36 million in Q3 2021).

Personnel expenses totalled EUR 571 million in Q4 2021 (Q4 2020: EUR 563 million) and included EUR 7 million for the cost of enabling ABN AMRO employees to set up a workspace at home as agreed under the new CLA. Excluding this and large incidentals,

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

personnel expenses increased by EUR 7 million, mainly driven by FTE growth relating to AML activities combined with overall wage inflation.

Employee FTEs went up 723 FTEs from Q4 2020, totalling 19,957 in Q4 2021. The increase was mainly driven by AML activities, partly offset by the decline at CIB non-core due to the wind-down.

Other expenses increased by EUR 25 million to EUR 863 million in Q4 2021 (Q4 2020: EUR 838 million). Excluding large incidentals, other expenses were EUR 61 million higher in Q4 2021, mainly due to higher regulatory levies following a one-year step-up in Dutch bank tax (sector-wide, EUR 55 million higher for this year only) and an increase in non-employee FTEs to support our AML activities. Compared to Q3 2021, the rise in other expenses was mainly attributable to the annual Dutch bank tax.

Impairment charges amounted to EUR 121 million (Q4 2020: 220 million) and largely included a management overlay for collateralised loans in stage 3 in Commercial Banking. Increases for new and existing stage 3 clients remained low. The cost of risk amounted to 11bps (Q4 2020: 35bps).

Income tax expense was EUR 177 million in Q4 2021 (Q4 2020: EUR 126 million). This quarter included the annual Dutch bank tax of EUR 145 million, which is not tax deductible. This impact was partly offset by the recognition of a deferred tax asset. The effective tax rate was 24%.

Profit attributable to owners of the parent company, excluding coupons attributable to AT1 capital securities, amounted to EUR 529 million in Q4 2021 (Q4 2020: EUR 32 million) as an effect of higher net profit recorded for the period, largely driven by the sale and leaseback of our head office and lower impairment charges.

RWA increased to EUR 117.7 billion in Q4 2021 (Q3 2021: EUR 110.6 billion), reflecting higher credit risk (mainly due to the DNB mortgage floor and regulatory add-ons) and, to a lesser extent, operational risk RWA (re-assessed scenarios Retail Banking).

Full-year results

ABN AMRO's full-year profit for 2021 amounted to EUR 1,234 million, a substantial increase on the EUR 45 million loss in 2020. The increase was supported by a net release of impairments, combined with strong net fee and commission income and significantly higher equity participation results, partly offset by the AML settlement (EUR 480 million).

Return on Equity for 2021 was 5.8% compared with 0.8% negative in 2020.

Net interest income came down by EUR 653 million to EUR 5,210 million, compared to EUR 5,863 million in 2020. Excluding large incidentals, net interest income decreased by EUR 534 million, mainly due to continued pressure on deposit margins in a low interest rate environment and lower average corporate loan volumes following from the wind-down of the CIB non-core portfolio. In order to relieve the deposit pressure, ABN AMRO started charging negative rates on client deposits and has lowered the negative rate threshold in consecutive phases (deposit threshold Q1 2021: EUR 500,000, Q3 2021: EUR 150,000, and Q1 2022: EUR 100,000).

Net fee and commission income increased to EUR 1,664 million, EUR 106 million up on 2020. This increase was mainly attributable to Private Banking as asset management fee income grew, and to CIB core following strong performance at Clearing and Global Markets. The increase was partly offset by a decrease in CIB non-core in relation to wind-down.

Other operating income amounted EUR 724 million in 2021 (2020: EUR 494 million). 2021 included a EUR 327 million gain on the sale and leaseback of our head office in Amsterdam, while 2020 included a EUR 263 million book gain for the sale of our office building in Paris. In addition, volatile items were significantly higher in 2021 (EUR 178 million versus EUR 4 million negative in 2020). This was partly offset by a EUR 121 million discount to book value on a loan disposal of the CIB non-core portfolio recorded in 2021.

Personnel expenses increased by EUR 44 million, totalling EUR 2,324 million in 2021 (2020: EUR 2,280 million). Excluding large incidentals, personnel expenses grew mainly due to FTE growth in light of AML activities combined with overall wage inflation.

Other expenses grew by EUR 506 million to EUR 3,482 million in 2021 (2020: EUR 2,976 million), mainly due to the AML settlement (EUR 480 million in Q1 2021) and higher regulatory levies (EUR 435 million versus EUR 368 million in 2020). Excluding incidentals and regulatory levies, other expenses increased by around EUR 50 million, largely due to higher non-employee FTEs (2021: 6,524 versus 2020: 5,621) partly to support our AML activities.

Impairment charges recorded a release of EUR 46 million (2020: EUR 2,303 million). Large impairments recorded in 2020 were partly released in 2021, causing a net impairment release for 2021. The release related mainly to the improved macroeconomic environment, which was partly offset by a management overlay for collateralised loans in stage 3 in Commercial Banking. The cost of risk amounted to -7bps in 2021 (2020: 78bps).

Income tax expense amounted to EUR 604 million in 2021 (2020: EUR 401 million). The increase was attributable to higher taxable profit recorded in 2021 compared to the previous year, mainly driven by a significantly lower level of impairment charges and the sale and leaseback of our head office. The effective tax rate was 33% in 2021, compared to the standard Dutch rate of 25%, mainly driven by the AML settlement recorded in Q1 2021, which is not tax deductible.

Balance sheet

Condensed consolidated statement of financial position

(in millions)	31 December 2021	30 September 2021	31 December 2020
Cash and balances at central banks	66,865	73,249	60,190
Financial assets held for trading	1,155	2,435	1,315
Derivatives	3,785	4,510	6,381
Financial investments	43,165	43,364	47,455
Securities financing	16,138	24,188	16,725
Loans and advances banks	2,801	4,041	3,394
Loans and advances customers	258,251	253,774	252,159
Other	6,955	11,465	8,005
Total assets	**399,113**	**417,026**	**395,623**
Financial liabilities held for trading	687	1,279	563
Derivatives	4,344	5,003	7,391
Securities financing	9,494	19,056	11,363
Due to banks	38,076	42,910	36,719
Due to customers	251,218	248,988	238,570
Issued debt	59,688	64,495	66,949
Subordinated liabilities	7,549	6,599	8,069
Other	6,059	6,769	5,010
Total liabilities	**377,114**	**395,099**	**374,634**
Equity attributable to the owners of the parent company	21,994	21,922	20,989
Equity attributable to non-controlling interests	5	5	
Total equity	**21,999**	**21,927**	**20,989**
Total liabilities and equity	**399,113**	**417,026**	**395,623**
Committed credit facilities	54,642	53,145	55,207
Guarantees and other commitments	7,598	7,466	8,981

Main developments in total assets compared with 30 September 2021

Total assets declined by EUR 17.9 billion, totalling EUR 399.1 billion at 31 December 2021. The decline was mainly caused by the seasonal decline in cash and balances at central banks and securities financing. This was partly offset by an increase in loans and advances customers (mainly at CIB core and Commercial Banking).

Securities financing assets came down by EUR 8.1 billion to EUR 16.1 billion at 31 December 2021, reflecting seasonality at year-end.

Loans and advances customers increased by EUR 4.5 billion, totalling EUR 258.3 billion at 31 December 2021, largely due to an increase of EUR 4.3 billion in client loans, mainly corporate loans at CIB core clients and Commercial Banking.

Client loans increased by EUR 4.3 billion to EUR 235.1 billion at 31 December 2021. The growth mainly came from higher corporate loans at CIB core and Commercial Banking, and was partly offset by a decline in the CIB non-core portfolio.

Loans and advances customers

(in millions)	31 December 2021	30 September 2021	31 December 2020
Residential mortgages	146,351	146,696	145,672
Consumer loans	10,794	10,762	11,232
Corporate loans to clients[1]	77,965	73,311	78,587
- of which Commercial Banking	*41,967*	*40,027*	*39,838*
- of which Corporate & Institutional Banking	*28,529*	*26,039*	*31,560*
- of which Corporate & Institutional Banking - core	*26,569*	*23,206*	*20,610*
- of which Corporate & Institutional Banking - non-core	*1,961*	*2,834*	*10,950*
Total client loans[2]	**235,110**	**230,769**	**235,491**
Loans to professional counterparties and other loans[3]	23,605	23,079	16,297
Total loans and advances customers, gross[2]	**258,715**	**253,848**	**251,788**
Fair value adjustments from hedge accounting	1,951	2,490	3,838
Less: loan impairment allowances	2,416	2,564	3,467
- of which Corporate & Institutional Banking - non-core	*443*	*663*	*1,100*
Total loans and advances customers	**258,251**	**253,774**	**252,159**

[1] Corporate loans excluding loans to professional counterparties.
[2] Excluding fair value adjustment from hedge accounting.
[3] Loans to professional counterparties and other loans includes loans and advances to governments, official institutions and financial markets parties.

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

Total liabilities decreased by EUR 18.0 billion, totalling EUR 377.1 billion at 31 December 2021, mainly driven by a decline in positions in securities financing liabilities, issued debt securities, and due to banks, partly offset by an increase in due to customers.

Securities financing liabilities came down by EUR 9.6 billion to EUR 9.5 billion at 31 December 2021, reflecting a seasonal pattern.

Due to customers increased by EUR 2.2 billion, totalling EUR 251.2 billion at 31 December 2021. This was mainly the result of higher client funding following excess liquidity in the market, and was partly offset by seasonally lower professional deposits.

Issued debt securities decreased by EUR 4.8 billion to EUR 59.7 billion as long-term and short-term funding matured, partly offset by EUR 0.9 billion in new senior non-preferred funding. At 31 December 2021, issued debt included EUR 31.3 billion in covered bonds, EUR 13.2 billion in senior preferred funding, EUR 6.0 billion in senior non-preferred funding, and EUR 9.2 billion in commercial paper and certificates of deposit. EUR 6.9 billion in outstanding long-term funding and EUR 9.2 billion in outstanding short-term funding matures within 12 months.

Total equity increase by EUR 0.1 billion to EUR 22.0 billion at 31 December 2021. This increase was mainly attributable to the inclusion of profit for the period and an increase in accumulated other comprehensive income, largely offset by the final 2019 dividend payout in October 2021.

Equity attributable to owners of the parent company, excluding AT1 securities, increased by EUR 0.1 billion to EUR 20.0 billion at 31 December 2021, resulting in a book value of EUR 21.28 per share based on 940,000,001 outstanding shares.

Main developments off-balance sheet

(in millions)	31 December 2021	30 September 2021	31 December 2020
Committed credit facilities			
Commercial Banking	13,420	12,730	12,711
Corporate & Institutional Banking	28,040	28,128	30,102
Other segments	13,181	12,288	12,394
Total	**54,642**	**53,145**	**55,207**
Guarantees and other commitments			
Commercial Banking	1,878	1,903	1,671
Corporate & Institutional Banking	4,243	3,997	5,585
Other segments	1,477	1,566	1,725
Total	**7,598**	**7,466**	**8,981**
Revocable credit facilities			
Commercial Banking	31	33	81
Corporate & Institutional Banking	22,770	19,409	26,524
Other segments	8,936	9,135	9,395
Total	**31,737**	**28,576**	**36,000**
Total off-balance			
Commercial Banking	15,330	14,665	14,462
Corporate & Institutional Banking	55,053	51,533	62,212
Other segments	23,595	22,989	23,514
Total	**93,977**	**89,188**	**100,188**

Committed credit facilities (undrawn) increased by EUR 1.5 billion, totalling EUR 54.6 billion at 31 December 2021. The increase was driven largely by the rise in loan volumes (at Commercial Banking and CIB core) and by the higher number of mortgage offers at Retail, and was partly offset by a decrease due to CIB non-core wind-down.

Guarantees and other commitments increased by EUR 0.1 billion to EUR 7.6 billion at 31 December 2021, due to new documentary credit facilities at CIB.

Revocable credit facilities increased by EUR 3.1 billion to EUR 31.7 billion at 31 December 2021, mainly due to the decrease in clients' funding needs at Clearing, specifically at year-end, leaving unused credit lines higher.

Results by segment

Retail Banking

Highlights

- Net interest income was lower than in Q4 2020, largely due to a EUR 91 million additional provision for revolving consumer credits and continued deposit margin pressure. Interest income on residential mortgages declined as margins were lower amid severe market competition and redemptions on mortgages with relatively high margins grew.
- Market share of new production[1] in residential mortgages was 15% in Q4 2021 (Q4 2020: 15%, Q3 2021: 15%), reflecting strong operational capabilities and a well-balanced pricing strategy in a competitive market.
- Net fee and commission income increased to EUR 87 million, up 15% from Q4 2020, driven by higher payment service income (rising payment activities) and rising credit card activities at ICS.
- Operating expenses were higher than in Q4 2020, mainly due to higher regulatory levies and costs relating to AML activities.

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

Operating results

(in millions)	Q4 2021	Q4 2020	Change	Q3 2021	Change	2021	2020	Change
Net interest income	462	648	-29%	397	16%	2,032	2,638	-23%
Net fee and commission income	87	76	15%	83	5%	312	303	3%
Other operating income	9	24	-64%	38	-77%	128	68	88%
Operating income	**558**	**748**	**-25%**	**518**	**8%**	**2,471**	**3,009**	**-18%**
Personnel expenses	102	104	-2%	104	-2%	416	408	2%
Other expenses	472	434	9%	449	5%	1,747	1,606	9%
Operating expenses	**574**	**538**	**7%**	**553**	**4%**	**2,163**	**2,015**	**7%**
Operating result	**-16**	**211**		**-35**	**54%**	**309**	**994**	**-69%**
Impairment charges on financial instruments	-12	-19	36%	7		-41	77	
Profit/(loss) before taxation	**-4**	**230**		**-42**	**91%**	**350**	**917**	**-62%**
Income tax expense	14	63	-77%	-11		85	229	-63%
Profit/(loss) for the period	**-18**	**167**		**-32**	**44%**	**265**	**687**	**-61%**
Cost/income ratio	102.9%	71.9%		106.8%		87.5%	67.0%	
Cost of risk (in bps)[1]	-4	-4		2		-3	4	
Other indicators								
Loans and advances customers (end of period, in billions)	147.7	148.5		148.4				
-of which Client loans (end of period, in billions)[2]	*148.0*	*148.8*		*148.7*				
Due to customers (end of period, in billions)	87.3	89.0		88.8				
Risk-weighted assets (end of period, in billions)	34.2	26.7		28.2				
Number of employees (end of period, in FTEs)	4,518	4,525		4,458				
Total client assets (end of period, in billions)	99.7	99.7		100.8				
- of which Cash	*87.3*	*89.0*		*88.8*				
- of which Securities	*12.4*	*10.6*		*12.0*				

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

Full-year highlights

- Net interest income declined, largely impacted by provisioning for revolving consumer credit with floating interest rates and persisting deposit margin pressure.
- Market share of new production in residential mortgages improved to 16% in 2021 (2020: 14%).
- Net fee and commission income rose to EUR 312 million (2020: EUR 303 million), reflecting recovery in credit card usage (ICS) and payment service fee income.
- Operating expenses were higher than in 2020, totalling EUR 2,163 million (2020: EUR 2,015 million), mainly due to higher regulatory levies and costs relating to AML activities. In addition, 2021 included a provision for handling costs relating to the compensation on revolving consumer credit with floating interest rates.
- Impairments charged recorded a net release of EUR 41 million in 2021, mainly in stages 1 and 2.

Commercial Banking

Highlights

- Net interest income grew to EUR 363 million (Q4 2020: 358 million), supported by a strong increase in corporate loan volumes.
- Operating expenses were higher than in Q4 2020, mainly due to temporarily higher costs relating to AML activities and higher regulatory levies.
- Impairment charges amounted to EUR 122 million and largely included a management overlay for collateralised loans in stage 3 in Commercial Banking.

Operating results

(in millions)	Q4 2021	Q4 2020	Change	Q3 2021	Change	2021	2020	Change
Net interest income	363	358	2%	358	1%	1,442	1,471	-2%
Net fee and commission income	68	69	-1%	64	6%	256	256	
Other operating income	10	6	63%	7	42%	33	26	24%
Operating income	**441**	**432**	**2%**	**429**	**3%**	**1,730**	**1,753**	**-1%**
Personnel expenses	62	60	3%	66	-6%	257	243	6%
Other expenses	255	225	13%	204	25%	877	796	10%
Operating expenses	**317**	**285**	**11%**	**271**	**17%**	**1,134**	**1,039**	**9%**
Operating result	**124**	**147**	**-16%**	**159**	**-22%**	**596**	**714**	**-17%**
Impairment charges on financial instruments	122	134	-9%	-47		41	542	-92%
Profit/(loss) before taxation	**2**	**13**	**-84%**	**206**	**-99%**	**555**	**173**	
Income tax expense	10	10	8%	51	-80%	150	49	
Profit/(loss) for the period	**-8**	**4**		**155**		**406**	**124**	
Cost/income ratio	72.0%	66.0%		63.1%		65.6%	59.3%	
Cost of risk (in bps)[1]	113	132		-56		3	128	
Other indicators								
Loans and advances customers (end of period, in billions)	41.4	39.2		39.5				
-of which Client loans (end of period, in billions)[2]	*42.6*	*40.4*		*40.6*				
Due to customers (end of period, in billions)	56.3	52.5		53.7				
Risk-weighted assets (end of period, in billions)	29.5	29.2		28.6				
Number of employees (end of period, in FTEs)	2,331	2,197		2,263				

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

Full-year highlights

- Net interest income came down 2% to EUR 1,442 million in 2021, mainly as a result of continued pressure on deposit margins and lower average client loans volume. By the end of Q4 2021, there was a notable increase in corporate lending volumes.
- Net fee and commission income was flat, but payment service fee income showed recovery during the second half of the year.
- Operating expenses increased mainly due to costs related to AML activities and higher regulatory levies.
- Impairment charges was EUR 41 million in 2021 compared to EUR 542 million in 2020, as 2020 included higher individual and model-based additions, reflecting the impact of Covid-19.
- We launched multiple digital initiatives differentiating our offering and personalising our user experience, including a new set of payment packages (basic to premium) and the launch of a new digital lending platform (Aymz) to connect Dutch mid-sized companies to institutional investors.

Private Banking

Highlights

- Net fee and commission income increased to EUR 162 million, up 24% compared to Q4 2020 and up 5% compared to Q3 2021, largely supported by higher asset management fee income on the back of favourable stock market developments and an increase in net client assets (securities).
- Operating expenses showed a marginal increase in Q4 2021 compared to Q4 2020, mainly due to costs related to AML activities.
- Client assets grew by EUR 8.7 billion this quarter, mainly due to positive stock market developments and positive inflow. Net new assets totalled EUR 2.6 billion, consisting mainly of cash in the Netherlands and Germany.

Operating results

(in millions)	Q4 2021	Q4 2020	Change	Q3 2021	Change	2021	2020	Change
Net interest income	153	154		161	-5%	634	637	
Net fee and commission income	162	130	24%	154	5%	602	502	20%
Other operating income	15	-4		7	100%	39	286	-86%
Operating income	**330**	**280**	**18%**	**322**	**3%**	**1,275**	**1,425**	**-11%**
Personnel expenses	97	100	-3%	98	-1%	391	371	5%
Other expenses	140	133	5%	139	1%	562	574	-2%
Operating expenses	**238**	**234**	**2%**	**237**		**953**	**945**	**1%**
Operating result	**92**	**47**	**98%**	**85**	**9%**	**322**	**480**	**-33%**
Impairment charges on financial instruments	-1	-4	73%	-4	74%	-6	26	
Profit/(loss) before taxation	**93**	**50**	**85%**	**89**	**5%**	**328**	**454**	**-28%**
Income tax expense	29	20	49%	23	30%	94	151	-38%
Profit/(loss) for the period	**64**	**31**	**109%**	**66**	**-4%**	**234**	**303**	**-23%**
Cost/income ratio	72.0%	83.4%		73.6%		74.8%	66.3%	
Cost of risk (in bps)[1]	2	-10		-20		-5	19	
Other indicators								
Loans and advances customers (end of period, in billions)	15.9	14.6		15.3				
-of which Client loans (end of period, in billions)[2]	*16.0*	*14.7*		*15.4*				
Due to customers (end of period, in billions)	63.3	61.5		60.2				
Risk-weighted assets (end of period, in billions)	10.6	10.3		10.3				
Number of employees (end of period, in FTEs)	2,886	2,848		2,867				
Total client assets (end of period, in billions)	213.9	189.6		205.2				
- of which Cash	*63.3*	*61.7*		*60.2*				
- of which Securities	*150.6*	*127.9*		*145.0*				
Net new assets (for the period, in billions)	2.6	-1.0		1.4		1.5	-8.6	

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

Full-year highlights

- Net interest income remained stable despite continued pressure on deposit margins, mitigated by charging negative interest rates on client deposits.
- Net fee and commission income increased to EUR 602 million, up 20% since 2020. The increase was mainly attributable to favourable stock market developments and resulted in positive asset management fee income and a higher client asset base.
- Other operating income was lower at EUR 39 million, compared to EUR 286 million in 2020, largely due to a EUR 263 million book gain on the sale of the Neuflize OBC office building in Paris in 2020.
- Operating expenses were slightly higher in 2021, as rising costs relating to strategic initiatives and AML activities were partly offset by lower large incidentals.
- ESG client asset grew to EUR 43 billion, from EUR 26 billion in 2020.

Corporate & Institutional Banking

Highlights

- The CIB non-core wind-down has been largely completed, with loans down by around 90% since 30 June 2020.
- Net interest income decreased mainly as a result of average corporate loan volumes declining due to the wind-down of CIB non-core, while net interest income at CIB core grew.
- Net fee and commission income totalled EUR 135 million in Q4 2021 (Q4 2020: EUR 116 million), mainly at Clearing (higher market volatility) and Global Markets (higher capital market fees), more than offsetting lesser income at CIB non-core.
- Operating expenses increased to EUR 295 million in Q4 2021 (Q4 2020: EUR 279 million). Excluding large incidentals, operating expenses were EUR 10 million higher in Q4 2021, mainly due to higher regulatory levies.
- Impairment charges showed a modest EUR 14 million addition in Q4 2021, of which EUR 11 million was attributable to CIB non-core.

Operating results

(in millions)	Q4 2021	Q4 2020	Change	Q3 2021	Change	2021	2020	Change
Net interest income	229	257	-11%	228	1%	903	1,123	-20%
Net fee and commission income	135	116	15%	117	15%	515	529	-3%
Other operating income	115	18		39		163	32	
Operating income	**479**	**392**	**22%**	**384**	**25%**	**1,581**	**1,683**	**-6%**
Personnel expenses	101	80	25%	108	-7%	430	484	-11%
Other expenses	194	199	-2%	148	31%	693	727	-5%
Operating expenses	**295**	**279**	**6%**	**256**	**15%**	**1,123**	**1,211**	**-7%**
Operating result	**184**	**113**	**63%**	**128**	**44%**	**458**	**472**	**-3%**
Impairment charges on financial instruments	14	111	-87%	35	-60%	-37	1,659	
Profit/(loss) before taxation	**170**	**2**		**93**	**83%**	**495**	**-1,187**	
Income tax expense	21	60	-65%	21	2%	117	5	
Profit/(loss) for the period	**149**	**-58**		**72**	**106%**	**378**	**-1,192**	
Cost/income ratio	61.6%	71.2%		66.8%		71.0%	71.9%	
Cost of risk (in bps)[1]	-23	86		42		-27	250	
Other indicators								
Loans and advances customers (end of period, in billions)	50.6	45.3		47.2				
-of which Client loans (end of period, in billions)[2]	*28.6*	*31.6*		*26.1*				
Due to customers (end of period, in billions)	38.1	28.7		33.7				
Risk-weighted assets (end of period, in billions)	39.5	39.5		38.9				
Number of employees (end of period, in FTEs)	2,298	2,480		2,276				

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

Full-year highlights

- Net interest income was lower than in 2020, mainly driven by progress made with the non-core wind-down, partly offset by a rise in activity at Clearing.
- Net fee and commission income showed a minor decrease of 3%, reflecting solid performance at CIB core, mainly at Clearing and Global Markets, largely offsetting a decline at CIB non-core due to the wind-down.
- Other operating income in 2021 included significantly higher results from private equity participations and CVA/DVA/FVA than in 2020, and was partly offset by a discount to book value on loan disposals as part of the wind-down.
- Operating expenses came down by EUR 88 million to EUR 1,123 million as 2020 included a EUR 160 million provision for the wind-down of CIB non-core.
- Impairment charges recorded a net release of EUR 37 million in 2021, a significant decrease compared to EUR 1,659 million in 2020 that largely included stage 3 additions for (non-core) TCF clients.
- Inaugural senior social bond issued for a UK building society, as well as an inaugural sustainability-linked derivative coupled to a sustainability-linked loan.

CIB core[1]

(in millions)	Q4 2021	Q4 2020 (pro forma)	Change	Q3 2021	Change	2021	2020 (pro forma)	Change
Net interest income	208	187	11%	200	4%	785	762	3%
Net fee and commission income	130	109	19%	115	13%	491	449	9%
Other operating income	104	41		42	147%	305	96	
Operating income	**441**	**337**	**31%**	**357**	**24%**	**1,581**	**1,307**	**21%**
Personnel expenses	72	60	21%	76	-5%	293	257	14%
Other expenses	154	142	9%	122	26%	552	506	9%
Operating expenses	**227**	**201**	**12%**	**198**	**14%**	**845**	**763**	**11%**
Operating result	**215**	**136**	**58%**	**158**	**35%**	**736**	**544**	**35%**
Impairment charges on financial instruments	3	30	-91%	-12		-77	553	
Profit/(loss) before taxation	**212**	**106**	**100%**	**170**	**24%**	**813**	**-9**	
Income tax expense	34	55	-38%	35	-3%	148	-2	
Profit/(loss) for the period	**178**	**51**		**136**	**31%**	**665**	**-7**	
Cost/income ratio	51.3%	59.7%		55.6%		53.4%	58.4%	
Cost of risk (in bps)[2]	-10	30		8		-20	131	
Other indicators								
Loans and advances customers (end of period, in billions)	49.1	35.6		45.0				
-of which Client loans (end of period, in billions)[3]	*26.6*	*20.6*		*23.2*				
Risk-weighted assets (end of period, in billions)	36.5	28.1		34.5				
Number of employees (end of period, in FTEs)	1,829	1,737		1,782				

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

Highlights

- Net interest income increased 11% to EUR 208 million, as corporate loan volumes grew and both financing demands and activities increased at Clearing.
- Net fee and commission came up 19% from Q4 2020 and 13% from Q3 2021, mainly as a result of higher volatility at Clearing and capital market fees at Global Markets.
- Other operating income amounted EUR 104 million (Q4 2020: EUR 41 million) as a result of favourable equity participation results, partly offset by lower CVA/DVA/FVA outcome.
- Operating expenses increased to EUR 227 million in Q4 2021, largely driven by higher regulatory levies.
- Client loans increased to EUR 26.6 billion in Q4 2021 (Q3 2021: EUR 23.2 billion), as demand for loans showed recovery.

CIB non-core[1]

(in millions)	Q4 2021	Q4 2020 (pro forma)	Change	Q3 2021	Change	2021	2020 (pro forma)	Change
Net interest income	22	70	-69%	28	-22%	119	361	-67%
Net fee and commission income	5	7	-37%	3	74%	24	80	-70%
Other operating income	11	-22		-3		-142	-64	-120%
Operating income	**38**	**55**	**-31%**	**27**	**38%**	**1**	**376**	**-100%**
Personnel expenses	28	21	36%	32	-12%	137	227	-40%
Other expenses	40	57	-30%	26	54%	142	221	-36%
Operating expenses	**68**	**78**	**-12%**	**58**	**17%**	**278**	**448**	**-38%**
Operating result	**-31**	**-23**	**-32%**	**-31**	**1%**	**-278**	**-71**	
Impairment charges on financial instruments	11	81	-86%	46	-76%	40	1,107	-96%
Profit/(loss) before taxation	**-42**	**-104**	**60%**	**-77**	**46%**	**-318**	**-1,178**	**73%**
Income tax expense	-13	5		-14	11%	-31	7	
Profit/(loss) for the period	**-29**	**-109**	**73%**	**-63**	**54%**	**-287**	**-1,185**	**76%**
Cost/income ratio	181.2%	142.4%		213.4%		>250,0%	119.0%	
Cost of risk (in bps)[2]	-289	261		477		-79	552	
Other indicators								
Loans and advances customers (end of period, in billions)	1.5	9.7		2.2				
-of which Client loans (end of period, in billions)[3]	*2.0*	*11.0*		*2.9*				
Risk-weighted assets (end of period, in billions)	2.9	11.4		4.4				
Number of employees (end of period, in FTEs)	469	744		494				

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

Highlights

- The CIB non-core wind-down has been largely completed, with loans and advances to customers totalling EUR 1.5 billion, approximately 90% down since 30 June 2020.
- Net interest income decreased by EUR 48 million compared to Q4 2020 and EUR 6 million compared to Q3 2021, as the wind-down continued and average corporate loan volumes declined.
- Operating expenses were EUR 10 million lower than in Q4 2020, while Q4 2020 included a provision of EUR 16 million for the CIB non-core wind-down.
- Impairment charges amounted to EUR 11 million and included an increase for an existing individual file in the energy sector, which was partially offset by decreased exposures and associated impairments.

Group Functions

Highlights

- Net interest income for Q4 2021 totalled EUR 131 million and was higher than in Q4 2020, largely driven by an additional TLTRO discount of EUR 93 million and higher mortgage prepayment penalties.
- Other operating income in Q4 2021 included a gain of EUR 327 million for the sale and leaseback of our head office.
- Operating expenses grew mainly as a result of a temporary rise in FTEs in connection with AML activities and investments in IT.

Operating results

(in millions)	Q4 2021	Q4 2020	Change	Q3 2021	Change	2021	2020	Change
Net interest income	131	-64		58	125%	198	-6	
Net fee and commission income	-6	-4	-30%	-5	-10%	-21	-31	32%
Other operating income	351	16		28		362	82	
Operating income	**477**	**-52**		**81**		**539**	**45**	
Personnel expenses	209	218	-4%	198	5%	831	774	7%
Other expenses	-199	-154	-30%	-213	7%	-398	-727	45%
Operating expenses	**10**	**64**	**-85%**	**-15**		**433**	**47**	
Operating result	**467**	**-117**		**96**		**106**	**-1**	
Impairment charges on financial instruments		-2	74%	-3	81%	-3	-1	
Profit/(loss) before taxation	**468**	**-115**		**99**		**109**	**-1**	
Income tax expense	102	-26		18		158	-33	
Profit/(loss) for the period	**365**	**-89**		**81**		**-49**	**33**	
Other indicators								
Securities financing - assets (end of period, in billions)	10.5	11.4		17.3				
Loans and advances customers (end of period, in billions)	2.7	4.7		3.3				
Securities financing - liabilities (end of period, in billions)	9.5	11.0		18.7				
Due to customers (end of period, in billions)	6.2	6.8		12.7				
Risk-weighted assets (end of period, in billions)	4.0	4.7		4.5				
Number of employees (end of period, in FTEs)	7,922	7,184		7,836				

Full-year highlights

- Net interest income increased significantly, mainly as a result of the additional TLTRO discount of EUR 93 million and higher mortgage prepayment penalties. In addition, 2020 included a one-off charge amounting to EUR 80 million for adjusted accounting estimates relating to mortgage penalty interest amortisation.
- Other operating income rose to EUR 362 million, largely due to the sale and leaseback of our head office in Amsterdam, partly offset by lower hedge accounting-related results.
- Operating expenses were higher in 2021 and largely included the AML settlement of EUR 480 million.
- ABN AMRO continues to make progress on its remediation programmes. Currently around 5,100 FTEs, approximately 20% of total FTEs, are fully committed to AML activities and are centralised in Group Functions.

Additional financial information

Selected financial information

Condensed consolidated income statement

(in millions)	Q4 2021	Q4 2020	Q3 2021	2021	2020
Income					
Interest income calculated using the effective interest method	1,754	1,663	1,656	6,760	7,525
Other interest and similar income	71	93	68	258	290
Interest expense calculated using the effective interest method	361	374	332	1,397	1,834
Other interest and similar expense	124	29	190	411	118
Net interest income	**1,339**	**1,353**	**1,202**	**5,210**	**5,863**
Fee and commission income	563	494	565	2,213	2,253
Fee and commission expense	117	107	152	550	695
Net fee and commission income	**446**	**387**	**413**	**1,664**	**1,558**
Income from other operating activities	466	55	102	805	462
Expenses from other operating activities	35	36	35	142	148
Net income from other operating activities	**432**	**18**	**67**	**663**	**314**
Net trading income	59	39	41	145	163
Share of result of equity-accounted investments	11	12	9	23	29
Net gains/(losses) on derecognition of financial assets measured at amortised cost	-2	-9	2	-108	-11
Operating income	**2,284**	**1,800**	**1,734**	**7,597**	**7,916**
Expenses					
Personnel expenses	571	563	575	2,324	2,280
General and administrative expenses	816	763	678	3,287	2,677
Depreciation, amortisation and impairment losses of tangible and intangible assets	46	75	49	194	299
Operating expenses	**1,433**	**1,401**	**1,301**	**5,806**	**5,256**
Impairment charges on financial instruments	121	220	-12	-46	2,303
Total expenses	**1,555**	**1,620**	**1,289**	**5,759**	**7,559**
Profit/(loss) before taxation	**729**	**180**	**444**	**1,838**	**356**
Income tax expense	177	126	102	604	401
Profit/(loss) for the period	**552**	**54**	**343**	**1,234**	**-45**
Attributable to:					
Owners of the parent company	552	54	343	1,231	-45
Non-controlling interests				3	

Condensed consolidated statement of comprehensive income

(in millions)	Q4 2021	Q4 2020	Q3 2021
Profit/(loss) for the period	**552**	**54**	**343**
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Remeasurement gains/(losses) on defined benefit plans	22	-3	1
(Un)realised gains/(losses) on liability own credit risk	6	3	4
Items that will not be reclassified to the income statement before taxation	**28**	**-1**	**6**
Income tax relating to items that will not be reclassified to the income statement	7		1
Items that will not be reclassified to the income statement after taxation	**22**		**4**
Items that may be reclassified to the income statement			
(Un)realised gains/(losses) currency translation	14	-27	18
(Un)realised gains/(losses) fair value through OCI	74	68	61
(Un)realised gains/(losses) cash flow hedge	71	-8	29
Share of other comprehensive income of associates		9	3
Items that may be reclassified to the income statement before taxation	**159**	**42**	**111**
Income tax relating to items that may be reclassified to the income statement	22	-63	23
Items that may be reclassified to the income statement after taxation	**137**	**105**	**89**
Total comprehensive income/(expense) for the period after taxation	**710**	**159**	**436**
Attributable to:			
Owners of the parent company	710	159	435
Non-controlling interests			

Condensed consolidated statement of changes in equity

(in millions)	Share capital	Share premium	Other reserves including retained earnings	Accumulated other comprehensive income	Net profit/(loss) attributable to owners of the parent company	AT1 capital securities	Equity attributable to the owners of the parent company	Non-controlling interests	Total equity
Balance at 1 October 2020	**940**	**12,970**	**6,871**	**- 1,838**	**- 99**	**1,987**	**20,831**		**20,831**
Total comprehensive income				105	54		159		159
Other changes in equity			- 1				- 1		- 1
Balance at 31 December 2020	**940**	**12,970**	**6,870**	**- 1,733**	**- 45**	**1,987**	**20,989**		**20,989**
Balance at 1 October 2021	**940**	**12,970**	**6,731**	**-1,386**	**679**	**1,987**	**21,922**	**5**	**21,927**
Total comprehensive income				158	552		710		710
Dividend			-639				-639		-639
Other changes in equity			1				1		1
Balance at 31 December 2021	**940**	**12,970**	**6,093**	**- 1,227**	**1,231**	**1,987**	**21,994**	**5**	**21,999**

Accumulated other comprehensive income breaks down as follows:

(in millions)	Remeasurements on post-retirement benefit plans	Currency translation reserve	Fair value reserve	Cash flow hedge reserve	Accumulated share of OCI of associates and joint ventures	Liability own credit riskreserve	Total
Balance at 1 October 2020	**- 21**	**- 2**	**114**	**- 1,930**	**27**	**- 26**	**- 1,838**
Net gains/(losses) arising during the period	- 3	- 27	68	11	9	3	60
Less: Net realised gains/(losses) included in income statement				19			19
Net gains/(losses) in equity	- 3	- 27	68	- 8	9	3	41
Related income tax		1	20	- 84			- 64
Balance at 31 December 2020	**- 24**	**- 29**	**162**	**- 1,854**	**36**	**- 24**	**- 1,733**
Balance at 1 October 2021	**-23**	**23**	**186**	**-1,610**	**52**	**-14**	**-1,386**
Net gains/(losses) arising during the period	22	14	74	80		6	196
Less: Net realised gains/(losses) included in income statement				9			9
Net gains/(losses) in equity	**22**	**14**	**74**	**71**		**6**	**187**
Related income tax	5		21	1		1	29
Balance at 31 December 2021	**- 6**	**38**	**239**	**- 1,540**	**51**	**- 9**	**- 1,227**

Risk developments

Highlights

- Economic recovery in the Netherlands continued. The economic outlook improved on the back of low rates of unemployment and bankruptcy.
- Impairments for new and existing stage 3 clients remained low. Total impairments increased compared to previous quarters as a result of a management overlay for collateralised loans in stage 3.
- The wind-down of the non-core portfolio continued, leading to a decrease of exposure in CIB non-core in all credit risk stages. As the wind-down of the CIB non-core portfolio has been largely completed, we revised our through-the-cycle cost of risk from 25 to 30 basis points to around 20 basis points.
- The provision for compensation of clients with revolving consumer credits with floating interest rates was increased, as ABN AMRO intends to proactively offer these clients compensation for the period from 2001 onwards.

Key figures

(in millions)	31 December 2021	30 September 2021	31 December 2020
Total loans and advances, gross excluding fair value adjustments[1]	**261,421**	**257,604**	**254,781**
- of which Banks	*2,811*	*4,046*	*3,399*
- of which Residential mortgages	*146,351*	*146,696*	*145,672*
- of which Consumer loans	*10,794*	*10,762*	*11,232*
- of which Corporate loans[1]	*86,458*	*85,407*	*86,745*
- of which Other loans and advances customers[1]	*15,007*	*10,693*	*7,733*
Total Exposure at Default (EAD)	**417,214**	**420,760**	**407,354**
Credit quality indicators[1]			
Forbearance ratio	4.3%	4.6%	5.1%
Past due ratio	0.8%	0.8%	1.0%
- of which Residential mortgages	*0.6%*	*0.6%*	*0.6%*
- of which Consumer loans	*1.7%*	*1.5%*	*2.9%*
- of which Corporate loans	*1.2%*	*1.1%*	*1.6%*
Stage 2 ratio	8.2%	8.8%	10.2%
Stage 2 coverage ratio	1.7%	1.7%	1.6%
Stage 3 ratio	2.6%	2.8%	3.4%
Stage 3 coverage ratio	28.3%	28.8%	32.7%
Regulatory capital			
Total RWA	117,693	110,565	110,481
- of which Credit risk[2]	*99,976*	*94,655*	*92,462*
- of which Operational risk	*16,049*	*14,054*	*16,685*
- of which Market risk	*1,668*	*1,857*	*1,334*
Total RWA/total EAD	28.2%	26.3%	27.1%
Mortgage indicators			
Exposure at Default	163,737	163,380	163,756
- of which mortgages with Nationale Hypotheek Garantie (NHG)	*31,557*	*32,299*	*33,367*
Risk-weighted assets	24,099	18,504	16,459
RWA/EAD	14.7%	11.3%	10.1%
Average Loan-to-Market-Value[3]	56%	58%	61%
Average Loan-to-Market-Value - excluding NHG loans[3]	56%	57%	59%

1 Excluding loans and advances measured at fair value through P&L.
2 RWA for credit value adjustment (CVA) is included in credit risk. CVA per 31 December 2021: EUR 0.2 billion (30 September 2021: EUR 0.2 billion; 31 December 2020: EUR 0.2 billion).
3 As of Q4 2021, the indexation of collateral values is based on Calcasa information instead of the CBS index. This is applied prospectively in our mortgage portfolio indicators, previously published data are not updated.

Loans and advances

In Q4 2021, total loans and advances went up to EUR 261.4 billion (30 September 2021: EUR 257.6 billion) driven by increases in other loans and advances and corporate loans, partly offset by a decrease in loans and advances to banks. Other loans and advances increased owing to higher collateral and default fund contributions for clients of Clearing. The increase in corporate loans was attributable to higher business activity in CIB core and in Commercial Banking, partly offset by the CIB non-core wind-down. The non-core CIB portfolio amounted to EUR 2.0 billion at 31 December 2021 (30 September 2021: EUR 2.8 billion) and consisted mainly of clients in the oil & gas, industrial goods & services and basic resources sectors. Approximately EUR 0.6 billion of this portfolio was classified as stage 3 (30 September 2021: EUR 0.9 billion).

Exposure at Default

EAD decreased to EUR 417.2 billion (30 September 2021: EUR 420.8 billion), owing to seasonal declines in cash and balances at central banks and securities financing, and to the CIB non-core wind-down. The decrease was partly offset by increases in CIB core and Commercial Banking due to higher business activity.

Credit quality indicators

Credit quality improved modestly in the fourth quarter. The forbearance portfolio decreased and the forbearance ratio improved to 4.3% on 31 December 2021 (30 September 2021: 4.6%). The decrease was mainly observed in corporate loans and residential mortgages. In residential mortgages this related to repaid loans and a relatively large number of loans that ceased to be forborne. The forborne exposure for corporate loans declined due to repayments and the sale of assets as part of the CIB non-core wind-down.

Past due exposure increased marginally during Q4 2021, from EUR 2.0 billion to EUR 2.1 billion. This was attributable to a significant rise in short-term arrears, largely in the corporate loans segment due to client-specific reasons, offset by a marked but lower decline in mid- and long-term arrears across several product segments. While the past due ratio for residential mortgages remained stable, past due ratios for consumer loans and corporate loans went up marginally. A significant part of the rise in corporate loans arrears in this period was short-lived, as respective clients returned to current status in January 2022.

Coverage and stage ratios improved in Q4 2021, except for the stage 2 coverage ratio which remained stable. More information on coverage and stage ratios can be found in the section Coverage and stage ratios.

Risk-weighted assets

Total RWA went up to EUR 117.7 billion in Q4 2021 (30 September 2021: EUR 110.6 billion), reflecting increases in credit risk RWA and, to a lesser extent, operational risk RWA. Credit risk RWA increased due to the impact of the DNB mortgage floor and regulatory add-ons, which was partly offset by the removal of a self-imposed mortgage add-on, business developments and asset quality improvements. Operational risk RWA rose in Retail Banking as scenarios with regard to revolving consumer credit with floating interest rates were re-assessed. Market risk RWA decreased slightly due to position changes as well as model updates.

Impairments and cost of risk

	Q4 2021	Q4 2020	Q3 2021	2021	2020
Impairment charges on loans and other advances (in EUR million)[1]	121	220	-12	-46	2,303
- of which residential mortgages	*- 20*	*- 10*	*10*	*- 46*	*- 18*
- of which consumer loans	*4*	*- 3*	*- 11*	*3*	*92*
- of which corporate loans	*90*	*240*	*- 13*	*- 124*	*2,000*
- of which off-balance sheet items	*38*	*- 7*	*2*	*116*	*197*
Cost of risk (in bps)[2,3]	11	35	-2	-7	78
- of which residential mortgages	*- 5*	*- 3*	*3*	*- 3*	*- 1*
- of which consumer loans	*14*	*- 10*	*- 41*	*2*	*78*
- of which corporate loans	*42*	*105*	*- 6*	*- 14*	*204*

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

In Q4 2021, impairment charges amounted to EUR 121 million (Q4 2020: 220 million), resulting in a cost of risk of 11bps (Q4 2020: 35bps), and were fully attributable to loans and off-balance positions to corporates. Impairment charges for Commercial Banking amounted to EUR 122 million in Q4 2021 (Q4 2020: 134 million) and included a management overlay in our stage 3 collateralised loans. Increases in impairments for new and existing individual files at Commercial Banking were limited and were mainly attributable to the retail and utilities sectors.

Net impairment charges for CIB amounted to EUR 14 million in Q4 2021, down from EUR 111 million in Q4 2020. An increase for an existing individual file within the energy sector was partially offset by decreased exposures and associated impairments in the CIB non-core portfolio.

A release of EUR 12 million was recorded for Retail Banking (Q4 2020: EUR 19 million release), largely for mortgages. The implementation of the new definition of default led to a net release, as the impact on ECL was less than the management overlay that had been made for this and was now released. Releases in Private Banking were limited to EUR 1 million in Q4 2021 (Q4 2020: 4 million release).

For the full-year 2021, releases of EUR 46 million were recorded, resulting in a cost of risk of -7bps (2020: EUR 2,303 million addition, cost of risk 2020: 78bps). Based on an expected loss analysis of the current and projected portfolio, including the wind-down of CIB non-core, we revised our long-term expectation for cost of risk. We now expect our through-the-cycle cost of risk to be around 20bps (from 25-30bps).

Macroeconomic scenarios

The tables below show the scenarios used for calculating the expected credit loss (ECL) at 31 December and 30 September 2021. In the fourth quarter of 2021, ABN AMRO economists revised their 2021 and 2022 growth forecasts for the Eurozone and the Netherlands upward to 4.4% and 3.8% respectively, on the back of continued strong demand. Risks related to the Omicron variant of Covid-19 were reflected in an increase of the weight of the negative scenario from 25% to 30%. Inflationary pressures on the back of rising energy prices and supply disruptions are expected to be limited to the first half of 2022. Insolvencies in vulnerable sectors are predicted to rise and normalise as government support is phased out and would cool down the rise in residential real estate prices. Counterbalancing these risks, the growing resilience of the Dutch economy to lockdowns is positively noted.

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ECL scenarios on 31 December 2021

(in millions)	Weight	Macroeconomic variable	2021	2022	2023	2024
Positive	10%	Real GDP Netherlands[1]	4.6%	4.5%	2.9%	2.5%
		Unemployment[2]	3.2%	2.7%	2.3%	2.3%
		House price index[3]	15.5%	12.5%	5.0%	3.5%
Baseline	60%	Real GDP Netherlands[1]	4.4%	3.8%	2.4%	2.0%
		Unemployment[2]	3.3%	3.1%	2.8%	2.8%
		House price index[3]	15.0%	10.0%	4.0%	3.0%
Negative	30%	Real GDP Netherlands[1]	4.3%	2.7%	0.7%	2.3%
		Unemployment[2]	3.3%	4.0%	4.2%	3.4%
		House price index[3]	12.5%	0.0%	-7.5%	-10.0%

1 Real GDP Netherlands, % change year-on-year.
2 Unemployment Netherlands, % of labour force.
3 House price index Netherlands - average % change year-on-year.

ECL scenarios on 30 September 2021

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

1 Real GDP Netherlands, % change year-on-year.
2 Unemployment Netherlands, % of labour force.
3 House price index Netherlands - average % change year-on-year.

Coverage and stage ratios

(in millions)	Gross carrying amount[3]	Allowances for credit losses[4]	Coverage ratio	Stage ratio	Coverage ratio	Stage ratio	Coverage ratio	Stage ratio
			31 December 2021		30 September 2021		31 December 2020	
Stage 1								
Loans and advances banks	**2,808**	**10**	**0.4%**	**99.9%**	**0.1%**	**100.0%**	**0.2%**	**100.0%**
Residential mortgages	137,063	8	0.0%	93.7%	0.0%	93.2%	0.0%	93.0%
Consumer loans	9,348	23	0.2%	86.6%	0.3%	86.7%	0.4%	86.4%
Corporate loans[1]	69,364	130	0.2%	80.2%	0.2%	79.0%	0.4%	74.4%
Other loans and advances customers[1]	14,954		0.0%	99.6%	0.0%	99.5%	0.0%	99.3%
Total loans and advances customers[1]	**230,729**	**162**	**0.1%**	**89.2%**	**0.1%**	**88.4%**	**0.1%**	**86.4%**
Stage 2								
Loans and advances banks	**3**		**0.5%**	**0.1%**				
Residential mortgages	8,025	22	0.3%	5.5%	0.3%	6.1%	0.5%	6.3%
Consumer loans	1,037	45	4.4%	9.6%	3.8%	9.3%	3.8%	9.5%
Corporate loans[1]	12,075	291	2.4%	14.0%	2.5%	14.5%	2.1%	17.7%
Other loans and advances customers[1]	44	1	3.2%	0.3%	3.4%	0.4%	0.3%	0.5%
Total loans and advances customers[1]	**21,181**	**360**	**1.7%**	**8.2%**	**1.7%**	**8.8%**	**1.6%**	**10.2%**
Stage 3								
Loans and advances banks								
Residential mortgages	1,264	52	4.1%	0.9%	6.0%	0.7%	5.2%	0.8%
Consumer loans	409	208	50.8%	3.8%	49.5%	3.9%	47.2%	4.1%
Corporate loans[1]	5,019	1,632	32.5%	5.8%	31.6%	6.5%	36.3%	7.9%
Other loans and advances customers[1]	9	3	32.0%	0.1%	28.2%	0.1%	14.6%	0.3%
Total loans and advances customers[1]	**6,701**	**1,894**	**28.3%**	**2.6%**	**28.8%**	**2.8%**	**32.7%**	**3.4%**
Total of stages 1, 2 and 3								
Total loans and advances banks	**2,811**	**10**	**0.4%**		**0.1%**		**0.2%**	
Residential mortgages	146,351	82	0.1%		0.1%		0.1%	
Consumer loans	10,794	276	2.6%		2.5%		2.6%	
Corporate loans[1]	86,458	2,053	2.4%		2.6%		3.5%	
Other loans and advances customers[1]	15,007	4	0.0%		0.0%		0.0%	
Total loans and advances customers[1]	**258,611**	**2,416**	**0.9%**		**1.0%**		**1.4%**	
Total loans and advances[1,2]	**261,421**	**2,426**			**1.0%**		**1.4%**	

1 Excluding loans at fair value through P&L.
2 ABN AMRO changed its presentation compared to previous reports. The table shows Total loans and advances to be more consistent with other risk disclosures in this report.
3 Gross carrying amount excludes fair value adjustments from hedge accounting.
4 The allowances for credit losses excludes allowances for financial investments held at FVOCI (31 December 2021: EUR 1 million; 30 September 2021: EUR 1 million; 31 December 2020: EUR 1 million).

In Q4 2021, the stage 3 ratio came down to 2.6% (30 September 2021: 2.8%) owing to a decrease in stage 3 corporate loans, partly offset by an increase in residential mortgages. The latter was caused by the implementation of the new definition of default for mortgages. Corporate loans in stage 3 declined primarily as a result of repayments in the CIB non-core loan book and the Commercial Banking portfolio. The stage 3 coverage ratio stood at 28.3% (30 September 2021: 28.8%). A decline in allowances as a result of write-offs for CIB non-core clients from the oil & gas, diamonds & jewellery and commodity sectors was partly offset by the addition from a management overlay in Commercial Banking.

The stage 2 ratio decreased to 8.2% (30 September 2021: 8.8%) driven by a decline in stage 2 residential mortgages resulting from improved risk parameters and, to a lesser extent, by a decline in stage 2 corporate loans of Commercial Banking, Asset Based Finance and CIB non-core. In Q4 2021, the stage 2 coverage ratio remained stable at 1.7%.

Residential mortgages

Housing market developments

Property prices continued to rise, mainly due to low interest rates, reaching record highs and pushing up cost levels for home buyers. The market remained tight, with only 1.3 houses available for sale for every buyer (Q4 2020: 1.9 houses). Consumer confidence remained positive but declined slightly compared to Q3 2021, due to the limited number of properties for sale and consumers expecting interest rates to rise again.

According to the Dutch Land Registry (Kadaster) the number of transactions in Q4 2021 was 2.0% lower than in Q3 2021 and 21.0% lower than in Q4 2020. The housing price index published by Statistics Netherlands (CBS) for Q4 2021 was 3.9% higher than in Q3 2021 and 19.6% higher than in Q4 2020.

Residential mortgage portfolio insights

New mortgage production amounted to EUR 5.4 billion, 4% more than in Q3 2021 and 19% up from Q4 2020. Redemptions totalled EUR 5.5 billion, a 15% increase on Q3 2021 and 4% more than in Q4 2020. ABN AMRO's market share in new mortgage production came to 15% in Q4 2021 (Q3 2021: 15%, Q4 2020: 15%[1]), reflecting our strong operational capabilities and effective pricing strategy in a competitive market.

In Q4 2021, new models based on the new definition of default (DoD) were implemented after receiving approval from the ECB. The implementation of the new DoD and associated credit risk models follows from EBA guidelines aimed at improving consistency in the measurement of credit risk across institutions and jurisdictions in the EU.

The average indexed Loan to Market Value (LtMV) decreased to 56% on 31 December 2021, from 58% on 30 September 2021 (excluding NHG mortgages: from 57% to 56%). The gross carrying amount of mortgages with an LtMV in excess of 100% as at 31 December 2021 increased to EUR 2.0 billion (30 September 2021: EUR 1.0 billion, 31 December 2020: EUR 1.3 billion); this increase was entirely due to a change in the indexation method[2]. Loans with an LtMV in excess of 100% accounted for 1.3% of total mortgages (30 September 2021: 0.7%, 31 December 2020: 0.9%). Of the extra repayments, 2% were in this category (30 September 2021: 3%, 31 December 2020: 3%). The proportion of amortising mortgages continued to increase, reaching 41% by 31 December 2021 (30 September 2021: 40%, 31 December 2020: 37%).

Update on Covid-19 relief measures

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

Payment moratoria and other Covid-19-related forbearance measures

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

[1] Dutch Land Registry (Kadaster) has updated its registration methodology for determining market share. Previously published data has been updated.
[2] As of Q4 2021, the indexation of collateral values is based on Calcasa information instead of the CBS index. This is applied prospectively in our mortgage portfolio indicators. Previously published data have not been updated.

	Number of clients	Gross carrying amount in millions Active measure	Expired measure	Total	- of which stage 2	- of which stage 3
31 December 2021						
Retail Banking	30,386	4	2,853	2,857	1,744	243
Commercial Banking	37,704	479	14,020	14,498	4,223	1,662
Private Banking	363	6	661	667	174	44
Corporate & Institutional Banking	33	464	703	1,167	682	110
Total	**68,486**	**953**	**18,236**	**19,189**	**6,823**	**2,058**
30 September 2021						
Retail Banking	40,372	5	3,008	3,012	1,818	248
Commercial Banking	41,570	578	14,539	15,117	4,275	1,767
Private Banking	378	8	724	731	204	68
Corporate & Institutional Banking	47	726	673	1,398	893	123
Total	**82,367**	**1,316**	**18,943**	**20,259**	**7,190**	**2,206**

By 31 December 2021, approximately 68,500 clients had received a Covid-19-related deferral or forbearance measure, accounting for a total exposure of EUR 19.2 billion (30 September 2021: EUR 20.3 billion). The reduction in the number of clients compared to the previous quarter is significant since a large portion of loans were due on the 31 December 2021. Moreover, the larger part of the deferral or forbearance measures had expired by 31 December 2021. An amount of EUR 953 million was subject to measures that were still active. Credit quality remained broadly stable due to the large scale of government support schemes and the improved economic outlook. The decrease in stage 2 and 3 exposure was limited, leaving the total share of exposure with increased risk unchanged at 46% of the total exposure subject to Covid-19-related measures (30 September 2021: 46%).

By 31 December 2021, 75% of the originally deferred payments within Commercial Banking had been repaid (30 September 2021: 62%). The remaining deferrals amounted to EUR 0.4 billion (30 September 2021: EUR 0.6 billion). The reduction was in line with our expectations regarding contractual repayments, which were due on 31 December 2021 for current accounts and overdraft facilities and on the contractual maturity date for term loans. The remaining deferred payments are expected to be repaid within 5 years.

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Loans and advances supported by public guarantee schemes

	Number of clients	Gross carrying amount in millions by residual maturity of the guarantee: ≤ 6 months	> 6 months & ≤ 12 months	> 1 year & ≤ 2 years	> 2 years	Total	Maximum amount in millions of the guarantee that can be considered
31 December 2021							
Retail Banking	1						
Commercial Banking	1,237	3	13	27	82	125	108
Private Banking	282	17	10	1	139	166	149
Corporate & Institutional Banking	4			51		51	41
Total	**1,524**	**20**	**23**	**78**	**221**	**342**	**298**
30 September 2021							
Retail Banking	1						
Commercial Banking	1,222	8	26	23	94	150	130
Private Banking	278	26	13	1	128	168	151
Corporate & Institutional Banking	9	19	16	28	36	99	80
Total	**1,510**	**53**	**54**	**52**	**258**	**417**	**361**

New loan applications continued in the fourth quarter of 2021, mainly under the Klein Krediet Corona (KKC) programme. While the number of clients grew marginally, the total amount of loans and advances benefiting from public guarantee schemes decreased significantly as a result of partial repayments. Regardless, the average state guarantee coverage for these loans remained stable at 87% (30 September 2021: 86%). Although the issuance of new public guarantees came to an end on 31 December 2021, the Dutch government announced on 14 December 2021 that they intend to reopen the public guarantee schemes in the course of the first quarter of 2022 and keep them available until the second quarter of 2022. We therefore expect some applications in the coming period.

Other risk developments

Revolving consumer credit with floating interest rates

Kifid (the Dutch Financial Services Complaints Institute) ruled that ABN AMRO should have followed market rates when establishing floating interest rates for certain revolving consumer credits. On 5 September 2021, ABN AMRO reached agreement with the Dutch Consumers' Association (Consumentenbond Claimservice) with regard to a compensation scheme for clients with interest rates that were not sufficiently aligned with market rates. The compensation scheme entails a proactive recalculation of floating interest rates charged as from 1 January 2008 on certain revolving consumer credits offered by ABN AMRO, ALFAM and ICS.

In Q4 2021, ABN AMRO decided to (where possible) proactively recalculate floating interest rates that had been charged as from 1 January 2001. As a result of the adjustment, we increased the related provision by around EUR 90 million to approximately EUR 340 million.

Netherlands Public Prosecution Service investigation into Dutch tax matter

The Netherlands Public Prosecution Service (NPPS) is conducting an investigation regarding transactions which ultimately led to a set-off by a third party of dividend withholding tax credits against its corporate tax liabilities in the Netherlands during the period 2009-2013.
The investigation of the NPPS is related to ongoing tax proceedings before the Dutch courts between the third party and the Dutch tax authority regarding the set-off by the said third party. The NPPS has informed ABN AMRO that it is a suspect in the investigation due to its involvement in certain of these transactions.

The NPPS is gathering information in connection with its investigation and ABN AMRO is cooperating with the investigation. The timing of the completion of the investigation and the outcome are uncertain. It cannot be excluded that ABN AMRO will be faced with financial consequences as a result of the investigation. The potential financial impact of the investigation cannot be reliably estimated at this time and no provision has been made.

Capital management

Regulatory capital structure

(fully-loaded, in millions)	31 December 2021	30 September 2021	31 December 2020
Total equity (EU IFRS)	**21,999**	**21,927**	**20,989**
Dividend reserve	-573	-945	-639
AT1 capital securities (EU IFRS)	-1,987	-1,987	-1,987
Share buyback reserve	-500		
Regulatory and other adjustments	267	676	1,185
Common Equity Tier 1	**19,206**	**19,672**	**19,548**
AT1 capital securities (EU IFRS)	1,987	1,987	1,987
Regulatory and other adjustments	-5	-5	-5
Tier 1 capital	**21,188**	**21,654**	**21,530**
Subordinated liabilities (EU IFRS)	7,549	6,599	8,069
Regulatory and other adjustments	-2,413	-2,309	-3,405
Tier 2 capital	**5,136**	**4,289**	**4,664**
Total regulatory capital	**26,324**	**25,943**	**26,195**
Other MREL eligible liabilities[1]	6,568	5,551	4,127
Total MREL eligible liabilities	**32,893**	**31,494**	**30,322**
Total risk-weighted assets	**117,693**	**110,565**	**110,481**
Exposure measure (CRR2)			
Exposure measure[2]	360,779	374,474	373,599
Central bank exposure	66,922	73,017	56,133
Exposure measure (incl. central bank exposure)	**427,702**	**447,491**	**429,732**
Capital ratios			
Common Equity Tier 1 ratio	16.3%	17.8%	17.7%
Common Equity Tier 1 ratio (Basel IV)[3]	16%	16%	15%
Tier 1 ratio	18.0%	19.6%	19.5%
Total capital ratio	22.4%	23.5%	23.7%
MREL[4]	27.9%	28.5%	27.4%
Leverage ratio	5.9%	5.8%	5.8%
Leverage ratio (incl. central bank exposure)	5.0%	4.8%	5.0%

1 Other MREL eligible liabilities consists of subordinated liabilities and senior non-preferred notes that are not included in regulatory capital.
2 As from 28 June 2021, the exposure measure includes CRR2. Comparative figures have been adjusted accordingly.
3 Basel IV results are based on fully-loaded figures, rounded to the nearest whole percent, based on ABN AMRO's interpretation of the Basel IV framework and subject to the implementation of Basel IV standards into EU legislation.
4 MREL is calculated as total regulatory capital plus other MREL eligible subordinated liabilities divided by total risk-weighted assets.

Developments impacting capital ratios

At 31 December 2021, the CET1 ratio under Basel III was 16.3% (30 September 2021: 17.8%). In comparison with Q3 2021, the CET1 ratio decreased mainly due to an increase in RWA and a decrease in CET1 capital. The increase in RWA reflects a rise in credit risk RWA and, to a lesser extent, operational risk RWA. Credit risk RWA increased due to the impact of the DNB mortgage floor and regulatory add-ons, which was partly offset by the removal of the self-imposed mortgage add-on, business developments and asset quality improvements.

The increase in operational risk RWA is attributable to re-assessed scenarios. CET1 capital decreased due to deductions for the announced share buyback programme and a further increase of the non-performing exposures (NPE) capital deductions, partly offset by the net profit for Q4 2021. All capital ratios were in line with the bank's risk

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appetite and were comfortably above regulatory requirements.

The maximum distributable amount (MDA) trigger level remained at 9.6% (excluding AT1 shortfall), including the reconfirmed Pillar 2 requirement as part of the SREP requirements for 2022. In the future, the Dutch central bank (DNB) is expected to gradually raise the countercyclical capital buffer requirement from 0% to 2% of risk-weighted exposures in the Netherlands as the economy improves, which will cause the MDA trigger level to increase. The reported CET1 ratio of 16.3% under Basel III is well above the MDA trigger level. The bank remains committed to maintaining a significant buffer in excess of its regulatory requirements at all times.

Despite Basel III being the applicable regulatory framework, our primary metric for capital management purposes is a Basel IV CET1 target of 13%. This includes a management buffer on top of the capital requirements for SREP and Pillar 2 guidance. The European Commission's draft Basel IV proposal published in October 2021 expects Basel IV implementation in the EU by January 2025, with temporary measures mainly aimed at gradually phasing in the impact of the output floor. Reflecting our latest views on this proposal, the fully-loaded Basel IV CET1 ratio was estimated comfortably above target, at around 16% on 31 December 2021. The Basel IV CET1 ratio at implementation is still subject to other uncertainties, including data limitations, management actions and other portfolio developments.

The number of uncertainties have declined, improving clarity on our capital and RWA outlook. Developments potentially impacting Basel III and Basel IV capital ratios include ongoing model reviews and the impact of NPE capital deductions.

Dividend and share buybacks

From 2021 onwards, the dividend payout has been set at 50% of reported net profit, after deduction of AT1 coupon payments and minority interests. Interim dividends will be considered at 40% of the reported H1 net profit, provided profit is expected to be sustainable throughout the year, at the discretion of the Board.

Based on the dividend policy, a net profit of EUR 1,138 million (post AT1 and minority interests) for 2021 and the absence of interim dividend in 2021, ABN AMRO proposes a final cash dividend of EUR 0.61 per share for 2021. This would be equivalent to EUR 573 million, based on the number of outstanding shares as at year-end 2021. The ex-dividend date is 22 April 2022, the record date is 25 April 2022 and dividend payment will be executed on 18 May 2022. No dividend was paid out for 2020.

Our capital position remains very strong, with a fully-loaded Basel III CET1 ratio of 16.3% and a Basel IV CET1 ratio of around 16%. In line with our capital framework we have announced an inaugural share buyback programme of EUR 500 million. The programme will commence on 10 February and is expected to end no later than June 2022. With this programme we add share buybacks as an instrument to manage our capital position. The Basel IV threshold for share buybacks remains unchanged for now as our capital buffer is sufficient to consider future share buybacks. We aim for a gradual reduction over time, in constructive dialogue with our regulator.

Leverage ratio

The Capital Requirements Regulation (CRR) includes a non-risk-based leverage ratio. The leverage ratio requirements were amended by CRR2, which introduced a binding leverage ratio requirement of at least 3% and amended the requirements for calculating the exposure measure. The leverage ratio increased to 5.0% as at 31 December 2021 (30 September 2021: 4.8%). The temporary capital relief measure that exempts central bank reserves from the exposure measure, originally expected to terminate on 27 September 2021, has been extended until 31 March 2022. This currently has a positive impact of 0.9 percentage point, resulting in a leverage ratio of 5.9%.

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MREL

Our intermediate MREL target is set at 27.1% of Basel III RWA, of which 26.6% must be met by own funds, subordinated instruments and senior non-preferred (SNP) notes. This includes the currently applicable combined buffer requirement (CBR) of 4% and applies effectively from 1 January 2022. If ABN AMRO fails to meet CBR as part of its MREL requirement, the Single Resolution Board (SRB) will have the power to prohibit ABN AMRO from distributing more than the Maximum Distributable Amount related to the minimum requirement for own funds and eligible liabilities (M-MDA). Based on own funds, subordinated instruments and SNP notes, MREL was 27.9% as at 31 December 2021 (30 September 2021: 28.5%). In comparison with Q3 2021, MREL decreased mainly due to the increase in RWA and deductions for the announced share buyback programme, partly offset by the issuance of Tier 2 and SNP instruments in December 2021 and the net profit for Q4 2021.

About this report

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

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

To download this report or to obtain more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com. In addition to this report, ABN AMRO provides an analyst and investor call, an investor presentation and a fact sheet regarding the Q4 2021 results.

Enquiries

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Investor call

A conference call for analysts and investors will be hosted by the bank on Wednesday 9 February 2022 at 11:00 am CET (10:00 London time). To participate in the conference call, we strongly advise analysts and investors to pre-register for the call using the information provided on the ABN AMRO Investor Relations website.

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

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

Disclaimer & cautionary statements

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

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

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