Pillar 3 Report

Third quarter 2021

ABN AMRO Bank N.V.

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Notes to the reader

This Pillar 3 Report provides the consolidated disclosures of ABN AMRO Bank N.V. required by Capital Requirements Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Part Eight) and the final draft Implementing Technical Standards (ITS) on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013. The Pillar 3 report third quarter 2021 includes an update on the quarterly required disclosures, which provide comprehensive information about risk, funding and capital management. The templates included in this Pillar 3 Report have been prepared in accordance with the abovementioned regulations.

Presentation of information

This report is presented in euros (EUR), which is ABN AMRO's functional and presentation currency, rounded to the nearest million (unless otherwise stated). Certain figures in this report may not tally exactly due to rounding. Furthermore, certain percentages in this document have been calculated using rounded figures. The capital figures in the Pillar 3 Report are based on CRR phased-in figures. The figures presented in this document are not required to be, nor have they been audited or reviewed by our external auditor.

Waiver policy (omitting templates and tables)

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

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

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

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

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

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

Regulation implemented

In December 2020, the EBA published the final draft Implementing Technical Standards (ITS) on institutions' public disclosures as per its mandate under Article 434 of the CRR2 to introduce uniform formats and associated instructions for disclosure requirements in order to optimise the Pillar 3 policy framework. The Implementing Act (Commission Implementing Regulation (EU) 2021/637) was adopted by the European Commission on 15 March 2021 and published in the Official Journal of the EU on 21 April 2021.

The new ITS aims to reinforce market discipline by increasing consistency and comparability of institutions' public disclosures, and to implement the CRR2 regulatory changes in alignment with the revised Basel Pillar 3 standards. These requirements introduce a comprehensive set of disclosure templates, tables and related instructions in order to ensure alignment and consistency with the Basel Committee's updated Pillar 3 framework.

The EBA has updated the mapping of quantitative disclosure data and supervisory reporting, which aims to facilitate compliance by institutions and improve the consistency and quality of the information disclosed. The EBA has also published a file summarising the frequency at which each type of institution should disclose each template and table, in accordance with the CRR.

The ITS and adjusted CRR articles were applicable for the first time for Q2 2021 reporting. ABN AMRO has implemented the changes and will be reporting according to these requirements from Q2 2021 onwards.

Covid-19-related disclosures

In June 2020, the EBA published the "Guidelines on reporting and disclosure of exposures subject to measures applied in response to the Covid-19 crisis". These additional reporting and disclosure requirements were introduced on a temporary basis (until 31 December 2021) in order to standardise the reporting of exposures with a specific Covid-19 classification. These three templates are included in the Pillar 3 reports on a semi-annual basis (therefore not in this quarter). In scope for these templates are the loans and advances that are subject to legislative and non-legislative moratoria (also referred to as subject to 'EBA compliant moratoria') and the (newly originated) loans and advances that are subject to public guarantee schemes introduced in response to the Covid-19 crisis.

Key metrics and overview of RWEA

EU OV1 - Overview of RWEA

		30 September 2021		30 June 2021		31 December 2020	
	(in millions)	RWEAs[4]	Total own funds requirements	RWEAs[4]	Total own funds requirements	RWEAs[4]	Total own funds requirements
1	**Credit risk (excluding CCR)**	**85,365**	**6,829**	**82,477**	**6,598**	**86,758**	**6,941**
2	*- of which the Standardised Approach*	6,389	511	7,457	597	6,057	485
3	*- of which the foundation IRB (F-IRB) approach*[1]	2,080	166	1,033	83	1,078	86
4	*- of which slotting approach*						
EU 4a	*- of which equities under the simple risk-weighted approach*	3,773	302	3,703	296	3,397	272
5	*- of which the advanced IRB (A-IRB) approach*	73,123	5,850	70,283	5,623	76,226	6,098
6	**Counterparty Credit Risk (CCR)**	**9,191**	**735**	**8,991**	**719**	**5,633**	**451**
7	*- of which the Standardised Approach*[2]	5,003	400	5,244	420	4,910	393
8	*- of which internal model method (IMM)*						
EU 8a	*- of which exposures to a CCP*[2]	572	46	516	41	548	44
EU 8b	*- of which credit valuation adjustment (CVA)*	152	12	198	16	175	14
9	*- of which other CCR*[2]	3,463	277	3,033	243		
15	**Settlement risk**						
16	**Securitisation exposures in the non-trading book (after the cap)**	**100**	**8**	**70**	**6**	**70**	**6**
17	*- of which SEC-IRBA approach*						
18	*- of which SEC-ERBA (including IAA)*	9	1	5		10	1
19	*- of which SEC-SA approach*	91	7	65	5	60	5
EU 19a	*- of which 1250%/deduction*						
20	**Position, foreign exchange and commodities risks (Market risk)**	**1,857**	**149**	**1,926**	**154**	**1,334**	**107**
21	*- of which Standardised Approach*	3		5		8	1
22	*- of which IMA*[3]	1,854	148	1,921	154	1,327	106
EU 22a	**Large exposures**						
23	**Operational risk**	**14,054**	**1,124**	**13,730**	**1,098**	**16,685**	**1,335**
EU 23a	*- of which basic indicator approach*	604	48	604	48	678	54
EU 23b	*- of which Standardised Approach*						
EU 23c	*- of which advanced measurement approach*	13,449	1,076	13,126	1,050	16,007	1,281
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**1,570**	**126**	**1,461**	**117**	**1,511**	**121**
29	**Total**	**110,565**	**8,845**	**107,194**	**8,575**	**110,481**	**8,838**

[1] Following the implementation of the new ITS regulation effective from Q2 2021 reporting, the amount reported under F-IRB relates to Other non-credit obligation assets.
[2] In Q2 2021, CCR exposure for SFTs of EUR 3,132 million had been included on row 7 (CCR: of which the standardised approach), whereas it should have it should have been included on row EU 8a (CCR: - of which exposures to a CCP) EUR 99 million and row 9 (of which other CCR) for EUR 3,033 million. Comparative figures for 30 June 2021 have been adjusted.
[3] Market risk RWEA figures include the other risk exposure amount related to an application of CRR Article 459 with respect to the own funds requirements for market risk.
[4] Risk-weighted exposure amounts.

Total RWEA went up to EUR 110.6 billion in Q3 2021 (30 June 2021: EUR 107.2 billion), reflecting increases in credit risk and, to a lesser extent, operational risk RWEA. Credit risk RWEA increased mainly due to an update of the EAD model for corporates. An increase of credit risk RWEA caused by higher business activity in CIB was fully offset by the CIB non-core wind-down. Operational risk RWEA rose owing to updated scenarios for privacy regulations and a contingent liability regarding equity trading in Germany, partly offset by the removal of a regulatory add-on.

EU KM1 - Key metrics template

(in millions)		30 September 2021	30 June 2021	31 March 2021	31 December 2020	30 September 2020
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	19,672	19,635	19,519	19,548	19,677
2	Tier 1 capital	21,654	21,617	21,501	21,530	21,659
3	Total capital	26,034	26,055	26,142	26,446	27,100
	Risk-weighted exposure amounts (RWEA)					
4	Total RWEA	110,565	107,194	112,035	110,481	114,123
	Capital ratios (as a percentage of RWEA)					
5	Common Equity Tier 1 ratio (%)	17.8%	18.3%	17.4%	17.7%	17.2%
6	Tier 1 ratio (%)	19.6%	20.2%	19.2%	19.5%	19.0%
7	Total capital ratio (%)	23.5%	24.3%	23.3%	23.9%	23.7%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of RWEA)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.0%	2.0%	2.0%	2.0%	2.0%
EU 7b	*- of which to be made up of CET1 capital (percentage points)*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*
EU 7c	*- of which to be made up of Tier 1 capital (percentage points)*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
EU 7d	Total SREP own funds requirements (%)	10.0%	10.0%	10.0%	10.0%	10.0%
	Combined buffer requirement (as a percentage of RWEA)					
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	0.02%	0.02%	0.02%	0.01%	0.01%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	1.5%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Intitution buffer	1.5%	1.5%	1.5%	1.5%	1.5%
11	Combined buffer requirement (%)	4.02%	4.02%	4.02%	4.01%	4.01%
EU 11a	Overall capital requirements (%)	14.02%	14.02%	14.02%	14.01%	14.01%
12	CET1 available after meeting the total SREP own funds requirements (%)	12.08%	12.67%	11.69%	11.99%	11.48%
	Leverage ratio[1]					
13	Leverage ratio total exposure measure	374,474	373,833	450,838	430,478	460,344
14	Leverage ratio	5.8%	5.8%	4.8%	5.0%	4.7%
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)[2]					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%			
EU 14b	*- of which to be made up of CET1 capital (percentage points)*	*0.0%*	*0.0%*			
EU 14c	Total SREP leverage ratio requirements (%)	3.3%	3.2%			
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)[2]					
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%			
EU 14e	Overall leverage ratio requirements (%)	3.3%	3.2%			
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value-average)					
EU 16a	Cash outflows - Total weighted value	91,576	90,688	90,162	88,390	85,713
EU 16b	Cash inflows - Total weighted value	28,782	28,546	28,355	27,400	26,891
16	Total net cash outflows (adjusted value)	62,795	62,144	61,807	60,990	58,822
17	Liquidity coverage ratio (%)	167%	166%	159%	149%	141%
	Net Stable Funding Ratio[2]					
18	Total available stable funding	283,845	283,052			
19	Total required stable funding	203,360	200,865			
20	NSFR ratio (%)	140%	141%			

[1] The calculation of the leverage ratio total exposure measure changed from the CEM approach to the SA-CCR approach per Q2 2021.
[2] Following the implementation of the new ITS regulation effective from Q2 2021 reporting, comparative figures are not available due to first-time reporting.

Liquidity requirements

EU LIQ1 - Quantitative information of LCR

		Total unweighted value (average)				Total weighted value (average)			
		30 September 2021	30 June 2021	31 March 2021	31 December 2020	30 September 2021	30 June 2021	31 March 2021	31 December 2020
		Data points used in the calculation of averages				Data points used in the calculation of averages			
(in millions)		12	12	12	12	12	12	12	12
	High-quality liquid assets (HQLA)								
1	**Total high-quality liquid assets**					**105,038**	**102,844**	**98,140**	**91,092**
	Cash - outflows								
2	Retail deposits and deposits from small business customers, of which:	140,649	141,404	141,330	138,022	10,857	11,013	11,061	10,980
3	*Stable deposits*	*83,090*	*81,574*	*80,083*	*78,215*	*4,155*	*4,079*	*4,004*	*3,911*
4	*Less stable deposits*	*50,647*	*52,754*	*53,938*	*54,186*	*6,397*	*6,655*	*6,791*	*6,805*
5	Unsecured wholesale funding	112,778	111,092	109,912	108,879	55,279	53,999	52,623	51,188
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*40,648*	*39,620*	*39,017*	*38,440*	*10,123*	*9,865*	*9,714*	*9,568*
7	*Non-operational deposits (all counterparties)*	*68,542*	*68,074*	*66,998*	*66,496*	*41,569*	*40,735*	*39,013*	*37,678*
8	*Unsecured debt*	*3,587*	*3,399*	*3,896*	*3,942*	*3,587*	*3,399*	*3,896*	*3,942*
9	*Secured wholesale funding*					*3,690*	*4,070*	*4,479*	*4,783*
10	Additional requirements	57,320	58,052	58,466	57,799	13,973	14,216	14,477	13,702
11	*Outflows related to derivative exposures and other collateral requirements*	*8,616*	*8,566*	*8,651*	*8,202*	*7,109*	*7,197*	*7,303*	*6,789*
12	*Outflows related to loss of funding on debt products*	*280*	*300*	*463*	*239*	*280*	*300*	*463*	*239*
13	*Credit and liquidity facilities*	*48,424*	*49,186*	*49,352*	*49,357*	*6,584*	*6,719*	*6,712*	*6,673*
14	Other contractual funding obligations	7,783	6,561	5,771	5,450	5,105	4,384	4,051	3,982
15	Other contingent funding obligations	42,562	46,789	52,111	57,496	2,671	3,006	3,470	3,754
16	**Total cash outflows**					**91,576**	**90,688**	**90,162**	**88,390**
	Cash - inflows								
17	Secured lending (e.g. reverse repos)	29,560	29,814	29,521	29,441	9,742	9,558	9,149	8,264
18	Inflows from fully performing exposures	16,401	16,695	17,008	17,402	15,520	15,626	15,738	15,909
19	Other cash inflows	12,069	11,546	11,779	11,464	3,520	3,362	3,468	3,226
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	**Total cash inflows**	**58,030**	**58,055**	**58,308**	**58,307**	**28,782**	**28,546**	**28,355**	**27,400**
EU-20a	*Fully exempt inflows*								
EU-20b	*Inflows subject to 90% cap*								
EU-20c	*Inflows subject to 75% cap*	*49,986*	*50,035*	*49,999*	*49,272*	*28,782*	*28,546*	*28,355*	*27,400*
	Total adjusted value								
EU-21	**Liquidity buffer**					**105,038**	**102,844**	**98,140**	**91,092**
22	**Total net cash outflows**					**62,795**	**62,144**	**61,807**	**60,990**
23	**Liquidity coverage ratio**					**167%**	**166%**	**159%**	**149%**

EU LIQB - Qualitative information of LCR

The main drivers of the LCR are outflows related to issued debt and non-operational deposits. In addition, temporary participation in central bank operations puts upward pressure on cash. The consolidated LCR amounted to 167% at the end of September 2021, based on a 12-month rolling average. This is an increase of 18% compared to the year-end 2020 rolling average (31 December 2021: 149%). The increase in LCR mainly reflects our participation in TLTRO III and an increasing deposit base.

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

Concentration of funding sources

ABN AMRO's main source of funding consists of deposits from Retail Banking, Private Banking, Commercial Banking and CIB clients. The remainder of our funding is raised largely through various long-term wholesale funding instruments. In the short term, funding is raised via commercial paper and certificates of deposits. The wholesale funding strategy is aligned to the moderate risk profile. This strategy aims to optimise and diversify the bank's funding sources in order to maintain market access and the targeted funding position. We aim to have a balance sheet with a diverse, stable and cost efficient funding base.

Composition of liquidity buffer

The liquidity buffer at 30 September 2021 totalled EUR 105.0 billion, based on a 12-month rolling average, and was composed mainly of cash at central banks and government bonds. Compared to year-end 2020, the liquidity buffer grew by EUR 13.9 billion, mainly reflecting our TLTRO III participation and an increasing deposit base.

Derivative exposures and potential collateral calls

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

Currency mismatch in the LCR

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

Credit risk

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

(in millions)		30 September 2021 Risk-weighted exposure amount	30 June 2021 Risk-weighted exposure amount	31 December 2020 Risk-weighted exposure amount
1	**Risk-weighted exposure amount as at the end of the previous reporting period**	**75,090**	**80,526**	**82,717**
2	Asset size (+/-)	-169	-1,919	-2,860
3	Asset quality (+/-)	862	-1,197	-229
4	Model updates (+/-)	2,387	-270	1,151
5	Methodology and policy (+/-)	744		306
6	Acquisitions and disposals (+/-)		-1,641	
7	Foreign exchange movements (+/-)	162	-409	-314
8	Other (+/-)			
9	**Risk-weighted exposure amount as at the end of the reporting period**	**79,076**	**75,090**	**80,771**

In the third quarter, credit risk RWEA under the IRB approach increased to EUR 79.1 billion (30 June 2021: EUR 75.1 billion) predominantly due to an EAD model update for corporates and, to a lesser extent, lower asset quality and methodology changes. In addition, the rising value of the US dollar against the euro resulted in higher RWEA. Changes in asset size had little impact, as the RWEA increase resulting from higher business activity at CIB was fully offset by the lower RWEA caused by the CIB non-core wind-down.

Market risk

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

							30 September 2021		30 June 2021		31 December 2020	
	(in millions)	VaR	SVaR	IRC[1]	Comprehensive risk measure	Other	Total RWEAs	Total own funds requirements	Total RWEAs	Total own funds requirements	Total RWEAs	Total own funds requirements
1	**RWEAs at previous quarter end**	**300**	**856**	**765**			**1,921**	**154**	**2,046**	**164**	**1,810**	**145**
1a	*Regulatory adjustment*	*-225*	*-627*	*-61*			*-913*	*-73*	*-845*	*-68*	*-658*	*-53*
1b	*RWEAs at the previous quarter-end (end of the day)*	*75*	*229*	*704*			*1,008*	*81*	*1,200*	*96*	*1,152*	*92*
2	Movement in risk levels		-29	74			46	4	-169	-14	-330	-26
3	Model updates/changes	-17					-17	-1	-24	-2	-47	-4
4	Methodology and policy											
5	Acquisitions and disposals											
6	Foreign exchange movements											
7	Other											
8a	*RWEAs at the end of the disclosure period (end of the day)*	*58*	*200*	*778*			*1,037*	*83*	*1,008*	*81*	*775*	*62*
8b	*Regulatory adjustment*	*83*	*735*				*817*	*65*	*913*	*73*	*552*	*44*
8	**RWEAs at the end of the disclosure period**	**141**	**935**	**778**			**1,854**	**148**	**1,921**	**154**	**1,327**	**106**

[1] Market risk RWEA figures include the other risk exposure amount related to an application of CRR Article 459 with respect to the own funds requirements for market risk.

RWEA under the Internal Model Approach remained broadly stable at EUR 1.9 billion. VaR RWEA decreased from EUR 300 million to EUR 141 million as the volatile H1 2020 scenarios no longer fell within the 300-day window ending on 30 September 2021. This was partially offset by an SVaR RWEA increase from EUR 856 million to EUR 935 million due to position changes.

Disclaimer & cautionary statements

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