Pillar 3 Report

ABN AMRO Bank N.V.

Third quarter 2023

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Notes to **the reader**

This Pillar 3 Report provides the consolidated disclosures of ABN AMRO Bank N.V. required by Capital Requirements Regulation (EU) No 575/2013 on prudential requirements for credit institutions (Part Eight) and the final draft Implementing Technical Standards (ITS) on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013. The Pillar 3 report for the third quarter of 2023 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 figures presented in this document are not required to be, nor have they been, audited or reviewed by our external auditor. Based on the Final draft ITS, this report uses the terms 'risk-weighted assets (RWA)' and 'risk-weighted exposure amount (RWEA)' interchangeably. Similarly, this report may use the terms 'banking book' and 'non-trading book' interchangeably.

Waiver policy (omitting templates and tables)

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

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

The following template has been identified as not applicable to ABN AMRO and is therefore not included in this report:
- EU CCR7 – RWEA flow statements of CCR exposures under the IMM: ABN AMRO does not use the Internal Model Method (IMM) 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.

Key metrics and overview of RWEA

Highlights

- The CET1 ratio under Basel III was slightly higher, at 15.0% (30 June 2023: 14.9%), mainly due to the increase in CET1 capital, partly offset by the increase in RWEA;
- Total RWEA rose to EUR 136.6 billion (30 June 2023: EUR 134.5 billion), mainly reflecting a rise in credit risk RWEA from model updates as part of our ongoing reviews, partly offset by several reductions related to business developments and other risk parameters;
- Total capital grew to EUR 26.9 billion (30 June 2023: EUR 26.5 billion), mainly as a result of the addition of the retained net profit for Q3 2023;
- The leverage ratio increased to 5.2% on 30 September 2023 (30 June 2023: 5.0%), mainly due to the addition of the retained net profit for Q3 2023, increasing Tier 1 capital, and a decrease in on-balance sheet exposures.

EU KM1 - Key metrics template

	(in millions)	30 September 2023	30 June 2023	31 March 2023	31 December 2022	30 September 2022
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	20,544	20,051	19,727	19,507	19,923
2	Tier 1 capital	22,526	22,033	21,709	21,489	21,906
3	Total capital	26,981	26,522	25,587	26,938	27,841
	Risk-weighted exposure amounts (RWEA)					
4	Total RWEA	136,570	134,487	131,748	128,593	130,959
	Capital ratios (as % of RWEA)					
5	Common Equity Tier 1 ratio (%)	15.0%	14.9%	15.0%	15.2%	15.2%
6	Tier 1 ratio (%)	16.5%	16.4%	16.5%	16.7%	16.7%
7	Total capital ratio (%)	19.8%	19.7%	19.4%	20.9%	21.3%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as % of RWEA)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.0%	2.0%	2.0%	2.0%	2.0%
EU 7b	- of which to be made up of CET1 capital (percentage points)	1.1%	1.1%	1.1%	1.1%	1.1%
EU 7c	- of which to be made up of Tier 1 capital (percentage points)	1.5%	1.5%	1.5%	1.5%	1.5%
EU 7d	Total SREP own funds requirements (%)	10.0%	10.0%	10.0%	10.0%	10.0%
	Combined buffer requirement (as % of RWEA)					
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
9	Institution specific countercyclical capital buffer (%)	0.95%	0.90%	0.13%	0.10%	0.04%
EU 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institution buffer (%)					
EU 10a	Other Systemically Important Intitution buffer	1.5%	1.5%	1.5%	1.5%	1.5%
11	Combined buffer requirement (%)	4.95%	4.90%	4.13%	4.10%	4.04%
EU 11a	Overall capital requirements (%)	14.95%	14.90%	14.13%	14.10%	14.04%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.99%	8.88%	8.98%	9.21%	9.23%
	Leverage ratio					
13	Total exposure measure	433,088	436,936	437,797	413,525	450,510
14	Leverage ratio (%)	5.2%	5.0%	5.0%	5.2%	4.9%
	Additional own funds requirements to address risks of excessive leverage (as % of total exposure amount)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)					
EU 14b	- of which to be made up of CET1 capital (percentage points)					
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
	Leverage ratio buffer and overall leverage ratio requirement (as % of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)					
EU 14e	Overall leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	99,135	101,705	101,867	103,019	104,751
EU 16a	Cash outflows - Total weighted value	97,979	100,475	102,075	103,038	101,854
EU 16b	Cash inflows - Total weighted value	28,991	29,721	30,734	31,664	31,889
16	Total net cash outflows (adjusted value)	68,988	70,754	71,341	71,374	69,965
17	Liquidity coverage ratio (%)	144%	144%	143%	144%	150%
	Net Stable Funding Ratio					
18	Total available stable funding	256,671	258,856	254,557	252,330	267,407
19	Total required stable funding	189,450	188,669	186,860	189,530	195,586
20	NSFR ratio (%)	135%	137%	136%	133%	137%

On 30 September 2023, the CET1 ratio under Basel III was 15.0% (30 June 2023: 14.9%). In comparison with Q2 2023, the CET1 ratio was slightly higher as the increase in CET1 capital was partly offset by an increase in RWEA. Total RWEA rose by EUR 2.1 billion compared to 30 June 2023, mainly reflecting a rise in credit risk RWEA from model updates as part of our ongoing reviews, partly offset by several reductions related to business developments and other risk parameters. CET1 capital grew mainly due to the addition of the Q3 2023 net profit of EUR 759 million, excluding a 50% dividend reservation. All capital ratios were in line with the bank's risk appetite and comfortably above regulatory requirements.

EU OV1 - Overview of risk-weighted exposure amounts

		30 September 2023		30 June 2023		31 December 2022	
(in millions)		RWEA	Total own funds requirements	RWEA	Total own funds requirements	RWEA	Total own funds requirements
1	**Credit risk (excluding CCR)**	**111,711**	**8,937**	**109,836**	**8,787**	**104,939**	**8,395**
2	*- of which the Standardised Approach*	*6,176*	*494*	*6,521*	*522*	*7,134*	*571*
3	*- of which the foundation IRB (F-IRB) approach*[1]	*11,086*	*887*	*11,453*	*916*	*10,144*	*812*
4	*- of which slotting approach*						
EU 4a	*- of which equities under the simple risk-weighted approach*	*2,160*	*173*	*2,151*	*172*	*1,923*	*154*
5	*- of which the advanced IRB (A-IRB) approach*	*64,342*	*5,147*	*65,363*	*5,229*	*62,701*	*5,016*
6	**Counterparty Credit Risk (CCR)**	**6,966**	**557**	**6,766**	**541**	**5,428**	**434**
7	*- of which the Standardised Approach*	*3,160*	*253*	*3,130*	*250*	*2,794*	*224*
8	*- of which internal model method (IMM)*						
EU 8a	*- of which exposures to a CCP*	*568*	*45*	*523*	*42*	*413*	*33*
EU 8b	*- of which credit valuation adjustment (CVA)*	*302*	*24*	*337*	*27*	*274*	*22*
9	*- of which other CCR*	*2,937*	*235*	*2,776*	*222*	*1,947*	*156*
15	**Settlement risk**						
16	**Securitisation exposures in the non-trading book (after the cap)**	**237**	**19**	**230**	**18**	**253**	**20**
17	*- of which SEC-IRBA approach*						
18	*- of which SEC-ERBA (including IAA)*	*22*	*2*	*18*	*1*	*19*	*1*
19	*- of which SEC-SA approach*	*215*	*17*	*212*	*17*	*235*	*19*
EU 19a	*- of which 1250%*						
20	**Position, foreign exchange and commodities risks (Market risk)**	**2,191**	**175**	**2,166**	**173**	**2,005**	**160**
21	*- of which Standardised Approach*	*2*		*2*		*2*	
22	*- of which IMA*	*2,189*	*175*	*2,165*	*173*	*2,003*	*160*
EU 22a	**Large exposures**						
23	**Operational risk**	**15,465**	**1,237**	**15,489**	**1,239**	**15,967**	**1,277**
EU 23a	*- of which basic indicator approach*			*469*	*38*	*533*	*43*
EU 23b	*- of which Standardised Approach*	*15,465*	*1,237*				
EU 23c	*- of which advanced measurement approach*			*15,020*	*1,202*	*15,434*	*1,235*
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**1,297**	**104**	**1,446**	**116**	**1,495**	**120**
29	**Total**	**136,570**	**10,926**	**134,487**	**10,759**	**128,593**	**10,287**

1 Following EBA's instructions for this template, the amount reported under F-IRB also includes Other non-credit obligation assets.

In Q3 2023, RWEA increased by EUR 2.1 billion. Credit risk RWEA was up as a result of model updates following from the ongoing review of our models, partly offset by business developments and other risk parameters. Operational risk RWEA transitioned from the advanced measurement approach (AMA) to the standardised approach (TSA), resulting in a marginal negative impact on the RWEA. Market risk RWA remained flat.

Liquidity **requirements**

EU LIQ1 - Quantitative information on LCR

		Total unweighted value (average)				Total weighted value (average)			
		30 September 2023	30 June 2023	31 March 2023	31 December 2022	30 September 2023	30 June 2023	31 March 2023	31 December 2022
		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**					**99,135**	**101,705**	**101,867**	**103,019**
	Cash - outflows								
2	Retail deposits and deposits from small business customers, of which:	144,118	143,940	143,032	141,582	10,782	10,927	10,966	10,891
3	*Stable deposits*	*88,747*	*88,904*	*88,762*	*88,304*	*4,437*	*4,445*	*4,438*	*4,415*
4	*Less stable deposits*	*46,160*	*46,891*	*47,007*	*46,619*	*5,956*	*6,040*	*6,052*	*5,997*
5	Unsecured wholesale funding	117,484	123,670	128,532	131,955	57,926	59,279	60,651	61,655
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*42,484*	*48,416*	*52,315*	*55,111*	*10,578*	*12,057*	*13,035*	*13,736*
7	*Non-operational deposits (all counterparties)*	*71,001*	*71,565*	*72,579*	*73,651*	*43,349*	*43,531*	*43,979*	*44,727*
8	*Unsecured debt*	*3,999*	*3,690*	*3,637*	*3,192*	*3,999*	*3,690*	*3,637*	*3,192*
9	Secured wholesale funding					5,206	5,411	5,473	5,207
10	Additional requirements	54,188	53,772	53,243	53,572	14,623	14,662	14,425	14,542
11	*Outflows related to derivative exposures and other collateral requirements*	*9,084*	*8,991*	*8,707*	*9,096*	*7,982*	*8,032*	*7,810*	*7,978*
12	*Outflows related to loss of funding on debt products*	*161*	*163*	*135*	*153*	*161*	*163*	*135*	*153*
13	*Credit and liquidity facilities*	*44,943*	*44,619*	*44,400*	*44,323*	*6,479*	*6,467*	*6,480*	*6,411*
14	Other contractual funding obligations	9,300	10,456	11,374	12,071	6,339	6,825	7,220	7,606
15	Other contingent funding obligations	43,258	44,757	45,152	44,023	3,103	3,372	3,341	3,137
16	**Total cash outflows**					**97,979**	**100,475**	**102,075**	**103,038**
	Cash - inflows								
17	Secured lending (e.g. reverse repos)	31,492	31,279	30,327	29,764	11,413	10,953	10,662	10,874
18	Inflows from fully performing exposures	15,074	15,233	15,811	16,333	13,393	14,058	15,037	15,578
19	Other cash inflows	13,266	16,602	18,711	20,332	4,185	4,710	5,035	5,211
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	**Total cash inflows**	**59,832**	**63,114**	**64,849**	**66,429**	**28,991**	**29,721**	**30,734**	**31,664**
EU-20a	*Fully exempt inflows*								
EU-20b	*Inflows subject to 90% cap*								
EU-20c	*Inflows subject to 75% cap*	*53,350*	*56,519*	*58,215*	*59,612*	*28,991*	*29,721*	*30,734*	*31,664*
	Total adjusted value								
EU-21	**Liquidity buffer**					**99,135**	**101,705**	**101,867**	**103,019**
22	**Total net cash outflows**					**68,988**	**70,754**	**71,341**	**71,374**
23	**Liquidity coverage ratio**					**144%**	**144%**	**143%**	**144%**

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

The consolidated LCR amounted to 144% at the end of September 2023, based on a 12-month rolling average. This is in line with the previous quarter (30 June 2023: 144%).

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

Concentration of funding sources

Liquidity risks are mitigated by maintaining a sufficiently large liquidity buffer and a stable and diversified funding mix to safeguard access to liquidity at any time. ABN AMRO's main source of funding consists of client deposits and is well diversified across its client segments Personal & Business Banking, Wealth Management and Corporate Banking. The remainder of the banks' funding is raised largely through various long-term wholesale funding instruments. Short-term wholesale funding is raised via commercial paper and certificates of deposit programmes.

Composition of liquidity buffer

The LCR eligible liquidity buffer (excluding retained notes) at 30 September 2023 amounted to EUR 99.1 billion, based on a 12-month rolling average and was composed mainly of cash at central banks and government bonds. This is in line with the previous quarter (30 June 2023: EUR 101.7 billion).

Derivative exposures and potential collateral calls

To manage liquidity risk regarding derivative exposures and potential collateral calls, the bank has an adequate pool of collateral at its disposal, which is managed proactively. This enables the bank to secure payment traffic with the central bank, meet margin calls for financial markets transactions (e.g. derivatives, securities financing and clearing) and manage the liquidity buffer within the approved risk appetite.

Currency mismatch in the LCR

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

Credit risk

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

		30 September 2023	30 June 2023	31 December 2022
(in millions)		RWEA	RWEA	RWEA
1	**RWEA as at the end of the previous reporting period**[1]	**78,968**	**75,539**	**75,503**
2	Asset size (+/-)	-794	221	-956
3	Asset quality (+/-)	123	-408	803
4	Model updates (+/-)			96
5	Methodology and policy (+/-)	-812	3,545	
6	Acquisitions and disposals (+/-)	-42		
7	Foreign exchange movements (+/-)	144	70	-678
8	Other (+/-)			
9	**RWEA as at the end of the reporting period**	**77,588**	**78,968**	**74,768**

1 Credit Risk RWEA as end of the reporting period, is equal to the sum of row numbers 3, 4a and 5 from table EU OV1.

In Q3 2023, credit risk RWEA under the IRB approach decreased to EUR 77.6 billion (Q2 2023: EUR 79.0 billion), mainly as a result of methodology and policy changes relating to the Infrastructure Supporting Factor (ISF) and asset size. The increase in credit risk RWEA reported in template EU OV1 is related to IRB model updates (add-ons), which followed from model reviews. These model updates (add-ons) are not directly visible in EU CR8, but do have an impact when applied granularly.

Market risk

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

	(in millions)	VaR	SVaR	IRC	Comprehensive risk measure	Other	30 September 2023 Total RWEA	30 September 2023 Total own funds requirements	30 June 2023 Total RWEA	30 June 2023 Total own funds requirements	31 December 2022 Total RWEA	31 December 2022 Total own funds requirements
1	**RWEA at the previous quarter-end**	**581**	**971**	**613**			**2,165**	**173**	**1,895**	**152**	**2,252**	**180**
1a	*Regulatory adjustment*	*-273*	*-637*	*-132*			*-1,042*	*-83*	*-868*	*-69*	*-841*	*-67*
1b	*RWEA at the previous quarter-end (end of the day)*	*308*	*334*	*482*			*1,123*	*90*	*1,027*	*82*	*1,412*	*113*
2	Movement in risk levels	-158	5	115			-37	-3	96	8	-419	-34
3	Model updates/changes											
4	Methodology and policy											
5	Acquisitions and disposals											
6	Foreign exchange movements											
7	Other											
8a	*RWEA at the end of the disclosure period (end of the day)*	*150*	*339*	*597*			*1,086*	*87*	*1,123*	*90*	*993*	*79*
8b	*Regulatory adjustment*	*353*	*750*				*1,103*	*88*	*1,042*	*83*	*1,011*	*81*
8	**RWEA at the end of the disclosure period**	**504**	**1,089**	**597**			**2,189**	**175**	**2,165**	**173**	**2,003**	**160**

Market Risk RWEA under the Internal Model Approach RWEA remained stable at EUR 2.2 billion in Q3 2023 compared to Q2 2023. The decrease in Value-at-Risk (VaR) was offset by the increase in Stressed-VaR. More specifically, the VaR decrease was driven by steering positions in order to bring them down from the level that exceeded the VaR limit in Q2 2023.

Note that the capital multipliers for VaR and SVaR are 3.25 and 3.5 respectively. As a result, the 12-week average, multiplied by capital multipliers, always exceeds the latest observations. This is reflected in the regulatory adjustments.

Disclaimer & **cautionary statements**

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

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