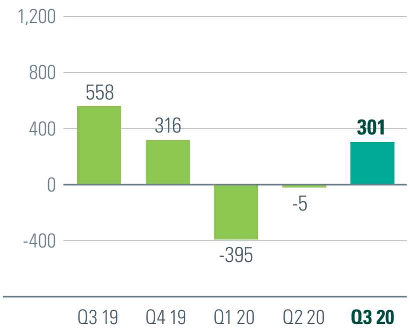
# Quarterly Report

## Third quarter 2020

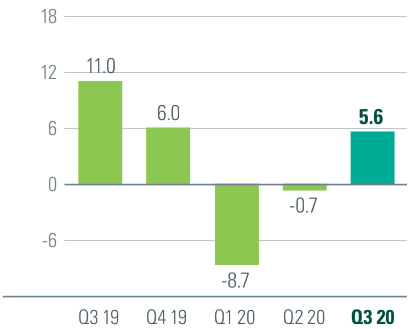
ABN AMRO Bank N.V.

# Figures at a glance

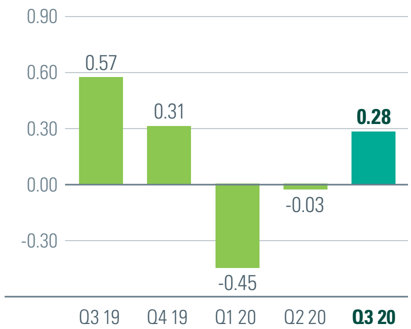
**Net profit/(loss)**
(in millions)



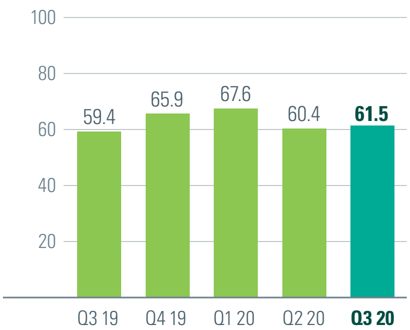

**Return on equity**[1,2,3]
Target range is 10-13 (in %)



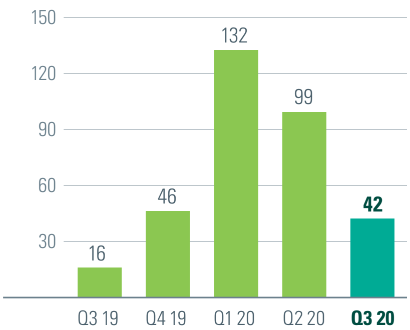

**Earnings per share**[4]
(in EUR)



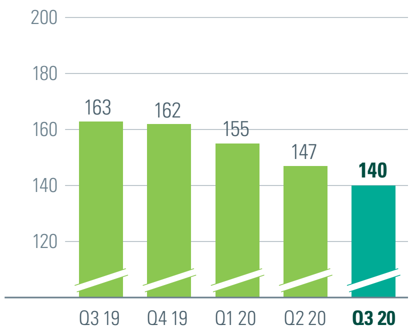

**Cost/income ratio**[3]
Target range is 56-58 (in %)



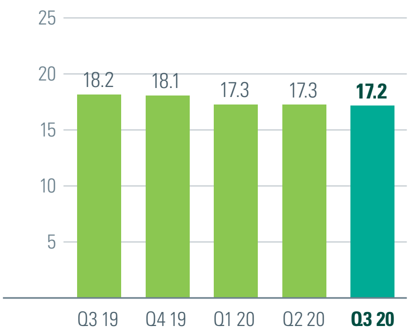

**Cost of risk**[1,5]
(in bps)



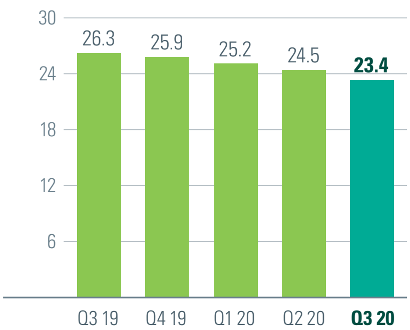

**Net interest margin**
(in bps)



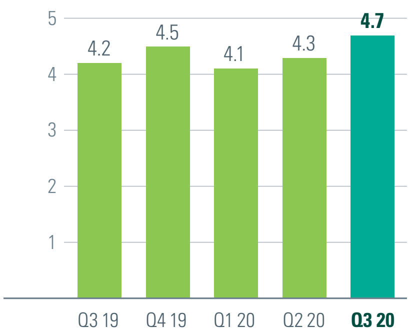

**CET1 ratio**[3,6]
(end-of-period, in %)
Target range is 17.5-18.5 (in %)




**Total capital ratio**
(end-of-period, in %)




**Leverage ratio (CDR)**[6]
(end-of-period, in %)




1 Calculation based on annualised figures.
2 Annualised profit/(loss) for the period, excluding coupons 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 Strategic target ranges are under consideration as part of the strategy review. ABN AMRO will present the outcome at the Investor Update on 30 November 2020.
4 Annualised profit/(loss) for the period, excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average outstanding and paid-up ordinary shares.
5 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.
6 In Q4, the full-year profit/(loss) attributable to owners of the parent company, excluding AT1 capital securities, is added to CET1 capital after deduction of the proposed 62% full-year dividend payout. In the other quarters, only interim losses attributable to owners of the parent company, excluding AT1 capital securities, are included in CET1 capital.

# Message from the CEO

As the Covid-19 health crisis continues to affect us all, the wellbeing of our clients and staff remains our main focus. The number of coronavirus infections increased after the summer, putting the Netherlands back into a partial lockdown in mid-October. We are therefore cautious about the outlook and concerned about the long-term impact on society. To ensure society is not unnecessarily affected, it is essential that we adhere to the government's prevention measures. Meanwhile we will continue to support our clients wherever possible. Our strong digital backbone combined with the dedication and flexibility of our people ensures our services to clients remain consistent and our result resilient. We are finalising the strategy review and making good initial progress in winding down the CIB non-core portfolio. We also continue to make progress on my other priorities: navigating the bank through Covid-19, safeguarding our licence to operate and further enhancing the bank's culture.

The impact of Covid-19 continues. The lockdown in the Netherlands earlier in the year was less severe and shorter than in many other countries and we saw economic activity remain relatively resilient over the summer. The government continues to take decisive action to support the economy, and is now also helping companies adapt to changed circumstances to stimulate economic growth. We continue to be in close dialogue with our clients as the automatic deferral of interest and principal payments has come to an end. The number of bankruptcies has been trending down since April, a result of government and other support measures.

Net profit in Q3 2020 was EUR 301 million, reflecting a good operational performance and moderating impairments under challenging circumstances.
This result was supported by a book gain on the sale of our Paris office building, partly offset by provisions for the wind-down of the CIB non-core portfolio.
Net interest income continues to be impacted by pressure on deposit margins as well as lower corporate loan volumes as we reduced the CIB non-core portfolio by some EUR 3.7 billion. We continue to focus on mitigating the impact of negative interest rates and will start charging clients with deposits in excess of EUR 500,000 negative rates from January 2021. We remain on track to achieve a cost level of around EUR 5.1 billion for 2020, excluding restructuring provisions for the CIB review.

At EUR 270 million, impairments were moderate compared with previous quarters, while including additional cost of risk for the wind-down of the CIB non-core portfolio. This is less than previously guided, we remain cautious. Full-year impairments are expected to be below our Q2 guidance of EUR 3 billion, closer to the Q1 guidance of EUR 2.5 billion. We expect the effect of Covid-19 to carry over into 2021, although leading to lower impairment levels than in 2020.

The return on equity was 5.6% and the cost/income ratio was 61.5%. We entered the Covid-19 crisis with a strong capital position and the Q3 Basel III CET1 ratio was 17.2%, while the Basel IV CET1 ratio increased to around 15%, comfortably above regulatory requirements. In anticipation of the final TRIM letters, we added EUR 6.1 billion to RWA, while the wind-down of the CIB non-core portfolio and the implementation of the SME supporting factor had a lowering effect. I am pleased with our strong capital position, which provides resilience in a challenging environment. However, going forward we expect further headwinds, including regulatory developments and elevated impairments due to Covid-19. We are committed to resuming payment of dividends, sustainably, conditions permitting and taking into account ECB recommendations. The payout of the accrued full-year 2019 dividend will be considered prudently at full-year 2020, taking into account the status of the ECB dividend recommendation as well as conditions and prospects at that time. Until a decision has been made, the final dividend for 2019 will not be included in CET1 capital.

Risk management and compliance, including the fight against money laundering, are key to our licence to operate. We are making progress on our AML remediation programmes and around 3,400 FTEs are currently fully committed to these activities.

Together with four other Dutch banks, we have established Transaction Monitoring Netherlands (TMNL) in the collective fight against financial crime. TMNL focuses on identifying unusual patterns in payments traffic in addition to our own transaction monitoring activities. The investigation into our AML activities is ongoing and we continue to fully cooperate.

Our purpose, 'Banking for better, for generations to come' guides us in delivering on our strategy. Having a clear vision on the bank we want to be is essential to navigate the bank through current circumstances. The strategy review entails firm choices to ensure we deliver on our three strategic pillars going forward – sustainability, customer experience and building a future-proof bank – taking into account current regulatory and economic circumstances.
ABN AMRO has strong fundamentals with leading market positions in the Netherlands and Northwest Europe, serving clients in segments where we have scale and where we focus, invest and grow. By further engraining client centricity and building a simpler, more effective organisation, we deliver on our financial ambitions and moderate risk profile. From a position of capital strength, we are committed to strong returns, strict capital allocation discipline and attractive distributions for shareholders, conditional on regulatory approval.

While we are finalising the strategy review, we are getting on with the related strategic execution. We are making good initial progress on the wind-down of the CIB non-core business. We are also transforming the CIB core portfolio and have signed a strategic partnership with ODDO BHF to combine and enhance our equity brokerage services and strengthen our leading equity capital markets and corporate broking offering. This partnership also provides opportunities to grow further in Northwest Europe, underlining our regional ambitions. We will update you on plans for the CIB core portfolio at the Investor Update.

We continue to focus on sustainability, one of our strategic pillars. In line with our ambition to make our office buildings more sustainable, we announced the sale of our office building in Paris. Neuflize OBC headquarters will be relocated to a more sustainable building with facilities that are in line with current remote working practices. Furthermore we now share regular reports with our Private Banking clients to give them insight into the sustainability impact of their investments.

Meanwhile we are building on our digital capabilities and accelerating our propositions. Being at the forefront of new technology is key to giving our clients an effortless customer experience. This is why we have partnered with Techstars, a global platform for investment and innovation, to identify and support innovative startups that will transform financial services.

My colleagues and their dedication to serving our clients amid ongoing challenging circumstances continue to make me proud. The engagement score in a recently conducted staff survey was 84%, significantly higher than in previous years. This strong engagement is also demonstrated by the keen interest our employees have shown in a course on how to help clients, friends and family deal with the current circumstances.

I look forward to updating you on the outcome of our strategy review at the Investor Update on 30 November.

**Robert Swaak**
CEO of ABN AMRO Bank N.V.

# 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

- Good operational performance, with a net profit of EUR 301 million in Q3 2020 (Q2 2020: net loss of EUR 5 million) supported by moderating impairments and a book gain on the sale of the Neuflize OBC office building in Paris, partly offset by costs relating to the wind-down of the CIB non-core portfolio.
- Good initial progress was made in the CIB non-core wind-down, with loan volumes down around EUR 3.7 billion or 21% since 30 June 2020.
- Net interest income amounted to EUR 1,469 million (Q2 2020: EUR 1,514 million), mainly reflecting continued pressure on deposit margins market-wide and the wind-down of the CIB non-core portfolio. ABN AMRO will lower its threshold for negative interest rates on client deposits to EUR 0.5 million from January 2021.
- Operating expenses amounted to EUR 1,357 million in Q3 2020 (Q2 2020: EUR 1,198 million). Excluding provisions, operating expenses increased due to the upscaling of AML activities, despite due to the continued execution of cost-saving programmes.
- Impairment charges totalled EUR 270 million (Q2 2020: EUR 703 million) and included additional stage 1 and 2 impairments in anticipation of the CIB non-core wind-down (EUR 106 million). In total, around EUR 99 million was related to Covid-19 and low oil prices.
- Robust capital position, with the CET1 ratio at 17.2% under Basel III and around 15% under Basel IV. In Q3, RWA included a self-imposed add-on of EUR 6.1 billion in anticipation of final TRIM letters.

Introduction Financial review Risk developments Capital management Other

## Operating results

| (in millions) | Q3 2020 | Q3 2019 | Change | Q2 2020 | Change | Nine months 2020 | Nine months 2019 | Change |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 1,469 | 1,628 | -10% | 1,514 | -3% | 4,510 | 4,882 | -8% |
| Net fee and commission income | 359 | 409 | -12% | 375 | -4% | 1,172 | 1,236 | -5% |
| Other operating income | 379 | 63 | | 96 | | 434 | 385 | 13% |
| **Operating income** | **2,207** | **2,101** | **5%** | **1,985** | **11%** | **6,115** | **6,504** | **-6%** |
| Personnel expenses | 658 | 543 | 21% | 528 | 25% | 1,717 | 1,665 | 3% |
| Other expenses | 699 | 704 | -1% | 670 | 4% | 2,139 | 2,219 | -4% |
| **Operating expenses** | **1,357** | **1,247** | **9%** | **1,198** | **13%** | **3,856** | **3,884** | **-1%** |
| **Operating result** | **850** | **854** | | **786** | **8%** | **2,260** | **2,620** | **-14%** |
| Impairment charges on financial instruments | 270 | 112 | 141% | 703 | -62% | 2,083 | 343 | |
| **Profit/(loss) before taxation** | **580** | **742** | **-22%** | **83** | | **176** | **2,277** | **-92%** |
| Income tax expense | 279 | 184 | 52% | 88 | | 275 | 547 | -50% |
| **Profit/(loss) for the period** | **301** | **558** | **-46%** | **-5** | | **-99** | **1,730** | |
| **Attributable to:** | | | | | | | | |
| Owners of the parent company | 301 | 558 | -46% | -5 | | -99 | 1,730 | |
| **Other indicators** | | | | | | | | |
| Net interest margin (NIM) (in bps) | 140 | 163 | | 147 | | 147 | 164 | |
| Cost/income ratio | 61.5% | 59.4% | | 60.4% | | 63.0% | 59.7% | |
| Cost of risk (in bps)[1] | 42 | 16 | | 99 | | 92 | 16 | |
| Return on average Equity[2] | 5.6% | 11.0% | | -0.7% | | -1.3% | 11.3% | |
| Earnings per share (in EUR)[3] | 0.28 | 0.57 | | -0.03 | | -0.20 | 1.76 | |
| Client assets (end of period, in billions) | 283.4 | 300.8 | | 280.5 | | | | |
| Risk-weighted assets (end of period, in billions) | 114.1 | 105.6 | | 112.1 | | | | |
| Employee FTEs (end of period) | 18,952 | 17,813 | | 18,684 | | | | |
| Non-employee FTEs (end of period) | 5,391 | 4,370 | | 4,936 | | | | |

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 coupons 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. Annualised profit/(loss) for the period, excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average outstanding and paid-up ordinary shares.

### Large incidentals

#### Q3 2020
#### Sale and leaseback office Paris

In Q3 2020, ABN AMRO concluded the sale and lease-back transaction of the Neuflize OBC office building in Paris. The book gain before tax amounted to EUR 263 million (EUR 181 million net of tax) and was recognised in other operating income at Private Banking.

#### Provision for CIB non-core wind-down

Q3 2020 included a EUR 144 million provision for the wind-down of the CIB non-core portfolio, of which EUR 103 million was recorded in personnel expenses and EUR 41 million in other expenses. Furthermore, this quarter's income tax expenses included a EUR 120 million write-off for deferred tax assets, which was recorded in income tax expense.

#### Provision for AML remediation programmes

Other expenses in Q3 2020 included a EUR 18 million addition to the provision for AML remediation programmes, of which EUR 13 million was recorded at Group Functions and EUR 5 million at Retail Banking. In Q3 2019, other expenses included a EUR 27 million provision for the AML remediation programme at Commercial Banking.

#### Release tax deductibility AT1 coupon payments

Following a Dutch court ruling regarding the tax deductibility of AT1 coupon payments, a release of EUR 55 million was recorded in tax to reflect the tax relief on AT1 coupon payments in 2019 and 2020.

#### Q2 2020 and Q3 2019
#### Goodwill impairment at Private Banking Belgium

Other expenses in Q2 2020 included a EUR 34 million goodwill and intangible impairment at Private Banking Belgium.

#### Provision for SME derivatives-related issues

Other expenses in Q3 2019 included a EUR 13 million provision for project costs relating to SME derivatives-related issues at Corporate & Institutional Banking.

## Third-quarter 2020 results

**Net interest income** amounted to EUR 1,469 million in Q3 2020 (Q3 2019: EUR 1,628 million). The decrease was largely caused by continued pressure on deposit margins in a low interest rate environment and lower average corporate loan volumes due to good initial progress in the wind-down of the CIB non-core portfolio. The net interest margin amounted to 140bps in Q3 2020 (Q3 2019: 163bps), predominantly due to higher total assets (mainly TLTRO III participation). Compared with Q2 2020, net interest income came down by EUR 46 million, largely due to the same drivers, including a EUR 24 million decline in deposit margins and volumes. ABN AMRO currently charges clients with deposits in excess of EUR 2.5 million an interest rate of 50 bps and will start charging clients with deposits in excess of EUR 0.5 million the same rate from January 2021.

**Net fee and commission income** amounted to EUR 359 million in Q3 2020 (Q3 2019: EUR 409 million) reflecting the negative impact of Covid-19 on credit card usage at ICS (Retail Banking) and reduced client activity at CIB, mainly as a result of the wind-down of the CIB non-core portfolio. Compared with Q2 2020, net fee and commission income decreased by EUR 16 million, largely due to seasonally lower advisory activity during the summer and the wind-down of the CIB non-core portfolio, despite a slight increase in fees at Private Banking.

**Other operating income** improved by EUR 316 million to EUR 379 million in Q3 2020, largely due to the sale of the Neuflize OBC office building in Paris (EUR 263 million). Volatile items in Q3 2020 were EUR 44 million higher (Q3 2019: EUR 6 million) and included more favourable CVA/DVA/FVA[1] results, largely due to improved credit spreads (EUR 42 million positive versus EUR 23 million negative), stable hedge accounting-related results (EUR 7 million versus EUR 9 million) and lower equity participation results (EUR 1 million versus EUR 20 million). Compared with Q2 2020, other operating income benefited mainly from the same drivers.

**Personnel expenses** amounted to EUR 658 million in Q3 2020 (Q3 2019: EUR 543 million). Excluding restructuring provisions, personnel expenses grew slightly by EUR 10 million due to an increase in FTEs and wage inflation, partly offset by lower pension costs and the execution of cost-savings programmes. Compared with Q2 2020, personnel expenses excluding restructuring provisions grew largely due to an increase in FTEs.

**Employee FTEs** went up by 1,139 from Q3 2019, totalling 18,952 in Q3 2020. The increase can be largely explained by additional resources needed for the upscaling of AML activities. Compared with Q2 2020, the number of FTEs increased by 268, primarily due to the upscaling of AML activities.

**Other expenses** amounted to EUR 699 million in Q3 2020 (Q3 2019: EUR 704 million). Excluding provisions, other expenses decreased by EUR 31 million as a result of cost-saving programmes and lower regulatory levies, despite the upscaling of AML activities (reflecting higher non-employee FTEs). Compared with Q2 2020, excluding provisions, other expenses were broadly stable as seasonally lower regulatory levies were partly offset by upscaled AML activities.

**Impairment charges** were EUR 270 million in Q3 2020 (Q3 2019: EUR 112 million), with cost of risk at 42bps (Q3 2019: 16bps). Additions were mainly recorded in corporate loans and included additional stage 1 and 2 impairments in anticipation of the wind-down of the CIB non-core portfolio (EUR 106 million). Furthermore, around EUR 99 million was related to Covid-19 and low oil prices.

**Income tax expense** was EUR 279 million in Q3 2020 (Q3 2019: EUR 184 million) and included a EUR 120 million write-off for deferred tax assets relating to the wind-down of the CIB non-core portfolio and a tax relief of EUR 55 million for AT1 coupon payments paid in 2019 and 2020. No full tax benefit was recognised on the provision for the CIB non-core wind-down, since no deferred tax asset could be recognised on the losses in specific tax jurisdictions.

**Profit attributable to owners of the parent company**, excluding coupons attributable to AT1 capital securities, amounted to EUR 301 million in Q3 2020, largely supported by moderating impairments and a book gain on the sale

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

of the Neuflize OBC office building in Paris, partly offset by costs relating to the wind-down of the CIB non-core portfolio.

**RWA** increased to EUR 114.1 billion (30 June 2020: EUR 112.1 billion), largely driven by a self-imposed add-on of EUR 6.1 billion in anticipation of final TRIM letters, and to a lesser extent, asset quality deterioration. RWA was partly offset by the wind-down of the CIB non-core portfolio and the implementation of the SME supporting factor (i.e. lower capital requirements for SME clients).

# Balance sheet

## Condensed consolidated statement of financial position

| (in millions) | 30 September 2020 | 30 June 2020 | 31 December 2019 |
|---|---|---|---|
| Cash and balances at central banks | 59,073 | 55,914 | 27,558 |
| Financial assets held for trading | 2,765 | 3,397 | 1,137 |
| Derivatives | 6,837 | 7,629 | 5,730 |
| Financial investments | 47,733 | 49,081 | 45,277 |
| Securities financing | 27,775 | 27,130 | 14,905 |
| Loans and advances banks | 5,211 | 5,409 | 5,011 |
| Loans and advances customers | 261,221 | 266,694 | 267,604 |
| Other | 9,335 | 9,480 | 7,831 |
| **Total assets** | **419,949** | **424,733** | **375,054** |
| Financial liabilities held for trading | 1,110 | 1,281 | 675 |
| Derivatives | 8,524 | 9,586 | 6,505 |
| Securities financing | 19,063 | 18,933 | 8,234 |
| Due to banks | 37,417 | 39,908 | 12,785 |
| Due to customers | 248,456 | 245,691 | 234,991 |
| Issued debt | 70,912 | 73,580 | 75,275 |
| Subordinated liabilities | 8,282 | 8,685 | 10,041 |
| Other | 5,352 | 5,467 | 5,076 |
| **Total liabilities** | **399,117** | **403,131** | **353,582** |
| Equity attributable to the owners of the parent company | 20,831 | 21,602 | 21,471 |
| **Total equity** | **20,831** | **21,602** | **21,471** |
| **Total liabilities and equity** | **419,949** | **424,733** | **375,054** |
| Committed credit facilities | 55,443 | 54,057 | 54,673 |
| Guarantees and other commitments | 9,881 | 12,744 | 17,479 |

## Main developments in total assets compared with 30 June 2020

**Total assets** declined by EUR 4.8 billion, totalling EUR 419.9 billion at 30 September 2020, mainly driven by lower loans and advances customers resulting largely from the wind-down of the CIB non-core portfolio.

**Cash and balances at central banks** increased by EUR 3.2 billion to EUR 59.1 billion as loans and advances customers decreased while the total amount due to customers increased. The cash and balances at central banks position included ABN AMRO's participation in the TLTRO III facility.

**Loans and advances customers** decreased by EUR 5.5 billion to EUR 261.2 billion. This decline was largely attributable to a decline in client loans while loans to professional counterparties remained broadly flat.

**Client loans** declined by EUR 5.3 billion, totalling EUR 242.0 billion at 30 September 2020. The decrease mainly reflected a decline in corporate loans at CIB, which was largely attributable to good initial progress in the wind-down of the CIB non-core portfolio. Furthermore, there was a slight decline in corporate loans at Commercial Banking, mainly due to lower demand in the current economic situation, and in residential mortgages, mainly due to high mortgage redemptions offsetting higher production levels.

## Loans and advances customers

| (in millions) | 30 September 2020 | 30 June 2020 | 31 December 2019 |
|---|---|---|---|
| Residential mortgages | 146,521 | 146,982 | 148,225 |
| Consumer loans | 11,450 | 11,576 | 12,294 |
| Corporate loans to clients[1] | 84,000 | 88,735 | 89,756 |
| *- of which Commercial Banking* | *40,711* | *41,120* | *41,500* |
| *- of which Corporate & Institutional Banking* | *36,141* | *40,651* | *41,136* |
| **Total client loans**[2] | **241,971** | **247,293** | **250,276** |
| Loans to professional counterparties and other loans[3] | 18,841 | 19,027 | 16,412 |
| **Total loans and advances customers**[2] | **260,813** | **266,321** | **266,687** |
| Fair value adjustments from hedge accounting | 3,911 | 3,942 | 3,342 |
| Less: loan impairment allowances | 3,503 | 3,569 | 2,426 |
| **Total loans and advances customers** | **261,221** | **266,694** | **267,604** |

1. Corporate loans excluding loans to professional counterparties.
2. Gross carrying amount 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 June 2020

**Total liabilities** came down by EUR 4.0 billion, totalling EUR 399.1 billion at 30 September 2020.

**Issued debt securities** declined by EUR 2.7 billion to EUR 70.9 billion, mainly due to matured short-term funding. Issued debt included EUR 30.3 billion for covered bonds and EUR 32.6 billion for unsecured funding. EUR 22.6 billion of outstanding wholesale funding matures within 12 months.

**Due to customers** increased by EUR 2.8 billion, totalling EUR 248.5 billion. This increase was largely caused by higher professional deposits (mainly as a result of active management of treasury positions) and partly offset by lower client deposits (largely due to the wind-down of Moneyou).

**Total equity** decreased by EUR 0.8 billion to EUR 20.8 billion at 30 September 2020. This decrease was mainly attributable to the call of an AT1 instrument, which was slightly offset by the inclusion of the profit for the period.

**Equity attributable to owners of the parent company**, excluding AT1 securities, amounted to EUR 18.8 billion, resulting in a book value of EUR 20.05 per share based on 940,000,001 outstanding shares.

Introduction
Financial review
Risk developments
Capital management
Other

## Main developments off-balance sheet

| (in millions) | Commercial Banking | Corporate & Institutional Banking | Other segments | Total |
|---|---|---|---|---|
| **30 September 2020** | | | | |
| Committed credit facilities | 13,026 | 30,743 | 11,674 | 55,443 |
| Guarantees and other commitments | 1,640 | 6,277 | 1,964 | 9,881 |
| Revocable credit facilities | 66 | 33,562 | 9,431 | 43,059 |
| **Total** | **14,732** | **70,582** | **23,069** | **108,382** |
| **30 June 2020** | | | | |
| Committed credit facilities | 12,335 | 30,403 | 11,318 | 54,057 |
| Guarantees and other commitments | 1,684 | 8,925 | 2,136 | 12,744 |
| Revocable credit facilities | 62 | 35,181 | 9,652 | 44,895 |
| **Total** | **14,081** | **74,509** | **23,106** | **111,695** |
| **31 December 2019** | | | | |
| Committed credit facilities | 11,714 | 30,423 | 12,536 | 54,673 |
| Guarantees and other commitments | 1,692 | 13,572 | 2,214 | 17,479 |
| Revocable credit facilities | 147 | 37,236 | 9,327 | 46,710 |
| **Total** | **13,554** | **81,231** | **24,077** | **118,861** |

**Committed credit facilities** (undrawn) increased slightly by EUR 1.4 billion to EUR 55.4 billion at 30 September 2020, largely reflecting a decline in drawdowns on existing committed facilities as an effect of Covid-19 and an increase in the number of outstanding mortgage offers.

**Guarantees and other commitments** decreased by EUR 2.9 billion, totalling EUR 9.9 billion at 30 September 2020, largely due to progress made on the wind-down of the CIB non-core portfolio.

# Results by segment

## Retail Banking

### Highlights

- Net interest income compared with Q3 2019 was lower mainly as a result of continued pressure on deposit margins and, to a lesser extent, reduced demand for consumer loans due to the current economic situation. Interest income on residential mortgages also declined, reflecting slightly lower average volumes (mainly due to high mortgage redemptions) and slightly lower margins (in a competitive market). The interest rate paid on main retail savings was 0bps (Q3 2019: 2bps, Q2 2020: 0bps).
- Market share of new production in residential mortgages was 15% in Q3 2020 (21% in Q3 2019 and 15% in Q2 2020), reflecting our focus on price discipline in a competitive market.
- Net fee and commission income declined compared with Q3 2019, largely due to lower credit card usage (at ICS) as a result of Covid-19.
- Operating expenses showed modest growth of EUR 5 million compared to Q2 2020 as limited provisions (for Moneyou and the AML remediation programme) and the upscaling of AML activities were partly offset by lower regulatory levies.
- Fewer than 1% of mortgage clients made use of payment holidays and around 80% restarted regular payments after three months.
- ABN AMRO's mortgage label Florius was awarded best Dutch mortgage provider ('Gouden Lotus Awards' and 'Gouden Spreekbuis Award'), emphasising client centricity through progress made in digitalisation as well as strong operational capacity, including quick turnaround time on offers.

## Operating results

| (in millions) | Q3 2020 | Q3 2019 | Change | Q2 2020 | Change | Nine months 2020 | Nine months 2019 | Change |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 656 | 729 | -10% | 656 | | 1,990 | 2,226 | -11% |
| Net fee and commission income | 68 | 96 | -29% | 73 | -7% | 227 | 272 | -16% |
| Other operating income | 28 | 6 | | 11 | 150% | 44 | 34 | 29% |
| **Operating income** | **752** | **831** | **-9%** | **741** | **1%** | **2,260** | **2,532** | **-11%** |
| Personnel expenses | 103 | 99 | 3% | 105 | -2% | 305 | 302 | 1% |
| Other expenses | 387 | 369 | 5% | 380 | 2% | 1,172 | 1,230 | -5% |
| **Operating expenses** | **490** | **468** | **5%** | **485** | **1%** | **1,477** | **1,532** | **-4%** |
| **Operating result** | **262** | **363** | **-28%** | **256** | **2%** | **783** | **1,000** | **-22%** |
| Impairment charges on financial instruments | 13 | 5 | | 16 | -16% | 97 | 23 | |
| **Profit/(loss) before taxation** | **249** | **358** | **-31%** | **240** | **4%** | **687** | **977** | **-30%** |
| Income tax expense | 58 | 89 | -35% | 60 | -3% | 167 | 244 | -32% |
| **Profit/(loss) for the period** | **190** | **269** | **-29%** | **180** | **6%** | **520** | **732** | **-29%** |
| Cost/income ratio | 65.1% | 56.3% | | 65.4% | | 65.3% | 60.5% | |
| Cost of risk (in bps)[1] | 4 | 1 | | 3 | | 7 | 2 | |
| **Other indicators** | | | | | | | | |
| Loans and advances customers (end of period, in billions) | 149.8 | 154.6 | | 150.5 | | | | |
| *-of which Client loans (end of period, in billions)*[2] | *150.1* | *154.9* | | *150.8* | | | | |
| Due to customers (end of period, in billions) | 91.4 | 94.8 | | 93.8 | | | | |
| Risk-weighted assets (end of period, in billions) | 27.3 | 27.9 | | 27.2 | | | | |
| Employee FTEs (end of period) | 4,481 | 4,340 | | 4,443 | | | | |
| Total client assets (end of period, in billions) | 102.6 | 105.5 | | 103.5 | | | | |
| *- of which Cash* | *93.0* | *94.8* | | *93.8* | | | | |
| *- of which Securities* | *9.6* | *10.7* | | *9.7* | | | | |

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.

# Commercial Banking

## Highlights

- Net interest income was lower than in Q3 2019 as pressure on deposit margins continued and average corporate loan volumes declined, largely reflecting a decrease in current accounts as a result of Covid-19.
- Net fee and commission income was impacted by reduced economic activity as a result of Covid-19, which particularly affected payment services ('pay per use'), factoring (volumes) and trade.
- Operating expenses were EUR 12 million lower than in Q3 2019, largely because last year included a provision for the AML remediation programme.
- Impairment charges were higher compared with Q2 2020 as the current quarter included a more negative economic outlook following stricter Covid-19 measures recently imposed by the Dutch government.
- The automatic (opt-out) deferral of interest and principal payments ended on 1 October 2020. Individual client assessments took place in Q3 2020 to review their financial outlook as well as to reflect on potential liquidity needs.
- Support platform for SME clients was further developed, offering a broad scope of relevant information and easy solutions for doing business in these challenging times, including tools for digital payments and drafting liquidity plans.

## Operating results

| (in millions) | Q3 2020 | Q3 2019 | Change | Q2 2020 | Change | Nine months 2020 | Nine months 2019 | Change |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 369 | 378 | -2% | 371 | | 1,114 | 1,153 | -3% |
| Net fee and commission income | 61 | 66 | -8% | 59 | 4% | 187 | 192 | -3% |
| Other operating income | 9 | 8 | 6% | 3 | | 20 | 20 | 4% |
| **Operating income** | **439** | **453** | **-3%** | **433** | **1%** | **1,321** | **1,365** | **-3%** |
| Personnel expenses | 61 | 68 | -9% | 62 | | 182 | 208 | -12% |
| Other expenses | 181 | 187 | -3% | 183 | -1% | 571 | 526 | 9% |
| **Operating expenses** | **243** | **255** | **-5%** | **245** | **-1%** | **754** | **733** | **3%** |
| **Operating result** | **197** | **198** | **-1%** | **188** | **4%** | **567** | **632** | **-10%** |
| Impairment charges on financial instruments | 102 | 50 | 102% | 81 | 26% | 408 | 124 | |
| **Profit/(loss) before taxation** | **95** | **147** | **-36%** | **108** | **-12%** | **160** | **508** | **-69%** |
| Income tax expense | 24 | 36 | -32% | 27 | -9% | 40 | 127 | -69% |
| **Profit/(loss) for the period** | **71** | **111** | **-37%** | **81** | **-13%** | **120** | **381** | **-68%** |
| Cost/income ratio | 55.2% | 56.3% | | 56.5% | | 57.0% | 53.7% | |
| Cost of risk (in bps)[1] | 118 | 47 | | 57 | | 126 | 37 | |
| **Other indicators** | | | | | | | | |
| Loans and advances customers (end of period, in billions) | 40.1 | 42.6 | | 40.7 | | | | |
| *-of which Client loans (end of period, in billions)[2]* | *41.3* | *43.3* | | *41.7* | | | | |
| Due to customers (end of period, in billions) | 51.5 | 45.9 | | 49.2 | | | | |
| Risk-weighted assets (end of period, in billions) | 30.6 | 27.2 | | 30.7 | | | | |
| Employee FTEs (end of period) | 2,172 | 2,420 | | 2,175 | | | | |

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.

# Private Banking

## Highlights

- Net interest income continued to be marked by ongoing pressure on deposit margins. ABN AMRO currently charges clients with deposits in excess of EUR 2.5 million an interest rate of 50bps and will start charging clients with deposits in excess of EUR 0.5 million the same rate from January 2021.
- Net fee and commission income has improved since Q2 2020, largely as a result of higher asset management fees as stock markets showed recovery in Q2 2020 (after the dislocation in Q1 2020), resulting in a higher fee base for Q3 2020. However, this was largely offset by fewer client transactions compared with last quarter.
- Other operating income this quarter included a EUR 263 million book gain on the sale of the Neuflize OBC office building in Paris.
- Operating expenses were slightly higher than in Q3 2019, partly due to AML activities in Belgium.
- Client assets have grown since Q2 2020, mainly as a result of securities increasing due to positive stock market developments. Net new assets amounted to EUR 1.2 billion this quarter, largely due to custody inflow in the Netherlands.
- ABN AMRO was awarded the best overall European Private Bank ('Wealth Briefing Awards'), recognising the strength of its franchise in Northwest Europe.

## Operating results

| (in millions) | Q3 2020 | Q3 2019 | Change | Q2 2020 | Change | Nine months 2020 | Nine months 2019 | Change |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 163 | 162 | 1% | 167 | -2% | 483 | 509 | -5% |
| Net fee and commission income | 123 | 126 | -2% | 119 | 3% | 372 | 377 | -1% |
| Other operating income | 269 | 7 | | 15 | | 290 | 38 | |
| **Operating income** | **556** | **295** | **88%** | **301** | **85%** | **1,145** | **924** | **24%** |
| Personnel expenses | 92 | 92 | | 89 | 3% | 271 | 283 | -4% |
| Other expenses | 139 | 131 | 7% | 158 | -12% | 441 | 411 | 7% |
| **Operating expenses** | **231** | **223** | **4%** | **247** | **-6%** | **711** | **694** | **2%** |
| **Operating result** | **324** | **72** | | **54** | | **434** | **230** | **89%** |
| Impairment charges on financial instruments | | 9 | | 16 | | 30 | 21 | 41% |
| **Profit/(loss) before taxation** | **324** | **63** | | **38** | | **404** | **209** | **94%** |
| Income tax expense | 97 | 19 | | 20 | | 131 | 59 | 124% |
| **Profit/(loss) for the period** | **227** | **44** | | **19** | | **273** | **150** | **82%** |
| Cost/income ratio | 41.6% | 75.5% | | 82.0% | | 62.1% | 75.1% | |
| Cost of risk (in bps)[1] | 3 | 23 | | 44 | | 28 | 20 | |
| **Other indicators** | | | | | | | | |
| Loans and advances customers (end of period, in billions) | 14.3 | 12.6 | | 14.0 | | | | |
| *-of which Client loans (end of period, in billions)*[2] | *14.4* | *12.8* | | *14.1* | | | | |
| Due to customers (end of period, in billions) | 64.4 | 70.5 | | 64.5 | | | | |
| Risk-weighted assets (end of period, in billions) | 10.5 | 9.6 | | 10.5 | | | | |
| Employee FTEs (end of period) | 2,825 | 2,763 | | 2,804 | | | | |
| Total client assets (end of period, in billions) | 180.8 | 195.3 | | 177.0 | | | | |
| *- of which Cash* | *64.5* | *70.7* | | *64.6* | | | | |
| *- of which Securities* | *116.3* | *124.6* | | *112.4* | | | | |
| Net new assets (for the period, in billions) | 1.2 | 0.9 | | -2.7 | | -7.6 | 3.3 | |

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.

# Corporate & Institutional Banking

## Highlights

- Good initial progress was made in the wind-down of the CIB non-core portfolio, with volumes down around EUR 3.7 billion or 21% since end June 2020, mostly in the trade and commodity finance and natural resources portfolios.
- Net interest income decreased mainly due to lower average corporate loan volumes (mostly CIB non-core).
- Net fee and commission income declined compared with Q2 2020 largely due to seasonally lower advisory activity during the summer and the wind-down of the CIB non-core portfolio.
- Operating expenses in Q3 2020 included a EUR 144 million provision for the CIB non-core wind-down that had been announced last quarter, of which EUR 103 million was recorded in personnel expenses and EUR 41 million in other expenses.
- Impairment charges amounted to EUR 154 million in Q3 2020 and largely included additional stage 1 and 2 impairments in anticipation of additional risk costs relating to the CIB non-core wind-down (EUR 106 million).
- ABN AMRO and ODDO BHF entered into a strategic partnership to combine their equity brokerage services in Benelux, strengthening their leading positions while reducing costs.

## Operating results

| (in millions) | Q3 2020 | Q3 2019 | Change | Q2 2020 | Change | Nine months 2020 | Nine months 2019 | Change |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 272 | 311 | -12% | 292 | -7% | 866 | 927 | -7% |
| Net fee and commission income | 110 | 127 | -13% | 136 | -19% | 412 | 387 | 7% |
| Other operating income | 60 | 23 | | 55 | 10% | 13 | 65 | -79% |
| **Operating income** | **443** | **461** | **-4%** | **482** | **-8%** | **1,291** | **1,379** | **-6%** |
| Personnel expenses | 199 | 111 | 79% | 101 | 97% | 404 | 326 | 24% |
| Other expenses | 184 | 160 | 15% | 149 | 23% | 528 | 484 | 9% |
| **Operating expenses** | **383** | **271** | **41%** | **250** | **53%** | **932** | **810** | **15%** |
| **Operating result** | **60** | **190** | **-69%** | **232** | **-74%** | **360** | **570** | **-37%** |
| Impairment charges on financial instruments | 154 | 49 | | 591 | -74% | 1,548 | 177 | |
| **Profit/(loss) before taxation** | **-94** | **142** | | **-358** | **74%** | **-1,189** | **392** | |
| Income tax expense | 146 | 31 | | -39 | | -55 | 97 | |
| **Profit/(loss) for the period** | **-240** | **110** | | **-319** | **25%** | **-1,134** | **296** | |
| Cost/income ratio | 86.5% | 58.7% | | 51.9% | | 72.1% | 58.7% | |
| Cost of risk (in bps)[1] | 97 | 33 | | 373 | | 299 | 39 | |
| **Other indicators** | | | | | | | | |
| Loans and advances customers (end of period, in billions) | 52.3 | 60.0 | | 56.8 | | | | |
| *-of which Client loans (end of period, in billions)[2]* | *36.1* | *43.3* | | *40.7* | | | | |
| Due to customers (end of period, in billions) | 28.5 | 32.0 | | 28.6 | | | | |
| Risk-weighted assets (end of period, in billions) | 41.4 | 36.5 | | 39.2 | | | | |
| Employee FTEs (end of period) | 2,507 | 2,493 | | 2,492 | | | | |

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.

## CIB core[1]

| (in millions) | Q3 2020 (pro forma) | Q2 2020 (pro forma) | Change | Nine months 2020 (pro forma) |
|---|---|---|---|---|
| Net interest income | 186 | 193 | -3% | 574 |
| Net fee and commission income | 96 | 111 | -13% | 340 |
| Other operating income | 73 | 50 | 47% | 56 |
| **Operating income** | **356** | **354** | **1%** | **969** |
| Operating expenses | 171 | 175 | -2% | 561 |
| **Operating result** | **185** | **179** | **4%** | **408** |
| Impairment charges on financial instruments | -17 | 216 | | 522 |
| Income tax expense | 51 | -18 | | -56 |
| **Profit/(loss) for the period** | **151** | **-20** | | **-58** |
| | | | | |
| Loans and advances customers (end of period, in billions) | 39 | 39 | | |
| *-of which Client loans (end of period, in billions)*[2] | *21* | *23* | | |
| Risk-weighted assets (end of period, in billions) | 28 | 25 | | |
| Return on equity[3] | 17% | -2% | | -2% |
| Cost of risk (in bps)[4] | -17 | 184 | | 163 |

1. Pro forma figures subject to final allocation between core and non-core and further review.
2. Gross carrying amount excluding fair value adjustment from hedge accounting.
3. Return on equity based on net profit/(loss) excluding minority interest. Equity based on Basel III risk weighted assets multiplied with 13.75%.
4. 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.

## CIB non-core[1]

| (in millions) | Q3 2020 (pro forma) | Q2 2020 (pro forma) | Change | Nine months 2020 (pro forma) |
|---|---|---|---|---|
| Net interest income | 86 | 99 | -14% | 291 |
| Net fee and commission income | 14 | 24 | -44% | 73 |
| Other operating income | -13 | 5 | | -42 |
| **Operating income** | **86** | **129** | **-33%** | **322** |
| Operating expenses | 212 | 75 | | 370 |
| **Operating result** | **-125** | **54** | | **-48** |
| Impairment charges on financial instruments | 171 | 374 | -54% | 1,026 |
| Income tax expense | 95 | -22 | | 2 |
| **Profit/(loss) for the period** | **-391** | **-299** | **-31%** | **-1,076** |
| | | | | |
| Loans and advances customers (end of period, in billions) | 14 | 17 | | |
| *-of which Client loans (end of period, in billions)*[2] | *15* | *18* | | |
| Risk-weighted assets (end of period, in billions) | 13 | 14 | | |
| Return on equity[3] | -81% | -60% | | -73% |
| Cost of risk (in bps)[4] | 386 | 830 | | 621 |

1. Pro forma figures subject to final allocation between core and non-core and further review.
2. Gross carrying amount excluding fair value adjustment from hedge accounting.
3. Return on equity based on net profit/(loss) excluding minority interest. Equity based on Basel III risk weighted assets multiplied with 13.5%.
4. 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.

# Group Functions

## Highlights

- Net interest income decreased compared with Q2 2020, largely due to a temporary shift in the allocation of funding costs to the business segments.
- Operating expenses were lower than in Q3 2019 as more costs were charged to the commercial segments and cost-saving programmes were continued. The decrease was partly offset by the upscaling of AML activities.
- AML is an ongoing area of focus, with currently around 3,400 FTEs fully committed to these activities, centralised within Group Functions.
- ABN AMRO partnered with Techstars, a global platform for investment and innovation, to identify and support innovative startups that will transform financial services, in order to accelerate digitalisation and innovation in line with the bank's strategy.
- An example of ABN AMRO's progress in digitalisation and innovation is the pilot that was launched together with babysitting platform Charly Cares. The platform facilitates instant payments to gig-workers by leveraging on ABN AMRO's payment technology.

## Operating results

| (in millions) | Q3 2020 | Q3 2019 | Change | Q2 2020 | Change | Nine months 2020 | Nine months 2019 | Change |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 9 | 49 | -82% | 28 | -69% | 58 | 67 | -13% |
| Net fee and commission income | -4 | -6 | 41% | -13 | 70% | -27 | 8 | |
| Other operating income | 13 | 19 | -35% | 12 | 3% | 66 | 229 | -71% |
| **Operating income** | **17** | **62** | **-72%** | **27** | **-36%** | **98** | **303** | **-68%** |
| Personnel expenses | 204 | 173 | 17% | 171 | 19% | 556 | 547 | 2% |
| Other expenses | -193 | -142 | -36% | -200 | 3% | -574 | -432 | -33% |
| **Operating expenses** | **10** | **31** | **-67%** | **-28** | | **-18** | **114** | |
| **Operating result** | **7** | **30** | **-77%** | **56** | **-87%** | **116** | **189** | **-39%** |
| Impairment charges on financial instruments | 1 | -1 | | | | 1 | -2 | |
| **Profit/(loss) before taxation** | **6** | **32** | **-80%** | **56** | **-89%** | **114** | **191** | **-40%** |
| Income tax expense | -47 | 8 | | 21 | | -8 | 21 | |
| **Profit/(loss) for the period** | **53** | **23** | **126%** | **35** | **51%** | **122** | **171** | **-28%** |
| **Other indicators** | | | | | | | | |
| Securities financing - assets (end of period, in billions) | 22.2 | 17.5 | | 22.1 | | | | |
| Loans and advances customers (end of period, in billions) | 4.7 | 5.8 | | 4.8 | | | | |
| Securities financing - liabilities (end of period, in billions) | 18.5 | 12.3 | | 18.2 | | | | |
| Due to customers (end of period, in billions) | 12.7 | 5.0 | | 9.5 | | | | |
| Risk-weighted assets (end of period, in billions) | 4.4 | 4.4 | | 4.4 | | | | |
| Employee FTEs (end of period) | 6,966 | 5,797 | | 6,770 | | | | |

# Additional financial information

## Selected financial information

### Condensed consolidated income statement

| (in millions) | Q3 2020 | Q3 2019 | Q2 2020 | Nine months 2020 | Nine months 2019 |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Interest income calculated using the effective interest method | 1,836 | 2,381 | 1,880 | 5,862 | 7,270 |
| Other interest and similar income | 66 | 71 | 65 | 196 | 276 |
| Interest expense calculated using the effective interest method | 403 | 784 | 402 | 1,460 | 2,517 |
| Other interest and similar expense | 30 | 40 | 28 | 89 | 147 |
| **Net interest income** | **1,469** | **1,628** | **1,514** | **4,510** | **4,882** |
| Fee and commission income[1] | 541 | 526 | 598 | 1,759 | 1,607 |
| Fee and commission expense[1] | 182 | 117 | 224 | 587 | 372 |
| **Net fee and commission income** | **359** | **409** | **375** | **1,172** | **1,236** |
| Net trading income | 82 | -2 | 59 | 124 | 5 |
| Share of result of equity-accounted investments | 9 | | 3 | 17 | 14 |
| Other operating income | 288 | 65 | 33 | 293 | 366 |
| **Operating income** | **2,207** | **2,101** | **1,985** | **6,115** | **6,504** |
| **Expenses** | | | | | |
| Personnel expenses | 658 | 543 | 528 | 1,717 | 1,665 |
| General and administrative expenses | 616 | 648 | 585 | 1,914 | 2,039 |
| Depreciation, amortisation and impairment losses of tangible and intangible assets | 83 | 57 | 85 | 224 | 180 |
| **Operating expenses** | **1,357** | **1,247** | **1,198** | **3,856** | **3,884** |
| Impairment charges on financial instruments | 270 | 112 | 703 | 2,083 | 343 |
| **Total expenses** | **1,627** | **1,359** | **1,901** | **5,939** | **4,227** |
| **Profit/(loss) before taxation** | **580** | **742** | **83** | **176** | **2,277** |
| Income tax expense | 279 | 184 | 88 | 275 | 547 |
| **Profit/(loss) for the period** | **301** | **558** | **-5** | **-99** | **1,730** |
| **Attributable to:** | | | | | |
| Owners of the parent company | 301 | 558 | -5 | -99 | 1,730 |

1. Figures for 2019 have been restated, please refer to About this report.

## Condensed consolidated statement of comprehensive income

| (in millions) | Q3 2020 | Q3 2019 | Q2 2020 |
|---|---|---|---|
| **Profit/(loss) for the period** | **301** | **558** | **-5** |
| **Other comprehensive income:** | | | |
| **Items that will not be reclassified to the income statement** | | | |
| Remeasurement gains / (losses) on defined benefit plans | -1 | -2 | |
| (Un)realised gains/(losses) on liability own credit risk | 3 | 3 | -10 |
| **Items that will not be reclassified to the income statement before taxation** | **2** | **2** | **-10** |
| Income tax relating to items that will not be reclassified to the income statement | | | -2 |
| **Items that will not be reclassified to the income statement after taxation** | **2** | **1** | **-7** |
| **Items that may be reclassified to the income statement** | | | |
| (Un)realised gains/(losses) currency translation | -47 | 85 | -31 |
| (Un)realised gains/(losses) fair value through OCI | 50 | -98 | 13 |
| (Un)realised gains/(losses) cash flow hedge | -18 | -343 | -127 |
| Share of other comprehensive income of associates reclassified to the income statement | 7 | -5 | 2 |
| **Items that may be reclassified to the income statement before taxation** | **-9** | **-361** | **-143** |
| Income tax relating to items that may be reclassified to the income statement | 6 | -98 | -26 |
| **Items that may be reclassified to the income statement after taxation** | **-15** | **-263** | **-117** |
| **Total comprehensive income/(expense) for the period after taxation** | **288** | **296** | **-129** |
| **Attributable to:** | | | |
| Owners of the parent company | 288 | 296 | -129 |

Introduction
Financial review
Risk developments
Capital management
Other

## 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 | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2019** | **940** | **12,970** | **5,563** | **- 1,316** | **1,172** | **1,986** | **21,314** |
| Total comprehensive income | | | | - 262 | 558 | | 296 |
| Transfer | | | | | | | |
| Dividend | | | - 564 | | | | - 564 |
| Increase/(decrease) of capital | | | | | | | |
| Paid interest on AT1 capital securities | | | - 53 | | | | - 53 |
| Capital restucturing | | | | | | | |
| Other changes in equity | | | 1 | | | | 1 |
| **Balance at 30 September 2019** | **940** | **12,970** | **4,947** | **- 1,578** | **1,730** | **1,986** | **20,995** |
| **Balance at 1 July 2020** | **940** | **12,970** | **6,941** | **-1,825** | **-400** | **2,976** | **21,602** |
| Total comprehensive income | | | | -13 | 301 | | 288 |
| Transfer | | | | | | | |
| Dividend | | | | | | | |
| Increase/(decrease) of capital | | | | | | -995 | -995 |
| Paid interest on AT1 capital securities | | | -64 | | | | -64 |
| Capital restucturing | | | | | | | |
| Other changes in equity | | | -6 | | | 6 | |
| **Balance at 30 September 2020** | **940** | **12,970** | **6,871** | **- 1,838** | **- 99** | **1,987** | **20,831** |

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 risk reserve | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2019** | **- 6** | **28** | **294** | **- 1,623** | **33** | **- 42** | **- 1,316** |
| Net gains/(losses) arising during the period | - 2 | 85 | - 98 | - 302 | - 5 | 3 | - 319 |
| Less: Net realised gains/(losses) included in income statement | | | | 40 | | | 40 |
| **Net gains/(losses) in equity** | - 2 | 85 | - 98 | - 343 | - 5 | 3 | - 359 |
| Related income tax | - 1 | - 5 | - 20 | - 73 | | 1 | - 97 |
| **Balance at 30 September 2019** | **- 8** | **117** | **216** | **- 1,892** | **28** | **- 39** | **- 1,578** |
| **Balance at 1 July 2020** | **-20** | **46** | **75** | **-1,917** | **20** | **-29** | **-1,825** |
| Net gains/(losses) arising during the period | -1 | -47 | 50 | 4 | 7 | 3 | 16 |
| Less: Net realised gains/(losses) included in income statement | | | | 22 | | | 22 |
| **Net gains/(losses) in equity** | **-1** | **-47** | **50** | **-18** | **7** | **3** | **-6** |
| Related income tax | | | 11 | -5 | | | 7 |
| **Balance at 30 September 2020** | **- 21** | **- 2** | **114** | **- 1,930** | **27** | **- 26** | **- 1,838** |

# Risk developments

## Highlights

- Economies of the Netherlands and other countries were still impacted by Covid-19 in the third quarter.
- We accelerated individual credit reviews of corporate clients, as collective support measures by banks and governments will gradually decrease in the months ahead.
- Automatic deferral of interest and principal payments for corporate loans ended on 1 October 2020.
- Credit losses were lower than in previous quarters and were largely present in the non-core part of the CIB portfolio. We increased our collective provisions based on a more negative economic outlook following stricter Covid-19 measures recently imposed by the Dutch government.
- Credit risk RWA increased due to a self-imposed add-on in anticipation of final TRIM letters.

## Key figures

| (in millions) | 30 September 2020 | 30 June 2020 | 31 December 2019 |
|---|---|---|---|
| **Total loans and advances, gross excluding fair value adjustments**[1] | **265,177** | **270,505** | **270,437** |
| *- of which Banks* | *5,216* | *5,413* | *5,016* |
| *- of which Residential mortgages* | *146,521* | *146,982* | *148,225* |
| *- of which Consumer loans* | *11,450* | *11,576* | *12,294* |
| *- of which Corporate loans*[1] | *93,276* | *97,638* | *98,610* |
| *- of which Other loans and advances customers*[1] | *8,715* | *8,896* | *6,292* |
| **Total Exposure at Default (EAD)** | **418,373** | **422,224** | **393,247** |
| **Credit quality indicators**[1] | | | |
| Forbearance ratio | 4.8% | 3.5% | 2.4% |
| Past due ratio | 0.8% | 1.0% | 1.2% |
| *- of which Residential mortgages* | *0.6%* | *0.7%* | *0.9%* |
| *- of which Consumer loans* | *2.1%* | *2.8%* | *3.6%* |
| *- of which Corporate loans* | *1.0%* | *1.4%* | *1.4%* |
| Stage 3 Impaired ratio | 3.3% | 3.2% | 2.5% |
| Stage 3 Coverage ratio | 32.9% | 34.3% | 29.6% |
| **Regulatory capital** | | | |
| Total RWA | 114,123 | 112,057 | 109,825 |
| *- of which Credit risk*[2] | *94,955* | *92,469* | *89,071* |
| *- of which Operational risk* | *17,352* | *17,680* | *19,391* |
| *- of which Market risk* | *1,816* | *1,908* | *1,362* |
| Total RWA/total EAD | 27.3% | 26.5% | 27.9% |
| **Mortgage indicators** | | | |
| Exposure at Default | 164,158 | 164,485 | 164,575 |
| *- of which mortgages with Nationale Hypotheek Garantie (NHG)* | *33,911* | *34,291* | *35,304* |
| Risk-weighted assets | 16,508 | 16,714 | 16,665 |
| RWA/EAD | 10.1% | 10.2% | 10.1% |
| Average Loan-to-Market-Value | 62% | 63% | 64% |
| Average Loan-to-Market-Value - excluding NHG loans | 60% | 61% | 62% |

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 30 September 2020 is EUR 0.2 billion (30 June 2020 is EUR 0.2 billion, 31 December 2019 is EUR 0.4 billion).

### Credit quality indicators

The credit quality indicators showed a mixed picture in the third quarter. The forborne exposure increased considerably to EUR 12.5 billion (30 June 2020: EUR 9.2 billion), as more clients received a forbearance measure. The increase was observed in corporate loans and, to a lesser extent, in residential mortgages. The increase in corporate loans was the result of covenant waivers or resets, changes in conditions of collateral and reduced repayments, and related mainly to clients in the industrial goods & services sector in the Netherlands and to a lesser extent oil & gas clients in the US. In Q3, mortgage loans for which a payment deferral was granted were classified as forborne, resulting in an increase of residential mortgages classified as forborne.

Past due exposure decreased strongly to EUR 2.1 billion in the third quarter (30 June 2020: EUR 2.7 billion), mainly driven by a decline in short-term (<30 days) arrears. As a result, the past due ratio for loans and advances customers decreased to 0.8% (30 June 2020: 1.0%). For residential mortgages and consumer loans, this was mainly attributable to support measures (from the government and the bank) and less consumer spending. For corporate loans, the decrease was mainly visible in CIB and related to the winding down of the non-core portfolio in line with the CIB review as well as tighter monitoring.

The stage 3 impaired ratio for loans and advances customers increased modestly to 3.3% (30 June 2020: 3.2%), mainly as a result of inflow in the financial lease receivables portfolio within corporate loans. The coverage ratio in stage 3 decreased to 32.9% (30 June 2020: 34.3%). As provisions for the inflow in the financial lease receivables portfolio were relatively low, this contributed to the decrease of the coverage ratio in stage 3. However, the main driver behind the decrease of the coverage ratio was the write-off of a large individual file in corporate loans that was transferred to stage 3 in Q2. Without this write-off, the coverage ratio would have been 34.0%.

### Loans and advances

Total loans and advances decreased by EUR 5.3 billion to EUR 265.2 billion as at 30 September 2020, primarily due to a decline in corporate loans. The main contributor to this decline was CIB, which started to wind down its short-term trade & commodity finance facilities in the Netherlands, USA, Asia and Brazil, in accordance with the CIB review that was announced in Q2 2020.

### Exposure at Default

EAD decreased to EUR 418.4 billion (30 June 2020: EUR 422.2 billion), in line with underlying volumes and mainly in relation to the wind-down of the CIB non-core portfolio.

### Regulatory capital

Total RWA increased to EUR 114.1 billion (30 June 2020: EUR 112.1 billion) reflecting an increase in credit risk RWA. This increase was driven by a self-imposed add-on of EUR 6.1 billion in anticipation of final TRIM letters and, to a lesser extent, by asset quality deterioration. The increase was partly offset by the wind-down of the CIB non-core portfolio and the implementation of the SME supporting factor (i.e. lower capital requirements for SME clients). Operational risk RWA decreased in line with the continued downward trend of operational losses, while market risk RWA remained fairly stable.

## Impairments and cost of risk

| | Q3 2020 | Q3 2019 | Q2 2020 | Nine months 2020 | Nine months 2019 |
|---|---|---|---|---|---|
| Impairment charges on loans and other advances (in EUR million)[1] | 270 | 112 | 703 | 2,083 | 343 |
| *- of which Residential mortgages* | *- 16* | *4* | *5* | *- 7* | *20* |
| *- of which Consumer loans* | *35* | *1* | *28* | *94* | *11* |
| *- of which Corporate loans* | *258* | *106* | *640* | *1,759* | *308* |
| Cost of risk (in bps)[2,3] | 42 | 16 | 99 | 92 | 16 |
| *- of which Residential mortgages* | *- 4* | *1* | *1* | *- 1* | *2* |
| *- of which Consumer loans* | *121* | *3* | *95* | *107* | *12* |
| *- of which Corporate loans* | *108* | *40* | *250* | *235* | *39* |

1. Including 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 Q3 2020, impairment charges amounted to EUR 270 million, with cost of risk at 42bps (Q3 2019: EUR 112 million, 16bps). Additions were mainly recorded in corporate loans. In total, around EUR 99 million related to Covid-19 and low oil prices.

Impairment charges for CIB amounted to EUR 154 million in Q3 2020 (Q3 2019: EUR 49 million). In anticipation of additional risk costs relating to the wind-down of the CIB non-core portfolio, we recorded additional impairments of EUR 106 million in stages 1 and 2. Impairments in stage 3 related mainly to increases of existing impairments in the energy-offshore, oil & gas and food sectors.

Additions for Commercial Banking (CB) amounted to EUR 102 million this quarter, compared to EUR 50 million in Q3 2019. Additions were recorded in stage 3, for inflow from stage 2 and existing impaired files in the industrial goods & services and construction sectors and for new impaired files from the real estate sector. Impairment allowances in stage 1 and stage 2 increased, due to a more negative economic outlook following stricter Covid-19 measures recently imposed by the Dutch government.

Releases of EUR 16 million were recorded for residential mortgages, mainly in stage 2. To determine which stage applies, we take the 12-month PD deterioration as a proxy for lifetime PD (LPD) deterioration. The 12-month PD is more sensitive to the steep economic downturn and subsequent recovery in the last quarters. The negative impact of the last quarter that caused a transfer to stage 2, is largely undone. Planned model improvements will lead to a more gradual development in the future.

Impairment charges for the rest of Retail Banking amounted to EUR 29 million. Main additions related to a correction in the days-past-threshold measurements, which led to an increase in the defaulted portfolio in Q3. In addition, model refinements caused an increase in stage 3 impairments. There were no impairment charges for Private Banking in Q3 2020.

The full-year 2020 impairments are expected to be below our Q2 guidance of EUR 3 billion, and closer to the level of the Q1 guidance of EUR 2.5 billion. We expect the effect of Covid-19 on impairments to carry over into 2021. Under our base case scenario, 2021 impairments are expected to be below 2020 levels.

The tables below show the scenarios used for calculating the expected credit loss (ECL) on 30 September 2020 and 30 June 2020. To reflect the more negative economic outlook, following stricter Covid-19 measures imposed by the Dutch government, the weight of the negative scenario was increased to 50%. The scenarios themselves were also updated. As the year progressed, the positive and negative scenarios for 2020 converged. In our base scenario, we projected that GDP would recover modestly in 2021 (2.4%) and pre-crisis levels would not return until year-end 2022. Compared to June, we are more pessimistic about the labour market, as we estimate that about one-fifth of workers in short-time employment situations will eventually lose their jobs, leading to an unemployment rate of 7.2% in 2021.

### ECL scenarios on 30 September 2020

| | Weight | Macroeconomic variable | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| Positive | 10% | Real GDP Netherlands[1] | -4.7% | 4.9% | 3.3% | 1.6% |
| | | Unemployment[2] | 4.3% | 6.2% | 5.4% | 3.9% |
| | | House price index[3] | 8.0% | 3.0% | 2.0% | 1.0% |
| Baseline | 40% | Real GDP Netherlands | -5.2% | 2.4% | 3.0% | 1.8% |
| | | Unemployment | 4.4% | 7.2% | 6.9% | 5.5% |
| | | House price index | 6.0% | -2.0% | -3.0% | 0.0% |
| Negative | 50% | Real GDP Netherlands | -6.8% | -1.1% | 3.5% | 1.0% |
| | | Unemployment | 4.7% | 8.9% | 9.9% | 9.5% |
| | | House price index | 4.0% | -4.0% | -6.0% | -1.0% |

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 June 2020

| | Weight | Macroeconomic variable | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| Positive | 15% | Real GDP Netherlands[1] | -3.9% | 4.0% | 2.8% | 1.5% |
| | | Unemployment[2] | 4.2% | 4.7% | 3.6% | 2.9% |
| | | House price index[3] | 8.0% | 5.0% | 4.0% | 3.0% |
| Baseline | 60% | Real GDP Netherlands | -5.4% | 2.8% | 2.8% | 1.7% |
| | | Unemployment | 4.5% | 5.5% | 4.8% | 4.3% |
| | | House price index | 6.0% | -2.0% | -3.0% | 2.0% |
| Negative | 25% | Real GDP Netherlands | -7.8% | -1.7% | 5.2% | 1.2% |
| | | Unemployment | 5.7% | 9.3% | 9.0% | 8.0% |
| | | House price index | 2.0% | -4.0% | -5.0% | -2.0% |

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

## Residential mortgages

### Housing market developments

Demand/supply dynamics in the Dutch housing market remained tight, as the housing shortage continued to be substantial. The number of properties for sale decreased. Despite Covid-19, residential property prices continued to rise as a result of an increase in consumer confidence combined with the housing shortage and low interest rates. The housing price index published by Statistics Netherlands (CBS) for Q3 2020 was 2.4% higher than in Q2 2020 and 8.1% higher than in Q3 2019. Low interest rates also led to a large refinancing market.

### Residential mortgage insights

New mortgage production totalled EUR 4.2 billion, a 12.0% decline from Q3 2019, but 14.7% higher than in Q2 2020. ABN AMRO's market share in new mortgage production came to 15% in Q3 2020 (Q3 2019: 21%) as we maintained strict pricing discipline in a competitive market. The proportion of amortising mortgages continued to increase, reaching 36% by the end of Q3 2020 (Q2 2020: 35%, Q3 2019: 32%).

Rising house prices and redemptions, including contractual redemptions, led to further improvement of the mortgage portfolio. The average indexed LtMV decreased from 63% in Q2 2020 to 62% in Q3 2020 (60% excluding NHG mortgages). The gross carrying amount of mortgages with an LtMV in excess of 100% decreased to EUR 1.4 billion (30 June 2020: EUR 1.6 billion) and accounted for 1.0% of total mortgages (30 June 2020: 1.1%, 30 September 2019: 1.4%). Approximately 3% of the extra repayments were in this category (30 June 2020: 3%, 30 September 2019: 3%).

## Coverage and impaired ratio by stage

| (in millions) | 30 September 2020 | | | | 30 June 2020 | | 31 December 2019 | |
|---|---|---|---|---|---|---|---|---|
| | Gross carrying amount[3] | Allowances for credit losses | Coverage ratio | Stage ratio | Coverage ratio | Stage ratio | Coverage ratio | Stage ratio |
| **Stage 1** | | | | | | | | |
| **Loans and advances banks** | **5,208** | **5** | **0.1%** | **99.9%** | **0.1%** | **99.9%** | **0.1%** | **100.0%** |
| Residential mortgages | 136,198 | 11 | 0.0% | 93.0% | 0.0% | 89.0% | 0.0% | 94.6% |
| Consumer loans | 9,799 | 40 | 0.4% | 85.6% | 0.3% | 83.7% | 0.3% | 89.5% |
| Corporate loans | 68,417 | 261 | 0.4% | 73.3% | 0.3% | 73.0% | 0.2% | 85.3% |
| Other loans and advances customers | 8,656 | | 0.0% | 99.3% | 0.0% | 99.3% | 0.0% | 98.8% |
| **Total loans and advances customers** | **223,070** | **312** | **0.1%** | **85.8%** | **0.1%** | **83.2%** | **0.1%** | **91.0%** |
| **Stage 2** | | | | | | | | |
| **Loans and advances banks** | **7** | | **0.4%** | **0.1%** | **1.3%** | **0.1%** | **0.4%** | **0.0%** |
| Residential mortgages | 9,185 | 50 | 0.5% | 6.3% | 0.4% | 10.2% | 1.0% | 4.7% |
| Consumer loans | 1,168 | 50 | 4.3% | 10.2% | 6.2% | 12.3% | 7.5% | 7.5% |
| Corporate loans | 18,022 | 304 | 1.7% | 19.3% | 1.4% | 20.0% | 1.3% | 9.3% |
| Other loans and advances customers | 56 | | 0.3% | 0.6% | 0.5% | 0.7% | 1.6% | 1.1% |
| **Total loans and advances customers** | **28,430** | **405** | **1.4%** | **10.9%** | **1.2%** | **13.6%** | **1.5%** | **6.4%** |
| **Stage 3** | | | | | | | | |
| **Loans and advances banks** | | | | **0.0%** | | **0.0%** | | **0.0%** |
| Residential mortgages | 1,138 | 65 | 5.7% | 0.8% | 5.4% | 0.8% | 6.2% | 0.7% |
| Consumer loans | 483 | 234 | 48.4% | 4.2% | 43.4% | 4.0% | 53.8% | 3.0% |
| Corporate loans | 6,838 | 2,485 | 36.3% | 7.3% | 38.7% | 6.9% | 32.4% | 5.4% |
| Other loans and advances customers | 3 | 3 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.1% |
| **Total loans and advances customers**[1] | **8,461** | **2,786** | **32.9%** | **3.3%** | **34.3%** | **3.2%** | **29.6%** | **2.5%** |
| **Loans at fair value through P&L** | **851** | | | | | | | |
| **Fair value adjustments from hedge accounting** | **3,911** | | | | | | | |
| Total loans and advances banks | 5,216 | 5 | 0.1% | | 0.1% | | 0.1% | |
| Total loans and advances customers | 264,724 | 3,503 | 1.3% | | 1.3% | | 0.9% | |
| Other balance sheet items[2] | 153,528 | 11 | 0.0% | | 0.0% | | 0.0% | |
| **Total on-balance sheet** | **423,467** | **3,519** | **0.8%** | | **0.8%** | | **0.6%** | |
| Irrevocable loan commitments and financial guarantee contracts | 59,558 | 51 | 0.1% | | 0.1% | | 0.0% | |
| Other off-balance sheet items | 5,766 | | | | | | | |
| **Total on- and off-balance sheet** | **488,791** | **3,570** | **0.7%** | | **0.7%** | | **0.5%** | |

1. Excluding fair value adjustments from hedge accounting on loans and advances customers and loans at fair value through P&L.
2. The allowances for credit losses excludes allowances for financial investments held at FVOCI (30 September 2020: EUR 1.5 million; 30 June 2020: EUR 1.4 million; 31 December 2019: EUR 1.3 million).
3. Gross carrying amount excludes fair value adjustments from hedge accounting.

The stage 2 ratio decreased significantly to 10.9% in Q3 (30 June 2020: 13.6%) as EUR 6.2 billion of residential mortgages exposure was transferred to stage 1. For stage determination, we take into account the 12-month PD deterioration as a proxy for lifetime PD (LPD) deterioration. The 12-month PD is more sensitive to the steep economic downturn and subsequent recovery. The negative impact of the last quarter that caused a transfer to stage 2, was largely undone. In addition, stage 2 exposure for Commercial Banking decreased as collective stage overrides for clients in vulnerable sectors were largely replaced by individual assessments during Q3. Furthermore, the construction and transportation & logistics sectors were no longer marked as high risk and clients in these sectors were transferred back to stage 1.

The coverage ratio in stage 2 increased significantly to 1.4% (30 June 2020: 1.2%), as provisions relating to clients that had been transferred back to stage 1 were relatively low. Furthermore, additional impairments in stage 1 and 2 were recorded in anticipation of additional risk costs for the wind-down of the CIB non-core portfolio, which increased the coverage ratio for corporate loans in both stage 1 and stage 2.

The stage 3 impaired and coverage ratios were mainly driven by corporate loans. The stage 3 impaired ratio for corporate loans increased to 7.3% (30 June 2020: 6.9%), mainly due to inflow in the lease portfolio. The coverage ratio in stage 3 corporate loans decreased to 36.3% (30 June 2020: 38.7%), as provisions for the inflow in the lease portfolio were relatively low. The main driver of the decrease in coverage ratio was the write-off of a large individual file in corporate loans that was transferred to stage 3 in Q2 2020.

## Update on Covid-19 relief measures

This section provides more details on the measures we offered our clients to provide them with liquidity. It also describes the next steps we intend to take and the effect of these measures on credit risk measurement. The two primary relief measures we offered clients were deferral of interest and principal payments, and Covid-19 related credit facilities supported by public guarantee schemes.

### Deferral of interest and principal payments on loans and advances

While terms and conditions varied by product and client group, two main programmes started on 1 April 2020:

- Automatic 6-month deferral (opt-out) for corporate clients with a credit limit up to EUR 50 million within Commercial Banking and Retail Banking.
- 3-month deferral upon request (opt-in), including the option of extending the deferral period by an additional 3 months, for individuals (including self-employed professionals) with a mortgage loan or consumer loan.

The table below shows the number of clients and total amounts of loans and advances for which a deferral of payment was outstanding on 30 September, including deferrals under the two measures above. Deferral of payments ending on 1 October 2020 are disclosed in the bucket ≤3 months and account for approximately EUR 19 billion of that bucket.

| | | Gross carrying amount by residual maturity of the deferral | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions) | Number of clients[1] | ≤ 3 months | > 3 months & ≤ 6 months | > 6 months & ≤ 9 months | > 9 months & ≤ 12 months | > 12 months | Expired | Total |
| **30 September 2020** | | | | | | | | |
| Retail Banking | 37,816 | 1,719 | | | | | 1,863 | 3,582 |
| Commercial Banking | 45,359 | 17,164 | | | | | 67 | 17,231 |
| Private Banking | 606 | 377 | 189 | 68 | 12 | | 193 | 840 |
| Corporate & Institutional Banking | 66 | 650 | 7 | | | | | 657 |
| **Total** | **83,847** | **19,910** | **196** | **68** | **12** | | **2,124** | **22,310** |
| **30 June 2020** | | | | | | | | |
| Retail Banking | 38,900 | 1,895 | 1,740 | | | | | 3,635 |
| Commercial Banking | 47,277 | 70 | 17,528 | | | | | 17,598 |
| Private Banking | 468 | 63 | 587 | 53 | 2 | 7 | | 713 |
| Corporate & Institutional Banking | 62 | 242 | 448 | | | | | 690 |
| **Total** | **86,707** | **2,270** | **20,304** | **53** | **2** | **7** | | **22,637** |

1. Number of clients includes the clients with expired measures

The difference between Q2 and Q3 is reflected by clients moving from the 3-6 months bucket to the ≤3 months bucket. The exposures in the other buckets relate to client-specific measures.

### Relief measures and the way forward

**Automatic (opt-out) deferral**

The opt-out deferral consisted primarily of Commercial Banking clients whose interest deferral ended on 1 October. To make sure that ending the payment holiday would not lead to unforeseen financial difficulties, individual credit risk assessments were made in Q3. All clients with increased risk of non-repayment were classified stage 2 and clients with default triggers were transferred to stage 3.

Deferred interest payments for current accounts and overdraft facilities will be collected on 31 December 2021. For loans, the deferred interest will be added to the final principal payment. Deferred interest payments are not interest bearing. Deferred repayments of principal will be added to the final repayment of the loan and start bearing interest from 1 October 2020.

**Deferral upon request (opt-in)**

Clients were able to apply for an opt-in measure until 1 October, which means the last measures will end on 1 April 2021 at the latest. Since 1 October, we resumed serving our clients via tailored solutions. Offering new payment deferrals is not considered the best way to provide clients with a sustainable solution.

Repayments of the deferred payments on our mortgages portfolio started in batches from October 2020 (next batches starting from February and April 2021) and will be spread over 5 years for a 3-months deferral, or 10 years if the period was extended to 6 months. Other business lines have implemented customised collection dates which differ per product or client.

### Loans and advances supported by public guarantee schemes

Clients who face short-term financial difficulty due to Covid-19 and have fulfilled their credit obligations can apply for government-supported loans subject to terms and conditions set by the local or central government. The final date of application varies by type of government-supported loan - most of these loans will be available until 1 January 2021, and the last one until 1 April 2021.

Compared with the second quarter, the Covid-19 guaranteed loans provided to our clients increased primarily due to additional loans at Private Banking France, and to a lesser extent in Commercial Banking. As many of ABN AMRO's corporate clients indicated that the automatic payment deferral provided them sufficient liquidity, the number of applications for additional credit has been relatively limited.

| | | Gross carrying amount by residual maturity of the guarantee | | | | | |
|---|---|---|---|---|---|---|---|
| (in millions) | Number of clients | ≤ 6 months | > 6 months & ≤ 12 months | > 1 year & ≤ 2 years | > 2 years | Total | Maximum amount of the guarantee that can be considered |
| **30 September 2020** | | | | | | | |
| Retail Banking | | | | | | | |
| Commercial Banking | 727 | | | 43 | 42 | 85 | 65 |
| Private Banking | 220 | | 145 | | | 145 | 131 |
| Corporate & Institutional Banking | | | | | | | |
| **Total** | **947** | | **145** | **43** | **42** | **230** | **196** |
| **30 June 2020** | | | | | | | |
| Retail Banking | | | | | | | |
| Commercial Banking | 454 | | | 16 | 40 | 56 | 46 |
| Private Banking | 106 | | 63 | | | 63 | 57 |
| Corporate & Institutional Banking | | | | | | | |
| **Total** | **560** | | **63** | **16** | **40** | **119** | **102** |

# Capital management

## Regulatory capital structure

| (fully-loaded, in millions) | 30 September 2020 | 30 June 2020 | 31 December 2019 |
|---|---|---|---|
| **Total equity (EU IFRS)** | **20,831** | **21,602** | **21,471** |
| Dividend reserve | -639 | -639 | -668 |
| AT1 capital securities (EU IFRS) | -1,987 | -2,976 | -1,987 |
| Regulatory and other adjustments | 1,472 | 1,367 | 1,097 |
| **Common Equity Tier 1** | **19,677** | **19,355** | **19,913** |
| AT1 capital securities | 1,987 | 2,976 | 1,987 |
| Regulatory and other adjustments | -5 | | -5 |
| **Tier 1 capital** | **21,659** | **22,330** | **21,895** |
| Subordinated liabilities (EU IFRS) | 8,282 | 8,685 | 10,041 |
| Regulatory and other adjustments | -3,194 | -3,522 | -3,505 |
| **Tier 2 capital** | **5,089** | **5,163** | **6,536** |
| **Total regulatory capital** | **26,748** | **27,493** | **28,431** |
| **Total risk-weighted assets** | **114,123** | **112,057** | **109,825** |
| **Exposure measure (under CDR)** | | | |
| On-balance sheet exposures | 419,949 | 424,733 | 375,054 |
| On-balance sheet netting | 6,954 | 7,757 | 8,275 |
| Off-balance sheet exposures | 93,024 | 91,122 | 104,154 |
| Other regulatory measures | -59,582 | -6,188 | -3,174 |
| **Exposure measure** | **460,344** | **517,424** | **484,309** |
| Impact CRR2 (incl. SA-CCR) | -57,336 | -56,333 | -64,752 |
| Central bank exposure | 53,287 | | |
| **Exposure measure (incl. CRR2)**[1] | **456,295** | **461,091** | **419,557** |
| **Capital ratios** | | | |
| Common Equity Tier 1 ratio | 17.2% | 17.3% | 18.1% |
| Tier 1 ratio | 19.0% | 19.9% | 19.9% |
| Total capital ratio | 23.4% | 24.5% | 25.9% |
| Leverage ratio (CDR) | 4.7% | 4.3% | 4.5% |
| Leverage ratio (incl. CRR2) | 4.7% | 4.8% | 5.2% |

1. The exposure measure including SA-CCR does not take into consideration the exemption of the central bank exposures, as the temporary measure to exempt central bank reserves will end on 27 June 2021 and CRR2 will apply from 28 June 2021 onwards.

## MREL

| (fully-loaded, in millions) | 30 September 2020 | 30 June 2020 | 31 December 2019 |
|---|---|---|---|
| Regulatory capital | 26,748 | 27,493 | 28,431 |
| Other MREL eligible liabilities[1] | 4,051 | 4,268 | 2,885 |
| **Total MREL eligible liabilities** | **30,798** | **31,761** | **31,316** |
| Total risk-weighted assets | 114,123 | 112,057 | 109,825 |
| MREL[2] | 27.0% | 28.3% | 28.5% |

1. Other MREL eligible liabilities consists of subordinated liabilities and senior non-preferred notes that are not included in regulatory capital.
2. MREL is calculated as total regulatory capital plus other MREL eligible subordinated liabilities divided by total risk-weighted assets.

## Developments impacting capital ratios

Common Equity Tier 1 (CET1) capital increased in Q3 2020, as net profit in the third quarter reduced the year-to-date loss. Total RWA increased to EUR 114.1 billion at 30 September 2020 (30 June 2020: EUR 112.1 billion). At 30 September 2020, the CET1, Tier 1 and total capital ratios were 17.2%, 19.0% and 23.4% respectively (30 June 2020: 17.3%, 19.9% and 24.5% respectively). The final dividend for 2019 has been reserved as dividend and has not been included in the CET1 capital (inclusion in CET1 capital would result in a pro forma CET1 ratio of 17.8%). All capital ratios were in line with the bank's risk appetite and were comfortably above regulatory requirements.

In response to Covid-19, the ECB and the Dutch central bank (DNB) announced a number of capital relief measures in March 2020 to support banks in serving the economy and addressing operational challenges. The ECB brought forward changes in CRDV, allowing banks to use Additional Tier 1 and Tier 2 to satisfy parts of the Pillar 2 requirements. DNB lowered the systemic risk buffer for ABN AMRO from 3% to 1.5% and the other systemically important institutions (OSII) buffer from 2% to 1.5%. As a result, the maximum distributable amount (MDA) trigger level has been temporarily reduced to 9.6% (excluding AT1 shortfall). In the future, DNB is expected to gradually increase the counter-cyclical capital buffer from 0% to 2% of Dutch risk-weighted exposures as the economy improves.

The CET1 capital target range of 17.5-18.5% under Basel III was set in 2018 and reflected the Basel IV inflation at that time on top of the (former) SREP capital requirement, Pillar 2 guidance and a management buffer. This target is subject to review ahead of the Investor Update. The reported CET1 ratio of 17.2% is considerably above the MDA trigger level of 9.6%. The bank remains committed to maintaining a significant buffer in excess of its regulatory requirements at all times.

Compared with Q2 2020, the CET1 ratio remained fairly stable as the EUR 2.1 billion increase in RWA was partly compensated by net profit in Q3 2020, which reduced the year-to-date loss deducted from capital. The increase in RWA was driven by a self-imposed add-on of EUR 6.1 billion in anticipation of final TRIM letters and, to a lesser extent, by asset quality deterioration. The increase was partly offset by the wind-down of the CIB non-core portfolio and the implementation of the SME supporting factor (i.e. lower capital requirements for SME clients). Operational risk RWA decreased in line with the continued downward trend of operational losses, while market risk RWA remained fairly stable.

Since Q4 2018, we have recorded approximately EUR 20 billion of RWA add-ons in anticipation of TRIM and model reviews. This includes EUR 2.1 billion recorded in Q2 2020 in relation to the guidelines for harmonising the definition of default (DoD). In the third quarter, we added another EUR 6.1 billion in anticipation of the final TRIM outcome for advanced-IRB models applied to corporate exposures. The TRIM process is expected to be finalised shortly. In the upcoming quarters, further increases in RWA may be required as the final outcomes of TRIM (i.e. finalisation of TRIM for corporates, commodities and banks and financial institutions) are expected and due to model reviews (i.e. mortgage models). These RWA increases may also impact Basel IV fully-loaded RWA, as constrained-IRB RWA may become constraining above output-floored RWA. Given recent TRIM and model review developments, constrained-IRB RWA and output-floored RWA are no longer expected to be materially different in a Basel IV fully-loaded situation. The risk weight floor for mortgages announced by DNB, which will further increase RWA for mortgages, has been postponed until further notice. According to DNB, the mortgage floor would not impose an add-on on top of Basel IV RWA.

According to the Basel Committee, Basel IV needs to be implemented by January 2023, with a 5-year phase-in period of the output floor. An EU proposal for Basel IV is expected in Q2 2021. As the gap between constrained-IRB RWA and output-floored RWA is expected to be largely closed in a Basel IV fully-loaded situation due to TRIM and model review developments, the benefit of the phase-in period will be effectively eliminated. The estimated fully-loaded Basel IV CET1 ratio increased to around 15% on 30 September 2020. Basel IV calculations are subject to uncertainties stemming from EU implementation of Basel IV, data limitations, management actions and other portfolio developments.

Introduction
Financial review
Risk developments
Capital management
Other

The first effects of measures implemented to mitigate Basel IV inflation are visible in the RWA, and we are continuing to work on further mitigations to reduce the Basel IV RWA inflation. The fully-loaded Basel IV CET1 ratio exceeds our Basel IV CET1 target of at least 13.5% early in the phase-in period.

The wind-down of the non-core portfolio in CIB will strengthen our capital position and future outlook. The outcome of the TRIM on corporate advanced-IRB models will soon provide us with more clarity on the TRIM impact. The permanent nature of some supervisory measures, such as changes regarding the Pillar 2 requirements, also gives some capital relief. However, we are currently also encountering a number of capital headwinds and uncertainties including elevated impairments due to Covid-19, the low interest rate environment, the impact of TRIM and model reviews, Basel IV, the potentially temporary nature of regulatory easing, the AML investigation and the NPE calendar provisioning.

## Dividend

In order to support the economy in an environment of heightened uncertainty caused by Covid-19, the European Central Bank (ECB) currently recommends that banks refrain from making dividend payments and performing share buy-backs until at least 1 January 2021. The ECB will further evaluate the economic situation and will consider whether further suspension of dividends is advisable after 1 January 2021.

We are committed to resuming payment of dividends, sustainably, conditions permitting. We will follow the ECB recommendation and refrain from distributing capital for the time being. The payout (or release) of accrued full-year 2019 dividend will be considered prudently at full-year 2020 to reflect the status of the ECB dividend recommendation as well as conditions and prospects at that time. Until a decision has been made, the final dividend for 2019 will not be included in the CET1 capital. The payment of AT1 coupons is not affected by the ECB's recommendation, as the CET1 ratio is well above the MDA trigger level and there are no constraints in availability of distributable items (EUR 17.8 billion). Based on the Q3 year-to-date loss and the uncertain economic outlook for the remainder of the year, both a net profit for 2020 and a related dividend payment are unlikely.

## Updated capital framework

We recognise the importance of distributions to shareholders and want these to be sustainable. ABN AMRO is strongly capitalised and well positioned to manage the transition through TRIM and Basel IV. However, we are currently also encountering multiple headwinds and uncertainties. In light of these considerations and uncertainties, ABN AMRO will present an updated capital framework at the Investor Update on 30 November 2020.

## Leverage ratio

The Capital Requirements Regulation (CRR) introduced a non-risk-based leverage ratio. Based on the current requirement (i.e. CEM methodology for derivative exposures), the leverage ratio increased to 4.7% (30 June 2020: 4.3%) mainly reflecting the temporary exemption of central bank reserves from the exposure measure. This exemption had a positive impact of 0.5 percentage points, which was partly offset by the call of an AT1 instrument on 22 September 2020.

The current leverage ratio requirements will be amended by CRR2, which introduces a binding leverage ratio requirement of at least 3% and amends the requirements for calculating the exposure measure. The amendment includes the application of SA-CCR to clearing guarantees on derivative exposures. ABN AMRO estimates that the cumulative effect of the CRR2 adjustments, including the application of SA-CCR, will lower the exposure measure by approximately EUR 57.3 billion. Excluding the exemption of central bank reserves, this would lead to an improvement of the fully-loaded leverage ratio by 0.5 percentage points. Based on the SA-CCR, the fully-loaded leverage ratio decreased to 4.7% at 30 September 2020 (30 June 2020: 4.8%) mainly reflecting the call of an AT1 instrument on 22 September 2020. Given that the temporary measure to exempt central bank reserves ends on 27 June 2021 and CRR2 will apply from

Introduction
Financial review
Risk developments
Capital management
Other

28 June 2021 onwards, these reserves are included in the leverage ratio based on SA-CCR. The CRR2 leverage ratio (including SA-CCR) would be 5.4% if central bank reserves were to continue being exempted from the exposure measure.

Going forward, ABN AMRO will monitor and report the leverage ratio based on currently applicable rules as well as CRR2, and we expect the leverage ratio to remain above the anticipated regulatory requirements.

## MREL

Based on our current interpretation of the latest MREL framework, but subject to further changes and Single Resolution Board (SRB) guidance, our preliminary MREL ambition is approximately 27.0% of RWA by 2022, based on own funds, subordinated instruments and senior non-preferred notes. Based on these instruments, MREL was 27.0% as at 30 September 2020 (30 June 2020: 28.3%). Compared to Q2 2020, MREL declined mainly due to the call of the AT1 instrument of EUR 1 billion on 22 September 2020 and the RWA increase.

In response to Covid-19, the SRB intends to take a “forward-looking approach” to existing MREL binding targets before new decisions take effect as part of the 2020 resolution cycle (i.e. BRRD2 MREL targets). However, it is not yet clear how this will affect the MREL requirement for ABN AMRO.

# About this report

## Introduction

This report presents ABN AMRO's results for the third quarter of 2020. 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.

Due to the change in presentation of fee and commission income, the comparative figures for commission income and commission expense have been adjusted, resulting in a EUR 742 million year-to-date decrease of both items as at 30 September 2019 and a EUR 271 million decrease of both items for Q3 2019.

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 Q3 2020 results.

# Enquiries

## ABN AMRO Investor Relations

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### Investor call

A conference call for analysts and investors will be hosted by the bank on Wednesday 11 November 2020 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.

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.