Pillar 3 Report 2020

ABN AMRO Bank N.V.

Pillar 3 Report 2020

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About this report

Welcome to ABN AMRO's 2020 Pillar 3 Report

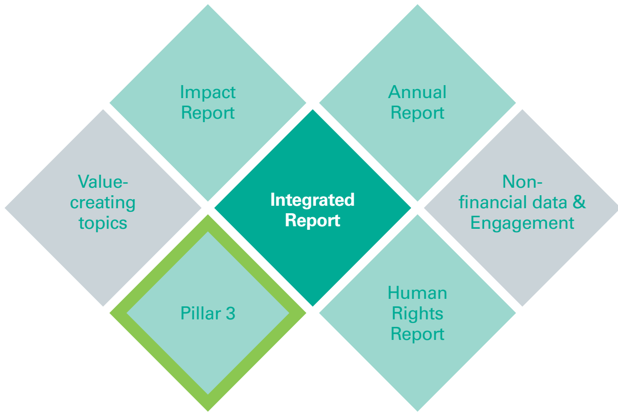
The purpose of this report is to provide information about ABN AMRO's regulatory capital adequacy, risk exposure and risk management.

Our 'core and more' approach to reporting

The Integrated Report is the 'core' report covering our business, strategy and performance.

This Pillar 3 Report is a stand-alone report and one of our 'more' reports - these reports are designed to regularly provide further details on information in the areas of risk and capital management, sustainability performance, disclosures on human rights, and background information (see illustration).

For a list of our other corporate reports, please refer to our website: abnamro.com.



Notes to the reader

This Pillar 3 Report provides the consolidated disclosures of ABN AMRO Bank N.V. required by Capital Requirements Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Part Eight) and the EBA Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013. The Pillar 3 Report 2020 includes the required annual disclosures which provides more comprehensive information about risk, funding and capital management. The templates included in this Pillar 3 Report have been prepared in accordance with the abovementioned regulations and guidelines.

Presentation of information

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

Pillar 3 disclosure templates

The following templates are identified to be not applicable to ABN AMRO and are therefore not included in this report:

- **EU CR10 – IRB (specialised lending)** ABN AMRO does not apply the approach prescribed by CRR 153.5 (specialised lending slotting criteria approach). The applicable part of template is presented, as well as requirements directly from CRR Art. 447.
- **EU INS1 – Non-deducted participations in insurance undertakings** Template 8 of EBA Pillar 3 Guidelines is not applicable as we do not apply the option provided for in CRR Article 49.1 of not deducting investments in insurance subsidiaries from regulatory capital. Instead, we record investments in insurance subsidiaries under significant investments in accordance with CRR Article 48.
- **EU CR7 – IRB approach – Effect on the RWA of credit derivatives used as CRM techniques** ABN AMRO does not typically secure its credit exposure by buying protection via credit derivatives. At present, the credit derivatives ABN AMRO has are not used for RWA reduction via credit risk mitigation.

- **EU CCR7 – RWA flow statements of CCR exposures under the IMM** Template 32 of EBA Pillar 3 Guidelines is not applicable to ABN AMRO as we do not use the IMM methodology for measuring the EAD for counterparty credit risk exposures. Instead, we use the CEM method (CRR 274) to calculate the EAD for derivatives and the FCCM method for securities financing transactions (CRR 220/222).
- **Securitisation exposures** We consider ABN AMRO's risk-weighted (external) securitisation position to be immaterial and therefore do not disclose the four securitisation templates recommended by BCBS. The risk-weighted exposure amounted to approximately EUR 70 million at year-end 2020 (EUR 32 million at year-end 2019). For more details, we refer to Note 22 Bank Structure in the Consolidated Annual Financial Statements included in the Annual Report 2020.

New regulation to be implemented

In December 2020, EBA published the final Implementing Technical Standards (ITS) on institutions' public disclosures as per its mandate under Article 434 of the CRR2 to introduce uniform formats and associated instructions for disclosure requirements in order to optimise the Pillar 3 policy framework.

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

In December 2020, the EBA has updated the mapping of quantitative disclosure data and supervisory reporting, which aims at facilitating institutions' compliance and improving the consistency and quality of the information disclosed. The EBA also published a file summarising the frequency at which each type of institution should disclose each template and table, in accordance with the CRR2.

New disclosure requirements will be effective as per end of June 2021. Based on the amended Pillar 3 publications as per December 2020, ABN AMRO is currently in the process of building and mapping the new/amended templates, in order to be able to include them in the Pillar 3 report as per Q2 2021.

Covid-19 related disclosures

In June 2020, EBA published the "Guidelines on reporting and disclosure of exposures subject to measures applied in response to the Covid-19 crisis". These additional reporting and disclosure requirements were introduced, on a temporary basis (until 31 December 2021), to introduce standardised reporting on exposures with a specific Covid-19 classification. On a semi-annual basis, these three templates are included in the Pillar 3 reports. In scope of these templates are the loans and advances that are subject to legislative and non-legislative moratoria (also referred to as subject to 'EBA compliant moratoria') and the (newly originated) loans and advances that are subject to public guarantee schemes introduced in response to the Covid-19 crisis.

Covid-19-related disclosures

This chapter provides information on the EBA-compliant moratoria and Covid-19-related credit facilities under public guarantee schemes. It also describes the way forward and the additional process changes we have made.

Template 1: Information on loans and advances subject to legislative and non-legislative moratoria

		31 December 2020						
		Gross carrying amount						
			Performing			Non-performing		
(in millions)				Of which: exposures with forbearance measures	Of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: unlikely to pay that are not past-due or past-due ≤ 90 days
1	Loans and advances subject to moratorium	3	3					
2	Of which: households							
3	*- of which collateralised by residential immovable property*							
4	Of which: non-financial corporations	3	3					
5	*- of which SMEs*							
6	*- of which collateralised by commercial immovable property*	*1*	*1*					

		31 December 2020							
		Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non-performing			Inflows to non-performing exposures
(in millions)				Of which: exposures with forbearance measures	Of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: unlikely to pay that are not past-due or past-due ≤ 90 days	
1	Loans and advances subject to moratorium								
2	Of which: households								
3	*- of which collateralised by residential immovable property*								
4	Of which: non-financial corporations								
5	*- of which SMEs*								
6	*- of which collateralised by commercial immovable property*								

								30 June 2020
		Gross carrying amount						
			Performing			Non-performing		
(in millions)				Of which: exposures with forbearance measures	Of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: unlikely to pay that are not past-due or past-due ≤ 90 days
1	Loans and advances subject to moratorium	18,156	17,772	744	6,867	385	176	350
2	Of which: households	2,643	2,612	50	894	31	4	28
3	*- of which collateralised by residential immovable property*	*580*	*574*	*13*	*199*	*6*	*1*	*6*
4	Of which: non-financial corporations	15,364	15,010	691	5,964	354	172	322
5	*- of which SMEs*	*5,266*	*5,177*	*199*	*2,290*	*89*	*18*	*66*
6	*- of which collateralised by commercial immovable property*	*9,764*	*9,612*	*527*	*3,984*	*152*	*64*	*145*

									30 June 2020
		Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non-performing			Inflows to non-performing exposures
(in millions)				Of which: exposures with forbearance measures	Of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: unlikely to pay that are not past-due or past-due ≤ 90 days	
1	Loans and advances subject to moratorium	-222	-160	-15	-128	-62	-25	-57	370
2	Of which: households	-30	-25	-1	-20	-4	-1	-3	31
3	*- of which collateralised by residential immovable property*	*-4*	*-3*		*-2*	*-1*		*-1*	*6*
4	Of which: non-financial corporations	-192	-134	-14	-108	-58	-24	-55	340
5	*- of which SMEs*	*-79*	*-60*	*-5*	*-50*	*-19*	*-7*	*-16*	*74*
6	*- of which collateralised by commercial immovable property*	*-88*	*-70*	*-9*	*-56*	*-19*	*-13*	*-18*	*152*

Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

31 December 2020

(in millions)		Number of obligors	Gross carrying amount	Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria ≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 9 months	> 9 months ≤ 12 months	> 1 year
1	**Loans and advances for which moratorium was offered**	**69,592**	**16,379**							
2	Loans and advances subject to moratorium (granted)	69,592	16,379		16,376	3				
3	Of which: households		2,503		2,503					
4	*- of which collateralised by residential immovable property*		*507*		*507*					
5	Of which: non-financial corporations		13,778		13,775	3				
6	*- of which SMEs*		*4,673*		*4,673*					
7	*- of which collateralised by commercial immovable property*		*9,169*		*9,168*	*1*				

30 June 2020

(in millions)		Number of obligors	Gross carrying amount	Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria ≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 9 months	> 9 months ≤ 12 months	> 1 year
1	**Loans and advances for which moratorium was offered**	**74,026**	**18,156**							
2	Loans and advances subject to moratorium (granted)	74,026	18,156	207		301	17,855			
3	Of which: households		2,643				2,643			
4	*- of which collateralised by residential immovable property*		*580*				*580*			
5	Of which: non-financial corporations		15,364	207		301	15,063			
6	*- of which SMEs*		*5,266*			*70*	*5,196*			
7	*- of which collateralised by commercial immovable property*		*9,764*			*2*	*9,763*			

Loans and advances subject to legislative and non-legislative moratoria

Template 1 provides details about the active moratoria. Template 2 also includes information about the expired moratoria. For ABN AMRO most moratoria ended on 1 October 2020. For these clients no 'cliff effect' was observed and a significant number of clients initiated repayment.

Measures to mitigate the impact of Covid-19

As at 1 October 2020, we decided not to continue extending collective measures, but to serve clients affected by Covid-19 via tailored measures. The measures offered take into account the viability of the client's business and the resilience of the client's sector to the economic challenges posed by Covid-19. In addition to a customised approach, we have taken measures to limit the negative effects of Covid-19 on our clients and the bank. In the loan origination process for new clients, we introduced extra assessments of the resilience of the economic sector in which the client operates. In addition, we now apply stricter acceptance criteria for people on temporary contracts and entrepreneurs. For mortgage applications, we have introduced additional Covid-19-related questions to reflect the client’s situation under the current circumstances. Lastly, all clients with an increased risk of non-repayment were classified as stage 2 and clients with default triggers were transferred to stage 3.

Template 3: Information on newly originated loans and advances provided under public guarantee schemes introduced in response to the Covid-19 crisis

					31 December 2020
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
(in millions)			Of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	**402**	**230**	**331**	**15**
2	Of which: households	3			
3	*- of which collateralised by residential immovable property*				
4	Of which: non-financial corporations	399	229	329	15
5	*- of which SMEs*	*106*			*3*
6	*- of which collateralised by commercial immovable property*	*33*			*1*

					30 June 2020
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
(in millions)			Of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	**119**	**41**	**102**	**5**
2	Of which: households	2			
3	*- of which collateralised by residential immovable property*				
4	Of which: non-financial corporations	116	40	100	5
5	*- of which SMEs*	*50*			*1*
6	*- of which collateralised by commercial immovable property*	*17*			

Loans and advances subject to public guarantee schemes

Clients who face short-term financial difficulties due to Covid-19 and who have been operating on their credit facilities can apply for government-supported loans, based on the 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 were available until 1 January 2021, and the last one is available until 1 April 2021. The guarantee covers a significant amount of the financial asset exposure. In return for the credit guarantee, the client pays a fee to ABN AMRO, which subsequently transfers the fee to the government (the credit guarantor). In the Netherlands these facilities include the SME Credit Guarantee Scheme (BMKB-C) scheme, the Corporate Finance Guarantee Scheme (GO-C) and the small credit facility (Klein Krediet Corona, or KKC) for self-employed individuals. Similar facilities are offered in other countries in which we operate, most notably in France.

The demand for public guaranteed loans is relatively low. This is primarily due to the extensive other support measures provided by both the government and the bank. Compared with the second quarter of 2020, the Covid-19 guaranteed loans provided to our clients increased by EUR 283 million, primarily in our corporate loan book.

Bank structure and scope of application

Accounting vs regulatory exposure amounts

EU LIA – Explanations of differences between accounting and regulatory exposure amounts

Risk exposure measurement and scope differences
Risk measures vary according to the purpose for which exposure is calculated: EU IFRS or the determination of regulatory or economic capital (CRD IV/CRR).

EU IFRS reporting scope
EU IFRS is mainly used to measure the bank's financial results and position by class of product. In addition, the financial position according to EU IFRS provides a liquidity view instead of a credit view. The consolidation scope of ABN AMRO is determined in accordance with IFRS 10 Consolidated Financial Statements and IFRS 11 Joint arrangements.

Regulatory reporting scope
The objective of regulatory reporting is to take a credit risk view on the bank's portfolio and to ensure that the bank maintains sufficient capital buffers for unexpected losses and sufficient liquidity buffers. The scope of consolidation for the purpose of calculating regulatory and economic capital (based on the CRD IV and CRR) is generally the same as the consolidation scope under EU IFRS and includes subsidiaries that are directly or indirectly controlled by ABN AMRO and active in the banking and financial sectors. Subsidiaries consolidated under EU IFRS but active in sectors other than banking and finance are excluded from the regulatory scope of consolidation.

EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

								31 December 2020
		Carrying values		Carrying values of items				
	(in millions)	As reported in published financial statements	Under scope of regulatory consolidation	Subject to credit risk framework[1]	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
	Assets							
1	Cash and balances at central banks	60,190	60,190	60,190				
2	Financial assets held for trading	1,315	1,315				1,315	
3	Derivatives	6,381	6,381		6,381		5,040	
4	Financial investments	47,455	47,422	44,537				2,886
5	Securities financing	16,725	16,725		16,725			
6	Loans and advances banks	3,394	3,632	3,632				
7	Residential mortgages	148,741	148,741	148,741				
8	Consumer loans	10,937	10,937	10,937				
9	Corporate loans	84,744	84,744	84,744		618		
10	Other loans and advances customers	7,736	7,736	7,736				
11	Equity accounted investments	593	685	685				
12	Property and equipment	1,255	1,253	1,253				
13	Goodwill and other intangible assets	128	127					127
14	Assets held for sale	254	254	254				
15	Tax assets	851	845	845				
16	Other assets	4,925	4,921	4,921				
17	**Total assets**	**395,623**	**395,908**	**368,475**	**23,106**	**618**	**6,355**	**3,013**
	Liabilities							
18	Financial liabilities held for trading	563	563				563	
19	Derivatives	7,391	7,391		7,391		6,159	
20	Securities financing	11,363	11,363		11,363			
21	Due to banks	36,719	36,719					36,719
22	Current account	111,033	111,055					111,055
23	Demand deposits	107,534	107,534					107,534
24	Time deposits	19,037	19,326					19,326
25	Other due to customers	966	966					966
26	Issued debt	66,949	66,949					66,949
27	Subordinated liabilities	8,069	8,069					8,069
28	Provisions	926	914					914
29	Liabilities held for sale							
30	Tax liabilities	30	30					30
31	Other liabilities	4,053	4,040					4,040
32	**Total liabilities**	**374,634**	**374,919**		**18,754**		**6,722**	**355,602**

1 The credit risk framework total is not the equivalent of the credit risk amounts reported in the Consolidated Annual Financial Statements, due to scope differences.

(in millions)		Carrying values		Carrying values of items				31 December 2019
		As reported in published financial statements	Under scope of regulatory consolidation	Subject to credit risk framework[1]	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk frame-work	Not subject to capital requirements or subject to deduction from capital
	Assets							
1	Cash and balances at central banks	27,061	27,061	27,061				
2	Financial assets held for trading	1,137	1,137				1,137	
3	Derivatives	5,730	5,730		5,730		4,592	
4	Financial investments	45,277	45,246	42,748				2,498
5	Securities financing	14,905	14,905		14,905			
6	Loans and advances banks	5,011	5,271	4,279			992	
7	Residential mortgages	150,880	150,880	150,880				
8	Consumer loans	11,997	11,997	11,997				
9	Corporate loans	98,933	98,933	98,646		287		
10	Other loans and advances customers	6,292	6,292	6,292				
11	Equity accounted investments	639	730	730				
12	Property and equipment	1,706	1,706	1,706				
13	Goodwill and other intangible assets	178	177					
14	Assets held for sale	14	14	9				
15	Tax assets	764	761	761				
16	Other assets	4,530	4,524	4,524				
17	**Total assets**	**375,054**	**375,364**	**349,632**	**20,635**	**287**	**6,721**	**2,498**
	Liabilities							
18	Financial liabilities held for trading	675	675				675	
19	Derivatives	6,505	6,505		6,505		5,347	
20	Securities financing	8,234	8,234		8,234			
21	Due to banks	12,785	12,785					12,785
22	Current account	91,900	91,917					91,917
23	Demand deposits	120,892	120,892					120,892
24	Time deposits	21,232	21,542					21,542
25	Other due to customers	967	967					967
26	Issued debt	75,275	75,275					75,275
27	Subordinated liabilities	10,041	10,041					10,041
28	Provisions	983	979					979
29	Liabilities held for sale							
30	Tax liabilities	63	61					61
31	Other liabilities	4,030	4,020					4,020
32	**Total liabilities**	**353,582**	**353,892**		**14,739**		**6,022**	**338,478**

1 The credit risk framework total is not the equivalent of the credit risk amounts reported in the Consolidated Annual Financial Statements, due to scope differences.

EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

							31 December 2020
			Items subject to				
	(in millions)	Total	Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	392,896	368,475	23,106	618	6,355
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	19,317		18,754		6,722
3	**Total net amount under regulatory scope of consolidation**	**373,579**	**368,475**	**4,352**	**618**	**(367)**
4	Off-balance sheet amounts	103,046	102,900		146	
5	*Differences due to consideration of provisions (IRB only)*	*(3,492)*	*(3,492)*			
6	*Differences due to different netting rules, other than those already included all above*	*9,270*		*11,198*		*6,722*
7	*Impact due to internal modelling of exposure values*					
8	*Impact of Credit Conversion Factors*	*(78,141)*	*(78,141)*			
9	*Other differences*	*10,336*	*1,386*	*(89)*		
10	**Exposure amounts considered for regulatory purposes**	**413,708**	**391,128**	**15,461**	**764**	**6,355**

						31 December 2019
			Items subject to			
	(in millions)	Total	Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	372,695	349,632	20,635	287	6,721
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	15,414		14,739		6,022
3	**Total net amount under regulatory scope of consolidation**	**357,281**	**349,632**	**5,896**	**287**	**699**
4	Off-balance sheet amounts	118,183	118,176		7	
5	*Differences due to consideration of provisions (IRB only)*	*(2,441)*	*(2,441)*			
6	*Differences due to different netting rules, other than those already included above*	*14,953*		*9,780*		*6,022*
7	*Impact due to internal modelling of exposure values*					
8	*Impact of Credit Conversion Factors*	*(90,077)*	*(90,077)*			
9	*Other differences*	*2,069*	*901*	*1,086*		
10	**Exposure amounts considered for regulatory purposes**	**399,968**	**376,191**	**16,762**	**294**	**6,721**

EU LI3 – Outline of the differences in the scopes of consolidation – entity by entity

	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
ABN AMRO Retained FS (IOM) Limited	Full Consolidated	X				Other Financial Corporation
ABN AMRO (Hong Kong) Limited	Full Consolidated	X				Other Financial Corporation
ABN AMRO Acquisition Finance Holding B.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Arbo Services B.V.	Full Consolidated			X		Non Financial Corporation
ABN AMRO Asset Based Finance N.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Bank N.V.	Full Consolidated	X				Credit Institution
ABN AMRO Capital USA LLC	Full Consolidated	X				Other Financial Corporation
ABN AMRO Captive N.V.	Full Consolidated			X		Insurance Company
ABN AMRO Clearing Bank N.V.	Full Consolidated	X				Credit Institution
ABN AMRO Clearing Chicago LLC	Full Consolidated	X				Other Financial Corporation
ABN AMRO Clearing Hong Kong Limited	Full Consolidated	X				Other Financial Corporation
ABN AMRO Clearing Investments B.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Clearing London Limited	Full Consolidated	X				Other Financial Corporation
ABN AMRO Clearing Singapore Pte. Ltd.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Clearing Sydney Pty Ltd	Full Consolidated	X				Other Financial Corporation
ABN AMRO Clearing Tokyo Co Ltd.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Covered Bond Company 2 B.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Covered Bond Company B.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Effecten Compagnie B.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Fund Services (Asia) Limited	Full Consolidated	X				Other Financial Corporation
ABN AMRO Funding USA LLC	Full Consolidated	X				Other Financial Corporation
ABN AMRO Groenbank B.V.	Full Consolidated	X				Credit Institution
ABN AMRO Holding (Deutschland) GmbH	Full Consolidated	X				Other Financial Corporation
ABN AMRO Holdings USA LLC	Full Consolidated	X				Other Financial Corporation
ABN AMRO Hypotheken Groep B.V.	Full Consolidated	X				Credit Institution
ABN AMRO Icestar USA LLC	Full Consolidated	X				Other Financial Corporation
ABN AMRO International Services B.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Investment Holding B.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Investment Solutions S.A.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Investments USA LLC	Full Consolidated	X				Other Financial Corporation
ABN AMRO Jonge Bedrijven Fonds B.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Mahler Assets B.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Markets (UK) Limited	Full Consolidated	X				Other Financial Corporation
ABN AMRO MeesPierson Private & Trust Holding B.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Participaties Fund I B.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Participaties Management B.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Participaties NPE Fund B.V.	Full Consolidated	X				Other Financial Corporation
ABN AMRO Pensioeninstelling N.V.	Full Consolidated			X		Pension Fund

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ABN AMRO Projectontwikkeling B.V.	Full Consolidated	X		Other Financial Corporation
ABN AMRO Retained CS (IOM) Limited	Full Consolidated	X		Other Financial Corporation
ABN AMRO Retained Services (Cayman) Ltd	Full Consolidated	X		Other Financial Corporation
ABN AMRO Securities (Asia) Limited	Full Consolidated	X		Other Financial Corporation
ABN AMRO Securities (Spain) SL	Full Consolidated	X		Other Financial Corporation
ABN AMRO Securities (USA) LLC	Full Consolidated	X		Other Financial Corporation
ABN AMRO Securities Holding (Denmark) ApS	Full Consolidated	X		Other Financial Corporation
ABN AMRO SME Participation B.V.	Full Consolidated	X		Other Financial Corporation
ABN AMRO Social Impact Investments B.V.	Full Consolidated	X		Other Financial Corporation
ABN AMRO Support Services (Ireland) Limited	Full Consolidated	X		Other Financial Corporation
ABN AMRO Ventures Management B.V.	Full Consolidated	X		Other Financial Corporation
ALFAM Holding N.V.	Full Consolidated	X		Other Financial Corporation
Amsterdamsche Holding Company B.V.	Full Consolidated	X		Other Financial Corporation
Aurasio GmbH	Full Consolidated	X		Other Financial Corporation
B.V. Financieringsmaatschappij N.O.B.	Full Consolidated	X		Other Financial Corporation
Banco ABN AMRO S.A.	Full Consolidated	X		Credit Institution
Banque Neuflize OBC S.A.	Full Consolidated	X		Credit Institution
Bethmann Bank AG	Full Consolidated	X		Credit Institution
De Twentsche Holding Company B.V.	Full Consolidated	X		Other Financial Corporation
Dolphin Asset Purchasing B.V.	Full Consolidated	X		Other Financial Corporation
Dolphin Master Issuer B.V.	Full Consolidated	X		Other Financial Corporation
FFSB LIMITED	Full Consolidated	X		Other Financial Corporation
Franx B.V.	Full Consolidated	X		Other Financial Corporation
International Card Services B.V.	Full Consolidated	X		Credit Institution
La Toussaint B.V.	Full Consolidated	X		Other Financial Corporation
Moneyou B.V.	Full Consolidated	X		Other Financial Corporation
New10 B.V.	Full Consolidated	X		Other Financial Corporation
Oosteroever Hypotheken B.V.	Full Consolidated	X		Other Financial Corporation
P.H.P. Investeringsmaatschappij II B.V.	Full Consolidated	X		Other Financial Corporation
Principal Finance Investments Holding B.V.	Full Consolidated	X		Other Financial Corporation
Quion 9 B.V.	Full Consolidated	X		Other Financial Corporation
Rotterdamsche Holding Company B.V.	Full Consolidated	X		Other Financial Corporation
Sumsare N.V.	Full Consolidated		X	Non Financial Corporation

Risk management and governance

Risk approach

EU-OVA – Institution risk management approach

- Risk profile
- Risk culture
- Risk governance
- Risk taxonomy
- Risk appetite
- Risk measurement

ABN AMRO remains committed to being a well-capitalised bank with sufficient liquidity that focuses on delivering sustainable value to all of its stakeholders. We are committed to maintaining a sound balance between risk and reward and to pursuing a bank-wide moderate risk profile as part of our long-term strategy. We thoroughly evaluate the long-term risk and return implications of our operations on an ongoing basis. While the risk measurement, monitoring and management processes described in this chapter proved largely resilient, Covid-19 did reveal some shortcomings in our risk framework. High risk costs in CIB and specific the individual clients files led to tightened risk controls. Widespread liquidity support provided by banks and governments reduced the effectiveness of our existing risk framework and called for specific measures to correctly assess and classify our credit risk. Furthermore, we redefined our risk appetite as part of the strategy review announced in November 2020.

Risk profile

We manage our risk profile by way of an integrated risk management framework, which identifies all types of risks and overarching risks, in order to provide a single, integrated view on the bank and its business lines. By taking an integrated view, we strive to carefully balance our actions to manage our moderate risk profile. The Enterprise Risk Management policy provides a formal approach to risk management at an enterprise level that is aligned with the bank's strategic objectives, including its risk profile.

The following sections describe the risk culture, risk governance, risk taxonomy, risk appetite and risk measurement, and how they contribute to a moderate risk profile.

Risk culture

Strengthening our culture in the areas of risk, compliance and integrity was an important objective of the strategy review. ABN AMRO places strong emphasis on sound risk control in our remuneration policies, which are in line with our risk profile. More details are provided in the Remuneration Report in the Leadership & Governance section of Annual Report.

ABN AMRO ensures that our employees understand the need for and are able and willing to have a continuous focus on risk, compliance and integrity as an integral part of the bank-wide culture. Pursuing a moderate risk profile is embedded in our culture by means of continuous communication, awareness, education and training and steered through performance management and management KPIs that help underpin our belief that mitigating risks is everybody's responsibility.

Code of Conduct

Employees are expected to adhere to the ABN AMRO culture principles and to act in accordance with the bank's Code of Conduct, which sets out standards of behaviour. These principles are fundamental to everything we do and describe how we act as a bank, how we make decisions and how we deal with various dilemmas and, as such, are included in our permanent education tool. The Code of Conduct is published on our website and we are intensifying our monitoring of compliance with it. In addition, our employees are required to confirm their adherence to the Code of Conduct annually. ABN AMRO's Ethics Committee, chaired by the CEO, meets regularly to discuss moral and ethical dilemmas within the bank and to clarify ABN AMRO's position, particularly in areas where policies cannot provide definitive guidance.

Ethics Committee and Speak-Up
Where norms, rules or standards are insufficiently clear or pose a dilemma, ABN AMRO invests in moral learning and moral decision-making. ABN AMRO's Ethics Committee, chaired by the CEO, discusses ethical dilemmas on a strategic level to determine ABN AMRO's moral position in areas where regulations or policies do not provide clear guidance. Throughout the organisation, moral position sessions, dilemma dialogues and speak-up cafes are being used to help improve ethical decision-making skills and help determine what is right, taking into account the rights and interests of all stakeholders. ABN AMRO has strengthened the approachability and awareness of the various speak-up channels, ranging from speak-up ambassadors in the workplace to trusted persons and the whistleblowing hotline, in order to lower the threshold for speaking up, giving voice to values and signalling risks or possible issues.

Behavioural risk
Behavioural risk has been added as a non-financial risk to our risk taxonomy. As well as helping the bank to more effectively measure, monitor and steer on the risk that actions, decisions and behaviours by the bank and its employees (as a group and individually) lead to detrimental or poor outcomes for clients, society, stakeholders or the bank itself, this addition helps to maintain high standards of market behaviour and integrity. ABN AMRO's approach to behavioural risk management assesses the presence of risks that could lead to undesirable behaviour (behavioural risk assessment) and seeks to enable and promote desired behaviour through effective change measures (behavioural change).

Risk governance
The Executive Board, Executive Committee and Supervisory Board of ABN AMRO define the governance arrangements designed to ensure effective and prudent management of the bank and oversee their implementation. They are accountable for setting, approving and overseeing the implementation of the bank's enterprise risk management framework, including:
- an adequate and effective internal governance and internal control framework. This includes a clear organisational structure and well-functioning independent internal control functions (Risk Management, Compliance and Group Audit) that have sufficient authority, stature and resources to perform their functions;
- the three lines of defence model at all levels of the Bank;
- a risk culture that addresses risk awareness and risk-taking behaviour in the bank;
- key policies of the bank within the applicable legal and regulatory framework;
- the bank's overall strategy, risk strategy and risk appetite;
- the amounts, types and distribution of internal capital and regulatory capital needed to ensure that the risks that the Bank is exposed to are adequately covered;
- targets for the bank's liquidity and funding management.

The Risk Management organisation operates under the direct responsibility of the Chief Risk Officer, who is a member of the Executive Board.

Executive risk committees
The Executive Board is accountable for a balanced assessment of the bank's commercial interests and the risks to be taken within the boundaries of the risk appetite. In the risk decision-making framework, the Executive Board is supported by three executive risk committees: the Group Risk Committee, the Group Central Credit Committee and the Group Regulatory Committee, each of which is chaired by the Chief Risk Officer. The mandates of the executive risk committees are summarised below.

Group Risk Committee
The Group Risk Committee (GRC) is mandated by the Executive Board to monitor, assess and manage the bank's risk profile within the approved risk appetite. GRC monitors and approves all material risks as defined in the Risk Taxonomy of the Bank. The GRC has delegated specific approval powers to sub-committees, including Business Risk Committees for the bank's main business lines, the Financial Crime Risk Committee, the Methodology Acceptance Group, the Scenario and Stress Testing Committee, and the Impairment and Provisioning Committee. The GRC meets once a month, and otherwise when required.

Group Central Credit Committee
The Group Central Credit Committee (CCC) is mandated by the Executive Board to make decisions on the acceptance of credit and counterparty risk in respect of individual persons, legal persons and public administrative bodies relating to credit proposals falling within the scope of the risk appetite and limits determined by the Executive Board. In addition, the CCC is also responsible for approving and monitoring large intercompany credit facilities. The CCC meets three times a week and otherwise when required.

Group Regulatory Committee

The Group Regulatory Committee is mandated by the Executive Board to ensure a good understanding and adequate overview, making choices and taking decisions on matters relating to timely regulatory compliance to new and changing national and international legislation and regulations affecting the bank.

In 2020, there were no material changes to the composition and mandates of the executive risk committees.

Three lines of defence

The three lines of defence model aims to clarify the relationship between risk takers and the internal control functions, and provide clarity for all employees within the bank with regard to their risk management responsibilities. The three lines of defence model must be applied across all risk types and covers the whole organisation, including the Executive Board, Executive Committee and Supervisory Board, the customer-facing business lines, functions, the Risk Management organisation, outsourced activities and distribution channels.

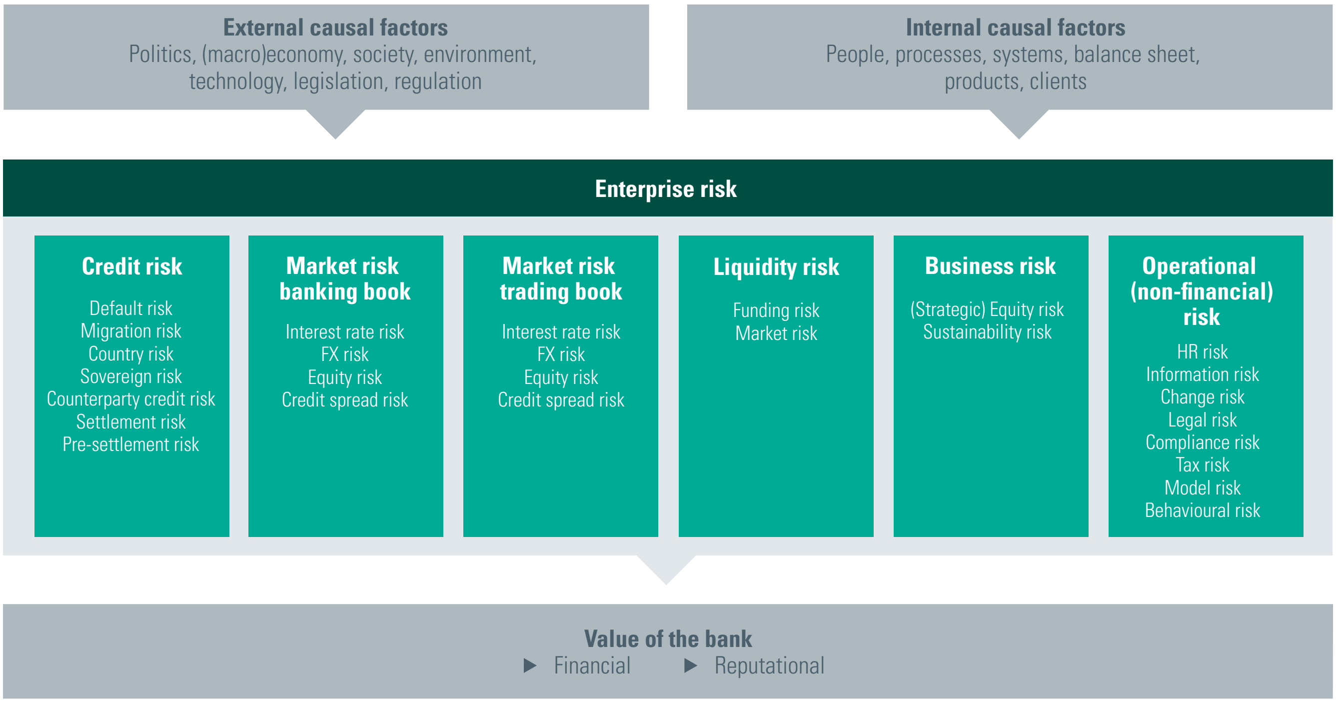
- The first line of defence consists of management within each business or function who own and are responsible for managing the risks they incur in conducting their activities and for the design and execution of effective and efficient controls.
- The second line of defence consists of dedicated departments in the Risk Management organisation who are responsible for setting the risk management framework within which the first line must operate. These dedicated departments are headed by risk type owners.
- The third line of defence consists of Group Audit, which evaluates the effectiveness of the governance, risk management and control processes in order to strengthen management's focus on solutions and accountability. Group Audit has a coordinating role towards the external auditor and the supervisor.

1 **1st Line of Defence** Business lines and functions	2 **2nd Line of Defence** Risk Management	3 **3rd Line of Defence** Group Audit
Risk Ownership	**Risk Control & Oversight**	**Risk Assurance**
Responsible for ▶ Delivering value-added services to clients ▶ Identifying and assessing, measuring, mitigating, monitoring and reporting the risks that it incurs ▶ Operating within risk appetite ▶ Acting in accordance with policies	Responsible for ▶ Setting the risk management framework and policies ▶ Monitoring, reporting and escalating ▶ Providing expertise and challenge to 1st line ▶ Ensuring 1st line takes risk ownership	Responsible for ▶ Evaluating the design and effectiveness of governance, risk management and control processes ▶ Discussing with management on remediation and monitoring follow-up

Risk taxonomy

Our risk taxonomy classifies risks into risk types to which the bank is, or could be, exposed. It is reviewed and updated on an annual basis, or sooner if any new actual or emerging risk type(s) manifest itself and requires an update. The taxonomy ensures that all identified material risks are defined and are taken into account in the risk governance framework. It creates a common risk vocabulary, provides a checklist of risk types that are used in risk assessments, and helps to ensure that all material risks are managed and that roles and responsibilities are identified and defined.

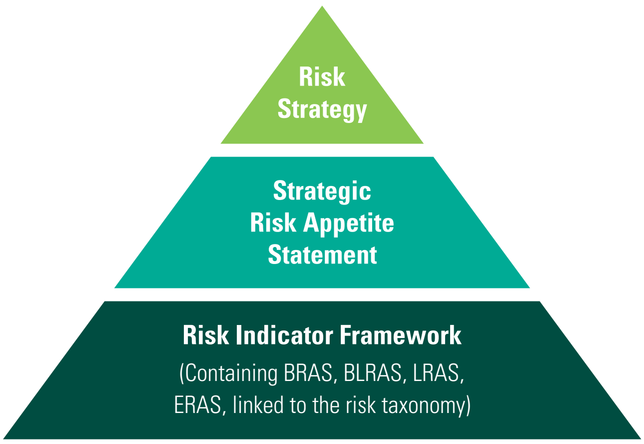
The main risk types we recognise are credit risk, market risk in the banking book, market risk in the trading book, liquidity risk, business risk and operational (non-financial) risk. These main risk types comprise various sub-risk types. Risk appetite statements are set for both the main and sub-risk types. The six main risk types cover all possible events that directly impact on the franchise value of the bank. This includes its financial value, but also its 'goodwill', i.e. the value of the bank's reputation.



Risk appetite

The risk appetite determines the level of risk that the bank is willing to take in order to pursue its strategy. It is regularly evaluated and updated to ensure alignment with the strategy.

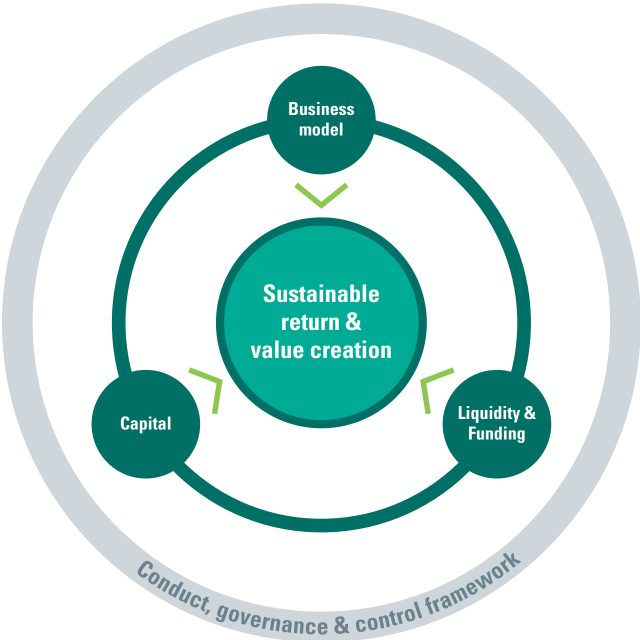
The bank-wide risk appetite, which is to pursue a moderate risk profile, is an integral part of our corporate strategy. Specific business-line risk appetites further determine the bank-wide risk appetite. In addition, risk appetites exist at a local and material entity level. These risk appetites allow us to manage risk at every appropriate level within the bank, as shown in the figure below.



The risk appetite follows the structure presented in the risk appetite framework figure. The Strategic Risk Appetite Statement expresses ABN AMRO's strategy of pursuing a moderate risk profile and cascades into the risk indicator framework at various levels of the organisation: bank-wide (BRAS), business line (BLRAS), local (LRAS) and entity level (ERAS). The Strategic Risk Appetite Statement is approved by the Supervisory Board.

Senior management monitors the bank's activities, based on the risk appetite. The status of adherence to the risk appetite and the outlook are discussed monthly in the Executive Board and quarterly by the Supervisory Board, based on the Enterprise Risk Management report.

The elements of the Strategic Risk Appetite Statement ensure a coherent balance between return and value creation, supported by our client-centric business model, capital, and liquidity and funding management, while taking into account our conduct, governance and control framework shown in the following figure. For each element, key qualitative and/or quantitative statements are set.



The statements in the Strategic Risk Appetite Statement are cascaded into and supported by an underlying risk indicator framework at bank, business line, entity and local levels. This risk indicator framework consists of statements set for each main and sub-risk type presented in the risk taxonomy. Each statement consists of one or more quantitative and/or qualitative indicators, referred to as key risk indicators (KRIs). For every KRI, a limit and checkpoint is set, against which the actual risk profile is monitored. If a KRI limit is breached, action is required to bring our risk profile back within the limit. Early warning checkpoints are in place to allow for timely action to prevent breaches and/or to have a strategic discussion.

Examples of KRIs in our risk appetite include:
- Regulatory and internal capital ratios;
- Risk-adjusted return measures;
- Concentration limits for single counterparties, industry sectors and countries;
- Economic capital and risk-weighted asset limits for various risk types;
- Liquidity ratios (LtD, LCR, NSFR);
- Market risk parameters (NII-at-Risk);
- Operational (non-financial) risk parameters (effectiveness of internal control environment);
- Reputational parameters (NPS, employee engagement score).

When setting the statement in the Strategic Risk Appetite Statement and the statements for each risk type in the risk indicator framework, the following aspects are considered: the corporate strategy, market standards (such as peer analyses), the economic environment, regulations, the views of our stakeholders and the actual risk profile, as well as internal insights and risk management tools. In addition to incorporating these views, balancing these aspects provides us with the means to substantiate risk statements for each risk type.

Risk measurement
We develop and use internal models to quantify the risk for most risk types in the risk taxonomy. The models for credit, operational, market, liquidity and business risk are the most widely used and allow for measuring the level of risk. They support day-to-day decision-making, as well as periodic monitoring and reporting on developments in the bank's portfolios and activities. In most cases, models quantify the probability and severity of an event, i.e. the likelihood that an event will occur and the loss the bank may suffer as a consequence of that event. This information serves as the basis for ABN AMRO's

internal measures of risk (economic capital) and as key input for calculating the minimum regulatory capital requirements according to the Basel framework (regulatory capital).

New models require approval before being implemented and used. Internal approval for the use (or continued use) of a model is obtained from the Methodology Acceptance Group (MAG), a sub-committee of the Group Risk Committee. When required, external approval is obtained from the regulator.

The modelling departments develop models in close cooperation with the relevant business and risk experts. In principle, we review models at least every three years, or earlier if there is a marked deterioration in performance of the model or a marked change in the risk profile of the portfolio to which the model relates. A model review includes back-testing against historical data and, where relevant, benchmarking the calibration of the models with external studies.

The independent model risk management department validates internal models. The model risk management framework, which includes model validation standards and procedures, ensures that models are validated independently. Model data, methodology, performance and implementation are checked according to these standards and reviewed against internal and regulatory requirements.

Capital

Regulatory capital (CRD IV/CRR)

Under the Basel framework as implemented in European legislation (CRD IV and CRR), banks are required to hold capital to cover financial risks. As an intermediate step in determining the minimum level of capital, banks need to calculate risk-weighted assets (RWA) for three major risk types (credit, operational and market risk). The outcome of the internal models are an input in this calculation. The capital requirements are stated as a percentage of RWA. Under Pillar 1, banks are required to hold a regulatory fixed percentage of RWA in capital. Under Pillar 2, supervisors impose a bank-specific percentage of RWA in addition to the Pillar 1 requirement.

Economic capital

In addition to regulatory required capital, for Pillar 2 we calculate economic capital (EC). Economic capital covers all risk types in our risk taxonomy for which capital is deemed to be the mitigating instrument to cover unexpected losses, and it is used as the key metric for internal risk measurement and management. It is the amount of capital we reserve in order to achieve a sufficient level of protection against large unexpected losses that could result from extreme market conditions or events.

Internal models are used to calculate EC at a 99.95% confidence level and a one-year time horizon. This implies that the estimated capital figure for the coming year is sufficient to cover a level of loss that will be exceeded in only 0.05% of all possible cases. The confidence level is linked to the bank's target credit rating and aligned with the definition of total available financial resources (total AFR). In addition, the ratio of core AFR versus EC is monitored. Core AFR is the amount of capital that is available to cover losses on a continuity based approach (i.e. excluding AT1, T2 and Senior Non-Preferred instruments).

EC is aggregated for all risk types (without applying inter-risk diversification) to determine the total EC at a bank level and to support capital adequacy assessment, capital allocation, ex-post performance measurement and risk-appetite setting, such as industry concentration risk limits.

EC quality assessment

The EC models described above form the core of the Internal Capital Adequacy Assessment Process (ICAAP). In order to monitor and secure the quality of the EC framework and its outcome in terms of capital adequacy, an EC Quality Assessment (ECQA) is performed annually as part of the ICAAP. For each main risk type, the calculated EC figure is evaluated in terms of risk coverage and responsiveness to internal and external developments such as in the areas of regulation and data quality. If considered necessary, an additional capital buffer ('EC add-on') is taken to cover any identified shortfalls in the EC.

Capital performance

RWA and EC are also used to evaluate capital performance at a business level, as well as at transactional level in loan-pricing tools. These tools act as a decision-making mechanism for assessing the profitability of a new or existing transaction. Both ex-ante and ex-post performance are evaluated in terms of risk-adjusted return on equity (RAROE) with a risk-adjusted return on risk-adjusted capital (RARORAC) limit to safeguard sufficient risk-sensitivity. EC is used as an ingredient in RARORAC, whereas RWA is used in RAROE.

Stress testing and scenario analysis

ABN AMRO uses stress testing and scenario analysis as an important risk management instrument, looking at profitability, capital and liquidity from a bank-wide perspective in various scenarios on a regular basis. In addition, sub-portfolio and risk type-specific stress testing and scenario analysis are performed.

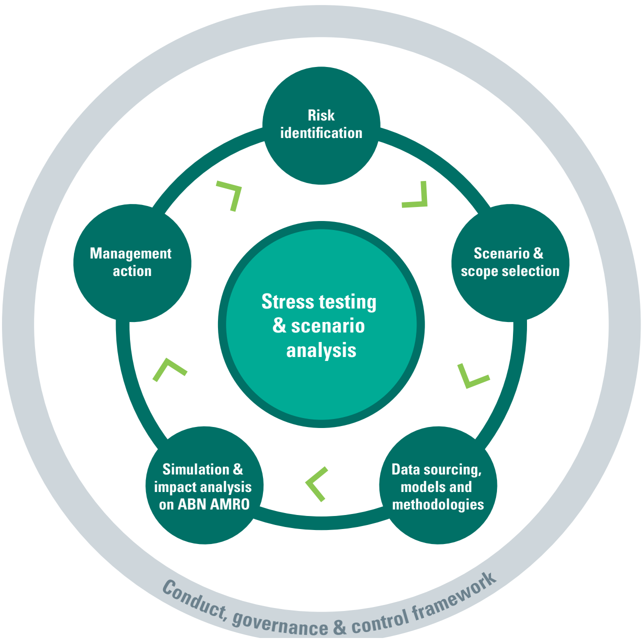
Stress testing purposes

ABN AMRO applies stress testing and scenario analysis for several purposes, including:

- Business planning: various macroeconomic scenarios for budget purposes;
- Capital planning: stress testing is used to gain insight into the resilience of our capital under adverse changes in the economic environment and ABN AMRO-specific circumstances;
- Risk appetite setting and monitoring: the outcome of stress testing is used for setting and monitoring risk appetite limits and targets, including limits under stress;
- Contingency planning: stress testing is used to assess and strengthen the triggers and measures in the liquidity and capital contingency and recovery plans. Reverse stress testing is performed to gain deeper insight into plausible events that could put the continuity of ABN AMRO under pressure;
- Risk type-specific and business line stress testing, such as market risk trading and banking book and mortgage stress testing;
- Supervisory stress testing, based on prescribed scenarios and assumptions. This includes the EBA's stress test programme designed to assess banks' resilience to adverse economic or financial developments.

The figure below shows the stress testing and scenario analysis cycle.

Stress test & scenario analysis cycle



The stress testing and scenario analysis cycle starts with the identification of material risks for ABN AMRO and individual business lines. Both systemic risks (e.g. macroeconomic risks) and ABN AMRO-specific risks (e.g. cyber attacks or adverse outcomes in legal proceedings) are considered. Scenario projections are based on quantitative models, as well as expert opinion procedures. In general, results are presented excluding and including potential mitigating actions, taking into account contingency plans.

Given the importance of stress testing in terms of sound risk management, the Executive Committee is involved throughout the process and its governance. The Executive Committee, together with the Scenario & Stress Test Committee (SSC, a sub-committee of the Group Risk Committee), discusses and decides on the scenario selection, the results and the implications.

Credit risk management

EU-CRA – General qualitative information about credit risk

- Credit risk management approach
- Credit concentration risk

Credit risk is the risk that the value and/or the earnings of the bank decline due to uncertainty in a counterparty's ability or willingness to repay a loan or meet the terms of a contractual obligation. The key indicators for preserving our credit risk profile are defined in our risk appetite statement.

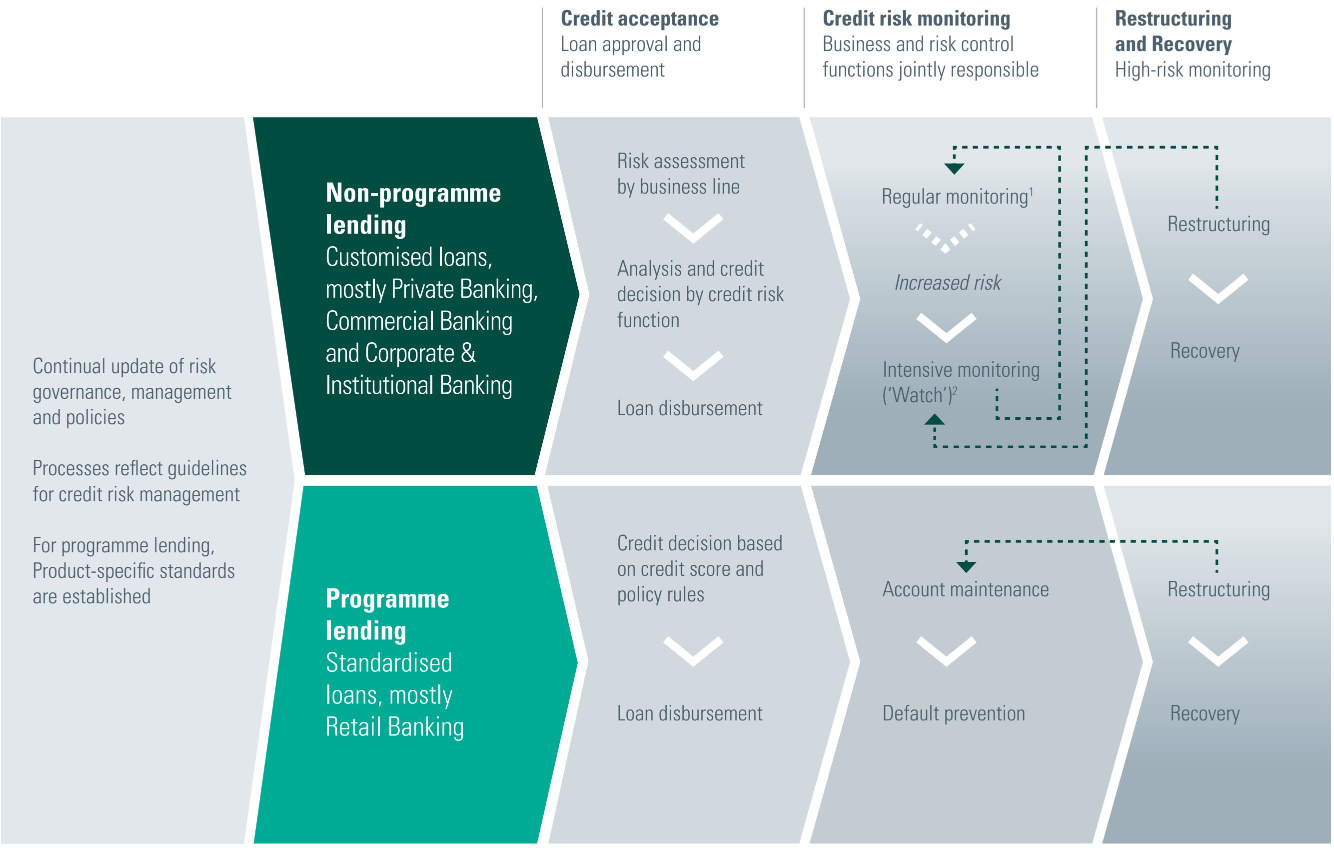
Credit risk management is the responsibility of the first and second lines of defence. The primary responsibility for intake, managing and monitoring credit risk lies with the business as the first line of defence. The second line of defence has a permanent and ongoing responsibility to define the boundaries and monitor whether the type and level of credit risk exposures are within the limits of the business lines' risk appetite. Credit risk management within the bank is governed by the bank-wide central credit risk policy and further detailed in underlying specific credit risk policies and standards.

Credit risk management approach

ABN AMRO employs two separate approaches to managing credit risk. These reflect the bank's way of doing business. For customised lending to counterparties (non-programme lending), risks are assessed on an individual basis. Standardised products and processes are managed on a pooled basis (programme lending), to which uniform risk criteria are assigned. Effectively, any lending not specifically defined as programme lending is defined as non-programme lending.

The following figure presents a simplified overview of the credit risk management process:

Credit risk process differs by type of loan



[1] Daily monitoring or (semi-) annual credit review.
[2] 'Watch': status assigned to counterparties with an increased risk.

For more insight on our credit portfolio, please refer to Credit risk in the Risk, funding & capital review section of the Annual Report

Planning
Within programme lending, the credit cycle starts with a product planning phase, during which period the product is designed and/or reviewed. The goal of which is to optimise the key drivers of risk and return within the context of ABN AMRO's strategy, risk appetite, the client's best interests and sustainability.

Credit acceptance
For a credit approval decision within programme lending, client-specific aspects and internal and external data are taken into consideration to calculate a credit score (scorecard). The credit decision is based on the outcome of the scorecard and policy rules.

Within non-programme lending, the credit acceptance phase of a credit proposal starts with an assessment of the proposal by the relevant business line. The qualitative and quantitative details of the credit risk associated with the loan are assessed prior to approval. Information must be provided on matters such as the purpose, details and structure of the proposed credit facility, the borrower and other counterparties, the industry and geography, management and owners, and financial and non-financial analyses. Compliance with internal policies is checked. After the assessment, an analysis is performed by Risk Management. The credit decision is based on independent assessments by both the commercial and the credit risk functions.

Credit risk monitoring
Consistent and regular monitoring of the counterparty, exposures, risk mitigants and ongoing compliance with internal policies helps to safeguard the bank's position in relation to all risks associated with the counterparty, credit type or portfolio. Monitoring starts when the credit facility is granted and continues throughout the lifecycle of the credit facility and the relationship with the counterparty until such time as the exposure is repaid and/or the limit is cancelled. During 2020, individual credit risk assessments were intensified to monitor the impact of Covid-19 and the low oil price environment on clients and to make sure that ending the payment holiday would not have unforeseen financial difficulties.

If a situation arises in which an individual counterparty shows signs of credit risk deterioration, but is not in default, a 'watch' status is assigned. A 'watch' status indicates that a counterparty is subject to increased monitoring and appropriate follow-up measures in order to prevent further deterioration or a default. Indicators for this status are changes in risk profile, liquidity problems, management issues, the market outlook, a potential breach of a credit agreement, solvency issues and uncertain continuity.

Restructuring & Recovery
Credit facilities that are subject to a default event are mandatorily transferred to the Financial Restructuring & Recovery department (FR&R). Credit facilities identified as having a significantly high risk can be transferred to FR&R if specialised restructuring knowledge is required. If a 'going concern' approach is applicable and return to a performing status is considered likely, the credit facility is transferred to the Restructuring team, which will devise a plan aimed either at rehabilitation or at enhancing the likelihood of full repayment. In all other cases, the credit facility is transferred to the Recovery team.

Programme lending contracts are transferred to the Restructuring team if a default status is assigned because payments have been past due for more than 90 days or because another default trigger applies. If restructuring is ultimately ineffective, the client is transferred to other internal departments or external parties (such as Intrum) for debt collection.

Once a client is considered able to meet its future payment obligations and the involvement of FR&R is no longer required, the client is transferred back to the business line.

FR&R plays a significant role in the execution of the bank's non-performing exposure (NPE) strategy. Policies on the management of NPE include valuation of collateral, monitoring of the non-performing loan (NPL) ratio and ensuring this ratio remains well below the threshold of 5%. We have set NPE targets for each business segment and specific strategies for sectors with increased levels of non-performing loans. The definition of non-performing is similar to the definition of default and impaired. The differences are explained under 'Non-performing versus default and impaired'.

Credit concentration risk
Credit concentration risk is the risk of loss arising from large exposures, relative to the bank's total risk exposure, to a single counterparty or to counterparties that are positively and highly correlated. As limiting excessive concentrations is fundamental to our credit risk strategy, we aim to keep the credit risk portfolio sufficiently granular and diversified.

To avoid excessive credit risk concentrations, Risk Management sets maximum levels for subgroups in the following categories:
- Single counterparty and groups of related counterparties (counterparty concentration);
- Countries (geographic concentration);
- Industry sectors (industry concentration).

Counterparty concentration
Counterparty concentration credit risk is the risk of loss arising from relatively large exposures to counterparties belonging to the same risk group. The One Obligor Exposure (OOE) is the exposure to a risk group and includes all drawn and undrawn credit facilities granted, plus all indirect exposure to the risk group, including guarantees and any other recourse claims. A risk group is an interrelated group of counterparties with a high degree of dependency on each other due to a control relationship. This control relationship may be due to direct or indirect majority interests being held by the same shareholder or group of shareholders. Counterparty credit concentration risk is measured by the OOE and the Economic Capital (EC) per counterparty. The bank limits its counterparty credit risk by setting OOE and EC limits. Additionally, all credit applications with an OOE and/or EC above a certain threshold are reviewed by the Executive Board.

Geographic concentration
ABN AMRO has branches and subsidiaries located outside the Netherlands, as well as clients who operate internationally. Consequently the bank is exposed to country risk, which is the risk of credit losses arising from country-specific events or circumstances. Under the new strategy for CIB announced in Q2 2020, geographical concentration continues to be relevant because we maintain a presence in multiple countries.

Management of country risk focuses on cross-border risk, which includes the risk that funds, goods or services cannot be transferred out of a country as a result of actions by local authorities in that country or other events. These risks are managed by setting country credit limits, based on individual country analyses by economic, compliance and country risk experts. Country limits are reviewed at least once a year. Each country also has an internal credit rating, which is reviewed and approved twice a year and is an important factor in managing country concentration risks. As the Netherlands is our home country, it is not included in any concentration risk appetite statement or setting of credit limits.

Industry concentration
Industry concentration risk is the risk of loss arising from a relatively large credit exposure to counterparties active in a single industry. Industry concentration risk arises when deterioration in a specific industry has an effect on all credit exposures relating to that industry. ABN AMRO manages its industry concentrations by setting limits on economic capital (EC) for credit risk for each industry as a percentage of total EC for credit risk. In addition to the EC limits, EC concentration checkpoints are set to facilitate timely and sufficient management interventions so as to avoid limits being breached.

Counterparty credit risk

EU-CCRA – Qualitative disclosure requirements related to CCR

Specific counterparty credit risk

ABN AMRO primarily incurs counterparty credit risk (CCR) in two business activities, firstly within ABN AMRO Bank through the derivative positions taken with other financial institutions (including positions taken to manage our interest rate hedging and liquidity position) and secondly in the business of ABN AMRO Clearing Bank. These two main sources of CCR are managed separately and are subject to various different features of risk management. The underlying exposures break down further into two product groups: OTC derivatives and securities financing transactions.

OTC derivative instruments

OTC derivatives are financial instruments that are used to cover current and/or future financial risks or to achieve additional return on an investment. They consist of transactions entered into between two parties and where the value is based on an underlying base value (such as interest rates, foreign exchange rates, commodities or equities).

Securities financing transactions

The balance sheet item Securities financing refers to securities lending, a market activity whereby securities are temporarily transferred from a lender to a borrower, subject to the commitment to redeliver the securities, usually in the short term. The borrower collateralises the transaction with cash or other securities of equal or greater value than the borrowed securities in order to protect the lender against counterparty credit risk. As an intermediary between clients and the market, we act both as lender and borrower.

ABN AMRO has implemented a Counterparty Credit Risk policy which stipulates the rules and requirements for identifying, measuring, monitoring and managing CCR within ABN AMRO. This covers all third-party exposures, including Central Counterparties (CCP) exposures.

Limit setting

Limit setting for positions subject to counterparty credit risk is specifically addressed in ABN AMRO's risk management policy. With respect to CCR, this policy provides the principles for setting specific risk limits for each derivative portfolio and for each counterparty, subject to further specifications. Limits for CCR are set within the general risk management framework for counterparty limits.

These limits take into account a range of factors, including the mark-to-market of transactions and the potential future exposure of transactions. The limits for CRR (pre-settlement stage) are monitored on a daily basis.

For exposures towards CCP, AAB sets limits following the standard credit risk processes within ABN AMRO covering the potential future exposure, Default Fund (DF) exposures and Initial Margin (IM) exposures. The (credit) decision for CCP exposure limits is based on a thorough quantitative and qualitative analysis of the various risk elements of a CCP, such as the CCP's annual financial figures, the risk and control framework of the CCP, membership criteria, margin models of the CCP, default management, investment risk, liquidity risk, operational risk, concentration risk and capital requirement.

Master netting agreements and collateral management

Master netting agreements and collateral support annexes are an important aspect of the risk management of positions that give rise to CCR for both ABN AMRO Bank and ABN AMRO Clearing Bank. Where master netting agreements are relevant, measurement of the net position takes place at least at the level set for netting and, where relevant and possible, at sub-levels (such as the level for collateral). Collateral received under collateral support annexes to master netting agreements provides additional risk mitigation.

ABN AMRO has centralised its collateral management with respect to derivative contracts. This includes management of initial margins and variation margins, both for bilateral derivative trades and for cleared trades with a central clearing party. The main risk factors that drive the collateral requirements are interest rate risks and foreign exchange risks. Any possible additional collateral payments to counterparties due to a rating downgrade of ABN AMRO are monitored. Two main types of clauses may result in a liquidity outflow linked to the external credit rating of ABN AMRO:

- Ratings tables linked to threshold and minimum transfer amounts in credit support annexes to the ISDA master agreements (or other similar collateral addenda) may result in additional collateral postings in a downgrade scenario; and

- The triggering of an additional downgrade in a termination event clause in the schedule to the ISDA master agreement may result in the termination of the underlying derivative contracts and payment of an early termination amount.

Currently a one-notch downgrade does not have any material impact on the collateral outflow. The collateral impact associated with any downgrade of three notches or fewer is taken into account in the liquidity coverage ratio calculation.

Wrong-way risk

This risk refers to transactions where the counterparty credit exposure arising from OTC or securities lending transactions is positively correlated to the counterparty's probability of default. In other words, the credit exposure increases when the credit quality of the counterparty deteriorates. In general, we do not engage in such wrong-way risk transactions. We are also prudent in considering transactions in which this correlation is less obvious, such as transactions with a general wrong-way risk component, or where a counterparty and the underlying issuer are in a similar industry, or in the same country or geographical region.

Regulatory and economic exposure calculation for specific counterparty credit risk

Credit Valuation Adjustments (CVA) are taken into account for non-collateralised OTC derivative transactions to reflect the cost associated with the risk that the counterparty with whom ABN AMRO has entered into a transaction will fail to honour its contractual obligations.

Measurement of regulatory capital requirements for OTC derivative transactions within ABN AMRO takes place by using the mark-to-market (MtM) method specified in the CRR (put simply, the exposure value is calculated as the sum of the current replacement cost (MtM) and the potential future credit exposure, based on prescribed percentages of the notional values).

For economic capital purposes, counterparty credit risk exposure calculations for OTC derivative instruments are based on Monte Carlo simulation models. These simulation models generate random scenarios for price factors (such as foreign exchange and interest rates) that determine the value of a certain trade or portfolio. The trade or portfolio is repriced under price factor scenarios, resulting in scenarios for the value of the trade or portfolio. Based on these scenario values, the 95% worst case MtM movement in favour of the bank is computed over the lifetime of the trade or portfolio.

For the purpose of determining capital requirements for securities financing transactions (SFT), ABN AMRO Bank uses the Financial Collateral Comprehensive Method (FCCM) specified in the CRR. ABN AMRO Bank does not use the options provided for in the CRR to apply internal models to estimate market risk effects related to SFT or master netting agreements. For economic counterparty exposure calculations, ABN AMRO Bank applies the FCCM calculation with additional conservatism.

Market risk management

EU-MRA – Qualitative disclosure requirements related to market risk

- Market risk in the banking book
- Market risk in the trading book

Within ABN AMRO, market risk is present in both the banking book and trading book.

Market risk in the banking book

Market risk in the banking book is the risk that the economic value of equity or the income of the bank will decline because of unfavourable market movements. Market risk in the banking book consists predominantly of interest rate risk, followed by credit spread risk, funding spread risk and foreign exchange risk. Equity risk and property risk are also recognised as market risks in the banking book. However, these are relatively immaterial.

Market risk management for the banking book

ABN AMRO has in place a detailed risk management framework to identify, measure and control market risk in the banking book. This framework provides assurance that the banking book activities remain consistent with the bank's strategy to pursue a moderate risk profile. The day-to-day management is delegated from the Asset & Liability Committee to Asset and Liability Management, while Treasury is responsible for the execution of hedge transactions. These departments form the first line of defence. Market & ALM/T Risk acts as the second line of defence.

The risk appetite is articulated in terms of net interest income for one- and two-year periods, the economic value of equity and the economic capital for market risk in the banking book, and expresses the maximum loss the bank is willing to accept. The risk appetite is cascaded into a limit framework.

To manage the interest rate sensitivity in the banking book and keep in line with the bank's strategy and risk appetite, ABN AMRO uses a combination of portfolio (macro) hedges and specific asset or liability (micro) hedges to swap fixed interest rates for floating interest rate positions. Micro hedges are used to swap fixed funding transactions and fixed investments in the liquidity buffer for floating interest rate positions. In addition, macro hedging is applied in order to align with the bank's strategy to contribute to a stable NII while protecting the economic value of equity.

Market risk measurement for the banking book

Market risk in the banking book consists predominantly of interest rate risk, followed by credit spread risk, funding spread risk and foreign exchange risk.

Interest rate risk in the banking book

Interest rate risk is the risk of losses in the economic value of equity or the bank's net interest income (NII) due to unfavourable yield curve developments, including changes in the volatility of the yield curve. In order to model and measure interest rate risk, assumptions on client behaviour are made, most importantly with respect to the maturity of savings and the prepayment of mortgages. These assumptions influence the anticipated interest cash flow pattern. Interest rate risk is continuously managed in line with the risk appetite as the profile of assets and liabilities on the balance sheet can change if client behaviour changes.

The main sources of interest rate risk are:

- The maturity mismatch between assets and liabilities. ABN AMRO provides mortgages and commercial loans with fixed interest terms. These assets are funded by non-maturing deposits and wholesale funding with a shorter average interest maturity than the assets;
- Client behaviour, which determines the maturity profile of some of our products. As we use models to predict this behaviour, we are exposed to model risk.

Key assumptions for modelling client behaviour

From an interest rate risk perspective, the following aspects of client behaviour are the most important:

- Client behaviour with respect to early redemption of residential mortgages. This has a significant impact on the average interest maturity of the mortgage portfolio. Clients have the option to fully or partially prepay mortgages before maturity. Prepayments can be triggered by, for example, relocation, redemption or curtailment. An important driver of prepayments is the interest rate incentive, i.e. the difference between a client's current mortgage rate and the prevailing mortgage

rates. Future mortgage rates are simulated using a Monte Carlo approach. In addition to the interest rate incentive, other drivers such as loan age, seasonality and house price developments are also taken into account;
- Client acceptance of the volume offered and the deviation between the offered rate and the actual coupon on an offered residential mortgage;
- Client behaviour with respect to non-maturing deposits that are callable on demand. Future client rates for savings and current accounts are modelled using a replicating portfolio model. Modelled client rates depend on current or lagged yield curves and funding costs. A maximum maturity of 10 years is assumed. The resulting duration depends on product type and client behaviour. The average duration for retail portfolios is around 3 years, well below the regulatory 5-year cap.

The metrics used for banking book risks are dependent upon the assumptions made in the behavioural models. Models must therefore be based on extensive research, including historical data on observed client behaviour. Models must be independently validated and approved by the mandated risk committees. Models are periodically assessed to determine whether they behave appropriately and are statistically sound; if required, they are adjusted.

Risk measurement for interest rate risk

Interest rate risk is measured by net interest income (NII) at risk, present value of 1 basis point (PV01), and economic value of equity (EVE) at risk.

NII-at-Risk is the difference in NII between a base scenario and an alternative scenario. In addition to the regulatory prescribed scenarios, the internal metric is defined as the worst outcome of the following scenarios: a gradual increase or decrease in interest rates by 200bps, measured over a one-year period, and an instantaneous increase or decrease of 100bps. NII-at-Risk includes all expected cash flows, including commercial margins and other spread components, from all interest rate-sensitive assets, liabilities and off-balance sheet items in the banking book. The NII-at-Risk calculation contains assumptions about the future balance sheet, including the reinvestment of maturing positions.

The **PV01** measures value changes resulting from a 1bp parallel shift of the yield curve. We also measure the value sensitivity to changes in individual term points on the yield curve.

EVE-at-Risk is the loss in economic value of equity as a result of various yield curve shocks. As well as the regulatory prescribed shocks, the EVE-at-Risk is based on the following internal shocks: bow up, bow down, steepening, flattening and tilt short-end up and down. The impact is calculated for cash flows from all interest-bearing assets, liabilities and off-balance sheet items in the banking book. An assumption of a run-off balance sheet is made, where banking book positions amortise and are not replaced by new business. The projected cash flows include commercial margins and other spread components and are discounted at the risk-free rate.

These metrics are complemented with stress testing and scenario analysis, which are used to ensure a comprehensive approach to risk management and to identify potential weaknesses. Stress testing and scenario analyses go beyond determining the impact of alternative developments of interest rates. Assumptions with respect to modelling and client behaviour are also tested. A combination of market and product floors is applied. These floors are reviewed periodically.

For management purposes, the interest rate risk position is monitored by the Asset & Liability Committee (ALCO) on a monthly basis. The above metrics are also regularly reported to the Executive Board.

Credit spread risk in the banking book

Credit spread risk is the risk of losses due to adverse movements in the credit spread of assets. The main source is from bonds held for liquidity purposes. It is measured as the impact on economic value of a 1bp change in spreads to a swap rate. The sensitivity is measured for individual term points, as well as for a parallel shift of the curve.

Funding spread risk

Funding spread risk is the risk of losses due to adverse movements in the term structure of rates at which ABN AMRO can fund itself – expressed as a spread to a benchmark such as Euribor. Funding spread movements can arise due to changes in, for example, the perceived credit quality of ABN AMRO, changes in the competitive environment or changes in liquidity premiums. They may be entity-specific or systemic in nature. If funding spreads widen, it costs more to fund assets on the balance sheet. Unless this increased spread is passed on to clients by increasing client rates, projected net interest income will decrease. The funding spread risk is measured using an NII-at-risk approach whereby the funding spread increases.

Foreign exchange risk

Foreign exchange (FX) risk is the risk arising from adverse movements in FX spot and forward rates and/or FX volatility. This risk is managed within the bank by ALM and Treasury. As a general rule, foreign exchange risk is hedged by using cross-currency swaps to swap the exposure in foreign currency to EUR. If, for operational reasons, it is inefficient to hedge exposures in foreign currencies, an open currency position (OCP) remains. This is measured by the aggregated net position per currency, except for EUR. The OCP is monitored regularly and limits apply on local and aggregate level. Both for assets and for liabilities, USD is the largest non-EUR exposure.

Economic capital
Economic capital for market risk in the banking book is calculated using a parametric Monte Carlo simulation model that determines the economic capital needed to absorb losses caused by adverse movements in interest rates, client behaviour for mortgages and non-maturing deposits, volatility, credit spreads and foreign exchange rates.

Market risk in the trading book
Positions held with trading intent and hedges for positions held with trading intent must be included in the bank's trading book. The Central Trading Risk policy describes the positions included in the trading book and the criteria for transferring risk and positions between the trading and banking books (in line with article 104, CRR). This policy applies to ABN AMRO Bank N.V. as well as its subsidiaries, branches and representative offices, and legal entities under its control. As part of its business strategy, ABN AMRO facilitates client orders, acts as a market maker in key markets and provides liquidity to clients, including institutional investors and private clients. Market risk in the trading book is the risk of losses in market value due to adverse market movements. The following market risks are inherent in the trading book:
- Interest rate risk, arising from adverse changes in interest rate risk curves and/or interest rate volatilities;
- Credit spread risk, arising from adverse changes in the term structure of credit spreads and/or from changing credit quality of debt securities or CDS reference entities, with an impact on default probabilities;
- Equity risk, arising from adverse changes in equity prices, dividends and volatilities;
- Commodity risk, arising from adverse changes in commodity prices;
- Foreign exchange risk, arising from adverse changes in FX spot and forward rates and/or FX volatility.

Market risk management for the trading book
ABN AMRO has in place a detailed risk management framework to identify, measure and control market risk in the trading book. This framework provides assurance that the bank’s trading activities are consistent with its client-focused business strategy and the objective to maintain a moderate risk profile. In accordance with the strategy, the Business Risk Committee Trading annually approves trading mandates, which define the nature and amount of the permitted transactions and risks, and the associated constraints. The Business Risk Committee Trading is a subsidiary committee of the Group Risk Committee.

Market risk measurement for the trading book
ABN AMRO measures and manages market risk in the trading book on a daily basis. The key metrics used are economic capital, regulatory capital, Value-at-Risk (VaR), Stressed VaR (SVaR) and Incremental Risk Charge (IRC), together with a wide array of stress and scenario tests, sensitivity measures, concentration limits and notional limits. These metrics are measured and monitored. Appropriate limits are set at bank level in the risk appetite statement and at bank and business-line levels in the limit framework, in line with the general risk principles in the Central Trading Risk policy.

Metrics and models are managed, reviewed, assessed and, if required, adjusted in a similar way as in the banking book. Other important tools to ensure the adequacy of the models, alongside the formal validation and review of models, are the daily explanation of risk reporting figures, periodic portfolio reviews and regular back-testing.

More information on the key metrics Value-at-Risk, Stressed VaR and Incremental Risk Charge can be found in EU MRB: Qualitative disclosure requirements for institutions using the internal Market Risk Models.

Regulatory capital
On 5 March 2018, the ECB granted permission for ABN AMRO to continue using the Internal Model Approach (IMA) for calculating the own funds requirements pertaining to market risk. The next section explains the main components of this approach. The bank uses the IMA to calculate market risk capital for its trading book. The following activities are excluded from the IMA capital and are calculated by means of the Standardised Approach (SA):
- Trading activities in Brazil;
- Residential mortgage-backed securities trading.

Economic capital
Calculation of economic capital for market risk in the trading book is based on a daily Value-at-Risk (VaR) market risk measure and historical scenarios simulating stress events such as 'Black Monday' and the financial markets crisis.

Own funds

Capital management strategy

The primary objective of the capital management strategy is to ensure that capital adequacy requirements are met at all times and that sufficient capital is available to support the bank's strategy. Capital is a necessary resource for doing business and defines the bank's commercial possibilities. The balance between available and required capital is managed centrally to optimise the use of available capital. The basis of the capital management strategy is the bank's risk appetite and its business plans. Other important factors taken into account when managing the capital position are expectations and requirements of external stakeholders (such as regulators, investors, shareholders, equity analysts, rating agencies and clients), the bank's position in the market, market developments, contingent capital needs and the feasibility of capital management actions. Although ABN AMRO manages its capital centrally, the group companies are sufficiently capitalised to comply with all local regulatory solvency requirements and to meet any local business needs. ABN AMRO's banking activities are carried out by legal entities that are part of the group's corporate tax unit. Apart from prevailing statutory and regulatory legislation, there are no specific material impediments for prompt transfer of the bank's regulatory capital.

Capital instruments' main features
Common Equity Tier 1

1	Issuer	ABN AMRO Bank N.V.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NL0011540547
3	Governing law(s) of the instrument	Dutch Law
	Regulatory treatment	
4	Transitional CRR rules	Common equity tier 1
5	Post-transitional CRR rules	Common equity tier 1
6	Eligible at solo/ (sub-)consolidated/ solo & (sub-) consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares A
8	Amount recognised in regulatory capital (in millions, as of most recent reporting date)	EUR 940
9	Nominal amount of instrument (as of most recent reporting date)	EUR 1
9a	Issue price	EUR 17.75; 20.40; 22.75; 23.50
9b	Redemption price	N/A
10	Accounting classification	Equity
11	Original date of issuance	09 April 2009
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates, and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specifiy instrument type convertible into	N/A
29	If convertible, specifiy issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierachy in liquidation	Junior to Additional Tier 1
36	Non-compliant transitioned features	No
37	If yes, specifiy non-compliant features	N/A

1 N/A inserted if the question is not applicable

Additional Tier 1

1	Issuer	ABN AMRO Bank N.V.	ABN AMRO Bank N.V.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS2131567138	XS1693822634
3	Governing law(s) of the instrument	Dutch law	Dutch law
	Regulatory treatment		
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Additional Tier 1	Additional Tier 1
6	Eligible at solo/ (sub-)consolidated/ solo & (sub-) consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	AT1 EU 575/2013 art 52	AT1 EU 575/2013 art 52
8	Amount recognised in regulatory capital (in millions, as of most recent reporting date)	EUR 993	EUR 994
9	Nominal amount of instrument (in millions, as of most recent reporting date)	EUR 1,000	EUR 1,000
9a	Issue price	100%	100%
9b	Redemption price	100%	100%
10	Accounting classification	Equity	Equity
11	Original date of issuance	15 June 2020	10 April 2017
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates, and redemption amount	22 Sept 2025 (100% nominal amount), regulatory & tax call (prevailing principal amount)	22 Sept 2027 (100% nominal amount), regulatory & tax call (prevailing principal amount)
16	Subsequent call dates, if applicable	Callable on each interest payment date after first call date	Callable on each interest payment date after first call date
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	4.375% per year	4.75% per year
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specifiy instrument type convertible into	N/A	N/A
29	If convertible, specifiy issuer of instrument it converts into	N/A	N/A
30	Write-down features	Yes	Yes
31	If write-down, write-down trigger(s)	7%/5.125% CET1	7%/5.125% CET1
32	If write-down, full or partial	Partial	Partial
33	If write-down, permanent or temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Subject to profit MDA and Max Write up Amount	Subject to profit MDA and Max Write up Amount
35	Position in subordination hierachy in liquidation	Junior to Tier 2	Junior to Tier 2
36	Non-compliant transitioned features	No	No
37	If yes, specifiy non-compliant features	N/A	N/A

1 N/A inserted if the question is not applicable

Tier 2

1	Issuer	ABN AMRO Bank N.V.	ABN AMRO Bank N.V.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0619548216	XS0619547838
3	Governing law(s) of the instrument	Dutch law	Dutch law
	Regulatory treatment		
4	Transitional CRR rules	Tier 2	Tier 2
5	Post-transitional CRR rules	Ineligible	Ineligible
6	Eligible at solo/ (sub-)consolidated/ solo & (sub-) consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 (grandfathered) EU 575/2013 art 63	Tier 2 (grandfathered) EU 575/2013 art 63
8	Amount recognised in regulatory capital (in millions, as of most recent reporting date)	EUR 79	EUR 128
9	Nominal amount of instrument (in millions, as of most recent reporting date)	EUR 1,228	USD 595 (EUR 484)
9a	Issue price	99.603%	99.131%
9b	Redemption price	100%	100%
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	27 April 2011	27 April 2011
12	Perpetual or dated	Dated	Dated
13	Original maturity date	27 April 2021	27 April 2022
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates, and redemption amount	Tax call (100% nominal amount)	Tax call (100% nominal amount)
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	6.375% per year	6.25% per year
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	N/A	N/A
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specifiy instrument type convertible into	N/A	N/A
29	If convertible, specifiy issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierachy in liquidation	Junior to senior unsecured	Junior to senior unsecured
36	Non-compliant transitioned features	No	No
37	If yes, specifiy non-compliant features	N/A	N/A

1 N/A inserted if the question is not applicable

Tier 2 (continued)

1	Issuer	ABN AMRO Bank N.V.	ABN AMRO Bank N.V.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	00080QAD79 (Cusip 144A) USN0028HAP03 (ISIN Reg S)	US00080QAF28 / XS1264600310
3	Governing law(s) of the instrument	Dutch law	Dutch law
	Regulatory treatment		
4	Transitional CRR rules	Tier 2	Tier 2
5	Post-transitional CRR rules	Ineligible	Tier 2
6	Eligible at solo/ (sub-)consolidated/ solo & (sub-) consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 (grandfathered) EU 575/2013 art 63	Tier 2 EU 575/2013 art 63
8	Amount recognised in regulatory capital (in millions, as of most recent reporting date)	EUR 45	EUR 1,113
9	Nominal amount of instrument (in millions, as of most recent reporting date)	USD 113 (EUR 92)	USD 1,500 (EUR 1,221)
9a	Issue price	100%	99.732%
9b	Redemption price	100%	100%
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	30 June 2011	28 July 2015
12	Perpetual or dated	Dated	Dated
13	Original maturity date	15 May 2023	28 July 2025
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates, and redemption amount	Tax call (100% nominal amount)	Tax & regulatory call (100% nominal amount)
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	7.75% per year	4.75% per year
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	N/A	N/A
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specifiy instrument type convertible into	N/A	N/A
29	If convertible, specifiy issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierachy in liquidation	Junior to senior unsecured	Junior to senior unsecured
36	Non-compliant transitioned features	No	No
37	If yes, specifiy non-compliant features	N/A	N/A

1 N/A inserted if the question is not applicable

Tier 2 (continued)

1	Issuer	ABN AMRO Bank N.V.	ABN AMRO Bank N.V.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1341466487	US00084DAL47 / XS1392917784
3	Governing law(s) of the instrument	Dutch law	Dutch law
	Regulatory treatment		
4	Transitional CRR rules	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2
6	Eligible at solo/ (sub-)consolidated/ solo & (sub-) consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 EU 575/2013 art 63	Tier 2 EU 575/2013 art 63
8	Amount recognised in regulatory capital (in millions, as of most recent reporting date)	EUR 276	EUR 811
9	Nominal amount of instrument (in millions, as of most recent reporting date)	SGD 450 (EUR 277)	USD 1,000 (EUR 814)
9a	Issue price	100%	99.827%
9b	Redemption price	100%	100%
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	01 April 2016	18 April 2016
12	Perpetual or dated	Dated	Dated
13	Original maturity date	01 April 2026	18 April 2026
14	Issuer call subject to prior supervisory approval	Yes	no
15	Optional call date, contingent call dates, and redemption amount	01 April 2021 (100% nominal amount), tax & regulatory call (100% nominal amount)	Tax & regulatory call (100% nominal amount)
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	4.75% per year	4.8% per year
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	N/A	N/A
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specifiy instrument type convertible into	N/A	N/A
29	If convertible, specifiy issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierachy in liquidation	Junior to senior unsecured	Junior to senior unsecured
36	Non-compliant transitioned features	No	No
37	If yes, specifiy non-compliant features	N/A	N/A

1 N/A inserted if the question is not applicable

Tier 2 (continued)

1	Issuer	ABN AMRO Bank N.V.	ABN AMRO Bank N.V.	ABN AMRO Bank N.V.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1346254573	XS1586330604	XS1385037558
3	Governing law(s) of the instrument	Dutch law	Dutch law	Dutch law
	Regulatory treatment			
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2
6	Eligible at solo/ (sub-) consolidated/ solo & (sub-) consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 EU 575/2013 art 63	Tier 2 EU 575/2013 art 63	Tier 2 Eu 575/2013 art 63
8	Amount recognised in regulatory capital (in millions, as of most recent reporting date)	EUR 998	EUR 1,217	EUR 243
9	Nominal amount of instrument (in millions, as of most recent reporting date)	EUR 1,000	USD 1,500 (EUR 1,221)	USD 300 (EUR 244)
9a	Issue price	99.383%	99.984%	100%
9b	Redemption price	100%	100%	100%
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	18 January 2016	27 March 2017	08 April 2016
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	18 January 2028	27 March 2028	08 April 2031
14	Issuer call subject to prior supervisory approval	Yes	Yes	No
15	Optional call date, contingent call dates, and redemption amount	18 January 2023 (100% nominal amount), tax & regulatory call (100% nominal amount)	27 March 2023 (100% nominal amount), tax & regulatory call (100% nominal amount)	Tax & regulatory call (100% nominal amount)
16	Subsequent call dates, if applicable	N/A	N/A	N/A
	Coupons / dividends			
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	2.875% per year	4.4% per year	5.6% per year
19	Existence of a dividend stopper	No	No	No
20a	Fully dicretionary, partially discretionary or mandatory or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully dicretionary, partially discretionary or mandatory or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Non-cumulative or cumulative	N/A	N/A	N/A
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, convertion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mecahnism	N/A	N/A	N/A
35	Position in subordination hierachy in liquidation	Junior to senior unsecured	Junior to senior unsecured	Junior to senior unsecured
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A

1 N/A inserted if the question is not applicable

Own funds

(in millions)		31 December 2020	30 September 2020	31 December 2019
	Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	**Capital instruments and the related share premium accounts**	**13,910**	**13,910**	**13,910**
	- of which shares	*13,910*	*13,910*	*13,910*
2	Retained earnings	6,206	6,230	4,947
3	Accumulated other comprehensive income (and other reserves)	-1,733	-1,838	-1,419
3a	Funds for general banking risk			
4	Amount of qualifying items referred to in Art. 484 (3) and the related share premium accounts subject to phase-out from CET1			
5	Minority interests (amount allowed in consolidated CET1)			
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-45	-99	1,377
6	**Common Equity Tier 1 (CET 1) capital before regulatory adjustments**	**18,338**	**18,203**	**18,815**
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (-)	-45	-52	-48
8	Intangible assets (net of related tax liability) (-)	-124	-127	-171
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (-)	-23	-28	-29
11	Fair value reserves related to gains or losses on cash flow hedges	1,854	1,930	1,648
12	Negative amounts resulting from the calculation of expected loss amounts			-93
13	Any increase in equity that results from securitised assets (-)			
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	22	24	39
15	Defined-benefit pension fund assets (-)			
16	Direct and indirect holding by an institution of own CET1 instruments (-)			
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (-)			
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (-)			
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (-)			
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative			
20b	*- of which qualifying holdings outside the financial sector (-)*			
20c	*- of which securitisation positions (-)*			
20d	*- of which free deliveries (-)*			
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related eligible tax liabilities) (-)			
22	Amount exceeding the 15% threshold (-)			
23	*- of which direct and indirect holding by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*			
25	*- of which deferred tax assets arising from temporary differences*			
25a	Losses for the current financial year (-)			
25b	Foreseeable tax charges relating to CET1 items (-)			
26	Additional deductions of CET1 Capital due to Article 3 CRR	-473	-273	-248
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (-)			
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**1,210**	**1,474**	**1,097**
29	**Common Equity Tier 1 (CET1) capital**	**19,548**	**19,677**	**19,913**

continued>

(in millions)		31 December 2020	30 September 2020	31 December 2019
	Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	1,987	1,987	1,987
31	*- of which classified as equity*	*1,987*	*1,987*	*1,987*
32	*- of which classified as liabilities*			
33	Amount of qualifying items referred to in Art. 484 (4) and the related share premium accounts subject to phase-out from AT1			
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties			1,987
35	*- of which instruments issued by subsidiaries subject to phase-out*			
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**1,987**	**1,987**	**1,987**
	Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holding by an institution of own AT1 instruments (-)	-5	-5	-5
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (-)			
39	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (-)			
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (-)			
42	Qualifying T2 deductions that exceed the T2 capital of the institution (-)			
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-5**	**-5**	**-5**
44	**Additional Tier 1 (AT1) capital**	**1,982**	**1,982**	**1,982**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**21,530**	**21,659**	**21,895**
	Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	4,911	5,277	7,253
47	Amount of qualifying items referred to in Art. 484 (5) and the related share premium accounts subject to phase-out from T2			
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties			
49	*- of which instruments issued by subsidiaries subject to phase-out*			
50	Credit risk adjustments	35	193	
51	**Tier 2 (T2) capital before regulatory adjustments**	**4,945**	**5,470**	**7,253**
	Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holding by an institution of own T2 instruments and subordinated loans (-)	-30	-30	-75
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (-)			
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (-)			
55	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)(-)			
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-30**	**-30**	**-75**
58	**Tier 2 (T2) capital**	**4,915**	**5,440**	**7,178**
59	**Total capital (TC = T1 + T2)**	**26,446**	**27,100**	**29,073**
60	Total risk weighted assets	110,481	114,123	109,825

continued>

(in millions)		31 December 2020	30 September 2020	31 December 2019
61	Common Equity Tier 1 (as a % of total risk exposure amount)	17.7%	17.2%	18.1%
62	Tier 1 (as a % of total risk exposure amount)	19.5%	19.0%	19.9%
63	Total capital (as a % of total risk exposure amount)	23.9%	23.7%	26.5%
64	Institution specific buffer requirement (CET1 requirement in accordance with Article 92 (1) (a) plus capital conservation and counter-cyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount) [1]	8.5%	8.5%	10.1%
65	*- of which capital conservation buffer requirement*	*2.5%*	*2.5%*	*2.5%*
66	*- of which counter-cyclical buffer requirement*	*0.01%*	*0.01%*	*0.10%*
67	*- of which systemic buffer requirement*	*0.0%*	*1.5%*	*3.0%*
67a	*- of which G-SII or O-SII buffer*	*1.5%*		
68	Common Equity Tier 1 available to meet buffers (as a % of risk exposure amount) [2]	12.0%	11.5%	11.9%
	Amounts below the thresholds for deduction			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	117	157	156
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	563	548	536
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	753	691	642
	Applicable caps on the inclusion of provisions in Tier 2			
77	Cap on inclusion of credit risk adjustments in T2 under Standardised Approach	112	120	109
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	35	193	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	443	390	388
	Capital instruments subject to phase-out arrangements (1 Jan 2014 - 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase-out arrangements			
81	Amount excluded from CET1 due to cap			
82	Current cap on AT1 instruments subject to phase-out arrangements			
83	Amount excluded from AT1 due to cap			
84	Current cap on T2 instruments subject to phase-out arrangements			
85	Amount excluded from T2 due to cap			

1 Following the definition of the EBA disclosure template, Pillar 2 CET1 requirement of 1.75% is excluded
2 CET1 amount required to meet the Pillar 2 CET1 requirement of 1.75% is not considered available to meet the Combined Buffer Requirements

Developments impacting capital ratios

At the Investor Update in November 2020, we set out our updated capital framework despite various uncertainties. Our updated capital framework reflects regulatory developments, as well as the current environment and our strategy. We continue to report on and comply with Basel III as the current solvency requirements are based on Basel III. However, the Basel Committee requires Basel IV to be implemented by January 2023. Since Basel IV requirements are more onerous and imminent, we have adopted Basel IV as our primary capital metric, with a Basel IV CET1 target ratio of 13%.

Common Equity Tier 1 (CET1) capital declined slightly in Q4 2020, mainly due to a capital deduction of EUR 0.2 billion related to the regulatory guidance on non-performing exposure (NPE). Total Basel III RWA decreased to EUR 110.5 billion at 31 December 2020 (30 September 2020: EUR 114.1 billion). At 31 December 2020, the CET1, Tier 1 and total capital ratios under Basel III were 17.7%, 19.5% and 23.9% respectively (30 September 2020: 17.2%, 19.0% and 23.7% respectively). The final dividend for 2019 remains 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 18.3%). All capital ratios were in line with the bank's risk appetite and were comfortably above regulatory requirements.

The maximum distributable amount (MDA) trigger level has been temporarily reduced to 9.6% (excluding AT1 shortfall) as a result of various capital relief measures announced by the European Central Bank (ECB) and the Dutch Central Bank (DNB) in March 2020 to support banks in serving the economy and addressing operational challenges. 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 reported CET1 ratio of 17.7% under Basel III 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 Q3 2020, the CET1 ratio increased, mainly due to the EUR 3.6 billion decrease in RWA reflecting decreases in credit risk, operational risk and market risk. Lower credit risk RWA was attributable to business developments, predominantly relating to the wind-down of the CIB non-core portfolio and partly offset by a EUR 1.1 billion increase in TRIM add-ons. Operational risk RWA decreased due to the release of a regulatory add-on, while market risk RWA declined due to position changes and model updates.

Leverage ratio

Leverage ratio

Summary reconciliation of accounting assets and leverage ratio exposures

(in millions)		31 December 2020	30 September 2020	31 December 2019
1	**Total assets as per published financial statements**	**395,623**	**419,949**	**375,054**
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	285	300	310
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure according to Article 429(11) of Regulation (EU) NO. 575/2013			
4	Adjustments for derivative financial instruments	58,497	59,672	67,738
5	Adjustments for securities financing transactions	3,115	3,520	4,376
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	32,781	33,352	36,416
7	Other adjustments	-59,824	-56,449	415
8	**Leverage ratio exposure amount**	**430,478**	**460,344**	**484,309**

Breakdown of on-balance-sheet exposures (excluding derivatives, SFTs and exempted exposures)

(in millions)		31 December 2020	30 September 2020	31 December 2019
EU1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures);**	**313,450**	**329,166**	**354,540**
EU2	*Of which: trading book exposures*	*1,315*	*2,765*	*1,137*
EU3	*Of which: banking book exposures*	*312,135*	*326,401*	*353,402*
EU4	*- of which covered bonds*	*3,569*	*3,639*	*3,757*
EU5	*- of which exposures treated as sovereigns*	*47,095*	*49,409*	*67,933*
EU6	*- of which exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns*	*207*		
EU7	*- of which institutions*	*10,343*	*12,222*	*10,360*
EU8	*- of which secured by mortgages of immovable properties*	*166,080*	*167,314*	*168,598*
EU9	*- of which retail exposures*	*7,018*	*7,456*	*8,414*
EU10	*- of which corporate*	*63,576*	*70,353*	*80,865*
EU11	*- of which exposures in default*	*8,727*	*8,876*	*6,521*
EU12	*- of which other exposures (e.g. equity, securitisations, and other non-credit obligation assets)*	*5,520*	*7,132*	*6,955*

Leverage ratio common disclosure

	(in millions)	31 December 2020	30 September 2020	31 December 2019
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	378,970	392,187	361,883
2	Asset amounts deducted in determining Tier 1 capital	-567	-381	-517
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**378,403**	**391,806**	**361,366**
	Derivative exposures			
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	5,566	4,710	4,041
5	Add-on amount for PFE associated with all derivatives transactions (mark-to-market method)	101,144	101,918	115,816
EU5a	Exposure determined under Original Exposure Method			
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework			
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-3,826	-3,467	-3,375
8	(Exempted CCP leg of client-cleared trade exposures)	-47,393	-46,387	-50,356
9	Adjusted effective notional amount of written credit derivatives			
10	Adjusted effective notional offsets and add-on deductions for written credit derivatives			
11	**Total derivatives exposures (sum of lines 4 to 10)**	**55,492**	**56,775**	**66,125**
	SFT exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	18,519	29,204	18,115
13	Netted amounts of cash payables and cash receivables of gross SFT assets	-1,699	-1,026	-2,089
14	Counterparty credit risk exposure for SFT assets	3,115	3,520	4,376
EU14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013			
15	Agent transaction exposures			
EU15a	Exempted CCP leg of client-cleared SFT exposure			
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**19,935**	**31,699**	**20,401**
	Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	104,265	112,455	120,851
18	Adjustments for conversion to credit equivalent amounts	-71,484	-79,103	-84,434
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**32,781**	**33,352**	**36,416**
	Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on- and off-balance sheet)			
EU19a	Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on- and off-balance sheet)			
EU19b	Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on- and off-balance sheet)	-56,133	-53,287	
	Capital and total exposure measure			
20	Tier 1 capital	21,530	21,659	21,895
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU19a and EU19b)**	**430,478**	**460,344**	**484,309**
	Leverage ratio			
22	Leverage ratio	5.0%	4.7%	4.5%
	Choice on transitional arrangements and amount of derecognised fiduciary items			
23	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional	Transitional
24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013			

Leverage ratio

The Capital Requirements Regulation (CRR) includes a non-risk-based leverage ratio. Based on the current requirement (i.e. CEM methodology for derivative exposures), the leverage ratio increased to 5.0% (30 September 2020: 4.7%), reflecting a decrease in the exposure measure, mainly due to seasonal effects. The leverage ratio includes the temporary exemption of the central bank reserves from the exposure measure, which had a positive impact of 0.6 percentage points as at 31 December 2020. This exemption ends on 27 June 2021.

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 application of SA-CCR, will lower the exposure measure by approximately EUR 56.8 billion, equalling 0.6 percentage points of the leverage ratio. As the temporary measure to exempt central bank reserves ends on 27 June 2021 and CRR2 applies from 28 June 2021 onwards, we currently estimate these two effects will largely offset each other, with no material impact on the leverage ratio. The fully-loaded leverage ratio, based on SA-CCR, increased to 5.0% at 31 December 2020 (30 September 2020: 4.7%), reflecting a decrease in the exposure measure, mainly due to seasonal effects. The CRR2 leverage ratio (including SA-CCR) would be 5.8% 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.

Capital requirements

EU OV1 – Overview of RWAs

		31 December 2020		30 September 2020		31 December 2019	
	(in millions)	RWAs	Minimum capital requirements	RWAs	Minimum capital requirements	RWAs	Minimum capital requirements
1	**Credit risk (excluding CCR)**	**85,248**	**6,820**	**87,789**	**7,023**	**84,086**	**6,727**
2	*- of which Standardised Approach*	*6,057*	*485*	*6,734*	*539*	*8,054*	*644*
3	*- of which foundation IRB (FIRB) approach*						
4	*- of which advanced IRB (AIRB) approach*	*77,201*	*6,176*	*78,751*	*6,300*	*73,704*	*5,896*
5	*- of which equity IRB under the simple risk-weighted approach or the IMA*	*1,990*	*159*	*2,304*	*184*	*2,328*	*186*
6	**Counterparty Credit Risk (CCR)**	**5,633**	**451**	**5,503**	**440**	**3,372**	**270**
7	*- of which mark-to-market*	*2,120*	*170*	*2,176*	*174*	*1,875*	*150*
8	*- of which original exposure*						
9	*- of which Standardised Approach*	*2,898*	*232*	*2,892*	*231*	*642*	*51*
10	*- of which internal model method (IMM)*						
11	*- of which risk exposure amount for contributions to the default fund of a CCP*	*439*	*35*	*263*	*21*	*484*	*39*
12	*- of which CVA*	*175*	*14*	*172*	*14*	*370*	*30*
13	**Settlement risk**						
14	**Securitisation exposures in the banking book (after the cap)**	**70**	**6**	**71**	**6**	**32**	**3**
15	*- of which IRB approach*	*70*	*6*	*71*	*6*	*32*	*3*
16	*- of which IRB supervisory formula approach (SFA)*						
17	*- of which internal assessment approach (IAA)*						
18	*- of which Standardised Approach*						
19	**Market risk**	**1,334**	**107**	**1,816**	**145**	**1,362**	**109**
20	*- of which Standardised Approach*	*8*	*1*	*6*		*6*	
21	*- of which IMA*	*1,327*	*106*	*1,810*	*145*	*1,357*	*109*
22	**Large exposures**						
23	**Operational risk**	**16,685**	**1,335**	**17,352**	**1,388**	**19,391**	**1,551**
24	*- of which basic indicator approach*	*678*	*54*	*678*	*54*	*910*	*73*
25	*- of which Standardised Approach*						
26	*- of which advanced measurement approach*	*16,007*	*1,281*	*16,675*	*1,334*	*18,481*	*1,478*
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**1,511**	**121**	**1,592**	**127**	**1,582**	**127**
28	**Floor adjustment**						
29	**Total RWA**	**110,481**	**8,838**	**114,123**	**9,130**	**109,825**	**8,786**

RWA

This table provides an overview of the RWA and capital requirements of the various risk types. Total RWA decreased to EUR 110.5 billion (30 September 2020: EUR 114.1 billion), reflecting decreases in credit risk, operational risk and market risk. The lower credit risk RWA was attributable to business developments, predominantly relating to the wind-down of the CIB non-core portfolio and partly offset by a EUR 1.1 billion increase in TRIM add-ons. Operational risk RWA decreased due to the release of a regulatory add-on, while market risk RWA declined due to position changes and model updates.

EU CR10 – IRB (equities)

(in millions)		On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWA	Capital requirements
							31 December 2020
1	Private equity exposures	635	84	190%	720	1,367	109
2	Exchange-traded equity exposures	45		290%	45	130	10
3	Other equity exposures	133		370%	133	493	39
4	**Total**	**813**	**84**		**898**	**1,990**	**159**
							30 June 2020
1	Private equity exposures	592	114	190%	706	1,342	107
2	Exchange-traded equity exposures	38		290%	38	111	9
3	Other equity exposures	251		370%	251	927	74
4	**Total**	**881**	**114**		**995**	**2,380**	**190**
							31 December 2019
1	Private equity exposures	657	113	190%	770	1,463	117
2	Exchange-traded equity exposures	28		290%	28	81	6
3	Other equity exposures	212		370%	212	785	63
4	**Total**	**897**	**113**		**1,010**	**2,328**	**186**

Equity
This table reflects the diversification in the IRB equity positions of ABN AMRO and the related capital requirements of these positions. The equity exposure decreased compared to June 2020 due to divestment within Retail Banking. This decrease also explains the lower RWA. In addition, specific equity portfolios moved from other equity to private equity.

Overview of equities in banking book

(in millions)	Exposure value	Risk-weighted exposure amount	Capital requirement
			31 December 2020
Investment portfolio	908	1,857	149
Strategic investment	552	1,540	123
Total	**1,460**	**3,397**	**272**
			31 December 2019
Investment portfolio	995	1,925	154
Strategic investment	598	1,749	140
Total	**1,593**	**3,674**	**294**

The total exposure value (EUR 1,460 million) consists of EUR 720 million of private equity in sufficiently diversified portfolios (190% risk weight), EUR 563 million in significant financial institutions (250% risk weight), EUR 45 million in exchange-traded equity portfolios (290% risk weight) and EUR 133 million in other equity. The market value of exchange-traded equities in the banking book does not materially differ from the fair value.

Definition of strategic equity investments
Strategic equity investments are defined as:
1. Investments by ABN AMRO Bank N.V. and its consolidated subsidiaries (referred to as 'ABN AMRO' or 'the bank') in the equity of another company;
2. Not being fully consolidated in the bank's balance sheet;
3. Being invested in, as part of ABN AMRO's strategy, as opposed to:
- being client-related;
- being held for trading;
- having a private equity nature;
- being a client of the Financial Restructuring and Recovery Department (FR&R);

4. Being significant equity investments (this is a non-binding condition). The equity investment is deemed significant in the context of economic capital measurement if:

- the equity investment is less than 10% of the total equity of the investee and has a book value that is greater than or equal to EUR 5 million;
- the equity investment exceeds 10% of the total equity of the investee. This threshold has been set in line with the Basel II regulatory treatment of minority investments, i.e. participations, in financial and credit institutions;

Credit risk and credit risk mitigation – general information

Credit quality of assets

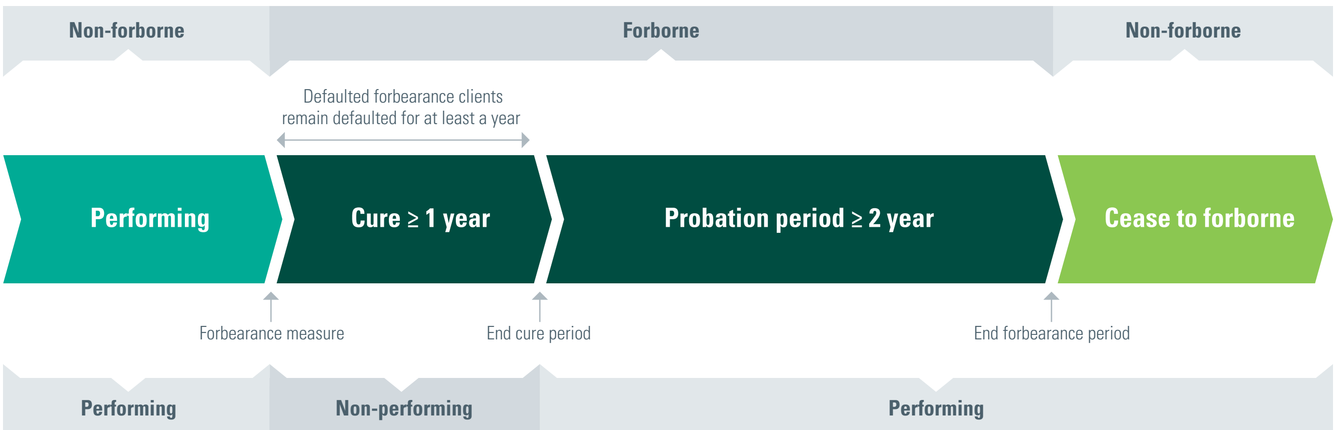
EU CRB-A – Additional disclosures related to the credit quality of assets

Forborne, past due and credit loss allowances

We continuously monitor the credit portfolio for signs indicating that the counterparty may become credit impaired in the future. Loans at risk are classified into different risk categories for individual counterparties and into days-in-arrears buckets for groups of aggregated counterparties in order to optimise monitoring and review of these loans.

Forbearance

Forbearance is the process of making concessions to clients who are or will soon be experiencing financial difficulty, with the intention of bringing them back within their payment capacity. A forborne asset is any contract that has been entered into with a counterparty who is in or about to face financial difficulty, and that has been refinanced or modified on terms and conditions that we would not have accepted if the counterparty had been financially healthy. Collective concessions, such as the automatic moratoria on payments that were granted as part of the Covid-19 measures, do not necessarily lead to a forbearance classification.



Forbearance measures can be applied to contracts on which the counterparty has already defaulted, as well as to contracts that are still performing. If the contract is performing at the time the forbearance measure is taken, an assessment is made to determine if the forbearance measure will lead to default. If the contract is considered performing forborne, a probation period of at least two years will start. A forborne contract will cease to qualify as forborne only when all the following conditions are met:

- The contract is considered performing;
- A minimum probation period of at least two years has passed since the last forbearance measure and/or the date the forborne contract was considered performing (whichever is later);
- Regular and timely payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period;
- The counterparty does not have any contract, within the credit agreement, that is more than 30 days past due at the end of the probation period.

If the forborne contract is or has become non-performing at the time of the forbearance measure, a mandatory cure period of at least one year applies to the contract before it is returned to performing status. The cure period starts when the contract becomes non-performing or, if the contract was already non-performing, when the last forbearance measure was taken. More information about non-performing contracts can be found at the end of this section.

Past due credit exposures

A financial asset is past due if a counterparty fails to make a payment on the contractually due date or if the counterparty has exceeded an agreed credit limit. ABN AMRO starts counting days past due from the first day that a counterparty is past due on any financial obligation.

Definition of default

All the models use a consistent definition of default which has been specified in line with regulations. A default is deemed to have occurred when:
- the counterparty is past due by more than 90 days on any material financial credit obligation to the bank;
- or the bank considers the borrower to be unlikely to meet its contractual obligations (unlikely-to-pay or UTP).

The materiality of a financial obligation past due is assessed against an absolute and a relative threshold, in line with regulatory standards. To determine unlikeliness to pay, the bank has specified both mandatory default triggers (always resulting in the assignment of a default status and whereby no additional expert judgment is allowed) and judgmental triggers (requiring an assessment by credit risk managers to determine whether the UTP indications should result in a default classification).

Ending the default classification for non-forborne exposures is considered when none of the default triggers continue to apply and a (probation) cure period of at least three months has passed since the default triggers ceased to apply.

For forborne exposure, an additional twelve-month cure period applies with effect from the moment the last forbearance measure or default trigger was applied. After the cure period, an assessment is made to determine whether the improvement of the credit quality is factual and permanent (including, for example, no remaining past due amounts).

Determining general and specific credit risk adjustments

For general and specific credit risk adjustments we use the individual and modelled allowances for credit losses as calculated under IFRS. The remainder of this section provides more details on the accounting policy for measuring allowances for credit losses.

ABN AMRO recognises loss allowances based on the Expected Credit Loss model (ECL) of IFRS 9, which is designed to be forward-looking. The IFRS 9 impairment requirements are applicable to financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI), loan commitments and financial guarantee contracts. These financial instruments are divided into three groups, depending on the stage of credit quality deterioration:

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
Performing (Initial recognition)	**Credit quality deteriorated** (Assets with significant increase in credit risk since initial recognition)	**Default = Impaired** (Credit impaired assets)
Recognition of ECL		
12 month ECL	Lifetime ECL	Lifetime ECL
Interest income		
Effective interest on gross carrying amount	Effective interest on gross carrying amount	Effective interest on amortised cost (gross carrying amount less loss allowance)

Stage triggers
We use quantitative and qualitative stage triggers to determine whether a financial instrument should be classified as stage 1 or stage 2.

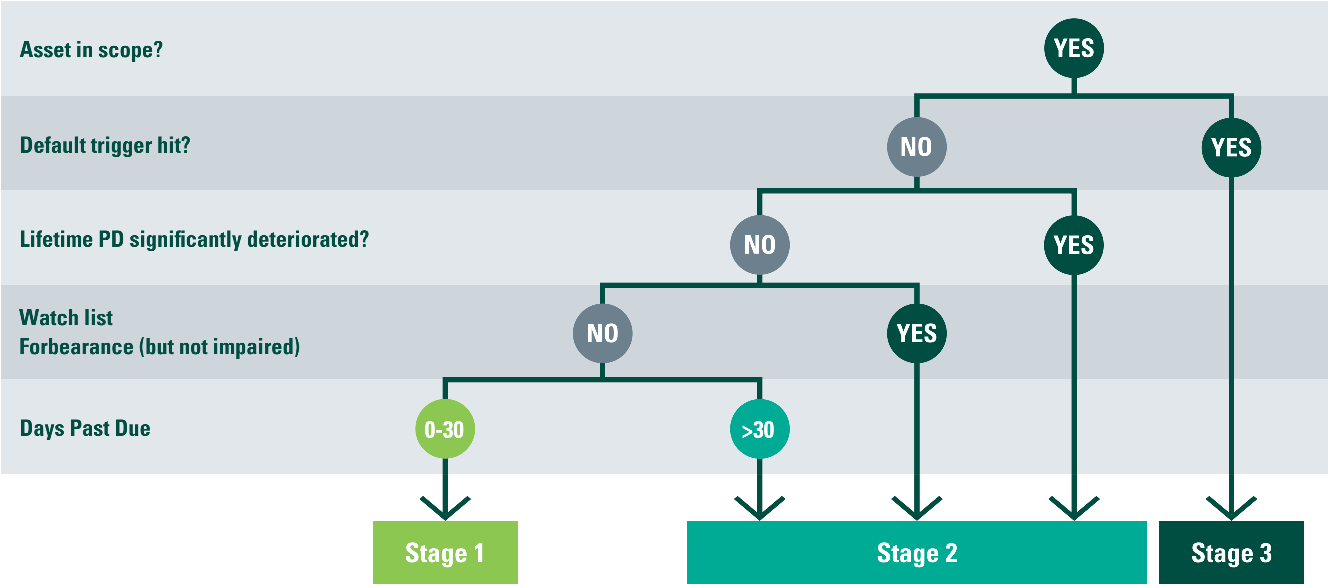
Quantitative stage trigger
The key quantitative metric that determines when a financial instrument is transferred from stage 1 to stage 2 is the deterioration in the lifetime probability of default (LPD) from the date of origination to the reporting date, based on internal data. The LPD represents the likelihood that a counterparty will default during the lifetime of the financial instrument and depends on credit risk drivers such as:
- product characteristics (e.g. repayment and interest terms, term of the product);
- the financial condition of the borrower;
- the number of days past due;
- future developments in the economy.

The lifetime PD (LPD) deterioration (LPDD) measures the relative difference between the remaining lifetime PD at reporting (LPDR) and the remaining lifetime PD at origination (LPDO) as LPDD = LPDR / LPDO.

Qualitative stage triggers
The bank transfers a financial instrument from stage 1 to stage 2 if the instrument meets any one of the following qualitative triggers:
- Forborne status of a borrower;
- Watch status of a borrower. ABN AMRO assigns the watch status to counterparties with an increased credit risk. This process allows for intensive monitoring, early detection of deterioration in the credit portfolio and appropriate follow-up measures;
- The client has become non-performing (but not in default);
- A delinquency-based regulatory backstop is in place, such that the credit risk of financial assets that are more than 30 days past due will be assumed to have significantly increased.

To account for the widespread impact of Covid-19 on credit risk, we temporarily added the industry sector of the client as an additional qualitative trigger for clients in Commercial Banking. More information on this can be found in the update on Covid-19 in the Risk review section.

A transfer to stage 3 will always be the result of the default of a financial instrument. A default is considered to have occurred when one of the default triggers (e.g. unlikelihood of payment, distressed debt restructuring, bankruptcy or fraud) has occurred. Materiality thresholds are applied for counterparties transferring to stage 3 (relative threshold of 1% on the past due amount compared to the on-balance sheet amount of the credit facility or product and an absolute threshold, with a minimum past due amount of EUR 100 for programme lending or EUR 500 for non-programme lending). These definitions are in line with the new definition of default introduced in the first half of 2020. Our definitions of default and impaired are aligned.



Favourable changes in credit risk are recognised consistently with unfavourable changes in credit risk, except when applying a probation period for financial instruments that are forborne or more than 30 days past due.

- Forborne financial instruments are transferred back from stage 2 to stage 1 only after a probation period of at least two years has ended in line with the ABN AMRO forbearance policy. Stage 3 forborne instruments transfer back to stage 2 consistently with other defaulted instruments;
- For financial instruments that are 30 days past due, a three-month probation period is applied for transfers from stage 2 to stage 1.

Calculation method

The amount of expected credit loss allowances is based on the probability-weighted present value of all expected cash shortfalls over the remaining life of the financial instrument for both on- and off-balance sheet exposures. ABN AMRO distinguishes between two types of calculation methods for credit loss allowances:

- Individual Lifetime ECL (LECL) for credit-impaired (stage 3) financial instruments with exposures above EUR 3 million;
- Collective 12-month ECL (stage 1) and LECL (stage 2 and 3) for financial instruments that have similar credit risk characteristics (e.g. residential mortgages, consumer loans and SME loans) are clustered in portfolios and collectively assessed for impairment losses. A collective impairment calculation approach based on individual parameters is also applied to stage 3 exposures below EUR 3 million. ABN AMRO has models to quantify the Probability of Loss (PL), Loss Given Loss (LGL) and Exposure at Loss (EAL) for the purpose of calculating the collective 12-month ECL and LECL for these financial instruments.

Lifetime expected credit loss

ABN AMRO defines the lifetime of credit as the maximum contractual period during which the bank is exposed to credit risk and not a longer period, even if that longer period is consistent with business practice. For some contracts, such as overdraft facilities or credit cards, no end date is specified or amounts can be contractually withdrawn by the lender at short notice. In these cases, ABN AMRO uses behavioural maturity models that rely on historical client behaviour to determine future expected exposures.

Forward-looking information

For expected credit loss calculations, ABN AMRO uses three different scenarios of future economic developments: a baseline (or most likely) scenario, a negative scenario and a positive scenario. The three scenarios are incorporated into the expected credit loss calculation and risk stage determination in a probability-weighted manner. In order to incorporate the latest economic outlook (e.g. macroeconomic repercussions of the Covid-19 pandemic), the scenarios and their weights are reviewed each quarter and adjusted if necessary. The forward-looking scenarios are also used in the budgeting process.

The baseline scenario is based on Group Economics' regular macroeconomic forecasts and is reviewed at each reporting date. The Group Economics analysts consider a range of external sources in order to develop the forecasts for the different macroeconomic variables (MEVs) required, including GDP, the unemployment rate, the housing price index, oil prices and 3-month Euribor. They check their views and assumptions against external views and assumptions. The preliminary forecasts for the different countries undergo a challenge process to ensure they are reasonable and consistent. To reduce the risk of biased forecasts, the final MEVs are again checked against external forecasts and then submitted to the Scenario and Stress-testing Committee for approval.

Both alternative scenarios reflect the lower and upper levels for the different macroeconomic variables, whereby the whole range is meant to cover roughly 85% of the possible economic future. For most MEVs, Group Economics uses its standard deviations. These are calculated on the basis of realised figures in the past few decades. The extent to which MEVs actually deviate over time from their historical means reflects the past materialisation of negative and positive risks in the economy. A probability of about 85% roughly corresponds to a standard deviation of plus and minus one and a half.

For the purpose of scenario analysis, the forecasts period is five years. It is assumed that MEVs gradually move to their potential or equilibrium values after the second year. For each specific portfolio, a selection of variables is made for calculating the expected credit loss, based on statistical relevance and expert judgment.

Non-performing versus default and impaired

Definitions for default and impaired are aligned and form the basis for most credit risk reporting in this report. For specific reporting purposes, ABN AMRO also distinguishes between performing and non-performing exposures. The criteria for non-performing exposures are broader than those applying to default or impaired. An exposure is qualified as non-performing if it is:

- in default; or
- a previously non-performing forborne exposure, which during the forborne probation period receives either an additional forbearance measure, or becomes more than 30 days past due.

An exposure is categorised as non-performing for the entire amount, taking no account of any available collateral, and including the following revocable and irrevocable off-balance sheet items:

- loan commitments;
- financial guarantees at risk of being called, including the underlying guaranteed exposure that meets the criteria of non-performing;
- any other financial commitments.

The non-performing classification typically ends when the counterparty is no longer in default and the cure period has ended. For non-performing exposures that are not in default, a cure period of at least 12 months applies from the date the exposure became non-performing. After this 12-month period, an assessment is made to establish whether the improvement of the credit quality is factual and permanent (including, for example, no remaining past-due amounts). This is comparable to the out-of-default assessment.

In monetary terms, the difference between non-performing and default or impaired amounts to less than 5% of the total non-performing exposure.

Cured financial assets

When a credit impaired financial asset cures, the interest that was previously unrecognised is reported as an impairment release in the impairment charge rather than as a credit to the interest income calculated using the effective interest method.

Write-off

A loan is written off against the related loan loss allowance if the likelihood of repayment falls below a certain point or the financial asset reaches a certain stage of delinquency.

- For non-programme lending, a write-off must be taken if all possible means of recovery have been exhausted and it has become clear that there is a low probability of recovering the debt, either in part or full.
- Most of the programme lending facilities are automatically written-off after 1,080 days in default.

Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment charges on financial instruments in the income statement.

EU CRB-B – Total and average net amount of exposures

(in millions)		31 December 2020 Net exposure	Average amount over 2020 Net exposure	31 December 2019 Net exposure
1	Central governments or central banks	96,530	83,864	61,340
2	Institutions	9,328	10,582	11,229
3	Corporates	132,253	147,787	156,575
4	*- of which: Specialised lending*	*26,439*	*35,633*	*41,940*
5	*- of which: SMEs*	*30,141*	*30,774*	*31,131*
6	Retail	177,801	179,016	180,681
7	*Secured by real estate property*	*161,540*	*161,884*	*162,545*
8	*- of which: SMEs*	*3,995*	*4,073*	*4,131*
9	*- of which: Non-SMEs*	*157,545*	*157,811*	*158,414*
10	*Qualifying revolving*	*9,212*	*9,774*	*10,345*
11	*Other retail*	*7,049*	*7,358*	*7,791*
12	*- of which: SMEs*	*4,192*	*4,329*	*4,402*
13	*- of which: Non-SMEs*	*2,857*	*3,029*	*3,389*
14	Equity	898	967	1,010
15	**Total IRB approach**	**416,810**	**422,218**	**410,836**
16	Central governments or central banks	118	127	250
17	Regional governments or local authorities			
18	Public sector entities			
19	Multilateral Development Banks	1,048	1,023	942
20	International organisations	5,536	5,257	5,029
21	Institutions	15,094	14,671	15,317
22	Corporates	14,595	15,299	16,741
23	*- of which: SMEs*	*2,663*	*2,818*	*3,149*
24	Retail	5,412	5,036	4,851
25	*- of which: SMEs*	*102*	*104*	*110*
26	Secured by mortgages on immovable property	469	837	928
27	*- of which: SMEs*	*227*	*194*	*113*
28	Exposure in default	226	165	143
29	Items associated with particularly high risk			
30	Covered bonds			
31	Claims on institutions and corporates with a short-term credit assesment			
32	Collective investment undertakings (CIU)	163	173	178
33	Equity exposures			
34	Other exposures	1,200	1,557	1,492
35	**Total SA approach**	**43,862**	**44,145**	**45,873**
36	**Total**	**460,672**	**466,362**	**456,708**

EU CRB-C – Geographical breakdown of exposures

The geographical distribution of exposures is broken down into significant areas. A geographical area is considered significant, and shown separately, if the total exposure to this area accounts for more than 5% of the bank's consolidated exposure. This is in line with the DNB country report and the breakdown in the Consolidated Annual Financial Statements.

							31 December 2020
	(in millions)	Netherlands	Rest of Europe	USA	Asia	Rest of world	Total
1	Central governments or central banks	64,628	19,827	6,501	4,342	1,233	96,530
2	Institutions	2,527	5,516	756	264	265	9,328
3	Corporates	77,472	34,969	8,828	3,544	7,440	132,253
4	Retail	177,082	556	46	73	44	177,801
5	Equity	664	137	41	22	34	898
6	**Total IRB approach**	**322,373**	**61,004**	**16,172**	**8,245**	**9,015**	**416,810**
7	Central governments or central banks	62	55				118
8	Regional governments or local authorities						
9	Public sector entities						
10	Multilateral development banks		1,022		26		1,048
11	International organisations		5,404	132			5,536
12	Institutions	3,574	3,592	5,480	847	1,602	15,094
13	Corporates	4,656	4,818	3,022	988	1,112	14,595
14	Retail	5,174	215	1	7	15	5,412
15	Secured by mortgages on immovable property	332	101			37	469
16	Exposures in default	168	58				226
17	Items associated with particularly high risk						
18	Covered bonds						
19	Claims on institutions and corporates with a short-term credit assessment						
20	Collective investments undertakings			163			163
21	Equity exposures						
22	Other exposures	1,200					1,200
23	**Total Standardised Approach**	**15,165**	**15,265**	**8,797**	**1,869**	**2,766**	**43,862**
24	**Total**	**337,539**	**76,269**	**24,970**	**10,114**	**11,780**	**460,672**

(in millions)		Netherlands	Rest of Europe	USA	Asia	Rest of world	Total
							31 December 2019
1	Central governments or central banks	31,377	18,563	6,859	3,328	1,213	61,340
2	Institutions	3,606	5,399	747	1,232	245	11,229
3	Corporates	76,654	42,723	12,680	14,007	10,512	156,575
4	Retail	179,897	597	50	80	56	180,681
5	Equity	812	152	46			1,010
6	**Total IRB approach**	**292,346**	**67,434**	**20,383**	**18,647**	**12,026**	**410,836**
7	Central governments or central banks		248		2		250
8	Regional governments or local authorities						
9	Public sector entities						
10	Multilateral development banks		297	22		622	942
11	International organisations		4,980	49			5,029
12	Institutions	3,346	3,374	6,690	625	1,282	15,317
13	Corporates	3,705	6,441	3,875	1,083	1,637	16,741
14	Retail	4,595	227	1	10	18	4,851
15	Secured by mortgages on immovable property	869	21			37	928
16	Exposures in default	32	111				143
17	Items associated with particularly high risk						
18	Covered bonds						
19	Claims on institutions and corporates with a short-term credit assessment						
20	Collective investments undertakings			178			178
21	Equity exposures						
22	Other exposures	1,492					1,492
23	**Total Standardised Approach**	**14,041**	**15,700**	**10,816**	**1,719**	**3,597**	**45,873**
24	**Total**	**306,387**	**83,133**	**31,199**	**20,366**	**15,622**	**456,708**

EU CRB-D – Concentration of exposures by industry or counterparty type

31 December 2020

	(in millions)	Agricultu-re, forestry & fishing	Mining & quarrying	Manufac-turing	Electricity, gas, steam & air conditioning supply	Water supply	Con-struction	Wholesale & retail trade	Transport & storage	Accomoda-tion & food service activities	Informa-tion & communi-cation	Financial & insurance activities
1	Central governments or central banks				419						15	73,658
2	Institutions										150	8,846
3	Corporates	6,729	8,368	14,933	3,516	775	6,416	23,966	13,126	1,502	3,769	19,412
4	Retail	1,503	2	669	4	25	646	1,735	418	417	157	290
5	Equity											
6	**Total IRB approach**	**8,233**	**8,371**	**15,602**	**3,938**	**800**	**7,062**	**25,701**	**13,544**	**1,919**	**4,092**	**102,205**
7	Central governments or central banks											
8	Regional governments or local authorities											
9	Public sector entities											
10	Multilateral develop-ment banks											43
11	International organi-sations											132
12	Institutions											14,800
13	Corporates	4	247	1,184	204	11	77	1,256	196	11	118	8,401
14	Retail			1			1	9	1	1	1	44
15	Secured by mortga-ges on immovable property			5				9	42	9		3
16	Exposures in default	1		63			1	89	7			
17	Items associated with particularly high risk											
18	Covered bonds											
19	Claims on institutions and corporates with a short-term credit assessment											
20	Collective investments undertakings											163
21	Equity exposures											
22	Other exposures											
23	**Total Standardised Approach**	**5**	**247**	**1,253**	**204**	**11**	**79**	**1,362**	**246**	**22**	**119**	**23,586**
24	**Total**	**8,237**	**8,618**	**16,855**	**4,142**	**811**	**7,141**	**27,063**	**13,790**	**1,941**	**4,211**	**125,791**

	(in millions)	Real estate activities	Professional, scientific & technical activities	Administrative & support service activities	Public administration & defence, compulsory social security	Education	Human health services & social work activities	Arts, entertainment & recreation	Other services	Activities of households as employers[1]	Activities of extra-territorial organisations & bodies	Total
												31 December 2020
1	Central governments or central banks				21,979	18	170		271			96,530
2	Institutions			119	207				6			9,329
3	Corporates	7,922	2,931	5,733	59	153	3,261	758	675	8,249		132,253
4	Retail	325	615	324	4	56	1,055	175	7,493	161,890		177,801
5	Equity								898			898
6	**Total IRB approach**	**8,247**	**3,547**	**6,176**	**22,249**	**226**	**4,486**	**933**	**9,342**	**170,139**	**1**	**416,810**
7	Central governments or central banks								117			118
8	Regional governments or local authorities											
9	Public sector entities											
10	Multilateral development banks										1,005	1,048
11	International organisations				3,678						1,725	5,536
12	Institutions								246		49	15,094
13	Corporates	133	70	474		4	22	11	1,173	1,000		14,595
14	Retail	3	10	1			11	2	2,687	2,639		5,412
15	Secured by mortgages on immovable property	148	1	1			1			251		469
16	Exposures in default			18					6	42		226
17	Items associated with particularly high risk											
18	Covered bonds											
19	Claims on institutions and corporates with a short-term credit assessment											
20	Collective investments undertakings											163
21	Equity exposures											
22	Other exposures								1,200			1,200
23	**Total Standardised Approach**	**284**	**80**	**494**	**3,679**	**4**	**33**	**13**	**5,430**	**3,931**	**2,779**	**43,861**
24	**Total**	**8,531**	**3,627**	**6,671**	**25,927**	**230**	**4,520**	**946**	**14,772**	**174,070**	**2,780**	**460,672**

31 December 2019

	(in millions)	Agri-culture, forestry & fishing	Mining & quarrying	Manufactu-ring	Electricity, gas, steam & air conditioning supply	Water supply	Construc-tion	Wholesale & retail trade	Transport & storage	Accomo-dation & food service activities	Information & commu-nication	Financial & insurance activities
1	Central governments or central banks				474						16	30,255
2	Institutions											11,227
3	Corporates	6,680	11,311	16,222	3,487	757	6,454	41,879	15,040	1,263	3,894	19,470
4	Retail	1,583	3	684	4	26	701	1,865	423	426	186	304
5	Equity											
6	**Total IRB approach**	**8,264**	**11,313**	**16,907**	**3,965**	**783**	**7,155**	**43,744**	**15,464**	**1,689**	**4,096**	**61,255**
7	Central governments or central banks											2
8	Regional governments or local authorities											
9	Public sector entities											
10	Multilateral develop-ment banks											61
11	International organi-sations											49
12	Institutions											15,140
13	Corporates	9	199	1,314	61	77	48	904	142	12	219	10,703
14	Retail			1			2	10	1	2	1	50
15	Secured by mortga-ges on immovable property	2		2				5	37			1
16	Exposures in default			87			1	5	11			2
17	Items associated with particularly high risk											
18	Covered bonds											
19	Claims on institutions and corporates with a short-term credit assessment											
20	Collective investments undertakings											
21	Equity exposures											
22	Other exposures											
23	**Total Standardised Approach**	**11**	**199**	**1,405**	**61**	**77**	**51**	**923**	**190**	**14**	**220**	**26,009**
24	**Total**	**8,275**	**11,512**	**18,312**	**4,026**	**860**	**7,205**	**44,667**	**15,654**	**1,703**	**4,316**	**87,264**

	(in millions)	Real estate activities	Professional, scientific & technical activities	Administrative & support service activities	Public administration & defence, compulsory social security	Education	Human health services & social work activities	Arts, entertainment & recreation	Other services	Activities of households as employers[1]	Activities of extraterritorial organisations & bodies	Total
												31 December 2019
1	Central governments or central banks	32			30,471	18	75					61,340
2	Institutions								2			11,229
3	Corporates	7,825	2,448	6,300	119	166	3,419	802	639	8,400		156,575
4	Retail	334	632	343	5	62	1,006	188	8,029	163,877		180,681
5	Equity								1,010			1,010
6	**Total IRB approach**	**8,190**	**3,080**	**6,643**	**30,595**	**246**	**4,501**	**989**	**9,680**	**172,277**	**1**	**410,836**
7	Central governments or central banks				10				238			250
8	Regional governments or local authorities											
9	Public sector entities											
10	Multilateral development banks										881	942
11	International organisations				3,475						1,505	5,029
12	Institutions								177			15,317
13	Corporates	164	75	418		5	35	15	522	1,822		16,742
14	Retail	2	9	2			11	2	2,452	2,305		4,850
15	Secured by mortgages on immovable property	67	2	6						806		928
16	Exposures in default	2	1	7						26		143
17	Items associated with particularly high risk											
18	Covered bonds											
19	Claims on institutions and corporates with a short-term credit assessment											
20	Collective investments undertakings								178			178
21	Equity exposures											
22	Other exposures								1,492			1,492
23	**Total Standardised Approach**	**235**	**86**	**433**	**3,485**	**5**	**46**	**17**	**5,059**	**4,959**	**2,386**	**45,872**
24	**Total**	**8,426**	**3,166**	**7,076**	**34,080**	**252**	**4,547**	**1,006**	**14,739**	**177,236**	**2,387**	**456,708**

EU CRB-E – Maturity of exposures

							31 December 2020
							Net exposure value
	(in millions)	On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	Total
1	Central governments or central banks	57,933	11,689	16,678	10,229		96,530
2	Institutions	137	2,259	4,927	2,005		9,328
3	Corporates	15,200	40,519	60,973	15,560		132,253
4	Retail	4,488	1,117	10,857	161,338		177,801
5	Equity					898	898
6	**Total IRB approach**	**77,759**	**55,585**	**93,436**	**189,132**	**898**	**416,810**
7	Central governments or central banks		62		56		118
8	Regional governments or local authorities						
9	Public sector entities						
10	Multilateral development banks			187	861		1,048
11	International organisations		1,148	1,728	2,660		5,536
12	Institutions	7	15,030	44	14		15,095
13	Corporates	1,173	11,903	876	643		14,595
14	Retail	1,520	794	1,090	2,007		5,412
15	Secured by mortgages on immovable property		11	134	324		469
16	Exposures in default	4	180	30	13		226
17	Items associated with particularly high risk						
18	Covered bonds						
19	Claims on institutions and corporates with a short-term credit assessment						
20	Collective investments undertakings		163				163
21	Equity exposures						
22	Other exposures			1,200			1,200
23	**Total Standardised Approach**	**2,705**	**29,291**	**5,288**	**6,578**		**43,862**
24	**Total**	**80,464**	**84,875**	**98,724**	**195,710**	**898**	**460,672**

							31 December 2019
							Net exposure value
	(in millions)	On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	Total
1	Central governments or central banks	25,133	9,388	15,874	10,945		61,340
2	Institutions	97	3,819	5,038	2,276		11,229
3	Corporates	18,313	31,266	67,546	39,450		156,575
4	Retail	5,256	1,170	15,137	159,118		180,681
5	Equity					1,010	1,010
6	**Total IRB approach**	**48,799**	**45,642**	**103,595**	**211,789**	**1,010**	**410,836**
7	Central governments or central banks		2		248		250
8	Regional governments or local authorities						
9	Public sector entities						
10	Multilateral development banks		4	258	679		942
11	International organisations		55	2,247	2,727		5,029
12	Institutions		15,196		122		15,317
13	Corporates	1,416	13,102	1,627	596		16,741
14	Retail	1,697	836	1,921	396		4,851
15	Secured by mortgages on immovable property	2	6	62	858		928
16	Exposures in default	1	117	5	22		143
17	Items associated with particularly high risk						
18	Covered bonds						
19	Claims on institutions and corporates with a short-term credit assessment						
20	Collective investments undertakings		178				178
21	Equity exposures						
22	Other exposures			1,492			1,492
23	**Total Standardised Approach**	**3,115**	**29,497**	**7,613**	**5,648**		**45,873**
24	**Total**	**51,914**	**75,139**	**111,208**	**217,438**	**1,010**	**456,708**

Net exposure amount breakdown

The above four tables (EU CRB-B till EU CRB-E) disclose the total net exposure amount excluding counterparty credit risk exposures. The various tables disclose information by exposures class, country, industry and maturity.

Compared to Q4 2019, the net exposure increased slightly from EUR 456.7 billion to EUR 460.7 billion in Q4 2020. This increase was primarily due to our participation in the ECB's targeted long-term refinancing operations (TLTRO) in order to support clients and potential future liquidity needs resulting from the Covid-19 crisis. The TLTRO exposure is located in the Netherlands and classified as financial & insurance activities and is an on-demand position within the exposure class of central governments or central banks. This increase was largely offset by the decrease in exposure to corporates. This decrease was primarily due to the wind-down of the non-core portfolio of CIB. This explains the decrease in the corporate exposures for the mid- and long term maturity buckets. The wind-down of the non-core portfolio is primarily visible in the countries outside Europe. In addition, exposure to the industry sectors related to CIB activities decreased, with the largest decrease being seen in wholesale & retail trade and mainly related to CIB's trade and commodity financing activities.

EU CR1-A – Credit quality of exposures by exposure class and instrument

	(in millions)	Gross carrying values of: Defaulted exposures (a)	Gross carrying values of: Non-defaulted exposures (b)	Specific credit risk adjustment (c)[1]	General credit risk adjustment (d)[2]	Accumulated write-offs (e)	Credit risk adjustment charges for the period (f)	31 December 2020 Net values a+b-c-d	30 June 2020 Net values	31 December 2019 Net values
1	Central governments or central banks	18	96,513	1				96,530	93,721	61,340
2	Institutions		9,330	1				9,328	11,190	11,229
3	Corporates	9,061	125,909	2,717				132,253	154,533	156,575
4	*- of which specialised lending*	*1,446*	*25,570*	*577*				*26,439*	*38,520*	*41,940*
5	*- of which SMEs*	*2,386*	*28,234*	*479*				*30,141*	*31,050*	*31,131*
6	Retail	1,876	176,308	383				177,801	178,568	180,681
7	*Secured by real estate property*	*1,257*	*160,428*	*145*				*161,540*	*161,568*	*162,545*
8	*- of which SMEs*	*118*	*3,918*	*41*				*3,995*	*4,095*	*4,131*
9	*- of which non-SMEs*	*1,139*	*156,511*	*104*				*157,545*	*157,473*	*158,414*
10	*Qualifying revolving*	*249*	*9,063*	*100*				*9,212*	*9,765*	*10,345*
11	*Other retail*	*370*	*6,816*	*138*				*7,049*	*7,235*	*7,791*
12	*- of which SMEs*	*288*	*4,005*	*101*				*4,192*	*4,395*	*4,402*
13	*- of which non-SMEs*	*82*	*2,811*	*37*				*2,857*	*2,841*	*3,389*
14	Equity		898					898	995	1,010
15	**Total IRB approach**	**10,956**	**408,958**	**3,102**				**416,810**	**439,008**	**410,836**
16	Central governments or central banks		118					118	74	250
17	Regional governments or local authorities									
18	Public sector entities									
19	Multilateral development banks		1,048					1,048	1,078	942
20	International organisations		5,536					5,536	5,205	5,029
21	Institutions		15,094					15,094	13,704	15,317
22	Corporates		14,626	31				14,595	15,069	16,741
23	*- of which SMEs*		*2,665*	*1*				*2,663*	*2,641*	*3,149*
24	Retail		5,438	26				5,412	5,051	4,851
25	*- of which SMEs*		*102*					*102*	*102*	*109*
26	Secured by mortgages on immovable property		469					469	1,113	928
27	*- of which SMEs*		*227*					*227*	*241*	*113*
28	Exposure in default	375		149				226	127	143
29	Items associated with particularly high risk									
30	Covered bonds									
31	Claims on institutions and corporates with a short-term credit assesment									
32	Collective investment undertakings (CIU)		163					163	178	178
33	Equity exposures									
34	Other exposures		1,200					1,200	1,980	1,492
35	**Total Standardised Approach**	**375**	**43,692**	**206**				**43,861**	**43,578**	**45,873**
36	**Total**	**11,331**	**452,650**	**3,308**			**523**	**460,672**	**482,586**	**456,708**

1 Specific credit risk adjustment excludes provisions due to management overlays.
2 Following the opinion of EBA all IFRS 9 provisions should be considered as Specific Credit Adjustments.

EU CR1-B – Credit quality of exposures by industry or counterparty type

(in millions)		Gross carrying values of Defaulted exposures (a)	Gross carrying values of Non-defaulted exposures (b)	Specific credit risk adjustment (c)[1]	General credit risk adjustment (d)[2]	Accumulated write-offs (e)	Credit risk adjustment charges for the period (f)	31 December 2020 Net values a+b-c-d	30 June 2020 Net values	31 December 2019 Net values
1	Agriculture, forestry & fishing	540	7,787	89				8,237	8,304	8,275
2	Mining & quarrying	1,213	7,822	416				8,618	10,715	11,512
3	Manufacturing	1,846	15,494	485				16,855	18,888	18,313
4	Electricity, gas, steam & air conditioning supply	4	4,148	11				4,142	3,907	4,026
5	Water supply	69	762	20				811	814	860
6	Construction	740	6,557	156				7,141	6,807	7,205
7	Wholesale & retail trade	1,953	25,893	783				27,063	44,046	44,667
8	Transport & storage	1,280	12,847	337				13,790	14,787	18,552
9	Accomodation & food service activities	218	1,759	36				1,941	1,895	1,703
10	Information & communication	63	4,176	28				4,211	4,417	4,316
11	Financial & insurance activities	491	125,552	252				125,791	115,036	83,488
12	Real estate activities	294	8,297	60				8,531	8,416	8,376
13	Professional, scientific & technical activities	151	3,523	47				3,627	3,415	2,744
14	Administrative & support service activities	323	6,414	66				6,671	7,303	5,280
15	Public administration & defence, compulsory social security	18	25,910	1				25,927	36,901	34,080
16	Education	10	224	4				230	254	252
17	Human health services & social work activities	248	4,315	44				4,520	4,565	4,548
18	Arts, entertainment & recreation	106	880	40				946	986	1,006
19	Other services	158	14,715	101				14,772	14,884	17,882
20	Activities of households as employers; undifferentiated goods - & services producing activities of households for own use	1,606	172,796	332				174,069	173,723	177,237
21	Activities of extraterritorial organisations & bodies		2,780					2,780	2,522	2,387
22	**Total**	**11,331**	**452,650**	**3,308**			**523**	**460,672**	**482,586**	**456,708**

1 Specific credit risk adjustment excludes provisions due to management overlays.
2 Following the opinion of EBA all IFRS 9 provisions should be considered as Specific Credit Adjustments.

EU CR1-C – Credit quality of exposures by geography

	(in millions)	Gross carrying values of Defaulted exposures (a)	Gross carrying values of Non-defaulted exposures (b)	Specific credit risk adjustment (c)[1]	General credit risk adjustment (d)[2]	Accumulated write-offs (e)	Credit risk adjustment charges for the period (f)	31 December 2020 Net values a+b-c-d	30 June 2020 Net values	31 December 2019 Net values
1	Europe	9,636	406,557	2,385				413,808	419,289	389,521
2	*- of which Netherlands*	*8,195*	*331,245*	*1,901*				*337,539*	*338,221*	*306,387*
3	*-of which Rest of Europe*	*1,441*	*75,312*	*484*				*76,269*	*81,068*	*83,133*
4	USA	686	24,515	230				24,970	29,804	31,199
5	Asia	490	9,994	370				10,114	20,575	20,366
6	Rest of world	520	11,584	323				11,780	12,919	15,622
7	**Total**	**11,331**	**452,649**	**3,308**			**523**	**460,672**	**482,586**	**456,708**

1 Specific credit risk adjustment excludes provisions due to management overlays.
2 Following the opinion of EBA all IFRS 9 provisions should be considered as Specific Credit Adjustments.

Credit quality - net exposure

The above three tables (EU CR1-a to EU CR1-C) disclose the total net exposure amount excluding counterparty credit risk exposures. Compared to the CRB templates, these templates provide more information on the default classification, provisions balance and the impairment charge. Therefore the focus is on these areas.

Compared to the first half year of 2020, the defaulted portfolio remained fairly stable, with only a small increase in the retail portfolio. The provisions balance decreased compared to Q2, primarily within CIB and due to the decrease in underlying assets. The decrease in the provisions balance is well spread over the various geographical areas, with a focus on CIB-related industries. The impairment charge of EUR 523 million for the second half of 2020 is low compared to the charge for the first half of the year (EUR 1,762 million).

Template 1: Credit quality of forborne exposures

The EBA guidelines on non-performing and forborne exposures include a proportionality principle based on a threshold of the relative amount of non-performing exposures on the balance sheet. Because ABN AMRO is below this threshold, only the following four templates are presented: 1. Credit quality of forborne exposures; 3. Credit quality of performing and non-performing exposures by past due days; 4. Performing and non-performing exposures and related provisions, and 9. Collateral obtained by taking possession and execution processes.

31 December 2020

		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which: received on non-performing exposures with forbearance measures
(in millions)				Of which: defaulted	Of which: impaired				
1	**Loans and advances**	**8,108**	**4,788**	**4,452**	**4,452**	**76**	**1,350**	**9,171**	**2,901**
2	Central banks								
3	General governments	5						4	
4	Credit institutions								
5	Other financial corporations	197	2	2	2	2		130	
6	Non-financial corporations	4,982	3,979	3,855	3,855	57	1,247	5,628	2,260
7	Households	2,924	807	595	595	17	102	3,409	641
8	**Debt Securities**								
9	**Loan commitments given**	**2,914**	**906**	**872**	**872**	**3**	**19**	**513**	**145**
10	**Total**	**11,022**	**5,694**	**5,324**	**5,324**	**79**	**1,369**	**9,684**	**3,046**

30 June 2020

		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which: received on non-performing exposures with forbearance measures
(in millions)				Of which: defaulted	Of which: impaired				
1	**Loans and advances**	**4,530**	**4,645**	**4,448**	**4,448**	**60**	**1,285**	**5,726**	**2,698**
2	Central banks								
3	General governments	5						5	
4	Credit institutions								
5	Other financial corporations	102	31	31	31		30	44	
6	Non-financial corporations	3,379	3,832	3,808	3,808	35	1,147	4,147	2,101
7	Households	1,043	782	609	609	25	108	1,530	598
8	**Debt Securities**								
9	**Loan commitments given**	**1,452**	**764**	**762**	**762**	**4**	**10**	**335**	**85**
10	**Total**	**5,982**	**5,409**	**5,210**	**5,210**	**64**	**1,294**	**6,060**	**2,784**

31 December 2019

	(in millions)	Gross carrying amount/nominal amount of exposures with forbearance measures: Performing forborne	Gross carrying amount/nominal amount of exposures with forbearance measures: Non-performing forborne	Non-performing forborne: Of which: defaulted	Non-performing forborne: Of which: impaired	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions: On performing forborne exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions: On non-performing forborne exposures	Collateral received and financial guarantees received on forborne exposures	Of which: received on non-performing exposures with forbearance measures
1	**Loans and advances**	**2,538**	**3,827**	**3,619**	**3,619**	**58**	**1,024**	**4,117**	**2,442**
2	Central banks								
3	General governments	6						6	
4	Credit institutions								
5	Other financial corporations	37	33	33	33		29	37	1
6	Non-financial corporations	1,889	3,127	3,040	3,040	18	906	3,115	1,904
7	Households	607	667	546	546	39	89	959	537
8	**Debt Securities**								
9	**Loan commitments given**	**508**	**393**	**391**	**391**			**182**	**51**
10	**Total**	**3,046**	**4,219**	**4,010**	**4,010**	**58**	**1,024**	**4,298**	**2,492**

Forborne exposures

This table provides an overview of the forborne loans of ABN AMRO and details of the related provisions and collateral position.

The total forborne portfolio increased significantly in 2020. The rise in forborne loans and advances was mainly driven by the increase in forborne corporate loans and, to a lesser extent, in forborne residential mortgages. The increase in forborne corporate loans was primarily caused by new forborne clients in Commercial Banking and CIB, largely in European industrial goods and services, the travel and leisure sector, and the oil and gas sector in the United States. The inflow of corporate loans resulted mainly from covenant waivers and resets. Mortgage loans for which a payment deferral had been granted were classified as forborne in Q3, resulting in an increase in residential mortgages classified as forborne. The increase in forborne loan commitments related mainly to CIB clients in the Netherlands.

Template 3: Credit quality of performing and non-performing exposures by past due days

				31 December 2020
		Gross carrying amount/nominal amount		
		Performing exposures		
(in millions)			not past due + past due ≤30 days	Past due >30 days ≤90 days
1	**Loans and advances**	**266,085**	**265,239**	**845**
2	Central banks	465	465	
3	General governments	1,074	1,074	
4	Credit institutions	8,275	8,275	
5	Other financial corporations	32,664	32,662	2
6	Non-financial corporations	64,342	63,709	634
7	*- of which SMEs*	*15,611*	*15,512*	*99*
8	Households	159,263	159,053	210
9	**Debt securities**	**46,569**	**46,569**	
10	Central banks	554	554	
11	General governments	39,318	39,318	
12	Credit institutions	5,840	5,840	
13	Other financial corporations	856	856	
14	Non-financial corporations	1	1	
15	**Off-balance sheet exposures**	**98,446**		
16	Central banks	13		
17	General governments	1,606		
18	Credit institutions	2,124		
19	Other financial corporations	28,418		
20	Non-financial corporations	46,819		
21	Households	19,466		
22	**Total**	**411,099**	**311,808**	**845**

										31 December 2020
		Gross carrying amount/nominal amount								
		Non-performing exposures								
(in millions)			UTP, past due ≤90 days	Past due >90 days ≤180 days	Past due >180 days ≤1 year	Past due >1 year ≤2 year	Past due > 2 years ≤5 years	Past due >5 years ≤7 years	Past due >7 years	Of which: defaulted
1	**Loans and advances**	**8,836**	**7,062**	**372**	**533**	**294**	**397**	**84**	**95**	**8,500**
2	Central banks									
3	General governments	18			18					18
4	Credit institutions									
5	Other financial corporations	148	80			27			40	148
6	Non-financial corporations	6,696	5,458	247	372	191	305	78	44	6,571
7	*- of which SMEs*	*1,933*	*1,497*	*31*	*54*	*82*	*183*	*58*	*28*	*1,930*
8	Households	1,975	1,524	124	143	76	92	6	11	1,763
9	**Debt securities**									
10	Central banks									
11	General governments									
12	Credit institutions									
13	Other financial corporations									
14	Non-financial corporations									
15	**Off-balance sheet exposures**	**1,877**								**1,275**
16	Central banks									
17	General governments									
18	Credit institutions	20								
19	Other financial corporations	2								2
20	Non-financial corporations	1,639								1,235
21	Households	216								38
22	**Total**	**10,713**	**7,062**	**372**	**533**	**294**	**397**	**84**	**95**	**9,775**

				30 June 2020
		Gross carrying amount/nominal amount		
		Performing exposures		
	(in millions)		not past due + past due ≤30 days	Past due >30 days ≤90 days
1	**Loans and advances**	**293,954**	**293,199**	**755**
2	Central banks	1,099	1,099	
3	General governments	1,551	1,547	4
4	Credit institutions	16,504	16,504	
5	Other financial corporations	40,025	39,990	35
6	Non-financial corporations	73,880	73,388	492
7	*- of which SMEs*	*16,988*	*16,903*	*86*
8	Households	160,895	160,671	223
9	**Debt securities**	**48,225**	**48,225**	
10	Central banks	223	223	
11	General governments	41,372	41,372	
12	Credit institutions	5,909	5,909	
13	Other financial corporations	703	703	
14	Non-financial corporations	18	18	
15	**Off-balance sheet exposures**	**109,916**		
16	Central banks	33		
17	General governments	1,622		
18	Credit institutions	3,014		
19	Other financial corporations	28,268		
20	Non-financial corporations	58,494		
21	Households	18,483		
22	**Total**	**452,095**	**341,424**	**755**

										30 June 2020
		Gross carrying amount/nominal amount								
		Non-performing exposures								
(in millions)			UTP, past due ≤90 days	Past due >90 days ≤180 days	Past due >180 days ≤1 year	Past due >1 year ≤2 year	Past due > 2 years ≤5 years	Past due >5 years ≤7 years	Past due >7 years	Of which: defaulted
1	**Loans and advances**	**8,671**	**7,042**	**259**	**513**	**256**	**370**	**152**	**80**	**8,464**
2	Central banks									
3	General governments									
4	Credit institutions									
5	Other financial corporations	112	7		29		1	62	13	112
6	Non-financial corporations	6,564	5,570	112	342	183	243	74	41	6,539
7	*- of which SMEs*	*1,649*	*1,171*	*60*	*93*	*94*	*145*	*55*	*31*	*1,644*
8	Households	1,996	1,465	147	142	73	126	16	26	1,812
9	**Debt securities**									
10	Central banks									
11	General governments									
12	Credit institutions									
13	Other financial corporations									
14	Non-financial corporations									
15	**Off-balance sheet exposures**	**1,944**								**1,140**
16	Central banks									
17	General governments									
18	Credit institutions									
19	Other financial corporations	3								3
20	Non-financial corporations	1,539								1,097
21	Households	401								40
22	**Total**	**10,615**	**7,042**	**259**	**513**	**256**	**370**	**152**	**80**	**9,603**

		31 December 2019		
		Gross carrying amount/nominal amount		
		Performing exposures		
(in millions)			not past due + past due ≤30 days	Past due >30 days ≤90 days
1	**Loans and advances**	**310,985**	**310,371**	**614**
2	Central banks	28,032	28,032	
3	General governments	1,375	1,375	
4	Credit institutions	9,280	9,280	
5	Other financial corporations	32,123	32,122	1
6	Non-financial corporations	77,347	77,009	338
7	*- of which SMEs*	*17,697*	*17,637*	*60*
8	Households	162,828	162,553	274
9	**Debt securities**	**44,415**	**44,415**	
10	Central banks			
11	General governments	37,913	37,913	
12	Credit institutions	5,734	5,734	
13	Other financial corporations	747	747	
14	Non-financial corporations	20	20	
15	**Off-balance sheet exposures**	**116,920**		
16	Central banks	57		
17	General governments	1,771		
18	Credit institutions	3,190		
19	Other financial corporations	30,752		
20	Non-financial corporations	61,172		
21	Households	19,978		
22	**Total**	**472,320**	**354,786**	**614**

										31 December 2019
		Gross carrying amount/nominal amount								
		Non-performing exposures								
(in millions)			UTP, past due ≤90 days	Past due >90 days ≤180 days	Past due >180 days ≤1 year	Past due >1 year ≤2 year	Past due > 2 years ≤5 years	Past due >5 years ≤7 years	Past due >7 years	Of which: defaulted
1	**Loans and advances**	**6,987**	**5,434**	**356**	**174**	**421**	**345**	**179**	**78**	**6,780**
2	Central banks									
3	General governments									
4	Credit institutions									
5	Other financial corporations	119	13	28			32	33	13	119
6	Non-financial corporations	5,211	4,291	190	68	273	229	116	43	5,124
7	*- of which SMEs*	*1,674*	*1,191*	*70*	*27*	*108*	*163*	*74*	*41*	*1,634*
8	Households	1,658	1,130	138	106	147	84	30	23	1,537
9	**Debt securities**									
10	Central banks									
11	General governments									
12	Credit institutions									
13	Other financial corporations									
14	Non-financial corporations									
15	**Off-balance sheet exposures**	**2,056**								**1,329**
16	Central banks	31								
17	General governments									
18	Credit institutions									
19	Other financial corporations	113								1
20	Non-financial corporations	1,769								1,264
21	Households	144								63
22	**Total**	**9,044**	**5,434**	**356**	**174**	**421**	**345**	**179**	**78**	**8,109**

Performing and non-performing by past due

This table provides an overview of the gross carrying amount, split by performing and non-performing exposures and with a detailed breakdown into past due buckets. This gives more insight in the overall credit quality of our clients.

Performing exposures declined in the second half of 2020. This decrease was mainly visible in loans and advances and off-balance sheet exposures and was largely attributable to non-financial corporations (and specifically the CIB wind-down). Despite the decrease in non-financial corporations, past due > 30 days <= 90 days increased markedly due to the ending of the Covid-19 measures (i.e. payment holidays) in the fourth quarter of 2020, primarily within Commercial Banking.

Template 4: Performing and non-performing exposures and related provisions

					31 December 2020		
		Gross carrying amount/nominal amount					
		Performing exposures			Non-performing exposures		
	(in millions)		Of which: stage 1[1]	Of which: stage 2[1]		Of which: stage 2[1]	Of which: stage 3[1]
1	**Loans and advances**	**266,085**	**240,320**	**25,359**	**8,836**	**337**	**8,500**
2	Central banks	465	465				
3	General governments	1,074	1,031	37	18		18
4	Credit institutions	8,275	8,275				
5	Other financial corporations	32,664	31,661	908	148		148
6	Non-financial corporations	64,342	50,178	13,860	6,696	125	6,571
7	*- of which SMEs*	*15,611*	*11,422*	*4,189*	*1,933*	*3*	*1,930*
8	Households	159,263	148,709	10,554	1,975	212	1,763
9	**Debt securities**	**46,569**	**46,569**				
10	Central banks	554	554				
11	General governments	39,318	39,318				
12	Credit institutions	5,840	5,840				
13	Other financial corporations	856	856				
14	Non-financial corporations	1	1				
15	**Off-balance sheet exposures**	**98,446**	**51,244**	**6,150**	**1,877**	**34**	**1,275**
16	Central banks	13		12			
17	General governments	1,606	1,584				
18	Credit institutions	2,124	1,760	6	20		
19	Other financial corporations	28,418	7,405	384	2		2
20	Non-financial corporations	46,819	28,948	5,489	1,639	33	1,235
21	Households	19,466	11,548	257	216		38
22	**Total**	**411,099**	**338,133**	**31,508**	**10,713**	**370**	**9,775**

1 Not all Loans and advances and Off-balance sheet exposures have an IFRS 9 stage.

	(in millions)	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	31 December 2020
		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which: stage 1[1]	Of which: stage 2[1]		Of which: stage 2[1]	Of which: stage 3[1]			
1	**Loans and advances**	**-691**	**-298**	**-393**	**-2,789**	**-7**	**-2,782**	**-23**	**218,825**	**5,165**
2	Central banks								220	
3	General governments								76	9
4	Credit institutions	-2	-2						6,624	
5	Other financial corporations	-14	-8	-6	-72		-72	-2	18,735	73
6	Non-financial corporations	-518	-225	-293	-2,396	-1	-2,394	-20	44,012	3,620
7	*- of which SMEs*	*-113*	*-41*	*-72*	*-624*		*-624*		*10,551*	*954*
8	Households	-156	-62	-94	-321	-6	-315	-1	149,159	1,463
9	**Debt securities**	**-1**	**-1**							
10	Central banks									
11	General governments	-1	-1							
12	Credit institutions									
13	Other financial corporations									
14	Non-financial corporations									
15	**Off-balance sheet exposures**	**-31**	**-16**	**-10**	**-60**		**-21**		**13,578**	**416**
16	Central banks								12	
17	General governments								16	
18	Credit institutions								737	
19	Other financial corporations	-1	-1						1,410	
20	Non-financial corporations	-23	-13	-9	-60		-21		10,303	411
21	Households	-7	-2	-1					1,100	5
22	**Total**	**-724**	**-316**	**-404**	**-2,849**	**-7**	**-2,803**	**-23**	**232,403**	**5,581**

1 Not all Loans and advances and Off-balance sheet exposures have an IFRS 9 stage.

		30 June 2020					
		Gross carrying amount/nominal amount					
		Performing exposures			Non-performing exposures		
	(in millions)		Of which: stage 1[1]	Of which: stage 2[1]		Of which: stage 2[1]	Of which: stage 3[1]
1	**Loans and advances**	**293,954**	**256,841**	**35,885**	**8,671**	**207**	**8,464**
2	Central banks	1,099	1,099				
3	General governments	1,551	1,480	66			
4	Credit institutions	16,504	16,497	7			
5	Other financial corporations	40,025	38,468	791	112		112
6	Non-financial corporations	73,880	55,425	17,998	6,564	24	6,539
7	*- of which SMEs*	*16,988*	*11,091*	*5,897*	*1,649*	*5*	*1,644*
8	Households	160,895	143,872	17,023	1,996	183	1,812
9	**Debt securities**	**48,225**	**48,208**				
10	Central banks	223	223				
11	General governments	41,372	41,372				
12	Credit institutions	5,909	5,909				
13	Other financial corporations	703	703				
14	Non-financial corporations	18	1				
15	**Off-balance sheet exposures**	**109,916**	**53,167**	**6,506**	**1,944**	**170**	**1,140**
16	Central banks	33	10	23			
17	General governments	1,622	1,600	1			
18	Credit institutions	3,014	2,638	10			
19	Other financial corporations	28,268	7,796	211	3		3
20	Non-financial corporations	58,494	30,896	5,983	1,539	5	1,097
21	Households	18,483	10,227	279	401	165	40
22	**Total**	**452,095**	**358,215**	**42,391**	**10,615**	**378**	**9,603**

1 Not all Loans and advances and Off-balance sheet exposures have an IFRS 9 stage.

										30 June 2020
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
	(in millions)		Of which: stage 1[1]	Of which: stage 2[1]		Of which: stage 2[1]	Of which: stage 3[1]			
1	**Loans and advances**	**-670**	**-249**	**-421**	**-2,911**	**-5**	**-2,906**	**-47**	**239,466**	**4,678**
2	Central banks								793	
3	General governments								72	
4	Credit institutions	-2	-2						12,333	
5	Other financial corporations	-15	-10	-5	-93		-93		25,337	15
6	Non-financial corporations	-431	-184	-246	-2,508		-2,508	-46	49,179	3,218
7	*- of which SMEs*	*-131*	*-37*	*-94*	*-422*		*-422*		*11,375*	*909*
8	Households	-221	-52	-169	-311	-5	-305	-1	151,752	1,445
9	**Debt securities**	**-1**	**-1**							
10	Central banks									
11	General governments	-1	-1							
12	Credit institutions									
13	Other financial corporations									
14	Non-financial corporations									
15	**Off-balance sheet exposures**	**-31**	**-15**	**-9**	**-79**		**-10**		**14,736**	**370**
16	Central banks								20	
17	General governments								18	
18	Credit institutions								152	
19	Other financial corporations	-2	-1	-1					1,163	
20	Non-financial corporations	-18	-11	-7	-78		-10		12,235	366
21	Households	-11	-2	-2	-1				1,148	4
22	**Total**	**-702**	**-265**	**-430**	**-2,990**	**-5**	**-2,916**	**-47**	**254,202**	**5,048**

1 Not all Loans and advances and Off-balance sheet exposures have an IFRS 9 stage.

							31 December 2019
							Gross carrying amount/nominal amount
		Performing exposures			Non-performing exposures		
(in millions)			Of which: stage 1[1]	Of which: stage 2[1]		Of which: stage 2[1]	Of which: stage 3[1]
1	**Loans and advances**	**310,985**	**265,931**	**16,909**	**6,987**	**208**	**6,780**
2	Central banks	28,032	1,154				
3	General governments	1,375	1,300	70			
4	Credit institutions	9,280	9,279	1			
5	Other financial corporations	32,123	30,435	492	119		119
6	Non-financial corporations	77,347	69,046	8,236	5,211	87	5,124
7	*- of which SMEs*	*17,697*	*15,418*	*2,279*	*1,674*	*40*	*1,634*
8	Households	162,828	154,717	8,111	1,658	121	1,537
9	**Debt securities**	**44,415**	**44,408**				
10	Central banks						
11	General governments	37,913	37,913				
12	Credit institutions	5,734	5,734				
13	Other financial corporations	747	747				
14	Non-financial corporations	20	13				
15	**Off-balance sheet exposures**	**116,920**	**61,172**	**2,855**	**2,056**	**65**	**1,329**
16	Central banks	57	4	53	31		
17	General governments	1,771	1,670	1			
18	Credit institutions	3,190	2,815	9			
19	Other financial corporations	30,752	6,369	139	113		1
20	Non-financial corporations	61,172	38,397	2,561	1,769	15	1,264
21	Households	19,978	11,918	91	144	50	63
22	**Total**	**472,320**	**371,511**	**19,764**	**9,044**	**273**	**8,109**

1 Not all Loans and advances and Off-balance sheet exposures have an IFRS 9 stage.

(in millions)		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	31 December 2019
		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which: stage 1[1]	Of which: stage 2[1]		Of which: stage 2[1]	Of which: stage 3[1]			
1	**Loans and advances**	**-436**	**-180**	**-256**	**-1,998**	**-2**	**-1,996**	**-33**	**229,952**	**4,108**
2	Central banks								797	
3	General governments	-1		-1					143	
4	Credit institutions	-5	-5						4,638	
5	Other financial corporations	-6	-4	-2	-94		-94		19,959	22
6	Non-financial corporations	-227	-121	-105	-1,612	-1	-1,611	-33	51,867	2,851
7	*- of which SMEs*	*-83*	*-42*	*-41*	*-429*		*-429*		*11,223*	*936*
8	Households	-197	-48	-149	-292	-1	-291		152,549	1,235
9	**Debt securities**	**-1**	**-1**							
10	Central banks									
11	General governments	-1	-1							
12	Credit institutions									
13	Other financial corporations									
14	Non-financial corporations									
15	**Off-balance sheet exposures**	**-19**	**-8**	**-4**	**-60**		**-5**		**16,881**	**402**
16	Central banks								26	
17	General governments								77	
18	Credit institutions								106	
19	Other financial corporations								811	
20	Non-financial corporations	-13	-5	-3	-60		-5		14,490	398
21	Households	-5	-2						1,372	5
22	**Total**	**-456**	**-188**	**-260**	**-2,059**	**-2**	**-2,001**	**-33**	**246,833**	**4,510**

1 Not all Loans and advances and Off-balance sheet exposures have an IFRS 9 stage.

Performing and non-performing

The above tables provide an overview of the gross carrying amounts and the related provisions, split into performing and non-performing exposures. The gross carrying amount is split into loans and advances, debt securities and off-balance sheet positions. This excludes cash balances at central banks and other demand deposits.

In the second half of 2020, total loans and advances decreased due to a lower position at credit institutions and lower corporate exposures. The decrease was attributable to performing exposures and mainly visible in loans and advances and off-balance sheet exposures. The decrease in non-financial corporations related predominantly to the wind-down of the CIB non-core portfolio. Non-performing exposures increased slightly due to an inflow of non-financial corporations, mostly SMEs from Commercial Banking.

Template 9: Collateral obtained by taking possession and execution processes

		31 December 2020		30 June 2020		31 December 2019	
		Collateral obtained by taking possession		Collateral obtained by taking possession		Collateral obtained by taking possession	
(in millions)		Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
1	Property, plant and equipment (PP&E)						
2	Other than PP&E	12		13		11	
3	*Residential immovable property*						
4	*Commercial Immovable property*						
5	*Movable property (auto, shipping, etc.)*			*1*			
6	*Equity and debt instruments*	*11*		*11*		*11*	
7	*Other*	*1*		*1*			
8	**Total**	**12**		**13**		**11**	

EU CR2-A – Changes in the stock of general and specific credit risk adjustments

	(in millions)	Accumulated specific credit risk adjustments	Accumulated general credit risk adjustments[1]
1	**Opening balance 1 January 2020 (IFRS 9)**	**2,447**	
2	Net amounts set aside for estimated loan losses during the period	1,915	
3	Decreases due to amounts taken against accumulated credit risk adjustments	-1,194	
4	Transfers between credit risk adjustments	918	
5	Impact of exchange rate differences	-139	
6	Business combinations, including acquisitions and disposals of subsidiaries	-641	
7	Other adjustments	227	
8	**Closing balance 31 December 2020**	**3,533**	
9	Recoveries on credit risk adjustments recorded directly to the statement of profit and loss	-71	
10	Specific credit risk adjustments recorded directly to the statement of profit and loss	2,229	

1 Following the opinion of EBA all IFRS 9 provisions should be considered as Specific Credit Adjustments.

Credit risk adjustments
This table provides insight into the balance of and movements in specific credit risk adjustments. Accumulated changes in the stock of general and specific credit risk adjustments amounted to EUR 1.1 billion in 2020. This increase was mainly caused by the financial impact of Covid-19, oil price developments and three exceptional client files in the credit portfolio.

EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities

	(in millions)	Gross carrying value defaulted exposures
1	**Opening balance 1 January 2020**	**6,780**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	4,591
3	Loans and debt securities that returned to non-defaulted status	-748
4	Amounts written off	-1,176
5	Other changes	-946
6	**Closing balance 31 December 2020**	**8,500**

Flow defaulted exposures
The flow of the defaulted exposures provides insight into movements between the reporting periods. In 2020, the stock of defaulted and impaired loans increased strongly. This increase in stage 3 was mainly the result of an inflow of corporate loans, especially in the first half of 2020. The inflow related largely to an exceptional case in the tech sector, CIB clients from the energy-offshore sector, and CB and CIB clients from the food and retail sectors. The bucket Other changes is a combination of matured exposures, sold exposures and FX impact (EUR/USD), partly offset by additional drawdowns in stage 3.

Credit risk mitigation techniques

EU CRC – Qualitative disclosure requirements related to CRM techniques

Credit risk mitigation

Credit risk mitigation techniques are used by the bank to reduce the credit risk associated with its credit exposures. Such techniques relate mainly to collateral management and guarantees, offsetting financial assets and liabilities, and enforcing master netting agreements or similar instruments.

Credit risk mitigation techniques themselves entail risks and, as such, have to meet certain requirements so that they can be used effectively and in line with the bank's risk appetite. For this reason, ABN AMRO has established mandatory, bank-wide policies governing the use and management of credit risk mitigation techniques. These are in line with regulatory requirements, as well as with the needs of the bank and its clients. These bank-wide policies provide the overarching rules to be met by business-specific procedures and processes related to credit risk mitigation.

Collateral management and guarantees

Collateral and guarantees represent assets with material value that have been received by (or pledged to) the bank to secure obligations under a credit facility or other exposure. To be effective, such security must give the bank the right to appropriate and liquidate collateral on time and without impediment so that losses on the exposure at default are minimised.

Collateral value

In order to assess the extent to which credit risk is mitigated, assets provided as collateral must be valued properly:

- Nominal value - depending on the type of collateral, a specific valuation method, for example a market value, is applied, leading to a nominal value of collateral;
- Gross Collateral Value (GCV) - it may be necessary to apply a haircut to the nominal value to arrive at the GCV. Haircuts are adjustments to the nominal value for things such as maturity mismatches or currency mismatches between the collateral and the facility.

Subsequently, the Net Collateral Value (NCV) (where applicable) can be calculated. The recovery rate per collateral type is used to determine the NCV. The recovery rate represents the extent to which the collateral value can be recovered. Recovery rates are expressed as a percentage of the collateral value and are based on statistics on actual collateral recoveries or on an objective expert opinion where the recovery rate cannot be determined statistically. The NCV is determined by multiplying the GCV (as determined by the appropriate valuation method) by the respective recovery rate.

Regulatory approaches to credit risk measurement and their applicable collateral types

The purpose of collateral is to mitigate credit risk and to reduce credit losses during a restructuring or recovery of loans and other exposures, preferably in a way that relieves the bank's capital requirements. This means that when we accept collateral, we prefer to accept collateral that is also eligible for capital relief. But even though collateral is a credit risk mitigation technique, it carries risks of its own, such as a change in effectiveness, change in value, the possibility of damage and so on. Collateral therefore needs to be managed actively so that it continues to qualify as an effective and eligible risk mitigation technique recognised by the regulator and manifesting in reduced regulatory capital for the bank. For this purpose, collateral needs to be managed separately and not in the context of debtor reviews.

There are three different credit risk measurement approaches through which, subject to regulatory approval, collateral may be accounted for to reduce the bank's required regulatory capital – the Standardised Approach (SA), the Foundation Internal Ratings-Based approach (FIRB) and the Advanced Internal Rating-Based approach (AIRB). Currently, ABN AMRO primarily uses AIRB and, to a lesser extent, SA.

Collateral types used by ABN AMRO

SA	AIRB
• Financial collateral	• Financial collateral
• Immovable property (for exposures secured by mortgages on immovable property)	• Immovable property
• Life insurance policies	• Receivables
• Instruments issues by third parties, which will be repurchased by the third party on our request	• Physical collateral other than immovable property
	• Collateral for lease exposures
	• Life insurance policies
	• Instruments issues by third parties, which will be repurchased by the third party on our request
	• Other types of collateral

After meeting their eligibility criteria, the various types of collateral, can be used as credit risk mitigation techniques through the respective credit risk measurement approaches. The SA is stricter in terms of the acceptance and eligibility criteria for these collateral types.

Guarantees
Where the direct credit risk to an obligor exceeds the risk appetite or risk limits, guarantees (among other forms of credit risk mitigation) may be obtained to reduce the direct credit risk to the obligor. A substantial proportion of ABN AMRO Bank's assets benefit from guarantees provided by third parties that lower the credit risk of these positions. The largest provider of such guarantees is the Dutch State, which provides a counter-guarantee via the Stichting Waarborgfonds Eigen Woningen (WEW). Mortgage loans subject to the Nationale Hypotheek Garantie, as provided by the WEW, are thus considered to be guaranteed by the Dutch State. The other main third-party providers of guarantees are other sovereigns, export credit agencies and financial institutions. It is common, especially in the Dutch market, for loans to corporate clients to be subject to guarantees provided by other parties within their group (often, but not necessarily, a holding company as the parent of the subsidiary that is ABN AMRO Bank's direct obligor). The most common forms of such group guarantees are '403 declarations', joint and several liability statements and direct guarantees. The effects of such group guarantees are specifically assessed under ABN AMRO Bank's credit assessment process and take account of the various risk parameters, where relevant.

Minimising exposure risk
In addition to minimising exposure risk, eligible collateral and guarantees can also reduce the regulatory and economic capital the bank is required to hold as a buffer for unexpected losses. The Capital Requirements Regulation prescribes the criteria that collateral must meet to become eligible for capital reduction. These criteria, which provide for legal effectiveness and for the enforceability, valuation and monitoring of collateral, are aimed at the effective and timely realisation of collateral.

Offsetting financial assets and liabilities
Financial assets and liabilities are offset and the net amount is reported on the EU IFRS balance sheet if there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously. The bank applies netting to debtor and creditor balances, such as current accounts, where offsetting is justified by formal agreement with the client, provided they meet the applicable criteria.

Enforceable master netting agreements or similar instruments
Enforceable master netting arrangements take into account all agreements containing conditions that allow offsetting in the event of default. In addition, agreements are enforceable if the bank has a legally enforceable right to offset and no ability and/or intention to realise the asset and settle the liability simultaneously. These arrangements include derivative clearing agreements, global master repurchase agreements and global master securities lending agreements

EU CR3 – CRM techniques – Overview

(in millions)		Exposures unsecured - carrying amount	Exposures secured – carrying amount	Exposure secured by collateral	Exposure secured by financial guarantees	Exposure secured by credit derivatives
						31 December 2020
1	Total loans	97,497	240,621	237,309	3,312	
2	Total debt securities	46,567				
3	**Total exposure**	**144,065**	**240,621**	**237,309**	**3,312**	
4	*- of which defaulted*	3,334	5,165	4,921	244	
						30 June 2020
1	Total loans	97,226	259,073	255,183	3,889	
2	Total debt securities	48,212				
3	**Total exposure**	**145,438**	**259,073**	**255,183**	**3,889**	
4	*-of which defaulted*	*3,786*	*4,678*	*4,439*	*239*	
						31 December 2019
1	Total loans	66,392	249,146	245,334	3,812	
2	Total debt securities	44,413				
3	**Total exposure**	**110,805**	**249,146**	**245,334**	**3,812**	
4	*- of which defaulted*	*2,672*	*4,107*	*3,943*	*164*	

CRM overview

This table provides an overview of the exposures split by secured and unsecured. Only exposures covered by eligible collateral are reported as secured. The increase in total loans compared with year-end 2019 relates primarily to higher cash balances with central banks. This increase is related to ECB's targeted longer-term refinancing operations (TLTRO) and is classified as unsecured. Compared with the second quarter, exposures secured by collateral decreased, mainly due to business cyclicality reasons in securities financing.

Credit risk and credit risk mitigation – Standardised Approach

Institutions' use of external credit ratings

EU CRD – Qualitative disclosure requirements on institutions' use of external credit ratings under the standardised approach for credit risk

The Standardised Approach (SA) is used for some of the bank's less material portfolios and entities. Prescribed treatments are applied to exposures to qualifying central counterparties. Under the Standardised Approach, regulatory capital is calculated on the basis of a risk weighting of exposure (net of credit impairments and eligible collateral), based on the exposure characteristics (for retail exposures) or external agency credit ratings for the counterparty (for non-retail exposures). For this purpose, the bank uses the external ratings of Standard & Poor's, Moody's, Fitch and DBRS. In the case of counterparties for which no credit ratings are available, exposures are classified as unrated for the purpose of determining regulatory capital requirements. The bank complies with the standard association published by the EBA.

The bank uses credit protection from several ECAs (export credit agencies), which are rated by the internal sovereign rating model.

Internal rating scale mapped to external ratings

	UCR (internal rating)	Low PD%	High PD%	Standard & Poor's equivalent	Moody's equivalent	Fitch equivalent
Investment grade	UCR 1	0.00	0.03	AAA to A+	Aaa to Aa3	AAA to AA-
	UCR 2+	0.03	0.05	A+	A1	AA-
	UCR 2	0.05	0.07	A	A1	A+
	UCR 2-	0.07	0.13	A-	A3	A-
	UCR 3+	0.13	0.20	BBB+	Baa1	BBB+
	UCR 3	0.20	0.30	BBB	Baa2	BBB
	UCR 3-	0.30	0.46	BBB-	Baa3	BBB-
Sub-investment grade	UCR 4+	0.46	0.78	BB+	Ba1	BB+
	UCR 4	0.78	1.29	BB	Ba2	BB
	UCR 4-	1.29	2.22	BB-	B1	BB-
	UCR 5+	2.22	4.24	B+	B2	B
	UCR 5	4.24	8.49	B-	Caa1	B-
	UCR 5-	8.49	16.97	CCC/C	Caa2	CCC/C
	UCR 6+	16.97	100.00	CCC/C	Caa-C	CCC/C
Default	UCR 6-8			D	D	D

EU CR4 – Standardised Approach – Credit risk exposure and CRM effects

							31 December 2020
		Exposures before CCF and CRM[1]		Exposures post CCF and CRM[1]		RWAs and RWA density	
(in millions)		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density
	Exposure classes						
1	Central governments or central banks	128		128		12	10%
2	Regional governments or local authorities						
3	Public sector entities						
4	Multilateral development banks	1,048		1,048			0%
5	International organisations	5,536		5,536			0%
6	Institutions	2,216	12,904	2,216	133	151	6%
7	Corporates	2,947	11,566	2,746	925	3,098	84%
8	Retail	1,465	3,963	1,465	602	1,550	75%
9	Secured by mortgages on immovable property	528	272	528	136	233	35%
10	Exposures in default	78	148	78	33	146	132%
11	Higher-risk categories						
12	Covered bonds						
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings	163		163		8	5%
15	Equity						
16	Other items	1,200		1,200		859	72%
17	**Total**	**15,310**	**28,854**	**15,108**	**1,829**	**6,057**	

1 CCF = Credit conversion factor; CRM = Credit risk mitigation

							30 June 2020
		Exposures before CCF and CRM[1]		Exposures post CCF and CRM[1]		RWAs and RWA density	
(in millions)		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density
	Exposure classes						
1	Central governments or central banks	389	5	332	5	48	14%
2	Regional governments or local authorities						
3	Public sector entities						
4	Multilateral development banks	1,078		1,078			0%
5	International organisations	5,204		5,204			0%
6	Institutions	2,751	11,206	2,751	53	239	9%
7	Corporates	3,094	12,446	3,072	1,003	3,624	89%
8	Retail	1,349	3,863	1,349	574	1,438	75%
9	Secured by mortgages on immovable property	895	548	895	282	419	36%
10	Exposures in default	69	57	69	17	114	132%
11	Higher-risk categories						
12	Covered bonds						
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings	178		178		9	5%
15	Equity						
16	Other items	1,980		1,980		1,021	52%
17	**Total**	**16,987**	**28,126**	**16,909**	**1,934**	**6,911**	

1 CCF = Credit conversion factor; CRM = Credit risk mitigation

								31 December 2019
		Exposures before CCF and CRM[1]		Exposures post CCF and CRM[1]		RWAs and RWA density	
(in millions)		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density
	Exposure classes						
1	Central governments or central banks	250		275		2	1%
2	Regional governments or local authorities						
3	Public sector entities						
4	Multilateral development banks	942		942			0%
5	International organisations	5,029		5,029			0%
6	Institutions	1,602	1,372	1,602	14	84	5%
7	Corporates	3,206	13,515	3,181	836	3,495	87%
8	Retail	992	3,859	990	481	1,099	75%
9	Secured by mortgages on immovable property	501	426	501	213	259	36%
10	Exposures in default	80	63	82	13	130	138%
11	Higher-risk categories						
12	Covered bonds						
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings	178		178		9	5%
15	Equity						
16	Other items	1,492		1,492		1,084	73%
17	**Total**	**14,273**	**19,235**	**14,273**	**1,557**	**6,161**	

1 CCF= Credit conversion factor; CRM = Credit risk mitigation

Standardised approach and the effect of CRM and CCF

This table discloses the on-balance and off-balance sheet exposures under the standardised approach. It provides more insight into the effects of Credit Risk Mitigation (CRM) and the effect of the Credit Conversion Factors (CCF) for on- and off-balance sheet exposures. The decrease in exposure and RWA is primarily visible in corporate exposures and largely due to the CIB non-core wind-down. In addition, the on-balance exposure for institutions decreased, while the off-balance increased, owing to business movements within Clearing.

EU CR5 – Standardised Approach - Exposures post-CCF and CRM

											31 December 2020
		Risk weight									Subtotal
(in millions)		0%	2%	4%	10%	20%	35%	50%	70%	75%	
	Exposure classes										
1	Central governments or central banks	67				61					128
2	Regional governments or local authorities										
3	Public sector entities										
4	Multilateral development banks	1,048									1,048
5	International organisations	5,536									5,536
6	Institutions		1,956			282		110			2,349
7	Corporates							1,148			1,148
8	Retail									2,068	2,068
9	Secured by mortgages on immovable property						659	5			664
10	Exposures in default										
11	Exposures associated with particularly high risk										
12	Covered bonds										
13	Institutions and corporates with a short-term credit assessment										
14	Collective investment undertakings										
15	Equity										
16	Other items	341									341
17	**Total**	**6,991**	**1,956**			**344**	**659**	**1,264**		**2,068**	**13,281**

											31 December 2020
		Subtotal	Risk weight							Total	Of which: unrated
(in millions)			100%	150%	250%	370%	1250%	Others	Deducted		
	Exposure classes										
1	Central governments or central banks	128								128	
2	Regional governments or local authorities										
3	Public sector entities										
4	Multilateral development banks	1,048								1,048	37
5	International organisations	5,536								5,536	
6	Institutions	2,349								2,349	2,349
7	Corporates	1,148	2,524							3,672	3,672
8	Retail	2,068								2,068	2,068
9	Secured by mortgages on immovable property	664								664	664
10	Exposures in default		40	71						111	111
11	Exposures associated with particularly high risk										
12	Covered bonds										
13	Institutions and corporates with a short-term credit assessment										
14	Collective investment undertakings							163		163	
15	Equity										
16	Other items	341	859							1,200	1,200
17	**Total**	**13,281**	**3,423**	**71**				**163**		**16,938**	**10,101**

		Risk weight									Subtotal
	(in millions)	0%	2%	4%	10%	20%	35%	50%	70%	75%	30 June 2020
	Exposure classes										
1	Central governments or central banks	98				239					337
2	Regional governments or local authorities										
3	Public sector entities										
4	Multilateral development banks	1,078									1,078
5	International organisations	5,205									5,205
6	Institutions		2,260			263		155			2,678
7	Corporates							801			801
8	Retail									1,923	1,923
9	Secured by mortgages on immovable property						1,069	108			1,177
10	Exposures in default										
11	Exposures associated with particularly high risk										
12	Covered bonds										
13	Institutions and corporates with a short-term credit assessment										
14	Collective investment undertakings										
15	Equity										
16	Other items	959									959
17	**Total**	**7,339**	**2,260**			**502**	**1,069**	**1,065**		**1,923**	**14,157**

		Subtotal	Risk weight							Total	30 June 2020 Of which: unrated
	(in millions)		100%	150%	250%	370%	1250%	Others	Deducted		
	Exposure classes										
1	Central governments or central banks	337								337	328
2	Regional governments or local authorities										
3	Public sector entities										
4	Multilateral development banks	1,078								1,078	55
5	International organisations	5,205								5,205	
6	Institutions	2,678								2,678	2,678
7	Corporates	801	3,274							4,075	4,075
8	Retail	1,923								1,923	1,923
9	Secured by mortgages on immovable property	1,177								1,177	1,177
10	Exposures in default		31	56						86	86
11	Exposures associated with particularly high risk										
12	Covered bonds										
13	Institutions and corporates with a short-term credit assessment										
14	Collective investment undertakings							178		178	
15	Equity										
16	Other items	959	1,021							1,980	1,980
17	**Total**	**14,157**	**4,326**	**56**				**178**		**18,716**	**12,302**

											31 December 2019
		Risk weight									Subtotal
	(in millions)	0%	2%	4%	10%	20%	35%	50%	70%	75%	
	Exposure classes										
1	Central governments or central banks	273									273
2	Regional governments or local authorities										
3	Public sector entities										
4	Multilateral development banks	942									942
5	International organisations	5,029									5,029
6	Institutions		1,383			202		31			1,616
7	Corporates							913			913
8	Retail									1,471	1,471
9	Secured by mortgages on immovable property						617	98			715
10	Exposures in default										
11	Exposures associated with particularly high risk										
12	Covered bonds										
13	Institutions and corporates with a short-term credit assessment										
14	Collective investment undertakings										
15	Equity										
16	Other items	409									409
17	**Total**	**6,653**	**1,383**			**202**	**617**	**1,042**		**1,471**	**11,368**

											31 December 2019
		Subtotal	Risk weight							Total	Of which: unrated
	(in millions)		100%	150%	250%	370%	1250%	Others	Deducted		
	Exposure classes										
1	Central governments or central banks	273	2							275	265
2	Regional governments or local authorities										
3	Public sector entities										
4	Multilateral development banks	942								942	30
5	International organisations	5,029								5,029	
6	Institutions	1,616								1,616	1,616
7	Corporates	913	3,104							4,017	4,017
8	Retail	1,471								1,471	1,471
9	Secured by mortgages on immovable property	715								715	715
10	Exposures in default		23	72						95	95
11	Exposures associated with particularly high risk										
12	Covered bonds										
13	Institutions and corporates with a short-term credit assessment										
14	Collective investment undertakings							178		178	
15	Equity										
16	Other items	409	1,084							1,492	1,492
17	**Total**	**11,368**	**4,213**	**72**				**178**		**15,830**	**9,701**

EAD under the standardised approach

This table discloses the EAD under the Standardised Approach (SA), excluding counterparty credit risk. Compared with Q2 2020, a decrease in SA exposure is visible in almost all risk weights and for both rated and unrated exposures. The main contributors to the decrease were institutions, corporates and mortgages, for a combined total of EUR 1.2 billion. This was partly offset by increased positions in international organisations and retail.

Credit risk and credit risk mitigation – IRB approach

IRB models

EU CRE – Qualitative disclosure requirements related to IRB models

Credit risk approach
The bank has approval from its supervisor to use the Advanced Internal Ratings-Based (A-IRB) approach, including various exemptions, for the vast majority of its credit portfolios. The approval for use of the A-IRB approach is not restricted to certain exposures classes, while the approval specifically excludes certain portfolios. The use of the Standardised Approach and the Foundation IRB (F-IRB) approach will increase substantially in the coming years as more restrictive requirements and supervisory standards are implemented for the use of internal models and business strategies are updated. At the same time, the forward view on the formal implementation of Basel IV, including the constrained use of the IRB approach to credit risk, also implies that the use of SA and F-IRB will increase, while the use of A-IRB will decrease.

Probability of Default
The Probability of Default (PD) indicates the likelihood that a counterparty or exposure will default within a one-year time horizon. Models make use of risk drivers such as financial information, behavioural information, arrears information and assessments of industry, geographic and market conditions. Model output is calibrated to long-run average observed default rates, based on internal default data. For low-default portfolios this is supplemented by external data, if available. For the non-programme lending portfolio, the PD maps to and is expressed as an internal uniform counterparty rating (UCR). The UCR rating scale consists of 14 performing ratings, each representing a fixed PD range. The indicative mapping of the internal UCR rating scale to external rating agency ratings is shown in the section EU CRD – Qualitative disclosure requirements on institutions' use of external credit ratings under the standardised approach. For programme lending portfolios within Retail Banking and Commercial Banking, exposures with the same characteristics are pooled and a PD is assigned to each pool.

Loss Given Default
Loss Given Default (LGD) models estimate the amount the bank would lose if the counterparty were to default. LGD is expressed as a percentage of the outstanding amount at default. On credit facilities that are not in default, LGD estimates are influenced by the risk mitigating techniques used by the bank (such as the use of collateral), the collateral cover, the credit facility's seniority and structure, and the bank's view of the creditor-friendliness of the relevant country's legal framework. The model output for these credit facilities is calibrated to long-run average observed loss rates and downturn conditions, based on internal default data. For low-default portfolios this is supplemented by expert opinion and/or external data, if available. For credit facilities that are already in default, an in-default LGD is estimated that also takes account of all relevant post-default information, such as time-in-default and the progress of the recovery process compared to expectations. In-default LGD is calibrated to reflect possible adverse changes in economic conditions during the expected length of the recovery process.

Exposure at Default
Exposure at Default (EAD) models estimate the expected exposure at the time a counterparty defaults. EAD is calculated on a monthly basis for all credit facilities, using actual limits and outstanding exposure data. EAD estimates are influenced by the type of credit facility, the draw-down controls that the bank has in place and the type of counterparty. For credit facilities that are amortising, the EAD calculation reflects the possibility that payments will be missed and capitalised in the period leading up to default. If all or part of a facility is undrawn (i.e. the outstanding amount is less than the approved limit) at the time of the EAD calculation, a portion of the undrawn amount is added to the exposure to reflect the tendency of counterparties to utilise larger portions of their approved credit facilities when nearing default. The percentage of the undrawn part of the facility that is expected to be drawn in the event of default (usage given default or UGD) differs per facility type and is updated at least annually.

A specific component used to calculate EAD is the Credit Conversion Factor (CCF). This factor is used to translate the off-balance exposure to EAD. The value of the CCF is determined based on the average realised conversion factor by facility

grade or pool, using the default weighted average resulting from all observed defaults. In this calculation, certain alterations are possible in the following cases:
- Correlation between the default frequency and the magnitude of the CCF;
- Estimates in the event of an economic downturn are more conservative than the long-term average.

Model risk framework
All credit risk models are subject to our model risk framework. In this framework we describe the model risk governance and the model review process.

Model risk governance
The Executive Board (ExBo) is ultimately accountable for the management of model risk in the bank. The ExBo has delegated responsibility for management of model risk to the Group Risk Committee (GRC). For model risk, the three lines of defence principle is applied as follows:
- The model owner, model developer, model implementer and model users assume the first line of defence role for the management of model risk. The model owner has overall accountability for managing the model risk that a model poses and for coordinating all activities during a model's lifecycle, including design or selection, development, implementation, oversight and performance of models (and rating systems for credit risk);
- The risk type owner for model risk and the independent model validation function assume the second line of defence role for managing model risk. The risk type owner model risk has overall accountability for the bank's model risk management framework;
- Group Audit represents the third line of defence.

Model review process
A model review is performed by the model developer on request of the model owner or the model approval authority. A model review takes place at least every three years or earlier in the event of:
- A marked deterioration in the model's performance (as highlighted by model monitoring or revalidation results), or
- A marked change in the risk profile of the portfolio to which the model relates (the change may be actual or anticipated and based either on actions the bank is taking or on external factors).

The purpose of a model review is:
- To confirm that the model is still fit for purpose. This is done by confirming the continued appropriateness of the design, modelling assumptions, risk drivers and conceptual soundness of the model in the context of the intended scope and purpose of the model;
- To confirm the sound implementation and ongoing appropriate use of the model;
- To identify possible improvements to the model.

Model risk reporting
On a quarterly basis, senior management and key stakeholders are informed on the status of the models that have a direct or indirect impact on the bank's risk profile, on the management, measurement, aggregation, allocation or reporting of the model, and on on the bank's estimated returns. These model risk reports address the aggregated risk perceived in models, based on the results of regular validations and on risks in the model lifecycle.

EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

31 December 2020

(in millions)	PD scale	Original on-balance sheet gross exposures	Off-balance sheet exposures pre-CCF[1]	Average CCF[1]	EAD post CRM and post CCF[1]	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Value adjustments and Provisions
Exposure class													
Central government or central banks	0.00 to <0.15	97,604	1,695	38.0%	98,248	0.0%	1,118	9.0%	1.72	505	0.5%	1	
	0.15 to <0.25	0		45.0%	0	0.2%	1	45.0%	1.60	0	46.4%		
	0.25 to <0.50	73		0.0%	73	0.4%	2	37.7%	5.00	60	83.1%		
	0.50 to <0.75	8	7	35.9%	11	0.7%	2	16.3%	4.66	5	44.4%		
	0.75 to <2.50	40		45.0%	40	1.6%	4	45.0%	1.05	40	99.3%		
	2.50 to <10.00	32		0.0%	32	6.0%	1	60.0%	2.04	76	235.2%	1	
	10.00 to <100.00	7		45.0%	7	23.5%	6	4.6%	4.96	2	28.7%		
	100.00 (Default)	9		0.0%	9	100.0%	1	96.0%	0.99	107	1186.6%		1
	Subtotal	**97,774**	**1,703**		**98,420**		**1,135**			**795**	**0.0%**	**3**	**1**
Corporates	0.00 to <0.15	9,015	11,823	31.6%	12,751	0.1%	1,713	22.2%	2.10	1,697	13.3%	2	31
	0.15 to <0.25	2,558	5,054	28.4%	3,989	0.2%	457	20.4%	2.37	809	20.3%	1	
	0.25 to <0.50	10,829	11,284	31.7%	14,389	0.3%	1,896	22.5%	2.54	4,640	32.2%	11	1
	0.50 to <0.75	11,889	8,262	25.6%	13,993	0.7%	3,452	19.7%	2.59	4,893	35.0%	19	33
	0.75 to <2.50	23,803	11,318	25.3%	26,608	1.4%	8,110	18.2%	2.54	10,571	39.7%	69	293
	2.50 to <10.00	10,287	3,613	23.5%	11,123	4.3%	3,112	17.0%	2.52	5,451	49.0%	80	75
	10.00 to <100.00	1,628	1,491	16.4%	1,881	20.7%	17,244	22.3%	2.21	2,119	112.7%	88	31
	100.00 (Default)	6,682	1,930	9.9%	6,835	100.0%	1,610	29.5%	1.86	6,843	100.1%	2,249	2,247
	Subtotal	**76,691**	**54,776**		**91,570**		**37,594**			**37,022**		**2,519**	**2,711**
Institutions	0.00 to <0.15	4,717	355	9.3%	4,750	0.1%	285	15.9%	2.67	336	7.1%		
	0.15 to <0.25	759	157	35.1%	814	0.2%	34	20.3%	2.23	142	17.5%		1
	0.25 to <0.50	117	65	39.1%	143	0.3%	47	11.7%	2.16	23	16.3%		
	0.50 to <0.75	13	7	62.0%	18	0.7%	7	12.0%	1.14	4	22.6%		
	0.75 to <2.50	130	122	15.8%	150	1.7%	21	31.2%	0.92	105	70.3%	1	
	2.50 to <10.00	54	30	16.8%	59	3.4%	11	36.6%	0.45	65	110.3%	1	
	10.00 to <100.00	36	1,445	99.3%	1,471	11.4%	63	16.7%	4.90	480	32.6%	4	
	100.00 (Default)												
	Subtotal	**5,826**	**2,182**		**7,403**		**468**			**1,156**		**6**	**1**
Retail	0.00 to <0.15	83,276	7,620	27.3%	84,884	0.1%	3,132,659	11.3%	4.91	1,822	2.1%	7	9
	0.15 to <0.25	44,163	512	24.6%	44,149	0.2%	470,642	14.9%	4.94	2,534	5.7%	12	9
	0.25 to <0.50	11,651	375	25.1%	11,775	0.4%	274,234	18.4%	4.84	1,345	11.4%	8	6
	0.50 to <0.75	10,191	694	34.4%	10,358	0.6%	114,430	18.8%	4.62	1,596	15.4%	12	13
	0.75 to <2.50	6,440	425	28.6%	6,598	1.3%	380,627	27.3%	4.57	2,004	30.4%	23	21
	2.50 to <10.00	5,001	280	39.1%	5,078	4.8%	122,976	19.4%	4.22	2,470	48.6%	47	47
	10.00 to <100.00	1,459	54	45.8%	1,476	17.0%	30,081	25.3%	4.52	1,339	90.7%	59	28
	100.00 (Default)	1,750	86	5.5%	1,741	100.0%	99,587	20.7%	4.45	1,318	75.7%	319	233
	Subtotal	**163,931**	**10,045**		**166,059**		**4,625,236**			**14,427**		**486**	**367**
Total		**344,221**	**68,706**		**363,452**		**4,664,433**			**53,400**		**3,014**	**3,080**

1 CCF = Credit conversion factor; CRM = Credit risk mitigation

30 June 2020

(in millions)	PD scale	Original on-balance sheet gross exposures	Off-balance sheet exposures pre-CCF[1]	Average CCF[1]	EAD post CRM and post CCF[1]	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Value adjustments and Provisions
Exposure class													
Central government or central banks	0.00 to <0.15	94,673	1,590	37.4%	95,267	0.0%	833	10.5%	1.80	634	0.7%	1	2
	0.15 to <0.25	31		0.0%	31	0.2%	2	33.7%	4.25	14	46.8%		
	0.25 to <0.50	100		45.0%	100	0.3%	6	42.5%	4.11	74	73.6%		
	0.50 to <0.75	9	6	37.5%	12	0.7%	2	15.9%	3.89	4	37.7%		
	0.75 to <2.50	53	1	35.4%	54	1.6%	5	50.6%	1.38	65	120.9%		
	2.50 to <10.00	38	3	23.0%	39	6.0%	4	60.0%	2.15	89	228.5%	1	
	10.00 to <100.00	31	66	25.9%	48	13.4%	8	60.9%	3.09	160	331.6%	4	
	100.00 (Default)										0.0%		
	Subtotal	**94,936**	**1,666**		**95,551**		**860**			**1,041**	**0.0%**	**7**	**2**
Corporates	0.00 to <0.15	10,430	13,708	31.2%	14,697	0.1%	2,066	23.4%	2.00	1,893	12.9%	2	6
	0.15 to <0.25	3,770	6,255	29.9%	5,634	0.2%	425	23.7%	2.26	1,273	22.6%	2	12
	0.25 to <0.50	13,005	16,227	26.1%	17,226	0.3%	1,894	23.4%	2.46	5,684	33.0%	14	38
	0.50 to <0.75	13,012	12,162	21.1%	15,553	0.7%	3,406	20.3%	2.43	5,703	36.7%	21	44
	0.75 to <2.50	27,431	12,138	23.8%	30,240	1.4%	8,514	17.8%	2.54	12,570	41.6%	76	124
	2.50 to <10.00	10,902	3,730	23.3%	11,753	4.3%	3,947	17.2%	2.52	6,258	53.2%	86	82
	10.00 to <100.00	1,893	1,110	18.5%	2,114	21.1%	16,775	18.3%	2.45	1,997	94.5%	83	32
	100.00 (Default)	6,610	2,033	9.3%	6,763	100.0%	1,576	27.7%	1.97	5,949	88.0%	2,476	2,474
	Subtotal	**87,053**	**67,365**		**103,980**		**38,603**			**41,328**	**0.0%**	**2,761**	**2,811**
Institutions	0.00 to <0.15	5,872	2,285	79.9%	7,697	0.1%	521	15.5%	2.95	648	8.4%	1	2
	0.15 to <0.25	596	171	34.3%	655	0.2%	27	28.3%	1.65	158	24.1%		1
	0.25 to <0.50	251	147	35.8%	303	0.3%	52	16.1%	1.94	62	20.5%		
	0.50 to <0.75	10		20.5%	11	0.6%	9	34.3%	0.15	6	53.7%		
	0.75 to <2.50	164	138	18.9%	190	1.7%	21	32.4%	0.76	127	66.7%	1	
	2.50 to <10.00		12	10.0%	1	3.2%	2	42.3%	1.00	1	116.6%		
	10.00 to <100.00	49	11	9.0%	50	24.0%	74	29.1%	0.99	89	178.3%	3	
	100.00 (Default)										0.0%		
	Subtotal	**6,942**	**2,765**		**8,907**		**706**			**1,091**	**0.0%**	**6**	**4**
Retail	0.00 to <0.15	81,454	7,879	27.6%	83,499	0.1%	2,969,528	11.5%	4.86	1,810	2.2%	7	7
	0.15 to <0.25	45,232	570	24.1%	45,231	0.2%	431,409	15.2%	4.93	2,648	5.9%	12	12
	0.25 to <0.50	12,311	424	24.0%	12,458	0.4%	265,276	18.9%	4.82	1,450	11.6%	9	9
	0.50 to <0.75	10,605	732	34.7%	10,782	0.6%	105,941	19.0%	4.57	1,652	15.3%	12	12
	0.75 to <2.50	7,240	476	28.2%	7,418	1.3%	401,527	27.9%	4.12	2,278	30.7%	26	26
	2.50 to <10.00	5,615	342	40.0%	5,716	4.8%	143,157	20.5%	4.09	2,858	50.0%	56	55
	10.00 to <100.00	1,637	69	46.1%	1,655	16.8%	40,050	27.3%	3.84	1,531	92.5%	71	70
	100.00 (Default)	1,695	71	7.9%	1,691	100.0%	79,409	18.7%	4.22	1,175	69.5%	273	210
	Subtotal	**165,788**	**10,563**		**168,449**		**4,436,297**			**15,403**		**466**	**400**
Total		**354,720**	**82,358**		**376,887**		**4,476,466**			**58,864**		**3,239**	**3,217**

1 CCF = Credit conversion factor; CRM = Credit risk mitigation

31 December 2019

(in millions)	PD scale	Original on-balance sheet gross exposures	Off-balance sheet exposures pre-CCF[1]	Average CCF[1]	EAD post CRM and post CCF[1]	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Value adjustments and Provisions
Exposure class													
Central government or central banks	0.00 to <0.15	62,810	959	33.2%	63,128	0.0%	875	13.0%	2.21	444	0.7%	1	1
	0.15 to <0.25	32		6.3%	32	0.2%	3	29.7%	4.35	13	39.7%		
	0.25 to <0.50	85		0.0%	85	0.4%	4	33.9%	4.99	59	69.2%		
	0.50 to <0.75	8	8	42.8%	11	0.7%	3	14.5%	3.92	4	32.8%		
	0.75 to <2.50	111	1	13.8%	112	1.0%	8	41.5%	0.88	78	70.1%		
	2.50 to <10.00			45.0%		3.0%	1	60.0%	1.00		155.4%		
	10.00 to <100.00	47		40.5%	47	12.0%	6	40.0%	0.87	83	176.6%	2	3
	100.00 (Default)												
	Subtotal	**63,093**	**968**		**63,415**		**900**			**681**	**0.0%**	**4**	**4**
Corporates	0.00 to <0.15	10,256	15,873	32.7%	15,425	0.1%	2,112	22.1%	1.99	1,727	11.2%	2	1
	0.15 to <0.25	4,242	5,089	29.6%	5,735	0.2%	457	22.6%	2.46	1,216	21.2%	2	3
	0.25 to <0.50	14,153	14,677	27.4%	18,169	0.3%	2,017	21.8%	2.50	5,437	29.9%	14	5
	0.50 to <0.75	13,118	13,652	23.1%	16,251	0.7%	3,450	19.1%	2.43	5,265	32.4%	21	13
	0.75 to <2.50	29,215	11,637	26.5%	32,428	1.4%	9,363	16.1%	2.54	11,483	35.4%	72	57
	2.50 to <10.00	11,565	3,075	27.6%	12,453	4.2%	4,606	15.8%	2.62	5,742	46.1%	83	75
	10.00 to <100.00	1,441	807	18.0%	1,616	20.4%	18,761	16.1%	2.31	1,252	77.5%	54	22
	100.00 (Default)	4,919	1,325	12.0%	5,059	100.0%	1,464	28.2%	2.10	5,024	99.3%	1,511	1,528
	Subtotal	**88,911**	**66,135**		**107,136**		**42,230**			**37,146**		**1,760**	**1,704**
Institutions	0.00 to <0.15	5,581	729	17.3%	5,707	0.1%	429	20.0%	2.42	394	6.9%	1	1
	0.15 to <0.25	611	2,322	87.6%	2,646	0.2%	52	10.7%	4.02	354	13.4%		
	0.25 to <0.50	413	29	23.7%	420	0.3%	57	7.2%	1.84	41	9.8%		1
	0.50 to <0.75	45	6	29.0%	46	0.6%	18	38.5%	0.49	29	62.5%		
	0.75 to <2.50	198	120	9.6%	210	1.3%	26	31.7%	0.88	128	61.2%	1	
	2.50 to <10.00		17	0.0%		3.2%	2	37.8%	1.00		122.0%		
	10.00 to <100.00	36	11	6.3%	37	24.0%	100	26.6%	0.97	60	163.0%	2	1
	100.00 (Default)												
	Subtotal	**6,885**	**3,234**		**9,067**		**684**			**1,007**		**4**	**2**
Retail	0.00 to <0.15	79,230	8,163	32.1%	81,308	0.1%	3,202,359	11.9%	4.84	1,811	2.2%	7	
	0.15 to <0.25	46,305	622	25.2%	46,325	0.2%	465,968	15.4%	4.93	2,764	6.0%	13	
	0.25 to <0.50	13,663	522	22.8%	13,828	0.4%	313,656	19.2%	4.82	1,604	11.6%	10	
	0.50 to <0.75	11,002	715	35.0%	11,203	0.6%	122,817	19.2%	4.61	1,725	15.4%	13	
	0.75 to <2.50	7,837	511	28.8%	8,029	1.3%	482,364	28.5%	4.13	2,432	30.3%	29	
	2.50 to <10.00	6,068	386	40.6%	6,190	4.7%	195,667	21.3%	4.04	3,064	49.5%	62	
	10.00 to <100.00	1,966	71	47.2%	1,987	16.5%	53,450	27.6%	3.81	1,830	92.1%	88	4
	100.00 (Default)	1,500	71	6.7%	1,496	100.0%	28,582	21.0%	4.15	1,313	87.8%	254	203
	Subtotal	**167,571**	**11,061**		**170,365**		**4,864,863**			**16,543**		**477**	**207**
Total		**326,459**	**81,398**		**349,983**		**4,908,677**			**55,378**		**2,245**	**1,917**

1 CCF = Credit conversion factor; CRM = Credit risk mitigation

Exposure by PD range

This table provides an overview of the different inputs for the RWA calculation, with a breakdown by PD bucket. In the second half of 2020, the EAD decreased modestly, primarily due to the exposure classes of corporates and retail and partly offset by central governments and central banks. Corporates decreased largely because of the CIB non-core wind-down, as primarily visible in the low and mid-range PD buckets. Retail decreased mainly due to mortgage redemptions exceeding new mortgage production, as visible in the high-range PD buckets.

Weighted average PD and LGD IRB Advanced

	(in millions)	Region	Weighted average PD	Weighted average LGD
1	IRB advanced	Netherlands	2.71%	13.89%
2		Rest of Europe	2.85%	19.84%
3		USA	4.97%	11.93%
4		Asia	4.53%	38.93%
5		Rest of world	8.41%	21.59%
6		**Total**	**2.96%**	**15.25%**

The weighted average PD, excluding defaulted positions, is 0.66%.

EU CR8 – RWA flow statements of credit risk exposures under the IRB approach

		31 December 2020		30 September 2020		31 December 2019	
	(in millions)	RWA amounts	Capital require-ments	RWA amounts	Capital require-ments	RWA amounts	Capital require-ments
1	**RWAs as at end previous reporting period**	**84,893**	**6,791**	**82,066**	**6,565**	**78,923**	**6,314**
2	Asset size	-2,653	-212	-1,990	-159	-2,453	-196
3	Asset quality	-229	-18	1,319	106	803	64
4	Model updates	1,151	92	5,417	433	2,752	220
5	Methodology and policy	306	24	-1,097	-88	-546	-44
6	Acquisitions and disposals			-91	-7		
7	Foreign exchange movements	-314	-25	-474	-38		
8	Other	-263	-21	-256	-20	42	3
9	**RWAs as at end reporting period**	**82,891**	**6,631**	**84,893**	**6,791**	**79,521**	**6,362**

IRB RWA flow

The IRB RWA flow provides insight into the RWA movement from period to period. This shows the credit risk RWA under the IRB approach. Total credit risk IRB RWA decreased to EUR 82.9 billion (30 September 2020: EUR 84.9 billion). Lower IRB credit risk RWA was attributable to business developments, predominantly relating to the wind-down of the CIB non-core portfolio and partly offset by an EUR 1.1 billion increase in TRIM add-ons. Lastly, the weakening of the US dollar against the euro resulted in lower RWA.

EU CR9 – IRB approach – Backtesting of PD per exposure class

Exposure class	PD Range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	Number of obligors End of 2019	Number of obligors End of 2020	Defaulted obligors in the year	Of which new obligors	Average historical annual default rate
Central governments and central banks	0.00-0.04	AAA to A+	0.00%	0.32%	199	149			0.00%
	0.04-0.05	A+	0.04%	0.02%	13	5			0.00%
	0.05-0.07	A	0.05%	0.05%	6	9			0.00%
	0.07-0.13	A-	0.10%	0.08%	7	8			0.00%
	0.13-0.20	BBB+	0.06%	0.06%		2			0.00%
	0.30-0.47	BBB-	0.25%	0.25%	4	1			0.00%
	0.47-0.78	BB+	0.66%	0.66%	3	2			0.00%
	0.78-1.29	BB	1.50%	1.32%	4	5			0.00%
	1.29-2.22	BB-	1.65%	1.65%	1	1			0.00%
	2.22-4.24	B+	0.00%	0.00%	2				0.00%
	4.24-8.49	B-	6.00%	6.00%	3	1			0.00%
	8.49-16.97	CCC/C	72.71%	30.67%	6	6	1		11.51%
	16.97-100	CCC/C	24.00%	24.00%		2			0.00%
Institutions	0.00-0.04	AAA to A+	0.03%	0.03%	115	81			0.00%
	0.04-0.05	A+	0.05%	0.53%	71	50			0.00%
	0.05-0.07	A	0.05%	0.06%	137	59			0.00%
	0.07-0.13	A-	0.11%	0.11%	97	85			0.00%
	0.13-0.20	BBB+	5.08%	0.45%	56	43			0.00%
	0.20-0.30	BBB	0.28%	0.28%	30	25			0.00%
	0.30-0.47	BBB-	0.25%	0.39%	26	17			0.00%
	0.47-0.78	BB+	1.00%	0.89%	25	12			0.00%
	0.78-1.29	BB	1.62%	1.27%	15	13			0.00%
	1.29-2.22	BB-	3.22%	2.71%	12	12			0.00%
	2.22-4.24	B+	6.05%	4.43%		3			0.00%
	8.49-16.97	CCC/C	0.00%	0.00%					0.00%
	16.97-100	CCC/C	23.70%	23.66%	98	68			0.00%
Corporates - SME	0.00-0.04	AAA to A+	0.03%	0.03%	6	1			0.00%
	0.04-0.05	A+	0.04%	0.05%	20	9			0.00%
	0.05-0.07	A	0.85%	3.33%	41	31			0.00%
	0.07-0.13	A-	1.11%	0.39%	680	645			0.00%
	0.13-0.20	BBB+	0.89%	4.73%	200	174	9		0.54%
	0.20-0.30	BBB	0.66%	1.08%	227	176	1		0.29%
	0.30-0.47	BBB-	1.64%	1.37%	912	805	10	1	0.88%
	0.47-0.78	BB+	3.58%	2.42%	2,531	2,364	36	1	2.48%
	0.78-1.29	BB	2.78%	2.98%	3,239	3,319	53	2	1.35%
	1.29-2.22	BB-	5.32%	5.35%	3,171	2,830	108	5	3.70%
	2.22-4.24	B+	9.60%	7.85%	2,273	1,774	105	12	6.82%
	4.24-8.49	B-	25.16%	16.43%	1,275	698	94	7	19.43%
	8.49-16.97	CCC/C	27.90%	28.74%	464	252	75	7	23.39%
	16.97-100	CCC/C	19.74%	21.97%	1,448	1,196	43	11	5.68%
Corporates - Specialised Lending	0.00-0.04	AAA to A+	0.00%	0.00%	1				0.00%
	0.04-0.05	A+	0.00%	0.00%	1				0.00%
	0.05-0.07	A	0.11%	0.10%	2	4			0.00%
	0.07-0.13	A-	0.14%	0.15%	2	4			0.00%

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	0.13-0.20	BBB+	0.25%	0.22%	7	6			0.00%
	0.20-0.30	BBB	0.32%	0.32%	26	33			0.00%
	0.30-0.47	BBB-	0.49%	0.52%	125	90			0.00%
	0.47-0.78	BB+	1.42%	2.46%	254	205	2		0.74%
	0.78-1.29	BB	6.69%	4.71%	298	257	14	2	3.75%
	1.29-2.22	BB-	12.34%	12.29%	178	123	12	4	7.79%
	2.22-4.24	B+	16.84%	14.60%	129	74	12		15.00%
	4.24-8.49	B-	10.07%	9.24%	249	225	13	2	6.53%
	8.49-16.97	CCC/C	4.77%	6.67%	11	3			0.00%
	16.97-100	CCC/C	2.60%	12.43%	21	14			0.00%
Corporates - Other	0.00-0.04	AAA to A+	0.03%	0.37%	172	149			0.00%
	0.04-0.05	A+	0.05%	0.46%	122	74			0.00%
	0.05-0.07	A	1.88%	2.17%	330	308	2		1.16%
	0.07-0.13	A-	0.15%	1.03%	488	474			0.00%
	0.13-0.20	BBB+	0.37%	2.13%	283	287	5		3.28%
	0.20-0.30	BBB	0.46%	2.43%	336	378	8		2.77%
	0.30-0.47	BBB-	5.51%	1.75%	452	484	4	1	2.73%
	0.47-0.78	BB+	2.05%	2.85%	852	822	14	1	1.34%
	0.78-1.29	BB	6.42%	4.13%	1,116	1,057	24	1	3.58%
	1.29-2.22	BB-	11.71%	8.01%	913	734	54	4	8.70%
	2.22-4.24	B+	15.40%	10.57%	456	414	38	3	14.34%
	4.24-8.49	B-	15.65%	16.64%	164	132	22	1	22.00%
	8.49-16.97	CCC/C	12.12%	20.99%	73	40	4		4.73%
	16.97-100	CCC/C	29.42%	23.37%	17,047	16,196	35	13	4.44%
Retail - Secured by immovable property SME	0.00-0.04	AAA to A+	0.01%	0.01%	2	1			0.00%
	0.04-0.05	A	0.08%	0.08%	67	64			0.00%
	0.07-0.13	A-	0.33%	0.32%	1,312	1,334	2		0.35%
	0.13-0.20	BBB+	0.19%	0.18%	42	40			0.00%
	0.20-0.30	BBB	0.17%	0.18%	18	23			0.00%
	0.30-0.47	BBB-	2.02%	1.46%	75	70			0.00%
	0.47-0.78	BB+	1.20%	1.08%	7,020	7,050	25		0.34%
	0.78-1.29	BB	1.10%	5.17%	16	57	1		0.24%
	1.29-2.22	BB-	1.79%	10.41%	5	50	1		0.60%
	2.22-4.24	B+	4.55%	4.11%	3,261	2,936	65	1	2.64%
	4.24-8.49	B-	6.13%	5.76%	838	697	19		2.89%
	8.49-16.97	CCC/C	15.11%	12.70%	321	286	27		10.03%
	16.97-100	CCC/C	26.50%	28.17%	137	130	29	1	19.77%
Retail - Secured by immovable property non-SME	0.00-0.04	AAA to A+	0.20%	0.15%	48,125	107,662	173	7	0.19%
	0.04-0.05	A+	0.26%	0.23%	53,032	86,355	220	3	0.24%
	0.05-0.07	A	0.24%	0.23%	2,439	210,386	434	5	0.20%
	0.07-0.13	A-	0.30%	0.32%	201,498	282,091	828	42	0.22%
	0.13-0.20	BBB+	0.42%	0.41%	185,678	223,749	677	22	0.27%
	0.20-0.30	BBB	0.74%	0.74%	57,327	76,317	500	12	0.54%
	0.30-0.47	BBB-	1.17%	1.07%	47,539	65,532	650	27	0.93%
	0.47-0.78	BB+	1.56%	1.52%	28,149	39,675	624	14	1.20%
	0.78-1.29	BB	2.33%	2.49%	12,907	15,968	418	12	1.90%
	1.29-2.22	BB-	3.86%	3.94%	8,256	9,366	420	2	3.52%
	2.22-4.24	B+	4.93%	5.39%	7,045	8,416	549	10	5.24%
	4.24-8.49	B-	8.08%	8.54%	8,647	10,822	1,089	26	9.00%
	8.49-16.97	CCC/C	13.26%	13.58%	6,178	5,226	965	14	14.49%
	16.97-100	CCC/C	30.68%	27.22%	1,448	1,454	543	18	28.10%

continued>

Retail - Qualifying revolving	0.00-0.04	AAA to A+	0.72%	0.35%	1,709	1,794	11		0.57%
	0.04-0.05	A+	0.04%	0.00%	982,233	1,007,153	560		0.05%
	0.05-0.07	A	0.06%	0.00%	255	368			0.00%
	0.07-0.13	A-	0.20%	0.14%	961,485	1,146,520	2,136	67	0.10%
	0.13-0.20	BBB+	0.38%	0.09%	211,372	180,606	1,418	9	0.41%
	0.20-0.30	BBB	0.57%	0.08%	108,337	80,856	1,610	4	1.16%
	0.30-0.47	BBB-	0.86%	0.46%	112,701	96,676	1,698	21	1.24%
	0.47-0.78	BB+	1.45%	0.62%	58,280	43,526	1,628	8	1.93%
	0.78-1.29	BB	2.32%	1.62%	164,118	154,681	4,466	8	1.54%
	1.29-2.22	BB-	3.54%	1.89%	65,231	46,652	3,316	10	2.57%
	2.22-4.24	B+	6.41%	2.87%	32,094	24,507	2,963		5.90%
	4.24-8.49	B-	13.82%	8.31%	57,308	49,399	5,331	14	10.90%
	8.49-16.97	CCC/C	14.01%	10.56%	16,056	9,050	1,944		10.43%
	16.97-100	CCC/C	38.34%	27.72%	27,357	20,318	6,370	15	29.70%
Retail - Other SME	0.00-0.04	AAA to A+	0.04%	0.21%	748	669	2	1	0.01%
	0.04-0.05	A+	0.34%	3.09%	2,692	2,259	57	18	0.44%
	0.07-0.13	A-	0.74%	1.53%	8,729	7,927	83	23	0.29%
	0.13-0.20	BBB+	0.81%	1.71%	8,943	6,334	61	7	0.12%
	0.20-0.30	BBB	100.00%	100.00%	2	1	1		36.05%
	0.30-0.47	BBB-	1.04%	0.70%	111	98			0.00%
	0.47-0.78	BB+	1.92%	3.11%	13,708	12,123	294	57	1.05%
	0.78-1.29	BB	3.10%	2.88%	30,741	26,283	772	95	2.38%
	1.29-2.22	BB-	3.79%	6.40%	19,005	16,775	864	137	1.71%
	2.22-4.24	B+	5.20%	21.46%	32,088	24,901	8,592	426	2.87%
	4.24-8.49	B-	9.79%	23.44%	14,582	9,554	4,795	218	6.05%
	8.49-16.97	CCC/C	13.30%	15.06%	5,636	3,806	475	11	8.93%
	16.97-100	CCC/C	33.60%	44.78%	1,369	1,165	678		25.41%
Retail - Other non-SME	0.00-0.04	AAA to A+	0.16%	0.64%	580,180	125,315	862	210	0.10%
	0.04-0.05	A+	0.04%	0.48%	450	489	2		0.00%
	0.05-0.07	A	0.18%	0.24%	60	15			0.00%
	0.07-0.13	A-	0.97%	1.39%	124,783	69,524	1,000	85	0.70%
	0.13-0.20	BBB+	0.38%	0.57%	40,037	20,573	99	26	0.35%
	0.20-0.30	BBB	0.82%	1.55%	40,348	29,045	469	76	0.66%
	0.30-0.47	BBB-	1.19%	1.43%	22,980	21,680	282	42	0.81%
	0.47-0.78	BB+	2.25%	2.49%	34,307	16,684	460	54	1.84%
	0.78-1.29	BB	3.25%	13.07%	151,717	118,013	16,521	813	2.11%
	1.29-2.22	BB-	4.78%	3.68%	7,809	7,429	179	21	3.91%
	2.22-4.24	B+	9.70%	47.40%	38,627	21,809	14,228	1,429	6.51%
	4.24-8.49	B-	12.45%	9.97%	8,078	7,878	714	8	10.03%
	8.49-16.97	CCC/C	26.93%	28.96%	378	300	98		23.80%
	16.97-100	CCC/C	39.13%	34.45%	3,188	3,193	1,386	11	36.90%

Backtesting of PD

This table gives more insight into the numbers of clients per PD bucket and the defaults during the year. In 2020, mainly for the exposure classes of Corporate SME and Corporate Specialised Lending, the weighted average PD exceeded the average historical annual default rate for most of the PD ranges. This is partly explained by movements of corporate clients to stage 3 during 2020.

Counterparty credit risk

EU CCR1 – Analysis of CCR exposure by approach

	(in millions)	Notional	Replacement cost/Current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
								31 December 2020
1	Mark-to-market		4,978	3,599			3,606	1,689
2	Original exposure							
3	Standardised Approach						4,199	1,194
4	Internal Model Method (for derivatives and SFTs)							
5	*- of which securities financing transactions*							
6	*- of which derivatives & long settlement transactions*							
7	*- of which from contractual cross products netting*							
8	Financial collateral simple method (for SFTs)						7,656	2,136
9	Finance collateral comprehensive method (for SFTs)							
10	VaR for SFTs							
11	**Total**							**5,019**
								30 June 2020
1	Mark-to-market		5,408	4,128			3,863	2,008
2	Original exposure							
3	Standardised Approach						4,527	1,070
4	Internal Model Method (for derivatives and SFTs)							
5	*- of which securities financing transactions*							
6	*- of which derivatives & long settlement transactions*							
7	*- of which from contractual cross products netting*							
8	Financial collateral simple method (for SFTs)						8,926	2,426
9	Finance collateral comprehensive method (for SFTs)							
10	VaR for SFTs							
11	**Total**							**5,504**
								31 December 2019
1	Mark-to-market[1]		2,332	4,441			3,911	1,875
2	Original exposure							
3	Standardised Approach[1]						3,606	642
4	Internal Model Method (for derivatives and SFTs)							
5	*- of which securities financing transactions*							
6	*- of which derivatives & long settlement transactions*							
7	*- of which from contractual cross products netting*							
8	Financial collateral simple method (for SFTs)						9,245	2,360
9	Finance collateral comprehensive method (for SFTs)							
10	VaR for SFTs							
11	**Total**							**4,878**

1 Comparative figures for the period ending 31 December 2019 have been restated. A correction in EAD post CRM of EUR 2.4 billion was made from mark-to-market to Standardised Approach and RWA have been corrected by EUR 0.1 billion from Standardised Approach to mark-to-market. Total EAD post CRM and total RWA are not impacted.

CCR by approach

This table provides insight into the counterparty credit risk (CCR) of ABN AMRO. It makes a distinction between approach and CCR type. Compared to June 2020, the exposure relating to counterparty credit risk decreased. This was primarily due to business movements related to seasonality within CIB.

EU CCR2 – CVA capital charge

		31 December 2020		30 June 2020		31 December 2019	
(in millions)		Exposure value	RWAs	Exposure value	RWAs	Exposure value	RWAs
1	Total portfolios subject to the Advanced Method						
2	(i) VaR component (including the 3x multiplier)						
3	(ii) Stressed VaR component (including the 3x multiplier)						
4	All portfolios subject to the Standardised Method	978	175	1,123	192	1,114	370
EU4	Based on Original Exposure Method						
5	**Total subject to the CVA capital charge**	**978**	**175**	**1,123**	**192**	**1,114**	**370**

CVA

The credit value adjustment (CVA) of ABN AMRO is calculated using the standardised approach. The CVA capital charge decreased compared to June 2020 due to a decrease in the position with institutions.

EU CCR8 – Exposures to CCPs

(in millions)		31 December 2020		30 June 2020		31 December 2019	
		EAD post CRM[1]	RWAs	EAD post CRM[1]	RWAs	EAD post CRM[1]	RWAs
1	**Exposures to QCCPs (total)**[1]		**548**		**444**		**626**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contibutions)	3,484	70	4,973	99	4,753	95
3	*of which (i) OTC derivatives*	*2,381*	*48*	*2,779*	*56*	*2,530*	*51*
4	*of which (ii) exchange-traded derivatives*						
5	*of which (iii) SFTs*	*1,103*	*22*	*2,194*	*44*	*2,223*	*46*
6	*of which (iv) netting sets where cross-product netting has been approved*						
7	Segregated initial margin	3,604		3,867		2,585	
8	Non-segregated initial margin	1,956	39	2,260	45	1,383	28
9	Prefunded default fund contributions	1,112	439	1,250	299	970	503
10	Alternative calculation of own funds requirements for exposures						
11	**Exposures to non-QCCPs (total)**[1]						
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contibutions)						
13	*of which (i) OTC derivatives*						
14	*of which (ii) exchange-traded derivatives*						
15	*of which (iii) SFTs*						
16	*of which (iv) netting sets where cross-product netting has been approved*						
17	Segregated initial margin						
18	Non-segregated initial margin						
19	Prefunded default fund contributions						
20	Unfunded default fund contributions						

1 QCCP = Qualifying central counterparty; CRM = Credit risk mitigation

Exposure to CCPs

We have exposures to several CCPs, primarily due to the ABN AMRO's clearing business. These exposures consist of various positions, as disclosed in the above table. The exposure to CCPs decreased slightly over the half-year under review. The increase in RWA was primarily due to higher default fund contributions for specific clearing houses. The margins remain high, reflecting sentiment in the market.

EU CCR3 – Standardised Approach – CCR exposures by regulatory portfolio and risk

													31 December 2020	
												Risk weight	Total	Of which: unrated
(in millions)		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
	Exposure classes													
1	Central governments or central banks					1							1	
2	Regional governments or local authorities													
3	Public sector entities													
4	Multilateral development banks	37											37	37
5	International organisations													
6	Institutions		3,322	158		2,583	189			3			6,256	4,210
7	Corporates									2,211			2,211	2,117
8	Retail													
9	Institutions and corporates with a short-term credit assessment													
10	Other items													
11	**Total**	**37**	**3,322**	**158**		**2,583**	**189**			**2,215**			**8,505**	**6,364**

													30 June 2020	
												Risk weight	Total	Of which: unrated
(in millions)		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
	Exposure classes													
1	Central governments or central banks					9							9	
2	Regional governments or local authorities													
3	Public sector entities													
4	Multilateral development banks	55											55	55
5	International organisations													
6	Institutions		4,584	389		1,893	361						7,227	7,166
7	Corporates									2,356	16		2,373	2,373
8	Retail													
9	Institutions and corporates with a short-term credit assessment													
10	Other items													
11	**Total**	**55**	**4,584**	**389**		**1,902**	**361**			**2,356**	**16**		**9,664**	**9,594**

														31 December 2019
		Risk weight											Total	Of which: unrated
	(in millions)	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
	Exposure classes													
1	Central governments or central banks													
2	Regional governments or local authorities													
3	Public sector entities													
4	Multilateral development banks	30											30	30
5	International organisations													
6	Institutions		4,753			2,246	64			697			7,760	6,656
7	Corporates					542				1,112	27		1,681	1,681
8	Retail													
9	Institutions and corporates with a short-term credit assessment													
10	Other items													
11	**Total**	**30**	**4,753**			**2,788**	**64**			**1,809**	**27**		**9,471**	**8,367**

EU CCR4 – IRB approach – CCR exposures by portfolio and PD scale

								31 December 2020
	PD scale	EAD post CRM[1]	Average PD	Numbers of obligors	Average LGD	Average maturity	RWAs	RWA density
		(in millions)	(in %)	(in units)	(in %)	(in years)	(in millions)	(in %)
Exposure class								
Central government or central banks	0.00 to <0.15	220	0.01%	15	8.15%	2.23	1	0.68%
	0.15 to <0.25							
	0.50 to <0.75		0.66%	1	16.30%	5.00		46.07%
	Subtotal	**221**		**16**			**2**	
Corporates	0.00 to <0.15	1,923	0.05%	251	31.92%	2.34	402	20.88%
	0.15 to <0.25	220	0.18%	57	46.46%	1.39	89	40.60%
	0.25 to <0.50	499	0.33%	166	30.68%	3.18	225	45.06%
	0.50 to <0.75	294	0.67%	281	25.90%	2.95	146	49.80%
	0.75 to <2.50	443	1.55%	576	29.61%	3.45	374	84.29%
	2.50 to <10.00	134	3.97%	209	23.26%	2.27	93	69.14%
	10.00 to <100.00	49	23.04%	392	33.94%	1.86	91	185.84%
	100.00 (Default)	39	100.00%	105	28.43%	2.44	145	369.59%
	Subtotal	**3,601**		**2,037**			**1,564**	
Institutions	0.00 to <0.15	2,682	0.06%	102	37.46%	0.63	332	12.38%
	0.15 to <0.25	133	0.18%	18	41.67%	1.30	54	40.47%
	0.25 to <0.50	274	0.28%	15	40.08%	0.90	126	46.04%
	0.50 to <0.75		0.66%	1	42.30%	0.07		66.07%
	0.75 to <2.50	33	1.11%	3	37.80%	0.20	26	78.20%
	10.00 to <100.00	12	24.00%	6	29.77%	0.93	22	185.03%
	Subtotal	**3,134**		**145**			**560**	
Total		**6,956**		**2,198**			**2,125**	

1 CRM = Credit risk mitigation

30 June 2020

	PD scale	EAD post CRM[1] (in millions)	Average PD (in %)	Numbers of obligors (in units)	Average LGD (in %)	Average maturity (in years)	RWAs (in millions)	RWA density (in %)
Exposure class								
Central government or central banks	0.00 to <0.15	273	0.01%	19	9.56%	2.15	5	1.91%
	0.15 to <0.25		0.18%	1	33.70%	1.75		28.43%
	0.50 to <0.75		0.66%	1	16.30%	5.00		43.63%
	Subtotal	**274**		**21**			**5**	
Corporates	0.00 to <0.15	2,431	0.06%	305	30.73%	2.01	421	17.32%
	0.15 to <0.25	259	0.18%	55	45.26%	1.34	98	37.99%
	0.25 to <0.50	584	0.35%	190	33.13%	3.12	289	49.55%
	0.50 to <0.75	312	0.67%	291	25.63%	3.08	156	50.05%
	0.75 to <2.50	438	1.47%	683	28.61%	3.28	344	78.72%
	2.50 to <10.00	110	4.16%	255	21.48%	2.83	77	69.81%
	10.00 to <100.00	34	22.97%	459	22.30%	2.98	34	99.82%
	100.00 (Default)	64	100.00%	104	45.40%	2.56	376	590.25%
	Subtotal	**4,231**		**2,342**			**1,796**	
Institutions	0.00 to <0.15	2,651	0.06%	103	37.01%	0.68	333	12.58%
	0.15 to <0.25	203	0.18%	15	42.84%	2.67	127	62.31%
	0.25 to <0.50	223	0.28%	17	39.19%	0.77	96	43.14%
	0.50 to <0.75	1	0.64%	1	42.30%	0.20		66.97%
	0.75 to <2.50	32	1.17%	3	43.28%	0.19	26	82.10%
	10.00 to <100.00	37	24.00%	11	30.18%	1.39	71	192.13%
	Subtotal	**3,147**		**150**			**654**	
Total		**7,652**		**2,513**			**2,456**	

1 CRM = Credit risk mitigation

31 December 2019

	PD scale	EAD post CRM[1] (in millions)	Average PD (in %)	Numbers of obligors (in units)	Average LGD (in %)	Average maturity (in years)	RWAs (in millions)	RWA density (in %)
Exposure class								
Central government or central banks	0.00 to <0.15	261	0.01%	17	8.30%	2.54	2	0.63%
	0.15 to <0.25		0.17%	1	29.70%	2.25		26.68%
	0.50 to <0.75		0.66%	1	14.40%	5.00		37.06%
	Subtotal	**261**		**19**			**2**	
Corporates	0.00 to <0.15	1,973	0.06%	330	29.51%	2.18	337	17.07%
	0.15 to <0.25	229	0.18%	63	44.66%	0.99	74	32.32%
	0.25 to <0.50	608	0.35%	194	35.41%	2.63	281	46.17%
	0.50 to <0.75	249	0.67%	310	24.10%	2.67	109	43.74%
	0.75 to <2.50	590	1.47%	770	25.73%	2.48	371	62.77%
	2.50 to <10.00	188	4.64%	293	22.39%	2.39	135	71.71%
	10.00 to <100.00	40	23.67%	474	29.16%	3.79	66	164.43%
	100.00 (Default)	58	100.00%	83	49.66%	2.93	359	620.70%
	Subtotal	**3,936**		**2,517**			**1,731**	
Institutions	0.00 to <0.15	2,503	0.06%	109	37.43%	0.73	300	12.00%
	0.15 to <0.25	167	0.18%	19	39.83%	1.65	69	41.33%
	0.25 to <0.50	246	0.28%	17	38.15%	0.74	99	40.32%
	0.50 to <0.75	1	0.64%	2	41.74%	0.47	1	65.79%
	0.75 to <2.50	155	1.07%	4	37.80%	0.20	97	62.69%
	10.00 to <100.00	20	24.00%	5	35.89%	1.59	44	224.36%
	Subtotal	**3,092**		**156**			**611**	
Total		**7,290**		**2,692**			**2,343**	

1 CRM = Credit risk mitigation

IRB CCR exposure by PD scale

The above table discloses the Counterparty Credit Risk (CRR) exposures under the IRB approach, split by Probality of Default (PD) scale. The CRR exposures remained fairly stable over the period. Only in the low PD bucket of corporates was a decrease visible. This is explained by the seasonality of securities financing.

EU CCR5-A – Impact of netting and collateral held on exposure values

(in millions)		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
						31 December 2020
1	Derivatives	63,913	59,701	4,212	1,418	2,794
2	SFTs	38,382		38,382	37,497	3,029
3	Cross-product netting					
4	**Total**	**102,295**	**59,701**	**42,594**	**38,915**	**5,823**
						30 June 2020
1	Derivatives	66,467	61,127	5,340	1,592	3,748
2	SFTs	59,075		59,075	55,369	3,706
3	Cross-product netting					
4	**Total**	**125,542**	**61,127**	**64,415**	**56,961**	**7,454**
						31 December 2019
1	Derivatives	52,034	48,359	3,676	1,341	2,334
2	SFTs	37,577		37,577	33,383	3,026
3	Cross-product netting					
4	**Total**	**89,611**	**48,359**	**41,253**	**34,724**	**5,360**

Netting and collateral

The impact of netting and collateral is disclosed in the above table, with a split between derivatives and Securities Financing Transactions (SFTs). The decrease in securities financing transactions at year-end 2020 compared with Q2 2020 related to the cyclicality of the business. The increase in derivatives carrying amount and netting benefits at year-end 2020 compared with year-end 2019 related mainly to Interest Rate Swap (IRS) products.

EU CCR5-B – Composition of collateral for exposures to CCR

		Collateral used in derivative transactions				Collateral used in SFTs	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
(in millions)		Segregated	Unsegregated	Segregated	Unsegregated		
							31 December 2020
1	Cash		1,939		3,648	13,442	18,793
2	Securities		56	644	700	27,188	19,493
3	**Total**		**1,995**	**644**	**4,348**	**40,631**	**38,286**
							30 June 2020
1	Cash		2,220		4,098	21,291	29,408
2	Securities		62	1,723	1,785	38,761	28,563
3	**Total**		**2,281**	**1,723**	**5,883**	**60,052**	**57,971**
							31 December 2019
1	Cash		1,473		3,483	11,143	17,520
2	Securities		98	287	385	27,496	18,888
3	**Total**		**1,571**	**287**	**3,868**	**38,639**	**36,409**

Collateral composition
The above table provides an overview of the collateral composition for the counterparty credit risk exposures. At year-end 2020, securities collateral used for both SFTs and derivatives decreased compared with Q2 2020. Cash collateral also decreased for SFTs and, to a lesser extent, for derivatives. This was mainly related to the cyclicality of the business.

EU CCR6 – Credit derivatives exposures

		31 December 2020			30 June 2020		
		Credit derivative hedges		Other credit derivatives	Credit derivative hedges		Other credit derivatives
	(in millions)	Protection bought	Protection sold		Protection bought	Protection sold	
1	**Notionals**	**162**	**40**		**125**	**25**	
2	Single-name credit default swaps	7				10	
3	Index credit default swaps	155	40		125	15	
4	Total return swaps						
5	Credit options						
6	Other credit derivatives						
7	**Total notionals**	**162**	**40**		**125**	**25**	
8	**Fair values**	**-6**			**-3**		
9	Positive fair value (asset)	-6			-3		
10	Negative fair value (liability)						

Credit derivatives
The above table shows ABN AMRO's credit derivative hedges, split by sold and bought. In the half-year under review, the credit derivatives hedges increased due to business movements.

Market risk

EU MR1 – Market risk under the Standardised Approach

	(in millions)	31 December 2020 RWA	31 December 2020 Capital requirements	30 June 2020 RWA	30 June 2020 Capital requirements	31 December 2019 RWA	31 December 2019 Capital requirements
	Outright products						
1	Interest rate risk (general and specific)	8	1	7	1	6	
2	Equity risk (general and specific)						
3	Foreign exchange risk						
4	Commodity risk						
	Options						
5	Simplified approach						
6	Delta-plus method						
7	Scenario approach						
8	Securitisation (specific risk)						
9	**Total**	**8**	**1**	**7**	**1**	**6**	

Market risk - Internal Models Approach (IMA)

EU MRB – Qualitative disclosure requirements for institutions using the IMA

On 5 March 2018 the ECB granted permission for ABN AMRO to continue using the Internal Model Approach (IMA) for calculating the own funds requirements for market risk. The bank uses the IMA to calculate market risk capital for its trading book, which includes all positions held with trading intent and hedges for those positions. The Central Trading Risk policy describes the positions included in the trading book and the criteria for transferring risk and positions between the trading and banking books, in line with article 104, CRR. This policy applies to ABN AMRO Bank N.V. as well as its subsidiaries, branches, representative offices and legal entities under its control. The following activities are excluded from the IMA capital and are calculated by means of the Standardised Approach (SA):

- Trading activities in Brazil;
- Residential mortgage-backed securities trading.

The next section explains the main components of the IMA approach. The key metrics used are Value-at-Risk (VaR), Stressed VaR (SVaR) and Incremental Risk Charge (IRC), together with a wide array of stress and scenario tests, sensitivity measures, concentration limits and notional limits. These metrics are measured and monitored on a daily basis. Other important tools to ensure the adequacy of the models, alongside the formal validation and review of models, are the daily explanation of risk reporting figures, periodic portfolio reviews and regular back-testing.

Value at Risk (VaR)

ABN AMRO uses the historical simulation VaR methodology as one of its primary risk measures. The VaR for market risk quantifies, with a one-sided confidence level of 99%, the maximum one-day loss that could occur due to changes in risk factors if positions remained unchanged for a period of one day. The VaR also incorporates market data movements for specific movements in the underlying issuer of securities. The impact of historical market movements on today's portfolio is estimated on the basis of equally weighted market movements observed in the previous 300 days, using a full revaluation method for the majority of risk factors. The market data for VaR is updated on a weekly basis, i.e. five out of the 300 scenarios are updated every week.

Whether relative or absolute changes are used for forecasting varies by risk factor. For instance, our rates shocks are absolute changes rather than relative, due to the low interest rate environment. Our implementation is limited to relative or absolute changes as a dynamic setup is considered overly complex. Moverover, shocks scaled by volatility are not used. Where data are not available for risk factors, we have to rely on proxies, which are assumed to be fair representations of the proxied risk factors. Aggregation is performed by adding all P&L vectors from the different risk systems used.

The bank uses the VaR with a one-day horizon for internal risk measurement, control and back-testing, and the VaR with a ten-day horizon to determine regulatory capital. The latter is derived by scaling the one-day VaR by the square root of ten. This is an assumption which is tested on a regular basis. The daily VaR is back-tested against the actual mark-to-market changes calculated for each subsequent trading day, as well as against hypothetical mark-to-market changes assuming no trading activities over the same horizon. The number of outliers is used to assess the reliability of the VaR model.

Stressed Value at Risk (SVaR)

The purpose of the SVaR is to replicate a VaR calculation that would be generated on the bank's current portfolio with inputs calibrated to historical data for a continuous 12-month period of significant financial stress relevant to the bank's portfolio. To calculate the SVaR, ABN AMRO uses the same model as those used for the VaR, based on historical simulation. The current historical data period includes the credit crisis of 2008 and is reviewed at least annually. In this annual review, the VaR is approximated for the current portfolios over a long historical period.

Incremental Risk Charge (IRC)

By calculating the IRC, ABN AMRO calculates an estimate of the default and migration risks for credit products in the trading book for which ABN AMRO has IMA approval. The model uses a one-year capital horizon with a 99.9% confidence level. Potential profits and losses over the one-year time horizon are created by simulating scenarios showing how the issuer's credit ratings may change (including possible defaults), taking correlations between different issuers into account, and repricing the positions. The underlying model for the rating migrations and defaults is a t-copula model. The simulated scenarios correspond to an instantaneous shock over the one-year period; in this way, ABN AMRO uses a one-year liquidity horizon for all its positions under the scope of the IRC model. The average liquidity horizon is therefore currently also one year. Rating transitions and defaults are dependent upon individual issuer rating transition probabilities and correlations between issuer migrations. For the individual transition matrices, data from external vendors are used. Given that there is no long history of defaults and migrations in our current portfolio, it is not possible to properly back-test IRC. The model risk is therefore relatively high and the outcome of the IRC is based on the assumption of the correlation structure (t-copula) and its corresponding parameters.

Validation procedure
For all models, including market risk models such as the VaR and IRC, we have a model risk policy in place. This policy requires model assumptions and limitations to be documented and independently validated by Model Validation. For material changes, the regulator performs an on-site investigation before such a model change is applied in production.

Stress testing and scenario analysis
Stress testing and scenario analysis are designed to focus specifically on the impact of tail events that are outside the VaR confidence interval. We perform daily stress tests for large movements in risk factors. Scenario analyses are also conducted frequently to evaluate the impact of extreme market events that cover multiple risk factors, and the results of these tests are monitored. These scenarios can be based on historical or hypothetical events, or on a combination of the two.

Sensitivities
For each risk type, sensitivities are monitored against limits. This includes all risk types mentioned above and the basis risks in the trading portfolio. In addition, the holding period is monitored as a measure of the liquidity of the positions.

Valuation adjustments
For the trading book, we take into account IFRS adjustments for counterparty risk on our clients (Credit Valuation Adjustment), ABN AMRO funding costs (Funding Valuation Adjustment) and ABN AMRO credit risk (Debit Valuation Adjustment). Trading book positions are subject to prudent valuation standards in accordance with regulatory requirements (article 105, CRR). The prudent value is derived from IFRS accounting fair value and includes additional valuation adjustments. ABN AMRO has developed models for additional valuation adjustments, for instance regarding bid-ask spreads and model risk. These models are subject to model validation, which includes an assessment of adherence to the regulation. To ensure robust reporting, the IFRS and additional valuation adjustments are subject to a control framework, including a control sheet, the four-eyes principle and sign-off by the validating party.

EU MR2-A – Market risk under the IMA

		31 December 2020		30 June 2020		31 December 2019	
	(in millions)	RWA	Capital requirements	RWA	Capital requirements	RWA	Capital requirements
1	**VaR**	**253**	**20**	**287**	**23**	**134**	**11**
a	Previous day's VaR		4		8		3
b	Average of the daily VaR on each of the past 60 business days x multiplication factor		20		23		11
2	**SVaR**	**481**	**38**	**598**	**48**	**673**	**54**
a	Latest SVaR		16		17		16
b	Average of the SVaR during the past 60 business days x multiplication factor		38		48		54
3	**IRC**	**593**	**47**	**1,016**	**81**	**549**	**44**
a	Most recent IRC value		42		64		35
b	Average of the IRC number over the past 12 weeks		47		81		44
4	**Comprehensive risk measure**						
a	Most recent risk number for the correlation trading portfolio						
b	Average of the risk number for the correlation trading portfolio over the past 12 weeks						
c	8% of own funds requirement in the SA on the most recent risk number for the correlation trading portfolio						
5	**Other**						
6	**Total**	**1,327**	**106**	**1,900**	**152**	**1,357**	**109**

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

	(in millions)	VaR	SVaR	IRC	Comprehensive risk measure	Other	31 December 2020 Total RWAs	31 December 2020 Total capital requirements	30 September 2020 Total RWAs	30 September 2020 Total capital requirements	31 December 2019 Total RWAs	31 December 2019 Total capital requirements
1	**RWAs at previous quarter end**	**345**	**689**	**777**			**1,810**	**145**	**1,900**	**152**	**1,219**	**98**
1a	Regulatory adjustment	220	436	3			658	53	788	63		
1b	RWAs at the previous quarter end (end of the day)	125	253	774			1,152	92	1,112	89	1,219	98
2	Movement in risk levels	-45	-208	-184			-436	-35	-90	-7		
3	Model update/changes	-47					-47	-4				
4	Methodology and policy											
5	Acquisitions and disposals											
6	Foreign exchange movements											
7	Other										138	11
8a	**RWAs at the end of the reporting period (end of the day)**	**50**	**196**	**530**			**775**	**62**	**1,152**	**92**	**1,357**	**109**
8b	Regulatory adjustment	203	285	63			552	44	658	53		
8	**RWAs at the end of the reporting period**	**253**	**481**	**593**			**1,327**	**106**	**1,810**	**145**	**1,357**	**109**

Market Risk RWA under the Internal Model Approach

ABN AMRO's market risk almost fully follows the Internal Model approach (IMA). The above table provides insight into the components of the model (VaR, SVaR and IRC) and movements in these specific components.

The market risk capital decreased to EUR 106 million (September 2020: EUR 145 million), mainly due to the following RWA movements:

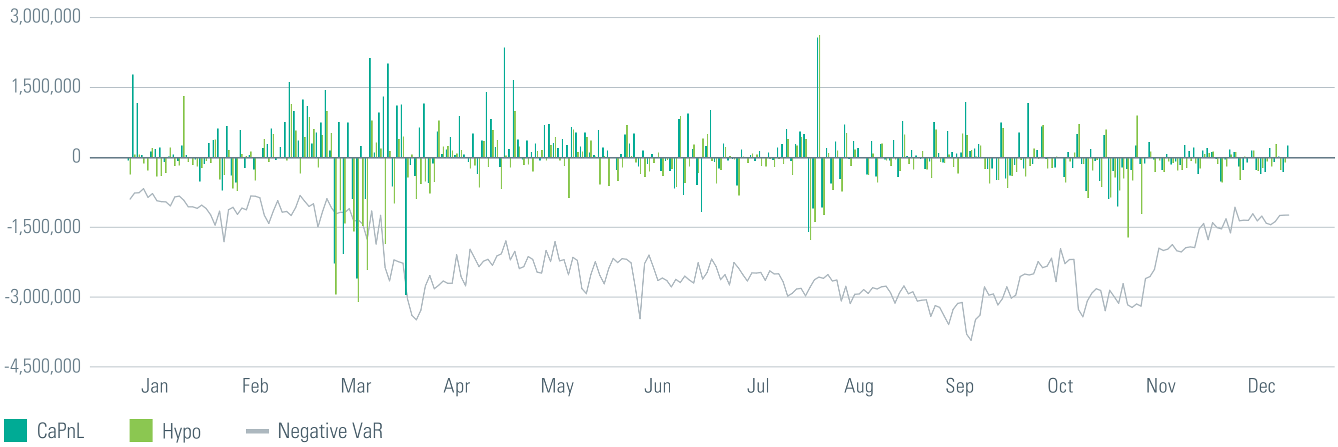
- The VaR component decreased from EUR 345 million to EUR 253 million owing to position changes and a correction of the SABR shocks as at 2 December 2020;
- The SVaR component decreased from EUR 689 million to EUR 481 million owing to position changes;
- The IRC component decreased from EUR 777 million to EUR 593 million owing to position changes.

EU MR3 – IMA values for trading portfolios

	(in millions)	31 December 2020	30 June 2020	31 December 2019
		VaR (10 day 99%)	VaR (10 day 99%)	VaR (10 day 99%)
1	Maximum value	11	13	7
2	Average value	7	8	4
3	Minimum value	3	6	2
4	Period end	4	8	3
		SVaR (10 day 99%)	SVaR (10 day 99%)	SVaR (10 day 99%)
5	Maximum value	16	24	26
6	Average value	13	16	17
7	Minimum value	10	11	10
8	Period end	16	17	15
		IRC (99.9%)	IRC (99.9%)	IRC (99.9%)
9	Maximum value	50	84	46
10	Average value	38	66	33
11	Minimum value	27	51	19
12	Period end	34	51	32
		Comprehensive risk capital charge (99.9%)	Comprehensive risk capital charge (99.9%)	Comprehensive risk capital charge (99.9%)
13	Maximum value			
14	Average value			
15	Minimum value			
16	Period end			

EU MR4 – Comparison of VaR estimates with gains/losses

Comparison of VaR estimates with gains/losses 2020



Analysis of outliers

As at close of business (COB) on 6, 10, 12, 13, 16 and 17 March 2020 ABN AMRO reported a hypothetical PnL exceeding the 1-day Value at Risk (VaR) on an overall level. In addition, at COB on 6, 10 and 13 March 2020 ABN AMRO reported a Clean Actual PnL exceeding the VaR on an overall level. These overshootings were genuine and caused by EUR interest rate curves moving and credit spreads widening during the extreme market environment caused by the Covid-19 outbreak. The Rates & Government Bond Trading and Credit Trading desks were the main contributors to these overshootings.

On 20 July 2020, ABN AMRO received approval from the ECB to apply CRR article 500c and thus allow the ECB to ignore the six Covid-19-related overshootings. As a result of applying article 500c, ABN AMRO did not report any overshootings in the second half of 2020.

Remuneration

The Remuneration section presents the amounts paid in the financial year in accordance with the EBA requirement.

Remuneration policy

Remuneration in relation to corporate strategy and interests

ABN AMRO has embedded its long-term corporate strategy applicable during most of 2020, as well as its sustainability policies, in its remuneration policy and principles. This strategy is based on our purpose ('Banking for better, for generations to come') and the three strategic pillars reflected in our remuneration philosophy:

- Customer experience
- Sustainability
- Future-proof bank

ABN AMRO is currently embedding its updated strategy, as communicated on 30 November 2020, in its remuneration policy.

Remuneration in a regulated environment

As a financial institution, ABN AMRO is subject to many guidelines and restrictions with respect to remuneration. Since 2015, limitations with respect to remuneration and particularly variable remuneration have applied to all employees in the Dutch financial sector, with even more restrictions applying to financial institutions supported by the Dutch State by way of shareholdings. As long as the Dutch state holds an interest, ABN AMRO will apply a prohibition on bonuses and individual salary increases (together referred to as 'the Bonus Prohibition') for a specific group of senior employees.

Responsible remuneration policy

ABN AMRO pursues a responsible remuneration policy that remains within the regulatory boundaries, while taking into account the interests of stakeholders and best practices. Our business strategy puts our positive and proactive purpose at the centre of everything we do. This means we are rethinking, innovating and pulling together to move forward with our purpose. To achieve that, we need well trained, engaged and entrepreneurial employees and flawless processes and technologies. We need to keep our current employees engaged and enable them to develop new skills by investing in employee development. We also need to be able to attract new talent to deliver and continue to create value for our stakeholders and society at large. We also strive to embed new remuneration regulations effectively and efficiently in our reward policies and principles, while safeguarding our licence to operate, achieving our ambitions, and balancing our risks and opportunities.

Our remuneration principles are set out in ABN AMRO's Global Reward Policy, which is designed to support the bank's business and risk strategy, objectives, values and long-term interests. The Global Reward Policy principles apply at all levels and in all countries of ABN AMRO's international network (including branch offices). Our remuneration policy should enable us to attract and retain the right talent and ensure that we meet our responsibilities to clients and other stakeholders, both now and in the future. In addition, ABN AMRO's enhanced People Strategy includes building a stronger link between the performance and reward strategy and framework.

The Supervisory Board approves the general remuneration principles laid down in the Global Reward Policy and assesses the general principles and exceptions that relate to the applicable governance and/or international guidelines and regulations within the financial sector. The policy is reviewed regularly, considering the company's strategy and culture (and any changes in these), as well as factors such as risk awareness, targets and corporate values.

Our annual performance management cycle for Identified Staff aims to create links between performance (realistic, sustainable results) and reward in such a way that reward is aligned with both the employee's and the bank's performance. We use a set of balanced financial and non-financial KPIs, as well as qualitative and quantitative KPIs. For 2020, our group non-financial KPIs consisted of sustainability (based on the Dow Jones Sustainability Index ranking and ABN AMRO's score on sustainability according to clients and as measured by Brand Track, which conducts continual online market research into our brand position), employee engagement (via the annual Employee Engagement Survey) and house in order (conveying the desired compliance and risk culture). The financial KPI used in 2020 at a group level for non-commercial business lines was the CET1 ratio. Fee and commission income, cost ceiling (non-commercial business lines only), cost/income ratio and RAROE are used at the business line level. There is ample room for setting individual KPIs, such as individual leadership, which includes risk awareness, culture transformation and strategy execution. The table of KPIs for Identified Staff provides more insight into the methodology used.

In line with the general trend toward less hierarchy and more teamwork, ABN AMRO wants to subject employees to fewer controls, empower them more, and offer them tools that will keep them well equipped for their job and help them deal with the ever-changing environment. We strive to make our staff's work more meaningful, while at the same time ensuring their duties are aligned with all the bank's current and future priorities. Our performance management aims to further emphasise our employees' ambitions, expertise and development and seek alignment with our goals (which includes reskilling and upskilling), such as creating long-term value for all our stakeholders. We aim to use Performance Management as a driving force for a culture of performance and accountability, characterised by clear expectations, singlepoint accountability, honest and courageous dialogue and recognition for outstanding performance.

Remuneration of the Executive Board

The Supervisory Board is responsible for proposing the remuneration policy and principles for the Executive Board and also executes the policy for the Executive Board. The policy and principles are subject to shareholder approval. The fixed remuneration for the four members of ABN AMRO's Executive Board, all statutory directors, has been set at a level slightly below that of the former CEO and Managing Board members. The Executive Board members' views were taken into account in the design of the remuneration policy.

								31 December 2020
	Base salary	Compen-sation for lease car expenses	Benefits from mortgage interest rate	Variable remunera-tion[6]	Total pensi-on-related contributi-ons[7]		Severance payments	Total[8]
(in thousands)					Post-em-ployment pension (a)	Short-term allowances (b)		
R.A.J. Swaak[1]	527				21	153		701
C. van Dijkhuizen[2]	633				25	184	190	1,032
C.J. Abrahams[3]	645				30	182		857
C.M. Bornfeld[4]	645				30	182		857
T.J.A.M. Cuppen[5]	645				30	182		857
Total	**3,095**				**136**	**883**	**190**	**4,304**
								2019
C. van Dijkhuizen[2]	741				38	222		1,001
C.J. Abrahams[3]	629				38	183		850
C.M. Bornfeld[4]	629				38	183		850
T.J.A.M. Cuppen[5]	629				38	183		850
Total	**2,628**				**152**	**771**		**3,551**

1 R.A.J. Swaak was appointed as CEO with effect from 22 April 2020.
2 The Executive Board membership for C. van Dijkhuizen ended on 22 April 2020. The services agreement of C. van Dijkhuizen ended on 31 October 2020.
3 C.J. Abrahams receives a compensation for housing costs (2020: EUR 92 thousand; 2019: EUR 94 thousand) and flight tickets (2020: EUR 7 thousand; 2019: EUR 13 thousand) to his home country which is not included in the base salary.
4 C.M. Bornfeld receives a compensation for housing costs (2020: EUR 129 thousand; 2019: EUR 132 thousand) and flight tickets to his home country (2020: EUR 4 thousand; 2019 EUR 13 thousand) which is not included in the base salary.
5 In addition to remuneration, T.J.A.M. Cuppen received a benefit for the personal use of the company car (2020: EUR 3 thousand; 2019: EUR 3 thousand).
6 As a consequence of the Bonus Prohibition Act, the Executive Board members are not entitled to receive variable compensation. This prohibition has applied since the performance year 2011.
7 The Executive Board members participate in ABN AMRO Bank's pension plans for employees in the Netherlands. This participation is not mandatory for C.J. Abrahams considering his current non-Dutch tax resident status. Total pension-related contributions refer to (a) the employer contribution to the pension fund (for the CDC pension scheme for pensionable income up to EUR 110,111 (2019: EUR 107,593) and (b) the arrangement in accordance with the ABN AMRO Collective Labour Agreement ('ABN AMRO CAO').
8 In addition to remuneration, Executive Board members are eligible for benefits such as the use of a company car. Only T.J.A.M. Cuppen uses this car for private purposes. Members of the Executive Board may receive compensation for Dutch language classes, private schools for their children and home security.

Executive Board 2020 performance

The performance targets for 2020 were set by the Supervisory Board. The Supervisory Board has assessed the performance of each of the Executive Board member, based on the performance targets, and has concluded that all members of the Executive Board had a good overall perormance in 2020. The performance outcome is based on a set of financial and non-financial performance indicators, as well as individual leadership as set out in the table below and as also described above. Owing to the applicable Bonus Prohibition, the members of the Executive Board are not eligible for variable remuneration linked to their performance during 2020.

(in thousands)	Variable plan	Level	Type[1), 2)]	2020 Weight
Name (position)				
R.A.J. Swaak (CEO)	VCP ABN AMRO	Organisation	Financial	30%
			Non-financial	35%
		Business line	Financial	n.a.
			Non-financial	n.a.
		Individual	Non-financial	35%
Total				**100%**
C. van Dijkhuizen (CEO)	VCP ABN AMRO	Organisation	Financial	30%
			Non-financial	35%
		Business line	Financial	n.a.
			Non-financial	n.a.
		Individual	Non-financial	35%
Total				**100%**
C.J. Abrahams (CFO)	VCP ABN AMRO	Organisation	Financial	30%
			Non-financial	25%
		Business line	Financial	n.a.
			Non-financial	10%
		Individual	Non-financial	35%
Total				**100%**
C.M. Bornfeld (CI & TO)	VCP ABN AMRO	Organisation	Financial	10%
			Non-financial	20%
		Business line	Financial	10%
			Non-financial	25%
		Individual	Non-financial	35%
Total				**100%**
T.J.A.M. Cuppen (CRO)	VCP ABN AMRO	Organisation	Financial	10%
			Non-financial	20%
		Business line	Financial	10%
			Non-financial	25%
		Individual	Non-financial	35%
Total				**100%**

1 Financial KPIs include Return on equity, Cost ceiling, Cost/income ratio, RAROE, Strategy value creation and CET1 ratio.
2 Non-financial KPIs include sustainability, Net Promoter Score, Employee Engagement, Permanent education and House in order.

Remuneration of other members of the management body

(in thousands)	Base salary	Compensation for lease car expenses	Benefits from mortgage interest rate	Pre ExCo deferred remuneration[6]	Variable remuneration[7]	Total pension-related contributions[8]		Severance payments	Total[9), 10]
						Post-employment pension (a)	Short-term allowances (b)		
2020									
Members ExBo	3,095					136	883	190	4,304
F.M.R. van der Horst[1]	623	34	20			30	174		881
D.C. de Kluis[2]	585	28	16			30	162		821
G.J. Meppelink[3]								244	244
P.H. van Mierlo[4]	585	4	4			30	162		785
R.F. van Nouhuijs	623	34	1			30	174		862
G.R. Penning[5]	259	14				13	73		359
Total	**5,770**	**114**	**41**			**269**	**1,628**	**434**	**8,256**
2019									
Members ExBo	2,628					152	771		3,551
F.M.R. van der Horst[1]	609	12	21	24		38	175		879
D.C. de Kluis[2]	572	10	16	21		38	163		820
G.J. Meppelink[3]	319	20	5	31		22	90		487
P.H. van Mierlo[4]	572	4	5	9		38	163		791
R.F. van Nouhuijs	609	34	12	33		38	175		901
Total	**5,309**	**79**	**59**	**118**		**326**	**1,537**		**7,428**

1 In addition to remuneration, F.M.R. van der Horst received a benefit for the personal use of the company car (2020: Euro 0 thousand; 2019: EUR 13 thousand).
2 In addition to remuneration, D.C. de Kluis received a benefit for the personal use of the company car (2020: EUR 4 thousand; 2019: EUR 10 thousand).
3 G.J. Meppelink stepped down from ExCo on 1 August 2019 and worked on several assignments until 31 December 2019. The severance payment related to his ExCo contract amounted to EUR 243,958 gross.
4 In addition to remuneration, P.H. van Mierlo received a benefit for the personal use of the company (2020: EUR 6 thousand; 2019: EUR 6 thousand).
5 G.R. Penning was appointed as CHRO with effect from 1 August 2020.
6 Deferred remuneration related to variable remuneration of identified staff for the period before 1 March 2017, see also Remuneration report in the Leadership & governance chapter of Annual Report.
7 Due to ABN AMRO restrictions, no variable remuneration will be paid. Therefore the fixed remuneration is 100% of total remuneration.
8 The Executive Committee members participate in ABN AMRO Bank's pension plans as applicable to the employees in the Netherlands. Total pension related contributions as applicable as of 2020 refer to (a) the employer contribution to the pension fund (for the CDC pension scheme for pensionable income up to EUR 110,111 (2019: EUR 107,593) and (b) the arrangement in accordance with the ABN AMRO Collective Labour Agreement ('ABN AMRO CAO').
9 Consistent with regular employees Other ExCo members are eligible for an employee mortgage discount.
10 In addition to remuneration, other ExCo members are eligible for benefits such as the use of a company car.

Identified Staff remuneration

Remuneration restrictions apply not only to the Executive Board, but also to staff whose professional activities could have a material impact on the bank's risk profile ('Identified Staff'). Within ABN AMRO, the group of Identified Staff consists of:

- Members of the Executive and Supervisory Boards;
- Members of the Executive Committee, not being a member of the Executive Board;
- Members who fulfil a position at above-CLA level;
- Staff responsible for independent control functions;
- Other risk takers. The definition of the group of other risk takers follows from their impact on the economic capital of ABN AMRO (EC threshold), membership of certain risk committees, having credit authority above a certain threshold and fulfilling specific roles;
- Other employees whose total remuneration puts them in the same remuneration bracket as senior managers and risk takers.

Composition of remuneration packages

In general, the remuneration packages for Identified Staff have been structured in accordance with regulations and restrictions applying to the financial sector. Different ranges apply to the various salary scales in each country, but we always position our remuneration levels around the median of the relevant labour market while keeping labour costs under control. A typical remuneration package for ABN AMRO employees consists of an annual base salary, annual variable remuneration if the relevant market practice so requires, and fringe benefits. We also have in place specific rules for staff whose professional activities could have a material impact on the bank's risk profile; these individuals are referred to as Identified Staff. A typical remuneration package for Identified Staff consists of the following components:

- Annual base salary;
- Annual variable remuneration (with deferred payout in alignment with ABN AMRO's variable compensation plan);
- Benefits and other entitlements.

ABN AMRO strives to position the overall level of direct compensation for Executive Committee members and positions at above-CLA level just below the market median levels. In alignment with the Act on the Remuneration Policy for Financial Undertakings (Wbfo), which came into force in 2015, the variable compensation for this group of employees is capped at 20% of base salary for those employed in the Netherlands. In addition, and also with effect from 2015, all other remuneration restrictions, including the Bonus Prohibition, were extended to a specific group of senior employees as defined in the Wbfo. These senior employees, comprising, for example, Executive Committee members who are not also statutory directors, are therefore not allowed to be granted any variable remuneration until the Dutch State no longer holds an interest in ABN AMRO.

ABN AMRO's collective labour agreement (CLA) governs the remuneration packages for Identified Staff based in the Netherlands unless they have been appointed to a position not governed by the CLA. For Identified Staff based outside the Netherlands, ABN AMRO takes into account relevant business dynamics (e.g. market conditions, local labour and tax legislation) when deciding on the composition of their reward packages. For the latter two categories of employees, the overall direct compensation is aimed to be positioned around the median levels in the relevant market. The maximum variable compensation percentage for employees working outside the Netherlands in another European Economic Area ('EEA') state is 100%; for employees working outside the EEA more than 100% is allowed, with a maximum of 200% and subject to shareholder approval. These percentages are in line with the international market environment in which we operate. ABN AMRO has not requested shareholder approval to increase the maximum variable compensation percentage to 200%, and hence applies 100% globally.

Performance for Identified Staff is measured over a one-year performance period at three levels: group, business unit and individual level, and by means of risk-adjusted and partly risk-adjusted financial and non-financial performance indicators.

Performance indicators for Identified Staff

	Weighting Executive Board[5]	Weighting Executive Committee	Weighting above CLA identified staff	Weighting CLA identified staff
Organisation level KPIs	30-65%	20-30%	10-20%	10%
Businessline level KPIs	0-30%	35-60%	45-60%	15%
Individual KPI[1]	35%	20-35%	30-35%	75%
Total	**100%**	**100%**	**100%**	**100%**
- of which financial[2), 4)]	*20-30%*	*20-40%*	*15-30%*	*0-50%*
- of which non-financial[3), 4)]	*70-80%*	*60-80%*	*70-85%*	*50-100%*

1 Individual KPI: For employees above CLA the individual KPI refers to leadership.
2 Financial KPIs include a selection of Return on equity, CET 1 ratio, Cost/income ratio, Strategy value creation, Cost ceiling, Fee and commision income and RAROE.
3 Non-financial KPIs include a selection of Sustainability, Employee engagement, Permanent education, NPS and House in order.
4 Mix and weighting of KPIs tailored to specific function of the identified staff member.
5 The CEO only has KPIs on individual and organisation level.

Remuneration details of Identified Staff[1]

	2020		2019	
	Number of FTEs (Identified Staff)[2]	Aggregated remuneration (in thousands)	Number of FTEs (Identified Staff)[2]	Aggregated remuneration (in thousands)
Retail Banking	28	8,673	29	7,790
Commercial Banking	39	9,339	38	9,809
Private Banking	34	12,570	37	12,426
Corporate & Institutional Banking	91	33,852	93	36,838
Group Functions[1]	158	43,846	158	40,890
Total	**350**	**108,280**	**355**	**107,753**

1 Executive and Supervisory Board members are reported under Group Functions.
2 The number of FTEs includes all employees that were Identified Staff during the year (including leavers).

	Number of FTEs (identified staff)		Aggregated remuneration (in thousands)
	ExBo, ExCo, ExCo1 and ExCo2	Other	
Fixed remuneration over 2020	133	217	105,572
Variable remuneration over 2020[1]	4	26	2,708
- of which in cash			*812*
- of which in non-cash instruments			*812*
- of which unconditional (up-front payment)			*1,625*
- of which conditional (deferred payment)			*1,083*
Retention payments over 2020	2	14	1,449
Sign-on payments over 2020	2	1	410
Severance payments over 2020[3]	11	5	6,553

1 Certain variable compensation elements are, due to their specific nature, paid out in cash and are not or only partially subject to deferral.
2 Highest severance pay amounted EUR 1,204 thousand.

Remuneration details of all employees

Remuneration comprises fixed and variable compensation, employer pension contributions, sign-on, retention and severance pay for 2020.

	Remuneration in millions[2]							
(in FTE)	1-1.5	1.5-2	2-2.5	2.5-3	3-3.5	3.5-4	4-4.5	>4.5
Retail Banking								
Commercial Banking								
Private Banking	2							
Corporate & Institutional Banking	2							
Group Functions[1]	1							

1 Executive and Supervisory Board members are reported under Group Functions.
2 Remuneration reflects the amounts paid in the financial year as per EBA requirement, as opposed to the remuneration disclosure in the tables Remuneration of Executive Board and Supervisory Board which represents the remuneration allocated to the financial year in accordance with EU IFRS.

Although any award of variable remuneration would not have had a material impact on ABN AMRO's capital, there have been various reasons to reduce the performance-related variable remuneration considerably, taking into account ABN AMRO's financial results, the economic and health crisis due to Covid-19 and the role ABN AMRO plays in society. The reduction is also in line with regulatory guidance to this extent. For performance year 2020, ABN AMRO has decided not to award any performance-related variable remuneration to its employees in the Netherlands or to its employees abroad within the CIB business line. In addition, the peformance-related variable remuneration for employees abroad in the Private Banking and Commercial Banking business lines has been reduced significantly. Consequently, the performance-related variable remuneration of all staff, including Identified Staff, decreased from EUR 65 million in 2019 to EUR 16 million in 2020. In 2019, an amount of EUR 9 million was erroneously reported as relating to all staff instead of only to Identified Staff. For non-identified Staff, this was EUR 56 million in 2019. The total amount of retention payments increased from EUR 1 million in 2019 to EUR 14 million in 2020, mainly due to the retention payments paid in relation to the wind-down of all non-European CIB activities (except Clearing).

	2020							
	Remuneration in millions[2]							
(in FTE)[1]	1-1.5	1.5-2	2-2.5	2.5-3	3-3.5	3.5-4	4-4.5	>4.5
Executive Board / Executive Committee	1							
Executive Committee -1 and -2 above CLA								
Other Identified Staff	3							

1 Identified staff only.
2 Remuneration reflects the amounts paid in the financial year as per EBA requirement, as opposed to the remuneration disclosure in the tables Remuneration of Executive Board and Supervisory Board which represents the remuneration allocated to the financial year in accordance with EU IFRS.

The ratio of the mean annual employee compensation and the total annual remuneration of the CEO was 10.2 in 2020. The ratio is equivalent to the CEO's remuneration, including pension costs, divided by the mean employee remuneration, including pension costs, during 2020. This ratio is considered to be a fair reflection of ABN AMRO's current position. The ratios published in 2016, 2017, 2018 and 2019 were 11.4, 10, 9.6 and 9.6 respectively.

Encumbered Assets

Encumbered assets

	(in millions)	Carrying amount of encumbered assets	Of which: notionally eligible EHQLA and HQLA	Fair value of encumbered assets	Of which: notionally eligible EHQLA and HQLA	Carrying amount of unencumbe-red assets	Of which:E-HQLA and HQLA	Fair value of unencumbe-red assets	Of which: EHQLA and HQLA
									31 December 2020
1	Assets of the reporting institution	100,895	4,086			318,594	99,416		
2	Equity instruments	1		1		828		828	
3	Debt securities	4,675	3,749	4,675	3,749	44,349	42,878	44,349	42,878
4	*- of which covered bonds*	36	4	36	4	3,888	3,716	3,888	3,716
5	*- of which asset-backed securities*					5		5	
6	*- of which issued by general governments*	4,560	3,641	4,560	3,641	36,821	36,090	36,821	36,090
7	*- of which issued by financial corporations*	114	114	114	114	7,209	6,422	7,209	6,422
8	*- of which issued by non-financial corporations*	5		5		178		178	
9	Other assets	96,219	336			273,700	56,323		
10	*- of which loans on demands*	355	87			58,302	56,174		
11	*- of which loans and advances other than loans on demand*	95,854	290			199,885	30		
12	*- of which: Loans collateralised with immovable property*	84,775				93,246			
									30 June 2020
1	Assets of the reporting institution	77,383	3,075			319,817	70,791		
2	Equity instruments	4		4		828		828	
3	Debt securities	3,147	2,721	3,147	2,721	44,899	42,915	44,899	42,915
4	*- of which: covered bonds*	*61*	*15*	*61*	*15*	*3,952*	*3,818*	*3,952*	*3,818*
5	*- of which: asset-backed securities*					*6*		*6*	
6	*- of which: issued by general governments*	*3,082*	*2,662*	*3,082*	*2,662*	*37,702*	*36,547*	*37,702*	*36,547*
7	*- of which: issued by financial corporations*	*65*	*65*	*65*	*65*	*7,070*	*6,380*	*7,070*	*6,380*
8	*- of which: issued by non-financial corporations*	*6*		*6*		*154*		*154*	
9	Other assets	74,232	354			273,700	27,877		
10	*- of which: loans on demands*	*208*				*28,904*	*27,590*		
11	*- of which: loans and advances other than loans on demand*	*74,134*	*353*			*226,744*	*43*		
12	*- of which: Loans collateralised with immovable property*	*61,367*				*118,161*			

	(in millions)	Carrying amount of encumbered assets	Of which: notionally eligible EHQLA and HQLA	Fair value of encumbered assets	Of which: notionally eligible EHQLA and HQLA	Carrying amount of unencumbered assets	Of which:EHQLA and HQLA	Fair value of unencumbered assets	Of which: EHQLA and HQLA
									31 December 2019
1	Assets of the reporting institution	68,510	1,985			324,527	71,535		
2	Equity instruments	12		12		906		906	
3	Debt securities	2,012	1,492	2,012	1,492	43,438	41,998	43,438	41,998
4	*- of which covered bonds*	*61*	*21*	*61*	*21*	*3,997*	*3,853*	*3,997*	*3,853*
5	*- of which asset-backed securities*					*7*		*7*	
6	*- of which issued by general governments*	*1,932*	*1,419*	*1,932*	*1,419*	*36,695*	*35,695*	*36,695*	*35,695*
7	*- of which issued by financial corporations*	*73*	*73*	*73*	*73*	*6,788*	*6,293*	*6,788*	*6,293*
8	*- of which issued by non-financial corporations*	*7*		*7*		*117*		*117*	
9	Other assets	66,486	493			280,177	28,995		
10	*- of which loans on demands*	*182*				*30,220*	*28,689*		
11	*- of which loans and advances other than loans on demand*	*66,408*	*371*			*233,934*	*53*		
12	*- of which: Loans collateralised with immovable property*	*56,471*				*123,211*			

Collateral received by the reporting institution

	(in millions)	Fair value of encumbered collateral received or own debt securities issued	- of which: notionally eligible EHQLA and HQLA	Fair value of collateral received or own debt securities issued available for encumbrance	- of which: EHQLA and HQLA
					31 December 2020
1	Collateral received by the reporting institution	41,628	35,462	18,599	10,845
2	Loans on demand				
3	Equity instruments	18,860	14,163	9,085	3,125
4	Debt securities	21,541	20,346	9,513	7,642
5	*- of which covered bonds*	769	759	51	43
6	*- of which asset-backed securities (ABS)*	5,003	4,663	114	114
7	*- of which issued by general governments*	15,712	15,696	7,503	6,734
8	*- of which issued by financial corporations*	4,974	4,185	838	507
9	*- of which issued by non-financial corporations*	657	323	882	175
10	Loans and advances other than loans on demand				
11	Other collateral received	45		1	
12	*Of which:*				
13	Own debt securities issued other than own covered bonds or ABS				
14	Own covered bonds and ABS and not yet pledged				
15	**Total assets, collateral received and own debt securities issued**	**138,064**	**39,946**		

	(in millions)	Fair value of encumbered collateral received or own debt securities issued	- of which: notionally eligible EHQLA and HQLA	Fair value of collateral received or own debt securities issued available for encumbrance	- of which: EHQLA and HQLA
					30 June 2020
1	Collateral received by the reporting institution	41,411	34,823	18,599	12,459
2	Loans on demand				
3	Equity instruments	19,800	14,104	9,377	4,630
4	Debt securities	20,693	19,653	9,513	7,829
5	*- of which: covered bonds*	*844*	*844*	*94*	*78*
6	*- of which: asset-backed securities (ABS)*	*4,611*	*4,208*	*454*	*438*
7	*- of which: issued by general governments*	*15,153*	*15,055*	*7,401*	*6,846*
8	*- of which: issued by financial corporations*	*4,719*	*4,094*	*1,163*	*830*
9	*- of which: issued by non-financial corporations*	*596*	*305*	*760*	*233*
10	Loans and advances other than loans on demand				
11	Other collateral received	26		6	
12	*- of which:*				
13	Own debt securities issued other than own covered bonds or ABS				
14	Own covered bonds and ABS and not yet pledged				
15	**Total assets, collateral received and own debt securities issued**	**118,794**	**37,818**		

					31 December 2019
1	Collateral received by the reporting institution	37,698	27,090	22,364	17,296
2	Loans on demand				
3	Equity instruments	19,660	13,246	11,874	7,430
4	Debt securities	17,176	13,843	10,454	9,214
5	*- of which covered bonds*	*791*	*786*	*450*	*450*
6	*- of which asset-backed securities (ABS)*	*3,859*	*3,525*	*667*	*662*
7	*- of which issued by general governments*	*11,524*	*10,855*	*7,309*	*7,436*
8	*- of which issued by financial corporations*	*4,641*	*4,059*	*2,354*	*1,607*
9	*- of which issued by non-financial corporations*	*324*	*216*	*724*	*193*
10	Loans and advances other than loans on demand				
11	Other collateral received	355		18	
12	*Of which:*				
13	Own debt securities issued other than own covered bonds or ABS				
14	Own covered bonds and ABS and not yet pledged				
15	**Total assets, collateral received and own debt securities issued**	**107,161**	**29,571**		

Source of encumbrance

(in millions)		31 December 2020		30 June 2020		31 December 2019	
		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABS encumbered	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABS encumbered	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
1	Carrying amount of selected financial liabilities	85,643	101,702	68,243	78,271	58,748	68,306
2	*of which derivatives*	*5,949*	*5,126*	*5,822*	*5,260*	*4,215*	*4,333*
3	*of which repurchase agreements*	*17,874*	*21,804*	*14,930*	*17,986*	*10,904*	*15,239*
4	*of which collateralised deposits other than repurchase agreements*	*32,021*	*41,316*	*11,867*	*16,971*	*8,445*	*11,480*
5	*of which covered bonds issued*	*34,492*	*38,649*	*34,437*	*37,617*	*34,561*	*36,699*
6	*of which asset-backed securities issued*					*250*	*271*

Encumbered assets

Encumbered assets on the bank's balance sheet consist primarily of mortgages, which are used as a cover pool for the covered bond programme and for assets pledged for participation under the TLTRO III programme. The cover pool of mortgages is not considered as encumbered if the securities are retained within the bank and regarded as part of the unencumbered liquidity buffer. Assets are also encumbered as a result of cash and securities posted as margins under derivatives and clearing transactions, as well as when collateral is pledged for collateral swap transactions with bilateral counterparties.

In June 2020, the bank participated in the TLTRO III programme to further support clients with potential future liquidity needs resulting from Covid-19. Retained covered bonds and RMBS were used as collateral under the TLTRO III programme. This participation resulted in an increase in average on-balance sheet encumbrance to 25.3%, compared to average on-balance sheet encumbrance of 17.3% in 2019. Repurchase agreements and securities lending type activities also lead to encumbrance of assets, but these transactions are largely conducted using securities received in reverse repurchase or collateral swap transactions. These received securities are not recognised on the balance sheet and are considered part of the off-balance collateral, available for encumbrance.

Countercyclical capital buffer

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

	General credit exposures		Trading book exposure		Securitisation exposure		Own Funds Requirements					
(in millions)	Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book exposures for SA	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total	Own funds requirement weights	Counter cyclical capital buffer rate
Andorra		4									0.00%	0.00%
United Arab Emirates	56	242					11			11	0.16%	0.00%
Afghanistan											0.00%	0.00%
Armenia											0.00%	0.00%
Angola											0.00%	0.00%
Argentina		76					1			1	0.01%	0.00%
Austria	12	281					8			8	0.12%	0.00%
Australia	385	145					33			33	0.47%	0.00%
Aruba		2									0.00%	0.00%
Azerbaijan											0.00%	0.00%
Bosnia and Herzegovina											0.00%	0.00%
Barbados		162					4			4	0.05%	0.00%
Bangladesh											0.00%	0.00%
Belgium	138	2,250		6			98	1		98	1.39%	0.00%
Bulgaria		1									0.00%	0.50%
Bahrain		4									0.00%	0.00%
Burundi											0.00%	0.00%
Sint-Bartélemy											0.00%	0.00%
Bermuda		1,282					30			30	0.42%	0.00%
Brunei Darussalam		1									0.00%	0.00%
Bolivia											0.00%	0.00%
Bonaire - St. Eustatius - Saba		1									0.00%	0.00%
Brazil		551					29			29	0.41%	0.00%
Bahamas		60					1			1	0.02%	0.00%
Botswana											0.00%	0.00%
Belarus											0.00%	0.00%
Canada	13	288					13			13	0.19%	0.00%
Congo, the Democratic Republic of the											0.00%	0.00%
Switzerland	324	1,888		4			97			97	1.37%	0.00%
Cote d'Ivoire											0.00%	0.00%
Chile		140					4			4	0.06%	0.00%
Cameroon											0.00%	0.00%
China	18	18					2			2	0.03%	0.00%
Colombia											0.00%	0.00%
Costa Rica											0.00%	0.00%
Cuba											0.00%	0.00%
Cape Verde											0.00%	0.00%
Curaçao	1	30									0.01%	0.00%
Cyprus	95	102					15			15	0.21%	0.00%
Czech Republic	34	25					4			4	0.05%	0.50%

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Germany	724	4,106		10			140			140	1.98%	0.00%
Djibouti											0.00%	0.00%
Denmark	29	92					4			4	0.06%	0.00%
Dominica											0.00%	0.00%
Dominican Republic											0.00%	0.00%
Algeria		1									0.00%	0.00%
Ecuador											0.00%	0.00%
Estonia		1									0.00%	0.00%
Egypt		1									0.00%	0.00%
Spain	21	250		3			13	1		14	0.19%	0.00%
Ethiopia											0.00%	0.00%
Finland		474		2			5			5	0.07%	0.00%
France	691	6,380		30			277	3		279	3.94%	0.00%
Gabon		13					1			1	0.01%	0.00%
United Kingdom	406	5,082		43			258	1		259	3.66%	0.00%
Georgia		1									0.00%	0.00%
Guernsey	2	393					3			3	0.05%	0.00%
Ghana											0.00%	0.00%
Gibraltar		3									0.00%	0.00%
Gambia											0.00%	0.00%
Guinea											0.00%	0.00%
Guadeloupe											0.00%	0.00%
Greece	33	78		1			4			4	0.05%	0.00%
Guatemala											0.00%	0.00%
Hong Kong	15	294					11			11	0.15%	1.00%
Croatia		2									0.00%	0.00%
Haiti											0.00%	0.00%
Hungary		11									0.01%	0.00%
Indonesia		129					3			3	0.05%	0.00%
Ireland	4	312					17			17	0.24%	0.00%
Israel	9	4					1			1	0.01%	0.00%
Isle of Man	9	56					1			1	0.02%	0.00%
India		28									0.00%	0.00%
Iraq											0.00%	0.00%
Iran (Islamic Republic of)											0.00%	0.00%
Iceland		41					1			1	0.01%	0.00%
Italy	9	202		2			5			5	0.07%	0.00%
Jersey	4	570					8			8	0.11%	0.00%
Jamaica											0.00%	0.00%
Jordan		1									0.00%	0.00%
Japan		57		1			1			1	0.01%	0.00%
Kenya											0.00%	0.00%
Cambodia											0.00%	0.00%
Korea, Republic of		7									0.00%	0.00%
Kuwait											0.00%	0.00%
Cayman Islands	203	332					23			23	0.32%	0.00%
Kazakhstan		1									0.00%	0.00%
Lao People's Democratic Republic											0.00%	0.00%
Lebanon		1									0.00%	0.00%
Liechtenstein											0.00%	0.00%
Sri Lanka											0.00%	0.00%
Liberia		650					9			9	0.13%	0.00%
Lithuania		2									0.00%	0.00%
Luxembourg	53	2,185		8			39	1		40	0.57%	0.25%

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Latvia								0.00%	0.00%
Libyan Arab Jamahiriya		1						0.00%	0.00%
Morocco		5						0.00%	0.00%
Monaco		79			2		2	0.02%	0.00%
Moldova, Republic of								0.00%	0.00%
Montenegro								0.00%	0.00%
Sint-Maarten								0.00%	0.00%
Madagascar								0.00%	0.00%
Marshall Islands		2,378			38		38	0.54%	0.00%
Macedonia, the Former Yugoslav Republic of								0.00%	0.00%
Mongolia								0.00%	0.00%
Macau		38			1		1	0.01%	0.00%
Martinique		2						0.00%	0.00%
Malta		115			2		2	0.03%	0.00%
Mauritius		41			1		1	0.01%	0.00%
Maldives								0.00%	0.00%
Malawi		1						0.00%	0.00%
Mexico	1	56			2		2	0.03%	0.00%
Malaysia		119			54		54	0.77%	0.00%
Mozambique								0.00%	0.00%
Namibia								0.00%	0.00%
Niger								0.00%	0.00%
Nigeria		22			2		2	0.02%	0.00%
Netherlands	6,017	231,842	37		5,329	5	5,334	75.29%	0.00%
Norway		2,806	2		52		52	0.73%	1.00%
New Zealand		1						0.00%	0.00%
Oman		3						0.00%	0.00%
Panama		165			2		2	0.03%	0.00%
Peru								0.00%	0.00%
Papua New Guinea	12				1		1	0.01%	0.00%
Philippines		2						0.00%	0.00%
Pakistan								0.00%	0.00%
Poland		83			2		2	0.02%	0.00%
Puerto Rico								0.00%	0.00%
Portugal		33			1		1	0.01%	0.00%
Paraguay								0.00%	0.00%
Qatar		5						0.00%	0.00%
Reunion		1						0.00%	0.00%
Romania		25			1		1	0.02%	0.00%
Serbia								0.00%	0.00%
Russian Federation		5						0.00%	0.00%
Rwanda		1						0.00%	0.00%
Saudia Arabia		1						0.00%	0.00%
Seychelles								0.00%	0.00%
Sudan								0.00%	0.00%
Sweden	1	774	2		9		9	0.13%	0.00%
Singapore	254	1,489			73		73	1.04%	0.00%
Slovenia	77				6		6	0.09%	0.00%
Slovakia		10						0.01%	1.00%
Sierra Leone								0.00%	0.00%
Senegal								0.00%	0.00%
Suriname		10			9		9	0.12%	0.00%
South Soudan								0.00%	0.00%
St. Maarten								0.00%	0.00%

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Togo								0.00%	0.00%
Thailand		6						0.00%	0.00%
Tunisia		1						0.00%	0.00%
Turkey	7	21			1		1	0.02%	0.00%
Trinidad and Tobago								0.00%	0.00%
Taiwan		2						0.00%	0.00%
Tanzania, United Repu-blic of								0.00%	0.00%
Ukraine		1						0.00%	0.00%
Uganda								0.00%	0.00%
United States	449	6,552	15		291	1	292	4.12%	0.00%
Uruguay	1	12						0.00%	0.00%
St. Vincent and the Grenadines		9			1		1	0.01%	0.00%
Venezuela								0.00%	0.00%
Virgin Islands, British	31	108			4		4	0.06%	0.00%
Vietnam								0.00%	0.00%
South Africa	1	206			12		12	0.16%	0.00%
Zambia								0.00%	0.00%
Zimbabwe								0.00%	0.00%
United States	227	8,845	4		287		288	4.25%	0.00%
Uruguay	20	5			2		2	0.03%	0.00%
Uzbekistan								0.00%	0.00%
St. Vincent and the Grenadines		6						0.00%	0.00%
Venezuela								0.00%	0.00%
Virgin Islands, British	24	179			6		6	0.08%	0.00%
Vietnam								0.00%	0.00%
UNO organs								0.00%	0.00%
Yemen								0.00%	0.00%
South Africa	2	215			7		7	0.11%	0.00%
Zambia								0.00%	0.00%
Zimbabwe								0.00%	0.00%
Total	**10,414**	**285,595**	**170**		**7,374**	**13**	**7,387**	**100.00%**	

Countercyclical capital buffer

The countercyclical capital buffer (CCyB) is part of a set of macroprudential instruments, designed to help counter pro-cyclicality in the financial system. Capital should be accumulated when cyclical systemic risk is judged to be increasing. This will create buffers that will increase the resilience of the banking sector during periods of stress, when losses materialise. This will help maintain the supply of credit and dampen the downswing of the financial cycle. The CCyB can also help dampen excessive credit growth during the upswing of the financial cycle. The CCyB is calculated as the weighted average of the buffers in effect in the jurisdictions to which banks have a credit exposure.

Amount of institution-specific countercyclical capital buffer

(in millions)	2020
Total Risk Exposure Amount	110,481
Institution specific countercyclical capital buffer rate	0.011%
Institution specific countercyclical capital buffer requirement	12

LCR disclosures

LCR Qualitative templates

Strategies and processes in the management of the liquidity risk
ABN AMRO Bank N.V. has a liquidity risk management framework that supports a moderate risk profile and safeguards the bank's reputation from a liquidity perspective. This framework must ensure that the bank meets its payment obligations at a reasonable cost, even under severely adverse conditions. The bank maintains a set of liquidity risk indicators to manage the liquidity position within the requirements set internally and by the regulator. In addition, regular stress testing is performed.

Structure and organisation of the liquidity risk management function (authority, statute, other arrangements)
ABN AMRO Bank N.V. uses a three lines of defence (LoD) system of risk governance to ensure a clear division of responsibilities and to avoid conflicts of interest.

- The first line of defence is the ALM and Treasury departments, where the daily business activities are executed;
- The second line of defence comprises the Risk and Finance departments, which monitor and report the risks associated with ALM and Treasury activities;
- The third line of defence is Group Audit, which provides assurance regarding the design and effectiveness of the governance structure, systems and processes of ALM, Treasury, Risk and Finance.

Scope and nature of liquidity risk reporting and measurement systems
ABN AMRO Bank N.V. uses a comprehensive set of liquidity indicators to monitor and measure liquidity risk, both in business as usual (BaU) and stressed conditions. The main indicators of liquidity risk are captured in the risk appetite. A moderate risk profile is safeguarded by setting appropriate limits and checkpoints for identified risk appetite indicators.

In addition to the liquidity risk appetite statements (RAS), which are generally bank-specific and reported on a monthly basis, early warning indicators (EWIs) are set for the purpose of ensuring early signalling of potential liquidity stress. These are reported on a daily basis.

Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants
Liquidity risks are mitigated by maintaining a sufficiently large liquidity buffer across appropriate currencies and ensuring access to liquidity at any point in time by sufficient diversification of funding sources. This is reflected in the choice of RAS and EWIs.

The RAS and EWIs are complemented by a stress testing framework that is used to identify potential vulnerabilities in the bank's liquidity position. The outcome of stress tests is incorporated into day-to-day liquidity management.

A contingency plan is in place that prepares the bank for potential liquidity stress events. The liquidity contingency stage depends on the number of EWI and/or risk appetite breaches in combination with expert judgement. The contingency plan provides guidelines for managing a range of stress environments and describes the lines of responsibility, escalation procedures and mitigating actions.

A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution and providing assurance that the liquidity risk management systems in place are adequate with regard to the institution's profile and strategy

The Group Risk Committee (GRC) is the executive risk committee of ABN AMRO Bank N.V. and has a delegated authority from the Executive Board on ALM and Treasury risk-related activities. The GRC is responsible for approving the liquidity risk policy of the bank. The bank is required to have a liquidity risk policy in place that enables it to identify, measure, steer and monitor its liquidity risk. The policy describes the bank's liquidity risk management framework. This framework includes maintaining a diversified funding mix and a strong liquidity buffer, both from an internal and a regulatory perspective. The policy also requires the bank to actively manage its liquidity risk exposures and funding needs across business lines, countries, legal entities and currencies. This includes taking into account legal, regulatory and operational limitations on the transferability of liquidity. Therefore ABN AMRO is of the opinion that the risk management systems in place are sufficient to mitigate the risk.

A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in Annex II of these guidelines) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body

The translation of the 'moderate risk profile' into the bank's risk appetite for liquidity risk is done by setting risk appetite statements (RAS) for key liquidity indicators. An overview of these ratios is provided in the liquidity section in the Annual Report. The risk appetite for liquidity risk can include both qualitative and quantitative indicators. Limits and checkpoints are put in place to ensure the liquidity risk indicators reflect the bank's objective to maintain a moderate risk profile. Conditions that influence the bank's future liquidity position are uncertain. Therefore, stress testing serves as a tool for setting the limits and checkpoints in the liquidity RAS. In conclusion, ABN AMRO has sufficient buffers in place to meet liquidity requirements from a regulatory and internal perspective. In addition, stress testing results indicate that buffers are also sufficient during times of stress. All liquidity ratios are above regulatory limits.

Concentration of funding and liquidity sources

As mentioned above, liquidity risks are mitigated by maintaining a sufficiently large liquidity buffer and sufficient diversification of funding sources to safeguard access to liquidity at any time. In order to ensure that no undue concentrations occur, the execution of the bank's funding plan is reviewed by ALM, Treasury and Market & ALM/T Risk at monthly liquidity steering meetings.

More insight into the concentration of funding and liquidity sources is provided in the liquidity and funding sections in the Annual Report.

Derivative exposures and potential collateral calls

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

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

More insight into the currency mismatch in the LCR is provided in the liquidity section of the Annual Report.

A description of the degree of centralisation of liquidity management and interaction between the group's units
It is the bank's policy to manage and monitor the liquidity needs of all its group entities centrally through its ALM and Treasury departments at ABN AMRO Bank N.V. However, the bank is also exposed to ALM and Treasury risks at a local level, where material legal entities need to comply with regulatory or local balance sheet management requirements. In the case of material legal entities, the Asset & Liability Commission (ALCO) may delegate part of its mandate and execution to a Local ALCO, under the guiding principle of 'Global perspective where possible, with local implementation where necessary'.

Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile
The LCR disclosure templates focuses on the consolidated LCR. The bank also monitors, reports and steers the LCR for subsidiaries (taking into account local regulations), other regulatory scopes (including, for example, sub-liquidity group scope) and significant non-euro currencies (US dollar).

LCR

		Total unweighted value				Total weighted value			
		31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020
		Data points used in the calculation of averages				Data points used in the calculation of averages			
(in millions)		12	12	12	12	12	12	12	12
	High-quality liquid assets								
1	**Total high-quality liquid assets (HQLA)**					**91,092**	**83,140**	**76,929**	**74,997**
	Cash-outflows								
2	Retail deposits and deposits from small business customers, of which:	138,022	135,903	133,974	132,196	10,980	10,899	10,899	10,927
3	Stable deposits	78,215	76,270	73,150	70,251	3,911	3,813	3,657	3,513
4	Less stable deposits	54,186	55,711	58,667	61,668	6,805	6,815	6,965	7,138
5	Unsecured wholesale funding	108,879	106,844	105,729	105,415	51,188	49,445	48,384	47,601
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	38,440	37,127	36,154	35,565	9,568	9,239	8,996	8,848
7	Non-operational deposits (all counter-parties)	66,496	65,949	65,871	66,795	37,678	36,437	35,683	35,698
8	Unsecured debt	3,942	3,768	3,705	3,055	3,942	3,768	3,705	3,055
9	Secured wholesale funding					4,783	4,777	5,008	4,961
10	Additional requirements	57,799	57,044	56,038	55,338	13,702	12,860	11,933	10,961
11	Outflows related to derivative exposures and other collateral requirements	8,202	7,461	6,688	5,717	6,789	6,023	5,235	4,432
12	Outflows related to loss of funding on debt products	239	215	189	32	239	215	189	32
13	Credit and liquidity facilities	49,357	49,369	49,161	49,589	6,673	6,622	6,509	6,497
14	Other contractual funding obligations	5,450	5,226	5,629	5,646	3,982	3,966	4,304	4,224
15	Other contingent funding obligations	57,496	61,208	63,556	65,139	3,754	3,766	3,855	3,997
16	**Total cash outflows**					**88,390**	**85,713**	**84,383**	**82,671**
	Cash-inflows								
17	Secured lending (eg reverse repos)	29,441	29,806	30,889	30,826	8,264	7,801	7,406	7,375
18	Inflows from fully performing exposures	17,402	17,933	18,329	18,601	15,909	16,204	16,445	16,603
19	Other cash inflows	11,464	10,466	9,667	8,719	3,226	2,886	2,593	2,215
EU19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU19b	(Excess inflows from a related specialised credit institution)								
20	**Total Cash inflows**	**58,307**	**58,206**	**58,885**	**58,146**	**27,400**	**26,891**	**26,443**	**26,192**
EU20a	Fully exempt inflows								
EU20b	Inflows Subject to 90% Cap								
EU20c	Inflows Subject to 75% Cap	49,272	48,306	48,352	46,979	27,400	26,891	26,443	26,192
21	**Liquidity buffer**					**91,092**	**83,140**	**76,929**	**74,997**
22	**Total net cash outflows**					**60,990**	**58,822**	**57,940**	**56,479**
23	**Liquidity coverage ratio (%)**					**149%**	**141%**	**133%**	**133%**

Disclaimer & cautionary statements

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