

ABN AMRO Bank N.V.

# Abbreviations and definitions of important terms 2023

# Abbreviations

This document contains a list of important and commonly used abbreviations presented in the Corporate reporting 2023 of ABN AMRO Bank N.V. (this list is not exhaustive).

Term	Definition	Term	Definition
<IR>	Integrated Reporting	CRD	Capital Requirements Directive
3LoD	Three lines of defence	CRE	Commercial real estate
AAHG	ABN AMRO Hypotheken Groep B.V.	CRO	Chief Risk Officer
ABC Policy	Anti-Bribery and Corruption Policy	CRR	Capital Requirements Regulation
AD	Alignment delta	CRREM	Carbon Risk Real Estate Monitor
AER	Annual efficiency ratio	CSRD	Corporate Sustainability Reporting Directive
AFM	Autoriteit Financiële Markten (Netherlands Authority for the Financial Markets)	CVA	Credit valuation adjustment
AGIC	ABN AMRO global industry classification	D&I	Diversity and Inclusion
AGM	Annual General Meeting	DFC	Detecting Financial Crime
AI	Artificial intelligence	DJSI	Dow Jones Sustainability Index
ALCO	Asset & Liability Committee	DNB	De Nederlandsche Bank N.V. (Dutch Central Bank)
ALM	Asset & Liability Management	DORA	Digital Operational Resilience Act
AMA	Advanced Measurement Approach	DPM	Discretionary Portfolio Management
AML	Anti-money laundering	E&E	Entrepreneur & Enterprise
ATI	Additional tier 1	EAD	Exposure at default
BCBS	Basel Committee on Banking Supervision	EBA	European Banking Authority
bps	Basis points	EC	Economic capital
BRAS	Bank Risk Appetite Statement	ECB	European Central Bank
CAAML	Client Acceptance and Anti-Money Laundering	ECL	Expected credit loss
CAS	Climate Adaptation Services	EPI	European Payments Initiative
CASY	Client Assessment on Sustainability	ERM	Enterprise Risk Management
CB	Corporate Banking	ESEF	European single electronic reporting format
CBR	Combined buffer requirement	ESG	Environmental, social and governance
CBS	Centraal Bureau voor de Statistiek (Statistics Netherlands)	ESRS	European Sustainability Reporting Standards
CCC	Central Credit Committee	EU	European Union
CCO	Chief Commercial Officer	EUR	Euro
CCP	Central counterparty clearing house	ExBo	Executive Board
CCR	Counterparty credit risk	FDH	First Data Holding
CCyB	Countercyclical capital buffer	FTE	Full-time equivalent
CDC	Collective defined contribution	FVA	Funding valuation adjustment
CDS	Credit default swap	FVOCI	Fair value through other comprehensive income
CEO	Chief Executive Officer	FVTPL	Fair value through profit or loss
CER	Climate and environmental risk	FX	Foreign exchange
CET1	Common equity tier 1	GAR	Green asset ratio
CFO	Chief Financial Officer	GBP	UK pound
CFT	Counter-terrorism financing	GDC	Group Disclosure Committee
CI&TO	Chief Innovation & Technology Officer	GDP	Gross domestic product
CLA	Collective Labour Agreement	GDPR	General Data Protection Regulation
CO <sub>2</sub>	Carbon dioxide	GHG	Greenhouse gas
COO	Chief Operations Officer	GRC	Group Risk Committee

Term	Definition
GSC	Group Sustainability Committee
HR	Human Resources
IAS	International Accounting Standards
IBOR	Interbank offered rates
ICAAP	Internal Capital Adequacy Assessment Process
ICB	Industry classification benchmark
ICS	International Card Services B.V.
IEA	International Energy Agency
IFA	International Framework Agreement
IFRS	International Financial Reporting Standards
IMO	International Maritime Organisation
IPC	Irrevocable payment commitment
IRB	Internal Ratings-Based (approach)
IT	Information technology
Kadaster	Dutch Land Registry
Kifid	Dutch Financial Services Complaints Authority
KPI	Key performance indicator
KRI	Key risk indicator
kWh	Kilowatt hours
KYC	Know Your Client
LCR	Liquidity coverage ratio
LGD	Loss given default
LIBOR	London interbank offered rate
LPD	Lifetime probability of default
LtD ratio	Loan-to-deposit ratio
LtMV	Loan-to-market-value
M&A	Mergers and acquisitions
MDA	Maximum distributable amount
MEV	Macroeconomic variable
MiFID II	Markets in Financial Instruments Directive II
MREL	Minimum requirements for own funds and eligible liabilities
NACE	Nomenclature of economic activities
NAV	Net asset value
NCV	Net collateral value
NFR	Non-financial risk
NFRD	Non-Financial Reporting Directive
NGO	Non-governmental organisation
NHG	Nationale Hypotheek Garantie
NII	Net interest income
NIM	Net interest margin
NLFI	Netherlands Financial Investments
NPPS	Netherlands Public Prosecution Service
NPS	Net promoter score
NSFR	Net stable funding ratio
NVB	Nederlandse Vereniging van Banken (Dutch Banking Association)
NZBA	Net Zero Banking Alliance

Term	Definition
NZE	Net zero emission
OCI	Other comprehensive income
OCP	Open currency position
OECD	Organisation for Economic Cooperation and Development
OOE	One obligor exposure
OTC	Over-the-counter
P&BB	Personal & Business Banking
P&L	Profit & Loss
PC	Performance certificate
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of default
POCI	Purchased or originated credit-impaired
R&CC	Risk & Capital Committee
rNPS	Relational net promoter score
ROE	Return on equity
ROU	Right of use
RRE	Residential real estate
RVO	Rijksdienst voor Ondernemend Nederland
RWA	Risk-weighted assets
SA	Standardised Approach
SAS	Sustainability Acceleration Standards
SB	Supervisory Board
SDGs	(UN) Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
SME	Small and medium-sized enterprise
SNP	Senior non-preferred
SPPI	Solely payments of principal and interest
SRAS	Strategic Risk Appetite Statement
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SRF	Single Resolution Fund
SRI	Strategic risk indicator
STAK AAB	Stichting Administratiekantoor Continuïteit ABN AMRO Bank
STP	Straight-through processing
T2	Tier 2
TLTRO	Targeted longer-term refinancing operation
TSC	Technical Screening Criteria
UCR	Uniform counterparty rating
UNGP	UN Guiding Principles
USD	US dollar
VaR	Value-at-risk
VCT	Value creating topic
VNO-NCW	Confederation of Netherlands Industry and Employers
WACI	Weighted average carbon intensity

# Definitions of important terms

This document contains a list of important and commonly used definitions presented in the Corporate reporting 2023 of ABN AMRO Bank N.V. (this list is not exhaustive).

Term	Definition
ABN AMRO Bank N.V.	Also referred to as ABN AMRO Bank, ABN AMRO, the Bank or the parent company. Together with its consolidated entities in the Netherlands and abroad referred to as the group.
Adaptability	Keeping pace with, and constantly adapting to, developments within the bank and in the outside world.
Additional tier 1 capital (AT1)	Capital that consists of items that meet the following main criteria: they should be perpetual, subordinated, have neither a maturity date nor an incentive to redeem, have full dividend/coupon discretion and be loss absorbing at discretion of the Bank.
Advanced Internal Ratings-Based (A-IRB)	The highest and most detailed level of credit risk calculation for determining capital adequacy levels under Basel II, based on the use of internal models to assess risk.
Advanced Measurement Approach (AMA)	The highest and most detailed level of operational risk calculation for determining capital adequacy levels under Basel II, based on the use of internal models to assess risk.
Basel III/IV	The finalised Basel III standards of 7 December 2017 (Basel IV) imply a major change in the way banks have to determine their risk-weighted assets (RWAs) when calculating their minimum regulatory capital. For additional information, please refer to the Regulatory environment in Annual Report 2023.
Basis point (bps)	One hundredth of 1 percentage point.
Capital adequacy	Measure of a company's financial strength, often expressed in equity as a percentage of total assets or, in the case of banks, in the CET1 ratio.
Certificate of deposit	An unsecured short-term funding instrument with maturities up to one year.
Circular economy	Promoting the responsible use of resources by financing circular business activities.
Clear and appropriate advice	Giving advice that is relevant, in the client's interest, and understandable.
Client data protection	Ensuring that clients' data is protected by ABN AMRO's policies and systems in compliance with relevant regulatory requirements.
Climate change	A change in the state of the climate caused by an increase in levels of atmospheric carbon dioxide.
Co-creation and innovation	Collaborating and innovating to meet clients' needs, and creating more efficient services and operations.

Term	Definition
Commercial paper	An unsecured short-term funding instrument with maturities up to one year.
Common equity tier 1 (CET1) ratio	Bank's common equity capital, expressed as a percentage of total risk-weighted assets.
Corporate governance	Adhering to policies and practices that ensure accountability, fairness and transparency.
Coverage ratio	Coverage ratio shows the extent to which the stage exposures are covered by the allowances for credit losses.
Covered bonds	Covered bonds are secured long-term funding instruments. This type of bond differs from a standard bond because of the possibility of recourse to a pool of assets. In a default event, the bondholder has recourse to the issuer and the respective pool of assets.
Credit risk	Risk of a financial loss that occurs if a client or counterparty fails to meet the terms of a contract or otherwise fails to perform as agreed.
Credit valuation adjustments	Market value adjustments for counterparty credit risk.
Customer experience	Ensuring all interactions meet clients' expectations by putting clients at the centre of everything the bank does.
Depository receipt	Negotiable certificate issued by a bank representing shares in a foreign company traded on a local stock exchange.
Digitalisation	Harnessing advances in digital technology to improve service to clients.
Diversity and equal opportunities	Reflecting the diversity of society in ABN AMRO's employee population, and taking diversity into account in the bank's products and services.
Economic capital (EC)	An estimate of the amount of capital that the bank should possess in order to be able to sustain larger-than-expected losses with a given level of certainty.
Efficient operations management	Relationship between the bank's input and output, allowing ABN AMRO to reduce unnecessary costs while also increasing revenue.
Employee empowerment	Creating an open culture where employees are empowered to perform to the best of their ability.
Employee engagement	A business management concept that describes the level of enthusiasm and dedication a worker feels toward his/her job.
Employee health and safety	Advocating best practice in vitality, health and safety for ABN AMRO employees.

Term	Definition
Employee training and education	Providing employees with training and education to increase their knowledge and stimulate personal and professional development.
Encumbered assets	Assets that have been pledged or are subject to an arrangement, either explicitly or implicitly, in any way to secure, collateralise or credit enhance a transaction.
Ethics and integrity	Complying with laws and regulations, and acting in a morally correct manner by considering the rights and interests of all legitimate stakeholders.
Exposure at default (EAD)	EAD models estimate the expected exposure at the time of a counterparty's default.
Exposure measure	As defined under the revised version of the Basel III, a bank's total Exposure Measure is the sum of the following exposures: (a) on-balance sheet exposures, (b) derivative exposures, (c) securities financing transaction exposures, and (d) other off-balance sheet exposures.
Financial performance	Delivering stable, healthy results that meet the bank's financial targets.
Forbearance	Forbearance is applicable when: (a) The counterparty is facing (or is about to face) financial difficulty, and (b) The terms and conditions of the contract have been modified, or the contract has been refinanced by the Bank, due to these financial difficulties, and (c) The contract has been modified or refinanced on such terms that the Bank would not have agreed to if the counterparty had been financially healthy (concession). Only the combination of all these three criteria constitutes forbearance.
Fortis Bank Nederland	The legal entity Fortis Bank (Nederland) N.V., previously named Fortis Bank Nederland (Holding) N.V., which merged with ABN AMRO Bank Standalone pursuant to the Legal Merger.
Full-time equivalent (FTE)	The ratio of the total number of paid hours during a period to the number of working hours in that period.
Geopolitical instability	Responding to political, social, economic, demographic and geographical developments and trends.
Human rights	Respecting human rights in ABN AMRO's operations and in business relationships through the bank's value chain.
Interest-Only Mortgages	Type of mortgage in which the mortgagor is required to pay only interest with the principal repaid in a lump sum at a specified date.
International Financial Reporting Standards (IFRS)	IFRS, formerly known as International Accounting Standards, are drawn up and recommended by the International Accounting Standards Board. The European Union has required IFRS to be used by all exchange-listed companies in the EU since the start of the financial year 2005.
Leverage ratio	Ratio dividing the Bank's tier 1 capital by its total exposure value and is expressed as a percentage.

Term	Definition
Liquidity coverage ratio (LCR)	The LCR is intended to promote resilience to potential liquidity disruptions over a thirty-day horizon. The LCR requires banks to hold sufficient highly-liquid assets equal to or greater than the net cash outflow during a thirty-day period.
Market risk (banking book)	Market risk in the banking book, mainly interest rate risk, is the risk of a yield curve development that is unfavourable for the bank. Other market risks are limited in the banking book, either through hedging (foreign rate exchange risk) or in general (other market risk types).
Market risk (trading book)	Market risk in the trading book is the risk of loss resulting from unfavourable market price movements which can arise from trading or holding positions in financial instruments in the trading book.
Maximum Distributable Amount (MDA)	Article 141 CRD IV provides that institutions which fail to meet their combined buffer requirement must calculate, according to a pre-defined regulatory formula, the maximum amount they are allowed to pay in the form of dividends (on CET1 instruments), discretionary coupons (on Additional Tier 1 instruments) or through the creation of new obligations to pay bonuses and pensions rights.
Minimum requirement of own funds and eligible liabilities (MREL)	The MREL consists of own funds and part of a bank's liabilities. If a bank fails and goes into resolution, the MREL acts as a buffer to absorb losses and to provide new capital to the bank.
Net Stable Funding Ratio (NSFR)	The objective of the NSFR is to promote resilience over a longer time horizon by creating additional incentives to fund activities with more stable sources of funding on an ongoing basis.
NII-at-Risk	The NII-at-Risk metric indicates the change in net interest income during the coming 12 months, comparing the NII calculated using a constant yield curve with the NII calculated using a yield curve that is gradually shifted to a total of 200 basis points. The net interest income is negatively impacted when rates rise.
NLFI	"Stichting administratiekantoor beheer financiële instellingen (NL Financial Investments). On 29 September 2011 the Dutch State transferred its shares in ABN AMRO Group N.V. and in ABN AMRO Preferred Investments B.V. to NLFI. NLFI is a foundation and was set up to avoid potential conflicting responsibilities that the Minister of Finance might otherwise face, as a shareholder and as a regulator, and to avoid political influence being exerted."
Operational risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.
Own environmental impact	Monitoring the environmental impact of ABN AMRO's own operations.

Term	Definition
Past due ratio	The past due ratio shows which fraction of the gross carrying amount of a financial asset category is past due but not impaired.
Preference share	A share that receives a fixed rate of dividend ahead of ordinary shares.
Qualifying revolving exposures	Qualifying revolving exposures are revolving, unsecured and uncommitted exposures to private individuals that meet additional criteria specified in the CRD. These outstanding balances are permitted to fluctuate, based on decisions to borrow and repay, up to a limit set by the bank.
Refinancing	A contract is considered to be refinanced when the objective of the new contract is to enable the repayment or partial repayment of an existing contract where the counterparty is unable to meet the existing obligations.
Regulatory compliance	Complying with internal /external rules and regulations, both existing and upcoming.
Responsible investment and financing	Selling and/or investing in products, companies or initiatives that endeavour to make a positive environmental and/or social impact.
Risk profile/ management	Ensuring that the bank's risk profile, systems and procedures enable the bank to manage risk effectively.
Risk-weighted assets (RWA)	Total assets and off-balance sheet items calculated to reflect the risks relating to the various balance sheet items.
Royal Bank of Scotland (RBS)	The Royal Bank of Scotland N.V., formerly known as ABN AMRO Bank N.V. prior to the Legal Demerger.
Savings mortgages	Mortgages with a separate savings account, whereby the savings balance is used to repay the principal at maturity.
Secure banking	Protecting data belonging to ABN AMRO and the bank's clients against potential security breaches and attacks.
Senior non-preferred	Unconditional, senior and unsecured obligations and rank pari passu amongst themselves and senior to subordinated notes, but junior to senior preferred notes and any claims benefiting from legal or statutory preferences.
Senior preferred	Debt securities that give the note holders the first crack at recovering their funds, in the event that the company declares bankruptcy and liquidates its assets.
Social impact	Creating equal opportunities and strengthening financial inclusion and resilience through products and services to tackle social challenges and build a more inclusive society.

Term	Definition
STAK AAB	An independent holder of shares in ABN AMRO Bank's issued share capital, for the purpose of administration (ten titel van beheer) in exchange for depositary receipts.
Standardised Approach (Basel II)	This approach measures credit risk in a standardised manner, supported by external credit assessments.
Strong balance sheet	Ensuring that ABN AMRO has sufficient financial resources to withstand possible stress.
Supervisory Review and Evaluation Process (SREP)	Process in which the supervisor regularly assesses and measures the risks for a bank. Specifically, the SREP shows where a bank stands in terms of capital requirements and the way it deals with risks. At the end of the process, key objectives are set to address the identified issues, which the banks must "correct" within a specific time.
Talent attraction	Attracting and retaining qualified, motivated and future-fit professionals.
Tier 1 capital	The sum of the bank's CET1 capital and AT1 capital.
Tier 1 ratio	Tier 1 capital, the sum of the bank's CET1 capital and AT1 capital, expressed as a percentage of total risk-weighted assets.
Tier 2 capital	Capital that is available for depositors and senior creditors in case of bankruptcy.
Total capital ratio	Total regulatory capital, the sum of the bank's CET1 capital, AT1 capital and T2 capital, expressed as a percentage of risk-weighted assets.
Uniform counterparty rating (UCR)	The UCR is an obligor rating and refers to the probability of default by an obligor, i.e. the likelihood that a counterparty will fail to pay interest and/or principal and/ or other financial obligations to the bank.
Value-at-Risk banking book	Value-at-Risk banking book (VaR banking book) is used as a statistical measure for assessing interest risk exposure. It estimates potential losses and is defined as the predicted maximum loss that might be caused by changes in risk factors under normal circumstances, over a specified period of time, and at a specified level of statistical confidence. A VaR for changes in the interest rate for the banking book is calculated at a 99% confidence level and a two-month holding period.
Value creating topics (VCTs)	Those topics that create most value according to our stakeholders.
Viable business model	Maintaining a business model that delivers positive financial and non-financial results in both the medium and long term.

## Definitions used for value-creating topics

The table below shows our value-creating topics for 2022 assessment, the definitions used for each topic and a page reference to content within the Integrated Annual Report 2023 relating to each topic:







ABN AMRO's role	Definition	Page reference
1 <b>Secure banking</b>	Protecting data belonging to ABN AMRO and the bank's clients against potential security breaches and attacks	23
2 <b>Responsible investment and financing</b>	Selling and/or investing in products, companies or initiatives that endeavour to make a positive environmental and/or social impact	23
3 <b>Client data protection</b>	Ensuring that clients' data is protected by ABN AMRO's policies and systems in compliance with relevant regulatory requirements	23
4 <b>Own environmental impact</b>	Monitoring the environmental impact of ABN AMRO's own operations	262-264
5 <b>Diversity and equal opportunities</b>	Reflecting the diversity of society in ABN AMRO's employee population, and taking diversity into account in the bank's products and services	34, 267-272
6 <b>Human rights</b>	Respecting human rights in ABN AMRO's operations and in business relationships through the bank's value chain	33, 276-282
7 <b>Adaptability</b>	Keeping pace with, and constantly adapting to, developments within the bank and in the outside world	35-37
8 <b>Risk profile/management</b>	Ensuring that the bank's risk profile, systems and procedures enable the bank to manage risk effectively	24, 62-127
9 <b>Customer experience</b>	Ensuring all interactions meet clients' expectations by putting clients at the centre of everything the bank does	23, 28-29
10 <b>Employee health and safety</b>	Advocating best practice in vitality, health and safety for ABN AMRO employees	272
11 <b>Climate change</b>	A change in the state of the climate caused by an increase in levels of atmospheric carbon dioxide	239-256
12 <b>Talent attraction</b>	Attracting and retaining qualified, motivated and future-fit professionals	35-36
13 <b>Digitalisation</b>	Harnessing advances in digital technology to improve service to clients	35
14 <b>Ethics and integrity</b>	Complying with laws and regulations, and acting in a morally correct manner by considering the rights and interests of all legitimate stakeholders	37
15 <b>Biodiversity</b>	The variety of life on earth at all its levels, from genes to ecosystems	32, 260-261
16 <b>Viable business model</b>	Maintaining a business model that delivers positive financial and non-financial results in both the medium and long term	24
17 <b>Employee empowerment</b>	Creating an open culture where employees are empowered to perform to the best of their ability	35-36
18 <b>Co-creation and innovation</b>	Collaborating and innovating to meet clients' needs, and creating more efficient services and operations	9
19 <b>Employee training and education</b>	Providing employees with training and education to increase their knowledge and stimulate personal and professional development	36
20 <b>Efficient operations management</b>	Relationship between the bank's input and output, allowing ABN AMRO to reduce unnecessary costs while also increasing revenue	35
21 <b>Strong balance sheet</b>	Ensuring that ABN AMRO has sufficient financial resources to withstand possible stress	42-49
22 <b>Regulatory compliance</b>	Complying with internal /external rules and regulations, both existing and upcoming	210-215, 428-429
23 <b>Corporate governance</b>	Adhering to policies and practices that ensure accountability, fairness and transparency	161-217
24 <b>Geopolitical instability</b>	Responding to political, social, economic, demographic and geographical developments and trends	59, 137
25 <b>Financial performance</b>	Delivering stable, healthy results that meet the bank's financial targets	42-49
26 <b>Clear and appropriate advice</b>	Giving advice that is relevant, in the client's interest, and understandable	285
27 <b>Social impact</b>	Creating equal opportunities and strengthening financial inclusion and resilience through products and services to tackle social challenges and build a more inclusive society	33-34, 265-285
28 <b>Circular economy</b>	Promoting the responsible use of resources by financing circular business activities	33, 261-262

In table above, please mark out following as most material topics:

- Viable business model, customer experience, secure banking, risk profile/management, responsible investment and financing

### How to read our value creation model

Our value creation model in our Integrated Annual Report 2023 (pages 26-27) is based on the <IR> Framework. The model comprises inputs, business activities, outputs and outcomes. For our model, we use six types of capital, based on the <IR> Framework:

 <p><b>Manufactured</b> Fixed assets, including the value of houses and the value of banking and investment services provided by ABN AMRO</p>	 <p><b>Human capital</b> Employees' time, skills and productivity, including the effects of employment and workplace health &amp; safety on well-being</p>
 <p><b>Financial</b> Money and other financial assets, including fees, commissions and other income for the bank; payments to suppliers, employees and investors; earnings and cost of capital</p>	 <p><b>Social capital</b> Social ties, norms, networks and stakeholder relations, including brand and customer loyalty and the bank's impact on social issues (such as child labour, gender discrimination, low pay and financial distress among clients unable to repay loans)</p>
 <p><b>Intellectual</b> Systems, processes and other intellectual property, including asset management, other fee-based services and data protection</p>	 <p><b>Natural capital</b> Use of natural resources, including the bank's contribution to climate change and impact on the environment, including pollution</p>

In addition, the model also shows our business activities – in effect, the bank's engine room, where value may be created or depleted through our lending, investment services, procurement, employment practices etc.

Please note that our value creation model provides an overview only. Our activities are complex, comprise different value chains (by market or business), and connect directly to other value chains through our relationships with clients, suppliers and employees.



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